

India to see highest growth globally in energy demand through 2030: IEA

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NEW DELHI: India will see the largest increase in energy demand of any country through 2030, an aspect that will continue to pose a challenge to the country's energy security as the global crisis sparked by the Ukraine war turns the world energy system upside down.

According to the World Energy Outlook 2022 released by the International Energy Agency (IEA) on Thursday, the growth in India's energy demand will rise at more than 3% annually from 2021 to 2030 in the stated policy scenario (STEPS), fuelled by urbanisation and industrialisation as it becomes the world's most populous country by 2025.

“Even though India continues to make great strides with renewables deployment and efficiency policies, the sheer scale of its development

means that the combined import bill for fossil fuels doubles over the next two decades in the STEPS, with oil by far the largest component... This points to continued risks to energy security,” the Outlook said underlining the country's vulnerability to energy market volatility.

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The growth of energy demand has two sides. On the one hand, it shows a growing economy. On the other, it raises questions and challenges on how this rising demand can be met. The government must focus on producing more clean energy, which will also help minimise our carbon footprint. Also, a mass media campaign to raise public awareness on the importance of saving energy should be carried out.

India meets more than 80% of oil and 50% of gas demand through imports. The country spent \$145 billion in 2021-22 for importing crude and refined products alone, up from \$119 billion in the prepandemic 2019-20 fiscal.

The Outlook said the “first truly global energy crisis” has put inflationary pressures all around and created a looming risk of recession, as well as a huge \$2 trillion windfall for fossil fuel producers above their 2021 net income. Higher energy prices are also increasing food insecurity in many developing economies, with the heaviest burden falling on poorer households.

In India, the government has insulated energy consumers from global energy market volatility by nudging state-run fuel retailers not to raise pump prices for nearly eight months. It also imposed windfall gainstax on domestic oil producers in July and has used part of the mop-up to help retailers keep domestic cooking gas prices in check. The free food programme has also been extended for the poor.

The Outlook points to the energy crisis impacting climate goals as coal makes a comeback and millions revert to unhealthy fuels as clean energy becomes unaffordable. On an optimistic note, however, it said the crisis could spur faster green transition.

In India, the Outlook projects continued expansion in coal generation in absolute terms in the STEPS, peaking around 2030. Its share of electricity generation, however, is projected to fall from just below 75% to 55% over this period. It sees renewables meeting more than 60% of the growth in power demand, and account for 35% of the electricity mix by 2030. However, coal will still meet a third of overall energy demand growth by 2030, and oil, mainly for transport, another quarter.