

F.No 10/3/2005-UICA  
**Government of India**  
**Ministry of New and Renewable Energy**  
**(U&I Group)**

Block No. 14, CGO complex  
Lodi Road, New Delhi 110003  
Date: 18.08.2009

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 2009-10 -  
Sanction regarding.**

Sir,

I am directed to convey the sanction of the Government of India for the implementation the **Programme on Energy Recovery from Urban Wastes** during the year 2009-10 at a total outlay of Rs. 5.00 crore (Rupees five crore only). 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 MSW are as follows:

- 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;
- To create conducive conditions and environment, with fiscal and financial regime, to develop, demonstrate and disseminate utilisation 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 given below:

<u>Head of Account</u>	<u>Description</u>	<u>Allocated Amount</u>
'2810'	The expenditure is debit to Demand No.67 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 .31 Grants in Aid	Rs. 0.65 crore
	.33 Subsidy	Rs. 2.00 crore
	.20 Other Administrative Expenses	Rs. 0.05 crore
	02- Off Grid /Distributed and Decentralised Renewable Power:	
	03 Bio Power .31 GIA	Rs. 0.25 crore
	.33 Subsidy	Rs. 2.00 crore
	.20 Other Administrative Expenses	Rs. 0.05 crore
	<b>Total</b>	<b>Rs. 5.00 crore</b>

5. This issues with the approval of competent authority and concurrence of IFD vide their diary No.IFD/810/09 dated 11.08.2009.

Yours faithfully,

**(A.K. Dhussa)**  
**Scientist F / Director (WTE)**

Copy to:

- i) All State/UT Implementing Departments / Agencies
- ii) PS to Minister (NRE)
- iii) Sr. PPS to Secretary, MNRE
- iv) PS to AS&FA, MNRE
- v) Joint Secretary / Advisers, MNRE
- vi) IFD / P&C, MNRE
- vii) IREDA, New Delhi
- viii) Cash Section, MNRE
- ix) Sanction Folder

## **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, H<sub>2</sub>S 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 plan 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 Charges 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 organisation 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 per cent of subsidy may be released to the FI / bank lending for the project upon release of 50 per cent 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 after commissioning, this amount may be recovered by the FI/bank with interest and paid to MNRE on *pari-passu* basis. A proper agreement will be entered into with the Bank / FI concerned for recovery of subsidy in the event of second installment not getting released
- Second installment of 50 per cent of subsidy may be released three months after commissioning of the project i.e. achievement of an average Plant Load Factor (PLF) of 80 per cent continuously for 72 hours during the third month of operation. The quantum of second installment may be reduced by 5 per cent per month in the event of delay in successful commissioning i.e. achieving the average PLF of 80 per cent 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.

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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. In cases where debt financing is involved, IREDA, financial institutions, or commercial banks shall forward the proposals to MNRE, along with their Appraisal Notes and all the statutory clearances. In case of the self-financed projects, requests accompanied with Detailed Project Reports and all the statutory clearances will need to be sent to MNES.

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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 residues. This provision for addition of agricultural residues will be reviewed after sanction of projects with a total capacity of 20 MW or end of the current year, whichever is earlier.

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- ii. Second installment of 50% of subsidy may be released three months after commissioning of the project, and achievement of an average Plant Load Factor (PLF) of 60% during the third month of operation. The quantum of second installment may be reduced by 5% per month in the event of delay in achieving the average monthly PLF of 60%.

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.

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