

Green is the Colour of Indo-US Ties

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The Indo-US strategic partnership is broad-based and has found resonance in shared values, democratic principles as well as geopolitical interests. Both the countries over the years have taken innovative steps and exceptional foreign policy measures to gain optimal and mutual benefits in the fast changing global order. Signing of the historic civil nuclear cooperation agreement, multiple defence deals, the defence technology handshake, regular maritime exercises and vibrant trade and investment ties have marked remarkable developments in bilateral relations.

The energy chapter in this all-encompassing relationship is just one spoke and Prime Minister Narendra Modi's conspicuous silence on the issue of the Paris Agreement when he met US President Donald Trump in June is a telltale sign regarding how strategic (or not) climate change is an issue when it comes to India-US energy ties. This article explores the long-term response of New Delhi on climate change in the wake of Trexit. What readjustments need to be made from the Indian side to make the situation advantageous to suits it energy needs? What is the future of India's involvement in shaping the emerging world?

Trexit and Target India

President Trump fulfilled the campaign promise of pulling the country out of the Paris Climate Agreement, signed by 195 countries after years of fraught discussions. He attacked the deal as being "less about the climate and more about other countries gaining a financial advantage". The targets were China and India who were dubbed free riders and advantage-seekers. He insisted that while India could double its coal production by 2020, the US was not allowed to build the plants. Several Indian commentators took a high ground to Trump's jibes suggesting that India now leapfrogging ambitious renewable energy goals, could "lecture" (Perkins 2017) the American President on climate change. Aspersion were cast on the Modi-Trump meet scheduled in July. Observers were also of the view that this can prompt India to go the Trump route. The Indian Government was, however, prompt in refuting the possibility that nothing would deter India's contribution.

India's Clean Energy Revolution

The Paris Agreement, adopted in 2015, works to limit global warming to 2°C above pre-industrial levels. India was apparently earlier reluctant in signing the agreement. (Westcott 2017) While India for long championed the importance of reducing carbon emissions, its development needs, and historically low per capita emissions have been cogently argued in international negotiations. However, over the years, with air pollution almost assuming crisis proportions, policy-makers and the general populace in India are on the same page in appreciating the moral, political and economic incentive to stay aligned with the

Paris Agreement. Actions pledged by India for boosting electricity efficiency in consumption as well as generation and a shift to renewable energy are under way. (Tongia et al. 2017)

India has started to do away with coal. Coal India recently announced shutting of 37 mines that were no longer economically viable. The government has also announced that it will not be building any coal plants after 2022 and renewables are predicted to generate 57 per cent power by 2027. Dropping coal isn't a new phenomenon in India. From July 2015 to July 2016, India's "coal plant pipeline" fell by 40 gigawatts. (Shearer et. al. 2017)

India's solar sector has also received heavy investment from the private sector and wealthier nations. Japan's Softbank has committed to invest \$ 20 billion in the Indian solar energy sector, along with the Taiwanese company, Foxconn, and Indian business group Bharti Enterprises. (Safi 2017) The French company, EDF, has also announced investment of \$ 2 billion in renewable projects. The American private sector has earmarked \$ 2.5 billion for India between 2009 and 2016. Adani unveiled the world's largest solar plant in Tamil Nadu in 2016. (*The Times of India* 2016 a) Tata Power also announced that it would increase the share of its renewable energy output up to 30-40 per cent by 2025. (*The Times of India* 2016 b) Due to technological advancement, the price of solar energy has also fallen by 80 per cent in the past five years. India also aims to generate 275 gigawatts of total renewable energy, in addition to 72GW of hydro energy and 15GW of nuclear energy by 2027.

Where is the Moolah?

While Trump's comment can be dubbed simplistic, it is a fact that India at the time of signing the Paris declaration had stated that the ratification was "keeping in view its development agenda, particularly the eradication of poverty and provision of basic needs for all its citizens... and on the assumption of unencumbered availability of cleaner sources of energy and technologies and financial resources from around the world." (UN 2015) India also gave the estimation that it would need \$ 2.5 trillion to achieve its goals by 2030, part of which it seeks from the West. (Mohani 2015)

As part of the Paris Agreement, developed nations agreed to donate \$ 100 billion per year by 2020 taking into account the needs and priorities of developing countries. (UNFCC 2014) As much as \$ 34.35 million have already been sanctioned by the Green Climate Fund for the Ground Water Recharge and Solar Micro Irrigation for Food Security in April 2017. (Green Climate Fund 2017) Regardless, much of the finance is going to emerge from commercial institutions and not the US Government. The US Government has sanctioned \$ 3 billion to the GCF, of which only \$ 1 billion was transferred by the Obama Administration. The current Administration is sure to block the remaining amount.

India surely faces a tougher pathway to finance and technology to meet its goals. A more negative outcome will be other developed countries also tightening their purse strings. India on its part has started building ground-work with interaction on the issue with Spain, Germany, Russia and France and nudging them to speed up climate finance to developing countries. (Mudur, Kasturi 2017)

Turning Lemons into Lemonade

While solar power is suddenly the buzzword with Modi referring to sunshine countries as “*suryaputra*” (sons of the Sun), coal remains the backbone for energy needs with a 65 per cent share of total production in 2035. Modi’s “above and beyond” rhetoric on the Paris Climate Change is thus balanced by the realistic perspective.

India is now poised to make coal cleaner and more efficient, and understands that this is the area where the US can contribute in a big way. India is also implementing standards for sulphur emissions from coal power plants to make it clean and is tightening standards for other pollutants linked to local air pollution. India has limited experience and capabilities for the required retrofits. Therefore, US technology providers come in a big way. Trump might not be a seasoned politician or politically correct, but there is no denying the fact that he is a “deal maker” and India has been on a lookout to exploit that. In the Obama years, if the US-India relationship talked about climate change, and cooperation in solar energy and clean energy finance, the present relationship seeks trade of hydrocarbon products, albeit LNG and clean coal.

This dynamic of growth in India is precisely what makes US-India energy collaborations mutually beneficial. US energy demand is generally flat, but the total energy demand in India may grow about seven per cent annually. (Tongia et al. 2017) Indian targets for renewables of building 175 gigawatts are so ambitious that they require 25 per cent annual growth through 2022. Renewables are poised to overtake oil as second largest, increasing from four per cent to 14 per cent by 2035 as oil will drop from 10 per cent to three per cent by the same time. To make that a reality, India needs to tap into global technology and capital markets. (*Economic Times* 2017)

India is nonetheless working on a lighter carbon footprint. In line of these goals, the government introduced a coal tax of Rs 50 per metric tonne of coal produced and imported. This Clean Environment Cess was doubled three times, reaching 400 rupees per tonne in the 2016—2017 Budget. The revenues generated provide finance to renewable energy projects, part of which is earmarked for the implementation of ‘Ultra Mega Solar Power’ projects. (Climate Action Tracker 2017)

India also faces high power grid losses. Per data available, India has approximately 26 per cent, that is, the highest aggregate technical and commercial (AT&C) grid-loss rate in the world. In order to bring efficiency in power supply, the “National Smart Grid Mission” was approved. The US is also contributing on it and India is keen to increase its utilisation of natural gas. India has also been working on electrification of vehicles and plans a deployment of 6-7 million hybrid/ electric vehicles per year by 2020.

Interestingly, even as the federal government stepped down from fighting climate change, a coalition of economic, education and local government leaders pledged their support through the “We are still in movement”. The coalition represents 120 million Americans, 125 cities, nine states, 902 businesses and investors and 183 educational institutions and a whopping \$ 6.2 trillion of the US economy. (Perkins 2017) India and other developing countries working to contribute to Paris Climate Agreement are eyeing

for support in the form of loans and trade agreements from this group consisting of big names such as Apple, Google, Tesla, Target, Facebook, Nike etc.

Leadership Readjustment on the way

India's growing "internationalism" has been recognised and also institutionalised with a seat in G-20, support on its quest for the United Nations Security Council membership, increasing clout in international financial institutions and impressive record in UN peace-keeping. Paris Climate accord was another step of positioning itself as a responsible global power.

According to the Paris accord, India which currently contributes four per cent to global emissions, became bound to reduce its carbon foot-print by 33 to 35 per cent from its 2005 levels to 2030. South Asia is already vulnerable to climate change. Thus, renewable energy, energy efficiency and transition to zero carbon technologies over time remain a reality. Alongside we also need to align positively with the cleaner energy agenda, including coal. India also needs to increase its forest cover by five million hectares during this period, as well as improve the quality of its green cover.

India has, however, been chastised that its Paris Nationally Determined Contribution (NDC) commitment is weak and has scope for improvement. Its effort has only been tracked 'medium' by the Climate Action tracker, a research unit. India will soon achieve its 2030 NDC emissions intensity target. No new targets have been set regarding India's continued expansion of renewables after 2022. The Draft Electricity Plan has projected that, despite the increasing electricity demand, no new coal capacity, apart from the capacity already under construction, would be needed after 2022. If the Draft Electricity Plan is implemented, India will achieve its NDC's 2030 40 per cent non-fossil capacity target before 2022, and will reach 57 per cent by 2027. (Climate Action Tracker 2017) India, on its part, can achieve the target with the currently implemented policy. Under the current pledge, it would not have to put any new policies in place. Critics have pinpointed that current policies are not consistent with limiting warming to below 2°C, let alone with the Paris Agreement's stronger aim of a 1.5°C limit, unless other countries make much deeper reductions and comparably greater efforts.

In terms of leadership, however, India reaffirming its commitment is a right step. It can play a lead role in development and generation of renewables. However, leadership with regard to climate change must be left to countries with historical responsibilities. For now, what India needs is sticking to the Declaration language at the time of ratification of the agreement which talked about "following the low carbon path to progress..."

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