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This note is part of a full report providing detailed analysis of the collapse of the global coal pipeline, available at **www.e3g.org/NoNewCoal**

SOUTH ASIA

Headlines

> South Asia has a pre-construction pipeline of 37.4GW, with India's 21GW pipeline accounting for 56% of this.

> The pipeline has contracted by **87%** since 2015, with cancelled capacity outnumbering capacity going into operation by a ratio of 6.6:1.

> Three out of four countries in South Asia (Sri Lanka, Bangladesh and Pakistan) are showing leadership in cancelling projects and making political statements that they will no longer pursue new coal power.

> Significant socio-economic headwinds to new coal in India have led to State-level commitments to no new coal, opening a pathway for national progress.

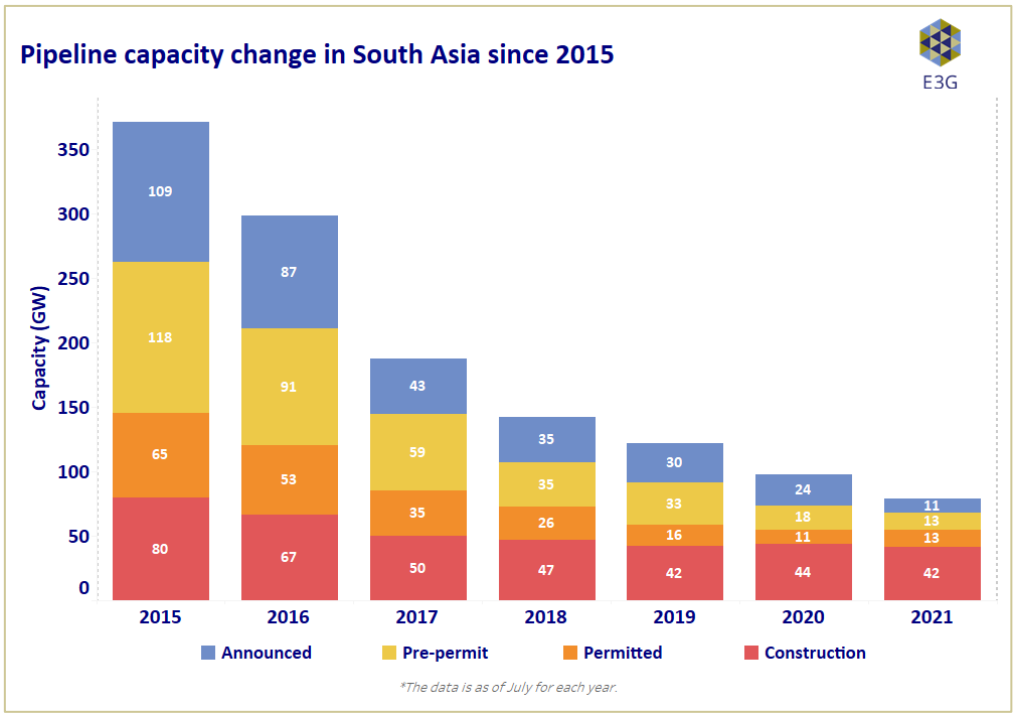

Figure 1: Pipeline capacity change in South Asia since 2015

South Asia accounts for 32% of the non-OECD pipeline (outside China), however this is an 87% decrease in the scale of the pipeline since 2015 (from 292GW to 37GW). Four countries in South Asia have previously considered or are currently considering coal: Bangladesh, India, Pakistan and Sri Lanka. Together, they account for **13%** of the global pre-construction pipeline (37.4GW). India alone is home to **7%** (21GW) of the global pipeline, which is 56% of the South Asian total. As in South-East Asia, coal has faced significant headwinds since Paris, and three of the four countries have either made public commitments to end the pursuit of new coal or are cancelling their remaining pipeline at pace. Collectively, the regional pipeline has contracted by 87% since 2015.

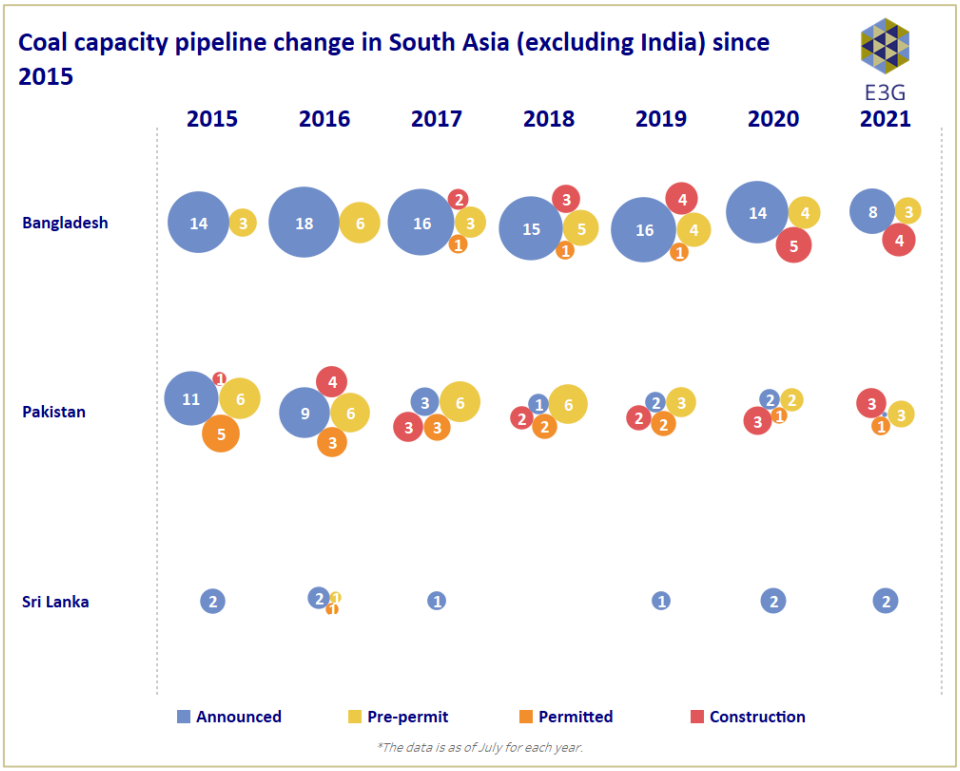

Figure 2: Coal capacity pipeline change in South Asia (excluding India) since 2015.

Leaders

Having considered new coal-fired power projects for a number of years, **Sri Lanka** is now leading the way in South Asia. Sri Lanka's updated **NDC** in June 2021 was ground-breaking for the region in that it formally commits Sri Lanka to no new coal. The NDC also targets a growing proportion of renewable electricity by 2030. The 2GW of capacity still under consideration has been at an early stage of development for some time and will now not proceed.

In December 2020, **Pakistan's Prime Minister** Imran Khan announced at the **Climate Ambition Summit** that the government **would not have any more power based on coal**. As with Indonesia and other countries, the challenge now is for Pakistan to formalise this intent and confirm the cancellation of its remaining pre-construction pipeline projects.

Movers

As recently as July 2019 **Bangladesh** had a pre-construction pipeline capacity of **21GW**, which was then the sixth largest in the world, in addition to **4GW** of capacity under construction. Since then, however, the pipeline has collapsed, with **10 plants scrapped** in the first half of 2021 alone, due to concerns about fuel costs, overcapacity, limited land availability, and the increasingly challenging task of in **attracting finance**. This leaves Bangladesh with a pipeline of 10GW. Bangladesh's position as chair of the Climate Vulnerable Forum (CVF) sees it in a **global leadership role**, with fellow CVF members **advocating for an end to new coal construction**.

As outlined in the box below, India is moving slowly away from coal at a national level, however considerable progress is being made at the state level. Between 2019 and 2021, public officials from four Indian states (Gujarat, Chhattisgarh, **Maharashtra**, and Karnataka) **announced** their intention to not build new coal power plants. According to a **2019** study, many more states have the potential to move away from new coal power due to a combination of socio-economic and environmental factors, particularly the rapidly increasing cost competitiveness of new renewables.

Box 3: Poor economics brings an end to new coal within reach for India

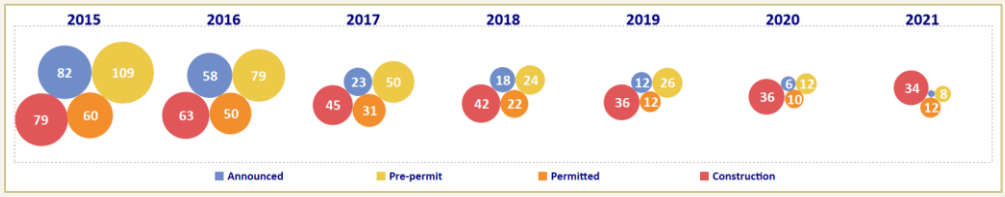

Figure 3: Pipeline capacity change in India since 2015

India's pre-construction pipeline of **21GW** is the second largest in the world. India is currently constructing **34GW** of new coal capacity, more than the next seven countries combined. This is on top of India's considerable existing operating fleet of **233GW** (11.3% of the global total).

Yet since 2015, India has seen over **326GW** of projects cancelled, a **92%** decrease in the pipeline. This includes more than **250GW** of capacity that had previously been shelved. This means that almost **7GW** have been scrapped for every 1GW that has gone into operation. Conditions are now ripe for India's remaining pipeline to not continue into construction.

The cost implications of building new coal are **starker in India** than in many other countries, with clear evidence that even a country with large domestic coal reserves **can struggle** to make coal-fired power economically viable. Average coal plant load factors have **fallen consistently,** from 61% in 2018 to 53% in 2021, making it more expensive to run existing plants and highlighting the **folly of building new coal**. Meanwhile, renewable tariffs in India are some of the lowest in the world, reaching a record low of Rs. 1.99/kWh (US$ 0.026/kWh) in **December 2020**. This is cheaper than the majority of the existing Indian coal fleet, and all the new coal projects. Renewables backed by storage are also **increasingly competitive**.

India's power distribution companies ('discoms') are already in dire financial health, with debt expected to touch **US$ 80 billion in FY22**. Even the under-construction pipeline of coal projects (34GW) face major stranded asset risk according to **IEEFA**'s June 2021 study. Stressed and stranded assets are already a reality, for example the **seven-plus coal power** units totalling 7410MW that have either been ordered to be liquidated or are heading for liquidation, six of which were in early stages of construction. **Most private developers** have **little appetite for coal** and are instead pivoting to **renewables**, making it increasingly hard to fund new coal projects. **Recent analysis** also suggests that India may not even need additional coal capacity to meet its future electricity demand and could even begin retiring older coal plants and still meet **demand projections**.

Collectively, lower than expected power demand growth, cheaper renewables, falling load factors, and difficulty in securing finance highlight the headwinds and risks to continued pursuit of new coal in India.

While Indian national political debate has hesitated to engage in discussion on the pivot away from coal now underway, progress is being made at the sub-national level. Several states are now considering a move away from new coal. Senior government officials in **Gujarat**, **Chhattisgarh**,

Maharashtra, and in **Karnataka** have all signalled their intent to not pursue new coal power projects.

India's pursuit of coal has typically been justified on energy security, affordability, and development arguments, but new coal does not make economic sense for India anymore. **Renewable energy can deliver these outcomes better, quicker and cheaper**, and without the negative socio-economic, health, and environmental impacts of coal.