Financing Energy Transition in India

February 16, 3.30PM – 5Pm | Duration: 90 minutes

About the World Sustainable Development Summit (WSDS)

The World Sustainable Development Summit (WSDS) is the annual flagship Track II initiative of The Energy and Resources Institute (TERI). Instituted in 2001, in 2021, the Summit series marked 20 years in its journey of making ‘sustainable development’ a globally shared goal. Over the past two decades, the Summit platform has pioneered conversations by bringing together governments, scholars, corporates, youth groups, thought leaders, and civil society representatives from across the world.

The present state of planetary health and humanitarian crises calls for revisiting the agenda around global action and equity. The 21st edition of the WSDS is being held under the umbrella theme of ‘Towards a Resilient Planet: Ensuring a Sustainable and Equitable Future’ from 16th to 18th February 2022 in a virtual format.

Background note

With the rise of the modern technological revolution, the energy sector over the years has steadily amalgamated itself into the central factor of production in today’s contemporary industrial era. Given the segments critical nature of association with economic growth and overall sustainable development, a switch to the use of the relatively environment-friendly renewable energy resources would be effective in meeting the growing energy demand nationwide.

Energy inadequacy has been a gruelling problem across the better part of country for a number of years, compromising the overall developmental agenda across industries. Failure to ramp up the urgency to ensure energy sufficiency and production is a significant bottleneck hampering the comprehensive developmental prospects. The early onslaught of the Covid19 virus and its continued resurgence has largely exacerbated the systematic issues that plague our energy
infrastructure. Our over-reliance on fossil fuels and lack of core energy transition action on the ground has overwhelmed the system. In order to chart the future energy trajectory of India and achieve the target of ‘Net Zero Emissions’ by 2070, key challenges such as operational constraints, declining capacity factors and poor financial health of power distribution utilities need to be rectified.

While all-inclusive technical based solutions coupled with key policy measures is an ideal way to tackle the issue, largescale concentrated efforts predicated towards enabling an environment of sustainable financing need to be cultivated. The rise of innovative models such as green bonds and issuance of asset backed securities, are a testimony that governments should invest in innovative equity-based alternative financing models, rather than pure debt-based financing, to balance their debt-to-GDP ratio in a sustainable debt zone. Additionally, the Indian government is also keen to see the corporate sector expand its use of bonds financing. Proposals in the Union Budget of 2018-19 mandate large corporates to use bond financing to fund a quarter of borrowing needs.

Although a move towards building a sustainable financing mechanism would require a strategic and systematic infusion of policy tools, it would also open up the opportunity of redeveloping the entire climate change financial landscape from a ‘green vision’. In this thematic track we will aim to deliberate the different innovative sustainable financing solutions that India can opt for to forge ahead in its quest for clean energy transition, role of private players, institutional investors and their vision, key reforms required and mechanisms that can be built into the existing policy discourse.

**Key questions**

1. Will innovating financing experience a long-term viability challenge?
2. What kind of strategies will help reduce the overall cost of capital?
3. Role of international capital and cost of hedging?
4. Which key sectors will drive this growth?
5. Role of manufacturing and R&D to promote energy transition financing in India