

Declares energy emergency; no impact seen on India's RE market

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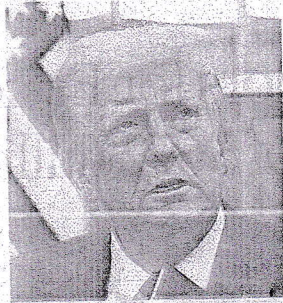
Donald Trump, who took oath as the 47th US President on Monday, declared a national energy emergency in a bid to lower energy costs and ramp up oil and gas production. The first of his executive orders will reshape the US' energy policies.

But government officials, industry and analysts do not expect any adverse impact in the short term on India's solar energy equipment market or its green energy transition from the US move.

ICRA Vice-President & Co-Group Head (Corporate Ratings) Prashant Vasisht expects oil prices to be "benign".

However, a cut in subsidies in the Inflation Reduction Act can impact the clean energy transition in the US with global implications.

Swapnil Aggarwal, Director at wealth management company VSRK Capital, said: "A more liberal interpretation of the legislation would imply reduced support for clean energy initiatives, which will make transition to



US President Donald Trump

greener energy sources tougher because competing priorities aimed at expanding fossil fuel industry and achieving energy self-sufficiency would diminish the advocacy of RE subsidies."

RENEWABLES

A senior government official said: "Let the finer details come out. We don't see any short-term impact on solar (market) or energy transition. However, there could be an issue with export of solar equipment to the US, which is among our top markets."

A top official from a leading solar power developer concurred. He said: "Even if exports fall, there is ample demand in the Indian mar-

ket." On the US slapping tariffs on Chinese solar equipment makers, forcing them to dump products in other markets, Vikram V, Co-Group Head (Corporate Ratings) at ICRA, said: "No impact is expected on domestic manufacturing industries in India's solar sector as there is already ALMM in modules, which will prevent dumping."

OIL PRICES

On the other hand, more drilling for oil and gas in the US will lead to higher supply of the two critical commodities, which will help in further taming crude oil and gas prices.

"Even if Trump gives the go-ahead to drill in Federal land, the impact on oil production will not be immediate. Increasing production requires a long time and will not be immediate. But over a period of time production is expected to remain high. Also, shale companies have been following a strategy where shareholder returns are prioritised. So, increases will be gradual. Oil prices are expected to be more benign," Vasisht explained.