

INTERNATIONAL SOLAR ALLIANCE

Sunny Days Are Here Again

**Chandrajit Banerjee**

India is ready with an innovative energy solution with the International Solar Alliance (ISA) becoming a treaty-based international intergovernmental organisation today. Prime Minister Narendra Modi's brainchild, highlighting India's proactive contribution to deal with climate change, and co-founded by then-French President François Hollande, the ISA was launched on November 30, 2015, at the Paris COP 21 convention. Two years later, it has come a long way.

Despite some doubts, the ISA is now a reality with 46 countries among the 121 member countries signing the statute, 19 of them ratifying it. The alliance will be the first such entity to be headquartered in India. Leading by example, India has set an ambitious target of installing 175 GW of renewable energy by 2022. Of this,

100 GW is to come from solar.

The target, though ambitious, has set a high benchmark. GoI, aided by a proactive response from industry, is moving fast towards the capacity targets. The ISA expects to facilitate the addition of 1,000 GW of solar energy by 2030 with an investment of almost €1,200 billion. Accessing sustainable and affordable power is one of the major goals of the ISA and India has already taken a lead on this.

Unlike many such intergovernmental organisations, the ISA has created a distinct identity for itself in its early days by involving industry as a partner. Industry, across many of these countries — particularly India and France — has contributed with knowledge bank and experience to create an appropriate ecosystem.

Take the goal to reduce the cost of solar power. India's policy interventions and reverse auctions — now an accepted bidding format for solar projects — have been hugely successful with power tariffs coming down to ₹2.44 a unit. Such models can now easily be shared with other member countries to create an appropriate ecosystem. Developers in India have pushed the envelope over the last two

**Star light, star bright**

years, adopting innovative financing models and taking advantage of the large volumes to reduce the cost of solar power.

The idea that the ISA hopes to deliver is to develop a larger buyers' market across these 121 countries that can create markets across geographical boundaries. Such large markets can help bring in the advantage of the mega scale needed to effectively curtail cost and increase competitiveness.

The other issue that the ISA hopes

to address through its functions is around regulatory mechanisms and risk mitigations. Risks associated with payment mechanism, power contracts and retail operations need to be addressed. Markets, in a considerable number of these countries, are in a nascent stage. Innovative financing that can bring down costs will play a crucial role. The ISA has already played a role in getting multilateral agencies like the World Bank, the Asian Development Bank (ADB) and the European Bank on board.

Efforts are on to get greater support from banking and financial institutions to enable sizeable funds for the solar development. One ISA initiative being supported by industry has to do with R&D, which would help commercialise models and make them available for larger public use.

For the energy industry, including conventional power developers, the ISA could not have come at a more opportune moment. The energy world is transiting to a new form across the world. The ISA could well be the game changer in this new order.

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