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EDITORIAL ANALYSIS

India's Energy Transition: Who Pays the Price?

 DOWN TO EARTH

24 August 2026 ·

ENVIRONMENT

ECONOMY

GS3

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INTERVIEW ANGLE

"A coal district's revenue, employment and public services all rest on one industry that national policy intends to shrink. Whose responsibility is that transition, and on what timeline?"

Source: [Original editorial](#)

Down to Earth

 Every fact web-verified against primary sources

THE LIFT LINE

For a few hours on an April afternoon, solar met nearly a third of India's electricity demand. By evening, coal was holding the grid up. Both facts belong to the same day, and the second one is the policy problem.

WHY THIS EDITORIAL MATTERS FOR YOUR EXAM

This is the **empirical** companion to every "India's renewable capacity is growing" statistic. It gives you a dated, specific instance of the **duck curve** in Indian conditions, which is far more usable in an answer than a general claim about intermittency.

GS Paper 3: Infrastructure and energy, conservation, climate change. **GS Paper 2:** Centre-state relations, and issues in the design and implementation of policies.

BACKGROUND AND CONTEXT

India's non-fossil capacity has grown rapidly, crossing **300 GW** in mid-2026. But capacity is a stock and generation is a flow, and the gap between them is governed by **capacity utilisation factors**, storage and grid flexibility.

Coal remains the backbone of generation and, just as importantly, of the fiscal and employment base of several states. **Coal royalties, the District Mineral Foundation levy and cess revenues** fund state and district budgets, and coal districts have single-industry local economies built around mining and thermal generation.

THE ANALYSIS

What the April days showed

MOMENT	READING
Demand during the heatwave	surged to 252 GW , then a record 256 GW
Solar generation at peak solar hours	80.8 GW , nearly one-third of national demand
As evening approached	solar declined while demand remained high
What carried the system	coal-fired plants , in the absence of adequate storage and grid flexibility

This is the **duck curve** in Indian conditions: a deep midday trough in net load as solar floods the system, followed by a steep evening ramp as solar falls away exactly when residential demand peaks. The problem it creates is not a shortage of energy over the day. It is a shortage of **dispatchable capacity in a narrow evening window**, and that is a different engineering and financial problem.

Why this makes coal harder to retire than capacity figures suggest

A thermal plant that runs only in the evening ramp still needs to exist, be maintained and be paid for. Its fixed costs are recovered over fewer units, which raises its per-unit cost and makes it look inefficient in exactly the role that makes it necessary. Retiring it requires storage at a scale India does not yet have.

The distributional question the title asks

The costs of the transition do not fall where the decisions are made. They fall on:

- **Workers** in mining and thermal generation, whose skills are location-specific
- **States** whose revenue depends on coal royalties and cess
- **Districts** whose local economies, public services and informal sectors are built around a single industry

None of these is addressed by adding solar capacity. The editorial's demand for a **new Centre-state compact** follows from that: the transition is nationally decided and locally paid for, and that **asymmetry** is a federal problem before it is an energy problem.

DATA AND INSTITUTIONS VAULT

PRELIMS-GRADE FACTS:

Background evidence, 24-25 April 2026: demand surged to 252 GW, then a record 256 GW, during an intense heatwave.

Solar generation reached 80.8 GW, meeting nearly one-third of national demand at peak solar hours.

Coal-fired plants stabilised the grid in the evening, in the absence of adequate storage and grid flexibility.

India's non-fossil capacity crossed 300 GW in mid-2026, against a 500 GW target for 2030 from the Panchamrit commitments at COP26.

The duck curve describes a deep midday net-load trough followed by a steep evening ramp, produced by high solar penetration.

Coal district revenues flow through royalties, the District Mineral Foundation (created under the MMDR Amendment Act, 2015) and cess.

Just Transition is recognised in the Paris Agreement preamble, which refers to a just transition of the workforce and the creation of decent work.

India's grid is operated by Grid Controller of India (formerly POSOCO), and generation planning is coordinated by the Central Electricity Authority.

*meeting a third of demand **at peak solar hours** is not the same as meeting a third of **daily energy demand**. The first is an instantaneous share during the best hours of a sunny day; the second is an average across all 24 hours including the evening peak. Quoting the instantaneous figure as a daily share is the most common error on this data.*

THE DEBATE

For accelerating regardless: every year of delay locks in emissions and stranded-asset risk; storage costs are falling steeply; and coal districts will face decline eventually whether planned or not.

For sequencing carefully: an evening ramp met by nothing is load shedding, which destroys public support for the transition faster than any argument; and a coal district that collapses without an alternative economy becomes a political veto on further transition.

The synthesis the editorial argues for: treat worker and state transition planning as a **precondition**, begun early and funded explicitly, rather than as compensation paid after closure. Diversification takes a decade; closure takes a quarter.

HOW TO THINK ABOUT THIS

The transferable frame: **for any transition, ask who bears the adjustment cost and whether they had a vote in the decision.** Climate policy, trade liberalisation and automation all share this structure — aggregate gains, concentrated losses, and a political economy determined by whether the losers are compensated in advance or told to adapt.

The Indian energy transition's distinctive feature is that the losers are **states**, not only individuals, which brings **fiscal federalism** into a question usually framed as engineering.

WAY FORWARD

- ❶ **Tender for firm and round-the-clock power** rather than for raw capacity, since the binding constraint is the evening ramp.
- ❷ **Begin coal-district diversification now**, while royalty revenues still exist to fund it, rather than after they decline.
- ❸ **Build a Centre-state compact** with explicit revenue-transition support, since states cannot absorb a nationally decided fiscal shock alone.
- ❹ **Reform thermal payment structures** so plants can be paid for availability in the ramp window without being penalised for low utilisation, which is what a flexible system actually requires.

PYQ LINKAGE AND PRACTICE

Connects to standing themes on **energy security**, **fiscal federalism**, and **climate justice**. Practice question: *“A just transition is a federal question in India, not only an energy one. Discuss with reference to coal-dependent states.”*

Source: India's Energy Transition: Who Pays the Price? — Ujiyari.com | Free UPSC & State PCS Editorial Analysis

● KEY ARGUMENTS AT A GLANCE

Down To Earth argues that India's power system on 24 and 25 April 2026 displayed both the promise and the limits of the clean-energy push, with solar generation reaching 80.8 GW and meeting nearly a third of national demand during peak solar hours while coal-fired plants still stabilised the grid as evening demand persisted, and that the transition must therefore be just, protecting coal-dependent workers, states and revenues through early planning, diversification and a new Centre-state compact rather than through the addition of renewable capacity alone.



SUPPORTING

- The April 2026 heatwave pushed electricity demand to 252 GW and then to a record 256 GW, and solar performed remarkably during daylight hours, which establishes that the generation capability is real rather than notional.
- As evening approached solar generation declined while demand remained high, and in the absence of adequate storage and grid flexibility coal-fired plants carried the system, which locates the binding constraint in firming rather than in generation.
- Coal-dependent workers, states and revenue streams bear the cost of a transition decided nationally, so early planning and economic diversification in coal districts are a precondition of the transition rather than a consequence of it.



MAINS ANSWER FRAMEWORK

QUESTION

A just energy transition requires more than adding renewable capacity. Examine the distributional costs of India's energy transition and discuss the Centre-state compact such a transition would require. (250 words)

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