

New Delhi: 18th April, 2011

OFFICE MEMORANDUM

Subject: Guidelines for appraisal and approval of projects/schemes eligible for financing under the National Clean Energy Fund.

Government has approved guidelines brought out in paragraph 2 below for appraisal and approval of the projects/schemes eligible for financing under the National Clean Energy Fund.

2.1 KIND OF PROJECTS ELIGIBLE FOR FUNDING

The National Clean Energy Fund is created for funding research and innovative projects in clean energy technologies. **Any** project/scheme relating to Innovative methods to adopt to Clean Energy technology and Research & Development shall be eligible for funding under the NCEF. An indicative list of such projects is as follows:

- i. Projects supporting the development and demonstration of integrated community energy solutions, smart grid technology renewable applications with solar, wind, tidal and geothermal energy;
- ii. Projects in critical renewable energy infrastructure areas such as Silicon Manufacturing;
- iii. Projects which result in replacing existing technology in energy generation with more environmentally sustainable approach;
- iv. Projects related to environment management particularly in the geographical areas surrounding the energy sector projects;
- v. Renewable/Alternate Energy: This would include advanced solar technologies, geothermal energy, bio-fuels from cellulosic bio-mass/algae/any waste, offshore Marine Technologies (Wind, Wave & Tidal) & Onshore wind energy technologies, Hydrogen & fuel cells.
- vi. Clean Fossil Energy: This would include power, oil, gas and coal technologies including coal gasification, shale oil/ gas, lignite/CBM, advanced turbine and technology for IGCC power plants, methane hydrates, enhanced recovery from unconventional resources and fossil energy advanced research, carbon capture and sequestration as also carbon capture and reformation.
- vii. Basic Energy Sciences: This would include energy storage for hybrid and plug-in electric vehicles, solid state lighting, catalysis, biological and environmental research, advanced computing, high energy and nuclear physics etc.

- viii. The Fund may also support pilot & demonstration projects for commercialization in the relevant field.
- ix. Mission projects identified in the National Action Plan on Climate Change (NAPCC) and projects relating to R&D to replace existing technologies with more environment friendly ones under National Mission on Strategic Knowledge for Climate Change (NMSKCC).
- x. The projects relating to creation of power evacuation infrastructure for renewables.

2.2 The Fund will be a non lapsable fund under Public Accounts and may have its secretariat in Plan Finance II Division, Department of Expenditure.

2.3 **MODE OF APPRAISAL**

(a) The proposals may be appraised by an IMG comprising:

- (i) Finance Secretary-Chairperson;
- (ii) Secretary (Expenditure);
- (iii) Secretary (Revenue);
- (iv) Principal Scientific Advisor to the Government of India;
- (v) Representative of Planning Commission;
- (vi) Representatives of Ministry sponsoring the proposal and other Ministries concerned with that specific proposal.

(b) Following **approval** mechanism will be adopted to approve the projects under NCEF on recommendations of IMG:

Limit	Approval forum
< ` 150 crore	The Minister-in-charge of Ministry/Department
>= ` 150 crore and < ` 300 crore	The Minister-in-charge of Ministry/Department and Minister of Finance
>= ` 300 crore	CCEA

2.4 The IMG may seek the assistance and views of technical experts from related organizations and individuals of repute in the area of clean energy to review, evaluate and recommend projects. To monitor progress of NCEF funded projects, the IMG will identify/appoint appropriate professional agencies.

2.5 A standard format for submission and evaluation of projects shall be designed by the IMG to receive proposals from various ministries of Government of India. There will be a time frame specified under the scheme for processing of applications at each stage.

2.6.1 ELIGIBILITY

Funds would be available for specific projects relating to Innovative methods to adopt to Clean Energy technology and Research & Development:

(a) Sponsored by a Ministry/Department of the Government; and

(b) Submitted by Individual/ consortium of organizations in the Government/public sector/private sector in the form of loan or viability gap funding, as the IMG deems fit on case to case basis. However, the participating organizations will have to put in a minimum financial commitment of 40%. The Government assistance under the NCEF shall in no case exceed 40% of the total project cost.

2.6.2 The proposals for loan or viability gap funding by Individuals/ consortiums are to be submitted to the concerned line Ministry first, which, after due consideration, shall bring them before the IMG. In no case, shall the IMG be receiving proposals directly from individuals/consortiums for funding.

2.7 Projects which are being funded by any other arm of the Government of India or have received grants from any other national/international body will be ineligible for applying/funding under NCEF. Further, no project relating to basic/fundamental research shall be supported through NCEF.

2.8 Intellectual property right (IPR) issues will be taken on board with the aim to benefit the project proponents before funding is approved for any project.

2.9 In respect of time and cost overruns, a suitable accountability mechanism on lines similar to the one being followed in EFC/PIB projects/schemes shall be enforced strictly.

(Meena Agarwal)
Joint Secretary to the Government of India

Secretaries of all Ministries/Departments;

Financial Advisors (FAs) of all Ministries/Departments;

Copy to:

1. Cabinet Secretariat (Shri Upendra Tripathi, Additional Secretary);
2. Prime Minister's Office (Ms. Vini Mahajan, Joint Secretary);
3. Advisor (PAMD), Planning Commission.