



FRAMEWORK OF ENERGY SAVING CERTIFICATE

AUTHOR – PARUL DWIVEDI, STUDENT AT UNIVERSITY OF PETROLEUM AND ENERGY STUDIES,
DEHRADUN

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Words and expressions used in framework are defined inside the Electricity Act, 2003 and the Energy Conservation Act, 2001²³, the Central Electricity Regulatory Commission (Terms and Conditions for Dealing in Energy Savings Certificates) Regulations, 2016 or any Applicable Laws shall have the identical that means assigned to them Respectively inside the Act, the Regulation or such different relevant laws as issued or amended on occasion.

Bureau means the Bureau of Energy Efficiency as defined under the Central Electricity Regulatory Commission²⁴ (Terms and Conditions for Dealing in Energy Savings Certificates) Regulations, 2016 or as amended when it's needed.

WHAT DO YOU MEAN BY ENERGY SAVING CERTIFICATE? Certificate means the Energy Saving Certificate²⁵ issued the Central Government inside the Ministry of Power to the specific client according with the procedure laid down by under the provisions specified in ESCerts Regulations. The certificates will be banked and extinguished as per **PAT Rules, 2012**²⁶ and its modified from time to time.

An ESCert is an device issued with the aid of an authorized body guaranteeing that a stipulated amount of power savings has been achieved and has entered the Indian Energy Efficiency mandate under the **PAT scheme**²⁷. Each

certificate is a unique tradable commodity that offers assets right over additional gadgets of intangible bundle of Societal and environmental benefits created by means of power stored over. ESCerts provide a platform for Parties to alternate the attributes of energy financial savings. An ESCert may be represented in units of energy saving together with 1 MWh (1 ESCert is issued for 1 MWh of energy stored over and above the set goal).

It begins with identity of the power savings assignment and resolution of baseline energy utilization by way of BEE according with the **Energy Conservation Act, 2001**. This is followed by the implementation of the power saving scheme by means of the DCs. The financial savings out of this scheme is measured on the basis of the baseline power²⁸ requirement and the scheme is put through the process of third-party verification by unique designated energy auditors. This verification is achieved via metering, envisioned financial savings, deemed savings, etc. BEE and **EESL** are responsible for the certification of ESCert eligible schemes/initiatives, issuance of ESCerts and monitoring of the possession of the equal during its lifecycle. The lifecycle of an ESCert gets completed with the retirement of the ESCert.

ESCerts as a tradable commodity may want to help to mobilize marketplace forces and capital in the direction of investments in energy efficiency. They can also enable the implementation of strength efficiency measures cost successfully via offering firms with the

²³<https://blog.ipleaders.in/overview-energy-conservation-act-2001/>

²⁴Central Electricity Regulatory Commission/ [https://cercind.gov.in/regul...PDF/Procedures for transaction of ESCerts](https://cercind.gov.in/regul...PDF/Procedures%20for%20transaction%20of%20ESCCerts)

²⁵https://www.researchgate.net/publication/320747576_Energy_saving_certificate_market_in_India

²⁶http://conference.tgo.or.th/download/tgo_or_th/seminar/presentation/2013/Feb/06_07/07_PAT_Rules.pdf

²⁷<https://becindia.gov.in/en/programmes/perform-achieve-and-trade-pat>

²⁸<https://powermin.gov.in/en/content/energy-efficiency>



power to either adopt power efficiency measures and/or change ESCerts in the marketplace for adhering to the required targets. Therefore, corporations relying on their scale and degree of operation might also below or over attain the set targets, thereby creating the forces of demand and supply of ESCerts inside the market.

DEFINATIONS

CYCLE means a time period mentioned in PAT Rules, start from the 1st of April of the year and ending at the 31st of March of the target year. The first Cycle would covers the 3 years of time period starting from the 1st April, 2023 and ending at the 31st March, 2026 and the second cycle covers the 3-year period from 1st April 2026 to 31st March 2029.

DESIGNATED CONSUMERS (or DC) way any consumer notified through the Central Government Under **Sub-Section e of the Section 14²⁹ of the EC Act, 2001** and for which a target is notified under the statutory orders issued by means of the Government of India from time to time.

ENERGY CONSERVATION RULES means the Energy Conservation (Energy Consumption Norms and Standards for Designated Consumers, Form Time in which, and Manner of preparation and Implementation of Scheme, Procedure for Issue of Energy Saving Certificates and Value of Per Metric Ton of Oil Equivalent Energy Consumed) Rules, 2012³⁰ as amended as per requirement.

REGISTRY means the corporation assigned by the Government of India inside the Ministry of Power to carry out such capabilities as described in those policies with respect to ESCerts.

Provided that NLDC³¹ working under Power System Operation Corporation Limited (

POSOCO)³², shall function as registry for ESCerts, as notified by Government of India in The Ministry of Power vide Notification No. 10/4/2015 dated January 05, 2016, except The Ministry of Power makes a decision in any other case.

STATE COMMISSION referred to in the Electricity Act 2003 and consists of a Joint Commission referred to the **Electricity Act 2003**.

TARGET YEAR means the 3rd financial year from the starting year during which a delegated client shall acquire compliance with the electricity consumption norms and Standards prescribed under **Clause (g) of Section 14** of the Electricity Act.

INSPECTION

Where it seems to the Exchange so as to do, it is appoint one or more persons as Inspecting authority to undertake inspection of books of account, other information and documents of the Members for any of the functions

- ❖ The Inspecting authority appointed via the Exchange can be either its personal officers or outdoor professionals.
- ❖ When the Exchange appoints outside professionals as an inspecting authority, it shall notify to the Member the names and addresses of the professional or companies so appointed as an inspecting authority on the time of inspection.
- ❖ When outdoor professional are appointed as an inspecting authority in respect of a Member and such professionals are already associated in some other ability with the member then such member shall tell the Exchange of such involvement.
- ❖ Where after appointment of any outdoor professional as an inspecting authority in respect of a Member, the Member or any of its involve the examining authority for its services in some other ability, the inspecting authority shall now not involve itself in such other professional activities with the Member or any

²⁹Indian Kanoon/ [https://indiankanoon.org/doc/Section 14 in The Energy Conservation Act, 2001](https://indiankanoon.org/doc/Section+14+in+The+Energy+Conservation+Act,+2001)

³⁰<https://www.latestlaws.com/bare-acts/central-acts-rules/power-sector-laws/energy-conservation-act2001/energy-conservation-rules2012>

³¹<https://nrdc.in/en/about-us/>

³²<https://posoco.in/en/>



of its buddies without prior consent of the Exchange.

The purposes of the inspection might be, specifically:

- ❖ To make sure that the books of debts and other books are being maintained in the way required.
- ❖ To make sure that the provisions of Applicable Laws are being complied with.
- ❖ To make certain that various provisions of Rules, Bye Laws, Business Rules and every other circulars of the Exchange issued there being complied with.
- ❖ To look into the lawsuits received from Clients, other contributors of the Exchange or some other man or woman on any depend having a bearing at the activities of the member;
- ❖ To check out suo-moto, for any purpose in which circumstances so warrant an inspection into the affairs of the Member in public interest.
- ❖ To observe whether any notices, circulars, instructions or orders issued through the exchange occasionally regarding Trading and other activities of Members are being complied with.
- ❖ To comply with any of the directives issued in this behalf through any regulating authority which includes Government of India.
- ❖ Any other interest at the discretion of Commission/Administrator/Registry/Exchange on occasion.

NOTICE

Before project any inspection, the Exchange shall provide an reasonable notice to the member for that purpose.

Notwithstanding anything contained herein, in which the Exchange is of the opinion that no such notice must be given, it could direct in writing that the inspection of the affairs of the Member be taken up without such notice. Exchange officials or the inspecting authority who's directed by the Exchange to adopt the inspection, shall undertake the inspection and the Member towards whom an inspection is

being done will be bound to discharge his duties as provided by the Exchange from time to time.

OBLIGATION OF A MEMBER OF INSPECTION

It will be the responsibility of each director, officer and worker of the Member, who's being inspected, to provide to the inspecting authority such books, accounts and other documents in his custody or manage or arrange to produce where such books, account and other documents whilst they may be in every other individual's custody or control and furnish him such statements and information inside such time as the said inspection authority may additionally require.

The Member shall allow the inspecting authority to have reasonable access to the premises occupied by him or by means of some other individual on his behalf and also increase affordable centers for analyzing any books, records, documents and automated information in his possession or another person and also offer copies of documents or other materials which in the opinion of the inspecting authority are relevant.

The inspecting authority, in the course of inspection will be entitled to examine or record Statements of any member, director, officer and employee of the Member or of any Associate of such Member. It will be the obligation of every director, officer and worker of the Member or wherein an associated is tested, such companion to offer to the inspecting authority all assistance in connection with the inspection which the Member can be reasonably predicted to provide.

The inspecting authority shall be entitled to look at the records referring to the Member's economic affairs held with its bankers or any other enterprise which the inspecting authority may find the relevant.

The inspecting authority shall have get access to accounts and other information relating to the member or such access as handled



through the Exchange to accounts and other information regarding any accomplice of the Member as are in the power of the Member to provide.

SUBMISSION OF REPORT

The inspecting authority shall, as quickly as possible submit an inspection report to the exchange. All files, papers, returns or their copies submitted to the inspecting authority may be retained by means of it on behalf of the Exchange. It shall hold complete confidentiality thereof and no disclosure of any information contained therein shall be made to any Person, company, organisation or authority except required by any law at the moment in force and without approval of the Exchange on this regard.

The Exchange shall after consideration of the inspection report communicate the findings to the Member to give him an opportunity of being heard before any action is taken through the Exchange at the findings of the inspecting authority.

On receipt of the explanation, if any, from the Member the Exchange may name upon member to take such measures as the Exchange may deem healthy in public interest..

Notwithstanding anything contained herein, where the Exchange is of the opinion that no such listening to ought to be provided in certain situations, it could take action forthwith without giving an opportunity of being heard.

COLLECTION & DISSEMINATION OF INFORMATION

The Exchange may also call upon the individuals to provide such information with reference to any charter, dealings, agreement, account or other matter.

The Exchange shall maintain the information of the individuals in confidence and that it shall not disclose to any individual/ entity such information as stated or any other records

pertaining to the Member besides as required under the law or of any authority.

Notwithstanding contained in any of the rules, the Exchange may also at its discretion disseminate to other exchanges or regulatory government or to the majority, any data related with data regarding any trades, dealings, settlement of dealings, accounting, disciplinary action initiated/taken in opposition to Members and/or other matters relevant for enforcement or regulatory purposes.

ORDERS

Eligible Entity can sell simplest those ESCerts which are authenticated and issued by using the Central government to the specified consumer under **sub-section (1) of section 14(A) of EC Act, 2001**. Similarly eligible Entity is allowed to purchase ESCerts for compliance below provisions of **PAT Rule, 2012**. The onus on putting orders will relaxation with the Eligible Entity, either immediately or not directly, and in case of any deviation, Exchange could reserve the right to levy penalty at the Eligible entity, both directly or circuitously, in addition to the ones levied by Registry, Administrator and CERC if any.

Before matching of Trade, Exchange might verify the quantum of ESCert to be purchased/offered through every eligible entity with the Registry and handiest on affirmation could the trades get performed between Buyer and Seller. Exchange shall reject all those bids which are not in conformity with information acquired from Registry.

CURRENT SCENARIO

The **Bureau of Energy Efficiency³³ (BEE)** has announced that it'll resume the trading of Energy Saving Certificates (ESCerts) from January 17. It was suspended in February last year because of some administrative problems. The ESCerts will be under the Perform Achieve and Trade (PAT) mechanism's second cycle for all the specific customer, which notified with

³³<https://beeindia.gov.in/en>



impact from April 1, 2016, and turned into completed on March 31, 2019.

The trading can be scheduled each Tuesday on the **Indian Energy Exchange (IEX)³⁴ and Power Exchange India Limited (PXIL)³⁵**.

PAT is a market-based totally mechanism brought to decrease the particular energy consumption amongst energy-intensive huge industries, with an related market-based totally mechanism to enhance the price-effectiveness through certification of extra power saving which may be traded.

The industries which consume extra power are given higher objectives for a specific period spanning some financial years in comparison to the ones which might be more energy efficient.

The mechanism is facilitated via the trading of ESCerts, which can be issued to the plant that have surpassed their objectives. The plant which do not meet their goals are entitled to buy those ESCerts.

The PAT application includes designated clients from power-intensive sectors like aluminum, cement, Chlor-alkali, fertilizers, iron and metal, paper and pulp, thermal energy plant life, fabric, railways, refineries, and strength distribution businesses.

Plants which can be unable to meet the targets either by their very own action or through the acquisition of ESCert are vulnerable to economic consequences under the Energy Conservation Act.

The PAT program applied across seven cycles³⁶ depending on the target period.

For PAT Cycle II, the trading took place very briefly only for months in October and November 2021, which was then suspended due to administrative areas.

The Central Electricity Regulatory Commission (CERC)³⁷ acts as the Market regulator for the trading of ESCerts and the BEE as the administrator. Grid Controller of India is appointed because the registry for making the customers eligible entities for trading and e book-preserving of ESCerts.

In the recently accepted Energy Conservation Act, the government ambitions to implement the acquisition of power energy savings certificates for consumers whose energy consumption exceeds the prescribed norms and standards.

Commercial and Industrial (C&I) clients had been at the front of renewable adoption. Mercom India C&I Clean Energy Meets enables bring these clients comes face-to-face with green energy developers and financiers to explore energy and cost saving alternatives.

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³⁴<https://www.iexindia.com/>

³⁵<https://powerexindia.in/>

³⁶[https://pib.gov.in › PressReleaseIframe.../](https://pib.gov.in/PressReleaseIframe.../) Three years of PAT Scheme constitutes of 7 cycles Various ...

³⁷Central Electricity Regulatory Commission/ <https://cercind.gov.in>