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On the rise: Renewable energy adoption by corporates sees strong growth

Synopsis
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What began in 2014 as environmental responsibility has since turned into commercial investments. Some call it the '**Greta Thunberg effect**', but away from the tags, 2019 saw a record 40% increase in **renewable energy** (RE) purchases by corporations globally, according to Bloomberg New Energy Finance (BNEF). In India, too, RE adoption by **corporates** is seeing strong growth. A recent report by WWF (World Wide Fund for Nature) shows that 69% of the top 100 companies in NSE by market capitalisation procure RE in some form and 22 per cent have **clean energy** procurement targets. Clean energy producers ET spoke to peg RE adoption growth by India Inc at 20-25% CAGR over the past few years.

The Central Electricity Authority or CEA predicts 66% share of India's total electricity production by 2030 will be consumed by commercial or industrial customers, compared to 50% in 2018. So, RE adoption by India Inc is key to the country's success in its climate commitments, energy security and reduction of carbon footprint. "Over the past couple of years, corporate power purchase agreements for renewables have crossed the 1,000-MW mark," says Sumant Sinha, CMD, ReNew Power.

Adds Santosh Kamath, partner and lead, alternative energy, at KPMG India: "There is significant interest from corporate India beyond government mandates such as renewable purchase obligations (RPOs). Many companies are driven by climate considerations and carbon footprint reductions."

What has also helped is a consistent fall in solar tariffs, which touched a new low of ₹1.99 per kWh in December 2020, compared to ₹10.95 in 2010. In fact, RE now costs 30% lower than existing thermal power, and 50% lower than new coal-fired power. "The economic and environmental argument in favour of RE is far too compelling to not become a significant participant in this change," says Praveer Sinha, CEO, **Tata Power** NSE -0.95 %. "From around 30% of total generating capacity today, we expect RE to be around 50% of our total capacity by 2025, and 100% by 2050." His group company **Tata Motors**

NSE -2.64 % has announced 100% electricity sourcing from RE by 2030 for its Lucknow plant.

"We are not looking at commercial benefits; our driving force has been our vision to be carbon neutral by 2030," says Raju Ketkale, Deputy MD, Toyota Kirloskar Motor. "We began around 2015 and 95% of our electricity need of 28 MW is sourced from RE, which will become 100% in the next few years." In fact, the company also provides 5 MW excess solar power generated from rooftop installations to distribution companies (discoms) in return for credits.

Telecom major Bharti Airtel's adoption of RE has led to power efficiency, reduced consumption of fossil fuels, and open access contracts for data and main switching centres will reduce CO_2 emissions of around 60,856 ton per annum. "We benchmark against global standards and transparently publish the progress we make against the targets we have set," Randeep Sekhon, CTO, Bharti Airtel told ET. "We have proactively implemented clean fuel-based power solutions for our towers, data centres, switching centres and other facilities."

So, where do we go from here? "To increase adoption, policymakers must incentivise states to phase out old polluting thermal plants and adopt RE to replace them," says Vinit Mishra, Director, Technology Consulting, EY India. "And industrial buyers should have flexibility in their long-term PPAs (power purchase agreements) to benefit from future reductions in RE cost." Already, several initiatives have been launched to ensure smoother adoption of RE by corporates such as RE 100, and CII-REDE in association with WWF. Such measures would surely help ensure that India achieves its goals of 175 GW of RE by 2022 and 450 GW by 2030.

(This story is part of a series of articles on sustainability in association with Mondelez India. The company had no editorial input)
