

● **INTERVIEW: ASHISH KHANNA**, executive director and CEO, Tata Power Solar

‘Now, renewables industry is what IT used to be during 1990s’

As the domestic solar manufacturing sector battles the Chinese industry for market share, discovery of low solar tariffs are putting additional pressure on Indian equipment makers. Ashish Khanna, executive director and CEO, Tata Power Solar, believes that investment in technology to offer better quality products to clients is one way to tackle the situation. The company recently spent more than ₹100 crore on modernisation of its Bangalore facility. The company increased its revenue by more than two-and-a-half times in two years to reach ₹2,262 crore. In an interview with Anupam Chatterjee, Khanna spoke on various issues. Excerpts:

How can Indian solar panel manufacturers confront the increasing penetration of Chinese players?

By the end of this year, Donald Trump is expected to announce a decision about American solar manufacturing. Europe also has some protective domestic policies. It is not easy for Indian manufacturers to export

solar parts in China. We should look for long-term solar policy solutions which would fructify intentions of the government. Policies should look beyond capacity milestones such as 100 GW by 2022. The Chinese module manufacturing sector has low cost of finance with subsidised land and electricity prices. Indian manufacturers are equally, if not more efficient than they are. If we have a similar support system, there is no reason why our costs would not be competitive with Chinese products. It also depends on pricing strategies.

What role does technology play in the current situation?

Investment in technology has become indispensable. The unique thing about solar manufacturing is that the rapid change in technology. Technologies introduced three years ago have already become obsolete. After setting up a manufacturing plant, companies cannot be at ease for the next 10 years. Last year, Tata Power Solar decided to

invest in solar technology. Our idea is, if we don't, we will not get the quality. This also means that it is never late for any new player with a new updated technology to enter the market. The country needs to invest in technology that is adaptive. More companies in India invest in module manufacturing and not in cells partly because technology used in module making may not change as rapidly as cell manufacturing.

Was removal of certain sops and subsidies from renewable a blow to the industry?

Subsidy is not a very sustainable business model. Even without subsidy, 25-year flat solar tariffs can be compared to the net cost of thermal power, where variable components can be quite high. I think that policies should be driven towards technology and quality concerns, both in storage and solar. The government should also keep in mind that how the policies can encourage Indian manufacturers.

From 2020 onwards, per annum global solar capacity expansion is expected to be



100 GW. With promising initiatives such as the International Solar Alliance, India has declared that we are not limiting ourselves only within domestic boundaries. We need an engineering and manufacturing arsenal that can support that kind of global solar vision.

Why do you think solar rooftop uptake, es-

pecially by residential consumers, is tepid?

Unlike Europe and America, Indian residential consumer tariffs are subsidised by the commercial and industrial segments. With low power costs, generating electricity from rooftop solar doesn't make a very prosperous business proposition. It is also not a 24X7 solution. Storage solutions are also expensive. Once that (storage cost) comes down, I think there will be a more enthusiastic uptake of rooftop solar according to needs. We are investing a lot of resources in finding the right storage solution. We are keenly looking towards it. However, with higher discom tariffs, rooftops are making more sense for commercial and industrial customers, and these are the areas where solar rooftop is growing.

Do you think recent low rates quoted in the utility scale projects are sustainable?

No one is quoting on a loss. Certain basic assumptions made on foreign exchange behaviour, costs of modules, commodities,

rates of debt and return expectations were made before quoting prices. Viability of tariffs is dependent on the time they are being quoted. People are taking chances. When developers started quoting Rs 4-5/unit for solar about two years back, people were sceptical as well. But they are not making losses. Tata Power Solar is doing EPC works for some of these projects.

How do you think the industry should react?

With time, we will have a solution where 24X7 power can be achieved from solar itself. With this kind of potential, the current renewables industry is very much like what IT was in the 90s.

Somehow, the optics of solar programme are more towards tariff reductions than serving the end purpose. It is not that the MNRE is responsible for it. The industry itself is going overboard and bidding at such low rates themselves. Nobody is pushing them to do so.