

(Unofficial Translation)



**Government of Nepal
Ministry of Science, Technology and Environment
Alternative Energy Promotion Centre**

Renewable Energy Subsidy Delivery Mechanism, 2013

(Approved on 2070/02/21 BS)

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Table of Content

1. Preface	2
2. Definition	2
3. Institutional Arrangement	4
4. Criteria for Subsidy and Delivery Mechanism: Non-electrification	5
4.1 Solar Thermal System	5
4.2 Institutional Solar System and Rural Community Solar Water System	8
4.3 Biogas	14
4.4 Biomass Energy	20
4.5 Improved Water Mill	25
5. Criteria and Delivery Mechanism of Subsidy: Rural Electrification	27
5.1 Solar Home System	27
5.2 Small Solar Home System	29
5.3 Electrification through the Small and Micro Hydropower	32
5.4 Wind Energy	45
5.5 Generation of Electricity from Biomass Energy	47
6. Productive Energy Use	49
7. Central Renewable Energy Fund	52
7.1 Central Renewable Energy Fund Committee	52
7.2 Major Functions of the Central Renewable Energy Fund Committee	53
8. Other Provisions	53
8.1 Special Provision Regarding Subsidy Delivery	53
8.2 Provision Regarding Additional Subsidy	53
8.3 Approval for the Manual, Guidelines, Standards	54
8.4 Constitution of Different Technical Committees	54
8.5 Interpretation	54
8.6 Review	54
8.7 Repeal	54

1. Preface

In exercise of power conferred by Clause 9.1 of "Renewable Energy Subsidy Policy, 2069 BS" approved by Financial and Infrastructure Committee of the Council of Ministers of Nepal on 2069/10/14 BS, the Ministry has prepared this mechanism. This mechanism shall come into effect from the date of approval from the Ministry of Science, Technology and Environment.

2. Definition

For the purpose of this mechanism, following terms have been defined as follows:-

- (1) "**Subsidy Policy**" shall mean the Renewable Energy Subsidy Policy, 2013.
- (2) "**Centre**" shall mean Alternative Energy Promotion Centre.
- (3) "**Fund**" shall mean Central Renewable Energy Fund.
- (4) "**Section/Unit**" shall mean the Energy and Environment Section/Unit under the District Development Committee.
- (5) "**District Energy Fund**" shall mean the fund established under the Local Self-Governance Act and Regulation as to collect and delivery of financial resources for the development of renewable energy.
- (6) "**Micro Enterprises Development Fund**" shall mean the fund established for the development of micro enterprises.
- (7) "**Service Centre**" shall mean the Non-governmental Organization, Cooperative or Private Company selected by Alternative Energy Promotion Centre for implementation of rural and renewable energy programme at regional level covering various districts.
- (8) "**Public Institution**" shall mean the institution established on the basis of equal access for the purpose of mutual gains and benefits of the community, which includes public school, village development committee, district development committee, health post/centre, religious institutions etc.
- (9) "**Community Organization**" shall mean the institution established on the basis of equal ownership and access for the purpose of attaining common objectives of the households in the community.
- (10) "**User Committee**" shall mean the institution established on the basis of mutual gain and benefits and registered in the concerned body by the member representatives of the community organizations operating in society for the purpose of establishment and operation of energy project.
- (11) "**High Altitude Household or Family**" shall mean the household of any village development committee located 1500 meter or above from the sea level.
- (12) "**Technical Service Provider**" shall mean the Non-governmental Organization, Cooperative or Private institution selected by the Alternative Energy Promotion Centre for providing technical support to implement the biogas programme.

- (13) **"Mill Improvement Local Partner Organization"** shall mean the qualified institution located at district for survey, installation and after sale service of the improved water mill.
- (14) **"Mill Owner Association"** shall mean the association of the mill owners registered under the Association Registration Act, 2034 for protection of interest and promotion of business of the mill owners.
- (15) **"Small Solar Home System"** shall mean the solar system with solar photovoltaic panel having 10 watt peak capacity, battery, battery charge controller, and appropriate number of light bulb.
- (16) **"Solar Home System"** shall mean the solar system with solar photovoltaic panel having 20 watt peak capacity or higher capacity, battery, battery charge controller, and appropriate number of light bulb.
- (17) **"Metallic Rocket Stove"** shall mean the stove having up to two pot holes made from the metallic sheets based on the rocket principle for the purpose of household use.
- (18) **"Institutional Improved Metallic Stove"** shall mean the stove having one, two or three pot holes made from the iron sheets for the purpose of cooking foods and heating rooms in the public and community institutions.
- (19) **"Metallic Gasifier System"** shall mean the energy system based on gasifier technology by using heat energy generated from the organic substances for the purpose of drying or processing of various agricultural goods.
- (20) **"Motor Road"** shall mean the road where the tractor may run at least five months in year.
- (21) **"Mini Grid"** shall mean the project structure for supplying the local electricity demand through generation of electricity from micro and small hydropower, solar energy, wind energy and bio energy.
- (22) **"Local Grid"** shall mean the interconnected electricity supply networks of the two or more mini grids of the micro and mini hydropower projects for supplying the local or regional demand of electricity. This grid may be operated with or without connecting in the regional or national grid.
- (23) **"Regional Grid"** means the electricity supply networks of two or more than two local grids connected with each other for supplying the regional demand.
- (24) **"Turn Key Contract"** shall mean the provision for taking overall responsibility for construction and installation of a project and bring the project into operation by a single contractor or company. This shall also mean the supply of materials, installation/manufacture, test generation, training, after sale service and guarantee agreement.
- (25) **"Installed Capacity/Generation Capacity"** shall mean the electric capacity (kilo watt) determined based on the electric power and household test generation done after the completion of construction of the project.
- (26) **"Commercial Purpose"** shall mean the activities to be carried out by the private, community or public organization for the purpose of income generation. This also means not only the production of the household use goods but also the production of

marketable goods by the community with the objective to uplift the living standard of the community.

- (27) "**Rehabilitation**" shall mean rehabilitation or improvement of mini grid project completed with the financial support of the Government of Nepal.
- (28) "**Water Mill Electrification**" shall mean the process of generation and distribution of electricity up to 5 kW from the improved water mill.
- (29) "**Productive Energy Use**" shall mean utilization of renewable energy to help for increase of income, productivity, and quality and number of service or goods.
- (30) "**Community Business**" shall mean the business or industry operated jointly by seven or more than seven persons. This also means various cooperative institutions, common service centers and the industries and businesses carried out with the participation of various local groups.
- (31) "**Enterprise Development Service Provider**" shall mean the service provider providing various services for operation and upgrading of the business and industry.
- (32) "**Concerned Agency**" shall mean the Authorized Agency of Government of Nepal or designated organization by Government of Nepal.

3. Institutional Arrangement

The Alternative Energy Promotion Centre shall provide necessary financial and technical support for the promotion, development and expansion of renewable and rural energy technologies. The Centre shall provide the technical support through its different programmes and sections particularly Community Electrification Programme, Solar Energy Programme, Biomass Energy Programme, Biogas Programme, Productive Energy Use Programme etc.

The various regional service centres selected by the Centre covering certain districts shall perform the works for creating the demand for the different renewable energy technologies, providing the necessary technical support to the targeted community and household and District Energy & Environment Section/Unit, carry out the preliminary assessment of feasibility study report of various projects, carry out the monitoring and supervision of the different renewable energy systems constructed and installed by the companies or institutions qualified by the Centre etc. These service centres shall be responsible and accountable to the Centre.

At district level, the District Energy and Environment Sections/Units under the District Development Committees shall perform the different works like promotion of renewable energy, building networks, monitoring etc. in addition to the works mentioned in the delivery mechanism.

The subsidy to be provided for the construction and installation of different renewable energy systems and projects as per the Renewable Energy Subsidy Policy, 2013 shall be disbursed through the Central Renewable Energy Fund on the recommendation of Alternative Energy Promotion Centre. The Centre shall provide necessary technical support to the Fund.

4. Criteria for Subsidy and Delivery Mechanism: Non-electrification

4.1 Solar Thermal System

- (a) The solar thermal system shall be promoted across the country to reduce the use of conventional fuel and imported petroleum product through the use of solar thermal system for boiling water, cooking foods and drying the agricultural and other products.
- (b) The Centre shall develop and implement the procedure for determining the qualification of the company that carries out the works related to the manufacturing, distribution, installation and after sale service, and its representatives and sellers; determine their qualification as per the standards, and carry out the periodic review.
- (c) It shall provide technical support to the manufacturer/distributor/user of solar thermal system as well as subsidy to the user through the qualified company for the specific system.
- (d) The Centre shall be responsible for the matters related to the promotion, marketing, market regulation, quality assurance, monitoring and evaluation of the user's satisfaction.
- (e) It shall facilitate interaction between the companies, its networks, local body and users to ascertain that the users have received quality product and service in right price through the competitive market.
- (f) The qualified company and its qualified agent or seller should provide the booklet containing all the drawing report regarding the repair & maintenance, use and installation to the user together with the household solar dryer system.

4.1.1 Subsidy Delivery

The qualified companies should submit an application along with the invoice and the request form prescribed by the Centre for subsidy of the solar thermal system. The companies shall be required to provide the subsidy application form and information by using the prescribed software. Upon receiving the duly filled application form, the Centre shall check the criteria to be fulfilled and the documents submitted etc. and analyse and asses thereof, and recommend to the Fund for approval of subsidy as per the need. The Fund shall further asses and analyze the applications and approve the subsidy in case of fulfilment of all the criteria and procedures. Upon approval of the subsidy, 90% of the subsidy to be provided to the user shall be provided through the installer company and the remaining 10% subsidy amount shall be retained as retention money for guaranteeing the after sale service. The retention money shall be paid based on the evaluation of after sale service.

4.1.1.1 Household Solar Dryer

- (a) The household solar dryer shall be given priority in the rural area.
- (b) The backward group shall be given the first priority for the subsidy in the household solar dryer.

- (c) The qualified installer company or its qualified agent/seller shall be required to install the household solar dryer as per the approved design by using the goods and equipment as per the technical standard of the Centre.
- (d) The qualified installer company shall be required to request for subsidy in the format of application prescribed by the Fund.
- (e) While submitting the application for household solar dryer, it must be submitted by attaching two color photographs. In the first photograph, the user with user's manual positioned at the side of dryer must be clearly visible. Similarly, in the second photograph, the user with users' manual positioned next to the seller/distributor at the side of the dryer must be clearly visible. In addition to these, a copy of the Nepalese Citizenship Certificate, mobile or phone number and sketch to locate the house address easily are also to be provided.

4.1.1.2 Medium and Large Solar Dryer

- (a) The private company, industry, institution and community institution, which are registered in the concerned and are carrying out the agro business, shall be eligible for the subsidy. While forming the users committee, special priority will be given to the poor, single woman, victim of natural calamity, conflict affected and endangered ethnic nationality.
- (b) The non-profit oriented institution shall be required to submit the institution renew certificate and recommendations of VDC and DDC, and the profit oriented institution shall be required to submit the tax payment certificate of the previous fiscal year.
- (c) The user shall be required to fill up the feasibility study form and submit the report to the Centre by itself or through the qualified installer company or its qualified agent/seller for the purpose of subsidy for medium and large solar dryer. The Centre shall evaluate the report and recommend to the Fund for subsidy if it is ensured that the project has met all the criteria.
- (d) The materials, parts and design of the solar dryer should be as per the standard prescribed by the Centre.
- (e) While submitting the application for medium and large solar dryer, it must be submitted by attaching two color photographs. In the first photograph, the user with user's manual positioned at the side of dryer must be clearly visible. Further, in the second color photograph the user with users' manual positioned next to the seller/distributor at the side of the dryer must be clearly visible. Furthermore, the mobile or phone number and sketch as to locate the installed place easily are also to be provided.
- (f) The qualified installer company and its qualified agent or seller shall be required to provide the after sale service free of charge at least one time within a year of installation.
- (g) The qualified installer company and its qualified agent or seller shall be required to provide a manual containing all drawings relating to the repair and

maintenance, use and installation, to the user along with medium and large solar dryer system.

4.1.1.3 Household Solar Cooker

- (a) The priority should be given to use the household solar cooker in the rural area.
- (b) The backward group shall be given the first priority for the subsidy in household solar cooker.
- (c) The qualified company and its qualified agent/seller must install the household solar cooker as per certified design by using the materials and equipment as per the technical standard of the Centre.
- (d) The qualified company must request for subsidy in an application format prescribed by the Centre.
- (e) While submitting the application for household solar cooker, it must be submitted by attaching two color photographs. In the first photograph, the user with user's manual positioned at the side of installed cooker must be clearly visible. Similarly, in the second photograph the user with users' manual positioned next to the seller/distributor at the side of the installed cooker must be clearly visible. In addition to these, a copy of the Nepalese Citizenship Certificate, mobile or phone number and sketch to locate the house address easily are also to be provided.
- (f) In the case of not having the Nepalese Citizenship Certificate received, the recommendation letter of VDC must be submitted along with the application.
- (h) The qualified installer company and its qualified agent or seller shall be required to provide a manual containing all drawings relating to the repair and maintenance, use and installation to the user along with household solar cooker system.

4.1.2 Monitoring and Evaluation, Punishment and Penalty

The Fund and the Centre shall monitor and inspect the solar thermal system through Section/Unit or independent consultants. The performance evaluation of the company shall be done based on the data and information received from the installed place and if it is verified that the company has claimed for subsidy without installing the system, installed the system in the place other than the prescribed place, done mistake or irregularity while installing the system or used equipment which are not according to the prescribed technical standard, the Fund and the Centre, on regular basis or as per the necessity, shall carry out the field monitoring and inspection as per the predetermined standard guarantee and monitoring directive and shall punish and penalize as follows:-

- (a) Upon completion of one year of subsidy delivery, at least 10% of the total installed system will be selected through random sampling as sample and field monitoring will be carried out thereof through the qualified consulting institution.

- (b) The field monitoring data shall be evaluated by keeping such data in the management information system database and this also will be taken as the basis for performance evaluation and grading of the companies. The data shall also be used to penalize to the companies if the after sale service has not been provided, if the defect or less quality goods and equipment have been used, if subsidy has been claimed twice, or if found any other kind of irregularity. The maximum limit of the punishment and penalty will be cancellation of Prequalification of a company. In addition to the field monitoring to be carried out by the independent consultant, the Fund, Centre, and Section/Unit shall carry out the field monitoring and inspection regularly or as per the need.
- (c) In addition, the Renewable Energy Test Station shall carry out the field study and investigation of all technical aspects and provide a report thereof to the concerned company as feedback for necessary rectification.
- (d) A copy of monthly record of the installed system shall be required to submit to the Service Centre of concerned district, Section/Unit, Fund and Centre in a format prescribed by the Centre on district to district basis.

4.2 Institutional Solar PV System and Rural Community Solar PV Water System

The Centre shall provide technical support to the institutional solar PV system and rural community solar PV water system and shall determine the qualification of the companies on periodic basis for manufacturing, distribution, installation and after sale service of the systems. The Fund shall provide subsidy to users for institutional solar PV system and rural community solar PV water system through the qualified solar companies. The 3 percent of the total subsidy amount will be deposited in fixed account for 3 years for repair and maintenance of the institutional solar PV system and rural community solar PV water system.

4.2.1 Institutional Solar PV System

4.2.1.1 Criteria to be fulfilled for subsidy

The following criteria must be fulfilled for subsidy in the institutional solar PV system:-

- (a) The standalone institutional solar PV system shall be either in alternative current (AC) system or direct current (DC) system or combined system.
- (b) The subsidy will be provided to the legally registered public institutions only.
- (c) The subsidy will not be provided in the areas served by micro and small hydro or national transmission line.
- (d) The equipment to be used in this shall be as per the specifications mentioned in the Nepal Photovoltaic Quality Standard and such materials and equipment must be certified by the Renewable Energy Testing Station. The engrave

number should be mentioned in solar panel and battery to be used in such system.

- (e) Under this scheme, no subsidy shall be provided to the equipment like computer and printer, refrigerator etc.
- (f) The manufacturing, supply and installation must be done only by those companies qualified by the Centre.
- (g) The design and feasibility study as well as supervision of installation process must be done by technicians associated with the qualified companies.
- (h) For the purpose of management of battery to be used in the solar energy, the amount mentioned in the battery voucher will be deducted from the subsidy amount, which shall be deposited by opening a separate account and used in the management of battery. But such to be deducted amount shall not be more than 5 percent of the subsidy amount.

4.2.1.2 Subsidy Delivery

For the purpose of installation of institutional solar PV system, the concerned institution shall be required to select the company through the competitive process through sealed quotations regarding the estimated cost, installation, warranty etc. of the solar energy system from at least three qualified companies in a format prescribed by the Centre, and carry out the feasibility study in a prescribed format; and the concerned institution shall be required to submit an application to the Centre by attaching the recommendation letter of VDC or DDC, and the feasibility study report with commitment to bear at least 25% of the total cost. Upon receiving the detail report in the Centre, the Solar Energy Technical Review Committee shall evaluate on the bases of remoteness, majority of deprived people, number of service recipient, commitment of the concerned institution, provision for repair and maintenance, equipment available with the institution, financial aspects of the report etc. The Centre shall determine the estimated cost per watt peak of institutional solar PV system on periodic basis for the purpose of evaluation of financial proposal and the Technical Committee shall evaluate the proposal on the basis thereof and recommend to the Fund for providing subsidy if it observes that the project has met all the criteria. Before installation of institutional solar PV system, the company shall be required to fill up a subsidy application form and submit to the Centre; and the company, after approval of the subsidy by the Fund, must have agreement with the supplier, selected for equipment supply, installation and other services for the institutional solar PV system. In addition to these, this institution shall be required to sign agreement with the Centre with regards to ownership, supervision and repair and maintenance of the system. After getting the installation and testing report along with the verification of concerned VDC or DDC, and a combine photograph of installed solar system, the institution (teachers and students in the case of school and chief and other employees in the case of health post and other institutions) and the technician who installed the system, the Fund shall make payment of 90% subsidy amount to the concerned company if it finds appropriate. The Fund shall make payment of remaining 10% subsidy amount

on the basis of recommendation of the Centre after operation of installed system satisfactorily for a period up to two years and if the user are satisfied for after sale service by the company/institution. The Center shall monitor the after sale service and guarantee by itself or through the independent consultant, concerned service centre or Section/Unit of the concerned district.

4.2.1.3 Monitoring and Evaluation, and Punishment and Penalty

The Centre shall monitor and inspect the solar PV system through Section/Unit or independent consultants. The performance evaluation of the company shall be done based on the data and information received from the installed place and if it is observed that the company has claimed for subsidy without installing the system, installed the system in the place other than the prescribed place, done mistake while installing the system or done irregularity, penalty shall be imposed as per the prescribed standards and guidelines. In addition to these, the Fund and the Centre shall carry out the field monitoring and inspection on regular basis or as per the need, and shall punish and penalize as follows:-

- (a) If subsidy is claimed by the company without installing the solar energy equipment or if the equipment is installed other than the prescribed place or if the solar energy system is installed with the capacity other than the prescribed capacity, the penalty equivalent to 300 percent of the subsidy amount shall be imposed and the prequalification of the company will be terminated.
- (b) If it is observed that the damaged, unapproved and obsolete spare parts (solar panel, battery, charge controller etc.) have been installed, the penalty shall be imposed up to 200 percent of the approved subsidy amount as mentioned in quotation or the subsidy application form. Upon knowing such defect, the company shall be required to replace such materials within one month and submit the report thereof to the Centre. If any irregularity is observed while carrying out the field monitoring by the Centre itself or through the consultant appointed by the Centre, the prequalification of the company shall be terminated.
- (c) The company shall be required to provide a free after sale service in the respective place in every six months for third time in row within two years from the date of installation of solar energy system. If the company did not provide the after sale service within the warranty period or up to two years, the remaining 10 percent subsidy amount will be provided for the repair and maintenance of respective solar energy system as per the need. If the company did not provide after sale service to the systems more than 10 percent of the total system installed by it or if the company did not reach in the concerned place within one month after receiving the written complaint within the warranty period, the company will be suspended for a period up to six months. If it is observed that the company did not provide the after sale service thereafter as well, the eligibility of the company will be terminated.

4.2.2 Rural Community Solar Water System

4.2.2.1 Criteria to be fulfilled for subsidy

The following criteria must be fulfilled for subsidy in the rural community solar water system:-

- (a) The subsidy will be provided to the prescribed rural community solar water system in the area where there is no electrification has not been done through any other means.
- (b) The materials and equipment certified by the Renewable Energy Testing Station must be used.
- (c) The technical standards prescribed by the Centre must be met while constructing the project. In the case of civil works, it must be done as per the guidelines approved by the Centre.
- (d) The construction works of the civil structure can be done by the Users Committee by itself or also through the company supplying and installing the electrical and mechanical equipment. But in the case of User Committee, the electrical and mechanical equipment installing company shall be required to ensure that the civil structure to be constructed by the committee is as per the prescribed standards.
- (e) It should be verified that the solar water system has been installed under the supervision of the technician associated with the concerned installer company.
- (f) A completed application form prescribed by the Centre should be submitted for the construction of eth project.
- (g) The subsidy request has to be made by filling up the subsidy form prescribed by the Fund.
- (h) The targeted group should submit an application to the Centre through the Section/Unit or Service Centre for the additional subsidy.

4.2.2.2 Subsidy Delivery

If the people in the rural area, where there is no national transmission line and there is problem of water supply, want to install the rural community solar water system, they have to form a users group and have to contact with the Centre or Section/Unit or Service Centre for detail information. While forming users group, special priority should be given to the poor, single woman, victim of natural calamities, conflict-affected and endangered ethnic nationality. The standards prescribed by the Centre should be followed while forming the user group. The project requisition form prescribed by the Centre has to be filled up and submitted to the concerned Section/Unit or Service Centre. The Service Centre should evaluate the necessary criteria and conditions based on the criteria prescribed by the Centre for development of the project and send the list of the feasible and appropriate projects to the Centre. The centre shall analyze the list of the projects received from the Service Centre and instruct to the concerned Service Centre to prepare the detail feasibility report of the feasible projects. The Service Centre should prepare the

technical and financial & social feasibility study reports and submit again to the Centre. The Centre will recommend to the Fund for subsidy after evaluating and analyzing the feasible projects. The Fund, after doing further assessment if it deems necessary, will inform about the qualified projects for the subsidy to the concerned Users Committee, Environmental Section/Unit and Service Centre. The users should manage the remaining project cost excluding the subsidy amount. The Users' Committee shall be required to invite the sealed quotations from at least three companies from among the companies qualified by the Centre; and a quotation has to be selected on competitive basis and agreement has to be signed between the installer company and the Users Committee. The presence of employee of the concerned Section/Unit is a must while opening the quotations. Further, document along with letter should be submitted to the concerned Service Centre after arranging the necessary amount except the subsidy amount. The Service Centre will recommend to the Centre for release of subsidy. The Fund shall disburse the payments as per the recommendation of the Centre as follows:

(a) If an agreement has been signed between the Users Committee and concerned company to carry out all the construction works including the civil structure by the selected company, the disbursement of subsidy amount will be as follows:-

- (1) The Users Committee will provide 50 percent of the total amount to be borne by the users, except the subsidy amount, to the company after signing the agreement between the Users Committee and the company.
- (2) The 60 percent of the total subsidy to be provided through the Fund will be provided to the concerned company after getting the evidence of receipt of supply of all electrical and mechanical equipment in the construction site as mentioned in the agreement.
- (3) The remaining 50 percent amount to be provided by the Users Committee to the Company shall have to be provided after written notification of completion of all civil construction works by the concerned company.
- (4) The Centre shall conduct the field inspection by itself or through other technicians within one month after submission of brief performance report of the civil works and installation of electrical and equipment system by the company. The 30 percent amount of the subsidy will be provided to the concerned company after submission of recommendation letter along with the work completion inspection report to the Fund.
- (5) It shall be ascertained whether the installer company has provided the after sale service within two months or not after one year of installation and if it is found that the service has been provided, the Fund shall provide the remaining 10 percent of the subsidy amount to the concerned company.

(b) If the agreement has been signed to construct the civil structure by the Users Committee and to supply and install the electric goods and equipment by the qualified company, the disbursement of subsidy amount will be as follows:

- (1) The cost to be required in construction of civil structure and installation of electrical and mechanical equipment must be mentioned clearly in the agreement between the Users Committee and the company.
- (2) The Users Committee should start the construction of the civil structure by arranging the necessary fund except the subsidy amount.
- (3) If the total subsidy amount to be provided through the Fund is more than the amount mentioned in the agreement for electrical and mechanical equipment, such exceeded amount may be provided directly to the Users Committee on the request of the Users Committee. While requesting to provide such amount, the evidence of completion of the works to be completed and the expenses incurred as per the amount to be borne by the Users Committee must be submitted. Such evidence must be recommended by the concerned Service Centre or Section/Unit. The disbursement of the payment to the Users Committee will be 40 percent after final approval of subsidy and remaining 60 percent amount after completion of construction works. The payment to the Users Committee will be given on the guarantee of the concerned Service Centre.
- (4) The concerned company may make available of the electrical and mechanical equipment at project site as per the agreement during construction or after completion of construction of civil structure. After recommendation of the Users Committee with the statement that such equipment have been delivered at project site, the Fund will disburse 60 percent of the contract amount for supply and installation of electrical and mechanical equipment to the concerned company.
- (5) After submission of application with the necessary evidence that the construction of project has been completed by constructing the civil structure and installing the electrical and mechanical equipment, and after verification by the Centre within one month from the date of receipt of the application with necessary evidences, the Fund shall pay 30 percent of the contract amount for supply and installation of electrical and mechanical equipment to the concerned company. If the installer company wants to get 90 percent amount in a single payment after completion of the project construction, the Fund shall disburse the amount.
- (6) The Company should provide a free after sale service three times in row in every six months within two years after completion of the project. It shall be ascertained whether the installer company provided the after sale service or not within two months after two years and if it is ascertained that the service was provided, the Fund shall pay 7 percent amount out of 10 percent remaining subsidy to the concerned company and 3 percent amount to the fixed deposit account of the concerned user for repair and maintenance.

4.2.2.3 Monitoring & Evaluation and Punishment & Penalty

The Centre or Section/Unit or Service Centre may carry out the necessary field inspection of all projects during the construction phase. The Fund will disburse the remaining subsidy amount to the concerned company on the basis of site inspection report. The Renewable Energy Test Station shall carry out the field study and monitoring of all aspects of the rural community solar water system and also provide the report thereof to the concerned company for necessary improvements. If the Fund deems necessary to carry out monitoring of the rural community solar water system while disbursement of the subsidy amount, it may carry out the field inspection and monitoring of the project. Upon submission of application by the installer company with the details of completion of installation works, the Centre, by itself or through Section/Unit, may carry out inspection whether the installation has been done as mentioned in the agreement or not.

The performance evaluation of the company shall be done based on the data and information received from the installation site. If it is observed that the company has claimed for subsidy amount without installing the system, installed the system in the place other than the prescribed place, done mistake while installing the system or done irregularity or used equipment, which are against the prescribed standard, penalty shall be imposed as per the prescribed quality assurance and monitoring guidelines. In addition to these, the Fund and the Centre shall carry out the field monitoring and inspection on regular basis or as per the need.

4.3 Biogas

4.3.1 Criteria to be fulfilled for the Subsidy and the Delivery of Subsidy

(a) Household Biogas Plant

- (1) The Centre shall determine the qualification of the biogas companies from time to time to construct the biogas plant and to provide necessary technical services.
- (2) The subsidy will be provided to the biogas plant from 2 to 8 cubic meter capacity only constructed by the qualified companies as per the technical standard prescribed by the Centre. The provision of mandatory guarantee for the installed plant for a period at least four years must be clearly mentioned in the agreement signed between the company and the user.
- (3) The qualified companies shall be required to submit the work completion form and other necessary documents to the technical service provider institutions selected by the Centre. The technical service provider institution should do the necessary examination and evaluation of the plant construction completion forms submitted by the biogas company and should submit the report and necessary documents to the Centre along with the recommendation for the subsidy.

- (4) The Centre shall do necessary assessment of the application received and shall recommend to the Fund for the subsidy after ensuring of the fulfillment of all criteria for the subsidy. The Fund shall disburse 90 percent of the subsidy amount to be provided to the user through the qualified companies if it finds appropriate after doing the necessary examination and evaluation.
- (5) All necessary charges like slurry utilization charge, after sale service charge etc. shall be deducted at the time of payment of subsidy amount. The qualified companies must provide the after sale service after construction of plant as per the standards and guidelines prepared by the Centre.
- (6) The concerned technical service provider, Centre or independent consultant recruited by the Centre shall monitor the after sale service provided by the companies. Further, while paying the after sale service fee, the Centre shall take the basis of the report of the Section/Unit. The slurry utilization charge will be provided on recommendation of the concerned company. If the service and works mentioned in the guideline have been found satisfactory, the release of payment of the 10% remaining subsidy amount will be recommended to the Fund.

(b) Urban Household Biogas

The following processes should be fulfilled for the subsidy amount to be provided for construction of biogas plant up to 4 m³ as per the standard and design as prescribed by the Centre to produce the biogas by using the degradable organic material generated from the kitchen and surrounding of urban households:-

- (1) The subsidy will be provided to those biogas plants constructed through the qualified companies as per the technical standard prescribed by the Centre.
- (2) The qualified companies should submit the plant construction completion form and other necessary documents to the technical service provider institutions selected by the Centre. The service provider institution shall carry out the necessary examination of the plant construction completion forms submitted by the biogas companies and shall submit such report and necessary documents to the Centre along with the recommendation for the subsidy.
- (3) The Centre should recommend to the Fund for subsidy by ensuring the fulfillment of all criteria for subsidy. If found appropriate, the Fund will release the 90 percent of the subsidy amount to qualified company or installer after necessary examination and evaluation.
- (4) The qualified companies must provide the after sale service after completion of plant construction as per the standard and guideline approved by the Centre.
- (5) The monitoring of the after sale service provided by the qualified companies will be done through the concerned technical service provider or by the Centre or the independent consultant appointed by the Centre. Likewise, while recommending for payment of after sale service, the Centre may take the basis of the report of the Section/Unit. If the service has been found satisfactory, the Centre shall recommend to the Fund for release of remaining 10 percent

subsidy amount. If the service is not found satisfactory, the amount shall be utilized for the repair and maintenance of the biogas plant.

(c) Institutional Biogas Plant

The following processes should be fulfilled for the subsidy to the biogas plant more than 12 cubic meter capacity to generate the biogas by using the organic waste and human excrete and urine to be released from the public institutions like school, campus, hospital, police and military barrack, old age home and religious place:-

- (1) The subsidy will be provided to those biogas plants constructed through the qualified companies as per the technical standard prescribed by the Centre.
- (2) The institution wishing to construct the plant should submit an application to the Centre along with its decision to construct the biogas plant and the pre-feasibility study report thereof prepared by the qualified consultant.
- (3) The Centre shall evaluate the report and recommend for detailed survey which should include the financial, technical and environmental aspects as well, if it deems necessary.
- (4) The concerned institution should carry out the detailed feasibility study through the consultant recognized by the Centre as per the approved standard and submit the report.
- (5) After receiving the pre-feasibility study report or detailed feasibility study report, the Centre will examine and evaluate such report and will approve to construct the biogas plant if it determines feasible.
- (6) The qualified companies should submit the report to the Centre along with the plant construction completion form, recommendation letter and other necessary documents.
- (7) The Centre shall recommend the subsidy to the Fund by ensuring the fulfillment of all the criteria for the subsidy. If the Fund finds appropriate for the subsidy after necessary examination and evaluation, it will release the 90 percent of the subsidy amount to the user through qualified company.
- (8) The concerned technical service provider or the Centre or the independent consultant appointed by the Centre will monitor the after sale service provided by the companies. While recommending for payment of after sale service, the Centre may take the basis of the report of the Section/Unit. If the service has been found satisfactory, the Centre shall recommend to the Fund for release of remaining 10% subsidy amount. If the service is not found satisfactory, the amount will be utilized for the repair and maintenance of the biogas plant.

(d) Community Biogas Plant

While constructing the community biogas plant more than 12 cubic meter capacity to generate the biogas for the community use within the limit of technical feasibility for distributing the biogas by using the cattle and other

organic waste, following processes should be followed for the subsidy to be provided to such plant. This subsidy can be entitled by the households with twelve or more based on the recommendation and verification of the concerned VDC or Municipality.

- (1) The subsidy will be provided to those biogas plants only which are constructed through the qualified companies as per the standard prescribed by the Centre.
- (2) While constructing the plant as per the design approved by the Centre, capacity of each stove must be at least 4 cubic meter.
- (3) The concerned users committee must arrange the land required for construction of the plant. If such land is under the public or Government ownership, an application has to be submitted along with their consent.
- (4) While submitting an application by the community wishing to construct the biogas plant, a copy of certificate of renewed registration of User Committee and a copy of the decision signed by all the members should be submitted to the Centre. The pre-feasibility study report prepared by the qualified consultant has also to be submitted along with the application.
- (5) The Centre shall evaluate the report and recommend for detailed survey which should include financial, technical and environmental aspects as well, if it deems necessary.
- (6) The concerned institution should submit the detailed feasibility study carried out through the consultant recognized by the Centre as per the standards approved by the Centre.
- (7) The Centre will provide the permission to construct the biogas plants after examination and evaluation of the pre-feasibility or detailed feasibility study report if it determines feasible.
- (8) The qualified companies shall be required to submit the report with recommendation for subsidy to the Centre along with the plant construction completion form and other necessary documents.
- (9) The Centre shall recommend to the Fund for subsidy by ascertaining that all the criteria for the subsidy have been fulfilled. If the Fund finds appropriate for the subsidy after necessary examination and evaluation, it will release 90 percent of the subsidy amount entitled by the user, through the qualified company or the installers.
- (10) The monitoring whether the after sale service has been satisfactory or not shall be done through the concerned technical service provider or by the Centre itself or through the independent consultant appointed by the Centre. While recommending payment of after sale service, the Centre may rely on the report of the Section/Unit. If the service provided by the company has been found to be satisfactory, the Centre shall recommend to the Fund for payment of remaining 10 percent subsidy amount. If the service has not been found to be satisfactory, the amount to be paid for the after sale service shall be used for the repair and maintenance of the biogas plant.

- (11) The responsibility of operation, repair and maintenance and ownership of such community biogas plant may be taken by the cooperative, educational institution, community institution or private sector institutions.

(e) Commercial Biogas Plant

The following process will be followed for the subsidy to the biogas plant to be constructed by using the waste generated from the various business enterprises such as poultry firm, cattle shed, slaughter house, private enterprises like small and cottage industry etc. for the self consumption or for the commercial purpose:-

- (1) The enterprise interested to construct the plant has to submit an application along with a copy of the company or industry registration certificate, a copy of decision of the Board of Directors or Management Committee and the pre-feasibility study report prepared by the qualified consultant.
- (2) The Centre shall study such report and recommend for the detailed feasibility study if it sees having fulfilled the prescribed standard.
- (3) The company has to start the construction after getting approval from the Centre after submission of detailed construction plan by the qualified construction company along with the detailed feasibility study report in the Centre.
- (4) The qualified companies have to submit the application to the Centre along with the plant construction completion form and other required documents.
- (5) The Center shall recommend to the Fund for subsidy after ascertaining that all the criteria for the subsidy have been fulfilled. The Fund will examine and evaluate the application form and other document received and will approve the subsidy if it determines that all the processes have been fulfilled. If the concerned installer or company wants to get the subsidy amount against the bank guarantee, the Fund may provide up to 40 percent of the total subsidy amount as an advance. The Centre will examine and evaluate, and recommend to the Fund for payment of 50 percent of the total subsidy amount after submission of report by the company by completing the construction works.
- (6) The monitoring whether the after sale service has been satisfactory or not will be done through the concerned technical service provider or by the Centre itself or the through independent consultant appointed by the Centre. Further, while recommending for payment of after sale service, the Centre may rely on the report of the Section/Unit. If the service has been found to be satisfactory, the Centre will recommend to the Fund for the payment of remaining 10 percent subsidy amount. If the service has not been found to be satisfactory, the amount to be paid for the after sale service will be used for the repair and maintenance of the biogas plant.

(f) Biogas Production from Solid Waste

The following process should be fulfilled by the private company or institution committed to manage solid waste in the area of municipality or would be municipality wishing to construct the biogas plant:-

- (1) The institutions or companies wishing to generate energy from the solid waste shall be required to submit an application to the Centre in concurrence with the approval of the concerned municipality or VDC along with the registration certificate, tax payment certificate and document clearly showing the financial and technical capacity of the institution. The pre-feasibility study report prepared by the qualified consultant shall have to be submitted along with the said application.
- (2) The Centre shall evaluate such study report and recommend for the detailed feasibility study if it sees having fulfilled the prescribed standards.
- (3) A tripartite agreement should be signed for the construction of the plants among the Centre, concerned municipality or VDC and private company or institution. Even though the ownership of the plant has to be taken by the municipality, the responsibility for operation and management of the plant may be entrusted to the private company or institution.
- (4) The company or institution wishing to manage the solid waste should submit the detailed construction plan along with the detailed feasibility study report. The concerned company or institution shall be required to start the construction of plant only after approval by the Centre.
- (5) The qualified companies or institutions wishing to generate energy from the solid waste should submit an application to the Centre along with the plant construction completion form and other necessary documents.
- (6) The Centre shall recommend to the Fund for subsidy by ascertaining of the fulfillment of all the criteria for the subsidy. The Fund will examine and assess the application form and the documents and approve the subsidy if it sees having fulfilled all the criteria. If the concerned company or institution interested to manage the solid waste wishes to get the subsidy amount against the bank guarantee, the Fund may provide up to 40 percent of the total subsidy amount as an advance. After submission of the report by the company by completing the construction works, the Centre shall examine, evaluate and recommend to the Fund for payment of 50 percent of the total subsidy amount.
- (7) The company or institution wishing to generate the energy from the solid waste should guarantee to provide after sale service for at least twice in the four years of period after the plant comes into the operation. The Centre shall recommend to the Fund for payment of 5 percent subsidy amount after the first after sale service is rendered. The Centre will recommend the payment of remaining 5 percent subsidy amount after the second after sale service is rendered. However, if it is observed that the company or institution wishing

to generate the energy from the solid waste did not provide the first and second after sale service, 25 percent amount of the subsidy amount will be charged from such company or institution as penalty.

4.3.2 Monitoring and Evaluation

- (a) The monitoring and evaluation of all types of biogas plant shall be done as per the guideline approved by the Centre.
- (b) The Centre may carry out the monitoring of the biogas plants through the independent consultant under this procedure for quality assurance.
- (c) If the performance has not been as per the prescribed monitoring and quality assurance guideline, the after sale service has not been provided, claim has been made for subsidy without plant construction completion or plant construction, irregularity has been committed while constructing the plant, the plant has not been constructed as per the prescribed standard or if the claim for subsidy has been made twice for construction of the same plant by the concerned company, the action shall be taken including imposing fine, recovering damage, suspending and termination of agreement etc.
- (d) The qualified company or installer should do the internal quality control and monitoring of the biogas plants constructed by them and should submit the report thereof to the Fund and Centre within three months after the end of every fiscal year.
- (e) The Fund and Centre shall monitor and inspect the performance of the company or installer with the help of the Section/Unit at district level.

4.4 Biomass Energy

4.4.1 Metallic Improved Cooking Stove

4.4.1.1 Criteria to be fulfilled for Subsidy

(a) Household Metallic Improved Cooking Stove

The following terms and conditions must be fulfilled for subsidy to the household metallic improved cooking stove:-

- (1) The subsidy will be provided to the approved standard metallic stove of one pot hole, two pot holes or three pot holes model prescribed by the Centre.
- (2) The subsidy for the household metallic improved cooking stove will be provided to those households which are located at or above 1500 meter from the sea level. The concerned company should determine such places with the help of the topo map and GPS or Altimeter.
- (3) The stove should be installed by the trained technician of the installer company qualified by the Centre.

- (4) After installation of improved metallic stove, the prescribed filled subsidy form should be submitted along with a copy of citizenship of the user, two copies of photographs of the kitchen of the house with stove installed.. In the first photograph, the user, installer, installed stove and the parts of outlet pipe inside the room must be clearly visible. In the second photograph, the user and installer sitting together making the outer part of the kitchen in the house as background and the outlet pipe coming out from the kitchen must be clearly visible.
- (5) The qualified company should guarantee that the after sale service has been provided after installation of the stove.

(b) Institutional Metallic Improved Cooking Stove

The following processes should be fulfilled for subsidy to the metallic improved cooking stove for the purpose of cooking foods and heating rooms in the public school, public hospital and health centre, police or army barrack, religious place and orphan houses located in the high Himalayan and hilly area:-

- (1) The subsidy will be provided to the metallic stove of approved standard with two pot holes or three pot holes model prescribed by the Centre.
- (2) The stove should be installed by the trained technician of the installer company qualified by the Centre.
- (3) The institution wishing to install the metallic improved cooking stove should submit an application to the Section/Unit along with request letter and the decision of the board of directors or management committee of the institution and a copy of registration certificate of the institution. The DD.C will examine and evaluate the application and the documents submitted along with the application and will provide approval to the qualified installer company if it is confirmed that the necessary processes have been fulfilled. After getting the approval, the company should install the stove and submit the duly filled up subsidy application and all documents to the Centre for payment of subsidy.
- (4) After installation of metallic improved cooking stove, the prescribed application form has to be filled up and two photographs of the kitchen of the institution shall have to be attached therewith. In the first photograph, the representative of the institution, installer, installed stove and the parts of outlet pipe within the room must be visible clearly. In the second photograph, the representative of the institution and installer sitting together making the outer part of the kitchen in the house as background and the outlet pipe came from the kitchen must be visible clearly.
- (5) The qualified company should ensure that the after sale service has been provided after installation of the stove.

(c) Metallic Rocket Stove

The following terms and conditions should be fulfilled for subsidy to metallic rocket stove with two or less than two pot holes for the purpose of cooking food and heating room in the high Himalayan and hilly area:-

- (1) The subsidy will be provided to metallic rocket stove with two pot hole or three pot hole model of approved standard, having fulfilled the standards prescribed by the Centre.
- (2) The stove should be installed by the trained technician of the installer company qualified by the Centre.
- (3) After installation of metallic rocket stove, the prescribed application form should be submitted along with a copy of the citizenship certificate and a photograph of the user and installer with kitchen and stove in the background. In the case of the chimney installed, another photograph of the user and installer sitting together showing the outer part of the house/kitchen in the background and pipe coming from the kitchen shall also be attached.
- (4) The qualified company should ensure that the after sale service has been provided after installation of the stove.

4.4.1.2 Subsidy Delivery

- (a) The subsidy will be provided to the household metallic improved cooking stove, institutional metallic improved cooking stove and metallic rocket stove of certain design as prescribed by the Centre.
- (b) After installation of the stove, the qualified manufacturer or Installer Company should fill up the prescribed subsidy form and submit to the Centre for subsidy along with the recommendation of the service centre by inserting the necessary data in the management information system of the service centre.
- (c) The service centre should submit a monthly report to the Section/Unit of the installed metallic stove as well as other biomass energy system in the targeted households.
- (d) The Centre, after receiving the application in the prescribed format and other documents, should examine whether the prescribed criteria and terms and conditions have been fulfilled or not, and recommend to the Fund if it is confirmed the eligibility for the subsidy. The Fund will examine and evaluate the subsidy application form and documents that it received and approve the subsidy if it ensures the fulfillment of all the processes.
- (e) After approval of the subsidy, the Fund will disburse the 90 percent amount of the subsidy to the company and will keep the remaining 10 percent amount as deposit for the guarantee of after sale service.
- (f) The Centre or independent consultant selected by the Centre and Section/Unit will monitor whether the after sale service has been provided satisfactory or

not. The Centre will take the basis of the report of the Section/Unit for the payment of the after sale service fee. If the service is found to be satisfactory, it will recommend for the disbursement of the remaining 10 percent subsidy amount to the Fund. If the service is not found to be satisfactory, the amount to be paid for the after sale service will be used for the repair and maintenance of the improved cooking stove.

4.4.1.3 Monitoring and Evaluation

- (a) For quality assurance of the metallic improved cooking stove, the sample of at least 10 percent of installed stoves will be selected before distributing the stoves manufactured by the qualified manufacturing company and monitored in the field through the service centre or Renewable Energy Test Station or Section/Unit.
- (b) At least 10 percent stoves will be selected through random sampling for quality control and monitoring at the field after one year of installation of improved cooking stove and payment of the subsidy. The Centre may take sample of the stoves and carry out its field monitoring through the independent consultant, renewable energy testing station or service centre and Section/Unit. The field monitoring will be done through the trained and qualified technicians.
- (c) The data received in the prescribed format will be kept in the biomass energy management information system database and analyzed thereof. The facts coming from such analysis will be provided to the manufacturer, installer and distributing companies for performance evaluation and feedback. Such data can be used to impose penalty to the concerned company for not providing the after sale service, and penalize for use of bad and low quality goods and equipment, double claim for subsidy or other irregularities etc. The maximum limit of punishment and penalty will be termination of qualification of the company.
- (d) The Centre may also carry out necessary field monitoring and examination on regular basis and on the basis of the complaint or information received regarding irregularity. The Centre may carry out the detailed technical examination of the biomass energy technologies through the Renewable Energy Test Station and will provide the examination report to the concerned companies for necessary improvement.

4.4.2 Metallic Gasifier System

4.4.2.1 Criteria to be fulfilled for the Subsidy

The following terms and conditions should be fulfilled for subsidy to the metallic gasifier system:-

- (a) The subsidy will be provided to the metallic gasifier system as per the design approved by the Centre.

- (b) The subsidy will be provided to the metallic gasifier system manufactured or imported, distributed and installed by the company qualified by the Centre.
- (c) The subsidy will be provided only to the company, institutions, or organized groups like Mothers Group, Users Group, Local Cooperative Institutions registered in the concerned agency.
- (d) For the purpose of subsidy to the metallic gasifier, the feasibility study report signed by both the qualified company and the user should be submitted to the Centre through the qualified installer company along with a copy of decision of the executive or management committee of the institution and a copy of registration certificate of the institution. A copy of tax payment certificate of the previous fiscal year should be submitted in the case of profit oriented company or institution.
- (e) The installer company should install and submit the completed prescribed subsidy form for subsidy after approval by the Centre after examining and evaluating the feasibility study report,.
- (f) The Centre will recommend to the Fund for payment of the 50 percent amount to the concerned company after site verification and confirmation of the transportation of the metallic gasifier at the site after written information by the installer company to the Centre. The fund will do the necessary examination and evaluation and if confirmed to have fulfilled all the criteria it will disburse the payment. The recommendation will be made to the Fund for payment of the remaining 40 percent subsidy amount after submission of the completion report of the installation work.
- (g) The installer company should provide the after sale service for one year to ensure the smooth operation of metallic gasifier.
- (h) The qualified installer company should provide a repair and maintenance manual along with each metallic gasifier system.

4.4.2.2 Subsidy Delivery

- (a) The installer company qualified by the Centre should submit the application of the users group, sales invoice of the metallic gasifier system and the duly filled up prescribed subsidy form to the Centre for subsidy.
- (b) The Centre will recommend for approval of subsidy to the Fund after it carries out examination and evaluation of the criteria and documents etc..
- (c) The Fund will examine and evaluate the subsidy application form and documents received by it and approve the subsidy if it is confirmed that all the processes have been fulfilled.
- (d) Upon approval of subsidy, 90percent amount of the subsidy to be provided to the user will be paid through the company. Remaining 10 percent subsidy amount will be retained as deposit for guarantee of after sale service. Such amount will be paid after one year on the basis of monitoring and evaluation of the service provided and the satisfaction of the user thereon.

4.4.2.3 Monitoring and Evaluation

The Centre will carry out field monitoring and inspection of the installed metallic gasifier by itself or through Section/Unit or service centre or independent consultant. If it is found that the gasifier worked satisfactorily for one year after installation, the Centre will recommend to the fund to pay the remaining 10percent subsidy amount to the installer company. The performance evaluation of the company will be done based on the data and information received from the field monitoring. The Fund and Centre can also carry out the monitoring and inspection on regular basis or as per necessity on the basis of complaint or report.

4.5 Improved Water Mill

4.5.1 Subsidy Delivery

The subsidy delivery of the improved water mill shall be as follow:-

- (a) The Centre will determine the qualification of the service centre, local partner institution, water mill owners association and goods and equipment manufacturers.
- (b) The water mill owner wishing to install the improved water mill should submit the prescribed subsidy application form, a copy of membership of the water mill owners association and all other necessary documents through the water mill association or qualified local partner located at the concerned district. However, if new improved water mill is required to install, a separate application should be filled up and submitted.
- (c) After completion of installation, the report thereof should submit to the service centre as well as to the district energy and environment section/unit by the local partner institution.
- (d) The local partner institution should provide the repair and maintenance manual to the water mill owner after installation of improved water mill.
- (e) The local partner institution or manufacturer company should provide at least three years of guarantee for the installed improved water mill. If any problem is encountered related to the installation during that period, the local partner institution or manufacturer shall be required to provide the repair and maintenance service. If any manufacturing defect is detected, the manufacturer of the kit of the water mill should do repair and maintenance and replace the equipment compulsorily.
- (f) The local partner institution should use the equipment relating to the improved water mill manufactured by the qualified manufacturing company.
- (g) Special priority shall be given for improvement, installation of and electrification from the water mill in the "A" and "B" categories VDC as mentioned in the subsidy policy.

- (h) The service centre will assess the installation report as mentioned in (c) above and carry out the field inspection of 30 percent installed water mills as per the prescribed standard and submit the report thereof with its recommendation to the Centre for approval of subsidy. The Centre will examine and evaluate the documents submitted to it and will recommend for subsidy to the Fnd if it finds fulfillment of all the process.
- (i) The Fund will further examine and evaluate, and release the 90 percent subsidy amount to the local partner institution or qualified goods and equipment manufacturer company if it finds that the fulfillment of all the processes relating to the subsidy. Remaining 10 percent subsidy amount will be retained as deposit and after one year of guarantee period, the Centre will select at least 10 percent installed water mills and carry out monitoring thereof through the qualified consultant and recommend for the release of the amount to the Fund on the basis of the monitoring.

4.5.2 Monitoring and Evaluation

- (a) The Centre, after improvement and installation of the water mill, will carry out the field monitoring and quality control of at least 10 percent improved water mills by itself or through independent consultant for assurance of quality and certification of installation. However, if the local partner organization has installed less than 10 water mills, field monitoring of all the water mills should be done for assurance of quality.
- (b) The Centre will monitor and evaluate the performance of the activities of the water mill as well as the service centre, local partner organizations and manufacturing company.
- (c) The Centre will carry out the impact analysis and user satisfaction survey in every two years through the independent consultant.

4.5.3 Punishment and Penalty

- (a) If any fault is detected or improvement has to be done in any structure of installed system of the improved water mill at the time of field monitoring, will be notified to the concerned local partner institution and kit manufacturing company.
- (b) The concerned local partner institution and kit manufacturing company should apply for the field monitoring for the second time to the service centre along with information of completion of the improvement of the improved water mill.
- (c) The service centre should manage for field monitoring after receiving the application. If any fault is detected or improvement has to be done from the second monitoring, all costs to be involved in the third time monitoring should be borne by the local partner institution and kit manufacturing company. If it is

found from the third monitoring that the prescribed work has not been done, the concerned local partner institution and kit manufacturing company should pay penalty up to 200 percent of the subsidy amount.

- (d) If the penalty is not paid, the concerned local partner institution and kit manufacturing company will be suspended for at least one year. If it is found to have constructed and installed the additional improved water mill through the Centre under subsidy in the suspended period, the qualification of local partner institution and kit manufacturing company will be cancelled automatically.

5 Criteria and Delivery Mechanism of Subsidy: Rural Electrification

The electricity service will be provided through solar PV system, micro and mini hydropower, wind energy and biomass energy technology in the area where there is no electricity available through any means.

5.1 Solar Home System

- (a) The private sector companies, their networks and Renewable Energy Test Station will be collectively responsible for testing the solar system and its materials and equipment in the lab.
- (b) The Testing Station shall certify whether the Nepal Photovoltaic Quality Standard has been followed or not in the case of solar system and the materials and equipment thereof. The concerned solar energy companies should test the materials and equipment relating to the solar energy from the Renewable Energy Test Station.
- (c) The companies should sale only those materials and equipment which are certified as per standard and procedure prescribed by the Centre.
- (d) If the company sold the materials and equipment before testing from the Testing Station, the Centre may punish and penalise to such company as per the monitoring and quality control guideline and may remove such company from the list of the qualified companies.
- (e) The Council of Technical Education and Vocational Training will provide the assistance to certify the skill testing of solar electric technician level I and II.
- (f) The private companies and their networks will be responsible to import, manufacturing, distribution and providing the after sale service of the materials and equipment relating to the solar energy.

5.1.1 Criteria to be fulfilled for Subsidy

The following criteria must be fulfilled for the subsidy:-

- (a) The subsidy in the specified solar system will be provided to the Nepalese citizen living in the area where there is no electrification through any other means.

- (b) The qualified companies, their agents or sellers should install the solar system by using only those materials and equipment which are certified by the Renewable Energy Test Station.
- (c) The solar system should be installed by at least the solar system technician level I only certified by the Council of Technical Education and Vocational Training.
- (d) The qualified company should ensure that the after sale service has been provided in the installed place.
- (e) The subsidy form prescribed by the Centre should be filled up at the installed place.
- (f) A copy of citizenship certificate of the user and two copies of photographs of the system installed house must be attached with application form of the solar system and submitted accordingly. In the first photograph, the full picture of the solar panel installed in house mainly the front side from the appropriate angle must be visible. In the second photograph, the user and the installer together with the said house in the background must be visible.

5.1.2 Subsidy Delivery

- (a) The qualified companies should submit the prescribed application form along with the request letter to the Centre for subsidy in the solar home system.
- (b) The Centre will distribute the subsidy application forms to the companies by giving certain time frame of maximum 120 days, on the basis of the past performance of the companies, sales and distribution of the materials and equipment and stocks. The companies should provide the electronic copy of the subsidy application form and data by using the software prescribed by the Centre.
- (c) Upon receiving the application form, the Centre will carry out the preliminary assessment and evaluation by itself or with the assistance of the consultant and if it finds appropriate, it will recommend to the Fund for the payment up to 70 percent of the subsidy amount as an advance against the bank guarantee. If the Fund finds appropriate as per its process, it may disburse the said advance amount.
- (d) The Centre will recommend to the Fund for approval of the subsidy within maximum of 60 days after confirmation of fulfilment of all the criteria for approval of subsidy by evaluating the document.
- (e) Fund shall further examine and evaluate and if it finds that criteria have been fulfilled, it will approve the subsidy and disburse the 90 percent subsidy amount (with adjustment of the advance payment) to be provided to the user through the concerned company.
- (f) The remaining 10 percent subsidy amount will be retained as deposit amount as the guarantee for the after sale service.

- (g) The Centre will recommend to the Fund for payment of deposit amount after one year based on the assessment of the after sale service.
- (h) The amount mentioned in the battery voucher will be deducted from the subsidy amount and deposited in a separate account for the purpose of the management of the battery to be used in the solar energy. However, the amount to be deducted should not be more than 10 percent of the subsidy amount.

5.1.3 Monitoring and Evaluation, & Punishment and Penalty

- (a) The field monitoring will be done through the independent consultant by taking sample of 10 percent of all installed solar systems through random sampling after one year of payment of subsidy. The sample shall be chosen through computerized system from the solar energy management information system database.
- (b) The data received from the field monitoring will be evaluated by entering the data in the management information system database, and this will also be taken as the basis for the performance evaluation and grading of the companies.
- (c) The data mentioned above will also be used to impose the penalty for not providing the after sale service, for the use of defect or less quality materials and equipments, or the claim of subsidy twice, or any other kind of irregularity is made. The maximum extent of the punishment and penalty will be the termination of qualification of the company. In addition to the field inspection to be carried out by the qualified consultant, the Centre and Fund will carry out the field monitoring and examination on the basis of complaint and report on regular basis or as per the necessity.
- (d) The Renewable Energy Test Station will conduct the field study and research of the technical aspects of the solar system and will be provided such report to the concerned company as feedback for necessary improvement.
- (e) The performance evaluation and grading of the concerned solar companies will be done on the basis of the data and information received from the field and will be imposed as per the Quality Assurance and Monitoring Guideline if the company claimed the subsidy without installation, installed the system in other places, defect during the installation or irregularity and used the equipment and materials not as per the technical standard. In addition to this, the Fund and Centre will conduct field monitoring and inspection as per the report and complaint the regularly or as per the need.

5.2 Small Solar Home System

5.2.1 Criteria to be fulfilled for Subsidy

The following criteria must be fulfilled for subsidy:-

- (a) The subsidy in the specified small solar home system will be provided to the Nepalese citizens only living in the area where there is no electrification through any other means.
- (b) The qualified companies, their qualified representative or seller should install the small solar home system by using the certified materials and equipment. The materials and equipment certified only by the Renewable Energy Test Station should be used for quality assurance.
- (c) The qualified companies should provide guarantee of the adequate after sale service in the local level. For this, the company, which has sold the small solar home system, should establish service centre at district headquarter of concerned district or enter into an agreement in writing with the already established service centre or business.
- (d) The request for subsidy should be made by filling up the request form prescribed by the Centre. The application to be submitted by the user in the prescribed format, recommendation of DDC and VDC, receipt of handing and taking over the materials, and the application to be submitted after certifying by the company is attached with the same form.

5.2.2 The Process to be fulfilled for the Subsidy

- (a) The prescribed subsidy application and recommendation forms will be provided to the qualified companies.
- (b) The household wishing to install the small solar home system should submit an application to the concerned VDC Office or Ward Office of the concerned Municipality by filling up the subsidy application and recommendation forms.
- (c) The concerned VDC Office or Ward Office should verify and examine the information submitted by the applicant and provide a letter of recommendation titled "To Whom It May Concern" stating that the application is eligible for getting the subsidy to the small solar home system.
- (d) The concerned company should submit an application to the concerned Section/Unit for recommendation along with the application submitted by the user in the VDC, the recommendation letter of VDC or Ward Office, information of the system sold and the receipt of purchased of the system by the user, and the DDC will recommend by preparing the accurate details. If there is any doubt over the application submitted by the company, the Section/Unit will carry out the necessary examination and return to the company, and will provide the written information thereof to the Centre.
- (e) The report of subsidy forms thus received shall have to be maintained by the VDC and Section/Unit by updating them.
- (f) The concerned company should submit the application and recommendation forms duly signed and sealed by the authorized person of the company to the

Centre for subsidy along with the application submitted by the user in the VDC, the recommendation letter of VDC or Ward Office, report of the system sold and the receipt of purchased of the system by the user and the letter of recommendation of the Section/Unit. At least 20 forms should be submitted once while submitting the application.

- (g) The Centre will recommend to the Fund for approval of the subsidy after doing the necessary study and examination of the application and making entry of the necessary information in the computer database.
- (h) The Fund will disburse the subsidy amount to the concerned company if it is satisfied after doing necessary examination and evaluation.

5.2.3 Subsidy Delivery

- (a) The qualified company should submit the prescribed subsidy form along with the letter of recommendation of the Section/Unit to the Centre with the covering letter for subsidy in the small solar home system.
- (b) The Centre will distribute the subsidy forms to the companies by giving maximum of 120 days timeframe, on the basis of the past performance of the companies, sales and distribution of the materials and equipment and stocks. The companies should provide the electronic copy of the subsidy application form and data by using the software prescribed by the Centre.
- (c) Upon receiving the application form, the Centre will carry out the preliminary examination and evaluation by itself or with the assistance of the consultant; and if it finds appropriate, it will recommend to the Fund for payment up to 70 percent of the subsidy amount as an advance against the bank guarantee. If the Fund finds appropriate as per its process, it may disburse the said advance amount.
- (d) The Centre will recommend to the Fund for approval of the subsidy within the maximum of 60 days after confirmation for fulfilment of all criteria for approval of subsidy by evaluating the documents.
- (e) Fund will further examine and evaluate and if it finds that criteria have been fulfilled, it will approve the subsidy and disburse the 90 percent of subsidy amount (with adjustment of the advance payment) to be provided to the user through the concerned company. The remaining 10 percent subsidy amount will be retained as deposit amount as the guarantee for the after sale service.
- (f) The Centre will recommend to the Fund for payment of deposit amount after one year based on the assessment of the after sale service.
- (h) The amount mentioned in the battery voucher will be deducted from the subsidy amount and deposited in a separate account for the purpose of the management of the battery to be used in the solar energy. However, the amount to be deducted should not be more than 10 percent of the subsidy amount.

5.2.4 Monitoring & Evaluation and Punishment & Penalty

The record of the small solar systems that have received subsidy from the Fund will be maintained at the Centre. The field monitoring of impact of small solar systems installed in the different areas within the country will be done based on the said record, and field monitoring thereof may also be done by the Centre, Section/Unit, VDC., Service Centre and as per necessity with the support of the other Government and Non-government organisations.

5.3 Electrification through the Small and Micro Hydropower

The electrification programme will be implemented effectively through the 1000 kW or 1 MW capacity hydropower in the areas of not connected by national transmission line and no possibility of reaching transmission line in near future.

5.3.1 Project Identification and Feasibility Study

- (a) The necessary technical and financial assistance will be provided to the micro or small hydropower project up to 1000 kW.
- (b) In the case of micro hydro up to 10 kW capacity (pico hydro), the DDC should recommend to the Centre for approval of the subsidy by evaluating the feasibility study and ensuring the feasibility of the project.
- (c) In the case of the project more than 10 kW capacity, the Centre will evaluate the technical and financial feasibility study.
- (d) The Centre shall provide the financial support for carrying out the detailed feasibility study of the new micro and mini hydropower projects up to 80 percent of the total feasibility study cost but not exceeding the amount as mentioned below:-

Location	Financial support to be provided for the detailed feasibility study (in Rs.)				
	Up to 5 kW	More than 5 kW and up to 10 kW	More than 10 kW and Up to 50 kW	More than 50 kW and Up to 100 kW	More than 100 kW and Up to 1000 kW
VDCs in "A" class Category	Rs. 50,000	Rs. 90,000	Rs. 225,000	Rs. 295,000	Rs.12,00,000
VDCs in "B" class Category	Rs. 40,000	Rs. 80,000	Rs. 200,000	Rs. 275,000	Rs.11,00,000
VDC in "C" class Category	Rs. 30,000	Rs. 70,000	Rs. 175,000	Rs. 250,000	Rs.10,00,000

- (e) The financial support for detailed feasibility study of the projects will be provided to only those micro and small hydropower projects which are approved in writing by the Centre. But those projects having detailed feasibility study without approval of the Centre will be eligible for subsidy.

- (f) The detailed feasibility study of the project up to 100 kW should be done through the companies and technicians qualified by the Centre as per the detailed feasibility study guideline.
- (g) In the case of project more than 100 kW but up to 1000 kW capacity, the Centre, upon written request of the developer, may carry out the feasibility study from the registered company through competitive basis as per the detailed feasibility study guideline.

5.3.1.1 Process of Feasibility Study

(a) For Micro Hydro (Pico Hydro) up to 10 kW and Improved Water Mill Electrification Project:

The interested project developer should fill up the prescribed project requisition form and submit to the concerned service centre or Section/Unit. The project developer shall carry out the feasibility study of the project through the qualified consulting company and qualified technicians in facilitation of the Section/Unit or service centre.

(b) For the Project from more than 10 kW and up to 100 kW:

- (1) The interested project developer should fill up the prescribed project requisition form and submit to the concerned service centre or Section/Unit.
- (2) The preliminary survey work of the project will be done by the service centre or Section/Unit based on the site identification and verification done by the Centre using GIS. In the case that the site identification and verification has not been done, the service centre or Section/Unit will carry out the preliminary survey works of the project based on the priority to the request of the project developer. The project developer may carry out the preliminary survey itself or through technical persons and submit a request for the project along with the report.
- (3) For the purpose of carrying out the detailed survey, the project developer should get at least three sealed quotations from among the companies qualified by the Centre through competitive basis and select the company. For this, the service centre should provide necessary support. The selected company should prepare the detailed survey and design report as per the detailed feasibility study guideline prescribed by the Centre and submit it to the concerned service centre.
- (4) The detailed survey and design should be carried out through the technical persons qualified by the Centre.
- (5) The service Centre should examine and assess the detailed survey and design report and forward to the Centre along with the letter of recommendation of the concerned DDC.

- (6) To ensure whether the construction works of the project have been done as per the detailed survey report or not, the concerned company should visit the site at least twice during the construction period and submit the quality monitoring report along with the drawings of the project .

(c) For the Project more than 100 kW to 1000 kW:

- (1) The interested developer should fill up the prescribed project requisition form and submit to the concerned service centre or Section/Unit along with the license received from the Department of Electricity Development.
- (2) The Centre, upon request of the project developer, will select the company as per the prevalent laws. The selected company should prepare the detailed survey and design report as per the detailed feasibility study guideline prescribed by the Centre and submit it to the concerned service centre.
- (3) The service Centre should examine and assess the detailed survey and design report and forward to the Centre for approval technical and subsidy along with the letter of recommendation of the concerned DDC.
- (4) To ensure whether the construction works of the project have been done as per the detailed survey report or not, the concerned consultant should visit the site at least twice during the construction period and submit the quality monitoring report along with the drawings of the project.

5.3.1.2 Payment of Financial Support Amount for Detailed Feasibility Study

The financial support will be provided for the detailed feasibility study of the project undertaken by the community, cooperative, private or public private partnership. The Centre can provide the technical support to the projects in operation for ensuring their quality.

(a) For Pico Hydro up to 10 kW and Improved Water Mill Electrification Project:

Regarding the financial support for the detailed survey, 50 percent subsidy amount will be provided after completion and submission of detailed study report and remaining 50 percent amount will be provided through the DDC after decision of the Pico Hydro Technical Review Committee.

(b) For the hydropower Project more than 10 kW:

Regarding the financial support for the detailed survey, 40 percent subsidy amount will be provided on the recommendation of the service centre after completion and submission of detailed study report and 40 percent subsidy amount after recommendation of the Technical Review Committee. The remaining 20 percent amount will be paid only after approval of the drawings of the project and the report of the quality monitoring done during the construction of the project by the Centre. However, the remaining 20 percent subsidy amount

will not be provided to such project in case of the subsidy not approved for the construction of that project.

5.3.1.3 Punishment and Penalty

- (a) The detailed study report should be submitted within six months from the date of signing of the agreement in the case of small hydropower project more than 100 kW capacity and within three months from the date of signing of the agreement in the case of project up to 100 kW capacity. If the report is not submitted within that period, the penalty will be levied at the rate of 1 percent of the financial support amount per week but up to 10 percent of the subsidy amount. If the penalty reaches more than 10 percent, the agreement will be terminated automatically. However, if the work could not be completed due to the force majeure situation like natural calamity, strike, struggle etc., the time may be extended up to two months for one time with prior approval on the basis of consent of the concerned company and user committee.
- (b) While carrying out the field verification by installer company, if the deviation by more than 10 percent is observed in the capacity of the project and the quantity of transmission and distribution, the company which did the detailed feasibility study should carry out the detailed feasibility study again at its own cost. If that company did not carry out the feasibility study again or the deviation by more than 10 percent is observed in the capacity of the project and the quantity of the transmission and distribution, the Centre will terminate the qualification of that company.
- (c) If any dispute arises between the company carrying out the detailed feasibility study and the installer company, the decision of the Centre shall be final.

5.3.2 Criteria for the fulfilment of Subsidy

The project developer should fulfil the following criteria:-

(a) **For Micro Hydro (Pico Hydro) up to 10 kW and Improved Water Mill Electrification Project:**

- (1) The project developer should have registered in the concerned body.
- (2) The project should get the certificate of registration for the preferential water use right received from the District Water Resources Committee.
- (3) The feasibility and detailed survey report of the project should be approved by the DDC
- (4) The necessary documents like letter of recommendation of VDC, institutional decision, the amount and report of the electricity to be consumed by the electrical equipment/building for justifying the demand of the electricity should be submitted for the institutional or community use.

- (5) Before inviting for quotations for survey and construction of the project, the concerned project developer should submit the authentic documents to justify the guarantee of 75 percent amount including the subsidy.
 - (6) The project should be constructed through the company or contractor qualified by the Centre.
 - (7) The project developer should submit the list of households verified by the concerned VDC
 - (8) **Generation of electricity and verification of connected households:** The generation of electricity should not be less than the designed generation capacity in the prescribed head and water flow. The verification of generation of electricity and households should be done as per the electricity generation and household verification guideline of the Centre. If the actual capacity is less than the estimated generation capacity at the time of design of the project, the final subsidy will be determined accordingly. The remaining subsidy amount will be paid after deducting reduced subsidy amount from the second instalment.
 - (9) **Warranty Period:** The installer should provide warranty for three years in the mechanical equipment and one year in the electrical equipment. This provision should be mentioned clearly in the contract agreement signed by the manufacturer/installer and the project developer. The installer should conduct regular inspection at least once during the warranty period and provide suggestions to the project developer for improvement in the operation and management. The installer will not be responsible for solving the problem arising from the inappropriate working style, material and supervision.
 - (10) The proposed tariff rate should cover the operation expenses (specially, the salary and allowance of the employees and regular repair and maintenance) and repayment of loan of the project.
- (b) **For Micro and Mini Hydropower Project (More than 10 kW and up to 1000 kW):**
- (1) The project developer should be registered in the concerned body. This includes the user committee, cooperative institution, private institution or public private partnership institution registered as per the prevalent laws and regulations of Nepal.
 - (2) In the case of small hydropower project to be developed in the area outside the access of the national grid, the ownership should be lies with the community institution (including public private partnership) and cooperative institution.
 - (3) The project business plan along with detailed project design must be submitted including the community and environmental aspects. If the

subsidy is requested for the additional kW, it must be mentioned in the business plan of the project except for the prescribed households (5 households per kW).

- (4) The proposed project up to 100 kW shall be required to obtain the certificate of registration for the preferential water use right from the District Water Resources Committee. In the case of project more than 100 kW, a certificate of survey information should be obtained from the Department of Electricity Development.
- (5) The proposal and report of the project should be recommended by the Centre.
- (6) The certificate of amount deposited in the bank account, which cannot be withdrawn for any other purpose, for the purpose of assurance of equity and if loan has been obtained, the letter of loan approval of the concerned financial institution should be submitted along with the proposal of the project. The letter should be submitted in case of the financial support from local body. A written agreement should be made with AEPC in case of investment or support from any other body other than the local body.
- (7) The net present value of cash flow of the project after repayment of principal and interest of the loan amount should be 6 percent per annum with positive discounted rate.
- (8) The contract agreement of the project up to 100 kW should be signed with the qualified installer contractor or companies, which must include the provisions of the model contract agreement prescribed by the Centre. The selection of any company from among the qualified companies and construction of the project should be done as per the mini grid procurement guideline of the Centre.
- (9) In the case of small hydropower project more than 100 kW and up to 1000 kW, the contract agreement of the project may be done with the national or international contractor companies as per the contract process. The contractor companies may be selected by dividing more than one but not exceeding four contract packages (civil, hydro mechanical, electro mechanical, transmission and distribution). A single contractor should be selected to the extent possible. The selection of the contractor and construction of the project should be done as the mini grid procurement guideline of the Centre.
- (10) The additional conditions to be fulfilled by the mini grid project not connected with any of the local, regional or national grid: Commitment must demonstrate to use at least 10 percent of the available electricity for productive end-use as mentioned in business plan of the project.

(11) Additional Conditions to be fulfilled by the project to be connected in the local, regional or national grid in the future:

- (a) A copy of the power purchase agreement signed between the grid operator and the distributor must be included.
- (b) The subsidy will be determined based on the number of households not connected from the electricity service from local, regional or national grid and which shall get electricity service directly from the proposed project.
- (c) The subsidy to be provided to the project by the Centre should be utilized in the construction of electricity transmission and distribution lines.
- (d) The agreement between the electricity user and the project developer for construction of electricity transmission and distribution lines and utilization of electricity should be as per the model contract form prescribed by the Centre.

(12) Additional Conditions for rehabilitation of projects:

- (a) The capacity of the project must be more than 10 kW.
- (b) The project must be older than 10 years from the date of the test operation of the project. The projects constructed with the support of the Centre and the projects handed fully by Nepal Electricity Authority to the users group will be eligible for rehabilitation subsidy. The minor or major damage of such projects will be determined through the committee constituted by the Centre or the consultant appointed by the Centre. However, such projects must be recommended by the DDC as well.
- (c) Normally, the projects damaged due to natural calamity will be entitled to get subsidy as rehabilitation project. The timeframe of ten years shall not be applicable in the case of such projects. However, the sub-committee constituted by the Centre or the consultant appointed by the Centre will determine the minor damage and major damage based on the evaluation of report of the damage.

(13) Electricity generation and verification of connected households:

The generation of electricity should not be less than the designed generation capacity in the prescribed head and the water flow. The verification of electricity generation and households will be done as per the electricity generation and household verification guideline of the Centre. If the actual capacity is less than the estimated generation capacity at the time of design of the project or if irregularity was done due to carelessness of the manufacturer or installer or supplier, deduction of the subsidy will be done for the reduced per kW from the third and final instalment to be paid to the manufacturer or installer or supplier at the rate of per kW cost approved by the Centre. If such reduced amount is less than the final instalment, it will

be deducted from instalment of subsidy of the other under construction projects by the company.

- (14) **Warranty Period:** The supplier or installer should provide warranty for three years in the mechanical equipment and one year in the electrical equipment used in the mini grid project. This provision must be mentioned clearly in the contract agreement signed by the manufacturer or installer or supplier and the developer. The installer or supplier should conduct regular inspection at least twice during the warranty period and provide suggestions to the project developer for improvement in the operation and management. The installer or supplier will be responsible to solve the problem arising from the inappropriate working style, material and supervision. The installer will be responsible for the problem arising from the carelessness of the developer or manager.

5.3.3 Subsidy Delivery

While determining the capacity of the project for the purpose of the subsidy, the basis shall be taken 200 watt generally and maximum of 400. However, the developer may develop the project higher than that capacity.

The Subsidy delivery of micro and mini hydropower projects having different capacity shall be done as follows:-

(a) **For Micro Hydro (Pico Hydro) Project up to 10 kW:**

- (1) The payment of subsidy for the Pico hydropower project will be done through the concerned DDC.
- (2) The project developer should carry out the detailed feasibility study through the qualified consultant and should submit the report to the DDC. The DDC will approve conditionally the financially and technically viable project after doing the necessary study and assessment. It should also inform to the Centre.
- (3) After assurance of the 75 percent of the total cost of the project amount including subsidy by the project developer to the DDC based on the detailed feasibility study report, the project developer should sign the contract agreement with one of the companies selected through the competition as per approved guideline by the Centre for supply of equipment and installation of the equipment..
- (4) The DDC shall recommend to the Centre for release of the subsidy after final approval of the subsidy as per the standard mentioned in approved guideline by the Centre.
- (5) The installer company should complete the installation works as per the standard of the Centre.

- (6) The project developer and the concerned company should submit the progress report every three months to the Centre through the service centre /DDC.
- (7) The DDC should provide the necessary technical support by mobilizing the concerned agency to ensure the quality of the under construction project.
- (8) Upon electrification in the 100 percent household after completion of the project, the electricity generation testing & transfer and electricity generation & verification of households should be done in the presence of representatives of the Installer Company, project developer and representative of the Centre. DDC should request to the Centre for release of second instalment of subsidy after review. The Centre will recommend to the Fund if it is appropriate after necessary assessment.
- (9) The installer company should do the one year warranty check in the presence of representative of the project developer and the DDC after one year from the date of handover of the project.

Regarding the process for payment of subsidy to the project:

The processes for payment of subsidy to the project will be as follows:-

(1) First Instalment:

Upon submission of final approval from the DD.C to the Centre, the Centre shall recommend for release of subsidy to the Fund. The Fund shall do necessary review and evaluation and approve the subsidy if it determines the fulfilment of all the processes. The Fund shall release 50 percent subsidy amount to the DDC or District Energy Fund.

On the recommendation of the project developer, the DDC shall up to 50 percent of the estimated subsidy amount to the contractor company or the project installer against the advance payment guarantee issued by the bank. The bank guarantee paper must be valid for at least 36 months. The validity period of the bank guarantee may be extended for a maximum period of three months for only one time as per the recommendation of the project developer. Upon delivery of materials and equipment as mentioned in the agreement at project site or handover thereof to the project developer in the presence of representative of the Section/Unit as per the contract agreement, the materials and equipment handover form prescribed by the Centre should be submitted to the DDC. The DDC shall do the necessary review and evaluation and may return the advance payment guarantee if it determines the fulfilment of all the processes. However, the DDC shall make payment of 50 percent of the subsidy, if the materials/equipment has been handed over to the project developer as per the agreement and if the handover form is filled up and submitted although the installer or contractor company did not receive the amount against the advance payment guarantee issued by the bank.

(2) Second Instalment:

After successful test operation for at least 72 hours in a row as per the capacity of the project, the test operation, generation of electricity and household verification report in the prescribed format and the project handover report by verifying from the VDC that all households are connected in electricity supply from the projects should be sent to the Centre along with the letter of recommendation of the DDC. Within one month of submission to the Fund after doing the examination and evaluation by the Centre, the Fund will release 40 percent subsidy and additional subsidy entitled by the targeted group to the DDC or District Energy Fund. The DDC shall provide 90 percent subsidy amount to the installer or project developer and shall provide the additional subsidy entitled by the targeted group to the concerned targeted group through the project developer.

For the additional subsidy to be provided to the targeted group as per the subsidy policy, a detailed name list should be submitted to the Centre along with recommendation of the DDC as per the application form prescribed by the Centre. Such additional subsidy amount should be provided to the targeted group through the project developer for connection of electricity in their households.

(3) Final Instalment:

Upon assurance of quality of equipment and after sale service after one year from the date of test generation, test operation and handover of the project, the DDC shall submit the document to the Fund for remaining 10 percent subsidy. The Fund shall review and evaluate the document and release the remaining 10 percent subsidy amount to the DDC or District Energy Fund within one month. The DDC shall pay 7 percent out of 10 percent amount to the contractor company and shall deposit 3 percent amount in the fixed deposit account of the project developer for the repair and maintenance fund to be matured after three years.

(b) For Micro and Small Hydropower Project (More than 10 kW and up to 1000 kW)

- (1) The detailed feasibility study of the project will have to be approved by the Technical Review Committee in recommendation of Community Electrification Section. The Centre shall notify to the project developer regarding conditional approval of the subsidy.
- (2) Upon assurance of 75 percent amount of the total cost including subsidy amount for the project up to 100 kW and 90 percent amount including subsidy amount for the project above 100 kW, the project developer should sign a contract agreement with one of companies out of the qualified companies as per the mini grid procurement guideline of the Centre in the facilitation of the service centre and Section/Unit. In addition to these, the other terms of

conditions of conditional subsidy have to be fulfilled and submitted to the Centre within one year.

The following criteria should be fulfilled while selecting the installer company:-

- (a) The project developer itself or the authority delegated agency by it shall invite the sealed quotation from the companies qualified by the Centre by preparing quotation and public notice.
 - (b) Submitted quotation should be opened in the DDC office in the presence of the evaluation committee, Section/Unit, service centre, project developer and representative from the quotation applying company. The quotation can be opened even there is no representative from the concerned company.
 - (c) Project developer should select and sign an agreement with the company fulfilled the requisite process and submitted the minimum cost in the basis of the decision of the evaluation committee.
- (3) The Centre shall do necessary review and evaluation of the document submitted to it and recommend to the Fund for approval of subsidy.
 - (4) The Fund shall do further check and evaluation and approve subsidy if it determines the fulfilment of all the processes.
 - (5) The Centre shall provide the necessary technical support to ensure the quality of the under construction project by mobilizing the concerned bodies.
 - (6) The project developer and the concerned company should submit the progress report to the Centre every three months through the service centre /DDC.
 - (7) After completion of the project, the installer company should conduct the technical aspects, test generation of electricity and handover in the presence of the project developer and the representative of the Centre.
 - (8) The installer company shall do the electricity generation and household verification within one year from the date of handover of the project with support from the consultant selected by the Centre.
 - (9) The installer company shall do the one year warranty check after one year from the date of handover of the project in the presence of representatives of the project developer and the Centre.

Provisions regarding process of payment of subsidy to the project:

The processes for payment of subsidy to the project will be as follows:-

(1) First Instalment:

Upon final approval from the Fund after submission of necessary documents for subsidy by entering into the agreement between the qualified company and the developer, the Fund may provide an advance up to 60 percent of the estimated

subsidy amount to the installer company against the bank guarantee in a format prescribed by the Fund with the recommendation of the project developer. The validity of such advance payment guarantee should be valid at least three months up to maximum of six months. In special situation, the validity period of the bank guarantee may be extended for a maximum period of three months for only one time as per the recommendation of the developer. The percentage of advance payment intended to receive by the installer company must be clearly mentioned in the agreement. The materials and equipment as mentioned in the agreement should be transported at project site or at the place mentioned in the agreement and should be handed over the same to the project developer in the presence of the representative of the Centre by filling up the materials and equipment handover form prescribed by the Centre. Upon submission of handover form to the Centre, the Fund shall release the advance payment guarantee of the concerned installer company as per the recommendation of the Centre along with recommendation of the project developer. However, if the installer company does handover of the materials and equipment as per the agreement without receiving the advance payment and if it submits the handover form to the Centre, the Fund shall make payment of 60 percent subsidy amount as per the recommendation of the Centre along with recommendation of the project developer.

In the case of small hydropower project, the project developer should fulfil the criteria of the subsidy and submit the necessary document to the Centre through the service centre. The Centre will do the necessary review and evaluation of the document submitted and forward to the Fund for approval of subsidy. After final approval from the Fund, the Fund will disburse the 60 percent of the total subsidy amount in the bank account to be operated through the joint signature of the project developer and the representative of the Centre. The payment shall be given gradually from that account on the basis of progress of the construction works as per the recommendation of the developer and the representative of the Centre.

(2) Second Instalment:

The authorized testing will be done after successful test operation of at least 72 hours in row as per the capacity of the project. Upon submission of report regarding test operation and electricity generation in a form prescribed by the Centre and handover of the project by verifying from the local body that 75 percent planned households are electrified, the subsidy amount of up to 80 percent will be paid to the installer company or developer and to the targeted group through the project developer for additional subsidy entitled by the targeted group.

For the additional subsidy to be provided to the targeted group as the subsidy policy, a detailed name list should be submitted to the Centre along with recommendation of concerned DDC as per the application form prescribed by the Centre. Such additional subsidy amount shall be provided to the targeted group through the project developer for connection of electricity in their households.

(3) Third Instalment:

Upon generation of electricity and verification of connected households, the Fund shall make payment of 10 percent subsidy amount with the recommendation of the Centre. Upon submission of test generation and handover report of the project to the Centre by the installer company and approval of the same by the Centre, the installer company shall, by ensuring that the project is in uninterrupted operation, request for electricity generation and verification of households connection. The Centre should complete such work within one year from the date of receipt of the written request as per the electricity generation and household verification guideline.

(4) Final Instalment:

Upon assurance of quality of equipment & after sale service and connection of electricity supply in 100 percent households after one year of test generation, test operation and handover of the project, the Fund shall pay remaining 10 percent subsidy amount as per the recommendation of the Centre along with recommendation of the project developer. The Fund shall pay 7 percent amount out of 10 percent amount to the project installer company and shall deposit 3 percent amount in the fixed deposit account of the project developer for the repair and maintenance fund to be matured after three years.

5.3.4 Monitoring and Evaluation

- (a) In the case of micro hydropower project up to 10 kW, the Centre shall do electricity generation and household verification of at least 50 percent projects with the support of the independent consultant.
- (b) In the case of hydropower project more than 10 kW and up to 1000 kW, the Centre shall do electricity generation and household verification of all projects with the support of the independent consultant in the presence of representatives of the service centre, Section/Unit and project developer.
- (c) The Centre shall do the evaluation of impact of the project and users' satisfaction in every two years through the independent consultant. The conclusion of the evaluation report will be communicated to the concerned agencies.
- (d) The project developer shall do the public hearing compulsorily before start of project construction and after completion of project construction. The service centre and Section/Unit should provide coordination and facilitation to ease the hearing.

5.4 Wind Energy

- (a) The Centre shall qualify the concerned companies or institutions for electrification from wind turbine in the areas where there is no electricity supply.
- (b) The subsidy will be provided to only those projects which are studied and installed by the qualified companies or institutions.
- (c) The subsidy will be provided to the wind energy project up to 100 kW capacity.
- (d) The technical evaluation committee will evaluate the technical, financial, environmental, and social aspects and condition of targeted group of the wind energy project.

5.4.1 Criteria to be fulfilled for Subsidy

- (a) There should be no electricity service available in the project area through any other means.
- (b) The data analysis, detailed feasibility study, design and installation works should be done through the qualified companies.
- (c) The subsidy to be provided per household basis will be provided on the basis of 10 households per kW.
- (d) The materials and equipment including the wind measurement equipment, analysing software to be used in the generation of wind energy should be as per the wind energy equipment quality standard guideline.
- (e) The after sale service should be ensured by the qualified company.
- (g) The subsidy form, detailed feasibility study report, database should be submitted to the Centre in the prescribed format along with the recommendation of the DDC and service centres.
- (h) In the case of projects more than 10 kW capacity, the arrangement of 80 percent amount including the subsidy amount of the total cost of the project should be ensured before approval of the project.

5.4.2 Subsidy Delivery

5.4.2.1 For Project up to 10 kW

- (a) The project identification, data analysis, detailed feasibility study, installation and supervision works should be done through the companies qualified by the Centre. The installer company shall assure for the after sale service.
- (b) The detailed feasibility study of the project may be done based on the wind energy source assessment carried out as per the satellite data.

- (c) The completed subsidy form should be submitted to the Centre along with report of the project completed by qualified company and recommendation of the DDC and service centre.
- (d) The Centre shall study and evaluate the report submitted to it and recommend to the Fund for approval of subsidy. The Fund shall further examine and evaluate the report and approve the subsidy if all the processes have been fulfilled and release the 50 percent subsidy amount to the installer company against the bank guarantee.
- (e) Upon successful generation of electricity after completion of the installation work of the project, the installer company should fill up the prescribed subsidy form and submit it to the Centre along with the work completion report.
- (f) The Centre shall carry out the field inspection by itself or through the Section/Unit and based on the report thereof, shall recommend to the Fund for payment of 40 percent subsidy amount. The Fund will do the further assessment and evaluation and make payment to the concerned company if it finds appropriate.
- (g) The remaining 10 percent subsidy amount will be retained as deposit for the after sale service which will be paid by the Fund to the concerned company after one year as per the recommendation of the Centre if the users are satisfied of sound operation of the project.

5.4.2.2 For the Project from 10 kW to 100 kW:

- (a) The project identification, data analysis, detailed feasibility study, installation and supervision works should be done through the companies qualified by the Centre. The installer company should assure for the after sale service.
- (b) The detailed study should be done through the qualified company based on the verified data.
- (c) The detailed feasibility study report should be submitted to the Centre along with the letter of approval of the section/unit and service centre.
- (d) The Centre shall study and evaluate the report submitted to it and recommend to the Fund for approval of subsidy if it finds the fulfilment of all the processes for subsidy.
- (e) The Fund shall further examine and evaluate and disburse 50 percent subsidy amount to the concerned company against the bank guarantee if it finds the fulfilment of all the criteria.
- (f) The testing of the project should be done in the presence of representatives of the Centre or Section/Unit, service centre, concerned company and community.

- (g) Upon completion of the project, the installer company should submit the report thereof to the Centre along with the letter of recommendation of the service centre.
- (h) The Centre will study and evaluate the report submitted to it and carry out the field inspection of the project by itself or through Section/Unit, and shall recommend to the Fund for payment of 40 percent subsidy amount based on the report thereof. The Fund will do further examination and evaluation, and make payment to the concerned company if it finds appropriate.
- (i) The remaining 10 percent amount will be retained for at least one year as deposit for the after sale service which will be paid by the Fund to the concerned company as per the recommendation of Centre after confirmation by the Centre through the field monitoring that the users are satisfied of sound operation of the project.

5.5 Generation of Electricity form Biomass Energy

5.5.1 Criteria to be fulfilled for Subsidy

The following criteria should be fulfilled for subsidy for the generation of electricity from biomass energy:-

- (a) The subsidy will be provided to the system installed in the rural areas as per the technical specification prescribed by the Centre, where there is no electrification through any other means but there is ample possibility of the biomass energy sources.
- (b) The request for subsidy should be done by filling up the subsidy form prescribed by the Centre.
- (c) The installation should be done through the company qualified by the Centre. There should be at least one year warranty for the electrical equipment and three years for the mechanical equipment installed therein.
- (d) The installer company should submit the list of households connected with the electricity supply to the Centre and a copy thereof to the concerned Section/Unit along with the verification thereof from the concerned VDC.
- (e) It must be verified that the electricity has been generated from the biomass energy sources under the supervision of the technician or engineer of the concerned company.
- (f) The amount to be borne by eth user other than subsidy should be ensured after signing the agreement between the users committee or private sector operating the project and the company

5.5.2 Subsidy Delivery

- (a) If the people from the rural area, where electrification has not been done through any other means and where there is ample possibility of the biomass energy sources, wish to generate the electricity from the biomass energy sources, they have to form the users group and contact with the Centre or Section/Unit or service centre for the detailed information. Priority will be given to the targeted group while forming the users group.
- (b) If the private sector wishes to generate the electricity from the biomass energy sources in such area with its investment as well, it should contact with the Centre or Section/Unit or service centre for the detailed information by forming the users group of that area.
- (c) The project requisition form prescribed by the Centre should be filled up and submit to the concerned Section/Unit or service centre. The service centre will evaluate whether the requisition form thus submitted confirms with the prescribed criteria or not and forward the requisition form of the feasible and appropriate project to the Centre with recommendation.
- (d) The Centre, by selecting the most appropriate projects among the recommended projects, should inform to the user committee requiring the project or private sector operating the project to prepare the detailed study report. The technical, financial and social feasibility study report has to be prepared by the qualified company and submitted to the Centre. The Centre will provide financial support up to Rs. 50,000 but not exceeding 50 percent of the total feasibility study cost for carrying out the feasibility study,
- (e) The Centre will evaluate and analyse the feasibility of the projects and recommend to the Fund for subsidy.
- (f) The Fund will examine and evaluate the recommended projects to it and approve the subsidy for the eligible projects.
- (g) The user committee or private sector implementing the project should arrange the fund except the subsidy amount and select one of the companies from qualified companies by the Centre for construction of the project through quotations on competitive basis and sign the agreement therewith.
- (h) If an agreement has been signed between the user group or project implementing private sector and the concerned company to construct the projects including the biomass energy plant and building the house to store the biomass substances required thereto, the Fund will disburse the amount as follows:
 - (1) Upon receiving the confirmation from the user committee or private sector operating the project for the delivery of the equipment for electricity generation from biomass energy as per the agreement, the Fund will provide 60 percent amount of the total subsidy amount to the concerned company as

per the recommendation of the Centre after receiving the report of the field inspection from DDC or service centre.

- (2) Upon submission of brief work performance report by the company after completing the biomass energy plant, the house to store the required biomass substances and the electricity distribution system, the Centre will carry out the field observation by itself or through the consultant. The Fund will provide 30 percent of the subsidy amount to the concerned company after submission of work performance report of the project along with the recommendation letter to the Fund.
- (3) The 10 percent remaining amount will be provided to the concerned company after it is confirmed after sale service provided by the installer company after one year of completion of the installation.

5.5.3 Monitoring and Evaluation

The technician of the Fund, Centre or Section/Unit or service centre will conduct the field inspection of the construction works as per the necessity. Upon submission of installation completion report by the installer company, the Centre will monitor and supervise whether the installation has been completed or not through the Section/Unit.

6. Productive Energy Use

- (a) The enterprises or businesses, which are not connected with the national grid, will be eligible for subsidy to be run by using the energy generated from the renewable energy technology.
- (b) The subsidy will be provided for productive use link with renewable energy technologies except the improved water mill, solar electric pump etc.

6.1 Criteria to be fulfilled for Subsidy

- (a) A local economic development committee should be formed for the promotion of productive energy use in the community based electricity project or system not connected to national grid.
- (b) The local economic development committee or management committee should be the guarantor for subsidy delivery to entrepreneur.
- (c) The preparation of business plan and installation of technology and equipment should be done through the enterprise development service provider or company.
- (d) The after sale service should be ensured by the installer company.
- (e) The entrepreneur should ensure the fund except the subsidy amount for approval of the subsidy.

- (f) The subsidy form, business plan and applications should be submitted to the Centre in the prescribed format along with the letter of recommendation of the local economic development committee or management committee, DDC and service centre.

6.1.1 Subsidy Delivery

6.1.1.1 For Private or Community Industry and Business to be run by using the energy to be generated by the community based electricity project/system not connected with the National Grid:

- (a) The entrepreneur should prepare the business plan of the industry with the help of the enterprise development service provider or service centres, and should register its industry in the concerned body.
- (b) The entrepreneur should submit the subsidy form along with its business plan to the local economic development committee.
- (c) The committee should prioritize the requests thus received and send to the concerned service centre with recommendation.
- (d) The service centre should study and assess the business plan thus received and forward to the concerned Section/Unit with recommendation.
- (e) The concerned DDC should approve the documents for the micro enterprise subsidy by considering the types of the industries and send to the Centre along with recommendation for subsidy to the District Energy Fund or Micro Enterprise Development Fund. In the case of small and medium size enterprises, the DDC should send the business plan of the entrepreneur and all other related documents to the Centre along with recommendation.
- (f) In the case of community industries, the DDC should send the business plan and all other related document to the Centre along with recommendation.
- (g) The Centre will evaluate all the documents submitted to it and will recommend to the Fund for approval of subsidy in case of fulfilment of all the processes.
- (h) The Fund shall release the subsidy amount to the District Energy Fund or Micro Enterprise Development Fund in the case of micro enterprises, if it is ensured the fulfilment of all the process of subsidy. The DDC should approve the subsidy after doing necessary study and evaluation and release 90 percent of the total subsidy amount to the account of the local economic development committee. The Fund will disburse the remaining 10 percent subsidy amount to the local economic development committee after field monitoring of the industry or enterprise.
- (i) In case of the small and medium industries and community industries, the Fund will approve the subsidy and release the 90 percent of the subsidy amount to

local economic development committee after it confirmed the fulfilment of all the criteria.

- (j) The local economic development committee should provide the subsidy amount to the concerned entrepreneur as per the fund operation guideline.

6.1.1.2 For Private or Community Industry and Business to be run by using the electrical, mechanical and heat energy to be generated from other renewable energy technologies:

- (a) The entrepreneur should prepare the business plan of the industry with the support of the enterprise development service provider or service centres and should register its industry in the concerned body.
- (b) In the case of institutional and community renewable energy technology, the entrepreneur should submit the subsidy form to the management committee along with its business plan. The committee should forward the business plan to the concerned service centre along with recommendation.
- (c) The private entrepreneur using the energy generated from the renewable energy technology should send the business plan and other necessary documents to the concerned service centre along with the letter of recommendation of the concerned VDC. The bank account must be maintained in the name of industry for getting the subsidy.
- (d) The service centre should study and examine the business plans submitted to it and forward them to the Centre along with the letter of recommendation of the concerned DDC.
- (e) The Centre will evaluate the documents submitted to it and recommend to the Fund for subsidy.
- (f) The Fund will do further study and assessment, and if it ensures that all processes relating to subsidy have been fulfilled, it will approve the subsidy and disbursement the 90 percent of the subsidy amount to the management committee or entrepreneur. The Fund will provide the remaining 10 percent subsidy to the management committee or entrepreneur after field monitoring of the industry or enterprise.

6.1.2 Monitoring and Evaluation

- (a) The service centre will carry out the field monitoring of all industries and enterprises at the interval of every four months and should send the report thereof in a prescribed format to the Centre and the concerned DDC regularly.
- (b) In the case of micro enterprises, the service centre should conduct the field monitoring of the industries and enterprises in coordination with the Section/Unit and submit the report thereof to the District Energy Fund and Micro Enterprise Development Fund along with the recommendation for

payment of remaining 10 percent subsidy amount and also send a copy of the same report to the Centre.

- (c) In the case of small and medium size industry, the service centre should conduct the field monitoring of the industries and enterprises in coordination with the Section/Unit and should send the report thereof to the Centre along with recommendation for payment of remaining 10 percent subsidy.
- (d) The monitoring and evaluation of the activities relating to the productive energy use shall be done by the Centre, DDC or service centre.
- (e) The local economic development committee should carry out the public auditing in the presence of service centre and Section/Unit on an annual basis.

7. Central Renewable Energy Fund

The Central Renewable Energy fund shall be established to mobilize the subsidy amount to be available for the various renewable energy technologies and systems as mentioned in the subsidy policy effectively, transparently and in simple manner. The operation, area of work, functions, duties and authority of the fund shall be as prescribed in the mechanism of the fund.

The responsibility of operation and management of the central renewable energy fund may be given to any "A" class commercial bank selected through the competitive process as per the agreement between the Government of Nepal and the Development Partners supporting the renewable energy sector. The main function of the handling bank will be to provide wholesale loan to the partner banks, manage the subsidy fund and the investment. The investment or management committee of the Fund may, in coordination and support of the handling bank, select other financial institutions as partner banks as per the necessity. The said financial institutions will provide loan to the various renewable energy technologies and projects. The loan can be provided through the local financial institutions to increase the access to service.

7.1 Central Renewable Energy Fund Committee

The Central Renewable Energy Fund shall be guided by a high level investment or management committee. In the committee, there will be the representatives of the Ministry of Finance, Ministry of Science, Technology and Environment, Nepal Rastra Bank, Alternative Energy Promotion Centre, a representative of the financial institutions, a private sector representative nominated by the development partners committing the Fund and a representative from the development partners. If the committee deems appropriate, it may invite the representative of the handling bank and partner banks as an observer.

The meeting of the committee will be held on quarterly basis and the meeting may be held as per necessity at the request of the committee members.

7.2 Major Functions of the Central Renewable Energy Fund Committee

- (a) Establish the institutional framework of the fund, develop the terms of reference and selection criteria for handling bank, manage the tender process, sign the agreement with bank and determine the qualification of the partner banks.
- (b) Review the financial management of the fund, prepare the strategic financial management framework, determine the criteria for wholesale lending, and developing the monitoring systems and procedure.
- (c) Monitor the performance of the handling bank and portfolio of the fund and receive the various plans, projections and reports from the handling bank and provide the suggestions to bank.
- (d) Approve release of necessary budget based on the financial plan and projection prepared by the handling bank.
- (e) Approve the capacity development programmes for the handling bank and partner banks as developed by the fund secretariat.
- (f) Establish and manage the secretariat of the Fund.

8. Other Provisions

8.1 Special Provision Regarding Subsidy Delivery

Notwithstanding anything mentioned in the mechanism, until the establishment and operation of the Central Renewable Energy Fund, the matter related to the subsidy shall be as per mechanism and procedures of the Rural Energy Fund established before the approval of this mechanism.

8.2 Provision Regarding Additional Subsidy

For the additional subsidy to the renewable energy system and project mentioned in the Renewable Energy Subsidy Policy, 2069, the identity card or letter of recommendation issued by the VDC. in the absence of identity card in the case of "single woman", the letter of recommendation of concerned body or VDC in the case of "deprived group", letter of recommendation of the District Administration Office in the case of "natural calamity victim" and "conflict victim", the identity card issued by the concerned body or the document to show the identity of the household of the community identified by the Poverty Alleviation Fund in the case of "poor" and the letter of recommendation of VDC in the case of "endangered ethnic people identified by the Government" must be submitted compulsorily.

However, if recommendation is made for providing additional subsidy to the households, group or nationality other than the prescribed by the Government of Nepal, that will not be eligible.

8.3 Approval of the Manual, Guidelines, Standards

The guidelines, standards, subsidy and other application forms etc. mentioned herein will be as mentioned in this mechanism and in the case of not having mentioned, it will be approved by the Alternation Energy Promotion Centre.

8.4 Constitution of Different Technical Committees

The Centre may form different Technical Committees under the coordinatorship of at least the concerned senior officer for evaluation of technical, financial, social etc. aspects of the different renewable energy related projects as mentioned in this mechanism. There shall be maximum five members in such committee including the representative of the concerned institutions as per the necessity. For evaluation of technical, financial and social aspects of pico hydro up to 10 kW capacity, a technical committee should be formed under the coordinationship of Local Development Officer with officer level technical employee as member secretary and the representatives of technical person from the District Technical Office, Irrigation Office, Water Supply Office and other concerned bodies.

8.5 Interpretation

If there is any unclarity, confusion or problem with regards to implementation of this mechanism, the interpretation by Alternative Energy Promotion Centre shall be the final.

8.6 Review

The subsidy delivery mechanism shall be reviewed in every two years or as per the necessity. The performance evaluation of the qualified companies will be done through independent consultant in every year.

8.7 Repeal

8.7.1 The Renewable (Rural) Energy Subsidy Delivery Mechanism, 2066 has been repealed.

8.7.1 The works performed as per Clause 8.7.1 shall be deemed to have performed as per this Mechanism.