

F. No. 2/2/2007-BM-UICA  
Government of India  
Ministry of New and Renewable Energy  
( UICA Group)

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**Block No. 14, C.G.O. Complex,  
Lodi Road, New Delhi-110003**

Dated : 24<sup>th</sup> April 2007

To

**State Nodal Agencies/  
Chief Secretaries / IREDA / Banks / FIs**

**Sub: - Sanction of continuation of the Programme on “Biomass Energy & Co-generatin (non-bagasse) in Industry ” during 2007-08.**

Sir,

Sanction of the President is hereby conveyed for continuation of the Programme on “Biomass Energy & Co-generation (non-bagasse) in Industry” of the Ministry of New and Renewable Energy during 2007-08.

2. The above programme/ scheme will be implemented during 2007-08 as per the same funding norms/ guidelines and other provisions applicable during 2006-07 as announced vide sanction order(s) No. 2/2/2005-UICA dated 25.07.2005, modified on 08.02.2006 and continued vide sanction order(s) No. 1/1/2005-P&C dated 26.05.2006 and 07.07.2006, and until such time the same is superseded by fresh/ new programmes/schemes which are required to be formulated in alignment with 11<sup>th</sup> Plan proposals.

3. Release of subsidy / CFA sanctioned during 2007-08 on the basis of provisions of programmes / schemes of 2006-07 will continue to be governed by the said provisions even after the same are superseded by fresh / new programmes / schemes. Some of these schemes are likely to be replaced by new programmes / schemes during the course of the year to be implemented during the 11<sup>th</sup> Plan period. As and when such new schemes are approved and conveyed, the old schemes would be replaced and the new norms would apply. Till such time, the existing schemes would continue to be implemented.

P.T.O.

4. All SNAs are requested to take up schemes for implementation as per the guidelines of 2006-07 till further communication.
5. This issues with the approval of the Minister (NRE).

**(Narain Dass)**  
**Under Secretary to the Govt. of India**

Copy to:-

1. All State/UT Implementing Departments/Agencies
2. SS&FA
3. Pr. Adviser & Spl. Secretary
4. Jt. Secretary
5. All Advisers
6. MD, IREDA
7. Director (Finance)
8. Dy. CA
9. PAO
10. All MNES Regional Offices
11. Sr. PPS to Secretary
12. PS to Minister
13. Cash Section
14. IFD, MNES
15. Sanction Folder

**(Narain Dass)**  
**Under Secretary to the Govt. of India**

**F.No. 2/2/2005 -UICA**  
**Government of India**  
**Ministry of Non-Conventional Energy Sources**  
**(Urban, Industrial & Commercial Applications Group)**

Block No. 14, CGO Complex  
Lodi Road, New Delhi – 110 003  
Date : 25<sup>th</sup> July, 2005

To

- Chief Secretaries of State Governments
- Administrators of Union Territories
- Heads of State Nodal Agencies
- Heads of IREDA / Banks / FIs

Subject : **Programme on Biomass Energy and Co-generation (non-bagasse) in Industry for implementation in 2005-06.**

Sir,

I am directed to convey the sanction of the Government of India for the implementation of the Programme on “Biomass Energy and Co-generation (non-bagasse) in Industry” during 2005-06. The scheme provides for Central Financial Assistance for setting up of biomass co-generation (non-bagasse) and biomass gasifier projects for generation of thermal and electrical energy in industries and incentives to State Nodal Agencies and Financial Institutions. The scheme also provides for Grants-in-Aid to State Nodal Agencies, NGOs and other concerned institutions for promotional activities i.e. for organizing seminars, workshops, training / orientation programmes, technology validation, strategic studies, industry-wise sectoral studies and performance monitoring & evaluation, etc. and promotional incentives for co-generation projects based on conventional fuels and rejects.

## **2.0 Objectives**

The main objectives of the programme on Biomass Energy and Co-Generation (non-bagasse) in Industry are given below :-

- i) To encourage the deployment of biomass energy systems in industry for meeting thermal and electrical energy requirements.
- ii) To promote decentralized / distributed power generation through supply of surplus power to the grid.
- iii) To conserve the use of fossil fuels for captive requirements in industry.
- iv) To bring about reduction in greenhouse gas emissions in industry.
- v) To create awareness about the potential and benefits of alternative modes of energy generation in industry.

## **3. Scope**

The Programme will cover the following types of projects and other activities:

**i) Biomass gasifiers for thermal and electrical applications in industry**

The deployment of small scale gasifiers has already been demonstrated for electrical and thermal energy applications. Greater thrust is proposed to be provided for the deployment of gasifiers of higher capacity, to operate on diversity of biomass feed material, and for specific segments of industrial applications for captive power generation and production of thermal energy or co-generation of heat and power. Deployment of 100% producer gas engines will be encouraged for achieving higher efficiency and eliminating use of fossil fuels.

**ii) Biomass Co-generation Projects**

To meet the requirement of captive power and thermal energy, the installation of biomass co-generation projects ( excluding bagasse co-generation ) is to be promoted in industry, with at least 50% of power for captive use, and a provision for the surplus power to be exported to the grid. This will increase the use of non-conventional energy sources and conserve the use of fossil fuels such as coal, oil and natural gas. Use of maximum of 25% conventional fuels would be allowed in such projects.

**iii) Industrial Co-generation Projects based on Conventional Fuels and their Rejects**

The installation of co-generation projects based on conventional fuels such as coal, oil, lignite, gas and un/semi-utilized wastes / rejects like dolochar, coal rejects and refinery muds, etc., is to be encouraged in industry for meeting power and energy requirements.

**iv) Other Promotional Activities**

Other promotional activities would cover potential / resource assessment, preparation of DPRs, organization of seminars / workshops / conferences, interactive / business meets, awareness creation activities, and other professional technical services.

#### **4.0 Central Financial Assistance (CFA)**

Central Financial Assistance in the form of capital subsidy would be provided to biomass gasifier projects and biomass co-generation (non-bagasse) projects in industries. However, in respect of co-generation projects based on conventional fuels and their rejects, Central Financial Assistance would be provided only for promotional and awareness creation

activities. The details of Central Financial Assistance and other provisions are given below :

#### **4.1 Capital subsidy for Biomass Gasifiers for thermal and electrical applications**

- i) Rs. 2.0 lakh / 300 KW<sub>th</sub> for thermal applications.
- ii) Rs. 2.5 lakh / 100 KW<sub>e</sub> for electrical applications through dual fuel engines.
- iii) Rs. 8.00 lakhs / 100 Kw<sub>e</sub> for 100% producer gas engines with gasifier system.
- iv) Rs. 6.00 lakhs / 100 Kw<sub>e</sub> for 100% producer gas engine alone.

#### **4.2 Capital subsidy for Biomass Co-generation (non-bagasse) projects**

Capital subsidy @ Rs. 20.00 lakhs/MW<sub>e</sub> would be provided to promoters for installation of Biomass Co-generation (non-bagasse) projects, including captive projects based on direct combustion.

#### **4.3 The capital subsidy will be considered subject to the following :-**

- i) The amount of capital subsidy would be calculated on the basis of installed capacity;
- ii) CFA would be limited to a maximum capacity of 5 MW, irrespective of the installed capacity of the project.
- iii) In case of Special Category States (NE Region, Sikkim, J&K, Himachal Pradesh and Uttaranchal), 20% higher capital subsidy than that for General Category States would be provided.

#### **4.4 Incentives for the installation of co-generation projects based on conventional fuels and rejects**

Promotional incentives @ Rs. 1.00 lakh / MW, subject to maximum of Rs. 5.00 lakhs/project for professional technical services would be provided to consultancy firms helping to bring a project to financial closure including preparation of DPR.

#### **4.5 Incentives / service charges to SNAs.**

Incentives / service charges @ Rs. 1.00 lakh / MW<sub>e</sub> ( or equivalent ) would be provided to SNAs on pro-rata basis, subject to a ceiling of Rs. 5.00 lakh / project, including for Industrial Co-generation projects, for their active involvement in promoting Biomass Power / Co-generation projects .

#### **4.6 CFA for organizing business meets, seminars, workshops, orientation and training programmes, etc.**

CFA upto Rs. 3.00 lakh / event would be considered for organization of business meets, seminars, workshops, orientation programmes and training programmes, etc..

#### **4.7 CFA for technology validation, strategic studies, industry-wise sectoral studies and performance monitoring & evaluation etc.**

CFA upto Rs. 5.0 lakhs, on case-by-case basis, would be considered for technology validation, strategic studies, industry-wise sectoral studies and performance monitoring & evaluation etc. to institutions / industries. This will be governed by the procedures / guidelines being issued by the R&D Division of MNES separately.

### **5.0 Implementation Arrangements**

5.1 The projects will be implemented by private and public sector industry, including through Energy Service Companies (ESCOs), in which case the ESCO would be eligible for the CFA.

5.2 IREDA, other financial institutions or commercial banks shall forward the Detailed Project Reports received from the promoters / ESCOs to the Ministry alongwith their Appraisal Note indicating the techno-economic viability of the projects, taking into account the eligible capital subsidy. The promoters would be required to also submit an advance copy of their proposal to the Ministry directly. The prescribed format for submission of the proposal is given in the Annexure.

5.3 For projects to be implemented by the promoter without debt financing / loans from domestic FIs / banks, the proposals should be directly submitted to the Ministry for financial support.

5.4 After receipt of DPR from promoters, Appraisal Note and copy of loan sanction order from IREDA / lead bank / FI, and other requisite information / documents from the promoters, the proposal will be examined in the Ministry and sanction will be issued for providing capital subsidy in accordance with the provisions of scheme.

### **6.0 Release of Central Financial Assistance (CFA)**

6.1 The entire capital subsidy amount would be released directly to the lead bank / lending financial institution for the purpose of offsetting the loan amount after successful commissioning of project as per DPR norms and receipt of copies of statutory clearances and requisite project relating information / documents. The condition of successful commissioning of the project would inter-alia imply operation of the project for three months, including at least 72 hours continuous operation at minimum 80% of rated capacity.

6.2 In case the project is set up by the promoters through their own resources, the CFA would be released directly to promoters after successful commissioning of the project ( as per item 6.1 above ).

6.3 The incentives to State Nodal Agencies would be released after successful commissioning of the project.

## **7.0 Monitoring Mechanisms**

7.1 The concerned State Nodal Agencies will closely monitor the execution of the projects and ensure their timely completion. They would be required to submit periodic progress reports to MNES.

7.2 MNES will also monitor the progress of implementation of the projects as well as their performance through a Monitoring Committee consisting of representatives from MNES, financial institution (s) / banks and State Nodal Agencies.

8.0 The aforesaid programme is subject to change (s) and modification (s) as may be decided by the MNES, Govt. of India from time to time, and subject to availability of funds. The Ministry shall in no way be liable for expenditure incurred by promoters for pre-project preparation or other activities, merely on the basis of this circular and / or related announcements by the Ministry. In case of any dispute on interpretation of any provision under the scheme, the decision of the Ministry shall be final and binding.

9.0 The funds required for the implementation of the programme would be met out of allocated budget of Rs. 4.00 crores from the Budget Head 2810, Bio-energy, Sub-head 03.00.33 – Subsidies, 02.00.31 –Grants-in-Aid, 05.01.33-Subsidies and 05.01.31 – Grants-in-Aid for the year 2005-06 (Plan).

10.0 This issues in exercise of powers delegated to this Ministry and with the concurrence of IFD, MNES vide their sanction No. IFD/SAN/106/168/2005-06 dated 25<sup>th</sup> July 2005.

Yours faithfully,

**(R.C. TIWARI)**  
**DIRECTOR**

CC:

1. Secretary, Ministry of Environment & Forests.
2. Secretary, Planning Commission.
3. Managing Director, IREDA and other Financial Institutions/ Banks
4. R&D Institutions.
5. Consultants / Consultancy Organizations.
6. Business / Industry Associations.

### **Copy for information to:**

1. PS to MOS (NES)
2. Sr. PPS to Secretary, MNES.
3. AS & FA, MNES
4. Sr. Advisor, MNES.
5. All Advisors/ Joint Secretary

6. All Directors, MNES
7. All Regional Offices of MNES.
8. File No. 2/2/2005-UICA

F.No. 2/2/2005 -UICA  
Government of India  
Ministry of Non-Conventional Energy Sources  
(Urban, Industrial & Commercial Applications Group)

Block No. 14, CGO Complex  
Lodi Road, New Delhi – 110 003

Date : 8<sup>th</sup> February, 2006

To

- Chief Secretaries of State Governments
- Administrators of Union Territories
- Heads of State Nodal Agencies
- Heads of IREDA / Banks / FIs

**Subject : Programme on Biomass Energy and Co-generation (non-bagasse) in Industry for implementation in 2005-06 – reg.**

Sir,

I am directed to convey the sanction of the Government of India for incorporating the following modifications with immediate effect in this Ministry's scheme sanctioned vide letter of even number dated 25.07.2005 on the above mentioned subject :

1. The name of the programme hereinafter will be known as **“Programme on Biomass Energy and Co-generation (non-bagasse) in Industry and Institutions”**.
2. Capital subsidy for biomass gasifiers coupled with 100% producer gas engine in industry would be as follows :
  - i) Rs. 10.00 lakhs per 100 KWe for 100% producer gas engine with gasifier systems.
  - ii) Rs. 8.00 lakhs per 100 KWe for 100% producer gas engine alone.
3. Deployment of biomass gasifiers with 100% producer gas engines in Institutions for captive use

Institutions such as Engineering / Medical Colleges and Religious / Charitable institutions working purely on non-profit basis and not registered under Companies Act will also be covered under the Scheme. Institutions that have already set up gasifier system with 100% producer gas engine under SADP programme will not be covered under this Scheme.

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The capital subsidy for institutional gasifier systems would be as follows :

- a) Rs. 15.00 lakhs per 100 KWe for 100% producer gas engine coupled with gasifier system.
  - b) Rs. 10.00 lakhs per 100 KWe for 100% producer gas engine alone.
4. The rates of subsidy indicated at para Nos. 2 & 3 above would be applicable only for the projects based on spark-ignition IC engines.
  5. All other terms and conditions of the sanction dated 25.07.2005 will remain unchanged.
  6. This issues in exercise of powers delegated to this Ministry and with the concurrence of IFD, MNES vide their sanction No. IFD/SAN/106/780/2005-06 dated 20<sup>th</sup> January, 2006.

Yours faithfully,

**(R.C. TIWARI)**  
**DIRECTOR**  
**Ph.No. 24362356**

CC:

1. Secretary, Ministry of Environment & Forests.
2. Secretary, Planning Commission.
3. Managing Director, IREDA and other Financial Institutions/ Banks
4. R&D Institutions.
5. Consultants / Consultancy Organizations.
6. Business / Industry Associations.

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