

# 'Ecosystem needed to make ethanol blending sustainable'



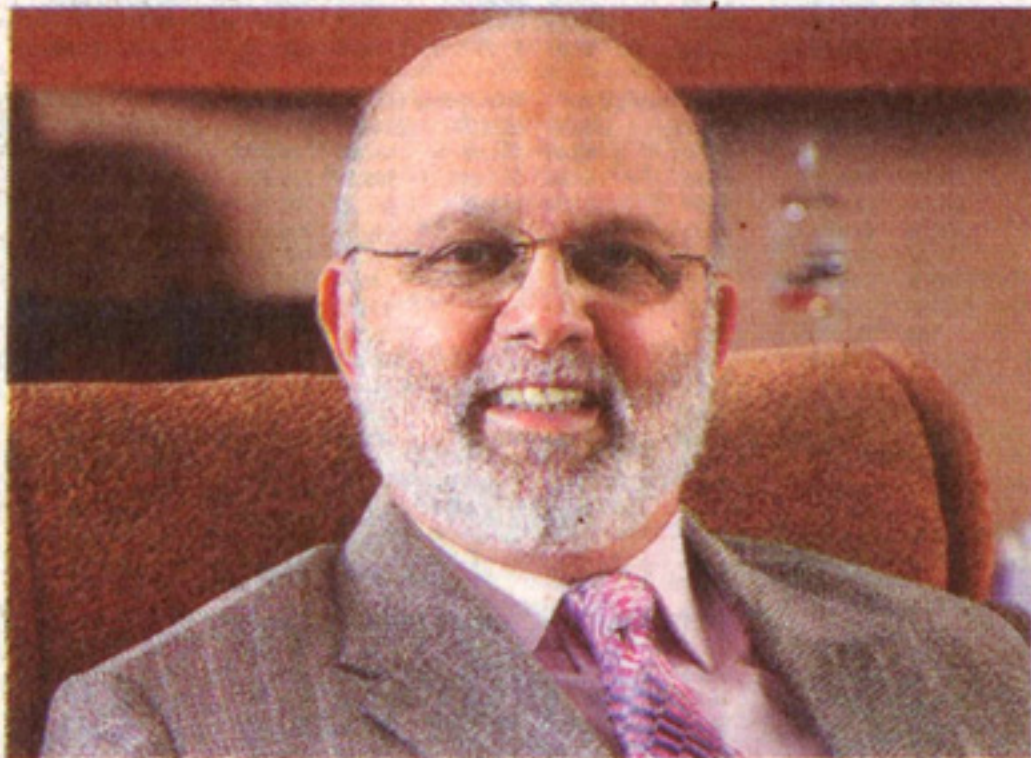
## PRAMOD CHAUDHURI

Chairman, CII National Bioenergy Committee

### Is the time ripe for reframing the National Biofuels Policy?

The National Biofuels Policy needs to be implemented in right earnest. The oil marketing companies (OMCs) have to go beyond the current three per cent blending, which is already in practice against the mandate of five per cent ethanol blending in petroleum. The government has also spoken about taking it to 10 per cent. I am told the policy is up for reframing. However, we do not have any specific information on this. The government has also announced a price band and doing away with excise tax on ethanol, which will make ethanol more competitive besides making it

The Union ministry of new and renewable energy last week has sought comments on the National Biofuels Policy that seeks to allow producers directly sell fuel to consumers and stipulates that the responsibility of storage, distribution and marketing of biofuels would rest with oil marketing companies. In an interview with Sanjay Jog, CII National Bioenergy Committee Chairman and Praj Industries Executive Chairman **PRAMOD CHAUDHARI** talks about the proposed revision in policy. Edited excerpts:



remunerative for sugar mills. The government policy has to support creation of necessary/ suitable ecosystem to make blending programme sustainable. The policy, from implementation point of view,

has to go some distance. There should be uniformity in implementation across states. State governments are given the option to set up renewable energy (RE) implementation but it should be mandatory to

set up the mechanisms and frameworks to ensure targets are met.

Further, the RE sector should be identified as a 'priority sector' with a separate committee for RE mission programmes to define, develop, short list and monitor project execution and disseminate information. To ensure sustainability, the ministry may / should provide appropriate financial support to oil marketing companies to mitigate the cost differential between fossil fuels and biofuels until cost parity is achieved.

### How OMCs will be in a position to meet the prescribed level by allowing them to bank on the surplus quantities?

This has been the policy right

from the beginning. The responsibility of storage and distribution is that of OMCs. There is no change in it. As far as bioethanol is concerned, the storage and distribution will have to remain with OMCs, as ethanol has to be blended with petrol, which is under the control of OMCs. For biodiesel, there if it is for static machinery like farm machinery and gensets, one could look at decentralised supply, though with appropriate labelling.

### How the policy will benefit the industry players to scale up the capacities?

The blending requirement is five per cent, which translates into a supply of 800 million litres to 1 billion litres of ethanol. Currently, dehydration capacity to this extent is already in place. Given the current price point and the excise tax waiver, it makes eminent sense to supply ethanol for blending. Those sugar mills which do not have dehydration

(for production of ethanol from rectified spirit) capacity need to add the same if they wish to supply.

At five per cent, there could be addition of dehydration capacity (difficult to put a number on this) but not significant. At 10 per cent we can see a movement in larger capacity addition. The gasoline and ethanol equation is also at a par.

### What are the new technologies that have been introduced?

Praj has invested into development of technology for 2G ethanol (cellulosic ethanol based on agri residue). Pilot plant level evaluations are completed and the company is now awaiting government funding for scaling it up to a demonstration scale, which is the precursor to commercialisation. Currently, for the first generation ethanol, the company has requisite know-how and capabilities.