

DISCUSSED: THE POTENTIAL OF THE RENEWABLE ENERGY MOVEMENT

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Discussed: The potential of the renewable energy movement

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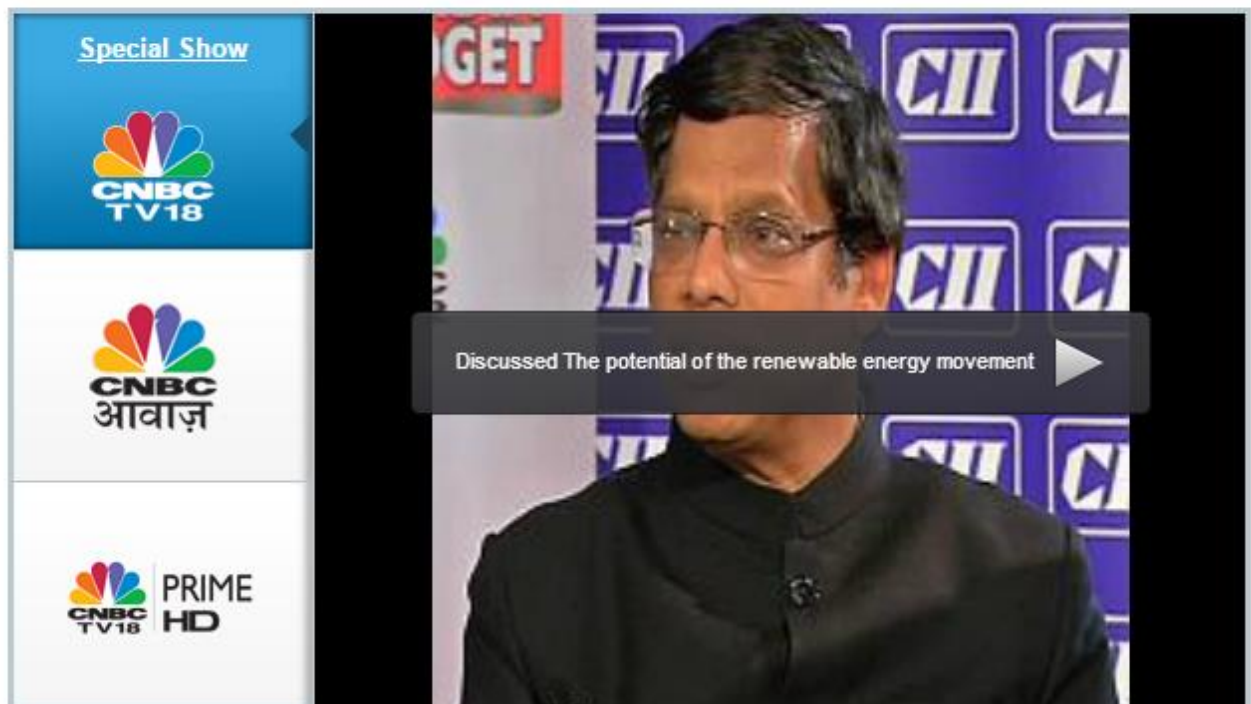
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The Narendra Modi government has stated that it intends to have renewable energy contribute 15 percent to India's energy needs by 2020. To put this into numbers, it would require generation of about 1 lakh megawatts and entail an investment of USD 100 billion over the next five years.

To discuss the potential of this stated renewable energy movement, CNBC-TV18's Shereen Bhan caught up with Upendra Tripathy, secretary, New & Renewable Energy Ministry; KS Popli, chairman and MD, Indian Renewable Energy Development Agency; Sumant Sinha, chairman and CEO, Renewpower Ventures and Ajay Goel of Tata Solar.

Below is the transcript of the interview on CNBC-TV18.

Q: As I pointed out at the start ambitious targets that the government has set for itself. I know you are trying to attract big ticket investments and which is the purpose of conducting the reinvestment summit here in India. How much do you really hope to sign up as far as Re-Invest is concerned?

Tripathy: 100,000 MW, in fact everybody is saying it is very ambitious but as you know the Prime Minister thinks in terms of things being bold, big and beautiful. So, 100,000 even 100,000 our potential of 7.5 gigawatt in the country, solar particularly is not really that ambitious in the sense that it will not be possible to be done. We have put a proper plan in place as to how it can be translated into action over the next five years or seven years.

Q: Can you give us the specifics of what is phase I and what can we expect for instance over the next 12 months, the next 24 months and eventually in the next five years?

Tripathy: In fact that is the one that is being worked out. We have hired a professional agency. They have given a tentative breakup, 40,000 megawatts will be towards the rooftop and the rest all will be in the solar parks and all that but it has to formally go to the cabinet and we also plan

to bring quite a few new schemes along with it. For example we feel that the unemployed graduates in the country, 20,000 of them, we will identify, unemployed commerce graduates or engineers who can go in a mini scale, it can also be solar entrepreneurs and all the existing power stations in various states where the connectivity costs from the solar generation point will be minimal, that way we will achieve 20,000 megawatt in all the states put together.

We are also working out a scheme apart from the rooftop taking up in a major way of the solar parks, the 25 new solar parks which have come up in the sense it has been approved, 16 in principle approval have been given. We have already released some Rs 200 crore to the states towards this purpose and we presume that 20,000-30,000 megawatt will come in the solar parts. The real challenge is number one; evacuation. How do you take one place to the other and the cost of evacuation and the second is of course making the discom happily buy the power because it is still relatively little costlier.

Q: Given the state of affairs as far as state utility boards are concerned or discoms are concerned, that is going to be a significant challenge for you to be able to address. How are you going to address that?

Tripathy: In fact two ways we are trying to get it over. One is of course incentivizing them to buy this and also making it statutorily obligatory on their part to buy it

Q: You have that obligation but then it is a chicken and egg situation because they're already in such a dire situation that if you actually make it mandatory for them and you impose obligations on them, the question then is how are they going to be able to deal with that?

Tripathy: That is where the question comes- what my minister has been telling, the innovative financing-the innovative financing basically means you reduce the cost of power, make it play in the market on its own which means bring in grid parity.

Now professional agencies say that in some states, grade parity is very close because where the cost of coal or thermal is very high, that the solar is relatively cheaper but in next two three years we expect that solar power will be equally costly compared to coal and other forms of energy and that case, in fact I feel after three-four years the discoms will buy more of solar to reduce the cost of traditional power.

Q: So, let's address each of these issues. As I pointed out, it is an ambitious plan; it is a plan that will work well for India in the long term as far as our energy security vision is concerned but what would you like the government to do? The Budget is around the corner and obviously the sector is expecting sweetness from the finance minister. If I could ask you specifically, what is it more that you would like to see being put on the table as far as incentives are concerned?

Sinha: The key for us really is the point that Tripathi made which is that we have to get the cost of the power to come down and that is what is going to make it attractive for the distribution companies to buy it and given the cash trap situation, it will also make it easier for them.

Q: So how do you achieve grid parity?

Sinha: How do you achieve that? There are couple of very simple things that can be done. Number one is on the tax side and the number two is on the financing side. On the tax side for example today we are subject to paying Minimum Alternate Tax (MAT) as an IPP. There is an asset depreciation benefit for certain types of companies, if that can be extended to IPPs as well because IPS ultimately add the bulk of the capacity, so if they can extend some sort of a MAT rebate to us, that would be very fundamental.

Q: I know that a differential Mat is being mulled at this point in time, whether you're going to be a beneficiary or not I don't know and whether it eventually is rolled out in the Budget we don't know.

Sinha: But that is very important that in some senses levels the playing fields for us in the sector, also brings our cost down

Q: [Interrupts] Have you made that reaction to the finance minister by the way?

Tripathi: We don't discuss Budget issues but we always encourage our industry to articulate their points of view with the finance minister.