

made thereunder.

- (v) "standards" means a differential magnitude of acceptable use determined under section 2 (g) of the Bureau of Indian Standards Act, 1986, and those set by the authorities under this Act, or any other authority that the Appropriate Government may set up under this Act.
- (w) "standards of energy consumption" means the standards laid down by the Central Government about the quantum of energy required to be consumed for the production of a specified unit of goods or services and also includes the energy efficiency of machinery and equipments.
- (x) "state power grid" means the power supply system in a State run by the State Electricity Board or a licensee or the State Electricity Department for the supply of electric power to the consumers in their respective jurisdiction.
- (y) "waste heat recovery" means the recovery of heat from exhaust hot gases in a manufacturing process for reuse in boilers to produce steam or other forms of process heat or for conversion as electricity.

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*The definitions of terms in this Act have been arrived at after a close scrutiny of the possible applications of this law. Since the Act deals with new areas of technology and agencies, some of which exist but many of which may come into existence as a consequence of this law, the definitions have to be inclusive and exhaustive enough to cover them all and to all for the administration to implement the Act. Some such new definitions, which attempt to be both comprehensive and flexible are: 'energy users', 'cogeneration', 'conservation of energy', 'state power grid', and 'waste heat recovery'.*

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## CHAPTER - II

### GENERAL POWERS AND DUTIES OF THE CENTRAL GOVERNMENT

**General powers and duties of the Central Government to take measures to conserve energy and make appropriate plans for its use**

3. (1) Subject to the provisions of this Act, the Central Government shall take such measures as it deems necessary or expedient for the purposes of conserving energy and making appropriate and rational use of the energy resources;

(2) In particular, and without prejudice to the generality of the provisions of sub-section (1), the Central Government shall have power to take measures with respect to all or any of the following:-

- (i) to plan appropriate policies for energy conservation, which shall be applicable to the whole of India or any part thereof, which may be periodically reviewed and refined, and enforce their implementation within the areas to which the provisions of this Act extend;
- (ii) to coordinate and direct the formulation and implementation of policies, plans, programmes and schemes for energy conservation in India through the State Governments and to issue necessary directions for this purpose;
- (iii) to establish or promote the establishment of laboratories, institutions and organizations for carrying out or causing to carry out research in energy conservation measures, including evolution of better energy efficient technologies and equipments and pricing systems which may promote conservation and alternative economic models for efficient use of energy resources;
- (iv) to lay down guidelines for rational use of energy resources or to delegate power to such authorities as may be prescribed under this Act;

Provided that different norms for energy use and efficiency may be laid down under this clause for different energy resources and goods having regard to:

- (a) the quality and composition of such resources and goods; and
  - (b) the capacity of the energy user to abide by such norms.
- (v) to inspect or cause to be inspected any premises where energy is produced or being consumed and, in particular, any plant, machinery, equipment, processes, materials or other goods and substances that are used for such production and consumption and the methods and date of energy utilization;

- (vi) to issue direction to any State Government, NECO and such other authorities, officers or persons as it may consider necessary to take steps for the conservation and efficient use of energy resource or for any other purpose of this Act;
- (vii) to empower such categories of officers and such category of organisations, *inter alia*, the National Productivity Council, the Petroleum Conservation Research Association, the Bureau of Indian Standards, to exercise such powers and perform such functions under this Act as may be notified;
- (viii) to lay down mechanism for energy conservation;
- (ix) to delegate any of its powers to the authorities constituted under this Act;
- (x) any other matter which the Central Government deems necessary or expedient for the purpose of securing the effective implementation of the provisions and objectives of this Act.

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*The resources dealt with in this Act come within the purview of List I - the Union List and List III - the Concurrent List of the Seventh Schedule of the Constitution. A Central Act is, therefore, tenable.*

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**Powers and duties of the Appropriate Government to take measures to conserve energy**

4. (1) Subject to the provisions of this Act and the directions of the Central Government and NECO issued under this Act, every state government may take such measures and issue such directions as it deems necessary or expedient for the purposes of conserving energy and making appropriate and rational use of the energy resources.
- (2) Subject to the provisions of this Act the Appropriate Government shall have power to adopt measures with respect to all or any one of the following:-
  - (i) to appoint or enforce the appointment of qualified Energy Managers and to set up Energy Conservation Cells in various industrial undertakings;
  - (ii) to establish or grant recognition to institutions for the

training of Energy Managers, Energy Auditors and technical and other personnel;

- (iii) to direct the registration of qualified Energy Managers and consultancy organizations with the prescribed authority or agency;
- (iv) to direct the collection and disbursement of cess for energy conservation;
- (v) to direct energy users who require both steam and power for process operations to install and operate cogeneration systems.

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*The legislative strategy for the application of this Central Act to the States, can follow the models of either the Industrial Disputes Act or the Minimum Wages Act; that is, the states can either enact their own Acts in accordance with this law or frame rules under this Act.*

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5. The Central government may, by notification in the Official Gazette, make rules consistent with this Act, for all or any of the following purposes:-

**Power to make rules by  
Central Government**

- (i) reporting consumption and efficiency in energy use to prescribed authorities;
- (ii) sanctioning master plans for energy conservation;
- (iii) prescribing qualifications or examination for Energy Managers;
- (iv) imposing and utilizing energy conservation cess for energy conservation programmes;
- (v) regulation of energy users for the purposes of energy conservation.

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*The responsibility for deciding and implementing major policy matters has been assigned to the Centre. Where large-scale regulation of resources, macro-economics, inter-state planning, and creation of a super-*

*fund through cess are required, the Centre will be in a better position to deal with the matter.*

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**Power to make rules by  
Appropriate Govern-  
ment**

6. The Appropriate Government may, by notification in the Official Gazette, make rules consistent with the provisions of this Act, for all or any of the following purposes:-
- (i) directing energy users to set up Energy Conservation Cells.
  - (ii) giving fiscal and financial incentives.
  - (iii) collecting energy conservation cess.

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*Speedy implementation of the law, however, is possible only through the state agencies. The responsibility for the implementation of the Act, minor policy matters and collection of cess, has, therefore, been assigned to the States.*

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### CHAPTER - III

#### STRUCTURE, POWERS AND FUNCTIONS OF THE NODAL ENERGY CONSERVATION ORGANIZATION

**Establishment of  
NECO**

7. (1) The Central Government shall, by notification in the Official Gazette, as soon as possible, establish NECO for the purposes of this Act.
- (2) The NECO shall be a body corporate by the name aforesaid having perpetual succession and a common seal, with power to acquire, hold and dispose of property, both movable and immovable, and to enter into contracts, and shall by the said name sue and be sued.

**Constitution of NECO**

- (3) The NECO shall consist of the following members, namely:-
- (a) The Minister in charge of the Ministry or Department of the Central Government responsible for administering this Act, who shall be *ex-officio* President of the NECO.