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25-3 With respect to carbon trading, analyse critical factors which can help in attaining climate goals of the country

The updated Nationally Determined Contributions were submitted to the UNFCCC. At this juncture the carbon market and trading has a huge potential which would benefit India by \$5 billion to \$10 billion

Critical factors of carbon trading

The Energy conservation amendment bill was passed in Lok Sabha providing framework for carbon trading.

① National carbon market creation would link existing mechanisms such as PAT - Perform, Achieve Trade and Renewable Energy Certificates

CREC) The PAT scheme has saved 17 million tonnes of oil equivalent and mitigated 87 million tonnes of CO₂/year.

② Diversification of sectors - The bill seeks to make mandatory for energy intensive sectors to use non fossil fuel based power. The MSMEs must also be taken on-board for easy adoption.

Large residential buildings consume 37% of power, buildings with load of 100kW has been brought under the law.

③ Promoting innovation - such as Energy trading system of EU that allocates part of proceeds towards innovation

Concerns Power is an ambiguous list so a collective action from the states is also required. Investment in the tune of \$10 trillion is needed to go net zero by 2070.

with long term stable demand and capacity building of stakeholders can improve the outcomes of the carbon trading mechanism