

Rajasthan approves the draft of Green Hydrogen Policy 2023

The Government of Rajasthan ('GoR') on September 16, 2023 approved the draft Green Hydrogen Policy 2023 ("Draft Policy"). The Energy Department, GoR is expected to release the official notification soon.

Through the Draft Policy, the GoR aims to provide various incentives for green hydrogen production and encourage investment in the sector by leveraging the abundant renewable energy available in the state. Summarised below are some of the key features of the Draft Policy:

1. Specific energy generation target by 2030

The GoR aims to achieve target of generating energy of 2000 kilo-tonnes per annum (KTPA) by 2030.

2. Incentives to green energy producers and investors

The GoR intends to offer various subsidies to companies involved in production of green hydrogen, including as follows:

- a) 50% rebate for 10 (ten) years in transmission and distribution charges on installation of 500 KTPA renewable energy plants on the state's transmission system;
- b) complete exemption on additional and cross subsidy surcharge for 10 (ten) years on purchasing renewable energy from the third party;
- c) priority for land allotment for the generation of green hydrogen from treated or brackish water;
- d) subsidy of 30%, subject to maximum upto INR 5,00,00,000 (Indian Rupees five crore) for setting up a research centre;
- e) no prohibition on the capacity of captive power plants and on banking of generated electricity;
- f) Lifting of ban on release of electricity during the peak hours;
- g) 100% waiver on wheeling and transmission charges. Moreover, the banking charges for power plants will be reimbursed for years ranging between 7 (seven) – 10 (ten) years.

3. Green Hydrogen to be thrust sector

The Rajasthan Investment Promotion Scheme 2022 identifies certain thrust sectors within manufacturing categories, for which additional incentive package have been declared by the GoR, over and above the standard incentive packages provided for the manufacturing sector. The Green Hydrogen sector will also form a part of the thrust sector category, enabling it to harness the additional benefits provided to such sector. Moreover, the incentives available to sunrise sectors will also be applicable to green hydrogen sector.

The Draft Policy appears to be in line with the Rajasthan Investment Promotion Scheme 2022, and is aimed at economic growth of the State, creating employment opportunities, and attracting further investments.

Energy (Clean Energy & Climate Change) Practice

We are known for our specialist domain-focused Energy practice - acknowledged for strengths in grappling with complex legal issues involving public policy, market economics, technology, finance, project management. Our practice has contributed to several landmark and precedent-setting work related to legislative and policy framework governing the industry, commercial strategies for regulated industry, presenting cases before various regulatory and judicial fora in the country, advice on tariff, licensing, market development and design, de-regulation and dispute resolution.

As part of our Energy practice, we are also involved in advising clients in the renewable energy and cleantech space. Our team has been part of complex corporate transactions involving entities engaged in the renewable energy sector including solar and wind energy entities, drafting as well as advising clients on issues related to commercial agreements such as power purchase agreements, EPC contracts and O&M contracts, advising on regulatory issues being faced by clients in the renewable energy sector as well as representing such clients before various judicial and regulatory fora. Our team is leading the green hydrogen sector and are advising clients in the public and private sector in relation to some of the first green hydrogen related acquisitions in India.

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