

F.No.10/1/2011-U&I
Government of India
Ministry of New and Renewable Energy
(U&I Group)

Block No.14, CGO Complex,
Lodi Road, New Delhi -110 003.
Dated: the 2nd May, 2011

To,
The Pay and Accounts Officer,
Ministry of New and Renewable Energy,
New Delhi.

Subject : Programme on Energy Recovery from Urban Wastes for the year 2011-12 - sanction regarding.

Sir,

I am directed to convey the sanction of the Government of India for the implementation of the **Programme on “Energy Recovery from Urban Wastes”** during the year 2011-12. The details of the programme component, implementation methodology, financial assistance, release of funds and monitoring mechanism have been given in the **Appendix**.

2. The main objectives of the proposed Programme on Energy Recovery from urban wastes are as follows:
 - i) To promote setting up of biomethanation based projects for recovery of energy from other urban wastes such as sewage gas, cattle dung, vegetable market, slaughterhouse wastes and agricultural wastes / residues;
 - ii) To create conducive environment, with fiscal and financial regime, to develop, demonstrate and disseminate utilization of urban wastes for recovery of energy.
3. Each proposal will be examined and concurred in by Integrated Finance Division of the Ministry, on case to case basis.
4. The expenditure on this scheme will be met from the budget provisions give below:

Contd./...

<u>Head of Account</u>	<u>Description</u>	<u>Allocated Amount</u>
'2810'	The Expenditure is debitible to Demand No.68, Ministry of New and Renewable Energy, Major Head '2810' New and Renewable Energy, 00-101 – Grid Interactive and Distributed Renewable Power 01 – Grid Interactive Renewable Power 03 – Bio Power .31Grants in Aid .33 Subsidy	Rs. 0.20 crore Rs. 4.80 crore
	Total	Rs.5.00 crore

5. This issues with the approval of competent authority and concurrence of IF Division vide their diary No. IFD/23/11-12, dated 05.04.2011 and IFD/235/11-12, dated 29.04.2011.

Yours faithfully,

(B.R. Mishra)
Scientist "E"

Copy to:

- i) All Heads of State Nodal Departments / Agencies
- ii) AS & FA, MNRE
- iii) All Groups Heads
- iv) PS to Minister (NRE)
- v) JS (Admn.)/Director (U&I)/Director (F)/Dir (P&C)/COA./US(F), MNRE.
- vi) PSO to Secretary, MNRE
- vii) PAO/Cash Section, MNRE.
- viii) Director of Audit (C.W & M), Special Cell, New Delhi.
- ix) Guard file.

PROGRAMME ON ENERGY RECOVERY FROM URBAN WASTES

1. Implementation Arrangements

The scheme shall be implemented by Municipal Corporations, other Urban Local Bodies, Govt. Institutions and private developers having technical and managerial capabilities for implementing such projects. The proposals should be sent to the Ministry before commencement of the project, but while sending proposal through State Nodal Agency, to avoid delay, promoters can send a direct copy of the proposal to the Ministry.

2. Details of Financial Assistance

Financial support to be provided under this Programme is as follows: -

Power generation at Sewage Treatment Plants

2.1 Financial assistance @ 40% of the project cost subject to a maximum of Rs.2.0 crore/MW shall be provided for projects for generation of power from biogas being produced at Sewage Treatment Plants. Project cost will include the cost of engine-genset, H₂S removal plant and other related equipment.

Power generation from other urban wastes

2.2 Financial assistance @50% of project cost subject to upper limit of Rs. 3.0 crore/ MW shall be provided for setting up projects based on biomethanation technology for power generation from cattle dung, vegetable market and slaughterhouse wastes generated in the urban areas. For cattle dung based projects, eligible project capacity would be 250 kW and above. In case of projects for generation of only biogas for thermal application, the FA will be limited to Rs. 1.0 crore /MWeq (i.e. biogas production of 12000 cu.m/day.)

Power generation from other urban wastes and agricultural wastes/residues

2.3 Financial Assistance @30% of project cost subject to upper limit of Rs. 3.0 crore/ MW shall be provided for setting up projects based on biomethanation technology for power generation from a mix of cattle dung, vegetable market and slaughterhouse wastes along with agricultural wastes/residues. These projects can also be based on wastes obtained from peri-urban or rural areas and the plants can be located wherever the wastes are available. The provision for addition of agricultural residues will be reviewed after sanction of projects with a total capacity of 20 MW or end of the plant period, whichever is earlier.

2.4 Financial assistance under this scheme will be limited to an upper limit of Rs. 6.00 crore per project.

Project Development Assistance

2.5 Financial assistance of 50% of the cost of preparation of Detailed Project Reports subject to a maximum of Rs. 1.00 lakh per project will be provided. This assistance will be released at the time of sanction of financial assistance for the project.

Administrative Charged to State Nodal Agencies

2.6 Administrative charge of 1% of the MNRE's financial assistance with an upper limit of Rs. 5.00 lakh per project, shall be payable to the State Nodal Agencies (SNA) to facilitate the development and implementation of the projects and monitoring for a period of one year after commissioning.

Financial Assistance for Training and Awareness Creation

2.7 Financial assistance may be provided upto a maximum of Rs 3.00 lakh per event for organization of training courses, business meets, seminars, workshops and awareness raising activities on case-to-case basis.

Financial Assistance for Resource Assessment / Performance Evaluation Studies

2.8 Financial assistance may be provided upto a maximum of Rs 3.00 lakh per study on resource assessment and performance evaluation of the plants.

Research & Development:

2.9 Financial support will be provided for R&D projects in accordance with the R&D Policy of the MNRE. Financial support may also be provided for projects involving Applied R&D and technology up-gradation. This will also be governed by the procedures/ guidelines being issued by the R&D Division of MNRE separately.

3. RELEASE OF FINANCIAL ASSISTANCE

3.1 The financial assistance will be released by the Ministry in two installments as follows:

- **First** installment of 50 percent of subsidy may be released against Bank Guarantee from Nationalized Bank for the same amount to the FI/bank lending for the project upon release of 50% of sanctioned loan amount. This may be treated as interest free loan until the release of second installment of subsidy. In the event of the second installment not getting released within a period of one year due to non-completion of project as per the terms and conditions of the sanction, this amount may be refunded by the Bank/FI with interest and paid to MNRE by revoking the Bank Guarantee. A proper agreement will be entered into with the Bank/FI concerned for recovery of released amount of subsidy in the event of second installment not getting released.
- **Second** installment of 50% of subsidy may be released in three months after commissioning of the project i.e. achievement of an average Plant Load Factor (PLF) of 80 percent continuously for 72 hours during the third month of operation. The quantum of second installment may be reduced by 5 percent per month in the event of delay in successful commissioning i.e. achieving the average PLF of 80 percent continuously for 72 hours.

3.2 In case of the projects set up by the developers through their own resources, financial assistance would be released directly to the developers after successful commissioning of the projects.

4. MONITORING MECHANISM

The concerned State Nodal Agencies will closely monitor the execution of the projects and provide guidance for their timely completion and submit monthly progress reports to MNRE. MNRE may also monitor the progress of implementation of projects as well as their performance through a Monitoring Committee consisting of representatives from the Technical Institutions namely IISc, IITs, CLRI, etc., and organisations such as IL&FS, TCOs, FIs, IREDA, etc. besides officials from MNRE and State Nodal Agencies. MNRE may also engage the services of independent third party entities.

5. In case of any ambiguity in interpretation of provisions of this scheme, the decision of the MNRE shall be final.
