Comments of MNRE on NMEEE Mission Document

Renewable energy sources, which afford several benefits like reduction in greenhouse gas emissions, sustainability in the context of decreasing global reserves of fossil fuels, suitability in meeting diffused and decentralized needs will play a critical role in the future economic growth of our country. There is complete complementarity in implementation and approach of energy efficiency & use of renewable energy. The role and mandate of both MNRE and BEE is to ensure energy conservation and to minimize the use of conventionally generated electricity. The NMEEE, which is one of the 8 Missions under the NAPCC, must therefore draw on the synergies with Renewable Energy while it draws up the implementation framework.

The following suggestions are made:

1. The NMEEE document proposes the Perform, Achieve & Trade (PAT) mechanism as the mainstay of its strategy. Under this mechanism, large energy intensive industries will be assigned specific energy consumption reduction targets. It is proposed that in order to ensure zero GHG, renewable energy options should be utilized by the industry in meeting their reduction targets. The industries should be encouraged to meet their partial requirements, for both electrical and thermal energy, by using biomass resources from energy plantation or crop residues and agro-industrial wastes as also utilizing waste heat. Process heat applications of renewables have a lot of potential in some of the sectors identified for focused action like Textiles, pulp and paper and thermal power plants. It is further proposed that in order to incentivize the industries to use Renewable energy, the methodology for calculating the reduction targets should include full allowance for any RE use ie., while calculating the energy used by an industry, generation and usage of RE should not be added to the total energy consumption.
2. The PAT mechanism includes a provision of fungibility with RE certificates which are being developed by MNRE . While it is proposed that this may be operationalised at the earliest but the Escerts should not be used for the fulfillment of the Renewable Portfolio Obligations as this would directly impact the adoption of renewable energy appplications.

3. The Energy Efficiency Financing Platform (EEFP) seeks, interalia, to promote ESCOs. These would implement the energy efficiency measures at their own cost and recover their expenses from the resulting energy savings. It is proposed that Mission should work with MNRE and IREDA to develop a framework wherein the ESCOs could also implement Renewable energy projects.
4. IREDA has a long experience and a mandate to undertake financing both Renewable Energy projects and Energy efficiency projects. It can play an important role in the EEFP by taking a leadership role in financing energy efficiency projects. IREDA's experience would help draw in other financial institutions and lead to mainstreaming this activity.
5. Since there are many complexities with the ESCO model, and in large number of cases, energy efficiency measures as well as RE applications are both desirable, necessary and easily done, should not industries in each sector also embark on this work on their own and a financial model be developed through institutions and banks to enable this. In other words, all the eggs cannot be put in the ESCO basket. Such a financing model is equally required for RE. The pack mechanism may help this but there may be a further enabling and monitoring requirements needed to ensure that the measures are actually taken.

   MNRE is initiating focused programs for Sugar Industry, paper & rice mills, distilleries, dairies, tea, textiles, food processing and textile industries. In many of these industries the Mission would also carry out programs for energy efficiency which may be implemented in coordination with MNRE. A Task Force for each sector should be set up to plan and monitor developments – the nine mentioned in the Mission and some of the others mentioned above.