



WORLD SUSTAINABLE DEVELOPMENT SUMMIT 2022

**TOWARDS A RESILIENT PLANET:
ENSURING A SUSTAINABLE AND EQUITABLE FUTURE**

February 16-18, 2022 (Virtual)



Driving a Just Transition to Renewable Energy in India

THEMATIC TRACK SUMMARY

Venue: Kanha

Date: February 16, 2022

Time: 03:30 PM - 05:00 PM (IST)

Suggested Citation

World Sustainable Development Summit (2022), Driving a Just Transition to Renewable Energy in India, Thematic Track Summary (Rapporteurs: Ms Rashmi Murali and Dennis Roy), New Delhi: The Energy and Resources Institute.

Actionable Messages

Message 1: There is a need for conversation on understanding that how clean energy transitions become a responsible one. It is essential to handle the transition of the shift from fossil fuels to renewables very carefully, otherwise we would see disruptions in the community where these projects are happening.

Message 2: One of the disruptions of decarbonization is going to be unemployment and in India it is going to be bigger than anywhere else hence, this is where public policies has to really play a role.

Message 3: Governments really need to lay down criteria for renewable energy projects, which makes it mandatory to ensure to some extent that those that have suffered as the consequences of decarbonization process that actually brought into the fold.



Narrative

The thematic track on **Driving a Just Transition to Renewable Energy in India**, highlighted how renewable energy is scaling in India and the world over, and is expected to contribute significantly to the fight against climate change. This critical moment in the development sector is witnessing several changes with respect to policy priorities, financing models, and building industries including renewable energy, directed at developing resilience against future shocks. However, the current scale of rapid expansion poses risks if potential negative impacts on the environment, social and human rights are not taken into account, which could create challenges ranging from land and labour rights, livelihood challenges to toxic waste, among others. Thus, there is an urgent need to address the potential negative social and environmental impacts, in the renewable energy sector to ensure sustainable growth by abandoning poor practices that could potentially become entrenched in the way the sector operates, and driving fair and just social transitions towards a low carbon future. The renewable energy sector is poised uniquely to set norms that enable deep positive transformation creating flourishing and resilient communities and society, and instil principles of justice and equity across the value chain. With this motivation, the **Responsible Energy Initiative** was launched, which is a multi-year programme working to ensure renewable energy in Asia achieves its full potential and creates value in a way that is ecologically safe, rights-respecting and socially just. The initiative is being run by Forum for the Future, TERI, WRI India with expert support from Landesa, Business and Human Rights Resource Centre and WWF in India.

The initiative was introduced by **Ms Uttara Narayan from WRI**, who explained the vision and the objectives of the initiative. In her presentation, the environmental, social and cultural risks associated with the value chain of renewable energy were detailed. There was a call for adopting a just and regenerative approach in transitioning to a clean energy future. The need to put back into the system from which we draw was highlighted as the crux of the regenerative approach- which links to the interdependence and interconnectedness of all natural systems. This approach would entail minimising socio-environmental impacts and ensure ecological restoration; acknowledging and addressing land, labour and community rights issues; strengthening accountability of governance mechanisms; and engaging meaningfully with marginalised communities. The principles of the responsible energy initiative were duly explained. The initiative aims to ensure the pathways to clean energy transitions are environmentally regenerative and socially just, taking on board all associated stakeholders with a collaborative approach. The energy value chain will be looked at from a holistic point of view so that the challenges and risks are identified with their interlinkages to various aspects of the sector, and the stakeholders are prepared to implement measures and take responsibility. The presentation concluded on the key message of developing collaboration with a vision to action.

This was followed by a panel discussion where eminent speakers from the energy sector were invited to present their views on the overarching theme of responsible energy. The session was moderated by **Mr Saksham Nijhawan, Lead of the REI**. The session was guided by some exploratory questions:

- What might a deep just transition to renewable energy in India look like?
- What barriers and challenges does the sector face in enabling that transition?
- How might we go beyond traditional notions of profit and growth towards centering justice, dignity and wellbeing for everyone?
- What role can different stakeholders play in enabling this transition?

To dive deeper into the just transition in the energy sector, where responsibility can be invoked and the challenges thereof can be addressed, the panel, comprising experts from sustainability domains across industry, corporates, finance, and media, shared insights drawing from their experiences.

The stake of local communities in energy projects and safeguarding their rights and measures to ensure benefits are extended to them, was extensively discussed. With respect to impacts on environment and communities the renewable energy sector risks repeating the same journey as the fossil fuel sector. Communities have not benefitted from large scale renewable energy projects in terms of access to electricity or gaining livelihood from the projects. Agriculture and ecosystems have also been affected by the adverse effects of these projects to biodiversity. There thus, need to be mechanisms that ensure the local communities, that have given up their lands and livelihoods for the projects can be appropriately compensated in terms of livelihoods, capacity building, and general rights. The dependency on imports of material, even for local manufacturing of (say) panels is debatable, as it involves mining and associated issues of environment and social issues. The crucial aspect of waste management in the sector is not being seriously looked at and poses insurmountable challenges for the future.

The discussion then delved into the financier's perspective on the role of investments in the Environmental, Social, and Governance (ESG) segment to bring about just transitions. ESG standards have been in existence for some time now, but they cannot be viewed as just as risk mitigation tools, rather be used as a value addition tool for better business performance, helping in attracting further investments in the sector. As the shift from fossil fuel to clean energy occurs, the ecosystem will be disrupted in many ways, impacting labour and communities. Renewable energy projects can serve as the differentiator and a beacon of light for other infrastructure projects, on how climate goals and social outcomes can be combined and achieved. The role of civil society in raising the issues of human rights was appreciated. Investors can make sure human rights, labour standards are respected, and the communities that are affected by the loss of livelihood by closing down of fossil fuel industries are reskilled and made to participate in the renewable energy projects. Just transition agreements could be developed, where projects are awarded based on meeting of criteria pertaining to just transitions.

The role of developers in meeting the urgency of just transitions and mitigating risks of clean energy proliferation was discussed. The systems approach is now being explored by developers of renewable energy projects, wherein sustainability visions are being created that holistically addresses and takes accountability for the challenges posed by renewable energy development, and not just aiming to meet investor requirements. Bold and aggressive commitments are being made by organizations internally, which includes mandates to achieve net zero. The practice of making suppliers commit to key environmental and social issues was also noted. Impact assessments are now covering environment and social aspects during the process of site selection. Due diligence on human rights guidelines is being adopted. Baseline biodiversity surveys leading to short-, medium-, and long-term plans, in addition to publically reported performance indicators are some of the measures adopted by the sector to ensure commitment and transparency.

From a lender's perspective, renewable energy remains a highly risky sector, leading to reluctance from banks to lend to such projects. And adding factors such as inclusivity to renewable energy projects adds to risk, constraining banks further. Since renewable energy has matured, the risks have become more identifiable and easier to address. Indian banks are now talking about these issues and including them in their risk management framework, which offers opportunity to the renewable sector to become more inclusive. Disclosures required by banks could help with this. There are no common performance benchmarks at present that can induce competition. In such a scenario, inclusion of just transition parameters in government regulations surrounding renewable energy financing was a key suggestion.

Group captive and power purchase agreements are models used for procurement of power from renewable energy projects, which are long gestation. Risks in such cases extend to procurers as well. Social risks are crucial and need to be addressed closely. Impact assessments are usually done once in the life of the project; however, assessments need to be done over a period of time regularly to understand the impacts on various stakeholders. Buyers can engage with producers to ensure continuity of understanding and addressing impacts. Social safeguards to address job losses while transitioning from fossil fuels to renewables are also required. Further, the level of automation in the renewable energy sector leads to creation of less jobs in this sector compared to fossil fuels. Indian job markets being largely informal, there is an urgent need to address these vulnerabilities.

The session concluded with Mr Saksham Nijhawan summarizing the discussions and thanking all the speakers and participants on behalf of the Responsible Energy Initiative.

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“ What is happening in the ground is that we are ending up repeating the same fossil fuel story. The fossil fuel story that is played out in India over the past 50 years. A conversation about how we need to understand that how we need to ensure that the clean energy transition becomes a responsible one is very crucial.

Mr Mayank Aggarwal
Journalist and Contributing Editor, Mongabay

“ What we need to do now is that we cannot view the ESG standards as a mitigation tool, but we need to comply with the environmental social regulations. We also need to use ESG as a tool for better performance so that it adds value to the brand. From an investor and client prospective, renewable projects can act as a beacon of light and can be a differentiator for other infrastructure as well.

Ms Ritu Kumar
Senior Director, TPG

“ This decade is a pivotal time in the history, and it is a time when many possibilities are open for us, but the window of opportunities is narrowing down. A change happening from the developers perspective is that the developers are creating sustainability visions are guiding their social, ethical and environmental responsibilities.

Mr Swaroop Banerjee
Vice President - Sustainability, JSW Energy

“ If there is one fundamental aspect of risk that is very much prevalent, not only in India but also globally is that how we look at the renewable energy sector. There is an opportunity for renewable energy sector to be made more inclusive and equitable. There is an opportunity for India to have minimum performance bench marks not only for renewable energy sector but perhaps for every other sector.

Mr Abhejit Agarwal
Deputy Vice President - Sustainability and CSR, Axis Bank

“ While we are transitioning from fossil fuels to renewable energy, we also need to consider the impact on the communities from where we are transitioning. There is a lot of vulnerability in the social side of the renewable energy sector. We need to handle the transition of the shift from fossil fuels to renewables very carefully, otherwise we would see disruptions in the community where these projects are happening.

Mr Dinni Lingaraj
Group Manager - Sustainability, Wipro