

## Green ambitions — on renewable energy targets

In a surprising statement this month, Union Power Minister R.K. Singh said India would overshoot its target of installing 175 gigawatts of capacity from renewable energy sources by 2022. India was on track, he said, to hit 225 GW of renewable capacity by then. This is a tall claim, considering India has missed several interim milestones since it announced its 175 GW target in 2015. The misses happened despite renewable capacity being augmented at a blistering pace, highlighting how ambitious the initial target was. Technological and financial challenges remain: both wind and solar generation could be erratic, and India's creaky electricity grid must be modernised to distribute such power efficiently. Meanwhile, wind and solar tariffs have hit such low levels that suppliers are working with wafer-thin margins. This means small shocks can knock these sectors off their growth trajectories. The obstacles have capped capacity addition to 69 GW till date, with India missing its 2016 and 2017 milestones. To hit its 2022 target of 175 GW, 106 GW will have to be added in four years, more than twice the capacity added in the last four.

In the solar sector alone, which the government is prioritising, policy uncertainties loom large. Manufacturers of photovoltaic (PV) cells have demanded a 70% safeguard duty on Chinese PV imports, and the Directorate General of Trade Remedies will soon take a call on this. But any such duty will deal a body blow to solar-power suppliers, who rely heavily on Chinese hardware, threatening the growth of the sector. There is also the problem of the rooftop-solar segment. Of the current goal of 100 GW from solar energy by 2022, 40 GW is to come from rooftop installations, and 60 GW from large solar parks. Despite being the fastest-growing renewable-energy segment so far — rooftop solar clocked a compound annual growth rate of 117% between 2013 and 2017 — India only hit 3% of its goal by the end of 2017, according to a Bloomberg New Energy Finance report. The reason? Homeowners aren't warming up to the idea of installing photovoltaic panels on their terraces because the economics does not work out for them. Compared to industries and commercial establishments, a home typically needs less power and will not use everything it generates. So, homeowners need to be able to sell electricity back to the grid, which in turn needs a nationwide "net-metering" policy. As of today, only a few States have such policies, discouraging users elsewhere. Such challenges can be overcome with the right incentives, but they will take time to kick in. The good news is that even if India hits the 175 GW target, it stands to meet its greenhouse-gas emission goal under the Paris climate agreement. This in itself will be a worthy achievement. Overshooting this target will be a plus, but until the government tackles the policy challenges, it must hold off on implausible claims.

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