

ENERGIZING INDIA'S GREEN HYDROGEN REVOLUTION: MNRE'S ALMM AND RLMM EXEMPTION SPARKS MOMENTUM

1. INTRODUCTION

On May 27, 2024, through office memorandums bearing reference no. 1/74/2023-NT¹ the Ministry of New and Renewable Energy (“MNRE”) exempted the renewable energy power plants that are situated in the Special Economic Zones (“SEZ”)² or Export Oriented Unit (“EOU”)³, from the requirements of Approved List of Models and Manufacturers (“ALMM”) and Revised List of Models and Manufacturers (“RLMM”). This exemption will only be available to the power plants that specifically supply power to green hydrogen production units. This article will examine the rationale behind the MNRE's decision and elucidate the benefits it is expected to provide.

2. WHAT IS ALMM AND RLMM?

2.1 ALMM

ALMM is essentially a list issued by the MNRE that specifies the solar photovoltaic module models and manufacturers that are authorized for use in government projects, government-assisted projects, projects under government schemes and programs, open access projects, and net-metering projects within the country, according to *Approved Models and Manufacturers of Solar Photovoltaic Modules (Requirements for Compulsory Registration) Order, 2019* ⁴.

2.2 RLMM

The RLMM is also issued by the MNRE and it identifies the wind turbine models and manufacturers that have been certified for type and quality and are eligible for installation in India. It is mandatory for manufacturers to have a certification from an internationally accredited certification body for wind turbines, before filing applications for enlistment in RLMM⁵.

The ALMM and RLMM play a significant role in maintaining standardisation in the manufacturing of solar Photo Voltaic (“PV”) modules and wind turbines within the country.

3. WHAT IS THE EXEMPTION?

In order to avail this exemption of enlisting in ALMM and RLMM, the renewable energy power plant should be covered under the below mentioned criteria:

1. The plant must be located in either an SEZ or an EOU; and
2. The plant should supply energy exclusively to production facilities for green hydrogen (or its derivatives) located within an SEZ or established as an EOU regardless of whether these production facilities are within the same or different SEZs/EOUs.

¹<https://cdnbbsr.s3waas.gov.in/s3716e1b8c6cd17b771da77391355749f3/uploads/2024/05/20240528329354715.pdf>; (accessed on May 31, 2024 at 12:00 hours, India time)
²<https://cdnbbsr.s3waas.gov.in/s3716e1b8c6cd17b771da77391355749f3/uploads/2024/05/20240528324622281.pdf>. (accessed on May 31, 2024, at 12:30 hours, India time).

² As defined under section 2(za) of the Special Economic Zones Act, 2005.

³ As per the Chapter 6 of the Foreign Trade Policy, EOU are those units undertaking to export their entire production of goods and services [except permissible sales in Domestic Tariff Area (DTA) for manufacture of goods, including repair, re-making, reconditioning, re-engineering, rendering of services, development of software, agriculture including agro-processing, aquaculture, animal husbandry, biotechnology, floriculture, horticulture, pisciculture, viticulture, poultry and sericulture. Trading units are not covered under the EOU.

⁴ <https://mnre.gov.in/approved-list-of-models-and-manufacturers-alm/> (accessed on May 31, 2024, at 16:00 hours, India time).

⁵ <https://mnre.gov.in/wind-manufacturing/> (accessed on June 1, 2024, at 12:30 hours, India time).

The exemption applies to all renewable energy projects commissioned by December 31, 2030.

This initiative aims to facilitate a swift and seamless boost to green hydrogen production in these areas by providing relief to such plants from following the requirements set down by ALMM and RLMM listings.

4. EXPECTED PUSH TO GREEN HYDROGEN PRODUCTION:

4.1 Challenges to Green Hydrogen Production:

India's commitment to a sustainable energy future has brought considerable attention to green hydrogen, a crucial component in reducing carbon emissions across various industries. However, the green hydrogen sector currently faces several significant challenges, with the most pressing being the high costs associated with production, transportation, and supply. Other expenses, such as operational costs, transmission and distribution (T&D) costs, wheeling charges for electricity, and specific local duties and taxes like goods and services taxes, can be addressed through targeted policies and incentives for the industry.

4.2 Expected benefits of the exemption:

The exemption will assist renewable energy power plants that supply power to green hydrogen production facilities by enabling the expedited and cost-effective procurement of solar PV modules and wind turbines. This is particularly beneficial as the approval process for these modules and turbines is often subject to regulatory delays.

5. WAY FORWARD

By 2030, the worldwide demand for hydrogen is projected to reach approximately 200 (two hundred) million tonnes⁶. With financial support of about 1 (one) billion Euros (approximately INR 9060 Crores) anticipated from the European Investment Bank⁷ and a commitment of \$20-25 (USD Twenty to Twenty Five) billion (approximately INR 208652 Crores) over the next 5 (five) years from the Asian Development Bank⁸, India faces the necessity to significantly enhance its manufacturing and research capabilities within the next decade. This is essential for India to meet the demands of the global market and surpass other nations in the pursuit of dominance in the green hydrogen arena.

The MNRE's decision is commendable, as it allows power plants supplying energy to green hydrogen production facilities to benefit from government schemes without the mandatory requirement of ALMM and RLMM compliance. This initiative not only streamlines the regulatory compliances for these power plants but also accelerates the adoption of renewable energy by reducing regulatory hurdles, thus supporting India's broader sustainability and decarbonization goals.

Authors: M. Arun Kumar | Ahona Pal | Aayushi Kulshrestha

Date: June 11, 2024

Practice Areas: Energy, Infrastructure & Natural Resources

DISCLAIMER

⁶ <https://www.pib.gov.in/PressReleaseDetailm.aspx?PRID=1937950> (accessed on June 1, 2024, at 13:30 hours, India time).

⁷ <https://www.livemint.com/industry/energy/eib-to-support-national-green-hydrogen-mission-with-1-billion-loan-11689247181108.html> (accessed on June 1, 2024, at 15:00 hours, India time).

⁸ <https://www.adb.org/news/adb-president-proposes-25-billion-support-india-development-priorities> (accessed on June 1, 2024, at 15:30 hours, India time).

This article is for information purposes only. Nothing contained herein is, purports to be, or is intended as legal advice and you should seek legal advice before you act on any information or view expressed herein.

Although we have endeavoured to accurately reflect the subject matter of this article, we make no representation or warranty, express or implied, in any manner whatsoever in connection with the contents of this article.

No recipient or reader of this article should construe it as an attempt to solicit business in any manner whatsoever.