

India's energy transformation: Political economy challenges, a reality

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“Tomorrow renewable energy has to replace the conventional power for betterment of society... Consumer education and awareness will be crucial for this transformation” said Vishvanath Hiremath, Chairman of Rajasthan Electricity Regulatory Commission in a seminar organised today by CUTS International and Friedrich Ebert Stiftung, India. This was first in the series of a seminars to be organised on ‘Green Growth and Energy Security in India: Political Economy of Transformation and Challenges’, jointly by both the organisations.

Mr Hiremath explaining the challenges in different segments of electricity supply industry pointed that the challenges are big but not unsurmountable. While technical fixes can address the infrastructure challenges, there is a greater need for consumer education, awareness and engagement as the sector becomes more and more complex. In positive move, RERC has, in its recent tariff order has earmarked a budget of 50 lakhs per discom for consumer education and awareness. Emphasising on the role of consumer organisations, Mr Hiremath sought CUTS’ input for improving consumer education, awareness and education in Rajasthan.

Initiating the seminar, Pradeep S Mehta, Secretary-General of CUTS International argued that India is faced with this unique challenge of bridging the demand-supply gaps by providing an appropriate power generation backbone and revolutionising the power generation bases with a major share of renewables, simultaneously. He claimed that with two-third of current power coming from fossil fuel source, the country is placed between a rock and a hard place in its energy decision-making. The situation calls for a new deal for energy security to balance between the developmental and environmental priorities. The governments recognise the need and opportunities and have prioritised clean energy development, he opined. Yet, the question remains whether current initiatives are adequate to achieve an energy transformation in the country.

Marc Saxer, Resident Representative of Friedrich Ebert Stiftung, India, speaking in the seminar claimed, “International debate on energy transformations is over, and the renewables have won.” He further added that “the debate about ‘if’ is over, now we are entering into a discussion of ‘how’ to achieve energy transformations.” Mr Saxer also pointed out three recent developments at global level that support the optimism. First is drop in price of clean energy. In recent years, in many countries, the renewable generation cost has come at parity, or even lower in some cases, compared with the conventional power. Second is development of household and industrial storage facility that provides a solution for intermittent nature of renewable generation. Finally, political will seem to coming up for energy transformations. The recent pledge from G7 countries to move out of carbon economy by end of the century is a positive development in the global political economy.

The challenges for energy security are known; these challenges have proven solutions. Considering each society is unique, no universal blueprint can be promoted. Each society needs a tailored strategy for green growth and energy security. Facts, figures and technical capacities are important, but not enough. Political economy systems and processes will be crucial in determining adoption and success of a green growth strategy in India and elsewhere.

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