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## Analysis on Draft Renewable Energy Act - 2015

Dear Reader,

A much awaited **The Renewable Energy Act – 2015 (DRAFT)** has been announced recently. A brief analysis for the same is presented for your kind reference.

Key Parameters	
Title of the Document	<b>Renewable Energy Act – 20XX</b>
Type of Document	<b>Draft Document [Legislation]</b>
Original Document Issued by	<b>The Ministry of New &amp; Renewable Energy</b>
Impact Sectors	<b>Entire RE Sector, All the bulk electricity consumers in immediate term, retail consumers in long term.</b>

### Why is the RE Law needed?

The Electricity Act (Amendment) Bill 2015 (proposed) provides many key provisions for the promotion of renewable energy resources including off-grid / decentralised mode of renewable energy production. However, from the perspective of future energy resource planning, there is a need to create a holistic framework to promote the use of renewable energy and its applications not only in electricity (covered under the E-Act) but also in heat and transport segments. There is also a need for an integrated energy resource mapping and planning with right set of institutional and structural support mechanisms for which the RE Law can be a pivotal legislation.

The RE Law also aims to have strong linkages with various other national objectives like:

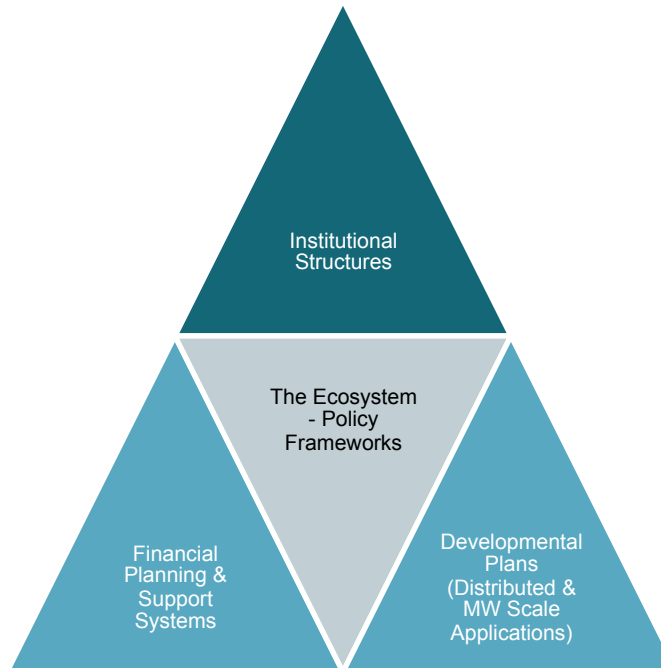
- National Action plan for Climate Change (NAPCC)
- National Mission on Enhanced Energy Efficiency (NMEEE)
- National Electric Mobility Mission (NEMM)
- National Wind & Waste Energy Mission
- National Manufacturing Policy
- National Skill Development Program

Hence, the RE Law would bring a macroscopic synergies across various national objectives and hence a much coordinated and robust RE development model.

### How the new development framework under RE Law would look like?

The RE Law aims to create an exhaustive framework for the development of renewable energy systems (electrical and non-electrical). Architecturally, it can be represented as per the figure shown below.





## What are the key provisions under the RE Law?

### A. INSTITUTIONAL

#### 1. Empowering the Central Government for

- Formulate, review and monitor National RE Policy & National RE Plans
- Develop National Green Energy Fund
- Plan and execute nation-wide programs on RE
- Fund and develop R&D activities and technical specifications
- Provide adequate support for National RE Committee, National RE Advisory Group
- Formulate the guidelines for State RE Policies and RE Plans

#### 2. Empowering the state Governments for

- Develop state green energy fund
- Formulate state RE Policy and RE Plans in consonance with National RE Policy and RE Plans
- Extend policy and infrastructural support for developing energy parks, transmission development, energy data management, resource management etc.

#### 3. Enabling State Nodal Agencies for Renewable Energy

- State agencies to be provided adequate technical, administrative and financial support.

## IMPACT

A clear institutional, financial, structural and policy roadmap at national level

Homogenized RE Development between State Govts. and Central Govt.

Empowered and Capable State Agencies



#### 4. Creation of National RE Committee (NREC)

- To advise the Central Govt. and extend coordination for inter-ministerial activities
- [A National Think Tank on RE](#)

#### 5. Creation of National Renewable Energy Advisory Group (NREAG)

- To be headed by an eminent person in RE
- MNRE Joint Secretary to act as Member Secretary
- Three Members from State Agencies and Govt. Bodies like IREDA, RECI, PGCIL etc.
- Six industry members representing DISCOMs, RE Generators, Academia and RE Experts on special invitation.

#### 6. Creation of Renewable Energy Corporation of India (RECI)

- To enable procurement of RE
- To develop RE investment zones.

#### Role of NREAG

- Advisory to GoI
- Monitor and review progress
- Provide long term vision for Integrated Energy Resource Planning (IERP)

### B. SUPPORT ECOSYSTEM

#### 7. National Renewable Energy Policy (NREP)

- To establish medium term and long term principles for promotion of electricity as well as non-electricity based RE systems.
- RE system pricing and compliances to be moved to market based mechanism in long run.
- Develop ecosystem for indigenous manufacturing, technology development, financial support and energy infrastructure adequacy.
- Set up national targets for 5 years (firm) and indicative targets for 10 years. Provided that the firm targets shall not be revised downward unless as justified carefully by NREAG
- Develop a National RE Plan in consonance with NREP.

#### NREP

- Advisory to GoI
- Monitor and review progress
- Provide long term vision for Integrated Energy Resource Planning



## 8. RE Resource Assessment

- The MNRE to carry out resource assessment for all electric and non-electric RE systems
- The MNRE shall designate a nodal agency for each resource (mature and emerging).
- The resource assessment data to be made available to public as per National Data Sharing & Accessibility Policy (NDSAP) along with high resolution GIS layers of transmission lines, sub-stations,, roads, forests etc.

**Data vital and critical for RE investment planning to be made public**

## 9. Manufacturing & Skill development

- Provision to set up national RE manufacturing zones
- Introduction of RE in educational curriculum
- Entrepreneurship development, incubation of start-ups, capital and knowledge support to new and existing start-ups based on RE technologies

**Clean-Tech Entrepreneurship to get a big boost**

10. Creation of RE Investment Zones and make technical, performance and financial data available through NDSAP.

## 11. Model guidelines for

- Decentralized generation and incentives
- Land databases and fair compensation policy
- Procedure for local community consent
- RE Infra parks
- Best practices for various statutory approvals
- Best practices for Grid Codes, RE Integration to the Grid, Data Management etc.

**A transparent and level-playing investment opportunities for everyone**

## C. ECONOMIC & FINANCIAL FRAMEWORK

### 12. National Renewable Energy Fund (NREF)

- Fund to be operated by the Central Govt
- XX% of National Clean Energy Fund proceeds to be allocated to NREF.
- Additional corpus to the fund may be collected through international finance, additional levy/cess, and other climate agreement.

**A clean mandate for RE specific capital deployment at National Level**



### 13. State Green Fund (SGF)

- The MNRE to offer starting corpus from NREF.
- States empowered to enhance the SGF through various means.
- State Agencies to monitor the SGF

### 14. Low Cost Debt & Financing Support

- Soft loans to RE projects, equipment manufactures
- Capacity building of banks and financial institutions

**States too to have firm financial allocation for RE development**

**Low cost DEBT to reduce per unit costs further**

## D. DEVELOPMENTAL PLANS

### 15. Decentralized Generation

- Promotion of grid interactive RE primarily for self-use
- Off-Grid systems, mini & micro grids
- Heating and cooling applications
- Usage of RE fuel for transportation
- Identification of villages for such RE system applications
- National and state government incentives for project viability
- Decentralized power generation technology and developmental programs
- Monitoring and continuous evaluation programs

**Power for ALL even where grid won't reach!**

### 16. Grid Connected RE

- Mandatory RE Targets & Compliances
- A National, Uniform and Mandatory Renewable Purchase Obligation within ONE Year from Notification
- Obligations to be met through RE Power Purchase or through REC Mechanism
- RE systems such as off-grid generation, solar pumps, solar lights etc. to be qualified for RPO fulfillment
- MNRE to fund ailing DISCOMs to help them procure required amount of RE until grid parity is achieved
- Central and State regulators further empowered for RPO enforcement
- Renewable Generation Obligation for lignite and coal based plants to the tune of 5% of installed capacity
- Penalties for non compliance of RPO can also be the imprisonment upto 3 months

**One Nation - One RPO; possible now**

**Stronger, Stricter, Non-Negotiable RPO Targets**



- **Procurement of RE**
  - All the regulated Obligated Entities to formulate 5 Year plan to meet their current and future RPO trajectories.
  - RPO costs to be passed on to the consumers
  - Centralized RPO monitoring framework for efficient monitoring
  - Competitive Bidding for RE procurement
  - Open Access consumers not to pay surcharge for open access for procuring RE
  - Secure and timely payment provisions for RE procurements
- **Grid Connectivity**
  - Mandatory grid connectivity provisions for all the RE generation units
  - Network operators to ensure transmission/distribution networks are prepared in advance to accommodate RE
  - **Deemed Generation:** Project developer losing out on generation opportunity due to unavailability of grid to be compensated considering power to be deemed generated and sold.
- **Forecasting**
  - Mandatory forecasting by the Nodal Agency (POSOCO) for all the RE Generation units connected to the Grid
  - All RE generators to provide production data to the nodal agency and such data to be made available to the public on a single platform

**Long Term RPO  
Compliance Planning  
Mandatory for  
DISCOMs**

**Competitive  
Bidding for all RE**

**Dis-incentivising  
network owners and  
DISCOMs from  
backing down RE  
Generation**

**Forecasting for all RE  
to prepare grid for  
larger penetration of  
RE**

Overall, the proposed legislation paves way for a very committed, comprehensive and certain development model for renewable energy in India. Enactment of the legislation will create plethora of opportunities for all the RE stakeholders to exercise their might to contribute towards a greener and cleaner India.

Regards,  
**Team REConnect**

**Note:** For inquiries/queries, please call us at **080 – 88 732 732** or email your queries at [info@reconnectenergy.com](mailto:info@reconnectenergy.com)

