

'India will need \$800-billion by 2030 to meet COP26 commitments on renewable energy capacity addition'

bl.interview*

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Commending India's efforts in transitioning to clean energy as part of its pledges at the COP26, Espen Mehlum, World Economic Forum's Head of Energy, Materials and Infrastructure Programs, Benchmarking and Regional Action, said it is an example for other countries. In an interview with *businessline*, Mehlum said the country will require around \$800 billion by 2030 to meet its renewable energy (RE) commitments. Excerpts:

What are your views on India's energy transition?

What's happening here in terms of solar and wind is amazing. Frankly, it's an example for many similar countries. But there is more to be done (COP26 pledges). One is that India wants to be ambitious, that's really good.

But the country needs to speed up. I understand one needs to install in the range of 40 GW annually in RE till 2030 to meet the 500 GW target. That's a bit more than double from what's being installed right now.

To be able to do that, one needs a lot of capital, both from domestic and foreign sources. To make that capital flow to project developers on ground, there are several elements that will be important. Policy is one, but so is unlocking the power of regular bond market, green bonds and other funding sources.

What is the cost of India's RE targets?

We have worked with IEA and World Bank on a study released last year, which shows that if you look at all developing and emerging economies, except China, in the range of \$150 billion was invested in clean energy in 2020.

But in reality, to me, the Net Zero by 2050 (IEA) and



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Head of Energy, Materials and Infrastructure Programs, WEF



SDG goals, you will have to multiply by seven. Which is a 700 per cent increase from 2020 to 2030, in the range of over \$1 trillion annually, and a lot of this will have to go to India.

India is one of the fastest-growing emerging economies. It is set to overtake some countries in terms of emissions, energy demand and population. So, this country needs significant investment, and a big share of that clean energy investment. We may be talking in the range of something like \$800

billion, from now till 2030 for India only, accumulated.

Investments in the RE sector have not been as expected. What are your views?

Capital matters for energy transition, and one cannot subsidise one's way out of the problem. Government money cannot do it all. The needs of energy system are so huge that the biggest engine has to be private capital. Private is going to look at investment opportunities and cost of capital. So, what is

happening today is that one, there are some real challenges. A couple of the biggest, which we have found, is the currency exchange risks. It is a big one and we are working on solutions for that.

Second, is the off-taker (discoms) risks if the the off-taker is insolvent or cannot pay for it. Third, is the risks around government policy and policy stability.

How can India make investing in RE attractive?

Speeding up processes is needed. Permit clearances should be fast. Then, availability of critical materials can be a bottleneck. The third is the wider policy environment. Organisations like the International Solar Alliance are important to globalise the movement. For perspective, what is happening today is that in solar, the radiation is concentrated in the global south, but investments are often concentrated in the global north.