

EXPECTATIONS FROM UNION BUDGET 2020

India is passing through an existing rapid economic development, poverty alleviation, and a clean energy transition phase. While a national economic objective of attaining a US\$ 5 trillion economy has been made by the Prime Minister, there is a national imperative of finding gainful employment for the large skilled and semi-skilled work force. This is in the midst of a global energy transition aimed at combating climate change.

We have made declarations of attaining a renewable energy generating capacity of 175GW by 2022 at CoP21 in Paris, and more recently the Prime Minister has announced a more ambitious target of 450GW renewable energy generating capacity by 2030. On the oil and natural gas front, the Government of India has declared the shift to a gas based economy by increasing the share of gas in the country's primary commercial energy consumption from 6.5% in 2015 to 15% by 2030.

Coal continues to be the mainstay of the Indian power sector. While private commercial mining has been given impetus, besides accelerating the production target for coal India, commercial mining laws, land availability and environmental schemes and clearances will have to be speeded up. Coal washing has to be accelerated for cleaner coal.

The power sector has two immediate problems that need to be addressed. The outstanding dues to power generating companies have risen to Rs 81,085 crores in Nov 2019, from the power distribution companies. On the other hand the thermal coal power generating stations have to reduce their SO_x, NO_x, and PM emissions. They need

funding support for this exercise. Support to cleaning up the power generating stations and also cleaning the coal that is consumed must legitimately and immediately come from the vast collection of Rs 35,000 crores annually from the Clean Coal/Energy Cess of Rs 400 a tonne on all kinds of coal.

Nuclear Energy has to be given support as a non-fossil fuel base load power for supporting the ambitious 450GW variable renewable energy generation base. This can be ensured by immediately launching the ten declared indigenous fleet mode nuclear power stations. The task of the NPCIL can be lightened by separating the nuclear and the turbine power generating islands at all ten locations. The nuclear part can be built and managed by the NPCIL and the turbine power generating part can be built and operated by NTPC. This will also provide orders for the idling conventional thermal power generating capacity in the country, and boost employment.

The Finance Minister has recently unveiled the National Investment Pipeline (NIP) of Rs 102 lakh crore in infrastructure projects by 2025. The target sectoral investment, comprising 24% of the total investment is to be made in the Energy Sector. Nearly all the investment in the Renewable Sector is expected to come from the Private Sector. To secure this investment in the Renewable Sector that is expected to come from the Private Sector, the private power generators, both in the renewable and conventional power sectors, need to be given non-discriminatory statutory protection of their dues from the power distribution companies, in the same way as the public sector generating companies are securitised. Concessional credit through Green Bonds need to be given

for setting up Solar Power Component manufacturing capacity, and also for developing green transmission grids, micro grids and roof top solar installations.

The following steps need to be taken urgently to enhance viable, sustainable and speedy investments in the energy sector:

1. All collections and deposits under the Clean Energy Cess or any other collections in the name of Clean Energy or Coal Cess need to be delinked immediately from GST, or to make up for its shortfall. This needs to be done immediately to ensure that the energy sector turns greener and is sustainable.
2. Allocation from the Clean Energy Cess needs to be made in the following areas:
 - i. Promotion of solar, wind and hydropower generation, in manufacture as well as R&D.
 - ii. Developing green transmission grids and micro grids for promotion of renewable energy
 - iii. Setting up coal washeries for cleaner coal
 - iv. Installation of pollution control equipment and retrofit for reduction of SO_x, NO_x and PM in coal fired thermal power plants.
 - v. Establishing Coal to Gas, Coal to Liquid and Coal to Chemicals Plants, and also its related R&D.
 - vi. Promotion of Storage Battery Manufacture Capacity.
 - vii. Development of Hydrogen technology and vehicles.
 - viii. Development of Natural Gas Grid in the country.
 - ix. Manufacture of electric vehicles.
3. Stressed assets in the conventional and renewable power generation sector need to be protected by offering a non-discriminatory payment security mechanism from Discoms.
4. Statute change to ensure the reorganisation or substitution of persistent loss making electricity Discoms.

5. Removal of GST from Solar and Wind equipment and installation to ensure economic tariff.
6. Treatment of Solar Cells and Solar Modules as separate products and a 10 digit HSCode must be formed to distinguish solar cells and solar modules at domestic level.
7. Enforcement of strict quality standards for imported solar power equipment; solar cells and modules.
8. Urgent allocation of funds for developing a natural gas grid in the country, after a time bound scientific gas grid survey, to move towards a gas based economy, raising the share of natural gas to 15% in the energy mix.
9. Time bound programme for funding and completion of waste to energy projects in urban areas.
10. Mandatory conversion of urban waste to energy in all large habitations.
11. Immediate launch of Ten (10) Indigenous Nuclear Power Plant in the fleet mode and placement of equipment orders, either through NPCIL or jointly by NPCIL and NTPC.
12. Funded programme for skilling the new work force and re-skilling the existing work force for RE Projects and digital technology in the power transmission and distribution sectors.
13. New laws to allow long term land lease in the coal mining areas to overcome problems in land acquisition.
14. Clean Energy Sector funding under priority and on concessional interest lending.