

Prime Minister Boris Johnson
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Prime Minister Narendra Modi
Prime Minister's Office
South Block, Raisina Hill
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July 21, 2022

Dear Prime Minister Johnson and Prime Minister Modi,

We write to you as co-chairs of the India-UK Track II Dialogue on Climate Change and Energy. This Dialogue brings together distinguished members from the UK and India, with support from both High Commissions, to discuss bilateral priorities in climate change and energy. We held our third meeting in Cambridge, UK from 5th-6th May 2022.

India and the UK are in the vanguard of a new approach to growth that is clean, sustainable, resilient, and inclusive. It is generating exciting opportunities propelled by discovery and innovation that will yield great benefits. However, the investments needed for this pathway are substantial and each country must build on its individual strengths to make all this happen. Changes in behaviour and lifestyle must also play their part. Our Dialogue emphasised the importance of moving quickly on to this new growth path. We would like to offer some suggestions from our discussions to help accelerate this transition:

Strengthening cooperation amongst finance and monetary authorities

1. We recommend **India join the Coalition of Finance Ministers for Climate Action** to be more involved in the global capacity-building process.
2. India could consider developing its own **“country platform”** to pursue a just energy transition, that could be supported by the UK and other G7 partners.
3. The use of **‘transition bonds’** along with green bonds could mobilise financing for green investments and for decommissioning of inefficient coal plants. Voluntary carbon markets can also mobilise finance for coal decommissioning at scale. There is potential for **co-learning** between India and the UK on operationalizing transition bonds and **developing asset monetisation programmes**. For example, the London Stock Exchange facilitates project aggregation that allows corporates to invest in rigorously certified projects and contribute to the green economy.
4. We identify the potential for **India and UK central banks to establish joint working groups to map out Net Zero transition plans**.
5. **India and UK should press for greater support from the International Financial Institutions**. This is fundamental to reducing risk and greatly scaling up private and public investment into low-carbon assets. This agenda should be pursued through the COP and G20 processes. And via India's

possible participation in a “climate club,” an alliance for ambition initiated by Germany during its G7 presidency a few weeks ago. **India’s presidency of the G20 for 2023 presents a special opportunity** for leadership.

Collaboration on technology

6. **India and UK will play a significant role within the Global South’s green transition** by supporting developing countries through platforms like the International Solar Alliance, and initiatives like the One World One Sun One Grid.
7. There is tremendous potential for collaboration on grid structures, renewable energy integration, offshore wind and transport. Both countries could work together to improve availability and management of **supply chains and critical raw materials required for off grid solutions and battery storage**.
8. India and UK should create their own **market for green hydrogen** with their own safe storage systems and resilient supply chains.

Lifestyle, community and citizen involvement

9. There are **very large environmental, community and health benefits** to this new approach to growth. Some of them have been highlighted in PM Modi’s movement “Lifestyle for the Environment” (LiFE) highlighting both protection of precious **natural capital and biodiversity** and the promotion of a circular economy.
10. We recommend initiating a **UK-India citizen dialogue with a two-way learning flow to build stronger public support** for policies of just transition to a sustainable future. This dialogue can help citizens visualise justice and responsibilities within and between countries as demonstrated successfully by the Global Citizens’ Assembly for COP26 and the Climate Assembly UK.

Energy security

11. The war in Ukraine emphasised the vulnerability of energy security, particularly the supply dependence from politically fragile areas. It will be important to avoid short-term measures on energy security which lock-in high carbon assets in the longer term. The dialogue identified **five principles** in approaching energy security:
 - Move further and faster away from fossil fuels;
 - Reduce demand by increasing energy efficiency and promoting alternative technologies (e.g. electric vehicles);
 - Add to storage, improve connections and grid structure for both gas (including LNG) and electricity (including batteries);
 - Consider improving on nuclear as a baseload power particularly with new generation small modular reactors;
 - Natural gas as transition fuel, but looking to add CCS in the future.

Towards India’s sustainable growth

12. India needs a roadmap of action that **creates an adaptation-resilience-mitigation approach**. All infrastructure choices must focus on leveraging technology and nature-based solutions. We encourage the investigation of risk to food, water and extreme weather at the local and national levels. This **risk assessment should be reported to Parliament, Ministry of Finance, key ministries and form part of budget discussions**.

13. Take the difficult but necessary steps towards **privatizing DISCOMS** by building incentive structures to enable the transition to a more fiscally responsible path.

Building on the international commitments made during COP26, India and the UK can collaborate in pushing for national ambitions to be raised at **COP27**, and for clear discussions on the implementation, execution and funding of all existing commitments.

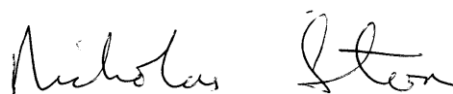
On behalf of the Dialogue members, we would like to thank you both for your commitment, leadership and efforts to accelerate global climate action. Our members would be honoured to support you in enhancing India-UK relations further. We would be happy to discuss these ideas with you.

Thank you for your consideration.

Sincerely,



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