



Review of India's Energy Policies

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Why in News

The **International Energy Agency (IEA)** has released the first in-depth review of India's energy policies.

- The report highlights the achievements of India's energy policies and provides recommendations to support the government's goals of promoting well-functioning energy markets and boosting deployment of renewables.
- IEA regularly conducts in-depth reviews of energy policies for its member and association countries. This is the **first review carried out for India**, which has been an **IEA-association country since March 2017**.

Key Findings

- **Policies Appreciated**
 - Government's achievements in extending citizens' access to electricity, affordable efficient lighting and clean cooking through historic schemes like **SAUBHAGYA, UJALA** and **UJJWALA**.
 - Energy efficiency improvements in India avoided 15% of additional energy demand, oil and gas imports, and air pollution as well as 300 million tonnes of CO2 emissions between 2000 and 2018.
 - Government policies designed to conduct large-scale renewable energy auctions, open up coal mining to private companies, and promote access to oil and gas markets for foreign investors.
- **Status of Renewables:** There is a strong growth of renewables in India, which now accounts for almost **23% of the country's total installed capacity**.

- **India's Demand for Energy**

- The **country's demand for energy** is set to **double by 2040**, and its **electricity demand may triple**.
- Indian oil consumption is expected to grow faster than that of any other major economy (including China). This makes further improving energy security a key priority for India's economy.
- India's **oil demand** is expected to reach **6 million barrels per day (bpd) by 2024** from 4.4 million bpd in 2017, but its domestic production is expected to rise only marginally, making the country more reliant on crude imports and more **vulnerable to supply disruption in the Middle East**.
- India's **oil refining capacity is expected to rise to 5.7 million bpd by 2024**, making it a very attractive market for refinery investment.

- **Recommendations**

- NITI Aayog can play a strong role in working with the states to implement power sector reforms, advance grid integration, improve flexibility and coordinate energy policy decisions.
- In renewables-rich states, the share of variable renewables in electricity generation is already above 15%, a level that calls for dedicated policies to ensure they integrate smoothly into the power system.
- The review encourages India to institutionalise energy policy coordination across government with a national energy policy framework.
- India should also to expand its **Strategic Petroleum Reserves (SPR)**.

Note

- India ranks **third in terms of global oil consumption** after China and the United States.
- India ships in over 80% of its oil needs, of which 65% is from the Middle East through the **Strait of Hormuz**.
- India is the **world's fourth largest oil refiner** and a **net exporter of refined fuels**, mainly gasoline and diesel.

International Energy Agency

- The IEA was created in **1974** to help coordinate a collective response to major disruptions in the supply of oil.
- It is made up of **30 member countries**. It also includes 8 association countries.
- It is an **autonomous inter-governmental organisation within the** Organisation for Economic Co-operation and Development (**OECD framework**), headed by its Executive Director.
- It is headquartered in **Paris, France**.

Source: PIB