

DRIVING CARBON-REDUCTION AND NET-ZERO GOALS THROUGH CROSS-SECTOR PARTNERSHIPS

To achieve net-zero emissions by 2070, India's shift in focus to foster better cross-sector partnerships between government instrumentalities, private players and financial institutions is the need of the hour.

While India has been taking laudable steps in this direction, since net zero goals are ambitious, we as a country need to develop stronger relationships with various stakeholders to encourage research and technology development along with innovative implementation.

Net zero goals can be achieved with the inclusion of private players in developing low carbon technologies, which will bring enhanced investment and innovation capabilities. To provide such opportunities, Public Private Partnership projects (“PPPs”) should be encouraged where carbon reduction technologies play a pivotal role such as manufacturing, green hydrogen, big scale solar parks, offshore wind technology etc.

Creating a separate category of Low Carbon Infrastructure (“LCI”) in the harmonised list of infrastructure projects or identifying projects as ‘green projects’ which could be given further benefits will pave the way for investors to develop such projects. Providing viability gap funding scheme or sustainable financing for ‘green projects’ will greatly assist in carbon reduction. The recent green taxonomy introduced by the Ministry of Steel on the ‘greenness’ of steel production should be replicated for other sectors.

In inter-governmental cooperation, the implementation of the National Green Hydrogen Mission, through the Ministry of New and Renewable Energy, Ministry of Power and other concerned ministries/agencies along with private organizations are stimulating private sector investment in green hydrogen production, storage, and utilization across sectors like transportation, industry, and energy. However, inter-governmental issues also hamper the growth of industry. For example, the recent jurisdictional tussle between Securities Exchange Board of India and Central Electricity Regulatory Commission on power trading has hampered the growth of electricity derivative trading in India. Electricity derivative trading is prevalent in more sophisticated markets and plays a pivotal role in the adoption of virtual power purchase arrangements and is also a mode for carbon offset by carbon heavy industries.

Incentivising research and development through various partnership modes between academia and industry is also key. The collaboration of Tata Steel and the Research and Entrepreneurship Park at IIT Bhubaneswar on low-carbon steel production is one such example. Encouraging private players to set up research & development in India for low carbon technologies could also spur production linked incentives. Public Sector Undertakings should be incentivised for engaging with reputed institutions to explore carbon reduction technologies. Another factor which can help industries is encouragement of voluntary reporting on carbon reduction as part of the Environmental, Social and Governance in their Business Responsibility and Sustainability Reporting.

Collaborations between Indian energy companies, research institutions, international organisations and governmental agencies/bodies can further help remove the inefficiencies such as price volatility/market uncertainty and complex governance structures which currently affect the Carbon Credit Trading Scheme in India.