TATA POWER SOLAR CEO: 100 GW OF SOLAR IS JUST THE BEGINNING FOR INDIA
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pv magazine caught up with Ashish Khanna, executive director and CEO of Tata Power Solar, at the Renewable Energy India expo to talk rooftop challenges, China's influence, local manufacturing and the longer-term aspirations of the Indian solar market.

Ashish Khanna is the executive director and CEO of India's Tata Power Solar. *pv magazine*

Since acquiring Welspun, Tata Power is now India's largest developer, with around 9% of installed capacity in the country. What responsibilities come with holding this leading position in such a growing market?

Ashish Khanna: This position of leadership and responsibility is nothing new to Tata, a group synonymous with good values and ethics. In Asia, this is a differentiator because these are traits that you do not see so frequently.

It takes a lot of effort to be a successful business that also gives back to society, and is thinking about how to build a culture of trust with all our stakeholders – which includes contractors, clients, employees, shareholders, and ultimately society. You cannot do this unless you are honest and pursue your objectives diligently, which is part of the DNA of this company.

Tata Power has internal aspirations to generate 30-40% of its capacity on renewables, and to become a fully integrated player. This is a responsible aspiration. We have enjoyed success so far, but it is good to pursue further goals – particularly in solar.

Reports show how the Indian solar market appears to be consolidating, and being shaped by fewer and fewer larger companies, including Tata. Is this a good development in your eyes?

The way the solar market in India has exponentially erupted in the last two years, and when you juxtapose this to the last ten year average, some level of consolidation is inevitable. I think we still have a long way to go; there are great opportunities at a maturity level to ensure a sustainable growth. We see a large focus on costing and pricing that is steering the 100 GW goal. However, there is a long way to go, and if we are looking for a 100 GW industry, there is no reason why Indian businesses cannot play an important role to steer that industry forward in the most appropriate manner.

India has a lot of catching up to do. Sure, we are already seeing huge utility scale projects and tariffs that are really eye-catching, but there are similar low bids in Chile and Dubai – and so India is just part of that wider movement towards sustainable growth. These tariffs are not necessarily going to be driving sustainable growth for

the next five years. We will come back to reasonable levels eventually, but the important factor for now is the quality of the power we are producing in solar. We need to make sure that the whole solar ecosystem will grow and be supported, which means more power demand and technology breakthrough.

Looking beyond 100 GW towards sustainable growth and more storage is an easy viewpoint to take from your position at Tata. But are you seeing similar vision and foresight at the more grassroots level of the Indian solar market?

Every business is trying to find ways to make a success of the government's top-down policy of that 100 GW target. Of course it is attractive. The challenge will come when these business initiatives mature and investors may realize that their rate of return is not as aggressive as some are projecting now. There are many multinational developers from mature cultures – such as Scandinavian countries – that have moved heavily into india's renewable power market, as well as other European developers, American companies, and in a way, the Chinese are supporting with their products.

With this context, I think investors are attracted to India's solar industry not only because of the 100 GW target – but for longer term, sustainable goals. The 100 GW will bring a base load level of solar. Let's not forget the fact that there are more than 300 million people in India with no source of power. Solar seemingly can be a great business, environmental and social solution to this problem. Couple this distributed solar with a cost-effective storage solution, and then you don't need the grid – you now have a model of sustainable, reliable and affordable source of power. Which is what India needs for its very large population – there is a potent business proposition right there.

The challenges facing India are, however, vast. If China sneezes, India could catch a cold: your words. So while the second half slowdown in China is just a sniffle right now, are you worried? What could the repercussions for India be?

The fact is that currently we are overly dependent on Chinese modules. This is because of the overly aggressive business models that we have created in the current scenario. But that aggression is also required in certain scenarios. If their aggression was not there, and you may have a decent ROI, and you don't need that high-risk mitigation measures, then your whole dependence on your particular sourcing can also change.

It is very tricky, and very critical that we lower our aggressive aspirations. This week the MNRE Secretary has announced that maybe there is a proposal for overall 40 GW of solar parks. The importance of a solar park in India is that it de-risks most of the investment, particularly in terms of land issues and evacuation. Land acquisition is a big risk-factor for many developers. The moment you remove that, there will be many developers that will come automatically. When you reach the 40 GW milestone, then you could see a decline – as in the case of China. However, it is a larger canvas to work on, and we have sustainable returns that are not being unduly impacted by a few cents of module price fluctuations, we will have a sustainable market in this country.

Does that way of thinking shape Tata's solar manufacturing planning? Can we expect more ground-mount solar plants from Tata made using your own domestically produced components?

Tata has been investing, and continues to invest, in local manufacturing. But we are doing it in a measured way and with a focus on technological advancement. We

doing it in a measured way and with a focus on technological advancement. We invest a lot in technologies. You have to look closely at technology developments and base your expansion on technologies that have a secure future rather than invest in technologies that might be redundant in two to three years. Tata is always looking for those technologies that are relevant in India, and outside the country as well. That is our main goal – where are we investing in technologies that can allow us to address niche markets? Because India can play a very critical role in a global market for many niche areas, and India can be more supple than China in responding to market trends. We believe that the agility with which India can rapidly embrace and produce new technologies can be our lead over China.

So you have in mind to ramp up Tata's exports to foreign markets?
Last year we exported more than 50 MW to the U.K., Europe and U.S. Where we find that we can compete, and a country has certain protection against dumping via particular countries, and so there is a level playing field, we are finding that Tata's products are appreciated for their quality and price. With that perspective, we are looking to increase our exports. Tata Power Solar's products now have recognition across the world.

Tata's solar perspective is to look at how to leverage our existing capabilities with which we are executing projects in India, and then look for opportunities in certain geographies to execute projects outside.

On to rooftops, the sector has struggled to grow, and with the country still a cost rather than quality-conscious market, are you worried that there is a lack of quality control in the rooftop sector, which is causing harm?

The biggest concern in residential rooftop is that the entry barriers are very low, as is the consumer awareness of the individuals. There is hardly any standardization on the quality of the products. And then these modules are being sold as a dream for the next 25 years, and unlike commercial customers – which have the wherewithal to validate the quality – the residential sector doesn't yet have the knowledge strength, or opportunities to build that awareness.

These panels should be there for 25 years. And if it's a low entry barrier, any player and any product can come in. And in a cost-conscious society like ours, it is a huge challenge because lowest cost and optimum quality are growing further apart. I feel that unless we have success stories in the residential sector, supported by better policies – they are there to some extent, but not enough – then I cannot see residential solar gaining traction. Unless there is more rigor, discipline and enforcement of quality in the rooftop market will remain a challenge.

Why do you think the government set that 40 GW target for rooftop? India could well achieve 100 GW purely ground-mount, so what message would 40 GW of rooftop send out?

You can have the same question over the utility sector too. When you set aspirations, it must be based on certain facts. I am not privy to the studies that went into building these targets, but these are the numbers we have to work with now. When you are setting ambitious goals, it pays to be bold. We also think the rooftop sector will grow, but it will be a long haul.

When you have surplus power that is expensive, and the DISCOMs are not very healthy, then they will buy the cheapest power. Rooftop is the niche that will make the difference to Indian solar, but unless enforced ruthlessly might not be preferred over others, and at this stage it seems it may take time.