

# INDIA WANTS ENERGY TRANSITION ON ITS OWN TERMS — WITHOUT PHASING OUT COAL AND WITH MORE GRANTS

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February 27, 2023 09:30 am | Updated 09:30 am IST - MUMBAI

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Prime Minister Narendra Modi launches E20 fuel and flags off Green Mobility Rally at the occasion of India Energy Week 2023 in Bengaluru. | Photo Credit: ANI

India is unlikely to sign a deal with richer nations this year for a just energy transition, as international funding rests on India committing to a timeline to phase out coal, an "unviable" proposition for the country, energy analysts said.

The Group of Seven (G7) industrialised nations, together with Norway, Denmark and the European Union, believe a 'just energy transition partnership' (JETP) with India will financially empower it to reduce climate changing emissions from power production.

Similar pacts have been signed with South Africa, Indonesia and Vietnam, but India wants a JETP on its own terms: no phase out of coal and funds for clean energy expansion in the form of grants, not loans.

"The developed world is pushing for a JETP as they want coal out. The JETPs with South Africa and Indonesia are all about coal. But that won't work here," said economist Vaibhav Chaturvedi, a fellow at the Delhi-based Council on Energy, Environment and Water (CEEW).

"Coal is the only stable source of energy in India, which is still a developing economy. India won't talk about coal but (instead about) more renewable energy, which has more achievable and demonstrable targets," Mr. Chaturvedi said in an interview.

The Ministry of External Affairs, which is considering JETP proposals this year as [India helms the G20 presidency](#), did not respond to queries despite repeated emails and phone calls.

But analysts familiar with India's stance said conversation around a JETP is stuck on the financial terms of funding and India's resistance to being "bullied into a partnership".

What India needs is more green jobs and funds to train people for them, said Swati Dsouza, an energy analyst with the Institute for Energy Economics and Financial Analysis.

"The JETP as it currently stands may not be the best model or framework for India given that the country will see an increase in energy demand and possible increase in coal capacity," she said.

In recent months, India has relaxed environmental and public consultations on coal mine expansions, boosted its coal production and cited coal as critical for energy security in global climate dialogues.

But the country still aims to reduce coal from 50% of its energy mix currently to about 30% by 2030, while building 500 gigawatts (GW) of new renewable capacity.

Simultaneously beefing up both coal and renewables points to a messy energy transition for India, including the risk of job losses if some coal mines are abandoned.

Workers unload coal from a supply truck at a yard on the outskirts of Ahmedabad | Photo Credit: Reuters

India's mixed signals, analysts say, indicate the country will phase out coal only when it is sure the transition won't cause power disruptions, with renewable energy storage capacity currently still weak and expensive.

As the world's third largest power consumer, India's power use has doubled since the turn of the century, with over 900 million citizens gaining an electrical connection in less than two decades, according to the International Energy Agency (IEA).

Last year, the country faced one of its worst power crises in six years as a heatwave swept across the nation, pushing up energy demand, triggering power cuts, causing a fuel crisis at overworked power plants and boosting heat-related deaths.

As it tries to meet rising demand for power, coal use will peak in India between 2030 and 2035, the government said - but meantime the country needs to strengthen its renewable grid and infrastructure, for which it wants JETP funding.

"We still want to negotiate with developed countries ... as long as developed countries listen to us," said Santosh Patnaik, program coordinator at Climate Action Network South Asia.

The village of Bhadla in Rajasthan got its first power grid connection five years ago. While electricity arrives less than eight hours each day, it has lit up evenings in a village that earlier used kerosene lamps to help its sheep-herding children study at night.

On January 4, the approved \$2.3 billion funding with an aim to grow various segments of the green hydrogen sector in India, hoping it will abate 50 million metric tons of greenhouse gas emissions. Image for representation | Photo Credit: AP

"All we want is a steady power supply," said Sadar Khan, the village council head who has written to authorities lamenting power cuts that can last in some cases a whole day.

A JETP that focuses only on reducing coal would be looking at India's energy transition too "narrowly", glossing over the growing aspirations of Indians, analysts say.

Many are new consumers of electricity and need affordable power to improve their economic condition, they said.

Households with new electricity connections, many of them in rural areas, are now using

washing machines, refrigerators and laptops, said Gauri Singh, deputy director-general of the International Renewable Energy Agency (IRENA).

India's transition efforts need to be mindful of these aspirations, she said, adding the country's challenge was to ensure clean and affordable energy for all while moving away from fossil fuel.

"The JETP cannot be a broad-brushed partnership but has to look at the context of each country. It is much more complex than retiring thermal plants," Ms. Singh said in a video call.

Last December, the G7 nations announced \$15.5 billion for Vietnam to help it transition away from coal, with only a minor part as grants and most of the money as loans.

India could land a much larger deal, with the United States and Germany at the forefront of negotiations, analysts say.

India may be able to use its position as G20 leader this year to steer discussions on a deal toward scaling renewable capacity and investments in new technologies, said R.R. Rashmi, programme director for earth science and climate change at The Energy and Resources Institute (TERI).

To meet its target of having 500GW of renewable energy capacity by 2030, India will have to invest an average of \$27.9 billion annually up to 2029, research estimates show - but its [budget allocations](#) aren't sufficient for that, economists said.

Beyond scaling up renewables, India also needs to acknowledge that energy shifts now underway will require a just transition for workers.

"This is not the question of our energy sector being decarbonised but also about exit, compensation of coal workers and alternate livelihoods," Mr. Rashmi from TERI said.

"Even if we cannot cut down on coal, we have to prepare for a phase down," he said.

At least five Indian states depend heavily on the country's coal economy. In the absence of a uniform just transition plan for the country, they risk losing their main revenue source.

Coal workers' unions say funding to restore land in areas ravaged by years of mining, creation of new jobs in new industries and training in the skills needed for jobs in clean energy are needed.

"The just transition conversation is dominated by technical and financial issues, ignoring the social aspect of transition, which is the most important," said D.D. Ramanandan, general secretary of the All India Coal Workers Federation.

"Engineers and finance experts are discussing just transition, not us. We are the biggest stakeholders in this. If coal ends, everything ends for us, but we are sidelined. This will be an unjust transition."

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