

Carbon credit mandate to open up green avenues for India Inc

Market expected to grow to \$200 bn; industry awaits further clarity on rules for green avenues

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The recently amended Energy Conservation Act has introduced the setting up of India's own and first-ever carbon credit market. This has enthused several carbon-intensive industries - steel, cement, and manufacturing - into trying to meet their sustainability targets, and existing players in the carbon-offsetting space.

Industry executives said the voluntary carbon credit market in India could touch \$200 billion by 2030, from the current \$2 billion. Though being one of the largest carbon credit exporters to the world, India itself doesn't have a carbon market. While there are a handful of carbon-offsetting platforms offering carbon credits, there hasn't been a regulated market so far.

Any project or entity saving on emissions can issue carbon credits against their savings. These are usually energy efficiency, renewable energy, and sustainable agriculture projects. These credits can be bought by a carbon-emitting entity. A carbon credit allows its owner to emit a certain amount of carbon dioxide (CO₂) or other greenhouse gases. One credit is equivalent to 1 tonne of CO₂ or the equivalent in other greenhouse gases.

The proposed carbon mar-



ket is likely to subsume under it all the existing green certificates in the country, such as renewable energy certificates or energy saving certificates under the Perform, Achieve, and Trade (PAT) scheme of the Bureau of Energy Efficiency (BEE), said executives.

Shailendra Singh Rao, founder, Creduce, a leading carbon credit developing agency in the country, said, given that leading industries in the country are highly energy-intensive, the new rules will induce emission reduction across sectors.

"The domestic carbon credit market should get a boost with this, especially small investors with a forestry or an agriculture or solar project can now earn additionally through sale of credits to these

giant emitters in India itself," said Rao.

Some of the large emitter industries looking forward to this scheme are steel, cement, large- and medium-scale manufacturing, etc. Being highly carbon-intensive and dependent, a credit market could help them offset their emissions and also meet their environmental, social, and corporate governance targets.

Koushik Chatterjee, executive director and chief financial officer, Tata Steel, said the drafting of the carbon market regulations is critical to the efficient implementation as it has long-term implications and should be done with wider stakeholder consultation.

"India has the opportunity to be a trendsetter in carbon markets if we can also open up

LOK SABHA PASSES BILL TO PROMOTE NON-FOSSIL FUELS

A Bill seeking to mandate the use of non-fossil energy sources such as biomass, ethanol and green hydrogen was passed by the Lok Sabha on Monday. Piloting the Energy Conservation (Amendment) Bill, 2022, Power Minister R K Singh said "this is the Bill for the future," and urged the members to approve it. The Bill was later passed by the House after rejecting amendments moved by some Opposition members. The Minister said the renewable energy capacity addition in the country was fastest in the world. The Bill provides for penalties for violations by industrial units or vessels, and on manufacturers if a vehicle fails to comply with fuel consumption norms.

PTI

to voluntary carbon markets that will be transparent and credible and bring in nature-based solutions as part of the carbon market framework," said Chatterjee.

It is expected BEE to be a nodal agency for the carbon market and will emulate the model of its ongoing PAT scheme, said industry experts.

"We are expecting a national registry to be prepared by the Centre. Major emitters will be enlisted, with an emission reduction target or cap. Anyone performing over and above their target can trade it for a carbon credit. However, the targets and pricing methodology are not yet clear. It will depend on the penalty mechanism the government will devise," said Manish Dabkara, chairman and managing direc-

tor and chief executive officer, EnKing International - a BSE-listed company offering climate change, carbon credit, and sustainability solutions.

Rao, however, added that there are still several layers of clarity needed with regards to the carbon market the Centre is planning to build.

"There needs to be a definition of sellers and buyers, the type of certificates to be issued, whether the national registry will have compulsory or voluntary participants, and will it follow its own methodology or follow the one stipulated by the United Nations. Also, there needs to be clarity on the certificates in the system - whether they will be made obsolete or will be absorbed into the new system," said Rao.