

Business Opportunities in Renewable Energy post Durban CoP-17

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The Durban agreement to a second commitment period of the Kyoto Protocol represents the continued leadership and commitment of developed countries to meet legally binding emission reduction commitments. It also provides the essential foundation of confidence for the new push towards a universal, legal climate agreement in the near future.



“An agreed outcome with legal force, for emission reduction with common but differentiated responsibility and respective capabilities”-

The Durban Declaration from the UFGCC [United Nations Framework Convention on Climate Change] COP-17.

The longest ever COP [Conference of Parties] in history, the world was kind enough not to make COP-17 the grave yard of Kyoto Protocol. CDM lives till 2015 (17) and there is a glimmer of hope that a new treaty which better engages the entire members beyond 2020 will come. Negotiations for the new deal will start next year, and it should be signed by 2015 at the latest, but the commitments will not take effect until after 2020.

The treaty though welcome, as experts say, may still not yet be able to address the trajectory of rising the Global temperature by 3°C which is much higher than the moderate ambition of 2°C containment as agreed by all nations and woefully short of the high ambition of 1.5°C demanded by the Climate Saviours.

Although many Nations (not the people of those Nations, to be fair) politically do not want to do anything serious about abatement of Climate change; if fact they are coming up with novel ways keeping the fossil fuel lobby happy, they can if they pause to think cut down on Carbon emission without compromising on development opportunities. All it needs is to sensitize the Business Houses to develop completely new ways of operating in response to climate change. And the answer lies only with Renewable Energy, Recycle Technology and Reuse opportunity.

The AOSIS [Alliance Of Small Island

States], LDC [Least Developed Country – group], ALBA [Alianza Bolivariana para los Pueblos de Nuestra América = Bolivarian Alliance for the Peoples of Our America], and many member states from the G77 + China [Group of 77 developing countries] along with the yet unformed group of Mountain States, like Ecuador, Bhutan, Switzerland etcetera have their eyes on both the Annex2 countries & the BASIC Nations; to save them from facing Armageddon.

Now among the BASIC [Brazil + South Africa + India + China] nation, especially India has the historic opportunity to do something revolutionary, which it has been unable to do in the last 400 years; having missed the industrial revolution completely. Once in the very distant past India contributed to about 31% of the world's new ideas (technology, innovation - in mostly agrarian civilization) and in the modern era the only claim to fame is its IT – knowledge pool which would perhaps be around 2-3% contribution in the World dynamics.

Although it is true that India is an emerging Economy, it is equally true that the poorest of the poor are still a large part of the population, who would be the hardest hit with a changing climate. So it is in India's interest too to look at the Climate abatement potential. And understand that economic growth and development of a large population like ours would contribute to Global warming. Statistic is not always a good argument. Let the morally

deficit nations practice it in their politics.

India should utilize its position as emerging economy to partner with like minded EU nations, especially in acquiring high end renewable energy technologies and use its traditional talent and enormous youth power to start ramping up its ambition towards climate abatement.

India while following its National Action Plan for Climate Change (a projected 75000 crore business by 2020) it should look towards eliminating fuel poverty through Better Building Design & retro-fit of existing building and use of renewable energy as a policy; the huge potential it has in the residential / commercial space, as a growing Nation should be exploited fully. Making mandatory the practice of Green Building certification both IGBC-LEED (Indian Green Building Council- Leadership in Energy and Environmental Design) & TERI (The Energy and Resource Institute-GRIHA (Green Rating for Integrated Habitat Assessment) would put the country in leadership position to discuss and negotiate better its position in COP- 18 next year. It would also make great business sense to do so. As per experts the Clean Energy would be a \$ 250 Billion business and by 2015 -16 we should be seeing a \$ 5-6 Billion worth of business and growing. India can and should take up leadership position because unlike popular perception India is not in recession it is only facing slow growth – from a projected 9% to perhaps 6% due to recession

in other Countries in the world.

It is well understood that Residents of Climate –friendly communities become self-sustaining in growing food, manage assets for energy generation, become expert in recycle & reuse and thus are able to take advantage of new and sustainable economic development opportunities.

For India taking advantage of the potential business opportunities of climate change would come through partnerships. Both with private as well as public business houses, especially in EU where the economic doldrums may offer many entrepreneurs a competitive advantage to form alliance with proven and experienced players in the field of Renewable Energy, as there Companies are seeking newer pastures to stay afloat. Further with EU committing itself to the extended Kyoto Protocol, CER's & EU-ETS will be back in vogue form the uncertainty it faced before Durban. Presently the EU-ETS stands at € 7 where as it should be in the range of € 20 to € 50.

While it is too early to know what USA would do to strengthen the Green Market, in EU discussions are already on in Brussels for direct intervention in the carbon market. Businesses and environmentalists have heaped pressure on the European Commission to bolster the European Union's Emissions Trading Scheme (ETS). Following a letter to the president of the European Commission, 15 companies and lobby groups, including Dong Energy, Alstom, Vestas and Shell issued a joint statement, calling on the European Parliament to back measures to support the EU ETS.

Whatever political policies countries adopt, one must understand that the world follows a capitalistic formula; which seriously needs a revamp in thought and process; but is the best option we have. And business therefore will always be done for profit. If India wants a high trajectory of growth it must balance between hand-outs (grants by Annex nations to atone their climate sins) which would not

always be the cutting edge technology, to buy -outs by Indian business of companies with cutting edge renewable energy technology but facing the brunt of the economic havoc being played out within the Euro zone. These "buy-outs" can be in various type of partnership, not necessarily change of ownership of a Company.

Europe should look at the enormous potential India can offer in the Renewable Energy space and innovative approach to popularize the Renewable Energy products and services should be done at a faster pace. Indian businesses are very aware about CDM and its benefits and new ideas for PoA's (Point of Action) can be explored.

If we take Solar as one example of renewable business opportunity, rural electrification alone would perhaps provide business to half the SPV players in Europe. Even tier –II & III cities have scope in rooftop solar which could be exploited. What is needed is the right formula to popularize it.