



## Press Brief

### Hon'ble Minister of State for Power and New & Renewable Energy launches trading of Energy Saving Certificates (ESCerts) for Designated Industries

**National, 26 September 2017:** Shri Raj Kumar Singh, Hon'ble Minister of State (I/C) for Power and New & Renewable Energy, today launched the trading of Energy Saving Certificates (ESCerts) under the Government's Perform, Achieve & Trade (PAT) scheme in the national capital. This will pave way for designated industries, under the PAT scheme, to buy and sale ESCerts at the two energy exchanges, i.e. Indian Energy Exchange (IEX) and Power Exchange India Limited (PXIL).

Under the PAT scheme, ESCerts are issued by the Ministry of Power when a Designated Consumer (DC) achieves and surpasses the target. These ESCerts can be sold to DCs that fail to achieve their targets to comply with energy consumption norms and standards.

Speaking on the occasion, **Shri Raj Kumar Singh** said, "*Indian businesses are leading from the front and adopting a strategic approach to reduce their energy intensity. These actions not only improve their bottom lines but also reduce their dependence on fossil fuels. With the launch of trading of ESCerts and monetising savings, we are now much closer to incentivising Designated Consumers for their energy saving initiatives. This will facilitate designated consumers to achieve their legal obligation under the Energy Conservation Act, 2001 and motivate them with necessary market-based incentives to exceed the targets set for them.*"

In the first cycle, ended in 2015, the PAT scheme covered 478 Designated Consumers from 8 energy-intensive sectors. These sectors include Aluminium, Cement, Chlor-alkali, Fertilizer, Iron and Steel, Pulp and Paper, Textiles and Thermal power plant, which covered about 33% of India's total industrial energy consumption. The Ministry of Power has issued ESCerts to DCs of PAT Cycle I on 16th February 2017 on assuming of their performance about energy savings, based on the recommendations of Bureau of Energy Efficiency (BEE). Approximately 38.25 lakhs ESCerts were issued to 306 DCs while 110 DCs have been entitled to purchase approximately 14.25 lakhs ESCerts.

**Director General, BEE**, added, "*Thanks to the enthusiastic participation of the industry, we have seen a remarkable performance of this innovative scheme in Cycle. It has resulted in energy savings of 8.67 million tonnes of oil equivalent (Mtoe), which is about 30% more than the target that was set. This has also resulted in an emission reduction of 31 million tonnes of CO<sub>2</sub>. At the same time, Rs 9,500 crores have been saved due to reduction in energy consumption. Initiation of trading of ESCerts will enable the designated consumers to reap the benefits of monetisation of energy saving initiatives.*"



Ministry of Power  
Government of India



To facilitate trading of ESCerts, an institutional framework has been established that defines the responsibilities assigned to different entities that will play a vital role in the process. While the Central Electricity Regulatory Commission (CERC) is the Market Regulator for the trading of ESCerts, the Bureau of Energy Efficiency(BEE) is the Administrator. To trade these ESCerts on any of the two power exchanges, designated consumers need to register themselves with Registry as eligible entities through the PATNet portal.

The launch event was attended by senior officers of Ministries, State Governments, technical bodies, public utilities, multilateral agencies, academicians, and industry experts and consultants across sectors. The event also featured sessions on the various new technologies adopted through PAT Scheme and on the trading of ESCerts.

The Government is implementing PAT scheme as a market-based mechanism, under National Mission for Enhanced Energy Efficiency (NMEEE), to enhance cost effectiveness through certification of excess energy savings in energy intensive industries that can be traded. the scheme seeks to reduce the specific energy consumption (SEC), i.e. energy used per unit of production in energy intensive large industries. Under this scheme, an Energy Audit is done to verify the baseline data (current level of efficiency) and thereafter emission targets are given. Energy Saving Certificates (ESCerts) are issued to those plants that have achieved excess over their targets. Units that are unable to meet the targets either through their own actions or through purchase of ESCerts are liable to financial penalty under the Energy Conservation Act, 2001.

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