



Carbon Credit Trading Scheme

7th July 2023

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Presentation Outline



Section 1 :- Background



Section 2 :- Overview of CCTS and Institutional Framework



Section 3 :- Overview of Proposed Compliance Mechanism



Section 4:- Other key aspects of CCTS

Section -1

Background

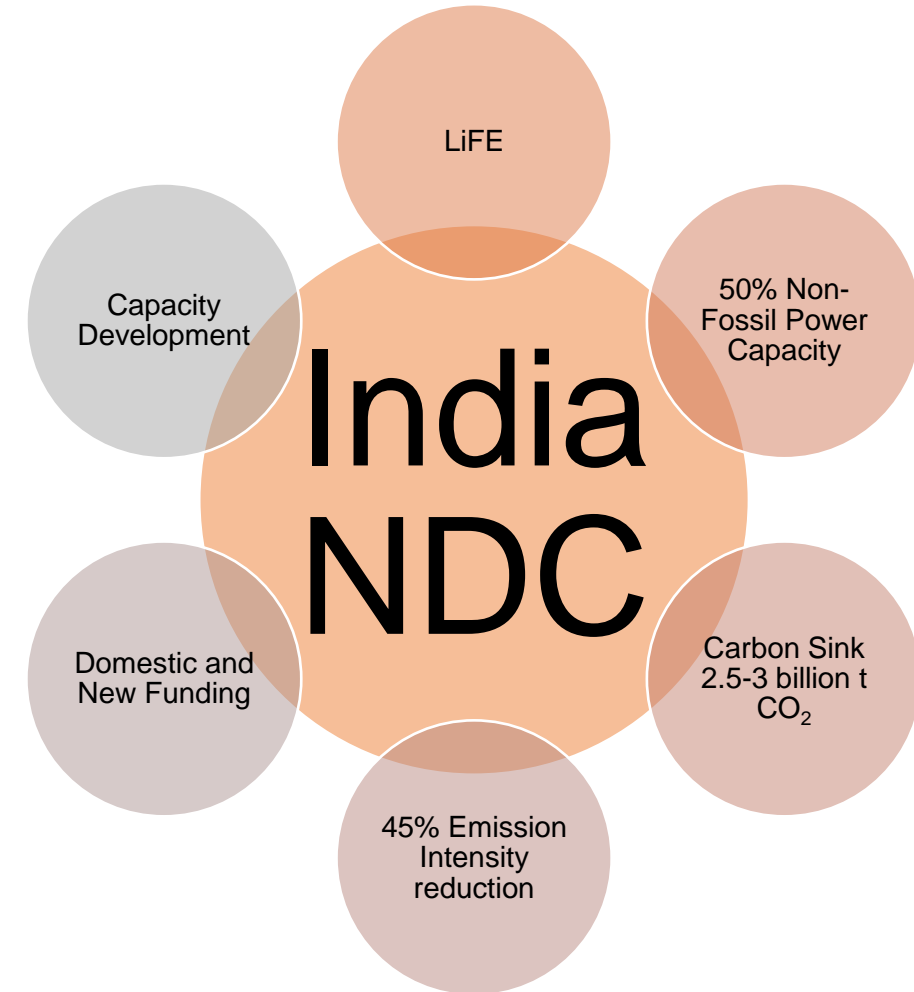


India's Climate Action Commitments



India has submitted its updated Nationally determined contributions (NDCs):

- To put forward and further propagate a **healthy and sustainable way of living** based on traditions and values of conservation and moderation, including through a mass movement for '**LIFE**'– '**Lifestyle for Environment**' as a key to combating climate change.
- To **reduce Emissions Intensity** of its GDP by 45 percent by 2030, from 2005 level.
- To achieve about **50 percent cumulative electric power** installed capacity from **non-fossil fuel-based** energy resources by 2030





Need for Carbon Market



- To **facilitate** the achievement of India's enhanced **NDC targets** and **future NDC goals**.
- To mobilize new mitigation opportunities through **demand for emission reduction credits** by private and public entities.
- To **mobilise** a significant portion of **investments in clean technologies** required by growing economy to transit toward low-carbon pathways.
- To **leverage** the potential international collaboration and financing **opportunities under Article 6** of the Paris Agreement.

To meet the above objectives, the Government of India introduced the Carbon Credit Trading Scheme in June 2023

Section -2

Overview of CCTS and Institutional Framework



Overview of CCTS Notification



- India's **Carbon Credit Trading Scheme, 2023 (CCTS 2023)** was notified by the Government of India on 28 June 2023 under the Energy Conservation Act, 2001,
- The notification underlines the necessary framework and the roles of diverse stakeholders for the development and **functioning of the Indian Carbon Market (ICM)**.
- The market will be driven by setting Greenhouse Gas **(GHG) emission intensity reduction targets for obligated entities** from some of the most carbon intensive sectors

Definitions

National Steering Committee – Formation

National Steering Committee – Functions

Administrator (BEE) and its functions

Registry (GCI) and its functions

Regulatory for Trading

Technical Committee and its functions

Accredited Carbon Verifiers

Trading of Certificates

Compliance Mechanism

Detailed Procedures



National Steering Committee for ICM



Broad Function: Governance of ICM and direct oversight of its functioning

Representation: 23 Members – from Central Government, State Government and Experts

NSCICM – Chairperson

Chairperson

Co-Chair Person

Secretary, Ministry of Power

Secretary, MoEFCC

Representative of other ministries and department (Central Government)

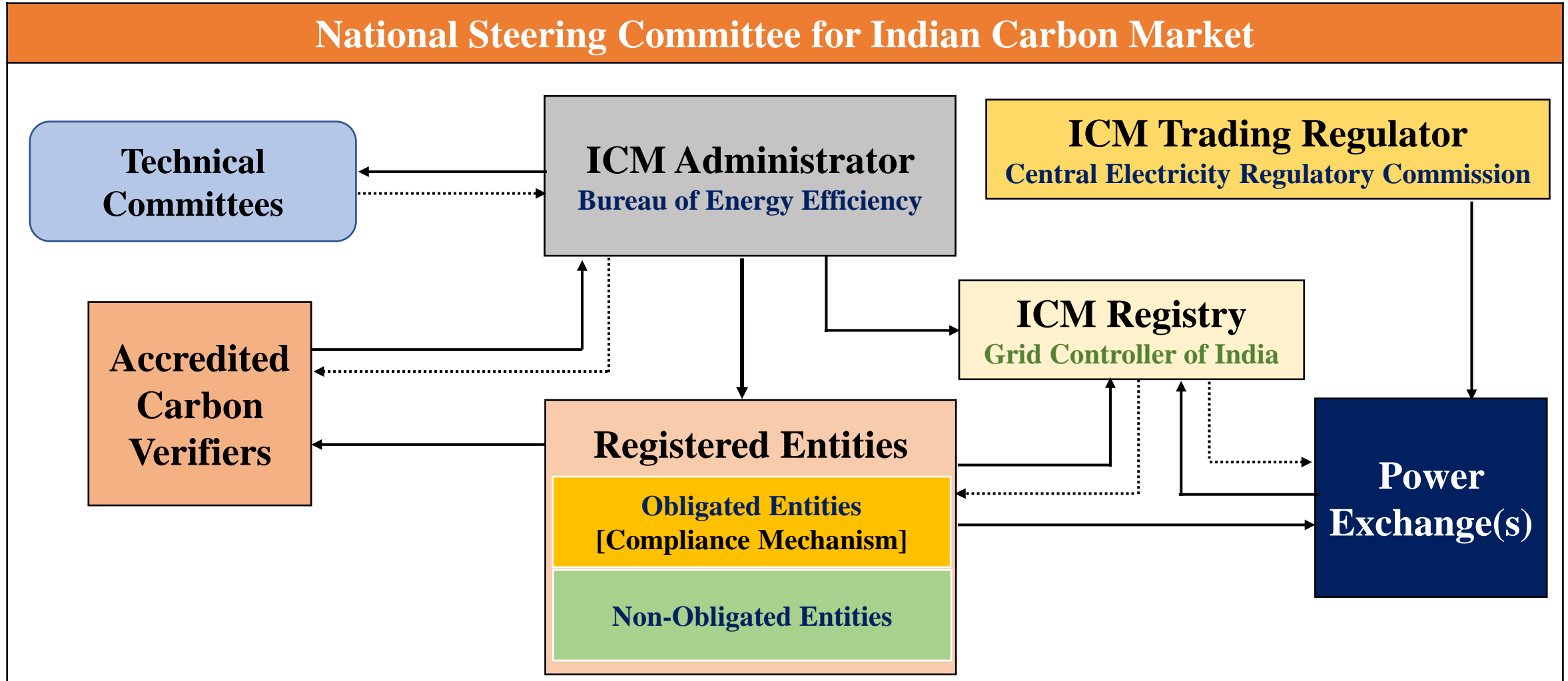
Ministry of Finance	Niti Aayog	Ministry of Power	Ministry of Environment, Forest and Climate Change
Ministry of New and Renewable Energy	Ministry of Steel	Ministry of Coal	Ministry of Petroleum and Natural Gas
Ministry of Chemicals and Fertilisers	Ministry of Agriculture and Farmers Welfare	Central Electricity Authority	Grid Controller of India Limited
Three members co-opted by NSCICM	DG, BEE (Member Secretary)		

Two Members – Principal Secretary from the Department of Environment of State Government as nominated by the Central Government

Two Expert Members – coopted by the National Steering Committee who have knowledge in the areas of emissions, carbon trading, climate change, environment and energy



Institutional Framework



Section -3

Overview of Proposed Compliance Mechanism



Compliance Mechanism



- A mechanism under the ICM where, the obligated entities shall comply with the prescribed GHG emission norms notified by the central government.
- It will be transitioned from the existing sectors of Perform Achieve and Trade Scheme
- Currently an energy efficiency-based compliance mechanism to a GHG emission-intensity based compliance mechanism.



Compliance Mechanism



Current Approach under PAT

$$\text{Specific Energy Consumption} = \frac{\text{Total Energy Consumed in plant boundary (TOE)}}{\text{Equivalent Product or Output (t)}}$$

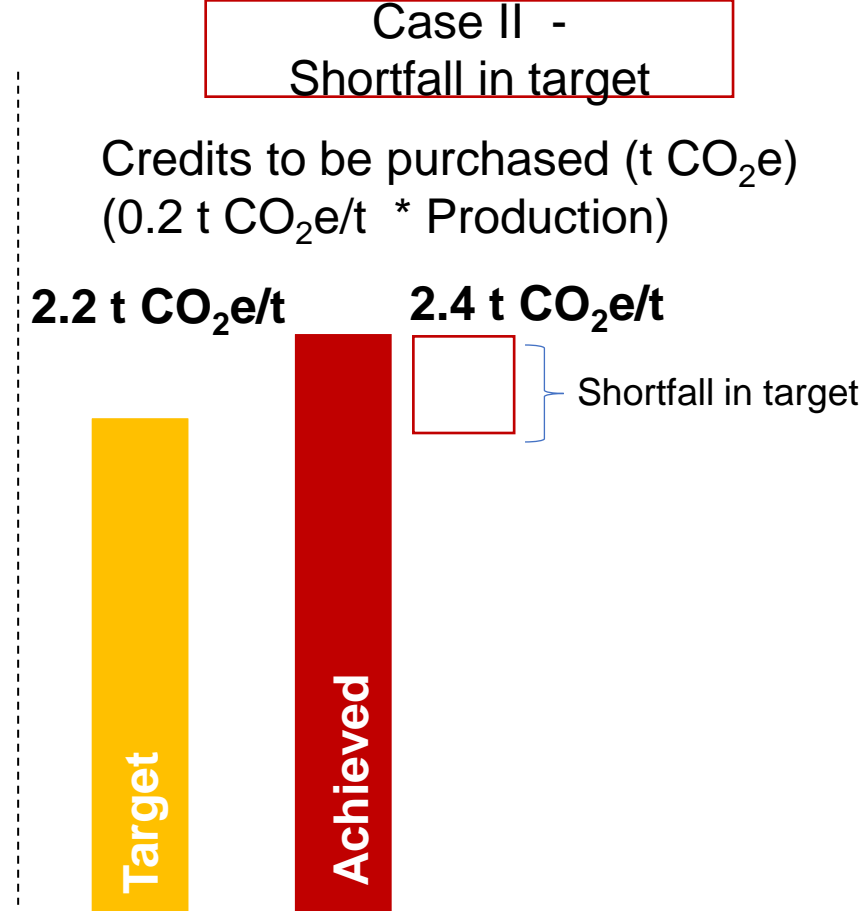
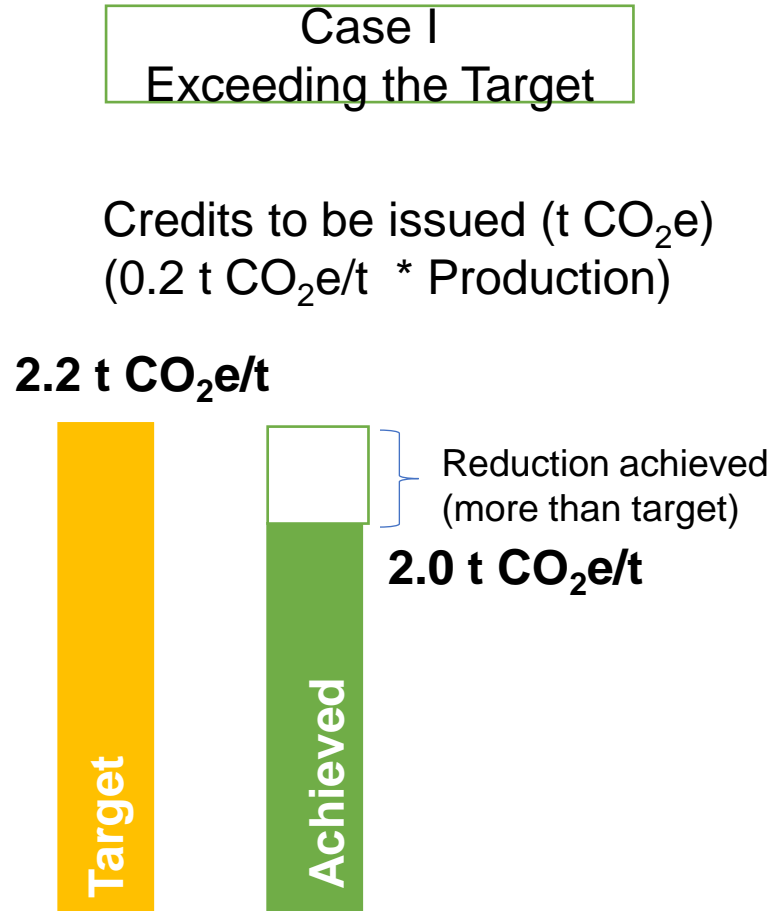
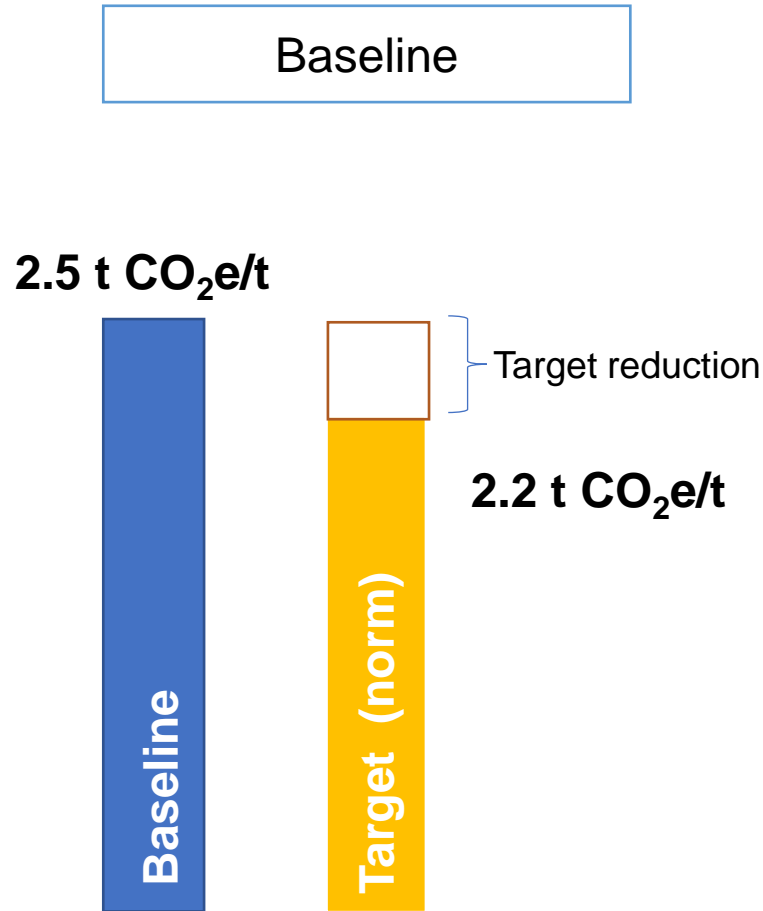
Transition

Proposed Approach under CCTS

$$\text{Specific GHG Emissions} = \frac{\text{Total GHG Emissions (T CO}_2\text{)}}{\text{Equivalent Product or Output (t)}}$$



Working of Mechanism



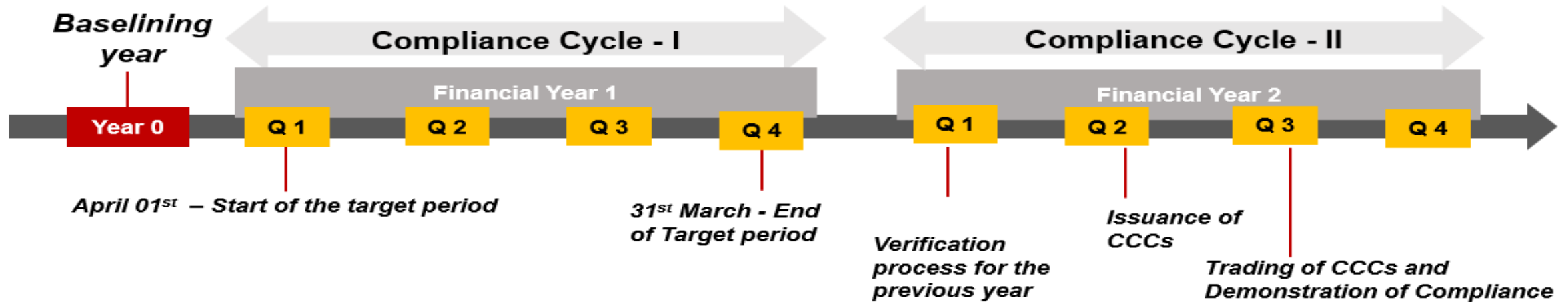
Issuance/purchase of CCCs will be post verification (Ex-post)



Compliance Cycle



- **Compliance Period** – Financial Year (FY) 01st April 20XX– 30th March 20XY
- **Verification** within three months of completion of FY
- **Issuance** within six months of completion of FY
- **Demonstration of compliance** within nine months of completion of FY



Section -4

Key Aspects of CCTS



Functions of NSCICM



Recommend to Bureau for the formulation and finalisation of procedures for institutionalizing the Indian carbon market;

Recommend to Bureau for the formulation and finalisation of the rules and regulations for the functions of Indian carbon market;

Recommend to Bureau for the formulation of specific greenhouse gases emission targets for the obligated entities;

Recommend to Bureau for the formulation and finalisation of guidelines regarding trading of carbon credit certificates outside India;

Recommend to Bureau to issue carbon credit certificate;

Recommend to Bureau for the development of the process or conditions for crediting period or renewal or expiry of carbon credit certificate

To monitor the functions of Indian carbon market;

Recommend to Bureau to constitute any Committee or Working group as required in connection with Indian carbon market; and



Functions of Administrator



Identification of Sectors and entities to be included in compliance mechanism

Assess sector GHG mitigation potential and develop GHG intensity targets for entities

Issuance of Carbon Credit Certificates

Accredit Verification Agencies

Development of procedures for operationalization of ICM and Compliance mechanism

Capacity Building activities

Develop MRV Procedures

Constitution of various committee (technical) for ICM



Functions of Registry and Regulator



Functions of Registry

Grid Controller of India will act as registry for ICM

- To undertake registration of obligated or non-obligated entities;
- To maintain secure database with all security protocols;
- To maintain records of all transactions;
- To share the transaction records with Power Exchange and Bureau;
- To assist in development of information technology platform for maintaining database of carbon credit certificates;
- To function as meta-registry for India;
- To establish linkages with other National or International registries as approved by the Central Government;

The Central Electricity Regulatory Commission will act as trading regulator and their key Functions are as follows:

- To regulate matters relating to trading of carbon credit certificates;
- To safeguard interest of both sellers and buyers;
- To regulate frequency of carbon credit certificates trading; and
- To provide market oversight and take necessary preventive and corrective actions to prevent fraud or mistrust.

Functions of Regulator



Functions of Technical Committees and ACV



Functions of Technical Committee

The Bureau shall constitute, one or more Technical Committees for different areas as required under compliance mechanism

- Each Technical Committee shall be chaired by a member who is an expert and shall possess such eligibility and experience in respective sector as may be determined by the Bureau.
- Each Technical Committee shall consist of other members as may be required by the Bureau.
- Each Technical Committee shall perform functions for the purposes of this Scheme.
- The Technical Committee shall make its recommendations to the Bureau

The Bureau with prior approval of the Central Government shall determine the procedure including eligibility criteria for accreditation of any agency to function as accredited carbon verification agency based on the recommendation of the National Steering Committee for Indian carbon market.

The ACV will undertake verification functions as per the procedure by BEE for compliance mechanism.

Functions of ACV



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Key Aspects Compliance Mechanism



Development of Targets

BEE will undertake studies and based on potential will develop GHG intensity targets for obligated entities

Target Notification

The notification of GHG intensity targets will be by MoEFCC under the EPA, 1986

Issuance of Certificate/liability to purchase

Obligated entities will be entitled to CCCs if they over achieve the targets and liable to buy certificates if they do not achieve the targets

Detailed Procedure will be developed for

- requirement, format and timeline for submissions;
- monitoring, reporting and verification; and
- criteria for issuance of carbon credit certificates;
- validity of carbon credit certificates;
- floor and forbearance price of carbon credit certificates;

Thank You