

# National Mission on Enhanced Energy Efficiency

Government of India is designing National Mission on Enhanced Energy Efficiency (NMEEE), which is one out of eight missions planned under the National Action Plan on Climate Change. We would like to invite comments on the proposed initiative. This note presents a short overview of the planned actions. Please note, that this document cannot include all the details of the activities; it is rather meant to give an overview of the actions being considered to tackle major inefficiencies in the country.

## 1. Perform Achieve and Trade (PAT)

The Perform Achieve and Trade scheme is a market-based mechanism to enhance energy efficiency in the 'Designated Consumers' (large energy-intensive industries and facilities). The scheme includes the following project steps:

- Goal setting: Set a specific energy consumption (SEC) target for each plant, depending on level of energy intensity (specific energy consumed = energy use / output) of that plant. The target will specify by which percentage a plant has to improve its energy intensity from the base line value in a period of three years.
- Reduction phase: Within a three-year period (2009-2012) the designated consumers try to reduce their energy intensity according to their target.
- Trading phase: Those consumers who exceed their target SEC will be credited tradable energy permits. These permits can be sold to designated consumers who failed to meet their target. Designated Consumers who fail to achieve their target have to compensate this failure by buying permits. If they fail to do either of this, they may have to pay penalties.

The energy consumption reported by designated consumers is based on audit by any of the BEE accredited agencies. The BEE may verify correctness of reported values.

## 2. Market Transformation for Energy Efficiency (MTEE)

Accelerated shift to energy efficient appliances in designated sectors will be enabled through innovative measures. These products would be made more affordable. This target would be achieved by DSM measures, supported with CDM financing wherever possible. The initiative includes the following activities:

- National CDM Roadmap
- Programmatic CDM: BEE is exploring undertaking CDM Programme of Activities for the following sectors: lighting (Bachat Lamp Yojana), Municipal DSM, Agricultural DSM, SME sector, Commercial Building sector and for Distribution Transformers.
- Standards and Labeling: Step by step notification for mandatory labeling for Equipment & Appliance for Domestic Sectors, Hotel Equipments, Office equipments, Industrial Products, Transport Equipments.
- Public procurement: Amendment of procurement rules to explicitly mandate procurement of energy efficient products for all public entities.

- Technology program: Replacement of inefficient appliances by efficient products such as efficient lighting, ballasts, AC, refrigerators in domestic sector. Reduction of Transmission & Distribution (T&D) losses :
- Energy Conservation Building Code (ECBC): Mandate maximum energy consumption norms (per square feet) for new commercial buildings and existing buildings (through retrofit).
- ESCos Promotion: Assuring ESCo quality through accreditation. Promoting their capacity through set of 1200 bankable efficiency retrofit demonstration projects covering all sectors and the entire country.
- Capacity building and information: Creating a pool of trained manpower in states, government agencies, banks and financial institutions. Continuing the training of Energy Auditors and Energy Managers.
- Policy transparency:

### **3. Financing of Energy Efficiency**

The initiative focuses on the creation of mechanisms that would help finance demand side management programmes in all sectors by capturing future energy savings. The initiative includes the following activities:

- Fiscal instruments: Tax exemptions for the profits and gains made from energy efficiency projects by ESCos and Venture Capital funds. Reduction of VAT for energy efficient equipment (e.g. CFLs)
- Revolving fund: To promote carbon finance
- Partial Risk Guarantee Fund: To provide commercial banks with partial coverage of risk exposure against loans made for energy efficiency projects. The fund will charge a small fee on all projects seeing the risk guarantee.

### **4. Power Sector Technology Strategy**

This strategy is aimed to enhance energy efficiency in power plants.

- Adopt energy efficient generation technologies in new plants including supercritical boilers
- Enhance energy efficiency in existing plants
- Roadmap for IGCC demonstration plants
- Development of know-how for advanced super-critical boilers
- Road map for fuel shift

### **5. Other initiatives**

In addition to the above mentioned activities, following activities will supplement the overall plan.

- Set up Energy Efficiency Services Ltd.: A public sector company is planned to be set up to facilitate the progress and to address all the issues / barriers which impede investments in energy efficiency projects. This company will be an implementing agency, while BEE will concentrate on its quasi-regulatory role. In addition to being an implementing body; this company will also function as consultancy organization, resource centre and an ESCo.

- Strengthening of State Designated Agencies (SDAs): The scheme seeks to build institutional capacity of the newly created SDAs to perform their regulatory and facilitative functions in the respective states.
- Strengthening of BEE: Government funding for infrastructure creation that is necessary for BEE to implement 8 new projects/ schemes through the country with an allocation from the XIth plan.
- Awareness Programs: Information campaigns in schools, industry, commercial, agriculture and domestic sector. National painting competition, Energy Award, publication of Manuals and Codes for energy efficiency etc.

It is envisaged that all missions under the NAPCC would report once a year to the PMO. The PM has specified that these mission document would be an evolving document, which would be enriched using the learning and new insights.