

4th Energy Finance Conference India 2022

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Venue: IIT Madras, Chennai

Organised by: Centre for Financial Accountability Indo-German Center for Sustainability, IIT-Madras
Knowledge Partner: Climate Trends.

Concept Note

The growing energy distress in India has become a matter of debate in recent times. Over the years, the overarching coal and DISCOM distress has deepened the energy crisis in India and one cannot help but direct attention towards the mistakes made by the government on the front of policy, implementation, and distribution. The rapidly changing landscape of the energy sector in India has called for a debate discussing the energy requirements of the country, the financial requirements funding the sector, the public/ private investments, challenges hounding the energy sector etc.

While the present-day prevailing infrastructure seems to have been crumbling each day, our call to address these issues to fill gaps on all essential fronts only heightens.

During the pandemic-driven lockdown, instead of focusing on strengthening and adequately addressing the collapse faced by the healthcare sector, the government has stealthily pushed through stifling highly controversial policies, laws and rules that will cast a very hostile impact on India's society, polity, and the economy. One such bill happens to be the Electricity (Amendment) Bill, 2020 (EB-2020) which has been introduced by the Ministry of Power (Mop). Under the guise of "betterment" the EB 2020 tries to push for amendments that could possibly change the landscape of the energy sector in India endlessly. To mention a few amendments aimed at taking corrective measures to curate the energy sector, the EB 2020 invariably advocates for measures that would render private investors taking over in the name of "open access" and "competition". While there needs to be a discussion around market mechanisms that guide the energy sector in India, it is understandable that with the private investors taking over, the autonomy of the sector would be largely compromised. Tacit to our understanding, if implemented, the repercussions of such a bill could be catastrophic. One is often reminded of the fate meted out to Coal India Limited (CIL), which, after private investors taking over has lost its autonomy meanwhile, it has also been falling short of producing coal leading to a shortage which could potentially lead to a coal crisis. To speak of a small but crucial amendment that the bill slyly pushes for is that of providing for forming committees chosen by the Centre; such an amendment would, indirectly, extend the reach of the Centre over the State therefore, uprooting States control over the sector and in the long run, completely diminishing State's hold over it. Running counter to the spirit of federalism, such a situation can prove to be fatal for India in the long run. Similarly, the EB 2020, unfortunately, does not take into account the rampant inequality in India, in terms of income disparity and also, otherwise. If implemented, the socio-economic impact of it would be vast which could even mean, in extreme cases, that about 60% of the Indian population would be exempt from using electricity.

As for the DISCOM distress, EB 2020 can possibly severe the damage, it must be mentioned that the current need of the hour is that DISCOM should be enabled by both, the State and the Center, to invest into their electricity networks. Such an investment would require reducing the T&D losses and improving the technical quality of supplies. It would also require for the DISCOM sector to levy penalties on the private investors who failed to invest into the network with a promise of revamping and improving the situation. With that being said, it is becoming clearer that such provisions mentioned in the bill will systematically displace and with time, completely eradicate whatever “democratic” and “federal” element that is remaining. With the misplaced priorities of the government, it would not be far from accurate to assume that these provisions would strengthen the Centre’s diktats and result in harming the energy sector in the longer run.

For energy transition to take place in India, adequate attention must be given to energy demand management alongside refining the energy end-use efficiencies. While India still needs to strategize and analyze its way moving forward, some of the methods it could employ could be towards managing its end-use efficiencies instead of focusing on supply-driven approaches. In the long run, also in compliance with our commitments made globally, India will have to act fast on its commitments. Our commitments at COP26 Glasgow are that of generating 500GW from renewable sources of energy, cutting down its dependence on fossil fuels and other conventional power sectors, reducing harmful emissions and meeting the net zero emissions etc. While our ambitious commitments on renewables are not supported by necessary domestic policies or strategies it has also been noted that some of our commitments lay directly in conflict with our policies. In a situation as tricky as that India will have to revamp/ refurbish its energy planning, and policies in order to achieve these goals.

With the energy transition debate taking centre stage, words such as “green hydrogen” often pop up, and for the purpose of foreseeing India’s strategy towards energy transition, such alternatives must be critically looked at. Thinking of alternatives to the conventional sources of energy, India must assess its situation financially, strategize its investments in the energy sector and make energy planning a part of overall planning. Distancing from participatory exercises, India must seek investments that are not only limited to the PSUs, which on a separate note, require a thorough refurbishment of their own.

With this context of discussing India’s energy finance and economy, the conference would analyse, in depth, the energy sector in India- briefing the energy landscape in India with its recent changes such as the Electricity Amendment Bill, also touching upon the complications persisting within the energy sector and how to ail them. With finance being one of the key focuses of the conference, it would delve deeper into the nitty gritty of the public and private players within the energy sector. Discussing the financing models in the energy sector, the conference would provide for a nuanced understanding on the functioning of the financing models and mechanisms in the RE sector. Consequentially, a discussion around ESG, RE & storage, up and coming infrastructure in the RE sector, next generation in the bio-fuel technologies etc, would be emphasized upon discussing India’s challenges moving ahead on the confluence of energy finance and climate justice.

