Roadmap to Clean Energy

What is the issue?

India must by increase the share of natural gas in energy basket rather than focussing on decarbonisation.

What are the talks about decarbonisation?

- Net zero carbon emissions is the focus of the policy maker's climate negotiators, academicians, corporates and NGOs now.
- They are finding an appropriate target year for achieving it based on the principle of common but differentiated responsibility.
- This will provide a well-defined, time bound objective and can offer everyone a tangible metric to measure progress.
- But the concern is that in the effort to secure a global consensus around this target, participants are losing short time vision.
- They are not spending enough time and effort to lay out the stepping stones.

How can India go in the path of decarbonisation?

- India must first green its fossil fuel energy basket rather than focusing only on decarbonisation which can be done by increasing the share of natural gas.
- This is a feasible prospect because it will not require industries to invest heavily in retrofitting their systems.
- It will also help the government to meet its objective of providing secure and affordable energy without degrading the environment.
- India will be at a better chance of reaching the goal of a cleaner system if it moves forward incrementally.
- Therefore any policy needs to cover all segments of the natural gas value chain from production to transportation to markets to commercial and regulatory issues.

What must be done to increase the share of natural gas?

- First, the authorities must prioritise natural gas and must recognise its versatility.

- Natural gas is a competitive fuel, abundantly available in and within the Asian/ME subcontinent which has multiple uses and is the greenest of all fossil fuels.
- Second, the authorities must correct the current dis-incentivising policy distortions.
- The pricing of natural gas is very complex, the taxation system is comparably regressive as natural gas is not under GST.
- Different prices exist for gas production from domestic fields by the public sector companies, production by private companies and production from deep waters offshore under high temperature etc.
- The tax rates increase as the gas flows from one zone to another which is cascading in nature.
- This means that customers located at a distance from the source of gas pay a higher price than those closer to the source thereby reducing the demand.
- Third, the authorities should revamp the structure of the industry.
- The Gas Authority of India Ltd (GAIL) is currently engaged in the production, transportation and marketing of gas.
- This allows GAIL to leverage its ownership of the bulk of the gas pipelines to deny its competitors access to the market.
- Therefore new policy should call for assured and common access to all marketers and GAIL should limit its business activities to pipeline construction and transportation.
- Most countries have separated their upstream (production/import) and downstream (marketing) interests from transportation.
- Finally an institutional mechanism should be created to enable better coordination between the central and state governments.
- Due to Centre-state differences in issues like land acquisition, pipeline routing, royalty payments, India has not yet constructed a national pipeline grid.
- This has also delayed the construction of import facilities and the creation of gas markets.

Source: The Indian Express



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