**Development of Renewable Energy is the core of energy transition.**

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1. **Renewable Energy Landscape in India:** India's energy demand is expected to grow by ***5.16% CAGR from 2021-22 to 2041-421***. Therefore, it is imperative that most of this new energy demand is met by low-carbon, renewable sources. India's announcement that it intends to achieve ***net zero carbon emissions by 2070*** and ***to meet 50% of its electricity needs from renewable sources by 2030*** marks a historic point in the global effort to combat climate change. Rajasthan would play major role in achieving this target being a Renewable Energy Capital of the World.

India's market for renewable energy ranks fourth globally in terms of attractiveness. India is the market with the fastest growth in renewable electricity, and by 2026, new capacity additions are expected to double.

As mentioned by PM Modi in his speech dated 23rd Feb 2023 on Green Growth, India has achieved the contribution of Renewable sources (including Hydro) more than 40% in its power generation portfolio. India has total installed capacity of more than 410 GW***2*** (dated 31.01.2023) with RE sources contributing around 168 GW (including 64 GW***3*** Solar power).

1. **Key Clean Energy Developments to Watch Out for in FY-24*4***

* **Solar Energy:** India's solar energy sector has significantly grown in recent years and is expected to experience further growth in FY24. Factors like solar module pricing, ALMM, supply chain consistency, and policy on net-metering will determine the pace of renewable energy adoption in rooftop solar. Stable policies in line with the Centre's Green Energy Open Access norms will be crucial to facilitate growth in Open Access. The country's ambitious target of developing 500 GW of renewable energy capacity by 2030 will require an investment of at least ₹2.44 lakh crore, with solar energy accounting for almost 50% of the increase in capacity.
* **Wind Energy:** Wind energy sector has seen slower growth compared to solar energy adoption in recent years, despite the Ministry of New and Renewable Energy's target of 60 GW installed wind capacity by 2022. However, to accelerate the growth of wind energy adoption, the government is providing financial incentives such as accelerated depreciation, concessional customs duty, and tax holidays. The Indian Wind Turbine Manufacturers Association predicts up to 30% growth in the sector in FY24.
* **Green Hydrogen:** In FY24, we can expect to see increased investments in green hydrogen technology and infrastructure, which could play a significant role in reducing India's dependence on fossil fuels. India's National Hydrogen Mission aims to produce green hydrogen from renewable sources and establish green hydrogen plants with a total capacity of 10 GW by 2030.
* **Energy Storage:** Energy storage is a crucial component of the renewable energy mix, allowing for the integration of variable renewable energy sources like wind and solar. India's energy storage market is set to grow significantly in FY24, with a focus on grid-scale solutions like pumped hydro, battery, and compressed air storage. To integrate 500GW of non-fossil fuel energy by 2030, at least 160GWh of energy storage is needed, according to the India Energy Storage Alliance (IESA).
* **Electric Vehicles:** The EV market is rapidly growing, but challenges such as infrastructure, range anxiety, and lack of awareness need to be addressed. Sales of EVs in India grew by 138% in FY21. In FY24, we can expect to see increased investments in EV infrastructure and adoption in the commercial vehicle segment. This could have a significant impact on India's transportation sector and reduce its dependence on fossil fuels.

1. **Global Renewable Energy Landscape:** Globally renewables are expected to become the new baseload accounting for ***~50% of the power mix by 2030 and 85% by 20505***. Renewable energy comprised ***28.3% of the global electricity mix in 2021***, similar to the 2020 levels (28.5%) and up from 20.4% in 2011. The use of solar energy is growing rapidly due to a combination of factors like declining costs, government incentives, and a growing awareness of need for transition to clean energy sources. The solar PV market maintained its record-breaking streak with ***new capacity installations totalling ~175 GW in 2021***. The cumulative ***global solar PV capacity has reached ~942 GW*** in the last decade. Countries like ***China, the USA, India, and Japan*** have made some of the largest contributions to the global solar PV capacity.
2. **Global Investment scenario for Energy Transition including Renewables:** Global investment in technologies related to the energy transition, including for energy efficiency, reached USD 1.3 trillion in 2022. While global investment in renewable energy reached a record high of USD 0.5 trillion in 2022. Despite multiple economic, social and geopolitical challenges, annual investments in renewable energy continued a positive trend. In 2020, renewable energy investments reached USD 348 billion and in 2021, investments reached USD 430 billion (24% up from 2020) and in 2022 they further increased by 16% reaching USD 499 billion. Investments in renewable energy continue to grow, but not at the pace needed to achieve climate, energy access and energy security objectives along with other socio-economic development goals by 2030. Keeping the world on track to achieving the energy transition in line with the 1.5°C Scenario laid out in IRENA’s World energy transitions outlook 2022 will require annual investments of USD 5.7 trillion on average between 2021 and 2030, and USD trillion 3.7 between 2031 and 2050.***6***

Investments have become further concentrated in specific technologies and to best support the energy transition, more funds need to flow to less mature technologies and to sectors beyond power. Solar and wind technologies consistently attract the largest share of investment by a wide margin. In 2020, solar photovoltaic (PV) alone attracted 43% of the total, followed by onshore and offshore wind (at 35% and 12%, respectively). The East Asia and Pacific region continue to attract the majority of global renewable energy investment. Preliminary data for 2021 and 2022 indicate that the share of investments going to the East Asia and Pacific region surpassed 50% in 2021, rising to two-thirds of the global total in 2022 followed by North America and Europe.***7***

* **Green Financing:** Green finance has been a burgeoning sector since the Paris Agreement and is at the crossroads of financial, socio-economic and environmental challenges. It is hybrid in nature: it uses financial instruments and focuses on environmental issues, while coming under the wider field of so-called “sustainable” finance that assumes a broader approach with the inclusion of socio-economic and governance challenges.

As a global leader and active participation in the Paris agreement, India is firmly on the path of a revolutionary transition towards renewable energy. India is also showing keen interest to the Green hydrogen for petroleum industry. Keeping that in mind, the GoI to explore innovative financing tools like green banks and introduce renewable energy financing obligations for financial institutions to boost investments in this sector. India currently has two dedicated clean energy finance institutions – the Indian Renewable Energy Development Agency (“IREDA”) and the Tata Cleantech Capital Limited (“TCCL”). As per new production linked incentive (PLI) schemes to support the green energy transition and to support the make in India concept the GoI also allocated Rs 19,500 Crore for Solar PV modules in the Budget 2022-23.

* **Green Banks:** A green bank is a governmental or a quasi- public financial entity that collaborates with the private sectors, to apply novel financing approaches and market instrument to expedite the implementation of sustainable energy technologies. The role of green banks in financing the transition to a green economy is crucial to the mobilisation of private investments in green projects. Green banks can structure their investment schemes based on the requirement of the GoI and their goals include meeting emission targets, lowering the cost of capital, and developing green technology markets.

1. **Role of Financing Institutions:** Infrastructure Financing has traditionally been supported by the institutions such as Banks, NBFCs and financial institutions. However, in order to meet the clean energy targets, there is need to introduce new means of financing and innovative financial instruments that can leverage a wider investor base. Some of the examples would be pension funds, sovereign wealth funds, green bonds and blue bonds (focusses on various sustainable aspects of blue economy such as sustainable fishing, Coral degradation, offshore wind plants etc). Financial Institutions will also play important role in countries just transition as there will be requirement of public debt at concession rate as well as private debt (Example Vietnam JETP)

Financing institutions play a crucial role in scaling renewable energy initiatives globally. Their involvement is instrumental in overcoming the financial barriers and challenges that often hinder the widespread adoption of renewable energy technologies. Here are some key roles that financing institutions fulfill in promoting renewable energy:

* **Capital investment:** Financing institutions, such as banks, venture capital firms, and development banks, provide the necessary funds for renewable energy projects. These projects often require significant upfront investments, and these institutions help bridge the financial gap, making them feasible for developers and investors.
* **Risk mitigation:** Renewable energy projects can be perceived as risky due to various factors, including technology uncertainty, regulatory changes, and market fluctuations. Financing institutions employ risk assessment techniques and financial instruments to mitigate these risks, making projects more attractive to investors.
* **Project development support:** Financing institutions may offer technical expertise and assistance during the project development phase. They can help identify suitable project sites, conduct feasibility studies, and ensure that projects meet the required standards and regulations.
* **Structured financing solutions:** Financing institutions tailor financial products and solutions to meet the specific needs of renewable energy projects. These may include project finance, green bonds, asset-backed securities, and other innovative financial instruments that align with the unique characteristics of renewable energy investments.
* **Market development:** By investing in renewable energy projects, financing institutions contribute to the growth of the renewable energy market. As more projects are funded and become operational, economies of scale are achieved, leading to cost reductions and increased competitiveness of renewable technologies.
* **Knowledge sharing and capacity building:** Financing institutions often have extensive expertise in the renewable energy sector. They share knowledge and best practices with project developers, governments, and other stakeholders to improve project implementation and drive sustainable development.
* **Policy advocacy:** Financing institutions can advocate for supportive policies and regulatory frameworks that encourage the growth of renewable energy. They work with governments and policymakers to create an enabling environment for renewable energy investments, such as feed-in tariffs, tax incentives, and renewable energy targets.

International cooperation: Many financing institutions operate globally and collaborate with international organizations, governments, and private sector partners to promote renewable energy on a global scale. They support projects in developing countries, fostering technology transfer and knowledge exchange. Carbon finance and emissions reduction: Some financing institutions engage in carbon finance, where they invest in projects that reduce greenhouse gas emissions. This includes projects related to renewable energy, energy efficiency, and other sustainable practices. Overall, financing institutions play a critical role in scaling renewable energy initiatives globally by providing financial support, risk management, and expertise, which are essential for accelerating the transition towards a more sustainable and low-carbon energy future.

1. **Role of Developers:** *Can developer locate adequate land, protect the supply chain, and hire workers while yet being profitable?*

Costs of manufacturing and exporting solar PV modules, wind turbines, and biofuels have climbed globally due to rising commodity, energy, and shipping prices. The expected expenditures on investment for utility-scale solar PV and onshore wind are 25% greater than commodity prices in 2019. Restrictive trade policies have also increased the cost of wind turbines and solar PV modules in important markets including the United States, India, and the European Union.

Developers are absorbing cost increases in different ways, smaller companies are more exposed because of their more limited finances. Higher prices for solar PV and wind plants pose a particular challenge for developers who won competitive auctions anticipating continuous reductions in equipment prices. The increased costs would require over USD 100 billion***8*** of additional investment to install the same amount of capacity.

To fill the gap of need and demand of the energy transition undoubtedly Developers and GENCOS will also play critical roles in facilitating the energy transition apart from the financial institutions.

An overview of their roles is highlighted below in the article.

* **Developers:** Energy developers are responsible for identifying and developing new renewable energy projects such as wind farms, solar parks and hydroelectric plants. They work to bring these projects to fruition by securing land right, conducting feasibility studies, securing permits, designing and constructing the energy infrastructure, and negotiating power purchase agreements with the utilities and other off takers. Developers play a crucial role in driving the growth of renewable energy and expanding the use of clean energy sources.
* **Generation companies:** GENCOS are responsible for operating and maintaining energy infrastructure such as power plants and transmission systems. They generate and distribute energy to end-users, including commercial, industrial, and residential customers. Generation companies can play a crucial role in the energy transition by investing in cleaner and more efficient energy technologies, such as renewable energy sources.

1. **Core capabilities for RE Developers/Gencos:** The drive to expand solar and wind power capacity puts more pressure on developers to work quickly and effectively while ratcheting up competition for limited resources. However, Value chain excellence, Economies of scale and skill, and Agile operating model are the three winning competencies that are crucial for developing or growing a renewables business. Successful renewables developers must navigate a marketplace that is getting more complicated and competitive while building on these capabilities as a solid foundation.
2. **Role of Renewable Energy in Energy Security & Energy Access:** Renewable energy plays a vital role in enhancing energy security for nations and communities. Energy security refers to the uninterrupted availability of reliable and affordable energy sources to meet the energy needs of society.

**Energy Security:** The Russian-Ukraine conflict has increased geopolitical tensions between Russia and Western countries which is creating implications in global energy markets. Energy costs skyrocketed with natural gas impacted the most as prices reached the equivalent of USD 250 for a barrel of oil followed by coal with the equivalent of USD 100 per barrel of oil. As a result, consumers across many regions are exposed to high energy bills and supply shortages. Estimates indicate 70 million people who have newly acquired access to electricity may not be able to maintain that access due to financial constraints. Additionally, it is expected that approximately 100 million people may discontinue using clean fuels for cooking.***9***

Here are some keyways in which renewable energy contributes to energy security:

* **Diversification of energy sources:** Relying on a diverse mix of renewable energy sources, such as solar, wind, hydro, geothermal, and biomass, reduces dependence on a single energy resource. This diversification helps mitigate the risks associated with supply disruptions, price volatility, and geopolitical tensions related to fossil fuel imports.
* **Decentralization and grid resilience:** Renewable energy projects can be decentralized and distributed, reducing the vulnerability of energy systems to large-scale disruptions. Localized renewable energy systems, such as rooftop solar and community wind farms, can supply power directly to consumers, making the grid more resilient to natural disasters or cyber-attacks.
* **Indigenous resource utilization:** Many renewable energy sources are widely available within a country's borders, reducing reliance on imported energy resources. Utilizing domestic renewable energy potential can enhance a nation's energy independence and reduce exposure to international energy market fluctuations.
* **Infinite and sustainable resources:** Unlike fossil fuels, which are finite and depletable, renewable energy sources are virtually inexhaustible and can be harnessed indefinitely. This inherent sustainability ensures a long-term and stable energy supply for generations to come.
* **Reduced greenhouse gas emissions:** Transitioning to renewable energy helps mitigate climate change by reducing greenhouse gas emissions. By avoiding the burning of fossil fuels, which release carbon dioxide and other pollutants, renewable energy contributes to global efforts to limit global warming and its potential impacts on energy systems.
* **Energy access for remote areas:** Renewable energy technologies, especially off-grid and mini-grid solutions, offer opportunities to provide electricity to remote and underserved areas where conventional grid extension is challenging or economically unviable. This enhances energy security by extending access to electricity to more people.
* **Technological advancements and job creation:** Investing in renewable energy technologies drives innovation and creates jobs in various sectors, including manufacturing, installation, maintenance, and research. A robust renewable energy industry strengthens the overall economy and contributes to long-term energy security.
* **Energy efficiency and demand management:** Integrating renewable energy with energy efficiency measures and demand-side management can optimize energy use and reduce overall energy consumption. This approach helps to maintain a stable and sustainable energy supply, especially during periods of high demand.
* **Global energy stability and geopolitics:** As renewable energy technologies become more prevalent worldwide, nations may be less reliant on fossil fuel exports and international energy markets, reducing geopolitical tensions related to energy resources.

In summary, the widespread adoption of renewable energy sources is a crucial component of ensuring energy security. By diversifying energy sources, reducing dependence on imports, and promoting sustainability, renewable energy contributes to a more resilient, reliable, and stable energy supply for communities and nations, while also addressing climate change and fostering economic growth.

**Energy Access:** The population with electricity access reached 91% in 2020 from 83% in 2010. However, 733 million households still don’t have electricity in 2020 with ~81% of the share lying in the countries of the African region***10***. COVID-19 and the increasing complexity of reaching more remote and poorer unserved populations and has reduced the annual pace of electrification to 0.5% in 2018-20 from 1.0% between 2010-18***11***. Out of 113 countries without universal access, 54 have targets for electricity, of which 25 have targets to reach universal access before or by 2030. If these targets are met, population without electricity in 2030 will come done to 290 million from 660 million (current projection for 2030)***12***

1. **Challenges and Opportunities**: Scaling up renewable energy presents both challenges and opportunities. While the benefits of transitioning to renewable energy are significant, several obstacles must be overcome to achieve widespread adoption. Here are some of the key challenges and opportunities for scaling up renewable energy:

* **Intermittency and grid integration:** Renewable energy sources like solar and wind are intermittent, meaning their output varies based on weather conditions. Integrating these variable sources into the grid requires advanced energy storage technologies and smart grid management to ensure a stable and reliable power supply.
* **Energy storage:** The development of cost-effective and efficient energy storage solutions is essential for storing excess renewable energy generated during peak periods and supplying electricity during low production times. Current energy storage technologies, such as batteries, need further advancements to meet the demands of a renewable energy-dominated grid.
* **Infrastructure and transmission:** Building the necessary infrastructure for renewable energy projects, including transmission lines and grid upgrades, can be challenging due to permitting issues, land acquisition, and public acceptance. Long-distance transmission lines are needed to transport energy from resource-rich areas to population centers.
* **Financing and investment:** While the cost of renewable energy technologies has significantly decreased, upfront investment remains a barrier for many projects. Access to affordable financing and investment incentives are crucial to attracting more capital and speeding up deployment.
* **Policy and regulatory uncertainty:** Stable and supportive policies are vital for encouraging renewable energy development. Frequent changes in policies or a lack of clear regulations can deter investors and slow down the growth of the renewable energy sector.
* **Skills and workforce development:** Scaling up renewable energy requires a skilled workforce capable of designing, building, operating, and maintaining these systems. Ensuring an adequately trained workforce is essential to meet the growing demand for renewable energy professionals.
* **Cost competitiveness:** The declining costs of renewable energy technologies, such as solar photovoltaics and wind turbines, make them increasingly competitive with fossil fuels. Continued technological advancements and economies of scale offer opportunities for further cost reductions.
* **Job creation and economic growth:** Scaling up renewable energy projects creates jobs across various sectors, including manufacturing, construction, and maintenance. This can stimulate economic growth and contribute to local development.
* **Energy access in remote areas:** Renewable energy provides an opportunity to bring electricity to remote and underserved regions, where traditional grid extension may not be feasible. Off-grid and mini-grid solutions can empower communities with access to clean and sustainable energy.
* **Decentralization and community ownership:** Renewable energy projects can be designed as decentralized systems, allowing individuals and communities to become energy producers, thereby fostering energy independence and local economic benefits.
* **Environmental benefits:** Shifting from fossil fuels to renewable energy sources significantly reduces greenhouse gas emissions, mitigates climate change, and helps improve air and water quality.
* **Technological innovation:** The pursuit of scaling up renewable energy drives technological innovation, leading to advancements in energy storage, grid integration, and other related fields.
* **Sustainable development:** Renewable energy supports sustainable development goals, such as poverty reduction, improved health outcomes, and environmental conservation.

Overall, while there are challenges to overcome in scaling up renewable energy, the opportunities for a cleaner, more sustainable, and economically viable energy future make it a compelling path to pursue. Addressing the challenges requires collaboration between governments, the private sector, and civil society to create supportive policies, invest in research and development, and mobilize financing for renewable energy projects.

1. **Key Actionable points:** Renewable’s developers will need to act decisively to prepare for the upcoming challenges. Specifically, they will have to focus on and address four emerging challenges***13***:

* **A scarcity of top-quality land:** The rate at which developers must find new sites is constantly accelerating.
* **A blue-collar and white-collar labour shortage:** The "Great Attrition" is affecting economies worldwide, making it challenging for businesses to hire and retain employees.
* **Supply chain pressures:** For wind and solar developers, it is already challenging to finish projects in their pipeline on schedule and within budget due to the rising cost of steel, industrial disruptions brought on by protracted lockdowns in China, and transportation backlogs at ports.
* **Pressure on profits and volatility of returns in the short term:** The increasing number of players moving into the renewable-development space, combined with reduced levels of government support and higher costs of materials, technology, and financing, is putting pressure on returns.

1. **Conclusion & Suggestions:** Scaling up renewable energy requires a comprehensive approach that involves various stakeholders, supportive policies, and innovative strategies. Here are some key recommendations to accelerate the adoption of renewable energy:

* **Implement supportive policies and regulations:** Governments should establish clear and stable policies that incentivize the development and deployment of renewable energy technologies. This may include feed-in tariffs, tax incentives, renewable portfolio standards, and carbon pricing mechanisms to level the playing field with fossil fuels.
* **Encourage investment and financing:** Governments and financial institutions should work together to provide favourable financing conditions, low-interest loans, and grants to attract private investments in renewable energy projects. Promoting green bonds and sustainable investment funds can also mobilize additional capital.
* **Remove fossil fuel subsidies:** Redirecting subsidies from fossil fuels to renewable energy can level the playing field and make renewables more economically competitive. This would create a more conducive environment for renewable energy deployment.
* **Invest in research and development:** Governments and private sectors should invest in research and development to drive technological advancements and cost reductions in renewable energy technologies. Supporting research institutions and innovation hubs can foster breakthroughs in energy storage, grid integration, and other critical areas.
* **Promote energy storage and grid modernization:** Develop and deploy energy storage technologies to address intermittency challenges and enhance grid stability. Modernizing the grid to accommodate a higher share of renewable energy and smart grid management systems will also be crucial.
* **Facilitate international cooperation:** Foster international partnerships and collaboration to promote knowledge sharing, technology transfer, and joint investment in renewable energy projects. Global cooperation can accelerate the adoption of renewable energy on a larger scale.
* **Empower local communities:** Encourage community participation and ownership in renewable energy projects, such as community solar and wind farms. This involvement can enhance local acceptance, create economic opportunities, and support sustainable development.
* **Streamline permitting and licensing processes:** Simplify and expedite the permitting and licensing procedures for renewable energy projects to reduce development timelines and associated costs.
* **Raise awareness and promote education:** Educate the public and stakeholders about the benefits of renewable energy and its role in mitigating climate change. Raising awareness can build public support and facilitate the transition to renewable energy.
* **Set ambitious renewable energy targets:** Governments and organizations should set ambitious and achievable renewable energy targets to drive action and provide a clear roadmap for scaling up renewables.
* **Promote electrification and energy efficiency:** Encourage the electrification of sectors like transportation and heating and promote energy efficiency measures to reduce overall energy demand and make renewable energy integration more manageable.
* **Address barriers to technology transfer:** Facilitate the transfer of renewable energy technologies to developing countries by addressing intellectual property rights issues and providing technical assistance.

By implementing these recommendations, governments, businesses, and communities can work together to accelerate the scaling up of renewable energy, helping to combat climate change, improve energy security, and foster sustainable development.

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