

**Bill No. LI of 2014**

THE COMPULSORY PROMOTION, UTILISATION, SUPPLY AND ACCESS OF  
RENEWABLE ENERGY BILL, 2014

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ARRANGEMENT OF CLAUSES

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CLAUSES

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AS INTRODUCED IN THE RAJYA SABHA  
ON THE 27TH FEBRUARY, 2015

**Bill No. LI of 2014**

THE COMPULSORY PROMOTION, UTILISATION, SUPPLY AND ACCESS OF  
RENEWABLE ENERGY BILL, 2014

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**BILL**

*to provide for the formulation of a comprehensive renewable policy in the country and taking stock of energy resources of the country to facilitate sustainable and affordable energy planning ensuring access to rural and urban areas, at district, state and national level, by building a strong institutional structure for renewable energy projects and monitoring of small energy systems to set up strong financial and infrastructural systems that enable investments and mandating public and private sector companies to compulsorily use or promote renewable energy and for all matters connected therewith and incidental thereto.*

WHEREAS the Kyoto Protocol, ratified by India on the 26th day of August, 2002, in order to promote sustainable development adopts measures to research on, and promotion, development and increased use of, new and renewable forms of energy and of advanced and innovative environmentally sound technologies;

AND WHEREAS the United Nations, in its resolution 58/210 adopted by the General Assembly to which India is a signatory as on the 23rd day of December, 2003, recognizes the need for increased usage of renewable energy resource, more efficient use of energy, greater reliance on advanced energy technologies, including advanced and cleaner technologies, which could meet the growing need for energy services in the longer term to achieve sustainable development;

AND WHEREAS it is considered necessary to give effect to the said protocol and the resolution.

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

Short title,  
extent and  
commencement.

**1.** (1) This Act may be called the Compulsory Promotion, Utilisation, Supply and Access of Renewable Energy Act, 2014.

(2) It extends to the whole of India.

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(3) It shall come into force on such date, as the Central Government may, by notification in the Official Gazette, appoint and different dates may be appointed for coming into force of different provisions of this Act, and any reference in any such provision to the commencement of this Act shall be construed as a reference to the coming into force of that provision.

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Definitions.

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

(a) "appropriate Commission" means the Central Regulatory Commission or the State Regulatory Commission or the Joint Commission, as the case may be;

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

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(c) "Central Nodal Agency" means the Union Ministry for New and Renewable Energy ;

(d) "National Committee" means the National Committee on Renewable Energy constituted under section 4;

(e) "Prescribed" means prescribed by order under this Act;

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(f) "renewable energy sources" means renewable sources such as small hydro, wind, solar including its integration with combined cycle, biomass, bio fuel cogeneration, urban or municipal waste and such other sources as recognized or approved by Ministry for New and Renewable Energy;

(g) "State Nodal Agency" means the department of a State Government responsible for managing, co-ordinating and facilitating all operations related to renewable energy sources Ministry to New and Renewable Energy;

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National  
Renewable  
Energy Policy.

**3.** (1) The Central Government, in consultation with the State Governments, shall within one year from the commencement of the Act:—

(i) formulate a National Renewable Energy Policy in accordance with the country's objectives and commitments, so as to;

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(a) specify national renewable energy targets in terms of total renewable energy generation for the next twenty years with a five yearly break-up of the targets;

(b) define and set renewable energy quota; and

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(c) set up a review panel to review the progress of the policy provision, targets and issues annually;

(ii) issue, by notification in the Official Gazette, changes in the targets laid down under sub-section (1) on the advice of the National Committee;

(2) Every notification issued under sub-section (2) shall be laid before each House of Parliament during the session immediately following the issue of notification; and

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(3) The targets changed under sub-section (2) above will supersede all other National or State targets currently prevailing.

4. (1) The appropriate Government shall, within two months of the coming into force of this act, constitute a Committee to be known as the National Committee on Renewable Energy for the purposes of advising the Government on all matters related to renewable energy including those referred to in or arising from the implementation of this Act.

Establishment of National Committee on Renewable Energy.

5 (2) The National Committee shall consist of,—

(a) a Chairperson, who shall be a person having special knowledge in the field of renewable energy development and climate change issues to be nominated by Central Government.

10 (b) one member each, representing the Central Electricity Regulatory Commission and the State Electricity Regulatory Commission;

(c) at least two members having judicial background to be nominated by the Central Government;

(d) one member to be nominated by the Central Government representing the Union Ministry of New and Renewable Energy;

15 (e) one member to be nominated by the Central Government representing the Bureau of Energy Efficiency; and

(f) two members representing the non-governmental organizations working in the field of renewable energy and climate change to be nominated by the Central Government.

20 (3) The Chairman and members of the National Committee shall be nominated by Central Government in such manner as may be prescribed.

(4) The appropriate Government may, if its considers necessary, appoint one or more persons having specialized knowledge and experience in the field of renewable energy and climate change as ad-hoc members of the National Committee.

25 (5) The salaries and allowances payable to and other terms and conditions of service of the chairperson and members of the committee shall be such as may be prescribed.

5. The appropriate Government shall implement such measures to assess the availability of renewable energy resources in the country by:

Renewable energy resource assessment.

30 (i) conducting comprehensive technical assessment, including ground validation of renewable energy potential as part of an integrated approach to scaling up renewable energy;

(ii) updated, reliable and good quality resource data to be more available for all renewable energy technologies to all potential investors to help them assess the viability of projects.

35 6. The appropriate Government, within one year from the enactment of this Act, shall initiate a comprehensive exercise in economic terms on valuation, consumption and addition of the complete national energy (renewable and non-renewable) resources of components that are generative of income, goods or services.

National energy capital accounting.

40 7. The appropriate Government shall endeavour for integration of renewable energy in various infrastructure and development programs and schemes of the Government through the following names:

Cross-Sectoral Application of renewable energy.

(i) Ministry shall have a renewable energy cell to will plan and suggest ways for energy utilization in all schemes and programs of the Ministry, including the energy consumption of the Ministry itself;

45 (ii) The renewable energy cell shall ensure direct co-ordination with the Central Nodal Agency; and

(iii) Five percent of each Ministry's budget shall be earmarked and utilised for renewable energy projects.

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|--|---|------------------------------|
| National Clean Energy Fund.              | <b>8.</b> The appropriate Government shall make provisions for utilizing the National Clean Energy Fund to meet subsidy obligations, thereby relieving the Government's budgetary resources for other uses.   | 5                            |
| Establishing State Clean Energy Fund.    | <b>9.</b> The appropriate Government shall establish separate State Clean Energy Funds to finance additional subsidy allocations and set up a mechanism to monitor the utilization of the Fund.   |                              |
| Commercialisation of Renewable Energy.   | <b>10.</b> The appropriate Governments, in co-ordination with the appropriate Commission, shall endeavor to develop a self-sustaining market for renewable energy technologies by; <ul style="list-style-type: none"> <li>(a) complete commercialization of renewable energy technologies.</li> <li>(b) phasing out subsidies with clear timelines and plans.</li> <li>(c) ensuring grid parity for the existing renewable energy technologies for the next ten years.</li> </ul>   | 10                           |
| Land Allocation.                         | <b>11.</b> The appropriate Government shall take measures to provide suitable land for utility scale renewable energy projects including facilitating the provisions of land banks under the guidance of the land and revenue department.   | 15                           |
| Database of Land Banks.                  | <b>12.</b> The appropriate Government shall establish an online repository or database of land banks of the available land, with all pertinent information including land use, infrastructure available, location, market access, etc to assist developer for expediting project implementation.  | 20                           |
| Transmission and Related Infrastructure. | <b>13.</b> The appropriate Government shall establish a strong transmission infrastructure for timely, affordable evacuation of renewable energy based electricity with minimal losses by: <ul style="list-style-type: none"> <li>(i) planning if the expansion of transmission infrastructure, for both intra and inter-states, to bring renewable energy power from distant generating stations to load centres;</li> <li>(ii) taking appropriate measures for grid enhancement, stability augmentation and modern load and grid management to maintain grid stability across the country;</li> <li>(iii) enhancing the technical capabilities of various regional load dispatch centres and other key agencies at the State level for planning and managing renewable energy and setting up of forecasting tools along with software to facilitate the managing of intermittency, supply and demand management.</li> </ul>   | 25                           |
| Renewable Energy Obligations.            | <b>14.</b> (1) The appropriate Commission shall ensure the compliance of the renewable energy obligations as specified in the Electricity Act 2003 by:— <ul style="list-style-type: none"> <li>(a) a trajectory for Renewable Purchase Obligation (RPO) targets starting at five percent in 2010 and increasing by 1% in every successive year;</li> <li>(b) determining a mechanism for calculating the penalty for non-RPO compliance that imposes increased penalty and stricter regulations; and</li> <li>(c) ensuring the timely and firm implementation of the penalty mechanism through State Electricity Regulatory Commissions (SERCs).</li> </ul> (2) The appropriate Government shall set Renewable Generation Obligation targets for Central and State generators of conventional thermal power plants to commission renewable energy projects, such that, <ul style="list-style-type: none"> <li>(a) renewable generation obligation shall be the amount of renewable energy that conventional thermal power plant developers have to mandatorily generate during a specified period;</li> </ul> | 36 of 2003<br>35<br>40<br>45 |

(b) an obligation and target show be set as a percentage of the total conventional power generated by the developer; and

(c) the Renewable Generation Obligation target for power producers should be increased by 0.5 percent in every successive year.

5 **15.** The appropriate Commission shall promote the obligated entities to use the current Renewable Energy Certificate mechanism for meeting their RPO targets by—

Renewable  
Energy  
Certification.

(a) defining Renewable Energy Certificates in a comprehensive manner;

(b) promoting Government Organisations, Public Sector Undertakings (PSUs) and private companies to undertake voluntary purchase of RECs; and

10 (c) introducing purchase as a specific activity under the list of Corporate Social responsibility activities.

15 **16.** The Centre and the State Governments shall ensure availability of adequate funding options, incentives and financing means for renewable energy projects to attract private sector investments and the financial instruments shall also be promoted to mobilise funds from institutional and retail investors.

Financing  
provisions for  
private  
sector.

**17. (1)** The appropriate Government shall specify a percentage of electricity supply to be drawn from renewable energy sources as mandatory for private sector companies and the private companies shall use any of the following mechanisms to meet their renewable energy requirements;

Private  
Sector  
Mandatory  
Investments  
in Renewable  
Energy.

20 (a) setting up captive renewable energy power plants;

(b) purchasing electricity generated from renewable energy sources from third party generators;

(c) Purchasing Renewable Energy Certification to meet their renewable energy requirements, in case they are unable to source the actual renewable electricity; and

25 (d) allocating a percentage of corporate social responsibility funds under  
18 of 2013. Companies Act 2013 for renewable energy installations.

30 (2) The appropriate Government shall introduce a penalty mechanism for companies that are not abiding sub-section (1) of section 17 including monetary penalty, increased targets in successive years and withdrawal of financial benefits and amount so collected shall be contributed to the state clean energy funds.

(3) The state energy departments to be made responsible for monitoring compliance for these targets.

35 (4) the appropriate Government shall publicly recognize private sector companies outperforming their renewable energy obligation targets and incentivize them through various schemes and rebates.

(5) the appropriate Government shall also give priority to products from such companies in case of usage or consumption in Government projects and schemes.

40 (6) the appropriate Government shall make it mandatory for Special Economic Zones, industrial clusters and upcoming or proposed projects that are to be set up, to meet a percentage of their energy requirement, if not entirely, by utilizing clean and renewable energy.

(7) the grants and benefits to non-governmental individuals or bodies, by the Government, shall be linked to their utilization of clean and renewable energy for meeting requirements of the energy component of their projects.

45 (8) the appropriate Government shall, at the time of clearance of proposed and ongoing projects, ensure that all avenues of utilizing clean and renewable energy resources have been exhausted before issuing an appropriate certification.

Rural Energy  
Supply.

**18.** The appropriate Government, within the ambit of this Act, shall include a detailed, time bound plan for ensuring energy access and supply to un-served and underserved rural areas and people with the help of clean and renewable energy sources, by;

(a) mapping the household level electrification and energy supply status in the entire country within six months of enactment of this Act. 5

(b) undertaking a micro scale resource assessment at the district and village level, under the supervision of State Energy Departments and the resource information to be compiled and made available in the public domain in official and local languages.

Establishment  
of District  
Committee.

**19.** (1) The appropriate Government, within one year of the enactment of this Act, shall constitute district level committees for renewable energy promotion and development. which shall consist of the following members:— 10

(i) a Chairperson, who shall, either be a Member of Parliament and if he is not available an officer of District Magistrate level, appointed by the State Government;

(ii) A Deputy Chairperson, having such qualification and experience, as may be prescribed to be nominated by the appropriate Government; 15

(iii) an expert scientist having enough professional experience and profound knowledge in the field of renewable energy, to be nominated by the appropriate Government;

(iv) five members representing the State Government, having knowledge in the field of energy service; and 20

(v) at least two members from non-Governmental Organisation working in the field and stakeholders from the industry;

(2) The member of the District Committee shall be nominated by State Government in such manner as may be prescribed by State Govt.

(3) The salaries and allowances payable to and other terms and conditions of service of the chairperson, deputy chairperson and members of the district committee shall be such as may be prescribed. 25

(4) The District Committee shall carry out the following functions:

(i) prepare a comprehensive plan for ensuring energy supply for development through local renewable energy sources in the district; 30

(ii) carry out participatory appraisal of the plan through public hearing and meetings;

(iii) submit the plan to the State Government including the requirements of grants, assistance and aid for the implementation of the plan;

(iv) pursue the State Government for appropriate allocation and timely release of the funds and other support required for renewable energy development at the district level; and 35

(v) implementation and monitoring of the planned activities for renewable energy development at district level.

(5) All decisions of the District Committee shall be made on the basis of majority vote, with the Chairperson and Deputy Chairperson having the right of veto. 40

Electrification  
from  
Renewable  
Energy  
sources.

**20.** The appropriate Government shall make it compulsory to promote renewable energy based electrification in rural areas and shall take the following steps for the purpose—

(a) take cognizance of the local renewable energy plan;

(b) promote innovative business models and support local entrepreneurs through appropriate incentives as may be prescribed by the Central Government; and 45

(c) ensure that all Regional Rural Banks mandatorily allocate a certain percentage of their funds for lending to the off grid renewable energy systems.

- 21.** The appropriate Government shall create an off-grid Renewable Energy Access Fund to receive funds from sources such as, grants made by international donors, including a portion of the State Clean Energy Funds, and the proceeds of such funds shall be used for setting up off-grid renewable energy systems in rural areas.
- 5           **22.** The appropriate Government shall undertake programs to enhance the capacity of State nodal agencies to implement various policies and initiatives at the state level and various other skills gap in the sector shall be systemically addressed by developing partnership models among the industry, institutions, and the government.
- 10           **23.** The appropriate Government shall carry out strict monitoring of the renewable energy programs being implemented by;
- (a) establishment of a monitoring committee, within three months of the implementation of the Act, consisting of the Secretary, Ministry of New and Renewable Energy two members with such members and in such manner as may be prescribed by Government ;
- 15           (b) the Committee, within six months of implementation of this act, shall devise a comprehensive monitoring plan for the Central, State and District level;
- (c) initiate an online monitoring system of centralized and decentralizes renewable energy installations; and
- (d) the committee shall make quarterly report about the progress.
- 20           **24.** The Central Government, shall from time to time provide, after the appropriation made by the Parliament by law in this behalf, requisite funds for carrying out the purposes of this Act.
- 25           **25.** If any difficulty arises in giving effect to the provisions of this Act, the Central Government, in consultation with the State Governments, may make such order or give such direction, not inconsistent with the provisions of this Act, as appears to it to be necessary or expedient for the removal of any difficulty.
- 26.** The Central Government, in consultation with the State Governments, may be notification in the Official Gazette, make rules for carrying out the purposes of this Act.

Offi-grid  
Renewable  
Energy access  
fund.

Enhancing  
the capacity  
of State  
Nodal  
agencies.

Central  
Monitoring  
Committee.

Government  
to provide  
Funds.

Power to  
Remove  
Difficulty.

Power to  
Make Rules.



## STATEMENT OF OBJECTS AND REASONS

India faces a major challenge of energy, with conventional resources hard-pressed; power for all remains a distant dream. Recording a 76% increase in electric power consumption over the past decade, electricity generation has been unable to keep pace with the rapid industrialization, economic growth and growth in population. With two decades of increase in the deficit of power supply and an extremely low per capita consumption of electricity, India is struggling to meet increasing power demand and the demand is expected to rise significantly in the future.

From the total power generation capacity of 254 GW, 70 per cent is generated from thermal alone as against the admissibly low, 12 per cent generation from renewable and clean sources of energy. Most of the capacity enhancement is in coal based power plants. An increasing decline in capacity utilisation in power plants by 13 percentage points from 78 per cent to 65 per cent in the last 5 years along with the 700 per cent. increase in coal coupled with the quality and monopoly of coal along with allocation of limited fuel among competing sectors, it has become a necessity for India to look at renewable, new and clean sources of energy.

Renewable Energy project take lesser time and are easier to implement as compared to large scale projects. Moreover, clean and renewable energy will do away with the need of importing coal and save the country's foreign exchange. The Government should encourage the use of the clean and renewable energy because the initial costs are slightly higher than conventional options, which is why people do not adapt to it easily, hence this Bill will guide energy choice of people towards and environment friendly, clean and renewable energy rather than the conventional which damage the environment.

Realizing the importance of renewable energy, the Government of India has initiated plans and policies over the years to promote renewable energy in the country. As a result, deployment of renewable energy in the country has gained significant momentum today. However, several issues such as lack of private financing, enforcement and compliance for renewable purchase obligation, lack of comprehensive renewable energy policies, rapid mechanism for setting standard industrial norms and monitoring the minimum compliance by organisations act as some of the key barriers to its growth. Rural electrification, participation by private players (33 per cent. of the generation capacity in 2014 was from the private sector expected to rise to 52 per cent. by 2017) and research on, and promotion, development and increased use of, clean and renewable forms of energy remains avenues for the country to explore and enhance.

Therefore, a comprehensive legislation aimed at removing these barriers and accelerating the development of renewable energy technologies at both National and State level is thus necessary. Building a strong institutional framework for utilization and development of renewable energy in the country is critical to embark on low carbon sustainable and inclusive development. Clean and Renewable Energy is no longer an option but the need of the hour.

Hence this Bill.

VIVEK GUPTA

## FINANCIAL MEMORANDUM

Clause 4 of this Bill establishes the National Committee on Renewable Energy, Clause 5 is with regard to a comprehensive renewable energy resource assessment in the country, Clause 9 deals with establishing Clean Energy Fund in States, Clause 12 creates an online repository of land banks available in the public domain, Clause 13 is with regard to creating transmission and related infrastructure from distant sources, Clause 18 maps energy access for rural energy supply and Clause 19 establishes the district committee, Clause 21 creates an Off-grid Renewable Energy access fund and Clause 23 establishes a central monitoring committee. These would involve direct expenditure from the Consolidated Fund of India. Clause 24 of the Bill makes it obligatory for the Central Government to provide requisite funds for carrying out the purposes of this Bill.

The Bill, therefore, if enacted would involve expenditure from the Consolidated Fund of India. The recurring and non-recurring expenditure on this count cannot be estimated at this stage, but has to be worked out by Central Government while implementing the provisions of the Act.

MEMORANDUM REGARDING DELEGATED LEGISLATION

Clause 26 of the Bill gives power to the Central Government, in consultation with the State Governments, to make necessary rules for making rules, for carrying out the purposes of the Bill. The rules will relate to matters of details only.

The delegation of legislative power is of normal character.

RAJYA SABHA

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**BILL**

to provide for the formulation of a comprehensive renewable policy in the country and taking stock of energy resources of the country to facilitate sustainable and affordable energy planning ensuring access to rural and urban areas, at district, state and national level, by building a strong institutional structure for renewable energy projects and monitoring of small energy systems to set up strong financial and infrastructural systems that enable investments and mandating public and private sector companies to compulsorily use of promote renewable energy and for all matters connected therewith and incidental thereto.

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*(Shri Vivek Gupta., M.P.)*