

Bill No. 1 of 2021

THE NATIONAL RENEWABLE ENERGY CREDIT
SUPPORT BILL, 2021

By

SHRI RITESH PANDEY, M.P.

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BILL

*to promote progressive shift in generation, transmission, distribution, trading and usage
of electricity from conventional energy sources to renewable energy and for
matters connected therewith.*

BE it enacted by Parliament in the Seventy-second Year of the Republic of India as follows:—

CHAPTER I

PRELIMINARY

5 **1.** (1) This Act may be called the National Renewable Energy Credit Support Act, 2021.

(2) It extends to the whole of India.

(3) It shall come into force on such date, being not later than one year from the date of assent by the President, as the Central Government may by notification in the Official Gazette, appoint.

Short title,
extent and
commencement.

Definitions.

2. In this Act, unless the context otherwise requires,—

(a) "appropriate Government" means in the case of a State, the Government of that State, and in all other cases, the Central Government;

(b) "Ministry" means the Ministry of New and Renewable Energy;

(c) "prescribed" means prescribed by rules made under this Act; 5

(d) "Renewable energy sources" means energy derived from non-depleting resources and includes the following sources—

(i) wind;

(ii) solar radiation;

(iii) mini hydro; 10

(iv) biomass;

(v) biofuels;

(vi) landfill and sewage gas;

(vii) municipal solid waste;

(viii) industrial waste; 15

(ix) geothermal energy;

(x) ocean energy;

(xi) any other energy source, as may be notified by the Ministry; and

(xii) hybrids of above sources.

(e) "Tax Credit" means an amount of money that a taxpayer shall subtract from taxes owed to the appropriate Government or local authority. 20

Promotion of
adoption of
Renewable
Energy in
Public
Buildings,
Residences,
Companies,
Commerce,
Industries, and
Agriculture.

3. (1) The appropriate Government and local authority concerned shall take all such measures, as it deems necessary, for the promotion of adoption of renewable energy in public buildings, residences, companies, commerce, industries and agriculture.

(2) The appropriate Government shall promote adoption of renewable energy for the purpose of electricity generation, its supply to, and self-consumption by, public buildings, residences, companies, commerce, industries and agriculture: 25

Provided that the entity generating or supplying electricity based on renewable energy shall comply with the such measures as may be specified by the Central Electricity Authority under sections 53 and 73 of the Electricity Act, 2003: 36 of 2003. 30

Provided further that such electricity generating company may establish, operate, and maintain a generating station without obtaining a license under the Electricity Act, 2003, if it complies with the technical standards relating to connectivity with the grid referred to in clause (b) of section 73 of Electricity Act, 2003: 36 of 2003.

Provided also that any individual or community, who intends to generate and supply electricity from renewable energy sources, shall not require any license but shall be required to comply with such measures, as may be specified by the Central Electricity Authority under sections 53 and 73 of the Electricity Act, 2003: 35 36 of 2003.

(3) The appropriate Government including local authorities shall promote adoption of renewable energy through its initiatives and programmes in villages and especially amongst women, the Scheduled Castes, the Scheduled Tribes and any other weaker and vulnerable sections of society. 40

(4) The appropriate Government shall create a national, uniform and mandatory renewable electricity energy purchase obligation or similar requirement on all entities within one year of the coming into force of this Act.

5 36 of 2003. (5) The Central and the State Electricity Regulatory Agencies constituted under the Electricity Act, 2003 shall have the responsibility and authority to ensure compliance to such electricity purchase obligations.

10 **4. (1) The appropriate Government and the local authorities, as the Case may be, shall provide such tax-cut or credit on the electricity bill, being not less than ten per cent. and not more than thirty per cent. as it may deem fit, to the individuals, communities, public buildings, residences, companies, commerce, industries and agriculture that use renewable energy for the purpose of personal consumption:**

Tax-cut or credits for the adoption of Renewable Energy.

Provided that the appropriate Government and the local authorities shall allow such tax-cut or credit to the above-mentioned entities through a verification mechanism as per the Electricity Act, 2003 within one-year of the said electricity bill:

15 **Provided further that the burden of such tax-cut or credit shall be reimbursed to the exchequer by the Central Government up to seventy per cent. and by the State Government up to thirty per cent.**

20 (2) The Central Government shall provide such tax-cut or credit on the corporate tax, being not less than ten per cent. and not more than thirty per cent., as it deems appropriate, to companies, commerce, industries and agriculture that generate and supply renewable energy for the purpose of electricity consumption:

Provided that the Central Government shall allow such tax-cut or credit to the above-mentioned entities through a verification mechanism to be notified within one-year of the coming into force of this Act:

25 **Provided further that the burden upto thirty per cent. of such tax-cut or credit shall be reimbursed to the Central Government by the State Government.**

30 (3) The Central Government shall provide such tax-cut or credit on the corporate tax, being not less than ten per cent. and not more than thirty per cent., as it may deem appropriate to companies, commerce, industries and agriculture that generate and use renewable energy for their commercial purposes:

Provided that the Central Government shall allow such tax-cut or credits to the above-mentioned entities through a verification mechanism to be notified within one-year of the coming into force of this Act:

35 **Provided further that the burden upto thirty per cent. of such tax-cut or credits shall be reimbursed to the Central Government by the State Government.**

40 **5. (1) The appropriate Government shall financially support individuals, communities, public buildings, residences, companies, commerce, industries and agricultural units that intend to buy equipment or necessary infrastructure for using renewable energy for the purpose of personal consumption, through its various programmes, policies, subsidies or by arranging a mechanism through appropriate loans.**

Financial Support for the adoption of Renewable Energy.

45 (2) **The appropriate Government shall financially support individuals, communities, public buildings, residences, companies, commerce, industries and occupational activities that intend to buy equipment or necessary infrastructure for generating renewable energy by themselves for self-consumption through its various programmes, policies, subsidies or by arranging a mechanism through bank-loans.**

50 (3) **The appropriate Government shall financially support individuals, communities, public buildings, residences, companies, commerce, industries and agricultural units that intend to buy equipment or necessary infrastructure for generating and supplying renewable energy through its various programmes, policies, subsidies or by arranging a mechanism through bank-loans.**

Other mechanisms to support for adoption of renewable energy for all.	<p>6. (1) The appropriate Government shall provide equipment and necessary infrastructure for using renewable energy for the purpose of electricity or cooking or both to women, the Scheduled Castes, the Scheduled Tribes and any other weaker and vulnerable sections of society.</p>	
Revocation of tax-cut or credits, etc.	<p>(2) The appropriate Government shall fund programmes to any other marginalized community who intend to buy equipment or necessary infrastructure for using renewable energy for the purpose of personal consumption and agricultural units.</p> <p>7. If an individual, community, public building, residence, company, commerce, industry or agriculture that receives a tax-cut or credit, financial support or any similar incentives for the adoption of renewable energy fails to comply with the provisions of this Act, the appropriate Government—</p> <p><i>(a)</i> shall revoke such tax-cut, financial support or similar incentives; and</p> <p><i>(b)</i> may impose on the such entity such penalty as may be prescribed.</p>	5
Investments in Renewable energy projects.	<p>8. The appropriate Government shall create incentive and facilitation framework to assist companies, commerce and industries to make investment in renewable energy projects.</p>	15
Prohibition on new investments on fully fossil-fuel based energy system.	<p>9. No person shall establish or expand or cause to establish or expand any manufacturing facility for production of any energy sources with fully fossil-fuel based energy system after the coming into force of this Act.</p>	
Regional Renewable Energy Fund.	<p>10. (1) The appropriate Government shall establish such number of regional renewable energy funds, as it may deem necessary, keeping in view the population of the particular region.</p>	20
	<p>(2) The Fund shall be co-ordinated and operated by the Central Government through the Ministry.</p>	
	<p>(3) The monies to the Funds shall be credited by the —</p>	25
	<p><i>(i)</i> appropriate Government;</p>	
	<p><i>(ii)</i> corporate social responsibility mechanism;</p>	
	<p><i>(iii)</i> levy of cess;</p>	
	<p><i>(iv)</i> international finance;</p>	
	<p><i>(v)</i> funds received under any climate agreement;</p>	
	<p><i>(vi)</i> any penalty received under this Act; and</p>	30
	<p><i>(vii)</i> such other sources, as the Central Government deems fit.</p>	
	<p>(4) The Funds shall be used for supporting all the objectives of this Act.</p>	
Mandatory Corporate Social Responsibility in Renewable Energy.	<p>11. Notwithstanding anything in the Company Act, 2013 or the rules made thereunder, the companies shall mandatorily credit funds into the Regional Renewable Energy Fund under the corporate social responsibility policy in furtherance of environmental sustainability.</p>	18 of 2003.
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Rural Renewable Energy Security Programme.	<p>12. (1) The appropriate Government shall create a rural renewable energy security programme to provide access to renewable energy for various purposes for rural population.</p> <p>(2) The appropriate Government shall fund programmes which shall help those who intend to buy equipment or necessary infrastructure for using renewable energy for the purpose of agriculture.</p>	40

(3) The appropriate Government shall fund programmes which will help indigenous community who intends to buy equipment or necessary infrastructure for using renewable energy for the purpose of electricity and cooking.

5 **(4) The appropriate Government shall especially utilize the Regional Renewable Energy Fund for ensuring access to renewable energy for rural population.**

13. (1) The appropriate Government shall fund various programmes and policies that create necessary awareness on the importance of using renewable energy for any purpose as identified under this Act.

Outreach and Friends for Renewable Energy.

10 **(2) The appropriate Government shall fund various research programmes which identify and develop indigenous sources of renewable energy.**

(3) The appropriate Government shall appoint local volunteers in various regions who shall help in fulfilling the objectives of this Act.

15 **14. (1) The appropriate Government shall, from time to time, formulate, monitor and review policies and schemes pertaining to implementation of renewable energy.**

Monitoring, Penalty and Reporting Requirement.

(2) The appropriate Government shall impose such penalties, as it deems necessary, to those entities who violate any of the provisions of this Act.

(3) The appropriate Government shall publish updated set of technical safety, quality standards and any other data that is important for the adoption of renewable energy.

20 **15. (1) The Central Government may, by notification in the Official Gazette, make rules for carrying out the purposes of the Act.**

Power to make rules.

25 **(2) Every rule made under this Act by the Central Government shall be laid, as soon as may be after it is made, before each House of Parliament, while it is in session, for a total period of thirty days which may be comprised in one session or in two or more successive sessions, and if, before the expiry of the session immediately following the session or the successive sessions aforesaid, both Houses agree in making any modification in the rule or both the Houses agree that the rule should not be made, the rule shall thereafter have effect only in such modified form or be of no effect, as the case may be; so, however, that any such modification or annulment shall be without prejudice to the validity of anything previously done under that rule.**

STATEMENT OF OBJECTS AND REASONS

The National Renewable Energy Credit Support Bill aims to address the urgent need for India to adopt sustainable solutions to satiate its growing energy demand in the face of the global climate crisis. Traditional energy sources come from the combustion of fossil fuels (coal and petroleum)—which is a chemical process that emits gases such as carbon dioxide, methane, and nitrous oxide. These are greenhouse gases that prevent heat from escaping the earth's atmosphere, thereby warming the surface of the earth. An increased concentration of greenhouse gases in the earth's atmosphere as a result of human activities such as the combustion of fuel for industrial power generation has resulted in global warming, which is the phenomenon driving global climate change.

The consequences of climate change are already beginning to manifest themselves as existential threats to coastal settlements as well as food production. In India, where a large population of farmers still depend upon rainfall for irrigation, climate change is disrupting rainfall patterns in the form of delayed onset, floods, droughts, and shorter rainy periods. Additionally, it is also responsible for the increasing intensity of heat waves experienced by much of the country. Therefore, the need of the hour is to avert the disastrous effects of climate change by containing global warming to within 1.5 degrees of temperature rise by 2050. As one of the world's largest economies with the second largest human population, India has a unique responsibility to fulfil the commitments of the Paris Agreement of 2016 by advocating for development that is sustainable, ethical, and equitable.

In the backdrop of the growing threat of climate change in India, renewable energy is the key for India's continued and sustained growth. This Bill aims to address this need by giving a boost to the renewable energy ecosystem in the country. To that end, this Bill espouses the introduction of taxation incentives to both the producers, distributors and consumers of renewable power sources. The Bill also aims to promote the development of the renewable energy infrastructure in under-served areas through the establishment of a Regional Renewable Energy Fund that is funded by a public-private partnership as well as a Rural Renewable Energy Security Programme. The Bill also caters to the energy needs of vulnerable populations such as scheduled castes, scheduled tribes and geographically isolated communities.

On the economic front, India is a large importer of oil and natural gas, and this Bill aims to move towards establishing energy independence in order to reduce our fiscal deficit. Given that fuel forms a large share of our imports, the Indian economy remains vulnerable to a crude oil price shock that could feed into inflation. Additionally, by improving the renewable energy generation and distribution infrastructure in the country, we can also generate more national employment, especially more rural employment.

NEW DELHI;
November 6, 2019.

RITESH PANDEY

PRESIDENT'S RECOMMENDATION UNDER ARTICLES 117(1), 274(1) AND
117(3) OF THE CONSTITUTION

[Copy of Letter No. 9/02/2016-P&C dated 15 December, 2020 from Shri R.K. Singh, Minister of State of the Ministry of Power and New and Renewable Energy and Minister of State in the Ministry of Skill Development and Entrepreneurship to the Secretary General, Lok Sabha].

The President, having been informed of the subject matter of the National Renewable Credit Support Bill, 2019* by Shri Ritesh Pandey, M.P., recommends the introduction under articles 117(1) and 274(1) and the consideration of the Bill under article 117(3) of the Constitution in Lok Sabha.

[*Bill, being printed in 2021, the year in the title of Bill has been changed from 2019 to 2021.]

FINANCIAL MEMORANDUM

1. Sub-clause (1) of clause 3 of the Bill states that the appropriate Government shall all such measures as it deems necessary for the promotion of adoption of renewable energy in public buildings, residences, companies, commerce, industries and agriculture.

2. Sub-clause (3) of clause 3 of the bill states that the appropriate Government is under an obligation to promote adoption of renewable energy through its initiatives and programmes for all purposes in villages and especially among women, Scheduled Castes, Scheduled Tribes, and any other weaker and vulnerable sections of society.

3. Sub-clause (1) of clause 4 of the bill states that the appropriate Government shall provide tax-cut or credits on the electricity bill between 10-30% or a proportion it deems fit to individuals, communities, public buildings, residences, companies, commerce, industries, and agriculture that use renewable energy for the purpose of personal consumption.

4. Sub-clause (2) and sub-clause (3) of clause 4 of the bill states that the appropriate Government shall provide tax-cut or credits on the corporation tax of not less than 10% and more than 30% or it deems fit necessary to companies, commerce, industries and agriculture that generates, supply and uses renewable energy for commercial purposes.

5. Sub-clause (1) of clause 5 states that the appropriate Government shall financially support through its various programmes, policies, subsidies, or by arranging a mechanism through appropriate loans for individuals, communities, public buildings, residences, companies, commerce, industries, and agricultural units that intend to buy equipment or necessary infrastructure for using, generating and supplying renewable energy for the purpose of personal consumption and commercial purposes.

6. Sub-clause (1) and (2) of clause 6 states that the appropriate Government shall fund programmes to any other marginalized community who intend to buy equipment or necessary infrastructure for using renewable energy for the purpose of personal consumption and agricultural units.

7. Clause 8 of the bill states that the appropriate Government shall create incentive and facilitation framework which will assist companies, commerce, and industries to make investments in renewable energy projects.

8. Sub-clause (1) of clause 10 of the bill states that the appropriate Government shall establish several regional renewable energy funds and further fund them accordingly to the rules under the clause.

9. Sub-clause (1) of clause 12 of the bill states that the appropriate Government shall create a rural renewable energy security programme to provide access to renewable energy for various purposes to rural populations and further obliges it to fund the programme.

10. Sub-clause (2) of clause 13 of the bill states that the appropriate Government shall fund various research programmes which identify and develop indigenous sources of renewable energy.

11. Sub-clause (3) of clause 14 of the bill states that the appropriate Government shall publish updated set of technical, safety, and quality standards, and any other data that is important for the adoption of renewable energy.

MEMORANDUM OF DELEGATED LEGISLATION

Clause 15 of the Bill empowers the Central Government to make rules for carrying out the purposes of the Bill. As such the delegation of legislative power is of a normal character.

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to promote progressive shift in generation, transmission, distribution, trading and usage of electricity from conventional energy sources to renewable energy and for matters connected therewith.

(Shri Ritesh Pandey, M.P.)