Going green on energy

Macro PDF series - 1

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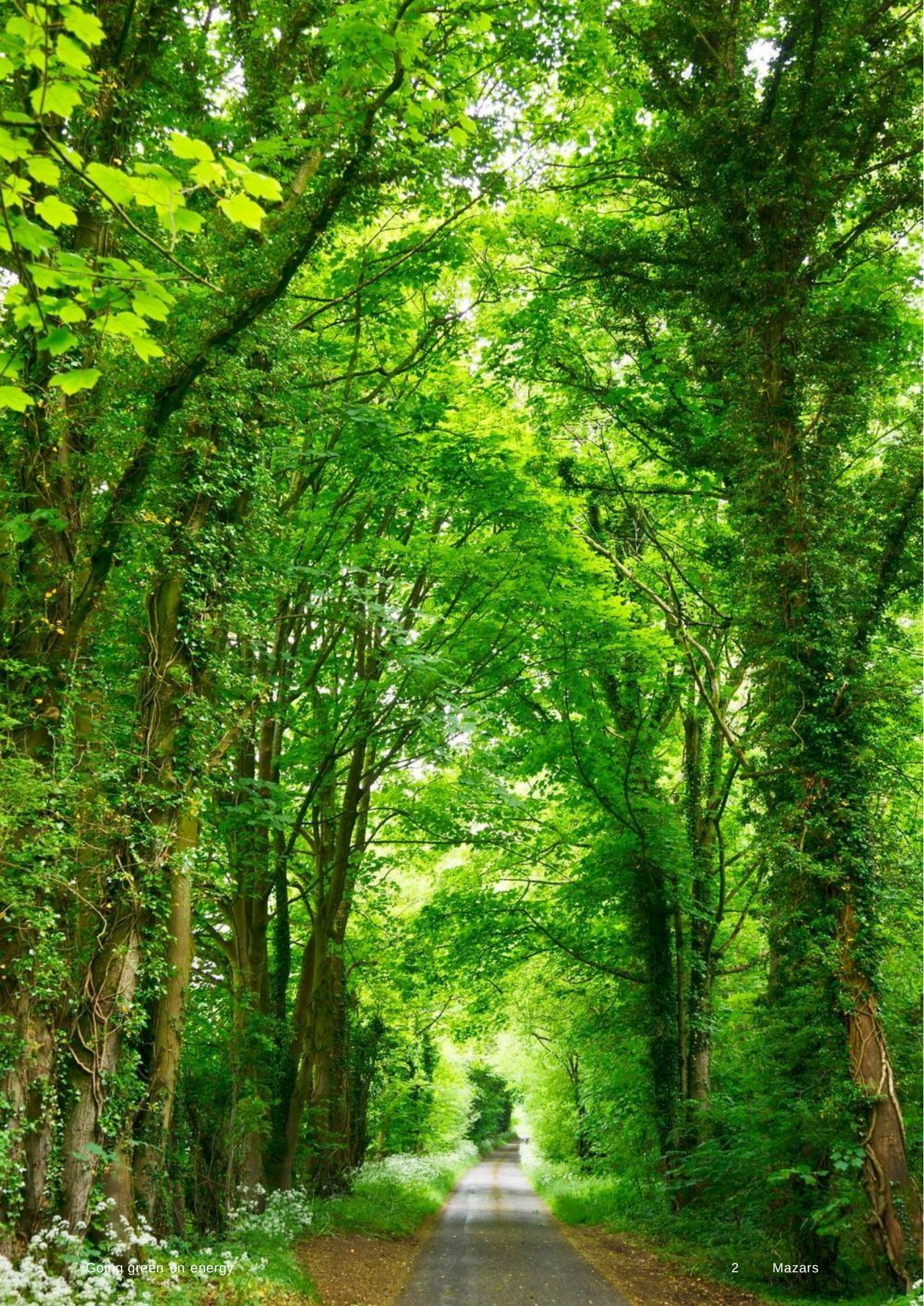

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India has instilled new routes to fast-track its transition into clean energy and mobility over the last five years, which includes meeting the national contribution to install 500 GW of renewable energy capacity by 2028. Similarly, in the automotive industry, the Faster Adoption and Manufacturing of Electric Vehicles (FAME) II scheme supports the adoption of 7,000 electric buses, 5 lakhs electric three- wheelers, 55,000 electric passenger cars, and 10 lakhs electric two-wheelers, as reported by NITI Aayog and Rocky Mountain Institute (RMI).

This macro-PDF series examines how India's clean energy ecosystem has evolved and what is in store from a **P**eople, **D**evelopment and **F**inancial angle.

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Currently India stands at the 5th position for installed capacity of renewable energy. Shri Nitin Gadkari, Minister for Road Transport & Highways, quotes that with continued policy support from the government and multi-stakeholder participation, India will surpass the target of achieving 450 GW of renewable energy by 2030.

What does it mean for our **People** – *our working youth?* This impetus on renewable energy will generate employment opportunities in rural as well as urban areas.

According to estimates from the Council on Energy, Environment, and Water (CEEW) and the Natural Resources Defense Council (NRDC), the Indian power sector could employ up to 3.5 million people by 2050 with the renewable energy sector employing more than 3.2 million people.

There is potential to double employment through the power sector by 2030 itself, by following ambitious decarbonizing pathways.

Within this, the solar and wind sectors will provide the highest number of jobs to people.

Going green is surely at bloom for capitalizing upon India's demographic dividend.

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Delving into clean transport, India is all set to launch ropeway, cable car and funicular rail. Currently, the country grapples with an uneven modal share with 71% of freight transport being based on road while only 17% being based on rail. This thereby presents a strong opportunity for grasping a further cost effective, clean, and upgraded transport system. In passenger mobility, India has an opportunity to revamp its huge reliance on privately-owned and conventional vehicles and mark the way toward an electric and connected passenger mobility future.

Technology related to energy storage plays a vital role in overall clean energy transition. As per NITI Aayog and RMI, India's energy storage market is expected to touch 1 lakh crore across sectors by 2030. The National Mission on Transformative Mobility and Battery Storage, as announced in March 2019, is an initiative to set up a few large gigawatt-scale, export competitive integrated batteries and cell manufacturing plants in India.

To have better infrastructure for renewable energy, the government has launched the Logistics Efficiency Enhancement Program, which is poised to enhance infrastructure and information technology. The government of India desires to develop a 'Green city' in every state of the country which will flow eco- friendly power through solar rooftop systems in all its houses, as well as run on an electric mobility-enabled public transport system.

In short, there is a lot in store for **development** as India further streamlines infrastructural frameworks and integrates requisite technology to establish a greener ecosystem.

Green energy is not just for the environment. It houses a strong **financial** footing as well.

According to IBEF, 49% of total electricity is expected to be generated by renewable energy by 2040. This use of renewables in place of coal will save INR 54,000 crore annually.

Replacing expensive coal power with renewables is poised to yield cost savings to operators by USD 32 billion a year and decrease annual carbon dioxide emissions by around three billion tones, as estimated by the International Renewable Energy Agency (IRENA).

Right policy measures and financial incentives will pave the way for steady renewable adoption as there are positive ramifications for everyone. While the initial technological and infrastructural setup can be expensive, as the adoption widens economies of scale, there will be greater efficiency and reduced cost across the chain.

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The big picture

This move into cleaner and greener energy is unparalleled and it is moving at considerable pace. India’s green energy industry received foreign direct investment (FDI) worth USD 7.27 billion from 2014-15 till June 2021, as per the Ministry of New and Renewable Energy (MNRE), of which USD 797.21 million came during 2020 -21 itself.

Projects are heating up with India recently announcing to reduce net carbon emissions to zero by 2070 at COP26 in Glasgow.

The opportunity is more than ever for both the public and private sector to come together and build the requisite infrastructure, as well as pull in technological power plays. Employment potential is high and financial ramifications are positive as the scale goes up.

While the incoming waves of COVID-19, including the recent surge of Omicron, re-instate a certain degree of uncertainty from time-to-time, it is unlikely for us to witness catastrophic overhauls as we saw in 2020. As this wave peaks up and tapers down in the coming months, economic momentum will bounce in again.

Green energy will continue to work on its target in the macro backdrop and we should too. We need to identify the right projects and areas that we can participate in and partner together in this green-energy drive.

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