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Diluted biofuel

Declared goods status for ethanol, biofuel technology fund on the anvil

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The National Biofuel Policy may finally see the light of day, albeit in a watered down version, in September this year.

A draft policy cleared on July 9 by the group of ministers headed by Union agriculture minister Sharad Pawar has been sent to the Union Cabinet for formal clearance.

The draft recommends the creation of a biofuel development board led by the minister of new and renewable energy (MNRE) to

monitor the implementation of the policy.

With a funding of Rs 1,200-1,400 crore, the board's aim would be to promote the use of biofuels and ensure biofuel feedstock sustainability through a programme sponsored and monitored by the Centre.

This programme will include the development of germplasm banks and supply mechanisms for non-edible grade biofuel plants.

The panel on the pricing of biodiesel is also likely to complete the process by September.

With MNRE's A K Gupta as the chairman, the committee has representatives of stakeholder industries as also of the Member Tariff Commission, the Confederation of Indian Industry (CII), Teri (formerly The Energy Research Institute), New Delhi and others.

policy by Sept

Wish list

- Mandatory blending of 5-10%
- Pass-through status to levies
- Floor price of Rs 21.50 per litre of ethanol instead of maximum price
- Performance labelling and green certification for all equipment
- Rs 500 crore second generation biofuel technology fund
- Bio-energy centres based on PPP model



Pramod Chaudhari, chairman of Praj Industries, who heads CII's national committee on biofuels, said the pricing exercise is crucial as it would form the basis for all investments into the sector.

Currently, global production of

biofuels stands at 50-55 billion litre per year and is expected to triple in 12 years, he added.

However, capacity addition at the current procurement price of Rs 26.50 per litre of biodiesel is unlikely as it is considered unre-

alistic. The panel is understood to be considering a three-part costing formula linked to the actual product cost, international prices, and incentives and tax benefits given by various states.

