

PERFORM ACHIEVE AND TRADE

1. Introduction:-

NAPCC outlines Eight National Missions, The National Mission for Enhanced Energy Efficiency (NMEEE) is one of the eight national missions with the objective of promoting innovative policy and regulatory regimes, financing mechanisms, and business models which not only create, but also sustain, markets for energy efficiency in a transparent manner with clear deliverables to be achieved in a time bound manner. The Ministry of Power (MOP) and Bureau of Energy Efficiency (BEE) were tasked to prepare the implementation plan for the NMEEE. NMEEE spelt out the following four new initiatives to enhance energy efficiency, in addition to the programs on energy efficiency being pursued. They are:

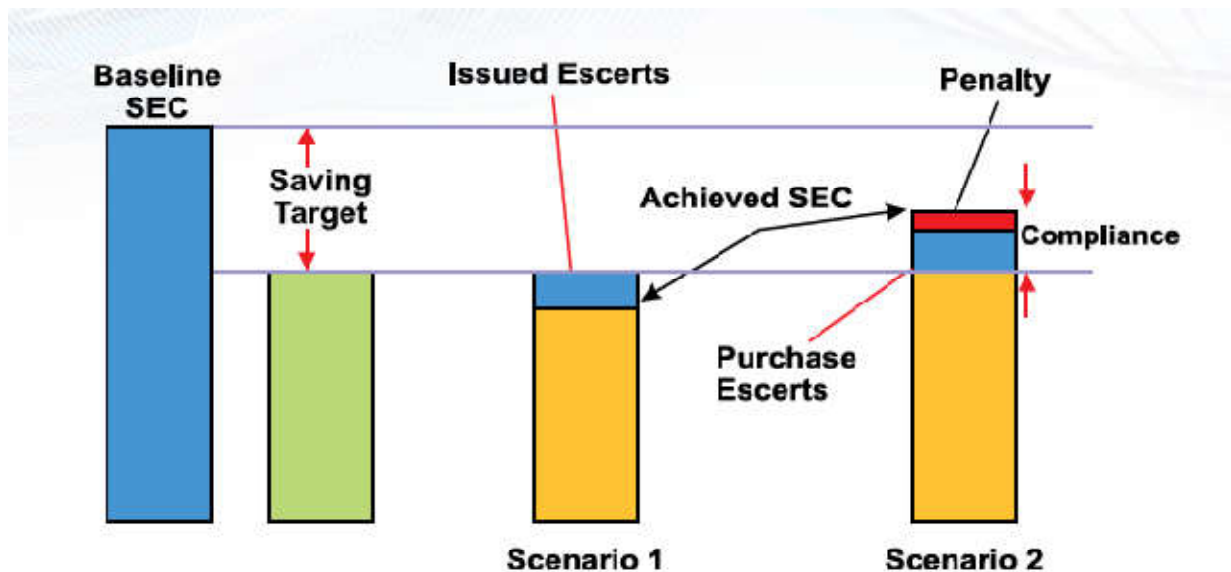
1. ***Perform Achieve and Trade (PAT)***: A market based mechanism to enhance cost effectiveness of improvements in energy efficiency in energy-intensive large industries and facilities, through certification of energy savings that could be traded.
2. ***Market Transformation for Energy Efficiency (MTEE)***: Accelerating the shift to energy efficient appliances in designated sectors through innovative measures to make the products more affordable.
3. ***Energy Efficiency Financing Platform (EEFP)***: Creation of mechanisms that would help finance demand side management programmes in all sectors by capturing future energy savings.
4. ***Framework for Energy Efficient Economic Development (FEEED)***: Developing fiscal instruments to promote energy efficiency.

1.1 Perform, Achieve and Trade:-

PAT is a market based mechanism to enhance cost effectiveness of improvements in energy efficiency in energy-intensive large industries and facilities, through certification of energy savings that could be traded. The genesis of the PAT mechanism flows out of the provision of the Energy Conservation Act, 2001, herein after referred to as the Act. Section 14 (e) of the Act empowers the Central Government to notify energy intensive industries, as listed out in the Schedule to the Act, as Designated Consumers (DCs).

The Ministry of Power (MoP) has notified industrial units and other establishments consuming energy more than the threshold in 9 sectors namely Thermal Power Plants, Fertilizer, Cement, Pulp and Paper, Textiles, Chlor-Alkali, Iron & Steel, Aluminum and Railways in March, 2007 as DCs and later two more sectors are included petroleum refinery and Electricity Distribution Company.

1.2 Concept of Target ,compliance, ESCerts & Penalty



When a designated consumer achieve and surpass the target .it can sell its excess savings in the form of Energy Savings Certificates (ESCerts), and if designated consumers fail to achieve its targets, it must purchase the appropriate number of ESCerts to “meet” its energy savings targets. Monitoring and verification of energy savings will be conducted by Accredited Energy Auditors through a transparent system.

2. Role of SDAs under PAT

In the presently notified PAT rules, SDAs are entrusted with a crucial role in enforcement of compliance. This includes reviewing and commenting on the appropriateness of the various reports received from DC, advising BEE on need or appropriateness of conducting check verification, and triggering penalty proceedings against non-compliant DCs.

The energy conservation (Inspection) Rules, 2010 also empower SDAs to appoint as many inspecting officers as required (requirements may vary from state to state based on the number of DCs and DC Sectors in the state among other factors). With a view to ensuring compliance, Inspecting officers are empowered through SDAs to visit the premises of the DCs as and when required and to consult with or seek necessary information from AEAs and DCs and to report on the compliance of various provisions under the EC Act.

However, many aspects of the role of SDA as laid out in various PAT rules call for better clarity and detailed guidelines. For instance as per Rules 2008 the DCs are required to submit

Form 1, Form 2, and Form 3, Form A, Form B, Form C (verified by the accredited energy auditor) and form D to the SDA and a copy to BEE within BEE notified timeline.

Form-1: Details of Information regarding total energy consumed and specific energy consumption per unit of production.

Form-2: Details of energy savings measures recommended in energy audit report.

Form-3: Details of energy efficiency improvement measure implemented, investment made and savings in energy achieved and progress made.

Form 1, Form 2, and Form 3 is to be submitted for every financial year within 3 months before the completion of that financial year (31st March).

Form A: Performance assessment document,

Form B: Certification of verification from the energy auditor

Form A, Form B is to be submitted, within three months from conclusion of target year after the end of first or second year or third year of the relevant cycle. i.e. 30th June of the targeted year.

Form C: AEA (Accredited Energy Auditor)

Within 6 months after issuance of ESCerts (or) within 1 year of submission of compliance report.

Form D: Perform compliance document.

End of 5 months from the last date of submission of Form A.

Designated consumers which are failed to submit the complete data to SDA and BEE in time or those who are not maintain the SEC value notified by BEE and those who are not purchasing Energy Savings certificates if there SEC value is more than the targeted value as notified, comes under disqualified DC's. In case of disqualified DC's, Penalties are to be imposed by an adjudicating officer appointed by SERC in response to the request of concerned SDA.