

F.No.10/3/2005-UICA
Government of India
Ministry of New and Renewable Energy
(Urban Industrial and Commercial Applications Group)

Block No. 14, CGO complex
Lodi Road, New Delhi 110003
Dated: 27.05.2008

To,
Chief Secretaries of State Governments
Administrators of Union Territories
Heads of State Nodal Agencies
Municipal Corporations / Urban Local Bodies

Subject: Programme on Energy Recovery from Urban Wastes – Sanction for the Year 2008-09 - Regarding.

Sir,

I am directed to convey the sanction of the Government of India for the implementation of a central scheme “**Programme on Energy Recovery from Urban Wastes**” during the year 2008-09. The scheme provides financial assistance for setting up of biomethanation based projects for energy recovery from urban wastes such as cattle dung, vegetable market and slaughterhouse wastes as well as their mix along with agricultural residues and agro-industrial wastes; administrative charges to State Nodal Agencies and grants-in-aid for Research, Development and Demonstration, organizing seminars, workshops, training courses, etc. The details of this programme are given below:

The expenditure on this scheme will be met from the provisions under Demand No. 65, as per the following details:

Major Head 2810-60-103 - Energy from Urban & Agriculture Waste
Sub Head - Energy from Urban & Municipal Waste
01.00.31 - Grants-in-Aid
01.00.33 - Subsidies

2. OBJECTIVES

The main objectives of the proposed Programme on Energy Recovery from Urban Wastes are as follows:

- To accelerate the promotion of setting up of biomethanation based projects for recovery of energy from other urban wastes such as sewage gas, cattle dung, vegetable market and slaughterhouse wastes and their mix along with agricultural residues and agro-industrial wastes;

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- To create conducive conditions and environment, with fiscal and financial regime, to develop, demonstrate and disseminate utilization of urban wastes for recovery of energy;

3. 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. In cases where debt financing is involved, IREDA, financial institutions, or commercial banks shall forward the proposals to MNRE, alongwith their Appraisal Notes and all the statutory clearances. An advance copy of the proposal may be sent to MNRE directly. In case of the self-financed projects, requests accompanied with Detailed Project Reports and all the statutory clearances will need to be sent to MNRE before the commencement of execution work for the project.

4. DETAILS OF FINANCIAL ASSISTANCE

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

Power Generation at Sewage Treatment Plants

4.1 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

4.2 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, slaughterhouse wastes, night soil and any other urban waste generated in the urban areas as defined by the Registrar General of India. 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).

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 and agro-industrial wastes. This provision for addition of agricultural residues and agro-industrial wastes, introduced vide sanction letter of even no. dated 20.12.2007, will be reviewed after an initial period of two years.

5. PROMOTIONAL INCENTIVES

Project Development Assistance

5.1 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

5.2 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

5.3 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

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

Research & Development:

5.5 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.

6. MIXING OF OTHER WASTE / SUPPORT FUEL

Any waste of renewable nature or biomass can be mixed to the extent of 25% based on Gross Calorific Value.

7. RELEASE OF FINANCIAL ASSISTANCE

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

- i) First installment of 50% of eligible subsidy to the FI (or the Lead FI) lending for the projects for onward release to the developer as

contribution towards project equity after release of the first installment of loan;

- ii) Balance 50% of the eligible subsidy after successful commissioning of the project as per DPR norms and operation of the project for three months, including at least 72 hours continuous operation at a minimum of 80% of the rated capacity.

6.2 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.

8. 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.

As regards the monitoring of performance of projects, including the limit of utilisation of other wastes of renewable nature and biomass, MNRE may also engage the services of independent third party entities.

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

10. This issues with the approval of competent authority and concurrence of IFD vide their Sanction No.IFD/SAN/109/55/2008-09 dated 22.05.2008.

Yours faithfully,

(V.K. Jain)
Director
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Cc:

- i) Secretary, Ministry of Urban Development, Nirman Bhavan, New Delhi
- ii) Secretary, Ministry of Environment & Forests, Paryavaran Bhavan, CGO Complex, New Delhi
- iii) Secretary, Planning Commission, Yojana Bhavan, New Delhi

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- iv) Secretary, Department of Science and Technology, New Mehrauli Road, Institutional Area, New Delhi
- v) Managing Director, IREDA, India Habitat Centre, New Delhi

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