

**SOLAR POWER GENERATION: ENCOURAGING DEVELOPMENTS WITH HUGE OPPORTUNITIES!**

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# Solar Power Generation: Encouraging developments with huge opportunities!



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AK RAMDAS | 27/01/2015 03:51 PM |



The Ministry of New and Renewable Energy (MNRE) has put out a draft guideline for setting up 3,000 MW grid connected Solar Photovoltaic PV capacity and bundling it with unallocated thermal power as part of National Solar Mission's Phase II.

The new additional capacity in clean energy sector rose by 9% in the last 9 months this fiscal, according to the information available. The total installed capacity of solar power crossed 3,000 MW, according to the MNRE. It is well known that this Ministry is already promoting the use of solar PV powered irrigation pumps that reduce costs and pollution but much more can be done to encourage small businesses to develop models that deliver, install and maintain home, village and mini-grid renewable energy systems.

In the words of Naoki Ishii, CEO and Chair Person of Global Environment Facility (GEF), and a former Vice Minister of Finance, Japan, "the challenge lies not in the Government's intent or approach, but in its agility in scaling it up." He has referred to the classic example of the 10 MW Narmada Canal Solar Power Project and how solar power can be tapped to serve useful purpose to the community.

Narendra Surana, President of Indian Solar Power Producers Association wants the Centre to treat this industry as a "priority sector" and attempt to install at least 15,000 to 20,000 MW of solar power every year.

He is reported to have said that priority sector lending would mean the rate of interest would come down by 2% to 3% to about 10% like for home and other related loans. Such a move would make solar plants bankable and accelerate project implementation.

Surana wants modules to be procured from Indian manufacturers, as this will generate more jobs and even foreign manufacturers may be attracted to put up their production facilities, supporting the "Make in India" a reality. Domestic manufacturers like Tata Solar Power Systems have production facilities in Bengaluru.

Leading US-based renewable energy firm SunEdison plans to set up 5-gigawatt of solar power generation in Karnataka State, having signed an agreement with them, in the next five years. It is expected to be cost competitive with coal-based electricity without subsidies or incentives. SunEdison will provide the required technology and finance to build a mix of solar photovoltaic and wind energy plants across the State. It must be noted that SunEdison is a global leader in generating and distributing clean and green energy.

Today, coal-based power is costing Rs3.5 to Rs4.5 per unit as against Rs6-Rs7 per solar power unit. This is the base rate at which producers sell to distribution utilities. In the case of NTPC, they have set up a trading arm, known as NTPC Vidyut Vyapar Nigam (NVVN) that will purchase the solar power and bundle it with unallocated thermal power generated by NTPC and this is expected to cost around Rs4.50 per unit.

The bundled power will be sold to willing State Utilities, under a 25-year sale agreement, but the detailed mechanism, which is being worked out, has not been made public, yet. However, the successful bidders will not be allowed to quote a tariff higher than that approved by CERC!

In order to encourage the growth of solar power generation, Indian Government's decision not to impose anti-dumping duty on solar panels imported from China, US, Malaysia and Taiwan has been generally welcomed by Thierry Lepercq, head of Solar power producer, Solardirect, who has 16 MW installed capacity in India and a further 100 MW are at various construction stage, in various places. He said that Solar Parks can be built in six months, as against years of construction and huge investments needed for hydro-generation plants!



In the meantime, power starved Karnataka State has announced revised procurement tariff by its Karnataka Electricity Regulatory Commission (KERC), effective from 1st January, and valid till 31st December stating that the higher tariff to be paid by the electricity supply companies (Escoms) will not have a "major impact" on the consumer!

KERC has increased the cost to Rs4.16 from Rs3.40 for mini-hydel plants; for co-generation plants tariff has gone up to Rs4.83 from Rs3.90 while the tariff for bio-mass plant has gone to Rs5.19 from Rs3.66 per unit. They expect that, as a result, the annual generation of power would increase by about 500 MW. Karnataka has 4,500 MW of installed capacity.

It is hoped that, in the ensuing budget, some encouraging provisions are made in order to increase the production of solar power to support the domestic manufacturers. At the same time, it would be ideal if the government decides to make it mandatory for all NEW manufacturing plants to set up solar parks in the vicinity of their factories to generate the much needed power. As for the existing factories, they should be incentivised to install solar photovoltaic modules on the roof tops of their plants to generate additional power that their plants may need. Or make this available to the national grid!

If such steps are taken, India's aim to reach 100 GW of solar power generation capacity by 2022 would be easily achieved!

(AK Ramdas has worked with the Engineering Export Promotion Council of the ministry of commerce. He was also associated with various committees of the Council. His international career took him to places like Beirut, Kuwait and Dubai at a time when these were small trading outposts; and later to the US.)