



The Energy Conservation (Amendment) Bill 2022

For Prelims: Electricity Conservation Act 2001, Bureau of Energy Efficiency, Green Hydrogen, Carbon Credits, Battery Swapping Policy, Green Bonds, UPSC CSE PYQ

For Mains: The Energy Conservation (Amendment) Bill 2022 and its Objectives

Why in News?

Recently, the Ministry of Power has tabled the **Energy Conservation (Amendment) Bill 2022** in [Lok Sabha](#).

- The Bill proposes to **amend the [Energy Conservation Act 2001](#)**, last amended in 2010, to introduce changes such as incentivising the use of clean energy by issuing carbon saving certificates.

What are the Provisions of the Energy Conservation Act 2001?

- **Energy Efficiency Norms:**
 - **Empowers the Centre to specify norms and standards of energy efficiency for appliances**, industrial equipment and buildings with a connected load over 100 kiloWatts (kW) or a contractual demand of more than 15 kilovolt-amperes (kVA).
- **Bureau of Energy Efficiency:**
 - The Act established the [Bureau of Energy Efficiency \(BEE\)](#).
 - 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.
- **Energy Trading:**
 - The Government 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**.
- **Prohibition until Conforms Specified Norms:**
 - The Act allows the Centre to prohibit the manufacture, sale, purchase or import of any particular equipment unless it conforms to specified norms issued six months/ one year before.
- **Penalty:**
 - Consumers who **utilise excess energy will be penalized according 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 in the Act?

- **Share of renewable Energy:**
 - 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 for Clean Energy:**
 - Incentivising efforts to use clean energy by issuing **carbon saving certificates**.
 - Considering **additional incentives like [carbon credits](#)** for the use of clean energy to lure the private sector to **[climate action](#)**.
- **Strengthening Related Institutions:**
 - Strengthening institutions set up originally under the Act, such as the **Bureau of Energy Efficiency**.
- **Promoting Green Hydrogen:**
 - Facilitating the promotion of **[Green Hydrogen](#)** as an alternative to the **fossil fuels** used by industries
- **Applicability to Residential Buildings:**
 - 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.

What are the Objectives of the Proposed Amendments?

- **To reduce India's power consumption via fossil fuels and thereby minimize the nation's carbon footprint.**
- To develop **India's Carbon market** and boost the adoption of clean technology.
- **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 % by 2030 **from its 2005 levels as part of its NDCs under the [Paris Climate Agreement](#)**.
- India has also promised **to achieve over 40% 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.
- India revised NDCs at the **[COP26 Summit](#)** held in Glasgow in November, 2021. India's **five new climate targets are:**
 - To increase its non-fossil energy **capacity to 500 GW by 2030**
 - To meet **50 % of India's power demand via renewable energy** sources
 - To reduce the **carbon intensity of the Indian economy by 45 %**.
 - To reduce India's total projected carbon emissions by one billion tonnes from 2021 to 2030
 - To achieve a target **net zero (for carbon emissions) by 2070**.

What are the Measures to reduce India's Carbon Footprints?

- **Domestic Solar Manufacturing:**
 - In Budget 2022-23, the government Allocated Rs 19,500 crores to facilitate **domestic solar manufacturing in India**.
- **[Biomass Cofiring:](#)**
 - Use of 5-7 % biomass pellets for co-firing in thermal power plants.
- **[Blending of Fuel:](#)**
 - To promote blending of fuel, an additional differential excise duty of Rs 2/litre to be levied on unblended fuel.
- **[Battery Swapping Policy:](#)**
 - To achieve clean transport, a new battery swapping policy to be formulated for electric

vehicles

- **Green Bonds:**

- 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.

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