

Bill Summary

The Energy Conservation (Amendment) Bill, 2022

- The Energy Conservation (Amendment) Bill, 2022 was introduced in Lok Sabha on August 3, 2022. The Bill seeks to amend the Energy Conservation Act, 2001. The Act promotes energy efficiency and conservation. It provides for the regulation of energy consumption by equipment, appliances, buildings, and industries. Key proposals under the Bill are:
- **Obligation to use non-fossil sources of energy:** The Act empowers the central government to specify energy consumption standards. The Bill adds that the government may require the designated consumers to meet a minimum share of energy consumption from non-fossil sources. Different consumption thresholds may be specified for different non-fossil sources and consumer categories. Designated consumers include: (i) industries such as mining, steel, cement, textile, chemicals, and petrochemicals, (ii) transport sector including Railways, and (iii) commercial buildings, as specified in the schedule. Failure to meet the obligation for use of energy from non-fossil sources will be punishable with a penalty of up to Rs 10 lakh. It will also attract an additional penalty of up to twice the price of oil equivalent of energy consumed above the prescribed norm.
- **Carbon trading:** The Bill empowers the central government to specify a carbon credit trading scheme. Carbon credit implies a tradeable permit to produce a specified amount of carbon emissions. The central government or any authorised agency may issue carbon credit certificates to entities registered under and compliant with the scheme. The entities will be entitled to purchase or sell the certificate. Any other person may also purchase a carbon credit certificate on a voluntary basis.
- **Energy conservation code for buildings:** The Act empowers the central government to specify energy conservation code for buildings. The code prescribes energy consumption standards in terms of area. The Bill amend this to provide for an ‘energy conservation and sustainable building code’. This new code will provide norms for energy efficiency and conservation, use of renewable energy, and other requirements for green buildings.
- **Applicability to residential buildings:** Under the Act, the energy conservation code applies to commercial buildings: (i) erected after the notification of the code, and (ii) having a minimum connected load of 100 kilo watts (kW) or contract load of 120 kilo volt ampere (kVA). Under the Bill, the new energy conservation and sustainable building code will also apply to the office and residential buildings meeting the above criteria. The Bill also empowers the state governments to lower the load thresholds.
- **Standards for vehicles and vessels:** Under the Act, the energy consumption standards may be specified for equipment and appliances which consume, generate, transmit, or supply energy. The Bill expands the scope to include vehicles (as defined under the Motor Vehicles Act, 1988), and vessels (includes ships and boats). The failure to comply with standards will be punishable with a penalty of up to Rs 10 lakh. Non-compliance in case of vessels will attract an additional penalty of up to twice the price of oil equivalent of energy consumed above the prescribed norm. Vehicle manufacturers in violation of fuel consumption norms will be liable to pay a penalty of up to Rs 50,000 per unit of vehicles sold.
- **Regulatory powers of SERCs:** The Act empowers the State Electricity Regulatory Commissions (SERCs) to adjudge penalties under the Act. The Bill adds that SERCs may also make regulations for discharging their functions.
- **Composition of the governing council of BEE:** The Act provides for the setting up of the Bureau of Energy Efficiency (BEE). The Bureau has a governing council with members between 20 and 26 in number. These include: (i) secretaries of six departments, (ii) representatives of regulatory authorities such as the Central Electricity Authority, and the Bureau of Indian Standards, and (iii) up to four members representing industries and consumers. The Bill instead provides that the number of members will be between 31 and 37. It increases the number of secretaries to 12. It also provides for up to seven members representing industries and consumers.

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