

F. No. 3/4/2025-PIU
Government of India
Ministry of Finance
Department of Economic Affairs
Infrastructure Finance Secretariat
ISD Division

5th Floor, STCs Building,
Janpath New Delhi
Dated: 23rd June 2026

Record of Discussion

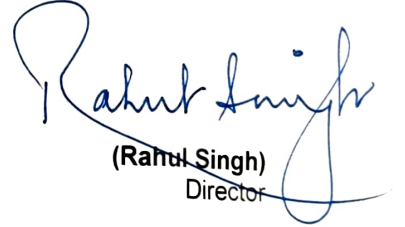
Subject: Record of Discussion of the 53rd meeting of the Empowered Committee for Consideration of In-Principle Approval for Viability Gap Funding support to two Waste to Energy project proposals of the Municipal Administration and Urban Development Department, Government of Andhra Pradesh under PPP mode.

Reference: 53rd Meeting of the EC held on 13th June 2026.

Sir/ Madam,

The undersigned is directed to forward herewith the Record of Discussion of the 53rd meeting of the Empowered Committee held on 13th June 2026, regarding consideration of In-Principle Approval for Viability Gap Funding support to two Waste-to-Energy project proposals of the Municipal Administration and Urban Development Department, Government of Andhra Pradesh, under PPP mode.

2. This issues with the approval of the Competent Authority.


(Rahul Singh)
Director

1. Secretary, Department of Expenditure, New Delhi-01
2. Secretary, Ministry of Housing and Urban Affairs, Nirman Bhavan, New Delhi
3. Chief Secretary, Government of Andhra Pradesh
4. CEO, NITI Aayog, Yojana Bhawan, New Delhi-01
5. Commissioner and Director of Municipal Administration, MA & UD Department, Government of Andhra Pradesh

Copy to:

1. Sr. PPS to Secretary (EA)
2. PPS to JS (IFS)

Subject: Record of Discussion of the 53rd meeting of the Empowered Committee (EC) for Consideration of In-Principle Approval for the following two Waste to Energy (WtE) project proposals:

- I. Development of 15 MW WtE plant at Vijayawada, Andhra Pradesh
- II. Development of 12 MW WtE plant at Tirupati, Andhra Pradesh

1. The 53rd meeting of the EC was held on 13th June 2026 at 11:00 AM under the Chairmanship of Secretary (EA) to consider the above mentioned two proposals of the Municipal Administration and Urban Development Department (MA&UD), Government of Andhra Pradesh.
2. List of attendees is placed at **Annexure-I**.
3. With the permission of Secretary (EA), Joint Secretary (IFS) welcomed all the attendees to the meeting. MA & UD Department, Government of Andhra Pradesh officials made detailed presentations on both projects at S. No. I and II.

I. Development of 15 MW WtE plant at Vijayawada, Andhra Pradesh

The details of the proposal are as given below:

SN	Item	Description
1.	Name of the Project	Development of 15 MW Waste to Energy (WtE) plant at Vijayawada, Andhra Pradesh on PPP basis
2.	Type of PPP (BOT, BOOT, BOLT, OMT etc.)	Design, Build, Finance, Operate and Transfer (DBFOT)
3.	Location (State/District/Town)	Vijayawada, Andhra Pradesh
4.	Sponsoring Authority	Vijayawada Municipal Corporation with participating ULBs and Swachh Andhra Corporation
5.	Implementing Agency	New and Renewable Energy Development Corporation of Andhra Pradesh Limited (NREDCAP)
6.	Brief description of the project	The New & Renewable Energy Development Corporation of Andhra Pradesh Limited (NREDCAP) has proposed the development of a 15 MW Waste-to-Energy (WtE) facility for the Vijayawada Cluster under the Design, Build, Finance, Operate and Transfer (DBFOT) mode on a Public-Private Partnership (PPP) basis. The project aims to provide a sustainable and scientific solution for the management of municipal solid waste generated from 12 Urban Local Bodies (ULBs), namely Vijayawada, YSR Tadigadappa, Kondapalli, Vuyyuru, Gudivada, Nuzvid, Nandigama, Eluru, Machilipatnam, Pedana, Jaggaiahpet and Tiruvuru. Vijayawada Municipal Corporation (VMC),

SN	Item	Description																		
		being the largest waste generator within the cluster, has been designated as the Lead ULB and will be responsible for coordinating waste collection from participating ULBs and facilitating the implementation and operation of the project. The WtE facility is proposed to be developed at Ibrahimpatnam in NTR District, Andhra Pradesh, on 12 acres of land earmarked for the plant along with an additional 21 acres allocated for scientific landfilling of residual inert waste. The proposed facility will process approximately 2,552 tonnes per day (TPD) of municipal solid waste, generating around 641 TPD of Refuse Derived Fuel (RDF) to produce 15 MW of renewable energy. The concessionaire will be responsible for designing, financing, constructing, commissioning, operating and maintaining the facility in accordance with applicable laws, environmental standards and good industry practices. The scope also includes the sale of electricity generated under the Power Purchase Agreement (PPA), management and disposal of by-products, recyclable materials and residual inert waste, and hand back of the project assets at the end of the concession period. Power generated from the plant will be evacuated through the 33 kV side of the 220/132/33 kV substation at Kondapalli, NTR District. The project is expected to strengthen integrated solid waste management in the region by reducing dependence on landfills while promoting renewable energy generation and environmentally sustainable waste disposal practices.																		
7.	Estimated capital costs with break-up under major heads of expenditure.	<table><tr><th>Particulars</th><th>Cost (in INR Crore)</th></tr><tr><td>Civil Cost including GST</td><td>53.10</td></tr><tr><td>P&M Cost including GST</td><td>231.00</td></tr><tr><td>IC & pre- operative cost</td><td>4.26</td></tr><tr><td>Contingency</td><td>2.84</td></tr><tr><td>Financing cost</td><td>1.64</td></tr><tr><td>Inflation cost</td><td>16.01</td></tr><tr><td>IDC cost</td><td>15.85</td></tr><tr><td>Total Construction Cost</td><td>324.70</td></tr></table>	Particulars	Cost (in INR Crore)	Civil Cost including GST	53.10	P&M Cost including GST	231.00	IC & pre- operative cost	4.26	Contingency	2.84	Financing cost	1.64	Inflation cost	16.01	IDC cost	15.85	Total Construction Cost	324.70
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8.	Financial Viability	<table><tr><th>Particulars</th><th>Percentage</th></tr><tr><td>Project IRR (with VGF)</td><td>13.04%</td></tr><tr><td>Equity IRR (with VGF)</td><td>15.16%</td></tr></table>	Particulars	Percentage	Project IRR (with VGF)	13.04%	Equity IRR (with VGF)	15.16%												
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SN	Item	Description
9.	Land Acquisition status and other clearances	VMC will provide 12 acres of land on leave and licence basis to the concessionaire for setting up the WTE facility @ lease rental of Re 1 per acre per annum.
10.	VGF Sought	28% (i.e. INR 90.92 crore) of the Total Project Cost under the sub-scheme I of the VGF scheme from the GoI
11.	Concession Period	The Concession period is 22 years (including 2 years of construction period)
12.	Bidding process	Single Stage two envelope
13.	Bidding parameter	Lowest Grant Sought

II. Development of 12 MW WtE plant at Tirupati, Andhra Pradesh

The details of the proposal are as given below:

SN	Item	Description
1.	Name of the Project	Development of 12 MW Waste to Energy (WtE) plant at Tirupati, Andhra Pradesh on PPP basis
2.	Type of PPP (BOT, BOOT, BOLT, OMT etc.)	Design, Build, Finance, Operate and Transfer (DBFOT)
3.	Location (State/District/Town)	Tirupati, Andhra Pradesh
4.	Sponsoring Authority	Tirupati Municipal Corporation with participating ULBs and Swachh Andhra Corporation
5.	Implementing Agency	New and Renewable Energy Development Corporation of Andhra Pradesh Limited (NREDCAP)
6.	Brief description of the project	The New & Renewable Energy Development Corporation of Andhra Pradesh Limited (NREDCAP) has proposed the development of a 12 MW Waste-to-Energy (WtE) facility for the Tirupati Cluster under the Design, Build, Finance, Operate and Transfer (DBFOT) mode on a Public-Private Partnership (PPP) basis. The project aims to provide a scientific and sustainable solution for processing municipal solid waste generated from eight Urban Local Bodies (ULBs), namely Tirupati, Tirumala (TTD), Puttur, Srikalahasti, Nagari, Chittoor, Palamaneru and Kuppam. Tirupati Municipal Corporation, being the largest waste generator within the cluster, has been designated as the Lead ULB and will be responsible for coordinating waste collection and facilitating project implementation among the participating ULBs. The project is proposed to be developed at Ramapuram, Tirupati, on 10 acres of land earmarked for the WtE facility, along with an additional 20 acres

SN	Item	Description																		
		allocated for scientific landfilling of residual inert waste. The proposed facility will process approximately 2,122 tonnes per day (TPD) of municipal solid waste, generating around 556 TPD of Refuse Derived Fuel (RDF) for power generation. The scope of the concessionaire includes designing, financing, constructing, commissioning, operating and maintaining the project facilities in accordance with applicable laws, environmental standards and good industry practices. The concessionaire will also be responsible for the sale of electricity generated under the Power Purchase Agreement (PPA), management and disposal of by-products, recyclable materials and residual inert waste, and hand back of the project facilities at the end of the concession period. The project will evacuate power through the 33 kV side of the 132/33 kV substation near Lakshmipuram Circle on Tiruchanoor Road, Tirupati, and is expected to strengthen the State's integrated solid waste management framework by reducing dependence on landfills while promoting renewable energy generation.																		
7.	Estimated capital costs with break-up under major heads of expenditure.	<table><tr><th>Particulars</th><th>Cost (in INR Crore)</th></tr><tr><td>Civil Cost including GST</td><td>42.48</td></tr><tr><td>P&M Cost including GST</td><td>183.75</td></tr><tr><td>IC & pre- operative cost</td><td>3.39</td></tr><tr><td>Contingency</td><td>2.26</td></tr><tr><td>Financing cost</td><td>1.19</td></tr><tr><td>Inflation cost</td><td>12.75</td></tr><tr><td>IDC cost</td><td>11.68</td></tr><tr><td>Total Construction Cost</td><td>257.51</td></tr></table>	Particulars	Cost (in INR Crore)	Civil Cost including GST	42.48	P&M Cost including GST	183.75	IC & pre- operative cost	3.39	Contingency	2.26	Financing cost	1.19	Inflation cost	12.75	IDC cost	11.68	Total Construction Cost	257.51
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9.	Land Acquisition status and other clearances	TMC will provide 10 acres of land on leave and licence basis to the concessionaire for setting up the WTE facility @ lease rental of Re 1 per acre per annum.																		
10.	VGF Sought	34% (i.e. INR 87.55 crore) of the Total Project Cost under the sub-scheme I of the VGF scheme from the GoI																		
11.	Concession Period	The Concession period is 22 years (including 2 years of construction period)																		
12.	Bidding process	Single Stage two envelope																		
13.	Bidding parameter	Lowest Grant Sought																		

4. Rapid urbanisation and population growth have resulted in a significant increase in municipal solid waste generation, necessitating sustainable and long-term waste management solutions. In this context, WtE projects have been proposed for the Vijayawada and Tirupati clusters with the objective of reducing dependence on landfills, improving scientific waste processing, and promoting renewable energy generation. Andhra Pradesh has 123 Urban Local Bodies (ULBs), generating about 7,591 tonnes per day (TPD) of waste, with around 97% household coverage under door-to-door collection. The proposal builds upon the State's existing waste management ecosystem, which includes composting plants, Bio-CNG plants, Material Recovery Facilities, two operational WtE plants at Guntur and Visakhapatnam, and utilisation of cement plants for disposal of combustible waste.
5. Two WtE plants have been proposed under a cluster-based approach, with Vijayawada and Tirupati as the respective lead ULBs. The Vijayawada project, with a proposed capacity of 15 MW, will process 2,552 TPD of municipal solid waste (MSW), while the Tirupati project, with a proposed capacity of 12 MW, will process 2,122 TPD of MSW. The projects will convert the corresponding Refuse Derived Fuel (RDF) into electricity. Dedicated land has been identified for both WtE facilities and adjoining scientific landfills, along with the associated power evacuation infrastructure.
6. Both projects are financially unviable on a standalone basis and would require Viability Gap Funding (VGF) support. The Vijayawada project, with an estimated cost of Rs. 324.70 crore requires VGF support of 28%, while the Tirupati project, with an estimated cost of Rs. 257.51 crore requires VGF support of 34% to achieve financial viability. The projects are proposed to be implemented under the Design, Build, Finance, Operate and Transfer (DBFOT) model, with a concession period of 22 years, including a construction period of 2 years. New and Renewable Energy Development Corporation of Andhra Pradesh Limited (NREDCAP) will act as the Tender Inviting Authority, while the participating ULBs will ensure daily supply of waste. The projects are proposed to be awarded on the basis of the lowest VGF requirement.
7. Following the detailed presentation, the Chair invited the EC members to provide their observations and comments on the project proposal.
8. The observations raised by **PD NITI Aayog** and the responses therein by MA&UD Department are given below:
 - i. **Considering the limited number of bidders with prior experience in developing and operating WtE projects, the eligibility criteria may be reviewed to broaden bidder participation.**

Response: Agreed. The eligibility criteria will be reviewed and suitably refined to enable wider bidder participation, enhance competition, and facilitate better discovery of the VGF requirement.

- ii. **Given that the DISCOM is a key stakeholder for offtake of power generated from the WtE plants, the PSA may finalise the arrangement with the DISCOM, including clarity on the applicable power purchase tariff, prior to bidding. This would help provide greater certainty to prospective bidders and enhance bidder confidence.**

Response: The power purchase tariff has already been finalised, and a Government Order has been issued in this regard.

- iii. **Since road connectivity is critical for continuous movement of waste transportation vehicles to and from the WtE plants, the responsibility for operation and maintenance of access roads may be clearly defined. This would help ensure uninterrupted vehicular movement and efficient plant operations throughout the project lifecycle.**

Response: Noted. The importance of providing and maintaining adequate road connectivity to the WtE plants has been acknowledged. Necessary provisions shall be made to ensure uninterrupted movement of waste transportation vehicles and smooth operation of the plants.

- iv. **The operational experience from the existing WtE plants at Guntur and Visakhapatnam, including challenges relating to power offtake arrangements, may be suitably incorporated into the project documents and contractual framework. This would help mitigate similar risks and strengthen implementation of the proposed projects.**

Response: Yes. The lessons learnt and experience gained from the existing WtE plants, including operational and power offtake-related challenges, have been duly considered and incorporated in the new project documents.

- v. **The project documents may clearly define "acceptable waste" to avoid ambiguity or disputes during implementation. Further, the roles and responsibilities of all stakeholders may be explicitly delineated, including that MRFs shall be operated by the Authority/ULBs, while the concessionaire shall be responsible for receiving and processing the RDF supplied to the WtE plant.**

Response: Noted. The relevant provisions are already included in the project documents. However, the same shall be reviewed and suitably strengthened to provide greater clarity on the definition of "acceptable waste" and the roles and responsibilities of the respective stakeholders.

- vi. **The provision relating to Authority default may be revisited so that the trigger for shortfall in daily acceptable waste quantity is based on seven days in aggregate, rather than seven consecutive days. This would help avoid ambiguity and**

strengthen accountability for maintaining the guaranteed waste supply to the WtE plant.

Response: It was clarified that the plant has a waste storage pit capacity of approximately 40 days, which provides sufficient operational buffer to manage temporary disruptions in waste supply. Under normal circumstances, any shortfall in waste supply is expected to be restored before the trigger of seven consecutive days is reached. Even in exceptional situations, such as a prolonged strike by employees, a substantial portion of commercial waste, estimated at around 50%, can still be collected from designated bins and supplied to the plant. Accordingly, the Authority is of the view that plant operations can continue without significant disruption under such scenarios.

9. The observations made by the **Joint Director, Department of Expenditure** and the responses therein by MA&UD Department are given below:

- i. **Given the emphasis on user fee collection in water supply and waste management projects, the feasibility of introducing a user fee mechanism under the proposed projects may be examined. Further, the Project Sponsoring Authority (PSA) may explore whether support under the Swachh Bharat Mission can be leveraged, particularly for eligible project components where the State is able to provide its contribution, considering that the Mission has been extended up to 31st March 2027**

Response: The suggestion was noted. The importance of examining a suitable user fee mechanism for water and waste management projects, as well as exploring possible convergence with the Swachh Bharat Mission for eligible project components, was acknowledged.

- ii. **What arrangements have been envisaged for transportation of waste from villages to the proposed WtE plants, including the manner in which regular supply of such waste will be ensured under the project framework.**

Response: Yes. Waste generated in villages will also be transported to the WtE plants. However, to ensure economic viability, such transportation will be undertaken periodically rather than on a daily basis. The waste will be collected and temporarily stored until sufficient quantity is accumulated, after which it will be transported to the plant as a consolidated load. This approach is intended to optimise transportation efficiency and reduce costs.

- iii. **Whether any mechanism has been put in place for monitoring and reporting of emissions from the proposed WTE plants.**

Response: Yes, emissions from the proposed WTE plants will be monitored through a Continuous Emissions Monitoring System (CEMS), which will be linked directly with the Central Pollution Control Board (CPCB). The system will operate on an online basis, with

suitable display arrangements, and emissions data will be transmitted to CPCB for continuous oversight. Further, the data will be made publicly accessible to ensure transparency and facilitate regular monitoring of environmental compliance.

- iv. **It may be clarified whether the contractual framework provides for appropriate enforcement measures, including levy of penalties, in the event of non-compliance with applicable environmental norms and regulatory requirements by the Concessionaire.**

Response: Yes, the contract provides for imposition of penalties in the event of non-compliance with the prescribed environmental requirements by the Concessionaire.

10. **The observations made by the Deputy Adviser, Ministry of Housing and Urban Affairs and the responses therein by MA&UD Department are given below:**

- i. **Under the proposed cluster-based approach, the State may clarify the mechanism envisaged to ensure assured supply of RDF to the WTE plants. Since the responsibility for supplying acceptable waste rests with the ULBs, inadequate or irregular supply of waste/RDF may result in underutilisation of plant capacity and affect operational efficiency.**

Response: The project has been planned considering waste generation from both ULBs and Rural Local Bodies (RLBs). Based on the estimated waste generation of around 22,000 TPD, the State has divided the project area into eight clusters. After accounting for recyclables and other processing streams, ULBs and RLBs are expected to supply approximately 20–25% of their regular waste in the form of RDF to the WTE plants.

Transportation arrangements have been planned for both urban and rural areas, and the clusters have been designed to ensure that the distance to the respective WTE facility remains within 150 km. Accordingly, the State does not envisage any difficulty in ensuring a consistent supply of RDF. Existing arrangements at Guntur and Visakhapatnam also demonstrate the operational viability of this approach.

- ii. **Since WTE plants are proposed to be used as the final disposal mechanism, the PSA may clarify the measures envisaged to ensure that only suitable RDF is supplied to these facilities. It may also be clarified how mixed waste, particularly waste with high organic content, will be prevented from reaching the WTE plants, as the same may adversely affect combustion efficiency and electricity generation.**

Response: The PSA acknowledged that earlier WTE facilities were designed to process mixed waste; however, the proposed projects are based on RDF technology. Nearly 50% of the dry waste is proposed to be processed through MRFs for recovery of recyclable materials. The remaining suitable fraction will be converted into RDF and utilised in WTE plants, incineration facilities or cement factories.

- iii. **Considering that composting facilities and MRFs have already been approved under the Swachh Bharat Mission, the PSA may clarify how these facilities will be integrated with the proposed waste management framework. It may also be clarified how the waste processing chain will ensure that mixed waste is appropriately segregated and processed before only suitable RDF is sent to the WTE plants.**

Response: MRFs are an integral part of the proposed waste management strategy. Around 108 MRF plants are currently under implementation, of which 20–25 is nearing completion, while the remaining are expected to be completed within a month. These facilities will enable segregation of recyclable and non-recyclable waste streams. Recyclable material will be diverted to appropriate processing channels, while only RDF derived from non-recyclable waste will be transported to the WTE plants. This approach is expected to reduce transportation costs for ULBs and support efficient waste processing.

- iv. **The present proposal considers a population of 4 lakh. However, the approved water supply and sewerage projects under APCRDA have adopted a projected population of 5,61,890 for the year 2028. The PSA may clarify whether the same population projection can be adopted for the present project as well, to ensure consistency across projects being undertaken in the APCRDA area.**

Response: The suggestion was noted.

- v. **The PSA may clarify whether any tipping fee is proposed under the proposed projects.**

Response: No tipping fee is proposed under the project. The arrangement envisages delivery of waste directly to the facility, with transportation being managed separately. Accordingly, no separate tipping fee or processing fee is envisaged to be paid to the under the proposed projects.

- vi. **The PSA may examine whether user fee collection can be explicitly reflected as a separate revenue parameter in the financial model. Since ULBs are expected to incur expenditure on transportation of waste to the WTE plants, user fee collections from households and other waste generators may be considered as a potential source for partially offsetting such transportation costs.**

Response: Two categories of waste generators have been considered, namely regular households and bulk waste generators. Under the applicable Solid Waste Management Rules, bulk waste generators are required to either undertake composting at their own level or comply with prescribed waste management requirements. The proposed approach places greater emphasis on integrating bulk waste generators, such as

schools, hostels and hospitals, into the waste management system through levy of user charges, as they contribute a significant share of the waste stream. At present, user charges have not been factored into the financial model. Accordingly, any revenue generated through such charges would be an additional source of income for the ULBs and may be utilised to partly offset operational expenses, including transportation costs.

- vii. **Under the Extended Producer Responsibility (EPR) framework, end-of-life disposal of plastic waste is an important component of waste management. Since ULBs are expected to facilitate the supply of such waste streams to the WTE plants, the PSA may clarify whether the projects provide for allocation and sharing of EPR credits. It may also be indicated whether revenue from monetisation of such credits, if any, can be considered as an additional revenue stream and used to create an appropriate incentive mechanism for participating ULBs.**

Response: Yes, provisions relating to EPR credits have been included in the project documents. Two approaches have been envisaged: either 100% of the EPR credits generated under the project may vest with the Authority, which may retain, utilise or monetise the same; or the credits may be shared between the Authority and the concessionaire on mutually agreed terms. This mechanism is intended to provide an additional revenue stream and create an incentive structure for the project stakeholders.

11. The observations made by **Joint Secretary (IFS)** and the responses therein by **MA&UD Department** are given below:

- i. **The Plant & Machinery (P&M) costs considered under the project appear to be limited to the facilities proposed to be developed, while the equipment and infrastructure required for transportation of waste from source points to the WTE plants would need to be arranged separately by the ULBs and Gram Panchayats. Given the long-term nature of the project, the PSA may examine whether the agreement should include a suitable provision to address future technological developments in waste management. For instance, if a more environmentally efficient and economically viable technology becomes available in future, enabling ULBs or Gram Panchayats to process or dispose of waste locally, they may no longer prefer transporting waste to the WTE plants. Accordingly, the PSA may consider incorporating an appropriate technology substitution, review or exit provision to address such situations, subject to clearly defined conditions and safeguards.**

Response: It was informed that in the event of discontinuation of waste supply to the WTE facility due to adoption of an alternative waste management solution by the Authority/ULBs, the same would be treated as an Authority Default under the agreement. Consequently, the applicable termination payment provisions would be triggered, and any liability arising on this account would be borne by the Authority.

- ii. **Whether the proposed project could serve as a reference model for other States, particularly for developing similar waste management projects by leveraging funding support available under the Swachh Bharat Mission.**

Response: Yes, the proposed approach can serve as a reference model for other States and may be replicated or scaled up by leveraging funding support available under the Swachh Bharat Mission.

- iii. **Considering the availability of adequate land at the project sites, the PSA may examine the inclusion of provisions for extensive plantation and development of green buffer zones around the WTE facilities, with a view to enhancing environmental sustainability and improving the surrounding ecosystem.**

Response: Yes, such provisions are already covered under the applicable regulatory requirements. The Central Pollution Control Board (CPCB) mandates development and maintenance of adequate green cover around such facilities, including dense plantation, as part of environmental compliance requirements.

- iv. **The project envisages WTE plants with capacities such as 15 MW and 12 MW over a concession period of 22 years. The PSA may clarify whether adequate flexibility has been provided to the concessionaire to undertake additional investment and expand plant capacity, including development of additional processing units within the existing premises, in the event of increase in waste generation over the concession period.**

Response: Yes, provisions for future capacity augmentation have been incorporated to address any increase in waste generation over the concession period. The concessionaire would have the flexibility to undertake technology upgrades, retrofitting and expansion within the existing facility, subject to applicable approvals and technical requirements. Existing WTE facilities at Guntur and Visakhapatnam demonstrate this flexibility, where plants initially planned for 15 MW capacity were subsequently upgraded to process approximately 1,600 tonnes of waste per day and generate 20 MW of power.

12. The observations made by the Chair and the responses therein by MA&UD Department are given below:

- i. **Whether Finance Commission grants available to ULBs/RLBs for sanitation activities can be leveraged for such projects.**

Response: It was informed that such activities are generally dovetailed with the tied grants available under the Finance Commission. Grants earmarked for sanitation are consolidated and utilised through the State administration as part of the Annual

Development Plans. Since these funds are tied to sanitation-related activities, they can be leveraged to support the implementation of such projects.

- ii. **What is the mechanism proposed for transportation of waste from ULBs located at the farthest ends of the respective clusters, including whether any incentive or support is envisaged to offset higher transportation costs. It may also be clarified whether the proposed WtE project covers only municipal solid waste/RDF or also includes other waste streams.**

Response: It was informed that the participating ULBs will be responsible for transporting waste to the WtE facility at their own cost, and no transportation incentive is proposed. Since avenues for RDF disposal are limited, ULBs will be required to supply the combustible fraction of waste, after recovery of recyclables, to the WtE plants. It was further clarified that the proposed WtE projects will process only combustible waste/RDF. Other waste streams, such as construction and demolition waste and electronic waste, will be managed separately under their respective disposal frameworks.

- iii. **Whether consultations were undertaken with relevant stakeholders during the assessment of the proposed initiative, and whether key stakeholders are aligned with the project structure, particularly considering the limited number of players in the WtE sector.**

Response: Yes, stakeholder consultations were undertaken as part of the assessment process, with participation from around 6–7 companies. Given that WtE is a specialised sector with a limited number of players, the key stakeholders were engaged during the consultation process and are broadly aligned with the proposed initiative.

- iv. **Are there provisions in the agreement to address situations where the project does not perform as envisaged, particularly with respect to execution risks such as a shortfall in the guaranteed quantity of waste supplied? If so, what mechanisms have been incorporated?**

Response: Yes, the agreement includes penalty provisions to address such situations. In the event of shortfall in the guaranteed daily waste supply, penalties will be imposed. The risk mitigation framework has been structured to ensure a balanced arrangement among the project stakeholders.

- v. **A financial assessment can be undertaken to determine the user charge required for sustainable operation of the waste management system, both with and without VGF support. The assessment may estimate the realistic user charge per household and explore a cross-subsidisation mechanism through available grants, including Finance Commission grants to ULBs/RLBs, to reduce the burden on households.**

It may also be examined whether user charges and grant support can be routed through a dedicated escrow account for sanitation services. Such an approach could help create a sustainable financing mechanism, incentivise ULBs and Panchayats to invest in sanitation, and support behavioural change in waste management practices.

Response: The suggestion was noted. The PSA may undertake such a financial assessment.

Recommendations:

13. After detailed deliberation, the EC unanimously granted 'In-Principle Approval' for VGF support under the Sub Scheme -1 of the VGF Scheme to the proposal for 'Development of 15 MW and 12 MW, WtE plant at Vijayawada and Tirupati, Andhra Pradesh, respectively, with the following conditions:

- i. The TPC and the maximum VGF granted 'In-Principle Approval' is as follows:

Project	TPC (in Rs. Crore)	Maximum CAPEX Grant (VGF) as % of TPC	Maximum CAPEX Grant (VGF) (in Rs. crore)	Gol Share under the VGF Scheme (in Rs. crore)	PSA Share under the VGF Scheme (in Rs. crore)
Development of 15 MW WtE plant at Vijayawada, Andhra Pradesh	324.70	28%	90.92	90.92	-
Development of 12 MW WtE plant at Tirupati, Andhra Pradesh	257.51	34%	87.55	77.25	10.30

- ii. The Authority to ensure that the eligibility criteria be reviewed and suitably refined to enable wider bidder participation, enhance competition, and facilitate better discovery of the VGF requirement.
- iii. The Authority to ensure that the power purchasing tariff and the all-necessary arrangements with the DISCOM is finalised prior to bidding.
- iv. Necessary amendments to the bid documents (including Concession Agreement) will be made to incorporate suggestions of Empowered Committee.

- v. The Authority to undertake legal vetting of the project documents post incorporation of the changes. A copy of the revised project documents be submitted to the Empowered Committee members for record purpose.
- vi. 'Final Approval' for VGF support is contingent upon compliance of all conditions of the VGF Scheme.
- vii. Revalidation of the recommendation of the project proposal by the EC is not required for the following post-recommendation changes in the project cost/bid documents:
- a) Any change in the date/time period for any time-bound actions like appointed date, financial close, construction period, etc.
 - b) Non-substantial change in risk allocation.
 - c) Any other changes/modifications (except as stated above) in the project proposals with the overall objective of making the projects successful.
 - d) Further, the MA & UD Department, Government of Andhra Pradesh will decide whether the changes proposed post recommendations of the project proposals by the EC fall within the threshold criteria as stated above. All such changes with the threshold criteria as stated above shall be appraised at the level of Secretary (MA & UD Department), Government of Andhra Pradesh without any further need for revalidation by the EC and MA & UD Department shall proceed with the process accordingly.
- viii. However, the following changes shall warrant revalidation of recommendation of project proposal by the EC:
- a) Any change in the formulation of pre-determined user charges/tariffs.
 - b) Any change in the concession period by more than 20%.
 - c) Any changes having an impact on the In-principle approved amount of VGF for Gol on the higher side.
14. The meeting ended with vote of thanks to the Chair.

List of the attendees of the 53rd meeting of the Empowered Committee for Consideration of In-Principle Approval for Viability Gap Funding support to two Waste to Energy project proposals of the Municipal Administration and Urban Development Department, Government of Andhra Pradesh under PPP mode

a. Department of Economic Affairs

1. Ms. Anuradha Thakur, Secretary
2. Ms. Laya Madduri JS (IFS)
3. Shri. Rahul Singh, Director (PIU)
4. Shri. Jai Patil, Deputy Secretary (PIU)
5. Shri. Anurag Gautam, Assistant Director (PIU)
6. Shri. Rajender Singh, Section Officer (PIU)
7. Shri. Manjeet Yadav, ASO (PIU)
8. Shri. Abhinay Gaikwad, YP

b. Department of Expenditure

1. Ms. Preeti Balyan, Joint Director

c. NITI Aayog

1. Shri. Partha Sarathi Reddy, Program Director

d. Ministry of Housing & Urban Affairs

1. Ms. Sravanthi Jeevan, Deputy Adviser (CPHEEO)

e. Government of Andhra Pradesh

1. Dr. P. Sampath Kumar, IAS - Commissioner and Director of Municipal Administration (C&DMA)
2. Shri. B. Anil Kumar Reddy, IAS, Managing Director, Swachha Andhra Corporation
3. Shri. K. Kajavalli, OSD to Hon'ble Minister, MA&UD Dept
4. Shri. Gopala Krishna, Technical Coordinator, PMU, SAC
5. Shri. Rahul Singh, Consultant
6. Shri. Manoj Reddy, Consultant