



## **Press Note**

### **Policy Enablers Needed from the Government of India for Greening Steel**

**New Delhi, January 25, 2022:** Currently the reduction in carbon emissions and greenhouse gasses to check global warming has been the major concern worldwide. United Nations is actively deliberating on these issues in various summits held on these issues and the previous being in Paris and the recent one held in Glasgow under COP26. During the Summit, the Honourable Prime Minister of India called upon developed economies to make \$1 trillion available for climate financing. For climate mitigation issues, he also stressed the need to track climate finance apart from putting forward following '**Panchamrit Plan**' in COP26 for India,

- To raise the non-fossil fuel-based energy capacity of the country to 500 GW by 2030.
- By 2030, 50% of the country's energy requirements would be met using renewable energy sources.
- The country will reduce the total projected carbon emission by one billion tonnes between now and the year 2030.
- The carbon intensity of the economy would be reduced to less than 45% by 2030,
- India will become carbon neutral and achieve net zero emissions by the year 2070.

The Indian Steel Sector is required to achieve a CO<sub>2</sub> emission intensity reduction to 2.4 tCO<sub>2</sub>/tcs by 2030 so as to get aligned with the already fixed Nationally Determined Contributions (NDC). It is expected that the fresh NDCs might get fixed by the concerned Ministry after discussions with stakeholders to prepare a broad sector wise road map in place for reduction in carbon emissions and corresponding NDCs.

*Indian Steel Association had prepared some of the policy enablers to increase the focus on Green Steel, which are as follows*

**1. Demand Pull for Green Products –**

- a) **Preferential Public Procurement**-Mandating that the government-funded construction projects source at least a portion of their steel from low-carbon-emitting producers. Promoting low carbon products in public procurement. Mandating green products in public procurement and infrastructure projects (Similar to renewable energy purchase obligation) to promote low carbon material use in construction and infrastructure projects.
- b) Introducing standards for Green Steel (e.g., GreenPro); establishing Buyer Clubs, etc. Introduction of “Green Steel Inside” sticker. Consumers will probably have to pay a bit more for green steel products - at least at first. Because steel constitutes just a small portion of most products of which it’s a component, that price premium is likely to be small. For example, the International Energy Agency estimates that using green steel would increase the cost of a mid-sized car by around 0.1

**2. Carbon credit mechanisms** for transfer of technology and financing for putting up breakthrough technologies – The companies reducing their CO<sub>2</sub> emission intensity below a set baseline/sectoral target should be incentivised in terms of either subsidisation of new technology or tax incentives. The Steel Sector in India is required to achieve a CO<sub>2</sub> emission intensity reduction to 2.4tCO<sub>2</sub>/tcs by 2030 to get aligned with the India’s NDC, therefore the industries reducing the intensity need to be incentivised.

**3. Facilitate Carbon Capture and Storage (CCS) and Carbon Capture Utilization (CCU) and together CCSU** options to support the steel industry in decarbonising. Some Policy in line with Solar Power or National Bio-Fuel Policy may be introduced to promote carbon capturing and converting the same into sustainable fuel. Direct

incentives may be provided to the industry to make these technologies economically viable.

4. **Renewable Power transmission charges waiver**- Planning for new plants to be ready for hydrogen or carbon capture and provision of new electric furnaces to be powered using renewable electricity.
5. **R&D collaboration is at the core of industry transition** - Hydrogen holds a special space in this regard. If hydrogen prices reduce from the present USD 5-10/Kg to USD 1-2/kg, it can provide a huge push to low carbon growth. Focus on development of hydrogen ecosystem is essential. Support to the Domestic Industries by Government of India for research and development in line with the support being extended to Industries in various Countries in the developed world by their governments for the mitigation of concerns pertaining to climate change may boost the transition.
6. **Funding demonstration projects** – Ensuring public support for setting up pilot projects for ‘Hydrogen’ and use in steel plants and large scale CCUS by way of Policy initiative.
7. **EU Carbon Border Adjustment Mechanism** – The Government may appropriately take up the issue related to CBAM at various international platforms till the time the sector and country is ready with adopting carbon pricing mechanism at an appropriate time suitably.

To meet India's COP26 targets, the greening of steel is essential. However, curtailing emissions will require steel plants to make major upgrades. Policies that ensure public projects procure some steel from low carbon emitting producers and set standards for green steel will get the ball rolling with respect to meeting such targets. Shortly down the road, the key to reduce CO<sub>2</sub> emission intensity is to have proactive policies that encourage adoption of carbon capture, storage and utilization (CCSU), and make them financially viable. Lastly, R&D that makes hydrogen more viable within existing BF-BoF routes as a reductant will help in the push towards low carbon growth. Over the next few decades, the Government of India must be the linchpin that makes these policies a success.

### **Dilip Oommen, President, ISA; and CEO, AM/NS India**

“Central to a successful journey towards decarbonisation of steel industry is the availability of sufficient green hydrogen and renewable energy at competitive pricing. The technologies required to adapt these with the existing infrastructure will be a real challenge. Therefore, the transition towards greening steel will incur high initial capital costs, and also operating low carbon steel plants will be considerably expensive in the short to medium term at least. The Government needs to lay strong emphasis on R&D support, long-term finance availability at competitive rates, cross-sector collaboration, incentives along with a well-designed policy to accelerate this transition.”

### **Sajjan Jindal, Chairman, JSW Group**

“India's economic growth synonyms with the growth of the steel industry. As we are poised to take a quantum leap, we must do so responsibly and sustainably, decoupling growth and economy from carbon emissions. The sector is taking initiatives on its own to reduce their carbon impact, but need policy and public support to adopt deep decarbonisation technology economically viable at the early stage of adoption.”

### **Mr T V Narendran, CEO and Managing Director, Tata Steel Ltd**

“For exports to remain globally competitive and address the growing concerns around climate change, Indian steel producers will need to decarbonise. This is especially true at a time when some of the world's developed nations are contemplating imposition of carbon tax under Carbon border adjustment mechanism on the imported products. The Indian Steel Industry's decarbonisation initiatives will also contribute to the Nation's COP26 commitments. We believe, the Government's incentivisation of low carbon technologies, funding of pilot projects and market place creation of green products though policy interventions will enable this transition.”

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### **About Indian Steel Association**

The Indian Steel Association (ISA) is the voice of India's robust and growing steel industry. ISA came to life to create a conducive environment for steel production in the country and has since worked towards representing the interests of the Indian steel ecosystem both nationally and at international forums. As a not-for-profit society, ISA proudly shoulders the responsibility of communicating the views of its constituents to all stakeholders in the steel production supply chain. It remains at the forefront of all policy deliberations and contributes to decision-making in the area of public and regulatory policy, raw material sourcing, global trade, technology, environmental concerns, and the entire range of issues related to steel making, steel consumption and steel usage. As the world's second largest steel producing country, India is leading the way and so is ISA.