

Gujarat Government issues policy on land allotment for green hydrogen production

In line with the Government of India's Green Hydrogen Mission initiative, the Government of Gujarat ("GoG") on May 8, 2023 issued a 'Policy on leasing of government waste land for green hydrogen production (using non-conventional energy sources)' ("**Policy**"). GoG has issued this Policy with the main objective of incentivizing/promoting setting up of green hydrogen manufacturing units in Gujarat, which would lead to creation of employment, boost small industries, promote new technologies and methods for production of green hydrogen. The Policy provides various terms for optimal and efficient use of waste land for production of green hydrogen.

Summarized below are some salient points/terms of the Policy:

1. Eligibility criteria for applicants under the Policy

The applicants may apply for allotment of land for green hydrogen production of at least 1,00,000 (one lakh) metric tonne per annum. The applicants will also have to furnish a pre-feasibility report. In addition, the applicant must have minimum qualifications with respect to power generation in the renewable energy sector or utilization of hydrogen as well as net worth requirements. The application will be verified by a committee of experts (constituted by Gujarat Power Corporation Limited ("GPCL")).

2. Land allotment to individuals/entities on lease

Land will be leased to the applicant entity for setting up solar/wind/wind-solar hybrid energy plant for green hydrogen production for a period of 40 (forty) years. Such land can only be used for green hydrogen production with the establishment of solar/wind/wind-solar hybrid energy plant (including any energy storage systems). Some additional conditions are as below:

- a) If the land is utilized for any other purpose, the lease will be revoked.
- b) The applicant and its group entities will not be allotted land for more than 30,00,000 (thirty lakh) metric tonne per annum of green hydrogen production.
- c) A high power committee will suggest selection of the applicant basis the recommendations of the committee of experts.
- d) All expenses for the project, including infrastructural expenses towards roads, power, etc., inside or outside the land allotted will be borne by the applicant.
- e) Additional conditions have been provided in the Policy.

3. Terms of the lease

The annual rent for each hectare of land will be INR 15,000 (Indian Rupees fifteen thousand) subject to escalations every 3 (three) years. At the time of handing over of possession of the land, a tripartite agreement (in the form provided by the Energy & Petrochemicals Department, GoG) between the applicant, the collector and GPCL (nodal agency) will be entered into. The applicant will also be required to provide an interest free security deposit of INR 50,00,00,000 (Indian Rupees fifty crore) per 1,00,000 (one lakh) metric tonne per annum of green hydrogen production, which may increase based on the volume of proposed production. The land allotted will not be allowed to be sub-leased. If within the prescribed time, 100% of the green hydrogen production is not achieved, then the additional land (over what is required for actual production) will be forfeited.

4. Identification and allotment of land

The nodal agency, i.e., GPCL will maintain the repository of waste land to be made available pursuant to the Policy. The applicants may also separately identify any such waste lands and submit their applications. After the proposals are finally verified by the collector, revenue department and high power committee, upon approval of the GoG, the collector will issue relevant order for allotment of land based on the revenue department's order.

The lease deed is to be entered into within 6 (six) months of the handover of possession of the land.

5. Key timelines and responsibilities of the applicant

- a) The applicant will be responsible for the financing, development, operation and maintenance of the plant.
- b) The applicant will also be required to establish infrastructure leading upto the Central Transmission Utility (CTU)/State Transmission Utility (STU) substations.
- c) The project is to be completed within 8 (eight) years of the handover of land. The applicant will be required to: develop the land and other infrastructure within the first 2 (two) years of the lease; in the next 3 (three) years achieve 50% production; achieve 100% production in the next 3 (three) years.
- d) The electricity generated at the project is to be utilized only for production of Green Hydrogen. Any surplus electricity will be considered for supply outside the project by the Energy & Petrochemicals Department, GoG.
- e) Other terms and conditions have been provided in the Policy.

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