

## **The Driving force: India's commitment to Paris Agreement and NDC Commitment**

Government of India (GoI) is committed to the spirit of Paris Agreement and has accordingly updated its Nationally Determined Contributions (NDC). These updates prioritize increasing the share of Renewable energy sources and reducing the emission intensity of the economy. In alignment with these goals, India has articulated its climate strategy through **five nectar elements (Panchamrit)**. As part of this framework, India's aims to reduce the emissions intensity of its GDP by 45% by 2030 compared to 2005 levels and achieve about 50% of its cumulative electric power installed capacity from non-fossil fuel-based sources by 2030.

### **Energy Conservation Act and Its Amendment:**

To achieve the aforesaid objectives, necessary amendments were incorporated in the **Energy Conservation (Amendment) Act, 2022**. Several measures were implemented to reinforce India's commitment, including energy conservation initiative, the introduction of a Carbon credit trading system, promotion of energy consumption from non-fossil sources, and enhancement of building energy efficiency

One of the provisions of this amendment includes empowering Central Government to “**specify minimum share of consumption of non-fossil sources** by designated consumers as energy or feedstock, provided different share of consumption may be specified for different types of non-fossil sources for different designated consumers under the Clause (x) of Section 14.

In line with this provision, the Ministry of Power (MoP), Government of India, through a **Gazette Notification dated 20th October, 2023**, has mandated this minimum share of consumption from non-fossil sources for designated consumers in respect of electricity distribution licensee and other designated consumers who are open access consumers or captive users to the extent of consumption of electricity from sources other than distribution licensee as a percentage of their total share of energy consumption. The mandate also outlines distinct sub-targets for wind, hydro, and distributed renewable energy (RE), contributing to the broader national energy transition goals.

### **What is Renewable Consumption obligation**

Renewable consumption Obligation (RCO) is a mechanism notified under the **Energy Conservation (Amendment) Act, 2022** by which the **designated consumers** are obliged to consume a certain percentage of electricity from eligible non-fossil sources, as a percentage of the total consumption of electricity.

Renewable consumption obligations earlier known as **Renewable Purchase Obligation (RPO)**, were defined under Section 86(1) (e) of the Electricity Act 2003 and the National Tariff Policy 2016.

The specified renewable energy consumption targets shall be met either directly or through Certificate in accordance with the Central Electricity Regulatory Commission (Terms and Conditions for Renewable Energy Certificates for Renewable Energy Generation) Regulations, 2022, published in the Gazette of India, Extraordinary, Part III, Section 4, dated the 24th May 2022.

Any shortfall in specified non-fossil energy consumption targets shall be treated as non-compliance and the penalty shall be imposed at such a rate as specified under sub-section (3) of section 26 of the Energy Conservation Act.

### **Institutional Framework:**

The Bureau of Energy Efficiency (BEE), through the Gazette notification referred above, have been entrusted with the responsibility of maintaining data and ensuring compliance of renewable energy utilization by the designated consumer(s) and submit report to the Central Government. This notification incorporates the Non-fossil Consumption Obligation compliance mechanism, encompassing provisions for penalties & adjudication, within scope of the Energy Conservation Act.

### **Obligated Entities**

All the Electricity distribution Licensee and All the Designated Consumers except Thermal power plants who are consuming electrical energy through CPP or Open Access. The designated consumers are notified under the EC Act in the energy intensive sector having Annual energy Consumption above the specified threshold limit notified by the Bureau of Energy efficiency (BEE) under clause (e) of section 14 of the Energy Conservation Act (52 of 2001).

### **Renewable Consumption obligation targets**

The Ministry of Power (MoP), through the Gazette Notification dated 20th October 2023, has mandated the minimum share of consumption of non-fossil sources for All the Electricity distribution Licensee (DISCOMs) and designated consumers using Captive Power Plants (CPP) or Open Access are required to meet minimum consumption targets from non-fossil energy sources. These targets are set as a percentage of their total electricity consumption.

#### **A. Target for Electricity Distribution Licensee (DISCOMs):**

Non-fossil source energy consumption target for all the Electricity distribution Licensee (DISCOMs), who are obligated to the extent of electricity supplied to their consumer under their area of supply is indicated in the table below:

Sl No.	Year	Wind renewable energy	Hydro renewable energy	Distributed renewable energy	Other non-fossil energy	Total non-fossil energy
1	2024-25	0.67%	0.38%	1.50%	27.35%	29.91%
2	2025-26	1.45%	1.22%	2.10%	28.24%	33.01%
3	2026-27	1.97%	1.34%	2.70%	29.94%	35.95%
4	2027-28	2.45%	1.42%	3.30%	31.64%	38.81%
5	2028-29	2.95%	1.42%	3.90%	33.10%	41.36%
6	2029-30	3.48%	1.33%	4.50%	34.02%	43.33%

**Note:** For hilly and North-Eastern States/Union Territories, namely Arunachal Pradesh, Assam, Manipur, Meghalaya, Mizoram, Nagaland, Sikkim, Tripura, Jammu & Kashmir, Ladakh, Himachal Pradesh and Uttarakhand, the distributed renewable energy component shall be half of that given in the Table and the remaining component for these States shall be included in the other renewable energy sources

**B. Target for Designated consumers (Open access and Captive users):**

Non-fossil source energy consumption target for all designated consumers procuring electrical energy through CPP or Open Access to the extent of consumption of electricity from sources other than distribution licensee as a percentage of their total share of energy consumption is indicated in the table below:

Year	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30
Target	29.91%	33.01%	35.95%	38.81%	41.36%	43.33%

**Web- Based RCO monitoring Portal:**

The Bureau of Energy Efficiency (BEE) is developing a web-based monitoring tool for the Non fossil Obligation compliance mechanism, which will be operational eventually.

**Documents:**

1. [Energy Conservation \(Amendment\) Act, 2022](#)
2. [Gazette notification dt 20th Oct 2023 on Non fossil obligation.](#)
3. [Letter from JS MNRE dt 28th Nov'2023 on non-fossil obligations.](#)
4. [Letter from Advisor MNRE dt 01st Feb 2024 on non-fossil obligations.](#)
5. [BEE letter dt 3rd Feb 2025 on submission of progress towards RCO/RPO compliance.](#)
6. [Clarification issued by Ministry of Power vide letter dated 16th April 2025 on capping of RCO for CPPs](#)
7. [Letter to Electricity Distribution Licensee \(DISCOMs\) dt 14<sup>th</sup> May 2025 towards Compliance and Reporting of Renewable Consumption Obligations \(RCO\) for FY 2024–25.](#)
8. [Letter to Designated consumers dt 14th May 2025 who are open access consumers or captive users towards Compliance and Reporting of Renewable Consumption Obligations \(RCO\) for FY 2024–25.](#)
9. [RCO data Reporting Format for Electricity Distribution Licensee \(DISCOMs\).](#)
10. [RCO data Reporting Format for Designated consumers who are open access consumers or captive users.](#)