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EDITORIAL ANALYSIS

Cheaper Than Coal: What the Renewables Cost Crossover Means for India

DOWN TO EARTH

5 July 2026 · ENVIRONMENT · GS3

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THE LIFT LINE

The argument that clean energy is a costly indulgence just lost its last leg; in 2025, most new renewables were simply the cheapest electricity money could buy, and the debate has moved from “can we afford to go green” to “can we build the grid and storage fast enough to use it.”

WHY THIS EDITORIAL MATTERS FOR YOUR EXAM

This is a high-value GS3 case that updates a fact aspirants often get wrong: renewables are no longer merely a climate obligation but the least-cost option. It lets you argue the energy transition on economics, not just ecology, a more persuasive Mains position.

GS Paper 3: Energy, infrastructure and its financing; conservation, environment and climate change; economic growth and development. The 500 GW non-fossil target and storage/grid integration are directly examinable.

BACKGROUND AND CONTEXT

The **International Renewable Energy Agency (IRENA)** released its flagship *Renewable Power Generation Costs in 2025* report in early July 2026. Its headline finding is a milestone: **more than 90 per cent of newly commissioned utility-scale renewable capacity in 2025 was cheaper than the lowest-cost fossil-fuel alternative.**

The specifics:

- Utility-scale **solar PV** held at roughly **USD 44/MWh**; **onshore wind** fell about 4 per cent to around **USD 33/MWh**; offshore wind eased to about USD 78/MWh.

- Renewables **avoided an estimated USD 480 billion in fossil-fuel costs globally in 2025.** Across the 20 largest markets, avoided fuel purchases were about USD 377 billion, led by China (USD 177 billion), with **India at about USD 18 billion.**
- Since 2010, solar PV costs have fallen about 89 per cent and onshore wind about 71 per cent, driven largely by manufacturing scale-up, much of it in China.

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For India, this lands on a fast-moving base. As of end-2025 India had crossed **50 per cent of installed capacity from non-fossil sources**, five years ahead of its Paris NDC schedule, and 2025-26 saw record non-fossil capacity addition. The national target is **500 GW of non-fossil capacity by 2030.**

THE CORE ARGUMENT / ISSUE

The central argument: **the cost crossover shifts the binding constraint of the energy transition from generation to integration.** When renewables are the cheapest source, the hard problem is no longer the price of a solar panel; it is storing and moving that power to match demand.

From “how cheap” to “how firm”

Cheap solar and wind are variable, they produce when the sun shines and the wind blows, not necessarily when demand peaks. The value of a unit of renewable energy therefore depends increasingly on **storage** (batteries, pumped hydro) that shifts it in time, and on **transmission** that shifts it in space. IRENA itself notes that renewables paired with storage are now approaching cost-competitiveness for round-the-clock power.

India’s integration agenda

DIMENSION	STATUS / PLAN	THE CHALLENGE
Generation cost	Solar ~USD 44/MWh, wind ~USD 33/MWh	Largely solved: renewables are cheapest
Capacity	>50% non-fossil (end-2025), 500 GW target 2030	On track, pace must hold
Storage	Battery (BESS) and pumped-hydro build-out under way	Cost and scale of round-the-clock supply
Transmission	CEA plan for ~51,000 ckm of new lines for 500 GW	Timely land, right-of-way, financing
Flexibility	Managing variability, ramping	Grid balancing, demand response

The counter and its answer

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Sceptics note that levelised generation cost ignores system costs, that firming variable power adds expense, and that fossil-fuel baseload still provides reliability. This is fair but shrinking: firming costs are falling as storage cheapens, and a diversified renewable-plus-storage system, not panels alone, is what the crossover now makes affordable. The right comparison is system-to-system, and there too clean energy is winning.

HOW TO THINK ABOUT THIS (ANALYTICAL FRAME)

The frame is **moving constraints.** As one bottleneck is solved, the binding constraint moves elsewhere; wise policy tracks it forward. For a decade the constraint on renewables was cost, so policy pushed generation (auctions, PLI, subsidies). Now that cost is largely solved, the constraint has moved to storage, transmission and grid flexibility, so policy attention and capital must move with it. Fighting the last war (subsidising already-cheap panels) while ignoring the new bottleneck (storage, grid) wastes the crossover. Ask of any transition: given yesterday's success, where is the constraint now?

THE DIAGRAM IN WORDS

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IRENA 2025: >90% of new renewables cheaper than fossil fuels (solar ~USD 44/MWh, wind
~USD 33/MWh, USD 480 bn fuel saved) -> generation-cost constraint solved -> but
renewables are variable -> value now depends on storage (time-shift) + transmission
(space-shift) + flexibility -> India (>50% non-fossil, 500 GW by 2030) shifts focus to
BESS, pumped hydro, ~51,000 ckm new lines, demand response -> if integration keeps pace:
cheap, reliable, clean grid -> if it lags: curtailment, wasted cheap power.
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WAY FORWARD

1. **Scale storage aggressively.** Fast-track battery (BESS) and pumped-hydro capacity, and expand round-the-clock and firm-and-dispatchable renewable tenders that bundle generation with storage.
2. **Build the wires ahead of the panels.** Deliver the Central Electricity Authority transmission plan for 500 GW on time, solving right-of-way, land and financing early.
3. **Make the grid flexible.** Invest in balancing, forecasting, demand response and a stronger national grid to absorb variability and cut curtailment.
4. **Lower the cost of capital.** Since renewables are capital-intensive, cheaper long-tenor finance directly lowers clean-power prices; deepen green bonds and blended finance.
5. **Localise the supply chain.** Reduce import dependence in modules, cells and batteries through domestic manufacturing so the cost advantage is also strategically secure.

PYQ LINKAGE AND PRACTICE

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UPSC has asked on India's renewable-energy potential and targets, on energy security (https://ujiyari.com/terms/energy-security/) and the shift away from fossil fuels, and on solar-energy programmes and the International Solar Alliance. The fresh angle is the cost crossover and the pivot to storage and grid integration.

Practice Mains question (GS3, 250 words, 15 marks): "With renewables now the cheapest source of new power, the challenge of the energy transition has shifted from generation to integration." In light of IRENA's 2025 cost findings, examine what cheap renewables mean for India's 500 GW non-fossil target, and discuss the storage and grid-integration reforms needed to realise it.

Sources: Down To Earth (https://www.downtoearth.org.in)

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