

authority prescribed under this Act;

- (p) such other matters as the energy manager shall deem necessary or expedient for the purposes of conserving energy and enforcing optimum, rational or best plans, methods or strategies for energy use.

Almost all industries in energy intensive sector have energy manager/energy cells or the like arrangements. Therefore the mandatory requirement of Energy Conservation Cell will not pose any additional burden on them. But during field research it was found that in most of the cases the arrangement was not satisfactory and for name sake only. To safeguard the interest of the industry the Central Government is required, while issuing any notification, to take into consideration certain matters mentioned in the section. The creation of such cells in the industry will provide the right focus at all levels- budgeting, decision making and implementation within the organizational setup of the industry itself. It will motivate industry to adopt energy conservation measures and provide effective coordination, liaison and planning at different levels.

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22. The overall responsibility for ensuring that the energy user has adopted all reasonable conservation practices and for the disclosure of data on energy consumption on demand shall be on the chief executive of the energy user.

**Responsibility of the
Chief executive**

The Chief Executive is made personally responsible to ensure that the top administration of the industry is keenly interested in the energy conservation programmes, complying the provisions of the Act and gives weight to the legitimate demands of the energy manager.

CHAPTER - V

REGULATION OF ENERGY USERS

23. (1) Subject to the provisions under sub-section (1) of section 3 of this Act, the Central Government shall have power to

**Power to regulate
energy users**

regulate energy users. In particular and without prejudice to the generality of this provision, such power includes the following:-

Adoption of cogeneration and waste heat recovery practices

- (2) The Central Government may, by a general or special order, direct that cogeneration and/or waste heat recovery shall be resorted to if in its opinion possibilities of using such practices economically exist in any energy users establishment. But without prejudice to the generality of this sub-section, the provision shall apply to aluminium, iron and steel, textiles, sugar, fertilizers, rayon, pulp & paper, chemical and petrochemical industries from such date as may be notified by the Central Government in this behalf.
- (3) Cogeneration and/or waste heat recovery shall be a necessary condition for the grant of industrial licence and loans from financial institutions for any such new establishment and for substantial expansion of existing undertakings.

Provided that the cogeneration of energy and waste heat recovery does not result in any disability or disadvantage with respect to the existing availability of energy to the industry, factory or government undertakings.

- (4) where any surplus power is generated as a result of adopting such practices, the energy users establishment shall be entitled to sell such power to the state power grid which shall be obliged to buy such power either on terms mutually agreed to or as determined in arbitration proceedings in such manner as may be prescribed.
- (5) In the event of imposition of power cut, the percentage reduction in power supply from the public power supply grid to the cogenerating (including captive power generation from waste heat recovery) industrial unit should be based on that level of total power which would have been supplied to the unit from the public power grid but for the setting up of the cogeneration/waste heat generation facility by that unit.

As the energy resources fall under the Union or Concurrent lists, the Central Government has been given power to regulate energy users for the purpose of conservation of energy resources. During field research it was felt that so far not much emphasis is given to cogeneration or waste heat recovery. Despite good potential for cogeneration, especially in the fertilizer, pulp and paper, sugar or chemical industries, etc; no effective

step has been taken by the industry. This is because of the fact that the present policy is prohibitive to cogeneration. To encourage this, suitable amendment is suggested in the Electricity Supply Act, 1947 (please see Report on Energy Conservation Legislation Project) and provision is made for compulsory cogeneration or adoption of waste heat recovery practices especially in certain industries where great potential for the same exists. To safeguard industry from unnecessary burden, the Central Government is obliged to take into consideration certain factors while issuing notification under this section. Cogeneration will improve the quality of power and improve the plant load factor. It will stabilise voltage fluctuations and lead to an increase in the over all power supply situation. This will also provide encouragement to industry to produce and sell excess power to the State Power Grid.

24. (1) The Central Government or the authorities prescribed under this Act, may by order, prohibit persons (including manufacturers) from supplying or displaying, or from offering or agreeing to supply any of the following goods, equipments or machinery whether manufactured in India or imported, unless it bears the type standard mark or label indicating energy consumption and efficiency and such other particulars as may be prescribed and is accompanied by approved operating and maintenance instructions or satisfies such other conditions as may be prescribed :-

**Regulation regarding
manufacture and sale
of certain equipments**

- (a) any heat generator, including boilers, furnaces, kilns, burners and electrodes, and any lighting devices;
- (b) any electrical energy generator, including motors, turbines, power capacitors;
- (c) any mineral oil or electric powered appliance for cooking, refrigeration, lighting, fanning, washing, pumping, water lifting or raising of water or other liquids, drilling, conveying, grinding and moving;
- (d) any safety or control device designed to form part of any mineral oil or electric powered heat generator or any appliance within clause (b) above;
- (e) any automobile, motor vehicle, two wheeler or three wheeler vehicles;
- (f) any other appliance, domestic goods or any other specific item, as may be notified by the Central Government from

time to time.

Since the conservation of energy depends on the quality of appliances, machines and goods used for the production and consumption of energy, this provision is made to refrain manufacturers from manufacturing certain specified items unless they conform to prescribed standards. The list of the appliances, etc. given under this section is not exhaustive, and this section will facilitate the Central Government to notify any machinery, appliance or goods if it thinks that the overall use of such appliance may have an impact on the energy situation.

Incentives to Industry

25. (1) The NECO shall advise the Appropriate Government on the incentives that need to be given to industries, factories, government undertakings and other energy users to promote conservation of energy. Such incentives may include reliefs under the Income tax Act, total or partial exemption from excise and customs, duties and sales tax, delicensing of items of manufacture, financial assistance or any other fiscal incentives.
- (2) Subject to the provisions of this Act, the Appropriate Government shall take measures to provide any such incentive, on the advice of the NECO.
- (3) In working out the tax reliefs which are to be given as fiscal incentives, the NECO shall take into consideration:-
- (a) an investment tax credit for the purchase of new energy saving devices, modernization of plant and setting up or implementing alternative or appropriate technology;
 - (b) the ability to deduct depreciation of the capital cost of equipment over its useful life; and
 - (c) annual operating costs or replacement cost if the energy saving equipments or devices have to be replaced at the end of each depreciation period.

During field research it was pointed out by energy users that the energy conservation programmes are capital intensive in nature and not much incentives have been given by the Government. Government should give more concessions for the same. Since NECO will be represented by industrial and other interests, it is given power to advise Central

and State Governments on the concessions and incentives that need be given to facilitate industry to adopt and implement energy conservation programmes from time to time.

CHAPTER - VI

ESTABLISHMENT OF ENERGY CONSERVATION FUND

26. (1) the Central Government shall constitute a fund to be known as Energy Conservation Fund for the purpose of this Act. **Energy Conservation Fund**
- (2) In addition to any sum sanctioned by the Central Government, any cess leviable under this Act and penalty recovered for non-payment thereof shall be credited to the Energy Conservation fund.
- (3) The Energy Conservation Fund shall be applied for the following purposes:-
- (i) promoting research in energy conservation.
 - (ii) training of personnel in energy audit and techniques of energy conservation.
 - (iii) rendering assistance for pilot projects for designing and developing new equipments and devices with the object of ensuring conservation.
 - (iv) grant of subsidies for promotion of the use of new equipments/devices.
 - (v) dissemination of information and technology concerning energy conservation.
 - (vi) any other purpose consistent with the provisions of this Act.
- (4) The Energy Conservation Fund shall be administered by an Energy Conservation Fund Administration Committee under the chairmanship of Chairman, the NECO. The said committee shall consist of not more than 10 other members as may be prescribed.