

**GOVERNMENT OF INDIA  
POWER  
LOK SABHA**

UNSTARRED QUESTION NO:3384  
ANSWERED ON:13.08.2010  
PAT NORMS FOR ENERGY INTENSIVE SECTORS  
Gandhi Shri Feroze Varun

**Will the Minister of POWER be pleased to state:**

- (a) whether the Government proposes Perform-achieve-Trade (PAT) norms for energy intensive sectors;
- (b) if so, the details thereof;
- (c) whether the Government proposes amendment in the Energy Conservation Act to provide for stiff penalties in case of non-compliance under the provisions of the norm;
- (d) if so, the details thereof and if not, the reasons therefor; and
- (e) the other steps taken or proposed to be taken by the Government to implement these norms?

**Answer**

THE MINISTER OF STATE IN THE MINISTRY OF POWER(SHRI BHARATSINH SOLANKI)

(a)& (b) : Yes, Madam. Section 14(g) of the Energy Conservation Act, 2001 provides the mandate to the Central Government to, 'establish and prescribe such energy consumption norms and standards for designated consumers as it may consider necessary'. The Government in March 2007 notified industrial units in 9 industrial sectors which utilize more than a specified amount of energy as designated consumers.

The 'National Mission on Enhanced Energy Efficiency (NMEEEE)' seeks to foster a conducive regulatory and policy regime to create innovative and sustainable business models for energy efficiency. Under the NMEEEE one of the initiatives is Perform Achieve and Trade (PAT) which is a market based mechanism to enhance cost effectiveness of improvements in energy efficiency in large energy-intensive industries. Trading of energy saving certificates would facilitate this process.

(c) & (d) : A Bill amending the Energy Conservation Act has been passed by the Lok Sabha on 4th May, 2010. The Bill is to be taken up for consideration in the Rajya Sabha.

The Bill, inter alia, seeks to provide powers to the Central Government to issue Energy Saving Certificates to designated consumers whose energy savings exceeds the savings required to meet their mandated energy consumption norms, and to allow designated consumers to use energy saving certificates to comply with their mandated norms.

Further, the Bill also seeks to enhance the penalty for non-compliance. It is proposed that the penalty for non-compliance would be Rupees Ten lakhs. An additional penalty would also be levied which is related to the amount of the energy used by a designated consumer at the end of the compliance period which is in excess of the mandated energy consumption norms after taking into account the energy savings certificates held by the designated consumer. The amount of penalty shall be the excess energy used (in terms of tons of oil equivalent) multiplied by the cost of energy. The amendment Bill seeks powers for the Central Government to notify the price of energy to be used for the calculation of this penalty from time to time.

(e) : The other steps in this direction are:

- 1) Sectoral baselines for specific energy consumption have been prepared;
- 2) Verification audits to establish the specific energy consumption baseline of each designated consumers;
- 3) Methodology for the setting of energy consumption norms (in terms of the percentage reduction in the current specific energy consumption);
- 4) Consultations with the designated consumers on issues related to the Operationalization of the mechanism; and
- 5) Process to establish trading platforms for the energy saving certificates.