

Here's looking at you, India



As US withdraws from the Paris pact, it's time the world recognised the real climate leaders

ARUNABHA GHOSH

WHO IS A climate leader? The Paris Agreement on climate change happened, in part, because of the bold political will of several world leaders, and in part for the United States, taking a legal form which would not require Congressional approval. Now that President Donald Trump has finally taken a decision for the US to exit the Agreement, it is time for the world to recognise the real climate leaders. India is one of them. But it needs to speak up.

In anticipation of the US withdrawal, at the G7 summit in Sicily, the six other members (and the European Union) reaffirmed their commitment to the Agreement. This week, China and the EU will announce that they are forging an alliance to deliver a "decisive response" against climate change and "lead the energy transition" to a low-carbon economy. In November 2014, a similar statement issued by China and the US had also created the impression that they were the true climate leaders.

Reality is less black and white. With a target of 2 degree Celsius, between 2011 and 2030, China, the EU and the US would together corner at least 38 per cent of the world's total permissible emissions up to 2100. If the world targeted only 1.5 degree Celsius, then, by 2030, these three regions would consume 95 per cent of the entire world's nearly century-long carbon budget. With the US withdrawal, that carbon space would shrink even more and faster. Latest evidence shows the EU's emissions increased in 2015. Renewables supply 30 per cent of Germany's electricity (a huge share) but coal and lignite account for 40 per cent. China proposed in January that coal consumption would rise to 4.1 billion tonnes in 2020, even as it stakes its claim to being a global renewable energy leader. None of this is unvarnished climate leadership.

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One, policy. In 2010 India's National Solar Mission commenced with a target of installing 22,000 megawatts (MW). At the time, India's total installed capacity was 17.8 MW. The world's leading solar countries were Germany, Spain, Japan, US and Italy. India was at 10th place. In 2014, India asked itself a simple question: How big can we get on renewables? And by early 2015, India announced that by 2022, it would install 1,00,000 MW of solar, 60,000 MW of wind, 10,000 MW of small hydropower and 5,000 MW of biomass-based electricity capacity.

There are sceptics, at home and abroad, who question whether the targets are too ambitious or whether India is capable of meeting them so soon. They might be right. After all, India is trying to do in less than a decade what took Germany more than two decades to achieve. But the targets have set a direction of travel, creating an attractive market, giving confidence to investors, even nudging policy planners to design an electricity system which could accommodate renewable energy, even if thermal power were squeezed out.

Two, programmes. In addition to policies, India has demonstrated its willingness and ability to scale programmes nationwide and rapidly, which serve to drive a shift towards cleaner fuels while also increasing energy access. According to government data, 238 million LED lightbulbs have been distributed through an innovative programme of advanced market commitments, driving prices down from above INR 300 in 2014 to under INR 50 now. Another example: The Direct Benefit Transfer Scheme for LPG has become the world's largest cash transfer programme, drawing in 176.3 million households, triggering both subsidy reform and access to cleaner cooking fuels.

Three, prices. Whereas many European countries pushed renewable energy through consumer subsidies, India adopted a reverse auction-based competitive bidding process for solar. That has meant that the lowest tariffs have dropped from INR 10.95 (USD 0.17) in December 2010 to INR 2.44 (USD 0.038) in May 2017. Competitive bidding in wind, introduced in February 2017, resulted in bids falling to INR 3.46. Can renewable energy

prices fall any further? CEEW analysis shows that the cost of finance, rather than the cost of technology, accounts for the largest share of the tariffs — a challenge even greater in several developing countries. If India can find ways to reduce investor risks, and lower the cost of finance, it would hold lessons for others on how a combination of transparent bidding and publicly funded risk guarantees could drive a clean energy transition.

Four, productivity. Climate change is already impacting India, with increasing water stress and billions of dollars of lost agricultural output during this century. Could India increase agricultural production, while reducing water and energy intensity? Converting 15 per cent of India's irrigation pumpsets to solar would create 20,000 MW of solar capacity. If various factors (cropping patterns, bank credit, etc.) align, CEEW's analysis finds that 39 per cent of India's districts would have a moderate to high potential of deploying solar pumps. Again, this has lessons for many other developing countries.

Five, partnerships. In November 2015, India and France launched the International Solar Alliance (ISA). The ISA plans to aggregate demand to drive prices down, scale up technologies currently available, and pool resources to invest in solar R&D. Thirty one countries have signed its Framework Agreement already. Among other initiatives, the ISA is seeking common risk mitigation instruments, to hedge risks across its membership and beyond in order to leverage limited public funds and crowd in large flows of private investment.

We must acknowledge two realities. First, the rest of the world will have to continue to act on climate change, regardless of what the US does. Secondly, the mantle of climate leadership cannot be held by just one country. For its level of income and per capita emissions, India is doing disproportionately more than many of the larger polluters.

It must speak confidently about its actions and its leadership for other countries.

The writer is CEO, Council on Energy, Environment and Water (CEEW) and co-author of 'Climate Change: A Risk Assessment' (2015) and 'Energising India' (2016)