

Comments on Greenhouse Gas Emission Intensity (GEI) Targets issued by MOEFCC

Ministry of Environment Forest and Climate Change (MoEFCC) published draft Greenhouse Gas Emission Intensity Targets Rules, 2025 ('Rules' hereafter) for the obligated entities under the Carbon Credit Trading Scheme via a notification dated 16th April, 2025. Objections and suggestions have been requested on the same within 60 days of publication of the draft. In this brief note, Prayas (Energy Group) would like to submit comments on the overall approach taken towards setting the targets and some specific operational issues.

1. The notification should include an explanatory note on the rationale and approach of setting the GEI targets.

- a. The objectives of the Rules as mentioned in the para 3 are to contribute to the attainment of the National Determined Contributions (NDCs) and to promote the adoption of sustainable, cutting edge technologies across traditionally high emission industries for addressing climate change. Individual Greenhouse Gas Emission intensity (GEI) targets for the different Obligated Entities (OEs) are given in the Schedule. However, there is no explanation on how the specific sectors to be notified were identified, and how achievement of the GEI targets will contribute to the achievement of NDCs.
- b. It should also describe the broad approach taken to identify individual OE's targets. This need not include explanation for each individual OE but should include a description of the overall approach used. This would help in explaining some cases where the target-setting seems to be counter-intuitive. For instance, Hindalco's Sonbhadra plant has a baseline GEI of 20.5549 tCO₂e/tonne of equivalent product in 2024. This is the highest GEI among the 8 Aluminium sector OEs. But this plant gets lower targets in terms of annual improvement of GEI.

2. The Rules should prescribe a long-term trajectory for GEI targets.

- a. The GEI targets have been issued only for 2 years. A period of 2 years is very short for any entity to make a decision related to any investment which would reduce its emissions. Most of these technologies would need significant investment with returns spread over a long period. Hence, OEs would need a clarity on long-term trajectory to incentivise investments. Considering the constantly evolving technology, this long-term trajectory can be tentative with the provision to amend it depending on the technology developments. An adequately ambitious trajectory will give a clear signal to the industry. The Rules can prescribe a tentative trajectory till 2030 with a provision to review it in 2027.

3. Clarity on Perform, Achieve, and Trade (PAT) scheme

- a. There is no explicit mention of the PAT scheme which the Obligated Entities may be subject to under the Energy Conservation Act. Therefore, until it is clarified otherwise through a notification, entities with both PAT and GEI targets are expected to abide by both separately. It is not clear if this is the intended mechanism.
- b. We have observed that annual targets have not been given to 33 OEs in the Rules who are covered under the PAT VIII cycle with targets given for 2025-26. It is not clear why these OEs have not been given GEI targets. It would be good to explicitly mention the reason and clarify that such entities would have to still comply with PAT

targets even though they do not have GEI targets – similar to PAT OEs in other sectors covered by PAT.

4. Specific operational comments

- a. In paras 6.1 and 6.2, it is better to specify the units in the formulae i.e. tCO₂e/t-equivalent product for GEI and tonnes for product.
- b. Para 7.1 can be made more specific:
 - i. It should specify a timeline for CPCB to impose Environmental Compensation e.g. within a month after the timeline for OEs to submit their GHG emissions report. This would ensure timely imposition of penalties.
 - ii. The current wording around the penalty is not clear. For clarity, a formula like that given in para 6.2 can be used. E.g. Environment Compensation (Rs) = ((Number of Carbon Credit Certificates to be purchased in a compliance year as calculated in 6.2) – (Actual Number of Carbon Credit Certificates purchased for that compliance year)) * (2 * Average price of Carbon Credit Certificates traded during that year as determined by the Bureau).