Comprehensive training material for local consultants and auditors Belgaum foundry cluster

GEF-UNIDO-BEE Project

Promoting Energy Efficiency and Renewable Energy in selected MSME clusters in India

Prepared for:

Bureau of Energy Efficiency

The Energy and Resources Institute

...towards global sustainable development

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Contents

About this manual

This manual provides, in a direct and simple manner, guidance on improving energy efficiency for local service providers (LSPs) in the 'local consultants and auditors' category.

The aim is to build their capacities and equip them with the necessary knowledge and skills and to provide background information and tips regards energy efficiency (EE)/renewable energy (RE) options in important foundry operation viz. Kaizen in induction furnace, energy efficiency improvements in compressed air and cooling water system and energy efficiency improvements in thermal applications. A separate module on Financing schemes and DPR preparation for EE projects has been added to build the capacities of LSPs on preparation of bankable DPRs.

The manual is designed to complement the knowledge shared with the participants through a series of four one day training/capacity building programs undertaken by TERI in Belgaum Foundry Cluster between February to April 2018 under the GEF-UNIDO-BEE Project "Capacity Building of Local Service Providers".

1.0 Introduction

1.1 Background

The overall aim of the GEF-UNIDO-BEE project is to develop and promote a market environment for introducing energy efficiency and enhancing the use of renewable energy technologies in process applications in selected energy-intensive MSME clusters in India. This would help in improving the productivity and competitiveness of the MSME units, as well as in reducing the overall carbon emissions and improving the local environment.

The following three foundry clusters are targeted under the assignment – Coimbatore, Belgaum and Indore.

This comprehensive training material for Belgaum foundry cluster is targeted at 'local consultants and auditors' category. The material is structured in the following 4 modules.

Module 1	Kaizen in induction furnace
Module 2	Energy efficiency improvement in compressed air and cooling water system
Module 3	Energy efficiency improvements in thermal applications
Module 4	Financing schemes and DPR preparation for EE projects

2.0 Module 1 - Kaizen in induction furnace

2.1 Lean manufacturing

The lean approach is primarily based on finding and removing wasteful steps that do not add value to the end product. There's no need to reduce quality with lean manufacturing – the cuts are a result of finding better, more efficient ways of accomplishing the same tasks. Lean manufacturing is not only aimed at the elimination of waste in every area of production but also focuses on the activities which will help for good customer relations/satisfaction, production machine layout, waste reduction and factory management.

2.1.1 Objective

The objective of a lean approach to manufacturing is to maximize the value of the product to the customer while minimizing waste. Many companies in the manufacturing industry use lean manufacturing principles (LMP) to maximize their profit, minimize their cost of production, and eliminate waste. The goal of lean manufacturing is to incorporate less human effort, less inventory, less time to manufacture products, and less space and to become highly responsive to customer demand, while at the same time producing top quality products in the most efficient and economical manner. Lean principles can be applied to nearly anything from optimizing management to developing vertical and horizontal integration that help with optimizing the flow of products.

The lean manufacturing adopts a customer-value approach that focuses on the question "What is the customer willing to pay for?" Customers want value, and they'll pay only if needs are met. They should not pay for defects, or for the extra cost of having large inventories. In other words, customer should not be made to pay for a unit's waste. Waste is anything that doesn't add value to the end product.

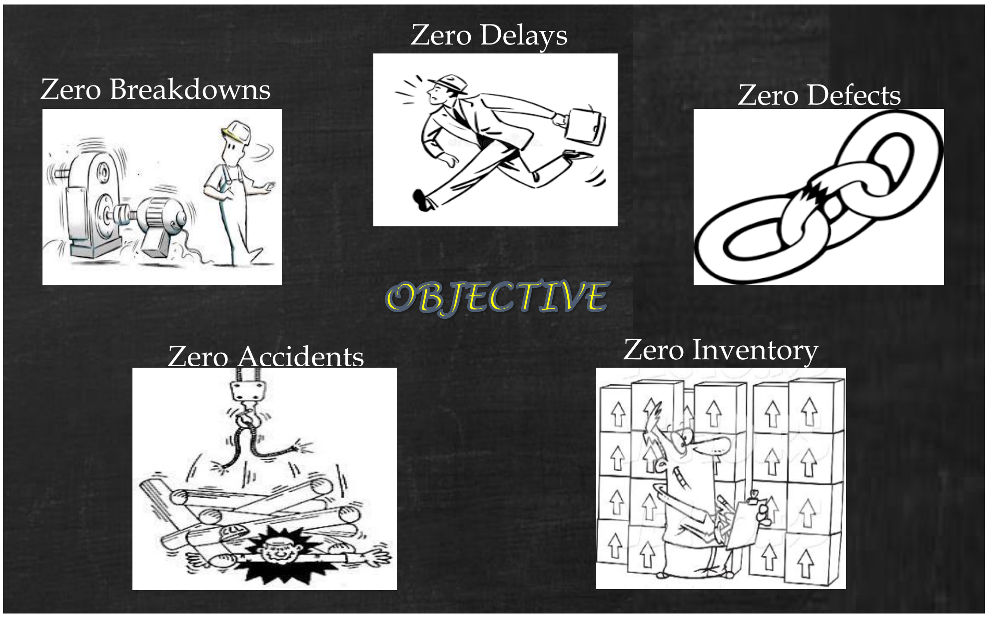


Figure 2.1.1a: Objectives of Lean Manufacturing

Principles of Lean

Lean manufacturing is a series of applied processes and tools that eliminate waste from production. Improved efficiency, effectiveness, and even profitability are all byproducts of lean manufacturing. A unique feature about lean manufacturing is that it focuses more on perpetual improvement of products rather that the final output. By shifting the attention to the process in which the product is made, defaults are minimized, the right raw materials are used, people are properly organized and coordinated, and the costs of production are properly optimized. For the process to work effectively, the manufacturing industry should consider the following five principles that will help in implementing lean techniques:

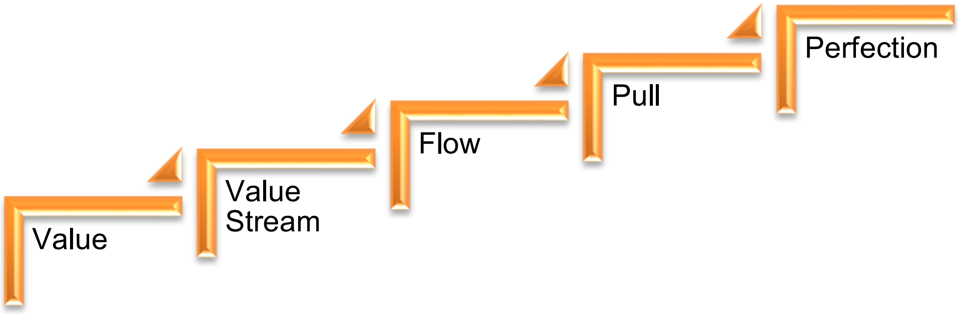


Figure 2.1.1b: Five Principles of lean

The lean management works through a number of concepts, a few of them are:

- Kaizen (continuous improvement)
- 5S and visual management
- Root cause analysis
- Value stream mapping (VSM)
- Poka-yoke (error proofing)
- Total productive maintenance (TPM)
- Just-in-time (JIT)

The focus of this module is on Kaizen for improving energy efficiency and productivity in melting area vis-à-vis. induction furnace.

2.1.2 Kaizen

The Japanese word kaizen simply means "change for better". It is a Japanese business philosophy of continuous improvement of working practices, personal efficiency. The content of Kaizen activities stipulated is as follows:

- 5S (3S) activities: Seiri (Sort; orderliness), Seiton (Set in order; neatness and tidiness), Seisou (Shine; cleanliness), Seiketsu (Standardize) and Shitsuke (Sustain)
- Adoption of suggestion system: Combined usage with petit suggestion system
- Small group activities: Visibility management of data and conditions that allow recognition of workplace problems as problems

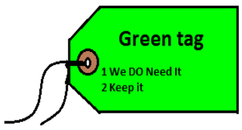
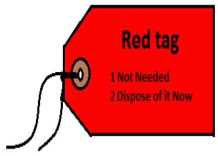
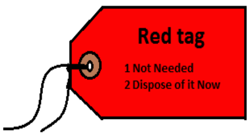
5S – Workplace Organization

5S is a technique originated from Japan and it was first developed by Hiroyuki Hirano in 1980s. The 5S philosophy focuses on simplification of the work environment, effective workplace organization, and reduction of waste while improving safety and quality. It allows the enhancement of efficiency and productivity. The 5S technique is a structured program to systematically achieve total organization cleanliness and standardization in the workplace. The benefit of 5S technique is improvement in productivity, quality, health and safety. Through 5S methodology, the management can create an environment where quality work is comfortable, clean and safe in the organization and it can ensure the compliance to standards and will further foster continuous improvement. The term "5S" is derived from five Japanese words Seiri (Sort), Seiton (Set in order), Seiso (Shine), Seiketsu (Standardize) and Shitsuke (Sustain).

Sorting – Separating the needed from the unneeded. Sorting activities aim to eliminate unneeded items from the work area and to perform an initial cleaning. Sorting clears the deck for the remaining activities. The steps of sorting are:

- Establish criteria for what is not needed. For example, if something hasn't been used for a year, it may be a candidate for disposal
- Identify the unneeded items and move to a holding area
- Dispose of the not needed items, either by transferring to a department that needs them, selling them, or discarding them
- Conduct an initial cleaning

Table 2.1.2a: Tagging criteria & recommended action

Priority	Frequency of use	Action Required	Tag
High	Daily	Store at the workplace, where it is needed and is easily assessable	
Medium	Once per week, once per month	Store together, near the workplace	 OR 
Low	Less than once per year	Throw away, or store away from the workplace	 OR 
No	Unusable items	Throw away	

Setting in Order – Once the initial sorting is completed, the natural sequence is to get the work area organized. After initial sorting the unit will be benefitted with approximately 20% of space saving. The disposable items should be tagged red. The setting in order of things will most efficiently be stored as required. Frequently-used items must be as close to where they are used as possible. The steps of simplifying are:

- Determine a location for each item based on frequency of use and proper safety zone (decreasing the likelihood of strain injuries, for example)
- Develop shadow boards and label items - a home for everything
- Determine how to replenish supplies
- Document layout, equipment, supplies and agreements for returning items

Shine – The third step in the 5S process initiates a work ethic of keeping everything clean and in order at all times. Examples of shine include wiping machinery, sweeping, tightening loose belts or bolts, cleaning gauges and indicators, tracking the source of leaks, overheating or undue noise, and organizing papers and books on office desks and shelves. Systematic cleaning provides a way to inspect, by doing a clean sweep around a work area. This means visually as well as with a broom or rags. The idea is make the job of doing daily cleaning and inspections easier. The steps of systematic cleaning are:

- Identify points to check for performance
- Determine acceptable performance
- Mark equipment and controls with visual indicators
- Conduct daily cleaning and visual checks

Standardize – The first three steps will slip unless standardized procedures, schedules and expectations are clearly identified and regularly measured. Standardizing assures that everyone knows what is expected. Since the workplace team establishes the standards, everyone should have had some involvement in establishing the 5S in their work area. Still, it is important to make these standards very clear. The steps in standardizing are:

- Establish a routine check sheet for each work area. The check sheet is like a pilot's pre-flight check list. It shows what the team should check during self-audits
- Establish a multi-level audit system where each level in the organization has a role to play. 5S system evolves and strengthens
- Establish and document standard methods across similar work areas
- Document any new standard methods for doing the work

Sustain – In order to sustain improvements made during deployment of the first 4S's, old inefficient habits will have to be removed. Changing the culture and instituting new habits will demand time and attention. It would not happen by itself. Sustaining is usually thought of as the toughest "S." However, the trick is to let the 5S system work, engage everyone in the work area during 5S activities and have a "tell at a glance" visual workplace to sustain easily. That is important, but not sufficient. A more systematic way to prevent backsliding and to foster continuous improvement is needed. The steps of sustaining are:

- Determine the 5S level of achievement - the overall grade
- Perform worker-led routine 5S checks using the 5S check list
- Address backsliding and new opportunities found during routine checks
- Conduct scheduled, routine checks by team leads or supervisors or by people from outside of the workgroup

Perform higher-level audits to evaluate how well the 5S system is working overall. For example, are there systemic issues with sustaining 5S? Often, the company's safety committee is an excellent body for conducting these audits.

5S Implementation Committees

The launch of 5S activities should involve a declaration by the Chairs of Implementation Committees in front of all employees. Activities should be carried out to follow a set schedule for implementation procedures. Each group should consult with the group leader to determine the theme for each month and activities should be carried out by the group based on this theme. Selection of activities and themes should be clarified and consideration given to linking to results in productivity enhancement, quality improvement, and ensuring safety.

Development of action plans

An example of a schedule for implementation procedures is shown below. The activity period of each item is decided based on discussion with implementation offices. Implementation offices should provide advice to groups that fall behind schedule or suggestion extensions of activity periods.

Table 2.1.2b: 5S implementation schedule/plan

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Prior preparation	→											
Clarification of policy, elaboration of 5S standard		→										
Seiri (Sort) and Seiton (Set in order) Red-tagging, signboard operation			→	→	→							
Seisou (Shine) Daily cleaning, cleaning check						→	→	→	→			
Seiketsu (Standardize)												
Shitsuke (Sustain)										→	→	
Summary of activity and standardization												

Defining and clarification of problems

Problems at factory sites are never-ending. In order to develop problem-solving activities in small group activities, the nature of problems must first be clarified. Problems are…

- "matters that require solutions"‖;
- "matters related to persons or their organisations that must be solved or improved"

In "Quality Control" problem-solving methods, the —problem‖ is defined as the gap between the ideal situation and objectives and the present situation.

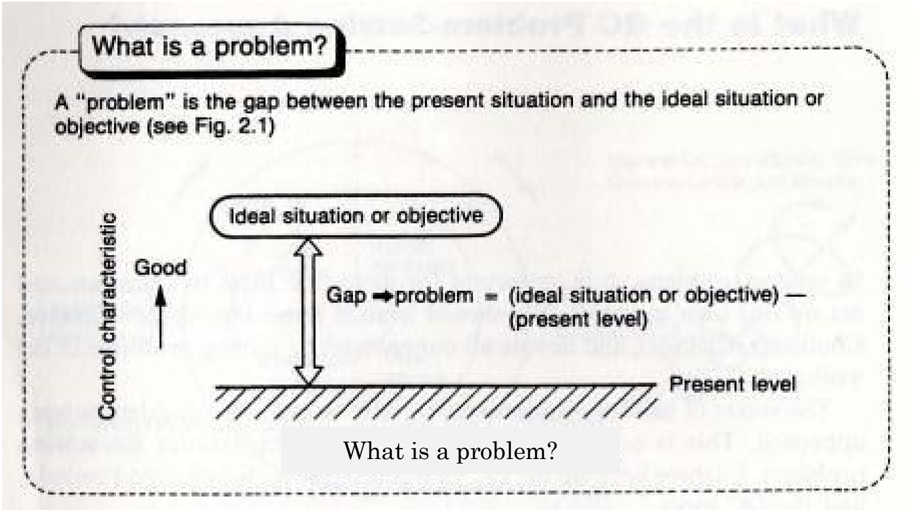


Figure 2.1.2a: What is a problem?

In "Quality Control" problem-solving methods, the —problem‖ is defined as the gap between the ideal situation and objectives and the present situation. In order to improve workplace skills, difficult problems should be actively addressed.

Visualisation of operation data

Operational data serves as information for devising important improvements. Data becomes valuable only when understood by people. The key to understanding is converting data into formats perceptible to the human eye. Through conversion and management of all kinds of operational data on production sites into graphs, figures and tables, it is possible to ascertain abnormalities that occur on a daily basis at production sites.

In many cases, visualisation reveals problem points that were not evident in mere lists of numbers.

Different types of graphs are available for visualization of the measured data, a few of them are:

- Bar graph: To compare the size of numbers or amounts
- Line graph: To show changes in numbers and amounts
- Pie chart: To show breakdown of percentages
- Pareto chart: To analysis data with combination of bar and line graph

- Scatter plot: To display values of two variables

Sample of the above mentioned graphs/charts is shown in figure.

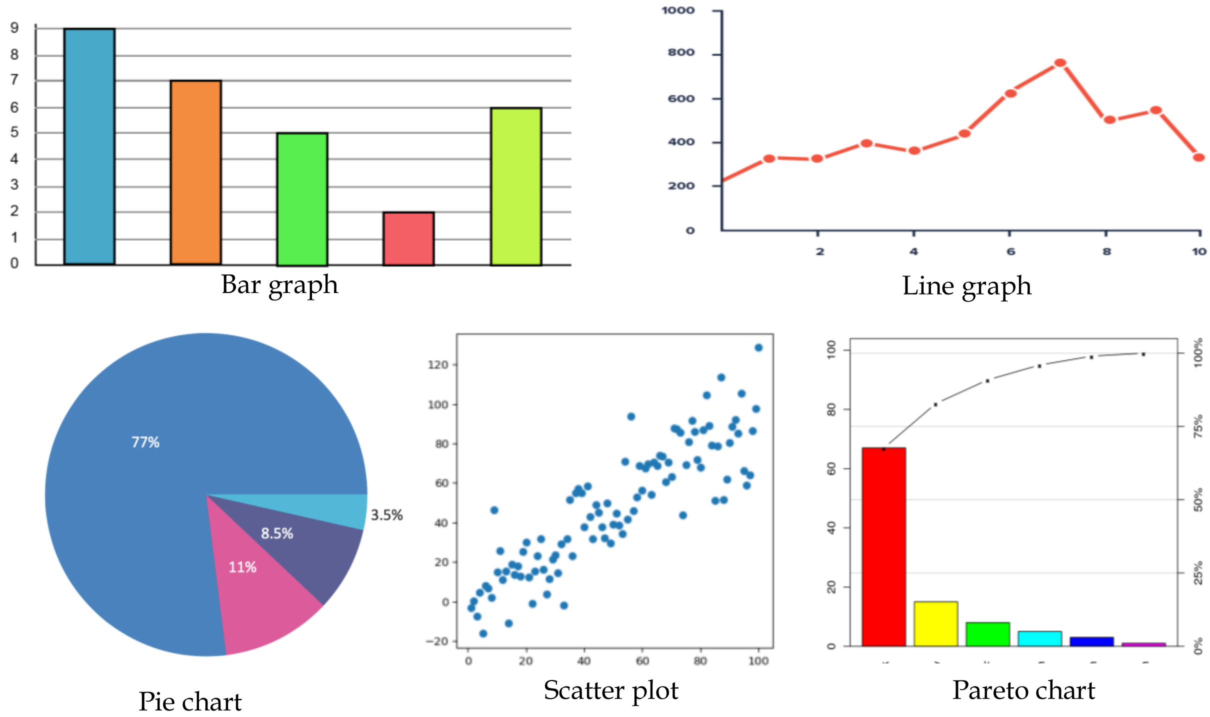


Figure 2.1.2b: Visualization of data

2.2 Case study – A foundry in Kolhapur

With focus on improving productivity and enhancing energy efficiency in melting section of the foundry a Kaizen implementation activity was planned. The following section presents findings from application of Kaizen, 5S and small group activities in a MSME foundry.

2.2.1 Background about the unit

A medium scale foundry in western region (Kolhapur) established in the 1990s with an annual production of 1,450 tonne of salable casting (FY 2014-15). The foundry produces grey cast iron castings for end-use sectors including but not limited to automobile, air compressors, tractor, railway and textile. The melting operation in the foundry was done using induction furnace. It was equipped with a 500 kg induction furnace powered by 550 kW SCR based power pack.

2.2.2 Kaizen implementation methodology

The implementation of Kaizen was carried out by the foundry team with support from external experts. The implementation of the Kaizen was as follows:

- Formation of implementation support group
- Formation of small groups
- Formulating criteria and means of evaluation of the activities

- Data collection, analysis and visualization
- Identification of problem statements
- Looking for solutions with help of "small group activity"
- Validation and implementation of suggested solution
- Post implementation verification by data collation

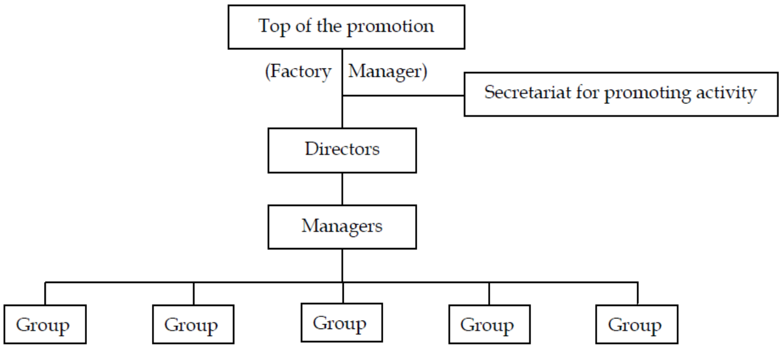


Figure 2.2.2: Implementation support group

2.2.3 Data collection, visualization and analysis

Data collection

A number data pertaining to melting operation in induction furnace were collected. A standard format was prepared in agreement with the foundry and data was collected on heat-wise basis for months. The present case study data of 545 heats of FG220 grade casting is presented. A sample format of data collection sheet is shown in table 2.2.3a, b & c.

During the first phase of Kaizen, data was collected for a number of batches. The foundry produced following grades FG220, FG260, FG300 and FG350. The data collected during Kaizen pertaining to most common grade i.e. FG220 was analysed and is presented in following section. Important parameters are defined as follows:

1. Melt no. : The heat number of the batch
2. SEC : Specific energy consumption i.e. electrical energy consumed per tonne of raw material input (UNIT: kWh/t)
3. TTT : tap to tap time for one batch i.e. from start of raw material charging to end of liquid metal tapping (UNIT: minutes)
4. TT : Tapping temperature of liquid metal (UNIT: ^{o}C)
5. Operator : The person who operates the induction furnace

Table 2.2.3a Data collection format – Part 1

Melt No.	Date	Operator Name	Material Grade	Charging Weight (kg)					Supplementary Material (kg)		Total
				Pig iron	Steel Scrap	C.I Scrap Boring	Domestic Scrap (RR)	Heel Metal	Innoculant	Graphite Agent	kg
1											
2											
3											

Table 2.2.3b Data collection format – Part 2

Time & Power Meter Readings												Total Time (min)	Total Power (kWh)	Total Power (kWh/t)
Material charging start		Material charging End		C.E. Meter Check		Tapping Temp.	Tapping start		Tapping End					
Time	Power	Time	Power	Time	Power		Time	Power	Time	Power				

Table 2.2.3c Data collection format – Part 3

Melt No.	Material Grade	Time & Power Meter Readings	Total Time (min)	Total Power (kWh/t)	Standard Chemical Composition (%)					
		Tapping Temp.			C	Si	Mn	P	S	C.E
1										
2										
3										

Visualization and analysis of data

A number data visualization tools were utilized to analyse the date collected. The following analysis was conducted to improve understanding of the induction furnace operation:

Table 2.2.3d: Data analysis vs. visualization tool

S. No.	Data analysis	Visualization tool
1	Melt no. vs. SEC	Line graph
2	TTT vs. SEC	Scatter plot
3	TT occurrence	Histogram
4	TT vs. SEC	Scatter plot
5	SEC vs. Operator	Line graph
6	Rejection vs. Occurrence	Pareto chart

Melt no. vs. SEC (Line graph)

A total of 545 heats of FG220 grade melting were recorded. A line graph was plotted for SEC vs. melt number. Local averages were highlighted to show the variation in SEC over time. The local averages of SEC varied from 655 to 559 kWh per tonne.

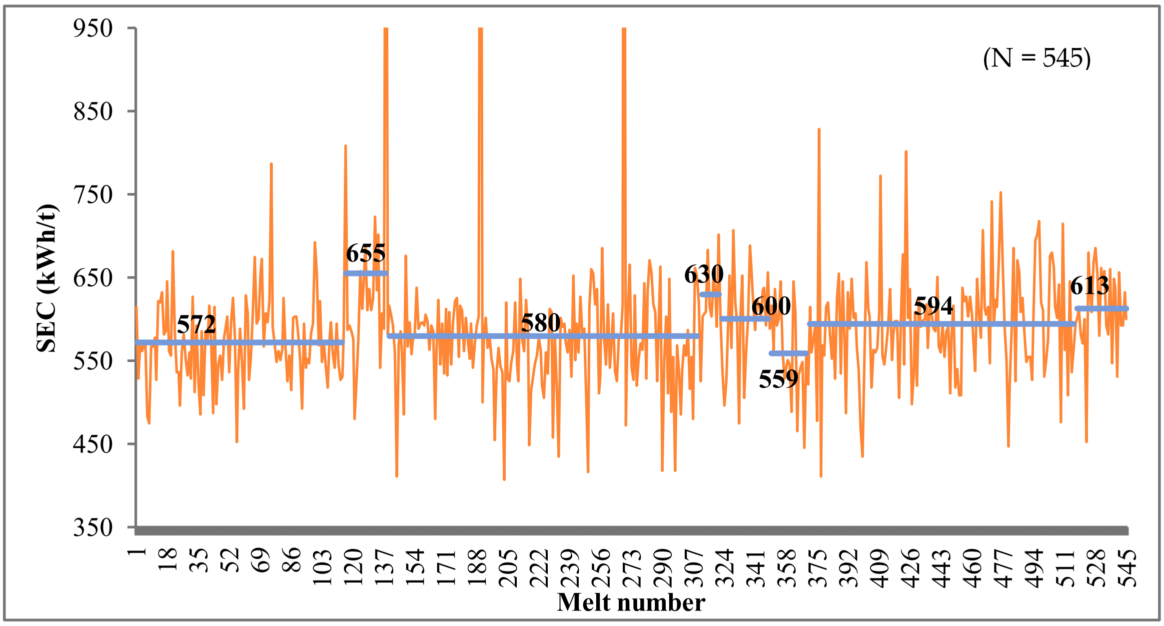


Figure 2.2.3e: Melt number vs. SEC

TTT vs. SEC (Scatter plot)

The tap-to-tap time of the heat varied depending on a number of parameters such as raw material availability, rate of charging, readiness of moulds, and delay in chemistry adjustment. A scatter was plotted for tap-to-tap time vs. the specific energy consumption. The cold start heat were omitted from this analysis, a total of 491 heats were represented.

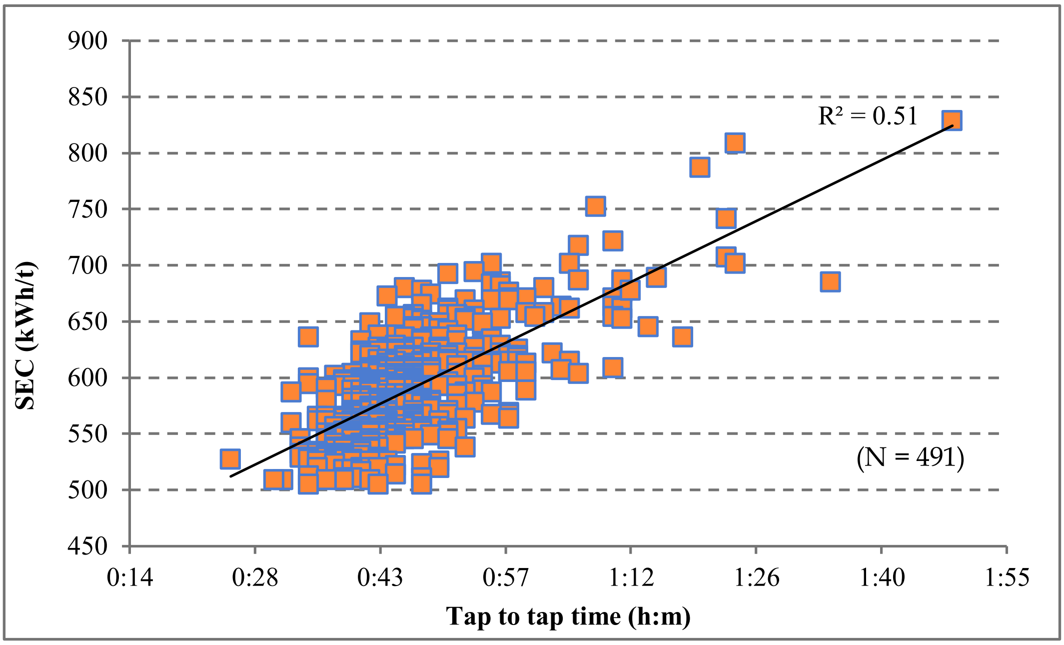


Figure 2.2.3f: Tap to tap time vs. SEC

Tapping temperature occurrence (Histogram)

A total of 528 heats were observed were tapping temperatures data was available. The range of tapping temperature was from 1442 to 1527 °C, with a median at 1469 °C. The data was evenly balanced as the mean and the median were same. The frequency of occurrence of tapping temperature in range of one standard deviation from mean is expected to contain 90% of heats. But for the foundry it was 84% meaning a scope of improvement of tighter control of tapping temperature.

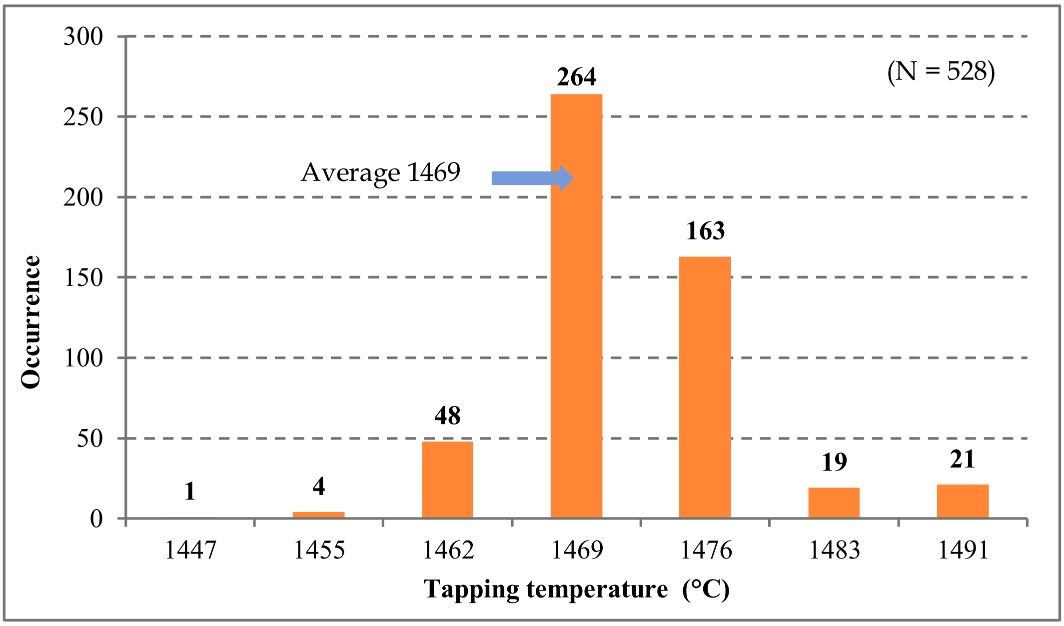


Figure 2.2.3g: Tapping temperature occurrence

Tapping temperature vs. SEC (Scatter plot)

The tapping temperature required for FG220 grade was in range of 1465 – 1475 °C. The SEC of the furnace is believed to have strong correlation with tapping temperature. A scatter plot for 465 heats for tapping temperature and specific energy consumption is shown in figure.

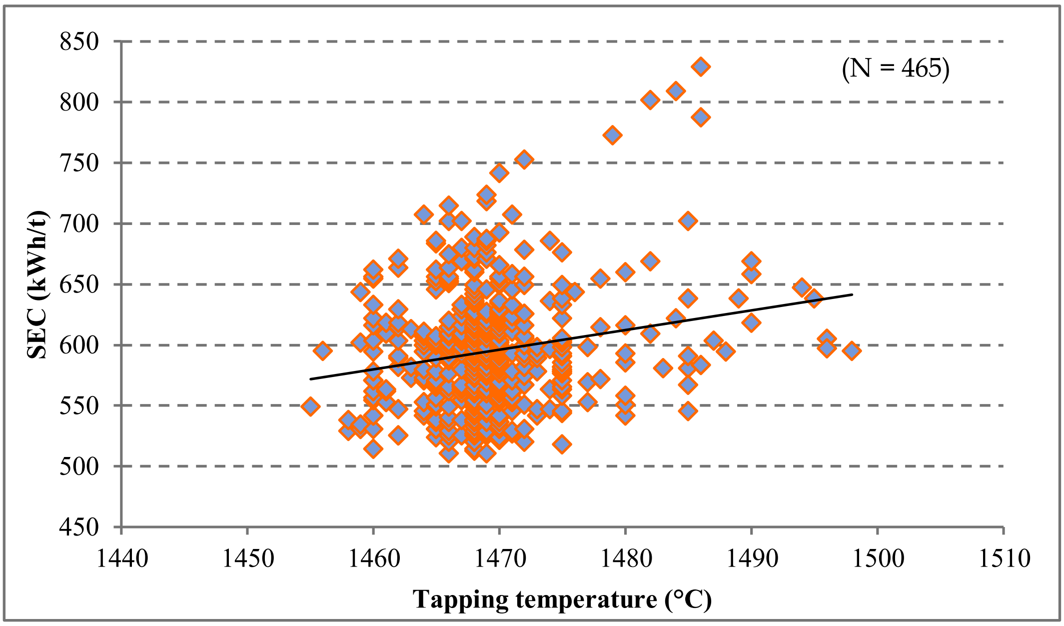


Figure 2.2.3h: Tapping temperature vs. SEC

SEC vs. operator (Line graph)

The plant had employed a total of four operators. They took different shifts. Two operators i.e. Operator 1 and Operator 2 were experienced and it reflected in their operation, their respective SEC for a sample of 26 heats was 588 and 584 kWh per tonne. The other two operators were young and new to induction furnace operation hence had slightly higher SEC of 606 and 616 kWh per tonne respectively.

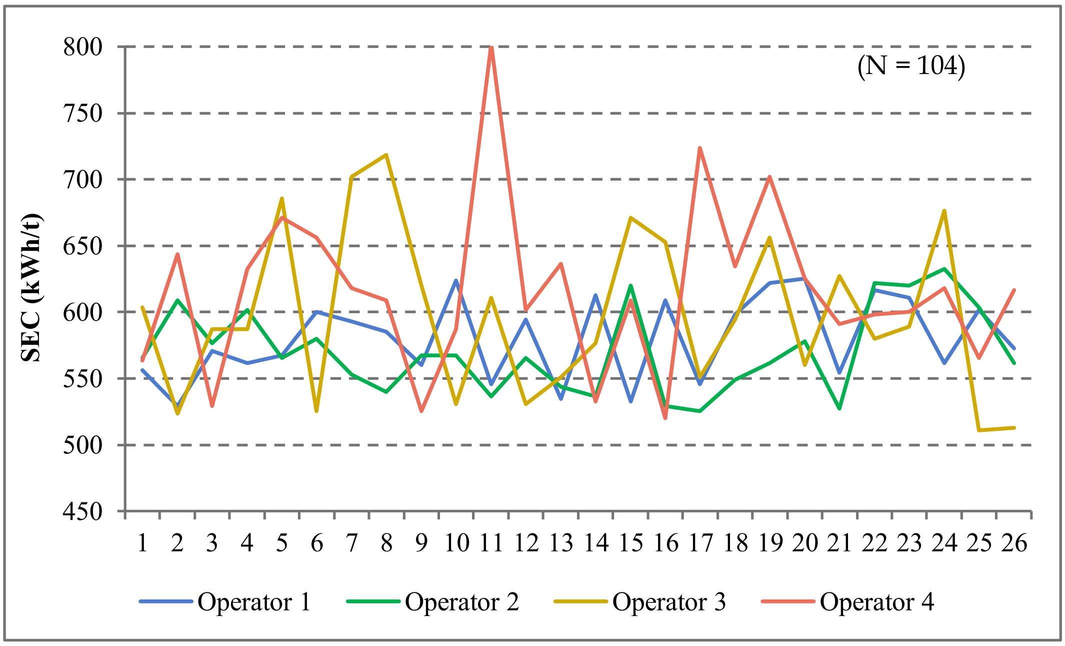


Figure 2.2.3i: Operator vs. SEC

Rejection occurrence (Pareto chart)

The rejections during the Kaizen period were recorded and categorised based on the reasons. A number of reasons were observed which on discussion with the small group led to identification of seven major types of defects/rejections. A Pareto chart was plotted for analysing the defects and to prioritize which cause has to be targeted first.

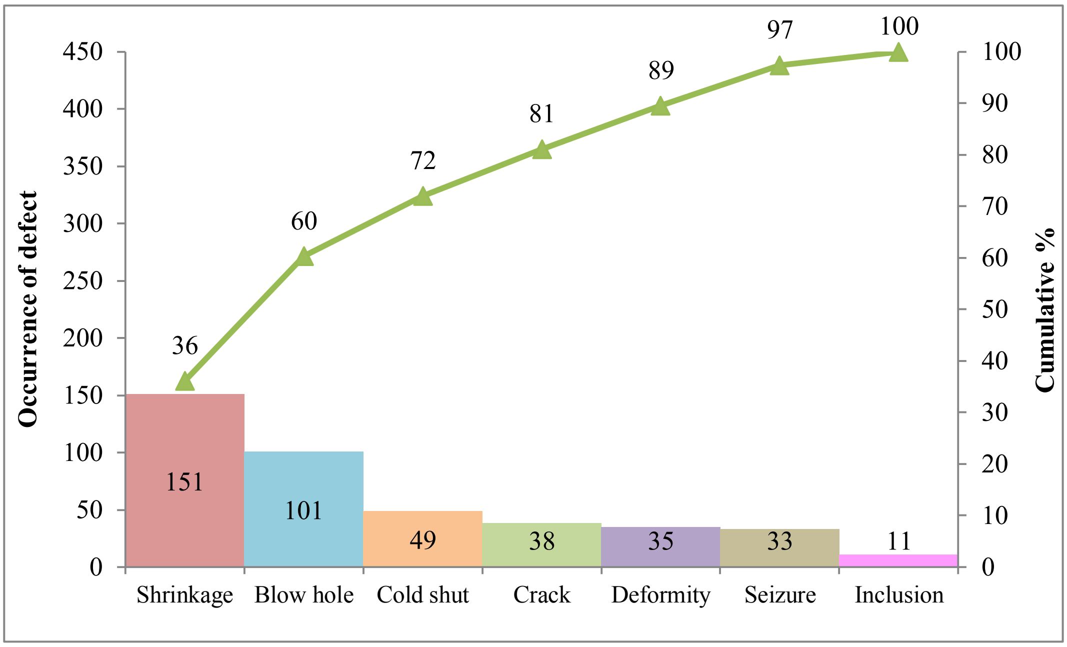


Figure 2.2.3j: Rejection analysis

The following observations were drawn based on visualization and analysis of collected data for induction furnace for melting:

- The average specific energy consumption for the 545 heats was 588 kWh per tonne. But when looked at local averages it was observed that there are instances (few heats/days) when the local average SEC is as high as 655 kWh per tonne.
- A scatter between SEC and tap to tap time shows a correlation of 0.51. In two standard deviation range about 83% of the heat fell i.e. tap to tap time in range of 37 to 59 minutes.
- The tapping temperature was looked into for variations; it was observed that only about 84% of the heats have their tapping temperature in range of one standard deviation i.e. 1462 to 1477 °C.
- The specific energy consumption had a direct positive correlation with the tapping temperature i.e. with rise in tapping temperature the specific energy consumption of the induction furnace also increased
- Observations were drawn on four operators. It was observed that the more experienced and trained operators had better specific energy consumption (584 kWh per tonne). The two fresh operators with relatively scarce experience and training had a higher specific energy consumption 606 and 616 kWh per tonne respectively.
- Seven major types of defects were identified in the foundry, a Pareto analysis showed that shrinkage was the major culprit and was responsible for about 36% of total rejections in the foundry, followed by blow holes at 24%.

2.2.4 Activities for implementation

According to the analysis of the operation status, it is found that there are large variation range of the time and the power consumption rate of the 'Tap to Tap' at each melting, specific energy consumption and also the gaps of results among the furnaces of each unit. The draft proposals of matters which the expert thinks necessity of starting the Kaizen activities for power consumption reduction of high-frequency furnace immediately are summarized below with priority. Proposal of activities proposed for implementation by various small groups are as follows:

Table 2.2.4: Proposal of activities

Category	Draft Proposal of Theme of Activities	Priority
Operation of high frequency induction furnace	Creation of the check standard list based on the past troubles	△
	Creation of the prior checking standard for oil pressure and water system	△
Maintenance of high power factor operation	Prior-operation check of the installation state of magnetic shield board	◎
	Connection situations, and cleaning situation of bus bar, etc.	◎
Heat radiation from furnace body	Heat radiation from cooling coil (amount of cooling water)	○
	Heat radiation from an outer wall (furnace building plan, consideration of insulation)	△
Shortening of materials charging (input) time	Form (shape) of input materials, proper charging amount	◎
	Mixing of different materials (Prevention from adhesion of slag, sand, refractory, etc.)	◎
Melting operation	Prevention from overheat of molten metal in operation	◎
	Consideration of heat radiation prevention cap from molten metal surface	◎
	Creation of operation melting work standard	◎
Management of the ladle preheat	Enhancement of back (rear) insulation	○
	Consideration of ladle cap	△
Creation of production plan and accomplish	Reduction of residual hot water, reduction of waiting time of mould	△

Priority: ◎ *Taking immediate action is recommended,*
○ *Taking an action not immediately but sometime after is recommended,*
△ *Taking an action carefully and thoroughly*

The foundry implemented the draft proposals based on the priority level. A pictorial view of some of the implemented measures is shown in figure 2.2.4.

Installation of induction furnace energy monitoring system

Lid mechanism for induction furnace crucible

Proper sizing of pump and improving energy efficiency

Removal of obstruction to cooling tower air intake and FRP blades

Figure 2.4: Pictorial view of a few implementations

2.2.5 Results

The first phase of Kaizen was dedicated to monitoring, visualization and analysis of data. The phase two of the Kaizen was focussed on getting proposals from small groups, validating them and prioritising proposal for implementation. In third phase proposals were implemented and in final phase measurements were conducted to verify the results.

The specific energy consumption came down from 588 to 559 kWh per tonne. The rejection level came down from 418 pieces per month to 335 pieces per month.

List of references

Bureau of Energy Efficiency Guide Books – Furnace

Kaizen activity manual for Indian foundry units, Prepared by TERI

Best Operating Practices in foundry, prepared by TERI

TERI – Past studies on foundries

3.0 Module 2 –Energy efficiency improvements in compressed air and cooling water systems

3.1 Compressed air system

3.1.1 Background

Air compressor is a device, which is operated with the help of connected electrical motor or other mechanical device to compress and pressurize air as per the set operating condition. The pressurized air is stored in a receiver tank and distributed to the point of use through piping network.

In metal casting industries, the air compressors are mainly used to deliver service air to various connected utilities as employed in the process. The micro scale foundry use reciprocating air compressor as the demand is intermittent and very low. However the small scale foundries use one or multiple screw type air compressors for meeting the compressed air demand.

Compressed air is highly energy intensive as only 10 to 30% of the electrical energy consumption of an air compressor is usefully converted into compressed air and the balance is lost as unusable heat energy. A lifecycle cost assessment of compressed air system shows about 75% of total cost is towards energy. A number of studies have revealed that by proper management, energy saving in tune of 10 – 50% can be achieved in a compressed air system.

Reciprocating air compressor

Several types of reciprocating compressors are available, namely, single- or multi-stage, lubricating and non-lubricating, and single- and double-acting. Single-stage compressors are normally used for a pressure ratio of up to four, while multi-stage compressors are economical for situations above this ratio. Other associated advantages of multi-stage compressors are reduced air temperature and pressure differential, which reduces the load and stress on valves and piston rings. Non-lubricating compressors are especially used for providing air to the instruments and for processes that require oil-free air. Double-acting compressors are used for higher capacities, as the quantity of air delivered is twice the normal at a given speed. Reciprocating compressors are generally best suited for medium pressure and volume applications. They are comparatively cheap, rugged in design, and have fairly high efficiencies. The disadvantages with this type, however, are the pulsating output and higher installation costs due to relatively high vibrations.

Screw air compressor

Rotary screw compressors have several advantages over reciprocating compressors. They are inherently more reliable and require less maintenance as they have few moving parts. Further, the maximum temperature anywhere in the compressor does not exceed 100 oC, thus obviating the need for cooling the casing. In screw compressors, the suction and discharge valves are replaced by ports in the housing, and the piston is replaced by rotors. It consists of two helical rotors: an electric motor drives a rotor shaft, which in turn drives the other rotor. These compressors have less wear and tear and vibrations, and require smaller foundations. The advantages of a screw compressor are its smaller size, lighter weight, step-less capacity control, and less starting torque requirement. Also, the performance of screw compressors, unlike reciprocating and centrifugal compressors, is not affected by the presence of moisture in the suction air.

3.1.2 Performance assessment of compressed air system

Compressors are designed to deliver a fixed quantity of air at certain pressure. But, due to ageing, wear and tear or poor maintenance, compressor may not deliver the same volume of air as specified by the manufacturer in the nameplate. By performing the FAD (free air delivery) test, actual output of a compressor with reference to the inlet conditions can be assessed. The test determines the pumping capacity of the compressors in terms of FAD, i.e. air pumped at atmospheric conditions. Following tests are generally carried out for evaluating the operating capacity of compressors.

i. Pump-up test
ii. Suction velocity method

The pump-up test of a compressor needs isolation of the air receiver and compressor from rest of the plant, whereas the suction velocity method could be undertaken without isolating the compressor. Depending upon the operating conditions in the plant, suitable method is used to study the performance of the compressors. Apart from FAD, it is also advisable to check power consumption, the optimum pressure setting and carry out the air leak test in the air distribution network in the plant to evaluate the condition of the air distribution system. The methods of carrying these tests are explained below.

Measurement of FAD

Pump up test method

This test determines the pumping capacity of the compressors (reciprocating and screw) in terms of air pumped at atmospheric conditions. It requires the isolation of the air receiver from the system, and only the compressor, whose pumping capacity has to be determined, must be connected to it. The receiver must be drained before switching on the compressor. The time taken by the compressor to maintain the working pressure in the air receiver (compressor on time or on load time) must be observed. A minimum of three readings are required to calculate the average value of time. The volume of the pipeline between the compressor and the receiver must then be calculated. The capacity of the compressor can be calculated using the formula

$$FAD = \frac{(P_2 - P_1) \times V \times T_1}{P_1 \times t \times T_2}$$

Where,

FAD = actual pumping capacity of the compressor (m^3/minute),

V = total volume (m^3) = V´ + v,

V´ = volume of the receiver (m^3),

v = volume of the pipe line connected from air compressor to air receiver (m^3),

P_1 = atmospheric pressure (1.013 bar absolute),

P_2 = final pressure of the receiver (bar absolute),

$t = average\ time\ taken\ (minutes)\ \frac{t_1 + t_2 + t_3}{3}$

t_1, t_2, t_3 = time taken to fill the receiver at working pressure of the system.

T_1 = inlet air temperature in K

T_2 = compressed air exit temperature in K

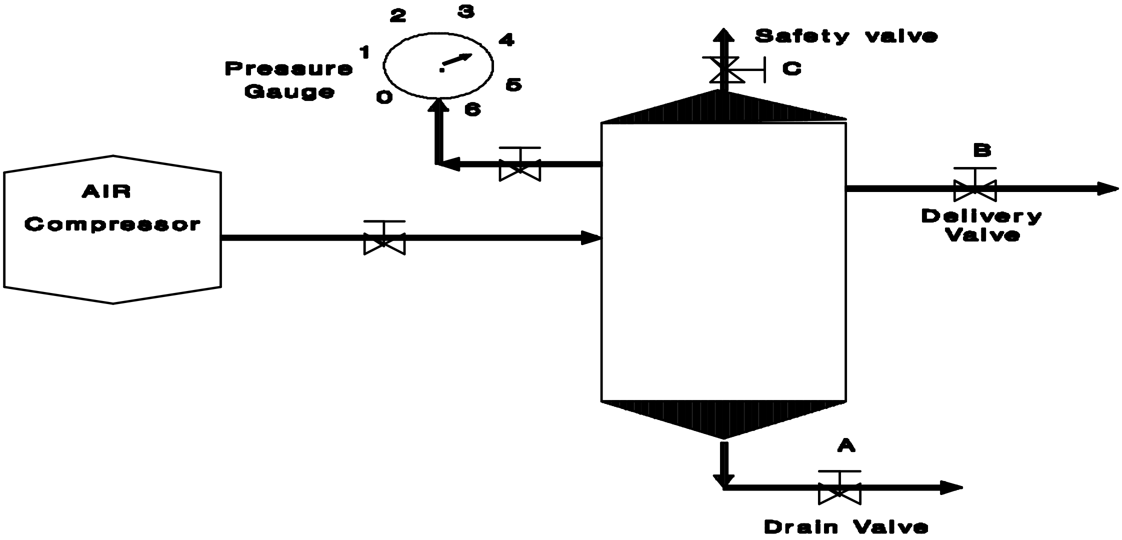


Figure 4.1.2a: Pump up test schematics

Suction velocity method

This methodology is only used wherever compressor cannot be isolated from the system. In this method, velocity of inlet air to the compressor is measured at the entire suction filters area with multiple readings using hand held portable instrument. Actual free air delivery for the compressors is calculated after averaging it out the multiple measurements of suction velocity and multiplying it with the net open area of the filter's suction area.

After calculating FAD either by pump up test or suction velocity method, compare the value with the design value of FAD. If the difference is more than 20%, it is important to check the piston rings, cylinder bores, and so on.

Specific power consumption

It is always better to evaluate the compressors on the basis of the specific power consumption index. This is the actual shaft power to generate 1 Nm3/minute (normal m3 per minute, that is, 1 m3 per minute at 1 bar, 0 ºC and 0% RH) at 7 kg/cm2 (g) or at any common pressure, when the compressor is running at full load. This ratio can be calculated when the actual electrical power input (not the rated power of motor) and the FAD in Nm3/min are known.

$$Specific\ power\ (kW/Nm^3/minute) = \frac{(Actual\ power\ (kW)}{FAD\ (Nm^3/minute)}$$

Pressure setting

The discharge pressure should be kept at the minimum required for the process or the operation of pneumatic equipment for a number of reasons, including minimizing the power consumption. The compressor capacity also varies inversely with discharge pressure and the power consumption increases (table 3.1.2a). Another disadvantage of higher discharge pressure is the increased loading on the compressor piston rods and their subsequent failure. Maintaining a higher air pressure (generated for buffer storage) than operating pressure is a waste of energy and cost. Also, at higher pressure, air leakages from the same size of orifice increase. An increase in operating pressure by 1 kg/cm2 can increase energy consumption by four per cent. On the other hand, lower air pressure than required reduces the productivity of pneumatic tools drastically. Most of the air tools are designed to operate at 90 psig. The performance of these tools reduces by 1–4% for every one psig drop in pressure.

Table 3.1.2a: Power consumption of compressors at different pressures

Pressure (kg/cm^2)	Free air delivery (Nm^3/min)	Shaft power (kW)	Specific power ($kW/Nm^3/min$)
3	19.60	87.0	4.44
4	18.30	92.6	5.06
7	19.30	123.0	6.37
8	19.22	128.0	6.66
10	19.87	150.0	7.55

Leakage test

The leakage in the compressed air system can be quantified by running the compressor with all the air-using equipment shut off. The time taken for the system to attain the desired pressure or for the compressor to unload can be noted. This pressure will fall because of leakages in the system and the compressor will come on load again. The time taken for this to happen is to be noted as well. The period for which the compressor is on or off load should be recorded at least thrice to calculate an average value. The leakages can be estimated as follows.

$$L = \frac{(FAD)\ \times\ t_1}{t_1 + t_2}$$

$$Power\ wasted\ in\ Rs/year =$$
$$1.17 \times Specific\ power\ consumption\ (kW/Nm^3/min) \times L \times operating\ hours/year \times Rs/kWh$$

Where,

L = leakages (m^3/minute)

FAD = actual free air delivery of the compressor (m^3/minute)

t_1 = average on load time of compressor (second)

t_2 = average off load time of compressor (second)

A certain amount of wastage through leakage in any compressed system is inevitable, but air leakages above 5%, certainly needs in-depth study of the system. It is difficult to detect air leakages as they cannot be seen and smelt. While large leakages are easily detected by their hissing sound or by ultrasonic generated, it is difficult to detect small leakages, which can only be identified by applying soap solution on pipelines, joints, and so on. It is recommended that the entire distribution system be tested with soap solution once in six months. The air lost due to leakages can be quite significant depending on the air pressure. Table 3.1.2b gives the leakages through various orifice sizes and the resulting energy wastage at 7 kg/cm^2 air pressure.

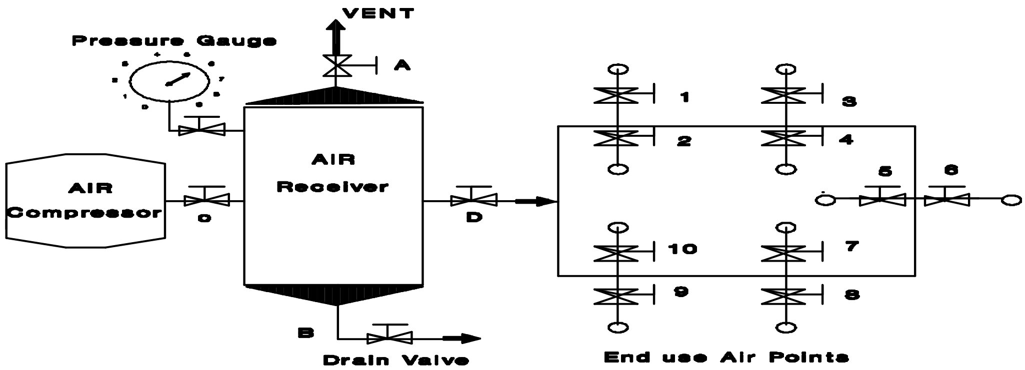


Figure 3.1.2b: Leakage test schematics

Table 3.1.2b: Power wastage from leakage of compressed air

Office diameter (inch)	Air leakage (Nm^3/h)	Power wasted (kW)
1/64	0.721	0.08
1/32	2.88	0.31
1/16	11.53	1.26
1/8	46.20	5.04
¼	184.78	20.19

Typical energy balance of the air compressor is shown in figure below:

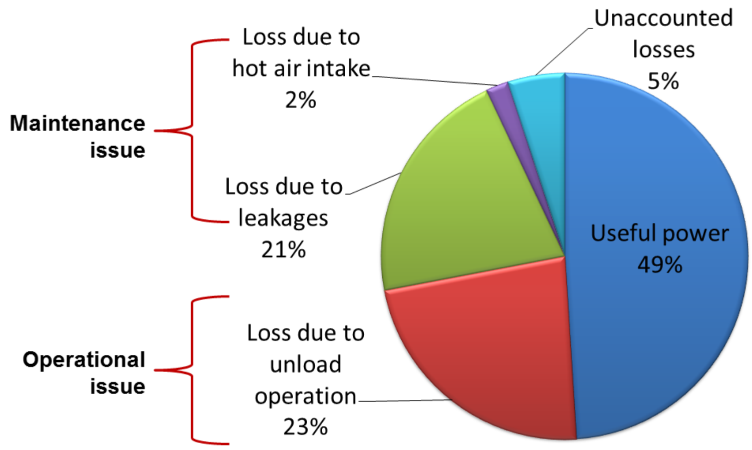


Figure 3.1.2c: Energy balance of air compressor

3.1.3 Replacement of in-efficient air compressor

EE compressor with VFD

Another foundry unit in Kolhapur foundry cluster manufactures and supplies CI and SG casting. The unit produces around 6000 metric tonne of casting per year. The corresponding annual energy consumption on that year was estimated to be around 493 toe costing 368 lakh rupees. The total CO_2 emission during the same period was estimated to be 5105 tonnes. The plant has two screw compressors for meeting the requirement of compressed air in the plant. Compressed air is mainly used to operate moulding machines, pneumatic grinders, mould cleaning and miscellaneous uses. The design specifications of existing compressors are given in table 3.1.3a.

Table 3.1.3a: Design details of existing compressors

Particular	Unit	Compressor 1	Compressor 2
Type		Screw	Screw
Operating mode		Load and unload	
Capacity	cfm	519.13	127.5
Pressure	kg/cm^2	7.6	7.6
Power	kW	75	30

Compressor 2 is a stand by system and 1 operates to meet plant requirement. Performance monitoring of the operating compressor was undertaken in detailed. Energy audit of the existing compressors in this unit revealed the possibilities of reducing energy consumption without disturbing compressed air requirement in the plant. The operating air compressor's motor has been re-wound thrice. The compressor was tripping many times while audit period. The power towards loading was 87kW. The specific energy consumption was measured 0.414kW/cfm while generating 210 cfm against design value of 520 cfm. The plant also admitted they are not able to meet full air requirement. Plant was having one 127.5 cfm air compressor in fairly good condition in other plant (not under use), it was recommended to run this for base load and install a new air compressor with VFD to meet variable load.

The VFD will minimize compressor unload power consumption as per quantity of compressed air requirement by optimizing speed of motor. The details of new VFD compressor are: Capacity: 225 cfm, power 37 kW and 7.1 bar. With recommendation and implementing support from energy auditing agency in the cluster, the unit benefitted by modifying the existing air compressor system with new VFD based screw compressor in the plant. Table 3.1.3b provides the detailed techno-economic analysis of the recommended EE project.

Table 3.1.3b: Details of recommended EE compressor

Actual Parameters	Unit	Value
Loading Pressure	kg/cm²	5.9
Unloading Pressure	kg/cm²	6.6
Specific Power Consumption	kW/cfm	0.414
Operational hours	hours/year	7,200
Base load Screw compressor		
Capacity	cfm	127.5
Pressure		7.6
Power	kW	30
Specific Power Consumption	kW/cfm	0.190
Annual energy consumption	kWh/year	1,74,420
Air compressor with VFD	**Unit**	**Air Compressor**
Capacity	cfm	225
Pressure	kg/cm²	7.1
Power	kW	37
SPC	kW/cfm	0.180
Unload time per hour	Min	15.00
Saving per hour	kWh	3.13
Total Annual Energy Saving	kWh/year	1,08,930
CO_2 avoided	tCO_2/year	96.95
Monetary saving	lakh INR/year	7.37
Investment cost	lakh INR	8.48
Simple payback period	Year	1.15

Down-sizing of existing screw air compressor

During normal operation, compressor in a foundry unit is operating in unloading condition for about 61% of the cycle. The specific energy consumption was calculated to be 0.277 kW/cfm. It is recommended to install new air compressor of lower capacity. It will serve two purpose vis-à-vis improve reliability, as old compressor will be as stand by and reduce power consumption. The design specifications of compressor are given in table 3.1.3c.

Table 3.1.3c: Design details of existing compressor

Particular	Unit	Compressor 1
Type and make		Screw & Atlas Copco
Operating mode		Load and unload
Capacity	cfm	127.5
Pressure	kg/cm²	7.5

Power	kW	30

The air compressor was loading for only 39% of time. The power consumption towards unload period was also high (14.3kW). It was recommended install a new air compressor of lower capacity. It would lead to reduced power consumption and will also improve reliability factor. The estimated annual energy savings in air compressor is 37,110 kWh equivalent to a monetary saving of Rs 2.60 lakh. The investment requirement is Rs 4.49 lakh with a simple payback period of 1.7 years. Cost benefit and saving estimation is given in table 3.1.3d.

Table 3.1.3d: Details of recommended on down-sizing of compressor

Actual Parameters	Unit	Value
Loading	%	39%
Unloading	%	61%
Loading	kW	30
Unloading	kW	14.30
Specific Power Consumption	kW/cfm	0.277
Hours of operation	hr/year	7200
Down-sizing of Air compressor	**Unit**	**Air Compressor**
Make		Kaeser ASD 32
Capacity	cfm	112
Pressure	kg/cm2	7.5
Power	kW	18.5
SPC	kW/cfm	0.170
FAD Generated	cfm	108.381
Annual Energy Consumption	kWh/year	1,09,484
Annual energy saving	kWh/year	37,110
Monetary saving	lakh INR/year	2.60
Investment	lakh INR	4.49
Simple Payback	years	1.91
CO_2 avoided	tCO_2/year	33.03

Replacement of reciprocating compressor by screw air compressor

During normal operation, in a foundry the reciprocating compressor is operating in unload position for above 52% of time. The power towards load time was 12.98 kW and that for unload period was 4.51 kW. The specific energy consumption of the air compressor was calculated to be 0.434 kW/cfm. The design specifications of existing compressor are given in table 3.1.3e.

Table 3.1.3e: Design details of existing compressor

Particular	Unit	Compressor 1
Type		Reciprocating
Operating mode		Load and unload
Capacity	cfm	34
Pressure	kg/cm^2	10
Power	kW	11

It is recommended to replace the air compressor with new screw air compressor. The specific energy consumption of the compressed air system will reduce. The specifications of recommended air compressor are: 57.2cfm, 7.5bar and 11kW. The estimated annual energy savings is 20,227 kWh equivalents to a monetary saving of Rs 1.46 lakh. The investment requirement is Rs 2.31 lakh with a simple payback period of 1.6 years. Cost benefit and saving estimation is given in table 3.1.3f.

Table 3.1.3f: Details of recommended on reciprocating to screw air compressor

Actual Parameters	Unit	Air Compressor
Loading	%	47.9%
Unloading	%	52.1%
Loading Pressure	kg/cm²	7.5
Unloading Pressure	kg/cm²	9.0
Loading	kW	12.98
Unloading	kW	4.51
Specific Power Consumption	kW/cfm	0.434
Hours of operation	hr/year	7200
New Screw Air Compressor	**Unit**	**Air Compressor**
Make		Atlas Copco
Model		GX-11-7.5P TM
Capacity	cfm	57.2
Pressure	kg/cm²	7.5
Power	kW	11.0
SEC	kW/cfm	0.192
Generated CFM	cfm	29.92
Annual energy consumption	kWh/year	41,431
Energy savings	kWh/year	20,227
CO_2 avoided	tCO_2/year	18.00
Monetary saving	lakh INR/year	1.46
Investment cost	lakh INR	2.31
SPP	year	1.59

3.1.4 Retrofits in compressed air system

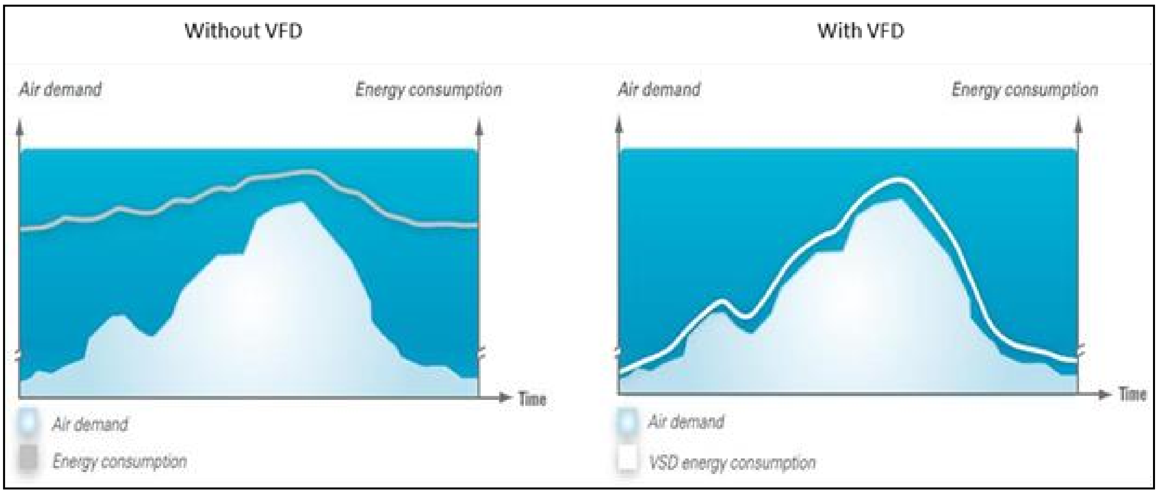
Retrofit of VFD on screw air compressor

A foundry in Belgaum cluster equipped with 25 hp screw air compressor. During normal operation, compressor is operating in unload position for about 59% of time. The power towards load time was 21.9 kW and that for unload period was 7.7 kW. The specific energy consumption of the air compressor was calculated to be 0.202 kW/cfm. The design specifications of existing compressors are given in table 3.1.4a.

Table 3.1.4a: Design details of existing compressors

Particular	Unit	Compressor 1
Type and make		Screw & Atlas Copco

Operating mode		Load and unload
Capacity	cfm	114
Pressure	kg/cm^2	7.5
Power	kW	18



It is recommended to retrofit the air compressor with variable frequency drive (VFD) to minimize the unload power consumption. The VFD will minimize compressor unload power consumption as per quantity of compressed air requirement by optimizing speed of motor. It is recommended to load compressor around 85% of time. The estimated annual energy savings is 10816 kWh equivalents to a monetary saving of Rs 0.77 lakh. The investment requirement is Rs 1.24 lakh with a simple payback period of 1.6 years.

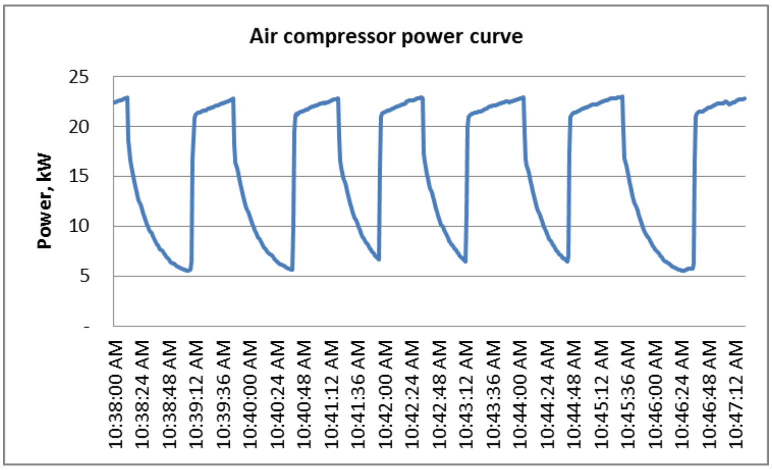


Table 3.1.4b: Details of VFD retrofitting on compressor

Actual Parameters	Unit	Value
Suction Area	cm^2	50.3
Suction Velocity	m/s	10.2
FAD Generated	m^3/min	3.08
	cfm	108.6
Loading	%	41%
Unloading	%	59%

Loading pressure	bar	6.5
Unloading hours	bar	7.5
Loading	kW	21.9
Unloading	kW	7.7
Specific Power Consumption	kW/cfm	0.202
Operating hours	hour	3,600
VFD Retrofitting	**Unit**	**Value**
Unload power saving	%	15
Annual energy saving	kWh/year	10,816
	toe/year	0.93
Cost of electricity	INR/kWh	7.12
Monetary saving	lakh INR/year	0.77
Investment	lakh INR	1.24
SPP	year	1.6
CO_2 avoided	tCO_2/year	9.6

Sequence controller for air compressors

A foundry in Rajkot was equipped with three screw type air compressors of rating 55 kW, 37 kW and 22 kW respectively. There was no control mechanism in place to insure proper meeting of the demand. The compressors were running in ad-hoc basis, leading to high energy consumption (1029 kWh per day).

It was recommended to install a sequence controller for the air compressors with closed loop feedback from a pressure transducer installed at the receiver end. This led to sequential operation of air compressor and led to improved energy performance. The daily energy consumption in compressed air system came down to 775 kWh. The switching between the air compressors with and without sequence controller for meeting foundry demand is shown in figure.

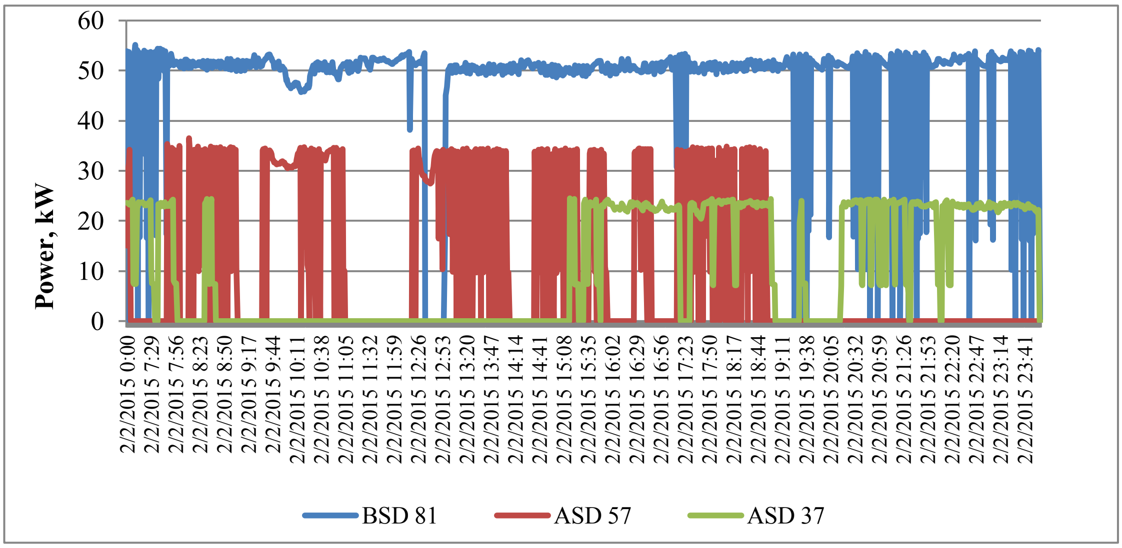


Figure 3.1.4a: Before sequence controller

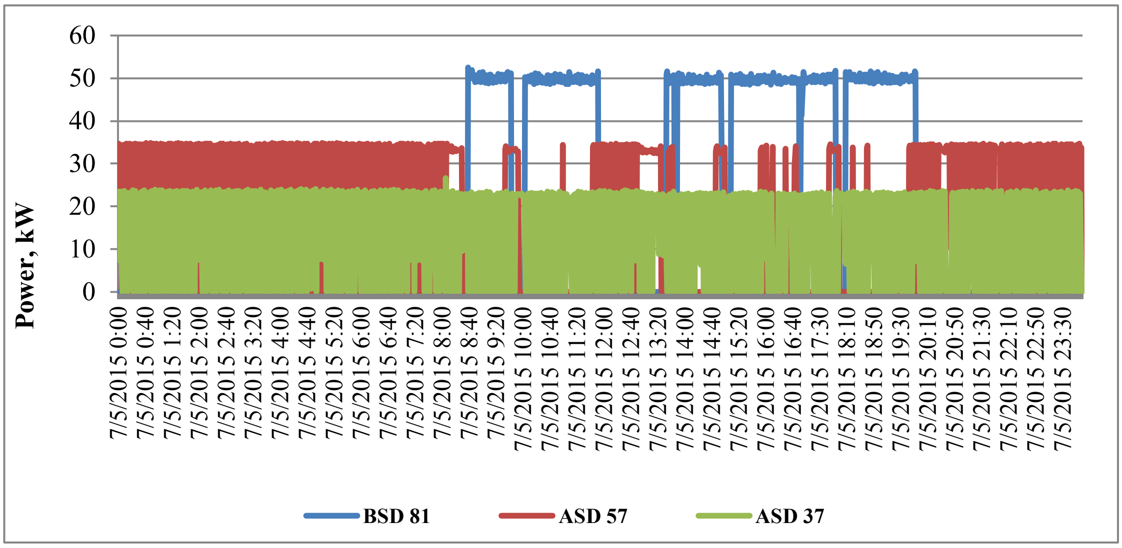


Figure 3.1.4b: After sequence controller

Compressed air network

Case study 1

A foundry in Howrah with annual production of about 3500 tonnes, was equipped with two screw type air compressors of 45 kW rating. The actual demand of the foundry was about 200 cfm of compressed air at 6 kg/cm2 pressure. The plant was operating the air compressor at 9.6 kg/cm2 pressure, owing to high level of losses in the compressed air network.

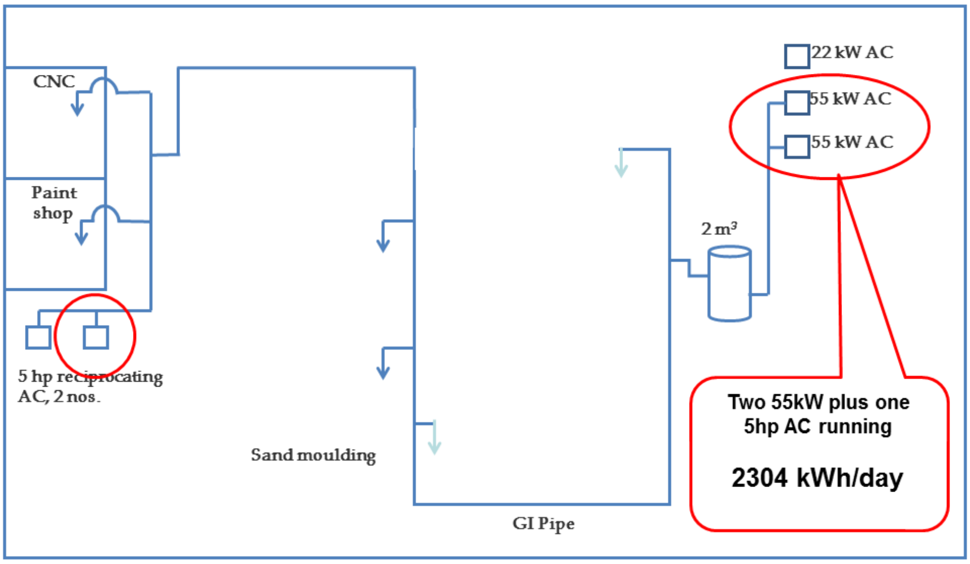
The compressed air piping around the moulding machine was found to have too many bends leading the loss of pressure. It was suggested to simplify the compressed air network and reduce the bends. The unit reduced the number of bends from four to two and brought down the compressor pressure by 0.8 kg/cm2; leading a direct energy saving of about 3.5%.

Before

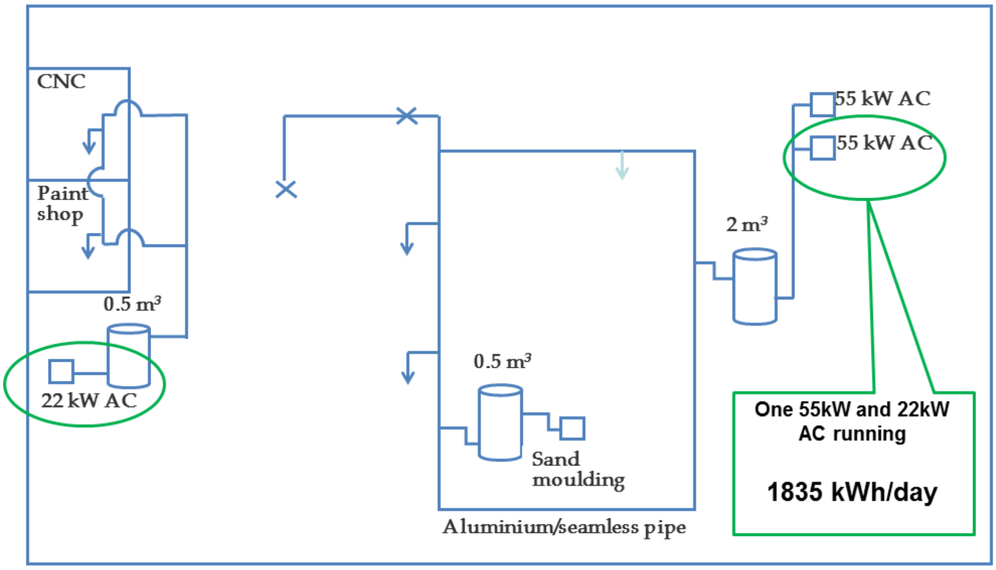
After

Case study 2

A foundry in Howrah with annual production of about 2550 tonnes, was equipped with two screw type air compressors of 55 kW rating, one of 22 kW rating and two 5hp in paint shop. The compressed air network of the unit is shown in figure. The foundry uses two 55 kW air compressor for meeting compressed air demand of the foundry section, whereas one 5 hp reciprocating compressor meets demand of paint shop along with tapping from centralized compressed air distribution network. The daily energy consumption is about 2304 kWh.



It was recommended to the unit to replace GI piping with seamless CPVC piping for compressed air distribution and make a ring main to reduce pressure drop in the line. The modified network is shown in the figure. The daily energy saving was about 469 kWh.



3.1.5 Best operating practices in compressed air system

Reduce the consumption of air

- There are always air leakages exists in the shop floor and which could be near to the equipment/application point and/or in the air piping distribution system

- Leakage test
  - ✓ Operate compressor at night, or holiday, and shut it down when achieving a predetermined pressure value.
  - ✓ When the compressor is shut down, due to the leakage, the pressure will automatically decrease. The amount of leakage can be known by measuring the time (T) taken to decrease the pressure by 1 bar.
  - ✓ Formula $$Q = \frac{(P1 - P2) \times V}{Po(1.033) \times T}$$
  - ✓ Q=Volume of leakage (m^3/min)
  - ✓ P1= Predetermined pressure (kg/cm^2) (gauge pressure + 1.033kg/cm^2)
  - ✓ P2= Pressure after leakage (kg/cm^2) (gauge pressure + 1.033kg/cm^2)
  - ✓ T=Time taken to reduce pressure from P1 to P2 (min)
  - ✓ Po= Atmospheric air pressure(kg/cm^2)
  - ✓ V= Piping capacity (Mm^3) (In case of your company; 72.31m^3)
- There is a report that as much as 20% of leakage exists in a plant on average
- Since leakage directly leads to energy loss, it is the highest priority issue for air systems
- Be aware that leakage may occur anywhere.
  - ✓ Leakage from coupler
  - ✓ Leakage from pipe
  - ✓ Leakage from internal component of equipment
- For example, use of proper air nozzles for blowing will reduce the air consumption.
- So, reducing leakage is top-priority issue in air system.
- Recognizing that a leakage occurs from all places is required.
- The leakage with a sound is detected by using 'Leak Detector' e.g. Model-AAM-PWLEAK02
- However, cautions are required, since there is also the leakage with no sound.
- Leakage test can be carried out frequently to check the quantity of air leakages in the plant. The physical verification at joints of hoses, couplers will help to identify the air leakages, even soap solution can be poured at the joints for checking the air leakages.
- Leakage check test
  - ✓ Leakage check is performed at the night time or on holidays when the plant is not in operation.
  - ✓ Once the compressor is operated and raised up to predetermined pressure, then stop the compressor and measure the time required for pressure reduction of 1bar from the predetermined pressure.
  - ✓ Since all of this leads to waste of energy, there is a necessity for quick measures.
  - ✓ If in the above investigation, it is possible to calculate the amount of leakage, then leakage locations need to be identified in the next step.
  - ✓ As the amount of leakage can be calculated by the pressure drop calculation, after confirming the same the leakage areas can be identified and effective leakage reduction can be achieved.

- ✓ Target reduction is half of the total ratio.
- Keeping that in mind, take measures from the most leakage prone areas.
- Leakage cannot be completely stopped with the one-time measures.
- Continuous monitoring is required.

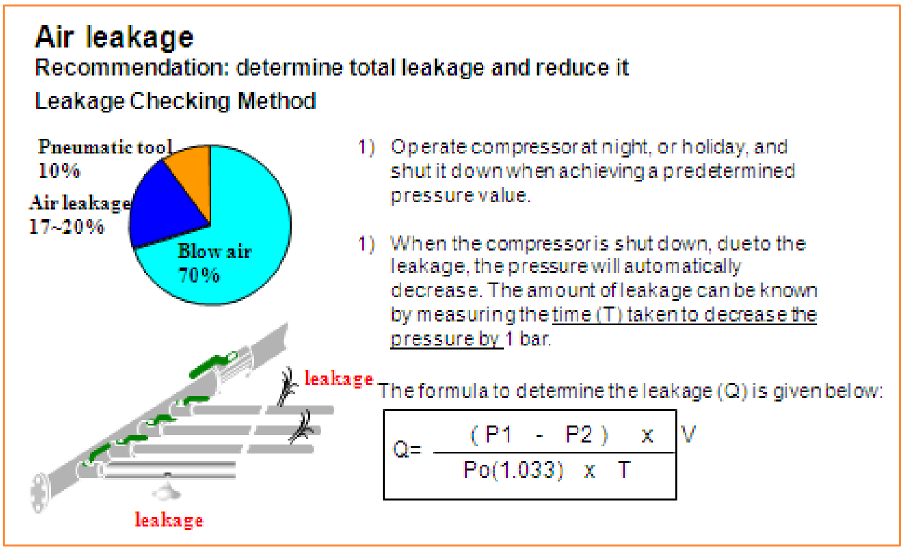


Figure 3.1.5a: Air leakage

Reduce air pressure and good air piping work

- There should be always pressure gauges installed in the air piping system for regular check of design and operating pressure of pressure gauges, if there is any fall in pressure for the existing set point of air compressor then there are huge leakages exists in the system and needs to identify the points

Figure 3.1.5b: Contents of Improvement Measures – Examination of Piping Work

- Increase pipe size to reduce pressure loss and important air piping work

- ✓ Piping system
  How pressure loss changes if size changed?
  How pressure loss changes if valve structure differs?
- ✓ Be sure to provide a drain connection for a riser pipe.
- ✓ Installation to a collecting pipe must be made from above to prevent backflow. (Similarly, branch pipes must be installed from above.)
- ✓ For a collecting pipe, give an inclination (1/100) from the upstream to the downstream. Attach a drain plug at the end of each pipe.
- ✓ Buried piping makes it difficult not only to detect air leakage but also to repair

- If there is need for higher pressure for particular application or process or shop then increase pressure by use of booster compressor instead of increasing set pressure of the entire air compressor system
- Pipe size - for reduced pressure loss without large no. of bends with 4 – 5 m/s of velocity, helps is load/unload of air compressor, running hours, leakages etc. Types of valves ball valves and globe valves, in globe valves there are 60% more losses than gate valves.
- Use of hosepipes increases the pressure drop. Piping should not be underground and drain valves should be placed at lower position in pipelines. The filter size should be adequate so, that there is no pressure drop. Higher resistance causes pressure drops and also there is overloading of the air compressors resulting in frequent breakdowns. Piping should be used in looping for reduced pressure drops.

Figure 3.1.5c: Examples of recommended piping

- If adequate and large receiver size is used, there is energy saving about 3%. Proper ventilation of air compressor decreases the surrounding temperature resulting in less stoppage due to over temperature and energy saving with less inlet temperature. For indirect ventilations large size fans are required. Proper layout of air duct is required for ventilation. For various air pressure requirements in the plant, pressure boosters or booster air compressors can be used, which will eliminate the high-pressure generation at main air compressor.

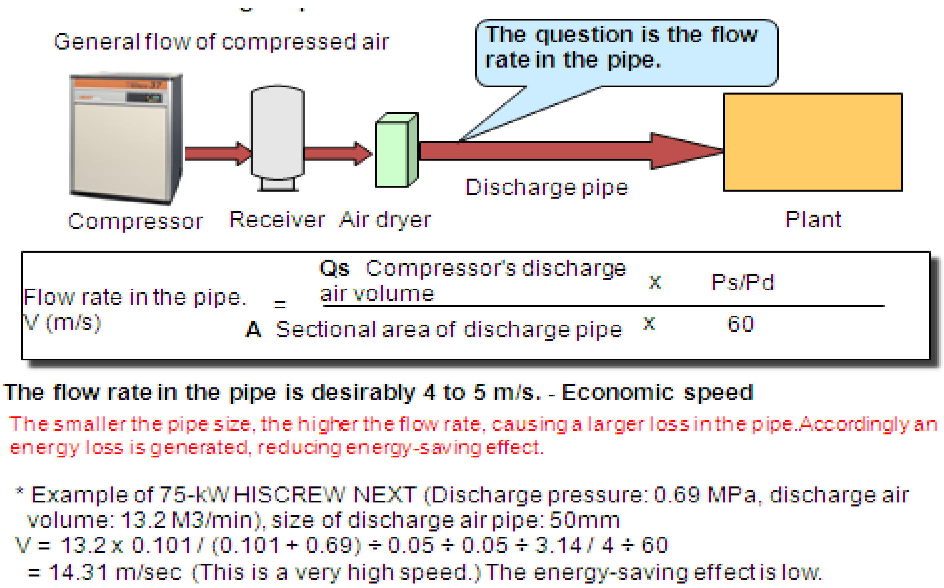


Figure 3.1.5d: Pressure loss through pipe and internal flow rate

Optimize the air compressor

- Pressure reduction by 1 bar will give energy saving of 6-8%.
- Air intake into the compressor room and better ventilation. (Pay attention to the gallery design - effective area)
  - ✓ Install the compressor in the direction so that a hermetically closed room or intake of contaminated air (oil, gas, etc.) is avoided.
  - ✓ Prevent the air discharged from the compressor room from being sent back into the room and circulating.
  - ✓ Discharge air in compressor room
  - ✓ Install the fan high on the wall of the compressor room.
  - ✓ When using a rain hood, take resistance into consideration when selecting a ventilating fan.
- Use of inverter type air compressors is important, as industry though are using inverter compressor are not getting desired energy savings. The continuous air compressor should be used at base load and inverter compressor should be used for variable load with proper pressure setting.

- Multiunit control can be used at the air compressor installations having more than 2 air compressors. Etc. He explained advantages/disadvantages of centralised and de-centralised air compressor systems.
- Plan/do/check/act is continuously required for energy efficiency requirement in compressed air system.

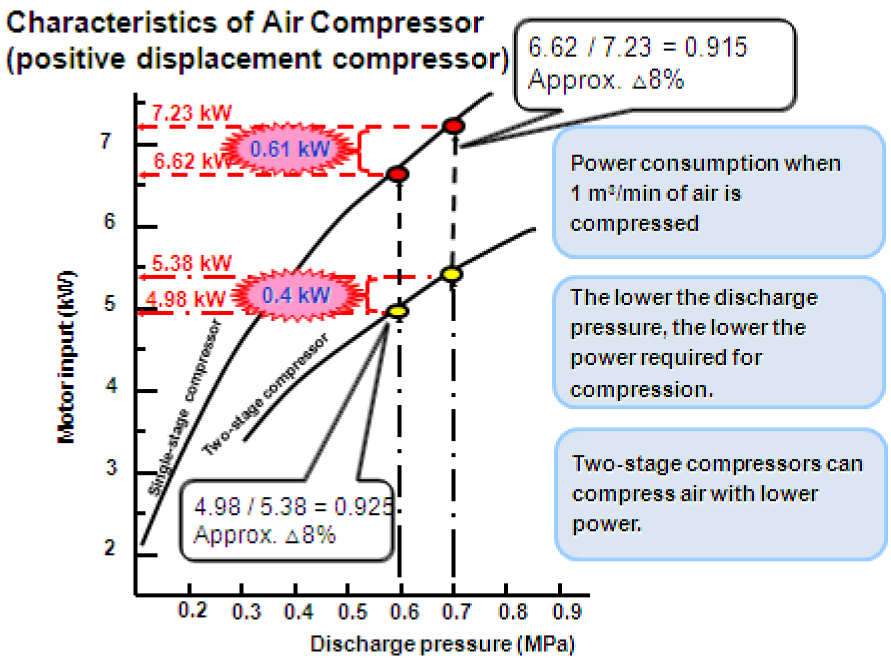


Figure 3.1.5e: Characteristics of air compressor

Some important points

- Life of air compressor in its life cycle is considered about 12 years life
- About pressure reduction ~6% saving is possible
- About centralized system, centralized system can be selected/ designed based on various factors like size, pressure and plant layout etc.
- About use of inverter type air compressor with percentage loading 50% to 90%, energy consumption cost savings of minimum 20% is possible even though there is less fluctuations in the compressor loading/unloading.
- About air receiver for high capacity air compressors, high capacity receiver could be used for Centrifugal air compressors which will give saving of 3 %.

Environment point in compressed air system

- Replacement of reciprocating air compressor and install low vibration, low noise level air compressors.

- Drain discharge according to the actual drain amount is required in order to efficiently avoid unnecessary damage to the environment and cost associated with generating process of compressed air.
- Intelligent electronic control system keeps the loss of compressed air and energy consumption to a minimum by BEKOMAT drain discharge equipped with capacity levelling sensor can be used for drain discharge.

Case study: Leakage loss

A foundry in Rajkot was able to bring down its compressed air leakages in the fettling shop by replacing the screw type connector of pneumatic line and the fettling machine with a aluminium crimping arrangement. This seals the pipe properly reducing the chances of leakages over the life of machine. The same is depicted in figure. The energy saving by reduction of compressed air leakages was in tune of 3 – 4%.

Before

After

Case study: Cleaning of filter

A foundry in Howrah was using a 22 kW screw air compressor for meeting its compressed air demand. During study it was observed the filter was not cleaned for months. This led to an increase in specific power consumption of the air compressor by 2 kW per 100 cfm. The energy saving by proper cleaning of filter was in tune of 1 – 1.5%.

Case study: Exhaust duct for air compressor

A foundry in Kolhapur cluster was equipped with 30 kW air compressor to meet compressed air demand. The compressor was placed in a closed room thus leading to a higher temperature. The suction air temperature of the air compressor was about 5 oC higher than the ambient temperature. It was recommended to install an exhaust duct for the air compressor to throw the hot air outside the compressor room. This led to an energy saving in compressor of about 1%.

3.2 Cooling water system

3.2.1 Background

The foundry using induction furnace for melting have a dedicated cooling water circuit for meeting cooling demand of the coil and the also the power panel. The panel cooling and coil cooling is done using soft water i.e. demineralised water. A plate heat exchanger exchanges the heat from soft water to industrial raw water, which is circulated using another pump. Some foundry use this raw water pump to directly cool the water in a cooling tower, on the other hand a few units have hot well and cold well system, where another pump is incorporated for cooling tower water circulation.

Pump operating point

When a pump is installed in a system the effect can be illustrated graphically by superimposing pump and system curves. The operating point will always be where two curves intersect. Each centrifugal pump has a BEP at which its operating efficiency is highest and its radial bearing loads are lowest. At or near its BEP, a pump operates most cost effectively in terms of both energy efficiency and maintenance. In practical applications, operating a pump continuously at its BEP is not likely, because pumping systems usually have changing flow rate and system head requirements and demands. Selecting a pump with a BEP that is close to the system's normal operating range can result in significant operating cost savings.

The performance of a pump is typically described by a graph plotting the pressure generated by the pump (measured in terms of head) against flow rate. A performance curve for a typical centrifugal pump is shown in figure 3.2.1.

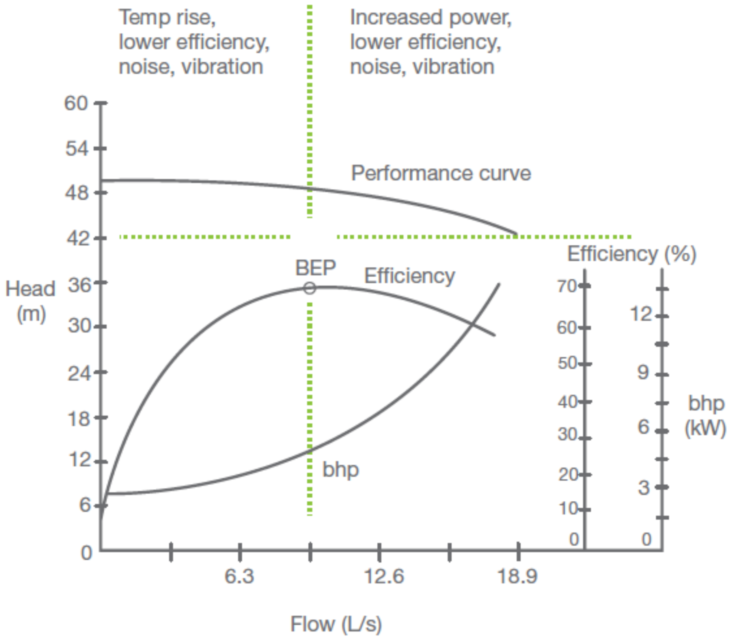


Figure 3.2.1: Pump operating point

If the actual system curve is different in reality to that calculated, the pump will operate at a flow and head different to that expected.

3.2.2 Performance assessment

Performance assessment of pumps

In metal casting industries, the pumps are mainly used to transfer water from reserve source point to user end as employed in the process and connected with the utilities to circulate the cooling water. The condition of an operating pump can be understood by calculating operating efficiency of the individual pump and comparing with design value. Efficiency of a pump can be estimated by the following relation.

$$Hydraulic\ power = \frac{Q\ (m^3/s)\ \{total\ head\ (hd - hs)\}\ (m)\ \times\ \rho\ (kg/m^3) \times g\ (m/sec^2)}{1000}$$

Where,

$$h_1 - discharg\ head\ in\ metre, h_s - suction\ head\ in\ metre, \rho - density\ of\ the\ fluid\ in\ (kg/m^3, g - acceleration\ due\ to\ gravity.$$

$$Pump\ shaft\ power, P_s(kW) = Electrical\ input\ power\ (kW) \times motor\ efficiency$$

$$Pump\ Efficiency\ (\%)\ = \frac{Hydraulic\ power, Pd \times 100}{Pump\ shaft\ power, Ps}$$

Best performance from a pump can be observed when a pump is operated at point where its operating curve intersects with system curve without any throttling at either stream of flow as shown in the figure 3.2.2a.

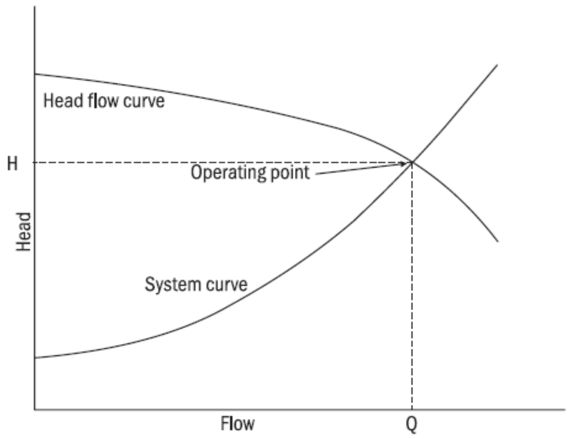


Figure 3.2.2a: Operating curve of a Pump

The pump performance will vary depending upon the operating parameters like RPM (N), input power (kW), head (H) and flow rate (Q). These operating parameters are linked with the following relationship.

Flow: Flow is proportional to speed; $\frac{Q_1}{Q_2} = \frac{N_1}{N_2}$

Where, Q_1 is flow corresponding to speed N_1 and Q_2 is the flow corresponding to speed N_2

Head: Head is proportional to the square of speed; $\frac{H_1}{H_2} = \frac{(N_1)^2}{(N_2)^2}$

Power (kW): Power is proportional to the cube of speed; $\frac{kW_1}{kW_2} = \frac{(N_1)^3}{(N_2)^3}$

As can be seen from the above laws, doubling the speed of the centrifugal pump will increase the power consumption by eight times. Conversely a small reduction in speed will result in drastic reduction in power consumption. This forms the basis for energy conservation in centrifugal pumps with varying flow requirements. The table 3.2.2a provides the list of data that are required for calculating above mentioned performance indicators of a cooling tower.

Table 3.2.2a: List of operating parameters of pump

S No	Parameter
1	Power consumption (kW)
2	Suction head (metre)
3	Delivery head (metre)
4	Pump flow rate (kg/second)
5	Fluid temperature (°C)

Performance assessment of cooling tower

Cooling towers are mainly used in foundries to circulate cooling water to user end in the process to meet the desire requirement in the plant. It could be either natural draught or forced draught operation. Figure 3.2.2b shows the simple schematic view of water and air flow to a cooling tower.

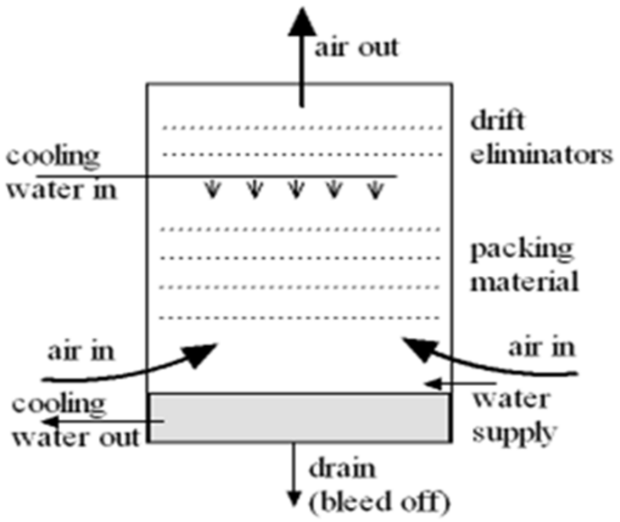
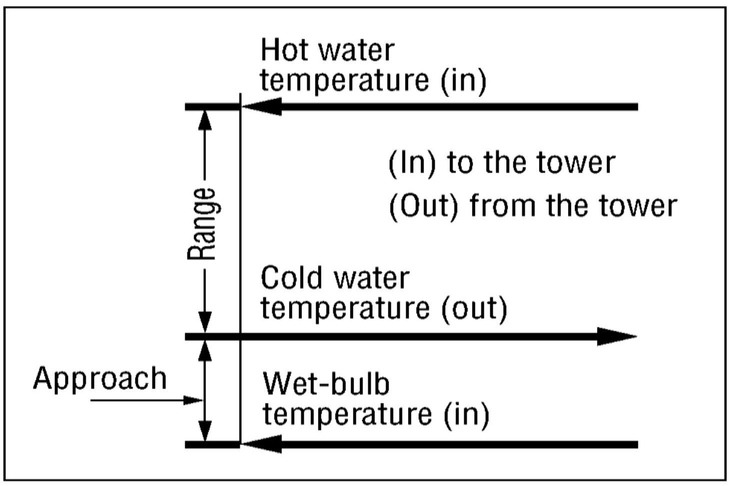


Figure 3.2.2b: Schematic view of cooling tower

The performance of cooling tower can be compared with the rated output with the actual output like range, approach, effectiveness, heat rejection capacity in TR, evaporation loss and make up water flow rate etc. Cooling duty water flow rate and its temperature helps to estimated difference performance of cooling tower. Some of the important performance indicators of cooling tower are represented in figure 3.2.2c. The relation to estimate range, approach and effectiveness for a given cooling tower are mentioned below:

$$Range = Entering\ cooling\ water\ temperature\ (return\ from\ process) - Leaving\ water\ temperature\ (supply\ to\ process)$$

$$Approach = Leaving\ cooling\ water\ temperature - Ambient\ wet\ bulb\ temperature$$



$$Effectiveness = \frac{Range}{(Range + Approach)}$$

Figure 3.2.2c: Representation of cooling tower performance indicators

Heat rejected or cooling capacity; TR

$$TR = \frac{(mass\ of\ flow\ rate\ \times\ specific\ heat\ \times\ range)}{3024}$$

$$= \frac{(1000\ \times\ flow\ (m^3/h) \times\ cooling\ tower\ inlet\ and\ outlet\ temperature\ difference\ (T)}{3024}$$

Evaporation loss is the water quantity evaporated for cooling duty; as a thumb of rule for every 1 million of kcal heat rejected, the evaporation quantity could be worked out at 1.8 m^3

Blow down losses depend upon COC (cycles of concentration), where COC is the ratio of dissolved solids in circulating water to the dissolved solids in make-up water. The total make up water quantity is depended on the loss of circulating water in drift, evaporation and blow down.

$$Make\ up\ water\ quantity = drift\ loss + evaporation\ loss + blow\ down\ loss$$

The data required to be collected form cooling tower system for evaluating its performance are given below.

Table 3.2.2b: list of operating parameters of cooling tower system

S No	Parameter
1	Ambient dry bulb temperature (°C)
2	Ambient wet bulb temperature (°C)
3	Average Cooling water inlet temperature (°C)
4	Average Cooling water outlet temperature (°C)
5	Average Cooling duty water flow rate (m^3/hour)

3.2.3 Energy efficiency in pumps

Case study

In a foundry unit monthly production of 121 tonnes was equipped with a 500 kg, 350 kW induction furnace. The coil cooling pump of the furnace was mono-block type with 34% rated efficiency. The power consumption of furnace coil cooling pump was measured to be 4.5 kW. The water flow rate was measured to be 10.8 m^3/hr which is lower than the design flow of 14.4 m^3/hr. The overall efficiency of the pump is calculated to be 26% which is lower than design efficiency (34%).

The performance of an induction furnace is directly linked with the performance of its cooling water circuit. Therefore, it is recommended to replace the existing furnace coil cooling pump with an energy efficient pump. The cost benefit analysis of the EE pump is shown in table.

Table 3.2.3: Replacement of existing coil cooling pump with energy efficient pumps

Recommended Pump Specification	Units	Coil cooling pump for Furnace
Flow rate	m^3/hour	14.4
Differential Head	m	40.0

Efficiency	%	51.1%
Power proposed pump	kW	3.07
Power saving	kW	1.43
Operating period	hour	4,800
Annual Energy saving	kWh/year	6,856
Cost saving		
Annual Monetary Saving	Rs lakh / year	0.42
Investment	Rs lakh	0.55
Simple Payback Period	years	1.3
CO_2 emission avoided	tCO_2/year	6.7

The estimated annual energy savings in coil cooling pump is 6,856 kWh equivalents to a monetary saving of Rs 0.42 lakh. The investment requirement is Rs 0.55 lakh with a simple payback period of 1.3 years. The annual reduction is CO_2 emission is estimated to be 6.7 tCO_2.

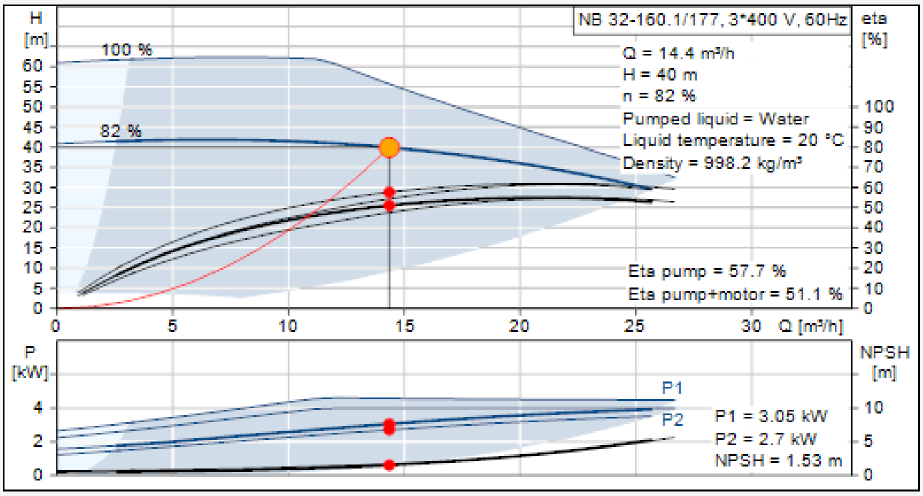


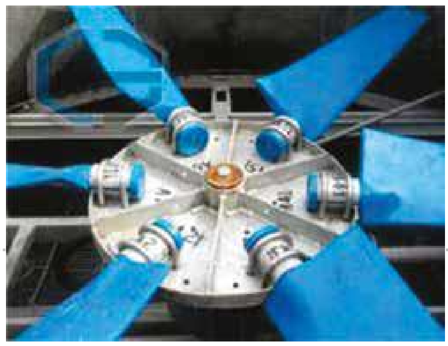
Figure 3.2.3: Proposed coil cooling pump

3.2.4 Energy efficiency in cooling tower

CASE STUDY: FRP Blades

The existing cooling tower in a foundry incorporates induced axial flow fans with aluminium blades. It is well known that aluminium blades are heavier and needs comparatively greater starting torque. The measured power of fan was 4.0 kW.

It is recommended to change the cooling tower fan blades from Aluminium to Fibre reinforced plastic. Usage of FRP blades instead of aluminium blades generates 20% savings. The metal blades in cooling



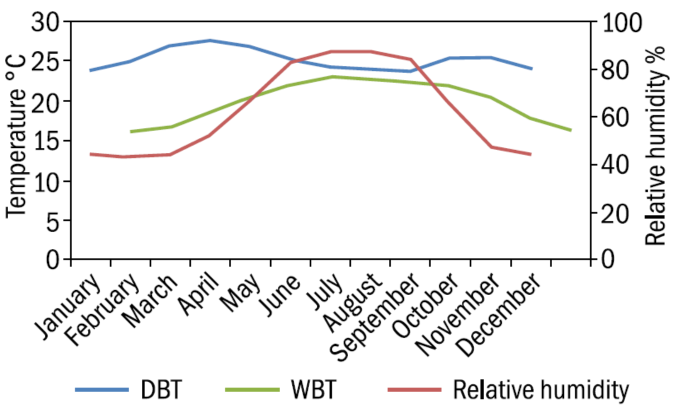
tower fan can be replaced with 'fibre reinforced plastic' (FRP) blades, which are lighter. Use of FRP blades would reduce the power consumption of cooling tower system. It further increases the possibility of de-rating or re-sizing the motor capacity of cooling tower fan to a lower sized motor. The other advantages of FRP blade include high reliability and better performance due to lower failure rate.

The annual energy savings potential is 5,760 kWh equivalents to a monetary saving of Rs 0.45 lakh. The investment requirement is Rs 0.20 lakh with a simple payback period of 0.4 year.

Table 3.2.4: Replacement of existing coil cooling pump with energy efficient pumps

Fan power	kW	4.00
Replace Al blade by FRP blade		
Reduction in power by FRP	kW	0.80
Energy Saving	kWh/year	5,760
	toe/year	0.50
Energy cost	INR/kWh	7.89
Monetary Saving	lakh INR/year	0.45
CO_2 emission reduction	tCO_2/year	5.13
Investment	lakh INR	0.20
SPP	years	0.44

CASE STUDY: Thermostatic controller



The main function of a cooling tower is to reduce the temperature of incoming water based on wet bulb temperature and relative humidity of ambient conditions. A majority of the cooling towers are not equipped with automatic controls to regulate the fan operation. A few units control the cooling tower operations manually based on outlet temperatures of cooling water. The seasonal variations in ambient temperatures and relative humidity show that the cooling tower requires continuous monitoring of temperatures for effective operation. The maximum possible drop in temperature of cooling water is limited to the wet bulb temperature of the ambient conditions.

In place of manual operation, automatic controls are preferred. The most common system used in cooling towers is thermostatic controller. It senses the outlet temperature of the cooling water. The controller switches-on or off the fan automatically based on prevailing level of cooling water temperature.

The typical energy savings with installation of thermostatic controllers in cooling water circuit is about 5–10% depending on geographical location. Typically for a cooling tower the energy saving is in tune of 0.1 kWh per tonne of liquid metal.

3.2.5 Best operating practices in cooling water circuit

Indication that pumps is oversized

Following table enlists the characteristics of an oversized pump and its reasoning:

Characteristics of an Oversized Pump	Description
Excessive flow noise	Oversized pumps cause flow-induced pipe vibrations, resulting in excessive noise and increased damage to pipework (including flanged connections, welds and piping supports)
Highly throttled flow control valves	Pumps tend to remain in more restrictive positions in systems with oversized pumps; this increases backpressure, further decreasing efficiency
Frequent replacement of bearings and seals	Increased backpressures from increased flow rates creates high radial and thrust bearing loads as well as high pressures on packing glands and mechanical seals
Heavy use of bypass lines	A system that heavily uses bypass lines indicates that the system has either Oversized pumps, is not balancing properly, or both
Intermittent pump operation	Pumps being used for purposes such as filling or emptying tanks that run very Intermittently indicate oversizing and hence suffer increased start/stop inefficiencies And wear, as well as increased piping friction

Pump wear and maintenance

Effective, regular pump maintenance keeps pumps operating efficiently and allows for early detection of problems in time to schedule repairs and to avoid early pump failures. Regular maintenance avoids losses in efficiency and capacity, which can occur long before a pump fails.

The main cause of wear and corrosion is high concentrations of particulates and low pH values. Wear can create a drop in wire to water efficiency of unmaintained pumps by around 10–12.5%. Much of the wear occurs in the first few years, until clearances become similar in magnitude to the abrading particulates. Referring to Figure 3.2.5, it can be seen that it tends to level out after 10 years. Catastrophic failure can occur around 20 years.

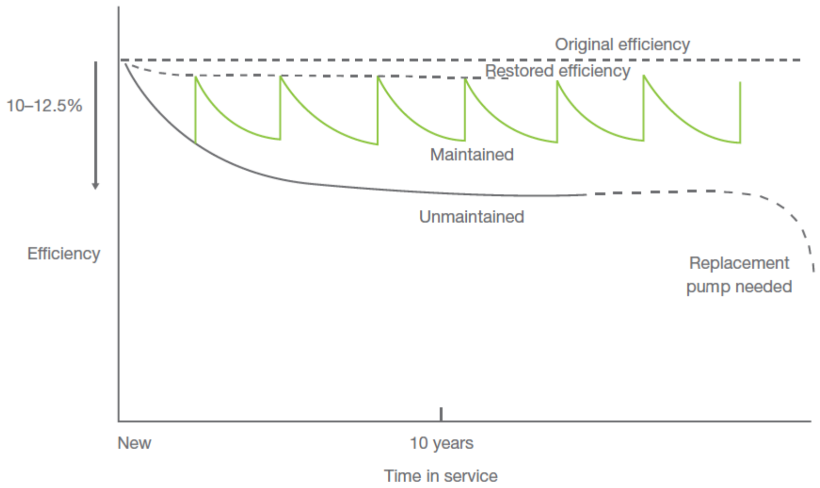


Figure 3.2.5: Average wear trends for maintained and unmaintained pumps

Common problems and measures to improve efficiency

Studies indicate that the average pumping efficiency in manufacturing plants can be less than 40%, with 10% of pumps operating below 10% efficiency. Oversized pumps and the use of throttled valves were identified as the two major contributors to the loss of efficiency. Energy savings in pumping systems of between 30% and 50% could be realized through equipment or control system changes. A pump's efficiency can also degrade during normal operation due to wear by as much as 10% to 25% before it is replaced.

Common Problem	Potential Measures to Improve Efficiency
Unnecessary demand on pumping system	Reduce demand on system
Oversized pumps	Select pump that operates near to BEP Change impeller Trim impeller Fit multiple-speed pump Use multiple-pump arrangements Fit lower speed pump/motor
Pump wear	Pump maintenance
Less efficient impeller	Change impeller
Inefficient pump throttling controls	As for oversized pumps Fit adjustable or variable-speed drive
Inefficient piping configuration	Change piping inefficiencies
Oversized motor	Change motor
Inefficient motor	Change to high-efficiency motor
Lack of monitoring and/or documentation	Install monitoring and conduct survey

Best operating practises summary

- Ensure adequate NPSH at site of installation.
- Ensure availability of basic instruments at pumps like pressure gauges, flow meters.

- Operate pumps near best efficiency point.
- Modify pumping system and pumps losses to minimize throttling.
- Adapt to wide load variation with variable speed drives or sequence control of multiple units.
- Stop running multiple pumps -add an auto-start for an on-line spare or add a booster pump in the problem area.
- Use booster pumps for small loads requiring higher pressures.
- Increase fluid temperature to reduce pumping rates in case of heat exchangers.
- Repair seals and packing to minimize water loss by dripping
- Balance the system flows and reduce pump power requirements
- Avoid pumping head with a free return (gravity): Use siphone effect to advantage
- Conduct water balance consumption
- Avoid cooling water re-circulation in DG sets , air compressors, refrigeration systems, cooling towers feed water pumps, condenser pumps and process pumps.
- In multiple pump operations, carefully the operation of pumps to avoid throttling
- Provide booster pumps for few areas of higher head
- Replace od pumps by energy efficient pumps
- In case of over designed pump, provide variable speed drive, or downsize/replace impeller or replace with correct sized pump for efficient operation
- Optimize number of stages in multi-stage pump in case of head margins
- Reduce system resistance by pressure drop assessment and pipe size optimization

List of references

- Bureau of Energy Efficiency Guide Books – Compressed air system
- Bureau of Energy Efficiency Guide Books – Pumps and pumping system
- Bureau of Energy Efficiency Guide Books – Cooling tower
- TERI – Past studies on foundries

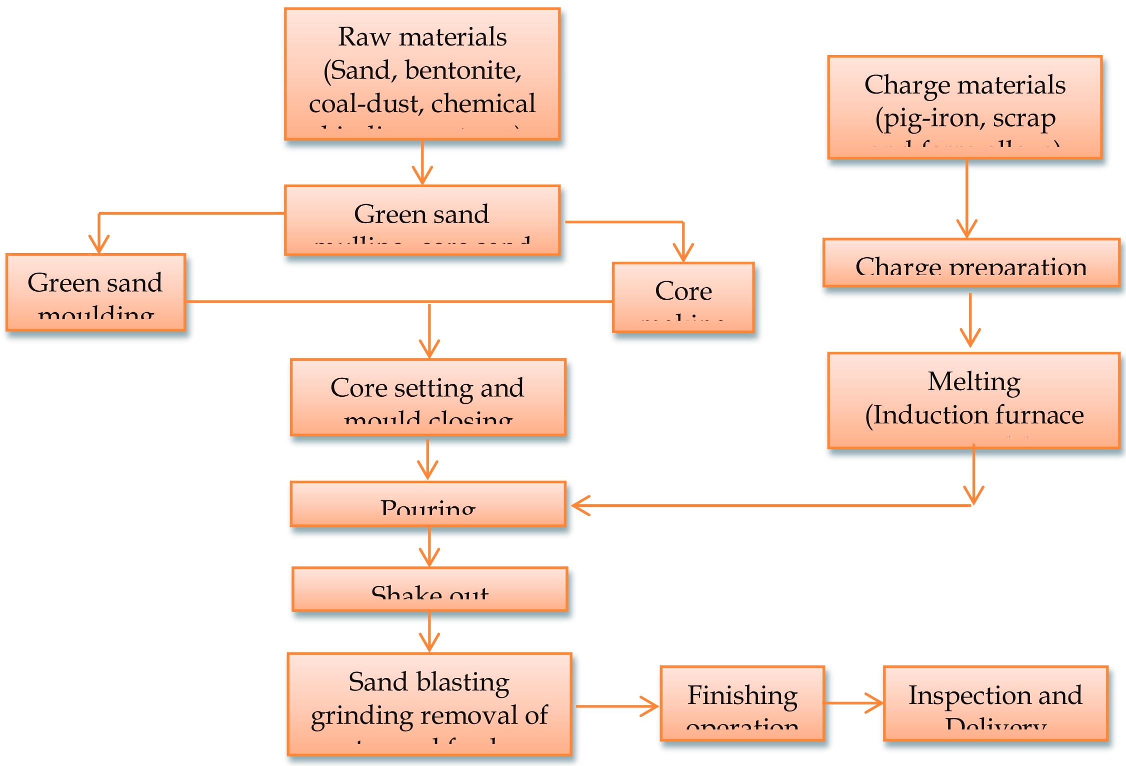
4.0 Module 3 – Energy efficiency improvements in thermal applications

4.1 Thermal applications in foundry

The primary process steps in conventional metal casting production method are preparation, melting, pouring and finishing. Of these, melting accounts for major energy consumption. In a foundry using induction furnace for melting, electricity accounts for about 85–95% of the total energy consumption of the unit. Induction furnace is the major electricity consuming equipment consuming about 70–85% of total electrical energy consumption. In foundry units wherein heat-treatment of castings is done, fuel (FO/NG/HSD/LPG) consumption accounts for about 15–25% of total energy consumption. In cupola-based units, coke typically accounts for 85–90% of the total energy consumption of the unit. Foundry industry is energy intensive and energy cost accounts for about 15–20% of total production cost.

4.1.1 Process description

The manufacturing process followed in a typical foundry unit is shown in figure below. The melting of raw material is either done using electricity in an induction furnace or coke in a cupola (conventional or divided blast type). The typical size of induction furnace varies from 75kW/100 kg to 1250 kW/5000 kg. The capacity of cupola is generally indicated by its shaft size. Majority of the cupola falls in the size range of 24 inch to 40 inch. A brief description of the required processes is given below.



Manufacturing process of a typical foundry unit

Preparation of sand

Fresh sand is thoroughly mixed with suitable binders like bentonite, water, and other ingredients and additives in intensive mixers to prepare green sand, which is the most commonly used to prepare moulds for the castings. Sand mixing is undertaken using either semi or fully automatic equipment.

Preparation of mould

In casting, the primary piece of equipment is the mould, which contains several components. The mould is divided into two halves - the cope (upper half) and the drag (bottom half), which meet along a parting line. Both mould halves are contained inside a box, called a flask, which itself is divided along this parting line. The mould cavity is formed by packing sand around the pattern (which is a replica of the external shape of the casting) in each half of the flask. The sand can be packed by hand, but machines that use pressure or impact ensure even packing of the sand. There are four unique types of sand moulds as described below.

- *Greensand mould* - Greensand molds use a mixture of sand, water, and a clay or binder. Typical composition of the mixture is 90% sand, 3% water, and 7% clay or binder. Greensand molds are the least expensive and most widely used.
- *Skin-dried mould* - A skin-dried mold begins like a greensand mold, but additional bonding materials are added and the cavity surface is dried by a torch or heating lamp to increase mold strength. Doing so also improves the dimensional accuracy and surface finish, but will lower the collapsibility. Dry skin molds are more expensive and require more time, thus lowering the production rate.
- *Dry sand mould* - In a dry sand mold, sometimes called a cold box mold, the sand is mixed only with an organic binder. The mold is strengthened by baking it in an oven. The resulting mold has high dimensional accuracy, but is expensive and results in a lower production rate.
- *No-bake mould* - The sand in a no-bake mold is mixed with a liquid resin and hardens at room temperature

Melting

Metal scrap, pig iron and other alloys are loaded in the furnace (either electric based or thermal based) for melting. The ratio of different raw materials depends on properties required for final castings. A typical cast iron casting has raw material in the following proportion: metal scrap, boring, pig iron, and others. The raw material mix is melted either in a cupola furnace (conventional/ divided blast) or induction furnace. The typical temperature requirement for cast iron is about 1400°C, for steel castings about 1650°C, and for aluminium casting 750°C. Once the melting is completed, the molten metal is poured into sand moulds using ladles which are operated either manually or using semi/automatic pouring system and allowed to cool down and harden.

Shot blasting and finishing

The melt poured inside the mould takes the shape of the mould. The casting is removed, shot blasted and cleaned with the help of either wheel-blasting or air-blasting. In wheel-blasting abrasive energy is generated by a set of turbine wheel and electric motor but in air-blasting, the blast media is pneumatically accelerated by compressed air and projected by nozzles onto the component. For special applications a media-water mix can be used, this is called wet blasting.

4.1.2 Thermal heating applications

Thermal energy has the largest share in the consumption of foundry production processes. Melting process accounts for maximum thermal energy consumption followed by heat treatment, sand drying, core drying and ladle preheating process. Foundries use gaseous or liquid fuels for heating applications other than melting. Details of equipment used for heating applications are mentioned below;

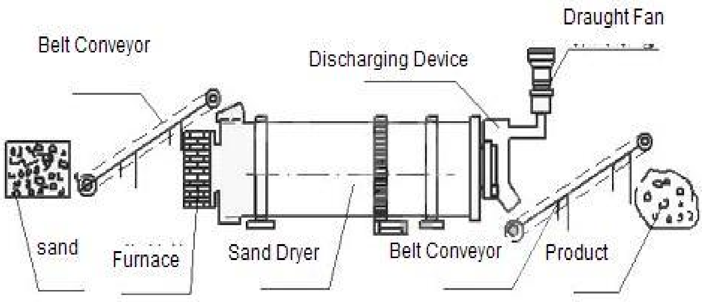
Sand dryer

Drying is a highly energy-intensive process, accounting for 10–20% of total industrial energy use. The main reason for this is the need to supply the latent heat of evaporation to remove the water or other solvent. Dryers can be classified based on mode of operation such as batch or continuous. In case of batch dryer the material is loaded in the drying equipment and drying proceeds for a given period of time, whereas, in case of continuous mode the material is continuously added to the dryer and dried material continuously removed. Drying processes can also be categorized according to type of heating system i.e. conduction, convection, radiation is another way of categorizing the drying process.

In foundries continuous type of dryers are used for sand drying applications where heat is supplied by direct contact with hot air at atmospheric pressure, and the water vaporized is removed by the air flowing.

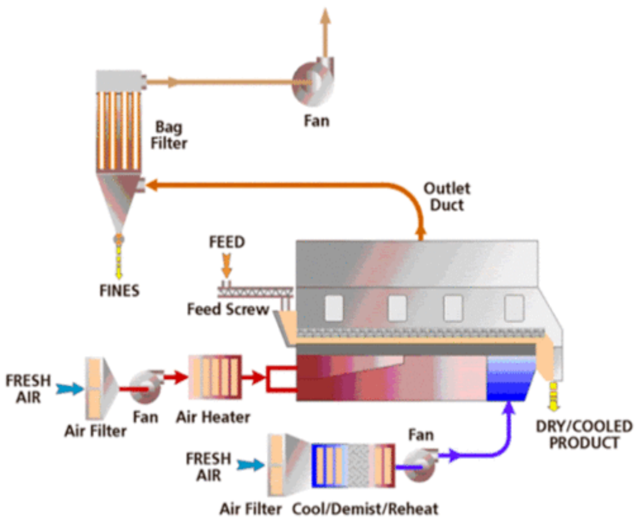
Rotary Dryer

The rotary drier is basically a cylinder, inclined slightly to the horizontal, which may be rotated, or the shell may be stationary, and an agitator inside may revolve slowly. In either case, the wet material is fed in at the upper end, and the rotation, or agitation, advances the material progressively to the lower end, where it is discharged. In direct-heat revolving rotary driers, hot air or a mixture of flue gases and air travels through the cylinder. The feed rate, the speed of rotation or agitation, the volume of heated air or gases, and their temperature are so regulated that the solid is dried just before discharge. The feed rate, the speed of rotation or agitation, the volume of heated air or gases, and their temperature are so regulated that the solid is dried just before discharge.



Rotary drum dryer

Fluidised Bed Dryer



Fluidised bed dryer

Fluidized bed dryer consist of a steel shell of cylindrical or rectangular cross section. A grid is provided in the column over which the wet material is rests. In this type of dryer, the drying gas/blower air is passed through the bed of solids at a velocity sufficient to keep the bed in a fluidized state. Mixing and heat transfer are very rapid in this type of dryers. If fine particles are present, either from the feed or from particle breakage in the fluidized bed, there may be considerable solid carryover with the exit gas and bag filters are needed for fines recovery. The main advantage of this type of dryer are: rapid and uniform heat transfer, short drying time, good control of the drying conditions.

Ladle preheater

Ladles are used to carry molten steel from the melting furnace to the ladle refining station or to the casting operation. These ladles must be preheated to minimize thermal shock and damage to the refractory lining and to reduce temperature drop in the ladle. Ladles preheaters available in the market are of fuel fired both gaseous and liquid and electrically heated. Ladle Preheater is generally used for removing the moisture from the ladle to avoid formation of gas / reaction in the liquid metal.

Ladle preheater

The transport ladles lined with refractory material are heated to a target temperature in the empty state. For this purpose a geometrically adjusted and insulated cap is placed on the ladle. Inside the cap, the integrated burner transmits the heat first onto a radiating body made of high temperature resistant steel that is adjusted to the internal contour of the ladle, which in turn transfers the energy as infrared radiation to the lining of the ladle.

In some systems the lid is lowered onto the vertical ladle, in others the ladle is tilted horizontally and brought up against the fixed face of the ladle heater. The sealing system can be either a ceramic fiber seal or an air curtain that eliminates cold air induction at the ladle mouth.

Core baking oven

Core making is an important branch in any foundry and the choice of core making depends on various factors. To name them are depending on type of metal to be cast, depending on the size of casting, choice based on complexity involved in a casting process, depending on the requirement of quality in final product, depends on equipment used for production and energy source. There are six most common technologies involved in core making as below;

- Oil as the sand binder
- Green sand
- Hotbox
- Cold-box
- No-bakes
- Shell process

When each of the above technology is ranked based on the consumption of energy per unit of product, ranking from greatest to lowest amount the order is oil as the sand binder being the highest followed by green sand, hotbox, cold-box, no-bakes and shell process being lowest usage of energy in ranking.

The oil as the sand binder as well as the green sand technology uses high energy because it needs high temperatures for the process of curing and refractory coating and pasting has to be carried out on cores. The hotbox technology gives output as solid cores and needs hot curing for the process of binder setting. The technology of cold-box is carried out with the usage of heated sand and amine gas mixture. No-bakes technology operates at accurately controlled setting. The least usage of energy is by shell process technology in which no coating is necessary.

The complete core making procedure consists of the following eight steps:

1. Mixing of Core Sand
2. Ramming of Core Sand
3. Venting of Core
4. Reinforcing of Core
5. Baking of Core
6. Cleaning and Finishing of Core
7. Sizing of Cores

8. Joining of Cores

For baking operation, the cores are placed on the baking plates and put into the baking furnace. During baking, moisture is driven out at 100°C. On further increasing the temperature of about 200-270°C, some chemical changes also occur in the core oil and binders which strengthens the core sand. The baking period of about 1 to 3 hours are quite common in some cases it may vary in a higher cycle time.

The proper baking of the core is essential and judged by the brown colour. An under-baking core will generate a large amount of gases, which produces blow holes in the casting, while over-baking will burn the binders completely and may collapse too soon and break before solidification of casting. Oil fired ovens, gas fired ovens, dielectric bakers or radiant bakers are used for this purpose. Ovens in the foundry can be classified as batch ovens and continuous ovens based on type of operation. Also these ovens are available with fuel fired burner or electrically heated.

Core baking oven

Heat treatment furnace

Heat treatment is a method of controlled heating and cooling of metals to alter their mechanical and physical properties without changing the product shape. The technique involves the use of heating or chilling, usually to extreme temperatures, to attain a desired result, such as - hardening or softening of a metal. Some of the common techniques of heat treatment include annealing, case hardening, precipitation strengthening, tempering and quenching.

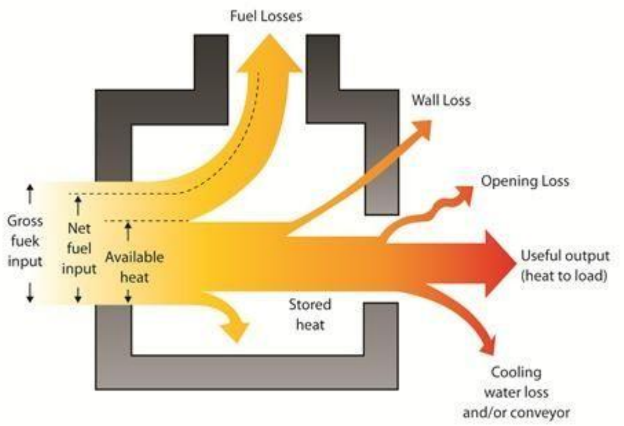
Heat treatment activities are carried out according to specific requirements regarding heat treatment for a given type of material. The entire heat treatment process is controlled using furnace thermocouples and contact thermocouples which are periodically checked for temperature distribution. The primary source of energy used for heating material in heat treatment furnaces is fossil fuel in most cases or electricity. In case of fossil fuel, furnace is equipped with burner and air blower for combustion.

Heat-treating furnaces can be grouped into two main categories: batch and continuous. The fundamental difference between these two styles is not in their materials of construction, although there are some differences due to inherent design requirements. Instead, the key difference lies in how workloads are positioned in the units and how they interact with the atmosphere within the furnaces.

Heat treatment furnace

4.1.3 Losses in thermal system

Thermal efficiency of heating equipment, such as furnaces, ovens, heaters, & kilns is the ratio of heat delivered to the material and heat supplied to the heating equipment. The purpose of heating process is to introduce a certain amount of thermal energy into a product being heated, raising it to a certain temperature to prepare it for additional processing or change its properties.



Heat Losses in thermal system

The thermal energy supplied to the heating equipment results in energy losses in different areas and different forms of the equipment. For most of the heating equipment, a large amount of the heat supplied is wasted in the form of exhaust gases.

These thermal losses include:

1. Heat storage in the structure
2. Surface heat/wall losses
3. Heat transported out by load conveyors, fixtures, trays etc.
4. Radiation losses from opening, hot exposed part etc.
5. Heat carried by cold air infiltration
6. Heat carried by excess air used in the burners with flue gases

Storage Heat Losses

First, the metal structure and insulation of the heating equipment must be heated so their interior surfaces are about the same temperature as the product they contain. This stored heat is held in the structure until the equipment shuts down, then it leaks out into the surrounding area. The more frequently the equipment is cycled from cold to hot and back to cold again, the more frequently this stored heat must be replaced. Fuel is consumed with no useful output.

Surface Heat losses

Additional heat losses take place while the equipment is in operation. Wall or transmission losses are caused by the conduction of heat through the walls, roof, and floor of the heating device. Once that heat reaches the outer skin of the equipment and radiates to the surrounding area or is carried away by air currents, it must be replaced by an equal amount taken from the combustion gases. This process continues as long as the equipment is at an elevated temperature.

Material handling losses

Many units use equipment to convey the work into and out of the heating chamber, and this can also lead to heat losses. Conveyor belts or product trays that enter the heating chamber cold and leave it at higher temperatures drain energy from the combustion gases. In car bottom furnaces, the hot car structure gives off heat to the room each time it rolls out of the furnace to load or remove work. This lost energy must be replaced when the car is returned to the furnace.

Cooling Media Losses

Water or air cooling protects rolls, bearings, and doors in hot equipment environments, but at the cost of lost energy. These components and their cooling media (water, air, etc.) become the conduit for additional heat losses from the equipment. Maintaining an adequate flow of cooling media is essential, but it might be possible to insulate the furnace and load from some of these losses.

Radiation (Opening) Losses

Equipment operating at temperatures above 540 °C might have significant radiation losses. Hot surfaces radiate energy to nearby colder surfaces, and the rate of heat transfer increases with the fourth power of the surface's absolute temperature. Anywhere or anytime there is an opening in the furnace enclosure, heat is lost by radiation, often at a rapid rate.

Flue gas losses

Flue-gas loss, also known as stack loss is made up of the heat that cannot be removed from the combustion gases inside the equipment. The reason is heat flows from the higher temperature source to the lower temperature heat receiver.

Cold air infiltration

Excess air does not necessarily enter the equipment as part of the combustion air supply. It can also infiltrate from the surrounding room if there is a negative pressure in the equipment. Because of the draft effect of hot equipment stacks, negative pressures are fairly common, and cold air slips past leaky door seals, cracks and other openings in the equipment. Every time the door is opened, considerable amount of heat is lost. Economy in fuel can be achieved if the total heat that can be passed on to the stock is as large as possible.

4.2 Energy Conservation Opportunities

Industrial process heating consumes a significant amount of energy in foundry industries. While the efficiency of many industrial heating systems such as furnaces, ovens, and kilns have been improved over time, there are still significant opportunities remaining for improving the efficiency of these systems.

4.2.1 Optimum excess air

To obtain complete combustion of fuel with the minimum amount of air, it is necessary to control air infiltration, maintain pressure of combustion air, fuel quality, and excess air monitoring. Higher excess air will reduce flame temperature, equipment temperature and heating rate. On the other hand, if the excess air is less, then un-burnt components in flue gases will increase and would be carried away in the flue gases through stack.

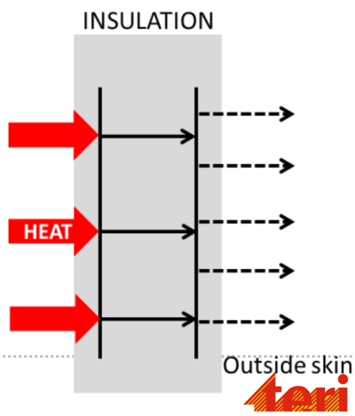
The optimization of combustion air is the most attractive and economical measure for energy conservation. The impact of this measure is higher when the temperature of equipment is high. Air to fuel ratio is the value that is given by dividing the actual air amount by the theoretical combustion air amount, and it represents the extent of excess of air.

4.2.2 Temperature control

It is important to operate the equipment at optimum temperature as required. Operating at too high temperatures than optimum causes heat loss, excessive oxidation, de-carbonization as well as over-stressing of the refractories. These controls are normally left to operator judgment, which is not desirable. To avoid human error, automated controls should be provided.

4.2.3 Reduction in surface heat losses

About 30–40% of the fuel input to the equipment generally goes to make up for heat losses in intermittent or continuous operating equipment. The appropriate choice of refractory and insulation materials goes a long way in achieving fairly high fuel savings in industrial furnaces.



Surface losses

Heat losses can be reduced by increasing the wall thickness, or through the application of insulating bricks. Outside wall temperatures and heat losses of a composite wall of a certain thickness of firebrick and insulation brick are much lower, due to lesser conductivity of insulating brick as compared to a refractory brick of similar thickness. In the actual operation in most of the small furnaces the operating periods alternate with the idle periods. During the off period, the heat stored in the refractories during the on period is gradually dissipated, mainly through radiation and convection from the cold face.

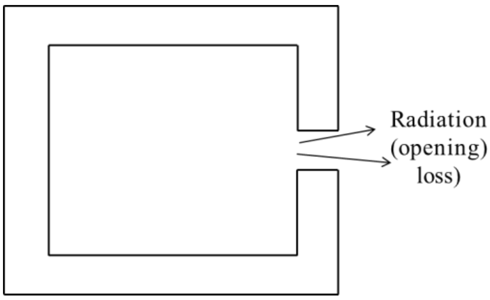
Ceramic fiber is a low thermal mass refractory used in the hot face of the equipment and fastened to the refractory walls. Due to its low thermal mass the storage losses are minimized. This results in faster heating up of furnace and also faster cooling.

Ceramic coatings in heating chamber promote rapid and efficient transfer of heat, uniform heating and extended life of refractories. The emissivity of conventional refractories decreases with increase in temperature whereas for ceramic coatings it increases. This outstanding property has been exploited for use in hot face insulation.

Ceramic coatings are high emissivity coatings which when applied has a long life at temperatures up to 1350°C. The coatings fall into two general categories-those used for coating metal substrates, and those used for coating refractory substrates. The coatings allow the substrate to maintain its designed metallurgical properties and mechanical strength.

4.2.4 Reduction in heat loss through openings

Heat loss through openings consists of the heat loss by direct radiation through openings and the heat loss caused by combustion gas that leaks through openings. If the heating chamber pressure is slightly higher than outside air pressure during its operation, the combustion gas inside may blow off through openings and heat is lost with that. But damage is more, if outside air intrudes into the heating chamber, making temperature distribution uneven and oxidizing billets. This heat loss is about 1% of the total quantity of heat generated in the equipment, if heating chamber pressure is controlled properly.



Opening losses

In addition to the proper control on furnace pressure, it is important to keep the openings as small as possible and to seal them in order to prevent the release of high temperature gas and intrusion of outside air through openings such as the charging inlet, extracting outlet and peephole on furnace walls or the ceiling.

5.2.5 Reduction in stored heat losses

The product being heated in many furnaces and ovens must be carried or supported by conveyors, fixtures, trays, etc. This material must be heated to the same temperature as the product and will exit the furnace carrying that heat away with it. Reducing the heat lost through fixtures requires a reduction in the heat capacity (mass times mean specific heat) of these systems and materials.

Instead of the classical steel and cast iron trays used in the past, nowadays charging racks made of CFC are the first choice in very many cases. Their high stability and extreme distortion resistance are decisive advantages that come into play especially in automated processes. Their low density and weight not only facilitate handling, but also ensure an exceptional energy balance as compared to trays made of steel or cast iron. Although its heat-absorbing capacity is 2.5 times higher, CFC has a clearly better energy balance because of its low density and high thermal stability.

Description		Steel 1.4818 (example)	CFC
Density	-	7.9 kg/dm³	~ 1.6 kg/dm³
Flexural strength (at 1000° C)	-	~ 10 MPa	~ 230 MPa
Spec. thermal cap. (at 1000° C)	-	0.7 kJ/kg K	1.8 kJ/kg K
Energy for heating 1 dm3 from 20° C to 1000° C	Q = m × Cp × Δt	5400 kJ 100%	2800 kJ 50%
Energy with same stability	$Q = \sigma_{CFC} / \sigma_{Stahl} \times m \times cp \times \Delta t$	-16000 kJ 100%	2800 kJ < 20%

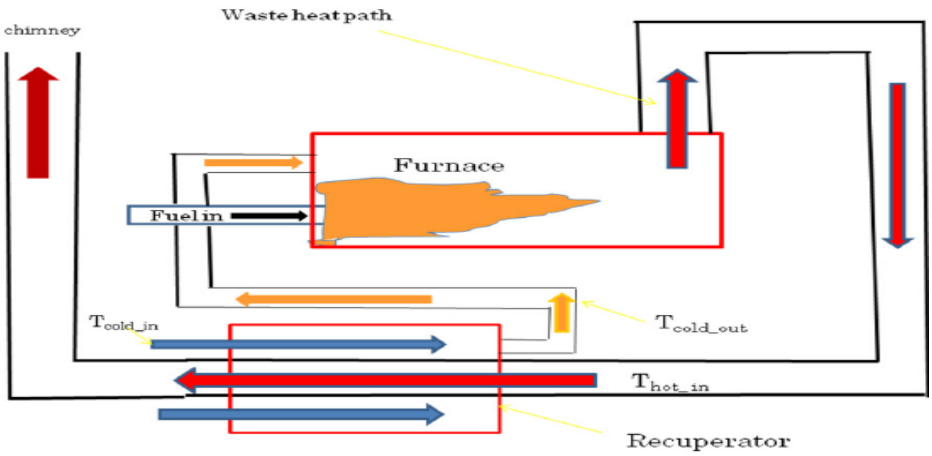
4.2.6 Waste heat recovery

In any industrial heating equipment the products of combustion leave the heating chamber at a temperature higher than the stock temperature. Sensible heat losses in the flue gases, while leaving the chimney, carry 35 to 55 per cent of the heat input to the equipment. The higher the quantum of excess air and flue gas temperature, the higher would be the waste heat availability. Waste heat recovery should be considered after all other energy conservation measures have been taken. Minimizing the generation of waste heat should be the primary objective. The sensible heat in flue gases can be generally recovered by the following methods.

- **Charge (stock) preheating:** When raw materials are preheated by exhaust gases before being placed in a heating furnace, the amount of fuel necessary to heat them in the furnace is reduced. Since raw materials are usually at room temperature, they can be heated sufficiently using high-temperature gas to reduce fuel consumption rate.

- **Preheating of combustion air:** For a long time, the preheating of combustion air using heat from exhaust gas was not used except for large boilers, metal-heating furnaces and high-temperature kilns. This method is now being employed in compact industrial heating systems as well. The energy contained in the exhaust gases can be recycled by using it to pre-heat the combustion air. A variety of equipment is available; external recuperators are common, but other techniques are now available such as self-recuperative burners.

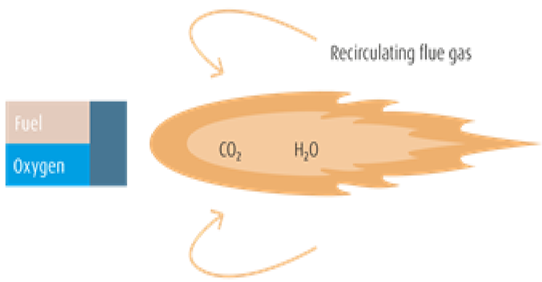
- **Utilizing Waste Heat as a Heat Source for Other Processes:** The temperature of heating-equipment exhaust gas can be as high as 400–600 °C, even after heat has been recovered from it. If the exhaust gas heat is suitable for equipment in terms of heat quantity, temperature range, operation time etc., the fuel consumption can be greatly reduced. In one case, exhaust gas from a quenching furnace was used as a heat source in a tempering furnace so as to obviate the need to use fuel for the tempering furnace itself.



Recuperator/Air pre-heater

4.2.7 Oxyfuel burners for ladle preheating system

The ladle of the caster needs to be preheated, usually using gas burners. Fuel consumption for preheating the ladle containing liquid steel is estimated at 0.02 GJ/t-steel. Heat losses can occur through lack of lids and through radiation. The losses can be reduced by installing temperature controls, installing hoods, by improved ladle management to reduce preheating need, and through the use of recuperative burners and oxyfuel burners.



Oxyfuel combustion

The efficiency of the ladle preheating can be improved by using an efficient burner, properly scheduling the heating times and reducing heating durations, monitoring temperatures, installing hoods to reduce radiative losses, and by using recuperative and oxyfuel burners.

The principle of flameless oxyfuel:

- During combustion, flue gases are mixed into the combustion reaction zone to dilute the reactants. This distributes the combustion process, delays the release of heat and lowers the peak flame temperatures – all of which reduce NOx emissions without compromising efficiency.
- Mixing flue gases into the flame also disperses energy throughout the entire vessel, ensuring faster, more uniform heating. The dispersed flame contains the same amount of energy but distributes it much more effectively throughout the vessel.

4.2.8 Biomass gasifier

Biomass gasification, or producing gas from biomass, involves burning biomass under restricted air supply for the generation of producer gas. Producer gas can also be burnt directly in open air, much like Liquid Petroleum Gas (LPG), and therefore can be used for industrial heating applications including ladle preheating, sand dryers, core ovens and heat treatment.

Biomass gasifier needs uniform-sized and dry fuel for smooth and trouble-free operation. Most gasifier systems are designed either for woody biomass (or dense briquettes made from loose biomass) or for loose pulverized biomass. Biomass gasifiers are more appropriate

Biomass Gasifier

for small-scale industries, where presently diesel or furnace oil based combustion systems are in use.

4.3 Case Studies

4.3.1 Supplying optimum excess air for complete combustion

The unit has installed natural gas (NG) fired furnace of capacity 250 kg per hour. The efficiency of this furnace found to be very low based on the operating parameters measured during the detailed study. It was observed during study that due to insufficient level of excess air, there was large amount of CO formation causing incomplete combustion hence total heat available in fuel is not utilised fully.

The unit implemented the measure to replace the existing lower capacity combustion air blower with optimum capacity blower, which supplied and maintain optimum amount of excess air required for complete combustion of fuel. The specific energy consumption with implementation of the recommended ECM came down from 240 SCM to 215 SCM of natural gas per tonne.

The annual energy saving was 11,668.3 SCM of natural gas equivalent to cost saving of Rs. 4.90 lakh per year. The investment required was Rs. 0.41 lakh towards installation of new blower with simple payback period of 2 months.

4.3.2 Improvement of surface insulation

The unit has installed a natural gas (NG) fired hardening furnace of capacity 300 kg per hour. During cold start up, the temperature of the furnace needs to be raised up to 830°C and once the temperature reaches to the set value, the products are loaded into the furnace. The cold start-up after weekly off took about 1.98 hours to attain the set temperature. The higher surface temperatures found at door side and longitudinal sides. Application of the veneering modules (ceramic fibre insulation) inside the surface was done to avoid the surface heat losses due to high temperatures. Application of modules reduced surface heat losses with reduction in residual heat stored during the non-firing time, resulting in reduction in cold start-up time. The estimated reduction is cold start-up time by applying the veneering is about 0.84 hour (i.e 50 minutes).

The annual energy saving was 12,581 SCM of NG per year equivalent to a monetary saving of Rs 5.29 lakh. The investment required was Rs. 1.02 lakh with payback period of less than 3 months.

Ceramic fibre insulation

4.3.3 Installation of recuperator

The unit has installed a natural gas (NG) fired batch type heat treatment furnace of capacity 700 kg per batch which caters to annual production of 866 tonnes. Previously temperature of air at the inlet of burner is at room temperature i.e. around 35°C.

It was recommended to install the recuperator to reduce the overall energy consumption of the furnace. Due to recuperator the combustion air from blower gets heated up to temperature of 180°C, before supplying the burner, which improved the efficiency of furnace with reduction in specific energy consumption with reduction in heating cost.

The annual energy saving was 3,131 SCM of natural gas per year equivalent to a monetary saving of Rs 1.31 lakh per year. The investment required was Rs. 3.12 lakh with payback period of 2.4 years.

4.3.4 Installation of door to avoid radiation losses

The unit has installed a natural gas (NG) fired furnaces of capacity 200 kg per hour. There was no door at loading side of this furnace, which was leading to higher radiation heat loss from inside the furnace and thereby reducing the efficiency of the furnace. The total radiation heat loss in this furnace was estimated to be 2,51,962 kCal per day.

It was recommended to install a door to the furnace from loading side to avoid the radiation heat loss due to high operating temperature. Implementation of this recommendation prevented heat loss during 60% of time when operator is not loading the material inside the furnace resulting in significant reduction in energy consumption.

The annual energy saving was 2,775 SCM of natural gas per year equivalent to a monetary saving of Rs 1.16 lakh. The investment required was Rs. 0.09 lakh with payback period of 1 month.


Radiation losses thorugh door opening

4.3.5 Biomass gasifier

Unit manufactures aluminium strips, which are used for frames. In the process, Aluminium billets are heated at around 750°C temperature and then drawn in the form of rectangular strips. This unit was using diesel fired furnace to meet the heating requirements and were consuming around 120 liters of diesel per day (24 hours operation). A gasifier of 20 kg/hr capacity has been designed to meet the energy requirement of the furnace.

This gasifier was commissioned in January 2009 and since then it is operating 24 hours a day and 6 days a week. The comparative cost-benefit analysis of the gasifier system is given in the table below:

Comparative cost-benefit analysis of gasifier system

Assumptions	
Price of diesel	Rs. 35 per kg
Price of processed biomass	Rs. 3.5 per kg
Plant Operating hours / day	24
Energy consumption in conventional system (Diesel based)	
Hourly diesel consumption	5 kg

Daily diesel consumption	120 kg
Total cost of the diesel	Rs. 4200 / day
Present Energy Consumption Gasifier based	
Hourly biomass consumption	20 kg
Daily biomass consumptions	480 kg
Total cost of the biomass	Rs. 1680 / day
Cost Saving	Rs. 2520 / day
Capital Cost	Rs. 1 lakhs
Operating Cost	Rs. 1 lakhs annually
Simple Payback	80 days (2 – 3 months)

5.0 Module 4 – Financing schemes and DPR preparation for EE projects

5.1 Introduction

Energy efficiency projects may be identified by either internal expert or hired external agency through day to day performance monitoring and analysis of observed data. The identified projects are to be screened for technical and financial viability before deciding to implement any project demanding higher capital investment. It is essential to justify capital investment in any energy efficiency project through financial appraisal. The standard financial analysis tools can reveal status of various indicators such as IRR (internal rate of return), NPV (net present value), projected cash flow and its sensitivity to various changing scenarios, average payback period, etc., which will indicate overall post tax return from investment as well as the viability of the project

All these tools are quite reliable, depending on the accuracy of evaluation of the cash inflow and outflow, estimation of the discount rate (cost of capital), and prediction of the possible rate of increase of the energy price. Within these limitations, the most precise method is the 'present value criterion', which compares the present value of all-future after-tax cash inflow and outflow over specified period of time to the present value of the cost of investment. The different financial tools for assessment of the investments are summarized below.

5.1.1 Average rate of return (ARR)

It is a basic tool for financial analysis based on the projected future annual cash savings from the project, which is considered to be same. It provides a preliminary guide to investment decisions and indicates whether further analysis is required using more accurate tools. The estimation of ARR is described with the following example.

Example: Plant invested Rs 950,000 to replace existing compressor with alternative system to improve energy performance. The estimated year wise saving in energy cost for a period of five years are Rs 65,000 in the first year, Rs 71,000 in the second year, Rs 69,000 in the third year, Rs 70,000 in the fourth year, and Rs 72,000 in the fifth year. The total cumulative energy savings in five years is Rs 347,000. Dividing this number by the 5 years, we get Rs 69,400 as an average annual energy savings. Now to obtain ARR, divide Rs 69,400 by the initial capital investment of Rs 950,000, which is equal to 7.3%.

$$ARR\ (\%) = \frac{average\ annual\ cash\ saving\ \times\ 100}{capital\ employed}$$

Guideline- Invest in a project with higher ARR

5.1.2 Return on investment (ROI)

ROI is a profitability measure based on the cost of capital invested and evaluates the performance of a business or efficiency of an investment. The ROI of an investment can be calculated using following relation.

$$ROI\ (\%) = \frac{(Gain\ from\ investment - Cost\ of\ investment) \times\ 100}{Capital\ employed}$$

The 'gain from investment' refers to energy savings accrued from implementing an EE technology. The financial gain is to be estimated based upon the discounted value of the energy savings over the life time of the project. Return on investment is a very popular measure because of its versatility and simplicity. The project is considered to be financially viable if ROI from an investment is positive.

Discounted value of energy savings

Discounted value is an analysis based on time value for money (considering money is relative – A Rupee is worth more today than it is worth in the future). So the energy savings over the years have to be discounted to obtain their present value.

Guideline: Invest in a project with higher ROI

5.1.3 Simple payback period (SPP)

SPP is the time period required to recover the initial capital investment amount through net annual energy savings or cash flow return (annual benefits- annual expenses). It is calculated as the investment cost divided by the net annual energy saving.

$$Simple\ payback\ period\ (SPP\ in\ years) = \frac{Cost\ of\ project}{Net\ annual\ monetary\ savings}$$

Unlike the ROI method, the payback criterion has some limitations as it does not take into consideration the discount rate, the change in energy prices, or the lifetime of the investment project. It has one advantage over ROI in respect of precise indication of the annual benefit, namely the cash flow instead of profits. However, both suffer from the difficulty in justifying the threshold value beyond which no project should be considered. In practice, investment projects with a payback period of three years or less are considered viable as they normally have a positive net present value. Thus the payback period is often used as a "filter", calculating NPV when the payback period is over three years and accepting the project when it is less. The advantages of SPP are as follows.

- It is a simple calculation and easy to use by semi-skilled shop floor personnel
- It favours projects with substantial cash flow in initial years but rejects projects that generates substantial cash flow in later years instead of earlier

The limitations of SPP tool are:

- It fails to account for the time value of money
- It ignores potential cash flow beyond the payback period
- It only indicates time period to recover capital investment but ignores profitability

Guideline: Invest in a project with small SPP

5.1.4 Net Present Value (NPV)

The net present value (NPV) is the present value of the entire cash flow considering both out flow and inflow (energy savings) from a project under analysis in entire project life cycle, including any residual or salvage valve of the equipment on disposal/ completion life cycle. In simple terms, the difference between the present value of energy savings (inflows) and the present value of cash outflows is NPV.

It is calculated using a given discount rate, also known as the hurdle rate and is usually equal to the incremental cost of capital. NPV is very useful analysis that enables the plant management to take an informed decision about whether to accept or reject a particular project. Project could be accepted if its NPV is more than zero, which indicates the investment would add value to the firm. In case of zero NPV, project could still be accepted if it has some strategic value for the firm. However, the project with negative NPV would subtract value from the firm and hence, should be rejected. The future energy savings are converted to present value using following formulae.

$$PV = \frac{FV}{(1+i)^n}$$

Where,
FV – future value of energy savings
i - interest or discount rate or hurdle value
n – number of years under analysis

The NPV is then calculated by subtracting the initial cost of investment from the total PV of future energy saving from entire life cycle:

NPV = total PV- Initial cost of investment

NPV indicates the return that the management can expect from the project at various discount rates. It can also be used to compare various EE projects with similar discount rates and risks, as well as compare them against a benchmark rate. The advantages of NPP are given below.

- It consider the time value of money
- It consider entire cash flow stream during project life cycle including salvage value

Guideline:

NPV > 0 : Should be accepted
NPV = 0 : Should be accepted if the project has some strategic value

NPV < 0 : Should not be accepted

5.1.5 Internal rate of return (IRR)

IRR also referred as 'economic rate of return' is the highest discounted rate, which makes the present value of the energy savings / inflows(including residual or salvage value of the equipment from its life cycle) equal to the initial capital cost of the investment or equipment. In other terms, internal rate of return is the discount rate that makes the net present value equal ZERO. It is also the rate, which makes benefits to cost ratio ONE. A project is considered viable, if its IRR is greater than the returns (interest rate) offered by the bank/financial institution on investments/deposits made with them.

The formula for IRR is

$$0 = \frac{P_0 + P_1}{(1 + IRR)} + \frac{P_2}{(1 + IRR)^2} + \frac{P_3}{(1 + IRR)^3} + \cdots \frac{P_n}{(1 + IRR)^n}$$

where P0, P1, . . . Pn equals the cash flows in periods 1, 2, . . . n, respectively; and IRR equals the project's internal rate of return.

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As such, IRR can be used to rank several prospective projects a firm is considering. Assuming all other factors are equal among the various EE projects, the EE project with the highest IRR would probably be considered the best and undertaken first.

Guideline: Invest in a project with high IRR

5.2 Major financial schemes for MSMEs in India

The Government of India and respective State governments have announced various policies and schemes from time to time to address emerging issues and develop the MSME sector.

Most of the programmes & schemes for the development of the MSME sector are being implemented by Ministry of MSME through its field level organizations—state level MSME Development Institutes MSME-DI) and National Small Industries Corporation Limited (NSIC).

Some of the important initiatives by the Government of India for development of the MSME sector as well as promotion of new technologies and energy efficiency are mentioned below.

- National Manufacturing Competitiveness Programme (NMCP)
- Credit Linked Capital Subsidy Scheme (CLCSS)
- Credit Guarantee Trust for MSEs ISO 9000 and ISO 14001 Certification Reimbursement Scheme
- Financial Assistance for using Global Standard(GS1) in Barcoding
- Sustainable Finance Scheme

- Subsidies/schemes for undertaking energy audits by various state governments such as Maharashtra, Gujarat etc.

5.2.1 National Manufacturing Competitiveness Programme (NMCP)

The programme was launched by the Ministry of MSME (MoMSME) to support SMEs to improve their competitiveness both in national and international trade market. It offers a bundle of 10 sub schemes that are listed below:

1. Lean Manufacturing Competitiveness Scheme
2. Enabling manufacturing sector to be competitive through Quality Management/Standards/Quality Technology Tools (QMS/QTT)
3. Promotion of ICT (Information and Communication Technology) in MSME sector
4. Technology and Quality Upgradation Support to MSMEs (TEQUP)
5. Marketing Assistance and Technology Upgradation Scheme
6. Marketing Support/Assistance to SMEs (Bar Code)
7. Design clinic scheme for design expertise to MSME sector
8. Setting up of Mini Tool Rooms
9. National campaign for building awareness on Intellectual Property Rights (IPR)
10. Support for Entrepreneurial and Managerial Development of SMEs through Incubators

The relevant scheme for supporting EE project is TEQUP Scheme, which is summarized below.

The MoMSME launched the scheme TEQUP scheme during May 2010. The scheme under NMCP is focused specifically on improving energy efficiency in the MSME sector. It provides support for technical assistance for energy audits, preparation of DPRs and also offers significant capital subsidy to MSME units willing to adopt energy efficient technologies through a cluster approach. In addition, support is also offered to MSMEs in acquiring international and national Product Quality Certification. The scheme also provides MSMEs an opportunity to trade carbon credits through Carbon Credit Aggregation (CCA) centers. The TEQUP scheme is currently in operation, and the government has proposed to continue the scheme during the 12thPlan with enhanced budgetary support.

5.2.2 CLCSS Scheme

The CLCSS. One of the oldest schemes of MoMSME, it aims at facilitating technology up-gradation in the MSME sector. It provides for 15% capital subsidy (limited to maximum Rs.15 lakhs) to eligible micro and small units for adoption of proven technologies approved under the scheme. At present there are over 1500 technologies under 51 sub-sectors that are eligible for subsidy under the scheme. Till March 2014, 28,287 units had availed subsidy of INR 1620 crores under the scheme.

5.2.3 Credit Guarantee Scheme

The Credit Guarantee Fund Scheme for Micro and Small Enterprises (CGTMSE) was launched by MoMSME and SIDBI. It aims to make available collateral-free credit to the MSEs to enable them to easily adopt new technologies. Both the existing and the new enterprises are eligible to be covered under the scheme. Under the scheme, collateral free loans up to 1 crores can be provided to micro and small scale units. Additionally, in the event of a failure of the MSME unit which availed collateral free credit facilities to discharge its liabilities to the lender, the Guarantee Trust would guarantee the loss incurred by the lender up to 75 / 80/ 85 per cent of the credit facility.

5.2.4 Scheme for Common facilities Center (CFC) in industrial cluster

A group of at least 25 registered SME foundry units (formed as Special Purpose Vehicle-SPV) within a cluster can avail financial support under this scheme to establish CFC relevant to the industrial process being followed in the cluster., e.g. CFC for sand reclamation in any foundry cluster. The brief details of the scheme are mentioned below.

Operating authority - The office of Development Commissioner, MoMSME
Eligibility criteria – SPV comprising at least 25 registered located in the cluster
Financial support - 70 % by Central Government and balance 30 % by SPV /State government for project value up to Rs 15 Crores.

The cluster members can apply through the State government or its autonomous body for DSR (Diagnostic Study Report) for which a grant of up to Rs 2.5 Lakhs is available. The report must be submitted within 3 months to DC MSME which will justify the creation of CFC. On acceptance of the DSR by DCMSME, a DPR is to be submitted for which a funding of Rs 5 Lakhs is available. The DPR, which needs to be apprised by SIDBI establishes the tech-economic viability of the project .On acceptance of the DPR the financial grant to set up the CFC is released to the SPV through the state government.

5.3 Various credit lines and bank schemes for financing of EE

There are several special lines of credit under which loans are provided to MSMEs at reduced rate of interest for adoption of clean and energy efficient technologies. SIDBI is the nodal agency for management and implementation of these lines of credit. More details related to existing credit lines and its scope of services is available with SIDBI. Some of these schemes are mentioned below.

- JICA – SIDBI financing scheme
- KfW – SIDBI financing scheme
- AfD – SIDBI financing scheme
- Sustainable Finance Scheme (SFS)

5.4 Preparation of detailed project report (DPR)

The guidelines to prepare DPRs for seeking loans from banks for the capital expenditures for implementing viable energy efficiency project are provided below.

Detailed financial analysis of the moderate to large investments is required as much for the promoter, as it is for the banker. The promoter is interested to see if the true return on the investment over the project life is comparable to returns on other sources of investment, such as a fixed deposit in a bank, while the banker needs to be convinced on the financial viability of the investment made through the loan. In general, each DPR on EE project is to be structured to include the company profile, energy baseline assessment, technology assessment, financial assessment and sustainability assessment.

The company profile of the unit will include assessment of its past financial reports (balance sheet, profit and loss account), registration details, compliance with pollution control board norms, as well as, details of products, production capacities, customers, and marketing and selling arrangements.

Similarly, the energy baseline assessment will include current energy bill, cost of energy as a percentage of total manufacturing cost, and overall and section-wise specific energy consumption levels.

Technology assessment will include the details of the design of equipment/ technology along with the calculation of energy savings. The design details of the technology for EE project will include detailed engineering drawing for the most commonly prevalent operational scale, required civil and structural work, system modification, and included instrumentation and various line diagrams. A list of vendors (technology providers/ equipment suppliers) will be provided along with quotations for major bought-out equipment. Examples of similar interventions as proposed in other industries within India or abroad with the benefits will also be provided. The estimated lead time for implementation of the new technology, or enhancement of the existing technology will be provided.

The financial assessment will contain details of investment required for each EE measure and means of financing for the proposed measures. Financial projects such as cost-benefit analysis for each of the proposed measure and for the unit as a whole including IRR and cash flow will be provided.

The sustainability assessment will include environmental and social sustainability assessments like Green House Gas (GHG) reduction (over the estimated lifetime in terms of certified emission reductions or CERs), reduction in conventional pollutants; air (sulphur dioxide, particulates etc.), water and solid waste, productivity enhancements and social impacts on the workforce.

A typical outline of the content page of a DPR is provided in table 5.4. It is understood that the DPRs will be structured keeping in view their acceptability to financial institutions/ banks.

Table 5.4: Typical contents page of DPR

Executive Summary	
1.0	Introduction
1.1	Brief introduction about cluster/ unit
1.2	Energy performance in existing situation
1.3	Proposed EE intervention
1.3.1	Description of existing technology/ equipment
1.3.2	Energy audit methodology
1.3.3	Performance analysis of the existing technology
1.4	Barrier analysis in adoption of proposed EE intervention
2.0	Implementation methodology
2.1	Approach of modification
2.2	Description of modified system/ equipment
2.3	Availability of equipment
2.4	Source of equipment
2.5	Terms and conditions in sales of equipment
2.6	Process down time during implementation
2.7	Life cycle assessment and risks analysis
2.8	Suitability of unit for implementation of proposed technology
3.0	Benefits from proposed EE intervention
3.1	Technical benefit
3.2	Monetary benefits
3.3	Social benefits
3.4	Environmental benefits
3.5	Examples of similar interventions
4.0	Project Financial Statements
4.1	Cost of project and means of finance
4.2	Financial projections of the unit
4.2.1	Projected financial summary of the unit
4.2.2	Projected operating statement of the unit
4.2.3	Projected balance sheet of the unit
4.2.4	Projected cash flow statement of the unit
4.2.5	Projected fund flow statement of the unit
4.2.6	Projections of current assets and current liabilities of the unit
4.2.7	Debt Service Coverage Ratio
4.2.8	Debt Equity Ratio
4.2.9	Other major financial ratio calculations
4.2.10	Maximum permissible bank finance for working capital as per Nayak Committee
4.2.11	Working capital requirements
4.2.12	Assumptions for financial calculations
4.2.13	Marketing & Selling arrangement

4.2.14	Risk analysis and mitigation
4.2.15	Conclusion
Typical Appendices	
	Process flow diagram
	Baseline energy performance
	Schematic diagram of the modified system
	Technical specification and information brochure of equipment
	Details of fabricators/ suppliers
	Budgetary quotation for the proposed equipment
	Cash flow and financial analysis
List of used abbreviations	

5.5 Step by step approach for loan application

Energy efficiency projects are normally supported by banks and financial institutions under the broad umbrella of various government schemes and credit lines. These schemes and credit lines are formulated with specific eligibility criteria to promote special thematic issues for improving overall business sustainability of the target sector.

Loan application for EE projects is to be developed using standard format of individual scheme guidelines or credit line requirements. It is advisable for the concerned MSME unit to obtain the standard template of loan application from the prospective banking institute, which is going to evaluate loan application before granting financial support. The following activities are required to be undertaken for developing loan application to seek financial support from bank towards implementation of EE projects by the unit.

- Establish baseline performance through detailed study
- Identify implementable energy conservation measures (ECMs) including alternative energy efficient (EE) technologies wherever applicable
- Prepare preliminary cost-benefit analysis
- Identify suitable technology suppliers who can also provide regular maintenance
- Obtain techno commercial quotations
- Negotiate price and finalize suppliers
- Estimate miscellaneous costs for implementation of ECMs
- Estimate project cost and means of finance
- Undertake the financial projections of the unit
- Identify eligible financing scheme and credit line for financial support
- Discuss the EE project with the prospective financial institution (FI)
- Develop detailed project report as per the guidelines provided and format of the scheme that includes baseline monitoring and verification (M&V) protocol
- Submit the DPR to the FI for review
- Follow up with the FI and provide clarification if any
- Obtain loan approval and complete necessary contract with concerned FI

- Implement the project that includes commissioning, trial runs and troubleshooting required if any
- Undertake post implementation M & V protocol
- Submit status report to FI as per the agreement