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India's fossil fuel burn to surge as heatwave triggers peak power demand: S&P

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Updated: 03 Jun 2023, 06:08 PM IST

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"Power demand is set to spike as the country's reliance on fossil fuel burn including coal and gas is expected to surge to cope with the sizzling summer and avert power outages," said S&P Global Commodity Insights.

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India shored up coal, gas supply in anticipation of summer heatwave. Photo: Bloomberg

Fossil fuel burning in India, including coal and gas, is likely to surge in the current season as heatwave conditions across several regions have ratcheted up peak power demand, according to S&P Global Commodity Insights. Moreover, the country's power generation grew at the fastest pace in over three decades in fiscal 2022-23, fueling a sharp surge in emissions as output from both coal-fired and renewable plants hit records, according to an analysis of government data by news agency Reuters.

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"Power demand is set to spike as the country's reliance on fossil fuel burn including coal and gas is expected to surge to cope with the sizzling summer and avert power outages," said S&P Global Commodity Insights. The harsh heat waves have not only taken human lives but its effects threaten to cascade across commodities, it added.

The rapid acceleration in India's coal-fired output to address a spike in power demand underscores challenges faced by the world's third largest greenhouse gas-emitter in weaning its economy off carbon, as it attempts to ensure energy security to as many as 1.4 billion Indians. In the current fiscal 2023-24, that began April 1, Indian power plants are expected to burn about eight per cent more coal, according to Reuters.

This comes as heat waves in India have become more frequent and unpredictable, putting pressure on its power system which has raised concerns about blackouts and electricity price spikes. "The government has taken steps to avert a major power crisis by shoring up supply of generation fuels and boosting power output. But, with a coal-dominated power system this means fossil fuel burn will also surge," said S&P Global Commodity.

The increased fossil fuel burning for power in the world's fifth largest economy drove up carbon emissions during fiscal 2022-23 by nearly a sixth, to 1.15 billion tonnes. This is 3.4 per cent of the International Energy Agency's estimate of annual global emissions of 33.8 billion tonnes in 2022, according to calculations by Reuters based on government data and emissions estimates.

Data also showed that the share of renewables in power generation, excluding hydro and nuclear power, rose to 11.8 per cent in FY23 compared to 10.8 per cent in the previous year, driven mainly by a 35 per cent increase in the solar output.

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Many major countries boosted the use of coal last year due to Russia's invasion of Ukraine, but the rise was steepest in India, according to data from energy think-tank Ember. The government has defended the high coal use citing lower per capita emissions compared with richer nations and rising renewable energy output.

Coming to near-term goals, India is trying to boost non-fossil capacity - solar and wind energy, nuclear and hydro power, and bio-power to 500 GW by 2030 after missing a target to install 175 GW in renewable energy capacity by 2022.

Finally, at the COP26 summit, India had promised to cut its emissions to net zero by 2070, after missing a key goal for the countries to commit to reach that target by 2050. Net zero, or becoming carbon neutral, means not adding to the amount of greenhouse gases in the atmosphere.

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