

Expression of Interest (EoI) for Monetisation of Verified Carbon Units (VCUs) generated from Gram UJALA, a Community- based Energy Efficient Home Lighting Public Scheme

Invited by

CONVERGENCE ENERGY SERVICES LIMITED (CESL)

a Wholly Owned Subsidiary of

Energy Efficiency Services Limited (EESL)

(a JV of PSUs under the Ministry of Power, Government of India)

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Stakeholder Consultation: 25th September 2023; 05:00 PM IST onwards

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1. Background

The Hon. Prime Minister of India, during the 26th Conference of Parties (COP 26) in November 2021, announced mission LIFE - Lifestyle for Environment. The mission aims to create a global network of 'Pro-Planet People' adopting and promoting lifestyle options that enable an ecosystem which strengthens and encourages environmentally safe practices.

Launched by the Hon. Minister of State (I/C) for Power & New and Renewable Energy on 24-Mar-2021, 'Gram UJALA' is one such national-level scheme that resonates with the mission of 'LIFE' to help rural and village households improve their lifestyle while contributing towards the environment. Rural households reduce their annual electricity bills by replacing the in-efficient incandescent bulbs with energy-efficient Light-emitting Diode (LED) bulbs, resulting in increased personal financial savings. The family uses the saved money to improve their quality of life, promoting more comprehensive economic growth and prosperity. The scheme attempts to raise awareness against climate change and save electricity through structured community partnerships.

Convergence Energy Services Limited (CESL), a wholly owned subsidiary of **Energy Efficiency Services Limited (EESL)**, **JV of PSUs** under the Ministry of Power, Government of India, is managing the implementation of the Gram UJALA scheme. CESL is in the business of developing and implementing clean, affordable, and reliable service-based energy solutions. These solutions are implemented primarily in sustainable mobility and energy-efficient appliances for the rural sector, contributing to the reduction of Green House Gas (GHG) emissions.

Beyond contributing to enhanced end-use efficiency, CESL's initiatives have allowed the organisation to participate in the voluntary 'carbon-credit' trading market. The projects under the Gram UJALA scheme have been registered with VERRA and have generated Verified Carbon Units (VCUs) under their first verification cycle. Now that these have accrued to CESL, the organisation intends to **monetise 0.73 million VCUs** through open- international competitive bidding.

The following sections of this Expression of Interest (EOI) will elaborate on the contours of the proposed monetisation of verified carbon units (VCUs).

2. Scheme Overview

Gram UJALA is a customised program under the guidance of the Ministry of Power for rural and village households to make LEDs available at an affordable cost. High-quality 7-watt and 12-watt LED bulbs with 3-year warranty are given to rural consumers against submission of working incandescent bulbs at an affordable cost as low as 12 cents per LED Bulb¹. Consumers can exchange a maximum of 5 LED bulbs and need to have electricity meters installed in their houses to monitor the number of hours of usage. The scheme envisioned the distribution of one crore fifty lakh LED bulbs, which would significantly impact India's climate change action by contributing energy savings of 2,025 million kWh/year and CO₂ reductions of 1.65 million tCO₂/year². Till date, one crore bulbs have been distributed villages of 05 States: Bihar and Uttar Pradesh in North India and Andhra Pradesh, Karnataka, and Telangana in South.

The scheme addresses the following five global Sustainable Development Goals:



Gram UJALA is **India's first Community-based energy-efficient home lighting scheme** based on carbon financing as the viability gap funding to sustain the Scheme. This scheme was initially included under the Shine Program of Activities.³ The projects under the Gram UJALA scheme for five (5) Indian states are now registered with VERRA (a leading international agency for setting standards for climate action and sustainable development).

All five (5) projects became operational between 2018 and 2021. Among those, three (3) projects, as mentioned in the table below, have completed the first cycle of the monitoring and verification period. The verified carbon units of these three projects are accrued with CESL and can be ascertained from the VERRA registry. At the same time, carbon units for the remaining projects are in the advanced stages of issuance and verification. The verified carbon units from their first verification phase will soon be available with CESL for sale/ retirement. Below are the statistics of LEDs distributed in these projects:

Project ID on VERRA registry	Indian State	Crediting Period Term	Number of LEDs distributed under the project		Number of Grid-connected Households served	Methodology
			60W ICL equivalent	100W ICL equivalent		
2695	Bihar	Mar' 2021 – Mar' 2031	1,046,796	2,715,262	754,339	AMS II.C Demand-side energy efficiency activities for specific technologies, version 15.0.
2700	Uttar Pradesh	Mar' 2021 – Mar' 2031	1,470,909	3,163,310	928,699	
2701	Andhra Pradesh	Dec' 2021 – Dec' 2031	170,577	388,453	111,999	
3850	Telangana	Aug' 2018 – Aug' 2028	246,885	398,605	Submitted to Registry	
3821	Karnataka	Dec' 2021 – Dec' 2031	146,318	331,017	Under validation	

³ CDM: SHINE – Distribution of LED Lightbulbs in India (unfccc.int)

3. Carbon Credit Details

Having completed the first monitoring and verification period, the three (3) projects under the Gram UJALA scheme have **generated a total of 0.97 million VCUs in their first cycle of monitoring and verification**, as shown below. Of all the carbon credits generated, CESL intends to monetise 75% of VCUs, i.e., **0.73 million VCUs**, from the first verification cycle of the three above-referred projects and, therefore, invites prospective buyers through this expression of interest. Details of the VCUs provided in the below table:

Project ID	Access Link	Project Type	Vintage Start Date	Vintage End Date	Issuance Date	VCUs being offered
2695	VCS Project Link	Energy Demand	Jan 01, 2022	May 31, 2022	Jul 17, 2023	248,326
			Mar 19, 2021	Dec 31, 2021	Feb 17, 2023	45,629
			Total Carbon Credits Issued (A)			
2700	VCS Project Link	Energy Demand	Jan 01, 2022	May 31, 2022	Jul 17, 2023	2,88,072
			Mar 25, 2021	Dec 31, 2021	Feb 17, 2023	1,15,475
			Total Carbon Credits Issued (B)			
2701	VCS Project Link	Energy Demand	Jan 01, 2022	May 31, 2022	Jan 25, 2023	28,754
			Dec 14, 2021	Dec 31, 2021	Jan 25, 2023	1,324
			Total Carbon Credits Issued (C)			
Grand Total Carbon Credits Issued (A + B + C)						7,27,580

In addition, around 1.5 million Carbon Units are under verification, and approximately 10 million VCUs are expected to be generated over the project life of 10 years⁴ from the total five projects.

The Project Description, Monitoring Reports, and VCU issuance details for each of the above projects can be reviewed on the provided links of the VERRA registry.

⁴ Except Telangana, where the credit project term is lesser than 10 years

4. Objective

This request for expression of interest intends to invite potential buyers to purchase **0.73 million VCUs** from CESL in a time-bound manner. Interest for future credits are also being sought. Once the EoI cycle is complete, CESL will float a Request for Proposals inviting firm offers with pricing details.

5. Intended Participants

This expression of interest is open to all credible domestic and international companies registered and operating under the prevalent laws of their home country. The intended applicants are those organisations who wish to purchase the carbon credits (either in whole or in part) generated by different projects of CESL under its Gram UJALA scheme at a price discovered during international competitive bidding. The intended applicants should belong to any of the following categories:

- a) **End-Consumers:** Credible Domestic and International Companies committed to offset the carbon emissions generated from their operations e.g., Manufacturers (like Cement, Steel, Telecom, etc.), Airlines, Shipping, Power Companies, Coal generation companies, Transport Companies, Oil and Gas Companies, Indian exporters to European Countries, and others.
- b) **Intermediaries:** Aggregators, brokers etc. of carbon credits for purpose of sale to end-consumers seeking to retire the credits.

6. Qualifying Requirements (QR)

The Applicant(s) should meet the following criteria to be able to participate:

- a) Applicant, or each member of a consortium, can be a limited company, a registered partnership, a limited partnership, a proprietorship firm as per the applicable Act of the country of origin.
- b) Applicant should be registered or intended to be registered as a buyer/ trader at VERRA for the smooth transfer of verified carbon credits.
- c) In case of intermediary, applicant should have prior experience in bulk trade of VCUs. The proof thereof shall be submitted as part of the application.
- d) The Applicant should submit an undertaking stating that the Applicant has not been declared a defaulter by any banking/ lending agency in India or the country of origin during the last three years. In the case of consortium bids, partners must meet this condition.
- e) The Applicant should submit an undertaking stating that the Applicant has not been banned/delisted/debarred/blacklisted from business by any agency- government (Central/state), PSU or semi-government entity during the last three years. In the case of consortium bids, the partners must meet this condition.

7. Application Format and Timelines

All wishing to express their interest must send an official communication as per the format referred to in "Annexure 1" and documentary evidence to support their eligibility, duly signed and stamped by an authorised signatory.

The communication should be addressed in hard copy OR soft copy on the following address:

Ms. Snigdha Verma, Head – Carbon Credits, Convergence Energy Services Limited 2nd Floor, Core-3, SCOPE COMPLEX, Lodhi Road, New Delhi – 110003

Email id: sustainability-cesl@eesl.co.in

Email subject line and file name: “Response to Request for Eol for Monetization of Verified Carbon Units generated from Gram UJALA – [Applicant Name]-YYYYMMDD”.

The official communication should be sent to CESL no later than 29-Sept-2023, 06:00 PM (Indian Standard Time), using the template “Annexure 1”.

8. Stakeholder Consultation

The interested Applicants are invited to participate in a stakeholder consultation proposed to be organised under a hybrid mode. The consultation agenda will discuss the possible monetisation routes for verified carbon units and the experience of potential buyers in the carbon market. The details of the meeting are as follows:

Topic	Meeting on the Eol for Monetisation of Verified Carbon Units generated Gram UJALA, from Community-based energy efficient home lighting Public Scheme
Location	Conference Hall, CESL, 2 nd Floor, Scope III, SCOPE Complex, Lodhi Road, New Delhi - 110003
Time	Monday, 25 th Sept. 2023, 5:00 PM IST onwards
Contact Details	Ms. Snigdha Verma, Head – Carbon Credits, Convergence Energy Services Limited Email Id: sustainability-cesl@eesl.co.in Phone No.: +91-11-42259623 Virtual Access Link: Click here to join the meeting Meeting ID: 438 994 888 586 Passcode: zoyAWj

Annexure- 1

The Applicant should use the letterhead to submit the information requested through the below format.

A. General Information of the Applicant	
Applicant Legal Name	
Type of Applicant	End-Consumer/ Intermediary
Profile of the Applicant (not more than ¼ page)	
Applicant Origin	Domestic/ International
Incorporation Date	
Corporate Identity Number and Country where registered	
Registered Address	
Name of the Official representing Applicant, including Designation, Phone number and email ID	
PAN No. / TAN No. (in case of domestic Applicant)	
Tax Registration Number (in case of international Applicant)	
B. Carbon credit related details	
VERRA Registry ID or Copy of Application	
Carbon credit trade volume of the past three years - for intermediaries	By Year, By Registry
Total turnover from carbon credits	
Business profile - carbon credits: <i>[Summary of business profile related to carbon credits, including current portfolio, annual commitments. Links and presentations may be included.]</i>	
C. Intended Purchase Quantity (in Nos.)	
Verified Carbon Units (VCUs) from the credits generated in the first verification cycle	Quantity in figures and words
Verified Carbon Units (VCUs) from the annual verification cycle till ten years, i.e., up to 2031, if there is a recurring requirement with the Applicant	Quantity in figures and words