



Draft Policy Framework for Distributed Renewable Energy

For Prelims: Schemes and programmes for Achieving Renewable Energy Target

For Mains: India's achievements in renewable energy sector, India's renewables energy targets, challenges and initiatives taken to achieve it.

Why in News?

Recently, the **Union Ministry of New and Renewable Energy (MNRE)** released a draft policy framework for **DRE livelihood applications**.

- The aim is to achieve the objective of a **decentralised and distributed [renewable energy supply in the country](#)**, particularly for rural populations with little or no access to power.

What are Provisions of the Draft Policy Framework?

- **Committee to Monitor the Progress:**
 - MNRE proposed **forming a committee to monitor the progress of DRE projects**, which will meet at least **once every six months**.
 - Within the committee, each member ministry shall nominate the main point of contact for inter-ministerial collaboration.
 - Depending on the scheme being implemented on DRE livelihood application, the committee **may co-opt additional ministries/departments as members**.
- **Digital Catalogue of DRE-Powered Solutions:**
 - MNRE will make **available a digital catalogue of DRE-powered solutions** to be used by various stakeholders to raise awareness.

What are the main Objectives Outlined in the New Framework?

- Enabling a **market-oriented ecosystem**.
- Increasing the **adoption of DRE-based livelihood solutions** by enabling easy finance for the end-user.
- Encouraging development and management of high-quality products.
- **Developing effective DRE livelihood applications** through innovation as well as research and development.
- **Establishing energy-efficiency standards** for high-potential livelihood products
- Using applications powered by **mini/micro-grids operating in hybrid mode** along with the main grid.

What is the Significance of Distributed Renewable Energy?

- DRE and its downstream applications **offer an opportunity to not only meet India's climate and energy access targets**, but also provide attractive returns to financial investors.
- It also **provides pathways for India to reduce import-dependence** on **[crude oil](#)** as well as

create economic growth and jobs in the long run.

- In addition, addressing existing policy and financing gaps would **not only allow for better targeting and risk-hedging of government spending programs**, but would also **allow capital to be recycled efficiently**, thereby enhancing both the duration and magnitude of the impact.

What are the Issues with DRE?

- **Lack of Technology:**
 - In order to **use renewable energy in their livelihoods**, people need access to technology and financing, which are **not available to most rural households** in India despite the existence of several technology options to deploy small-scale renewable energy-based livelihood applications.
 - **Local communities** in the villages often **find it difficult to pay upfront for these innovations**.
- **Unique Challenge for Women:**
 - **Microbusinesses, under-represented groups and women face unique challenges** when it comes to acquiring assets. As a result, businesses that use operating expense-based financial models, such as pay-as-you-go or leasing, may be eligible for credit facilitation.
- **Others:**
 - **Lack of proper financing channels, consumer awareness, consumer affordability and quality products/standards** are some of the **major challenges facing DRE in India**.

Way Forward

- **End-user and Corporate Financing:** Financial institutions may **consider developing financing options** that do not require collateral. Other **state nodal agencies such as the state rural livelihood missions might use their existing institutional architecture** to give financial assistance to the members of women self-help groups.
- **Considering both Upstream and Downstream Livelihoods:** Upstream livelihoods affect local manufacturing and technical service providers to design, install and maintain DRE systems. This leads to **differentiating between DRE technologies** to see what can actually be manufactured locally and providing capacity-building services to both newcomers and existing service providers.
- **Promote Awareness: Awareness campaigns will help in increasing trust and adoption** of these products by end-users and financiers, as these technologies are new for many consumers.

Source: DTE

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