



Partnership for Market Readiness

Expression of Interest and Market Readiness Capacity Questionnaire

India

A. Expression of interest

Partnership for Market Readiness (PMR)

Expression of interest in participating in the PMR

Countries seeking support from the PMR are requested to prepare a cover letter, including a short statement confirming the country's interest in participating in the PMR. The cover letter should be accompanied by an Annex containing the following information:

<p>1.NAME OF THE GOVERNMENT AGENCY SUBMITTING EXPRESSION OF INTEREST: MINISTRY OF ENVIRONMENT AND FORESTS, GOVERNMENT OF INDIA</p>
<p>2.Name and contact information of designated PMR Government focal point Sh. R.R. Rashmi, Joint Secretary, Climate Change Division, Ministry of Environment & Forests</p>
<p>3.Domestic mitigation action: Please outline what are the purposes and main objectives of your country's mitigation strategy</p> <ol style="list-style-type: none">Provide an overview of domestic mitigation policies and plans and the status of the implementation- at both the national and sub-national levels.Briefly identify the key sectors targeted by the mitigation strategy. <p><i>India has announced its voluntary mitigation target to achieve 20-25% reduction in energy intensity of its GDP over 2005 levels. Under the domestic mitigation policies and plans framework there is a National Action Plan on Climate Change that contains eight national missions including a mission on enhanced energy efficiency. A market based mechanism namely 'Perform, Achieve and Trade' is being launched which will cover ~ 700 energy intensive industries. The 12th FYP (2012-17) would incorporate a low carbon strategy for inclusive growth. An expert group led by Dr. Kirit Parekh has been constituted for preparation of the strategy. As a part of mitigation policy, the renewable sector is being encouraged through feed-in-tariff policy and introduction on market mechanism for trading of renewable energy certificates. There is a national solar mission, which amongst several activities for promoting solar energy also provides financial support for purchase of solar equipments.</i></p>
<p>4. Market Instruments¹: Please briefly outline experience to date with relevant market instruments as well as future plans.</p> <ol style="list-style-type: none">Provide a brief description of experience to date with market-based instruments, e.g., type of instrument, dates of implementation, scope, and key outcomesTo the extent that one (or more) specific market instrument is already identified for future implementation, please provide a brief overview of the status of development/implementation and its relevance to the country's overall mitigation strategy. <p><i>There are two market based mechanisms that have been launched in India. The Perform, Achieve and Trade scheme has been launched under the National Mission on Enhanced Energy Efficiency. The PAT scheme covers about 700 industrial units in the energy</i></p>

¹ Without prejudging future developments on market instruments, this question refers to instruments providing a price signal that create an incentive to use or invest in climate-friendly technologies and/or processes. Such market instruments can include domestic instruments (e.g. emissions trading and non-GHG based schemes such as renewable energy and energy efficiency trading systems) and international market instruments such as reformed CDM, sectoral and NAMA crediting.

intensive industries sector including cement, fertilizers, thermal power plants, paper, textile, aluminium, iron & steel. These units have been given a energy efficiency target. The units have an incentive to overachieve the target as the surpluses called 'Energy efficiency certificates' can be traded on power exchanges.

The other scheme called Renewable Energy Certificates (REC) Scheme, which is a Policy whereby Renewable Energy Generators are granted a REC per MWh of Green Energy that they contribute to the Grid. These RECs can be traded on Exchanges whereby Green Energy Producers can sell them to Buyers. Energy Deficient Entities have to buy these RECs in order to meet their Renewable Energy Targets. Each state in India has a Renewable Purchase Obligation (RPO) which is decided by the State Electricity Regulator (SERC). RPO means that the State has to compulsorily consume a fixed percentage of electricity from Renewable.

5. Support from the PMR: Please provide a short summary of your current assessment of the capacity needs and gaps for which support from the PMR is being sought. To the extent that one (or more) specific market instrument is identified; please outline the type of support that your country may be seeking from the PMR.

The market based mechanisms as discussed above cover the industry on the demand side and the renewable energy on the supply side. Capacity building may be required at a stage when these efforts have to be up-scaled and extended to other sectors. PMR support would be required for organising capacity building and information sharing workshops, for exploring the possibilities of market mechanisms in other sectors and also horizontal and vertical extension of existing schemes.

6. Institutional setting: How would you plan to coordinate the PMR efforts at the domestic level, i.e. which Ministry would lead, and which government agencies would be involved.

Ministry of Environment & Forests, Govt of India would coordinate the PMR efforts

7. Stakeholder participation: Are there intentions/plans /processes to engage non-governmental stakeholders (e.g. private sector)? If so, please provide brief description.

The extensions of existing schemes and possible schemes in other sectors would be considered after extensive non-governmental stakeholders like FICCI, ASSOCHAM, CII on the industry side (private sector), NGOs, Research Institutions e.t.c