ENVIRONMENT

Explained | The Energy Conservation (Amendment) Bill 2022 and India's climate targets

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The Energy Conservation (Amendment) Bill 2022 seeks to enable India to reach its climate targets under the Paris Climate Agreement before 2030

The story: In a bid to meet India's commitment to exceed its Paris agreement climate targets, the Centre plans to table the Energy Conservation (Amendment) Bill 2022 in the ongoing Monsoon session of Parliament.

The Energy Conservation (Amendment) Bill seeks to increase India's demand for renewable energy, thereby reducing the nation's carbon emissions. The Bill proposes to amend the Electricity Conservation Act 2001, last amended in 2010, to introduce changes such as incentivising the use of clean energy by issuing carbon saving certificates.

What does the current Energy Conservation Act say?

Currently, the Energy Conservation Act, 2001 (amended in 2010) governs the domain in India. The Act empowers the Centre to specify norms and standards of energy efficiency for appliances, industrial equipment and buildings with a connected load over 100 kilo Watts (kW) or a contractual demand of more than 15 kilovolt-amperes (kVA).

The Act established the Bureau of Energy Efficiency. The 2010 amendment extended the tenure of the Director General of the Bureau of Energy Efficiency from three to five years. This Bureau can specify qualifications required for energy auditors who monitor and review the power consumption of various industries. The Bureau, which falls under the Central government, appoints its own officers and staff.

According to the Act, the Centre can issue energy savings certificates to those industries which consume less than their maximum allotted energy. However, this certificate can be sold to customers who consume higher than their maximum allowed energy threshold – providing for a framework for energy trading.

The Act allows the Centre to prohibit the manufacture, sale, purchase or import of any particular equipment unless itconforms to specified norms issued six months/ one year before.

In case of any violations under this Act, each offence shall attract a penalty of Rs ten lakh with an additional penalty of Rs 10,000 for each day the offence continues. Consumers who utilize excess energy will be penalizedaccording to their excess consumption. Any appeals against any such order passed by the Central or state government will be heard by the appellate tribunal already established under the Electricity Act, 2003.

What are the proposed changes?

On October 30, 2021, the Power Ministry issued a **statement** proposing changes to the Act to enhance the demand for renewable energy at the consumer end, for industries, buildings, transport etc.

After four consultation meetings with stakeholders, Union Power Minister R.K. Singh proposed the following amendments to the Act:

- Defining the minimum share of renewable energy to be consumed by industrial units or any establishment. This consumption may be done directly from a renewable energy source or indirectly via the power grid.
- Incentivising efforts to use clean energy by issuing carbon saving certificates
- Strengthening institutions set up originally under the Act, such as the Bureau of Energy Efficiency
- Facilitating the promotion of green Hydrogen as an alternative to the fossil fuels used by industries

- Considering additional incentives like carbon credits for the use of clean energy to lure the private sector to climate action.
- Including larger residential buildings under energy conservation standards to promote sustainable habitats. Currently, only large industries and their buildings come under the ambit of the Act.

The main objective of these proposed amendments is to reduce India's power consumption via fossil fuels and thereby minimize the nation's carbon footprint. The Centre aims to develop India's Carbon market and boost the adoption of clean technology. India aims to meet its Nationally Determined Contributions (NDCs), as mentioned in the Paris Climate Agreement, before its 2030 target date.

What are India's climate change commitments?

India has committed to reducing the carbon intensity of its economy by 33-35 per cent by 2030 from its 2005 levels as part of its NDCs under the Paris Climate Agreement. The nation has also promised to achieve over 40 per cent of its power generation from non-fossil-fuel energy resources by 2030. In a bid to reduce its CO2 emissions to 550 metric tonnes (Mt) by 2030, India has committed to creating an additional carbon sink for 2.5 -3 billion tonnes of CO2 by increasing its tree and forest cover.

However, with Prime Minister Narendra Modi expressing confidence that India will meet its climate targets before 2030, he revised India's NDCs at the COP26 Summit held in Glasgow on November 1, 2021. India's five new climate targets are:

1. To increase its non-fossil energy capacity to 500 GW by 2030
2. To meet 50 per cent of India's power demand via renewable energy sources
3. To reduce the carbon intensity of the Indian economy by 45 per cent
4. To reduce India's total projected carbon emissions by one billion tonnes from 2021 to 2030
5. To achieve a target net zero (for carbon emissions) by 2070

What are the provisions for climate action in the 2022-23 Budget?

On February 1, 2022, Union Finance Minister Nirmala Sitharaman announced a slew of measures to reduce India's carbon footprint. These include:

- Allocation of Rs 19,500 crores to facilitate domestic solar manufacturing
- Use of 5-7 per cent biomass pellets for co-firing in thermal power plants
- Avoid stubble burning in agricultural fields
- To promote blending of fuel, an additional differential excise duty of Rs 2/litre to be levied on unblended fuel.
- To achieve clean transport, a new battery swapping policy to be formulated for electric vehicles

- Issue ‘Green Bonds’ — fixed-income financial methods to fund projects with positive environmental effects — to raise capital for green infrastructure. Such sovereign green bonds can be used in climate adaptation projects which lack private funding.