

# India set to cross 100 GW renewable energy capacity mark in 2020

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India is all set to cross the 100GW renewable energy capacity mark in 2020. It can also make rapid strides towards the ambitious 175GW clean energy target by 2022 provided the government keeps a close eye on key issues and deals with those well in time.

The Government, however, needs to promote storage to ensure 24X7 clean energy supply as coal fired thermal power still remains the base load in the country.

Presently, the issues hampering growth of renewables in India are lack of interest of financial institution to fund renewable energy projects, safeguard duty on imported solar panels, ambiguity over goods and services tax (GST) on solar

equipment and low investor sentiment due to delayed or non-payment by discoms to clean energy developers.

India's installed renewable energy generation capacity touched around 86GW by November-end. This includes solar, wind, small hydro, biomass, waste to energy and others.

Around 30GW renewable capacity including 18GW solar and 10GW wind energy is under implementation. Besides, around 40 GW including 36GW solar and 3.4GW wind energy, is being tendered.

“Together with other schemes being implemented by the government, I expect RE (Renewable Energy) sector to get a big boost in 2020 and the years thereafter. I expect our RE capacity to cross 100GW mark in 2020,” Power and New & Renewable Energy Minister R K Singh said.

Earlier this year, several new programs such as PM-KUSUM, solar rooftop phase-2, development of Ultra Mega Renewable Energy Power Parks (UMREPPs) etc have been introduced to promote renewable energy sector in India.

Singh said, “Our initiatives in 2020 will be aimed at achieving RE targets by providing an environment of policy certainty. Our efforts will be to minimise the risks and promote ease of doing business for investors, manufacturers and other stakeholders.”

The Government also needs to focus on storage of renewables based on rapidly improving technologies.

The minister said storage is necessary not only for the growth of RE sector but is also a pre-condition to reduce our dependence on conventional energy resources like hydrocarbons and coal which are exhaustible and polluting.

The industry wants the government to bring a storage policy for over 100GW capacity to encourage private players to invest in the segment. It would encourage private players to set up storage facilities.

He said, "In simple words, development of storage systems is necessary in order to ensure 24X7 power supply using RE sources like solar and wind. We are committed for the growth and development of the storage systems such as Lithium-ion batteries, pumped Hydro and Hydrogen. We shall be technology neutral in this and allow the market to decide the appropriate systems in various performances depending on markets."

However, as per industry body Solar Power Developers Association (SPDA), as the year passed, the sector went through a real tough time due to various policy uncertainties both at central and state levels which laid heavy financial burden on the power generators.

The SPDA listed issues impacting the segment which includes uncertainty over GST rates for SPGS (solar power generating systems), forecasting & scheduling mechanism, continued safeguard duty on imported solar cell/ modules, provisional anti-dumping duty on import of material for module mounting structures, grid curtailment etc.

SPDA Director General Shekhar Dutt said, "The major hit came from Andhra Pradesh which initiated the renegotiation of closed PPAs (power purchase agreements) thereby raising question over sanctity of contracts and shaking the confidence of domestic as well as foreign investors in the sector."

He further said, "This (Andhra issue) was coupled with ill health of state DISCOMs which impacted the timely payments against power purchases. Some states topping the chart include Andhra Pradesh, Karnataka, Telangana and Tamil Nadu. This led to difficulty in raising finance specially from scheduled public and private banks who remained reluctant to invest in infrastructure projects."

According to portal PRAAPTI (Payment Ratification And Analysis in Power procurement for bringing Transparency in Invoicing of generators), the overdue outstanding of the discoms toward non-conventional or renewable energy generators is Rs 5,590 crore in October this year.

The overdue amount of discoms toward generators is even higher at around Rs 65,000 crore in case of conventional power generators like thermal and hydro in October this year.

The overdue outstanding of discoms are those dues which are not cleared even after 60 days of grace period offered by generators. Power producers give 60 days to discoms for paying bills for supply of electricity. After that, outstanding dues become overdue and generators charge penal interest on that in most cases.

In order to give relief to power generation companies (gencos), the Centre enforced a payment security mechanism from August 1. Under this mechanism, discoms are required to open letters of credit for getting power supply.

The Government has also taken other steps like forming Dispute Resolution Committee to resolve contractual disputes in time bound manner and reduce number of litigations.

It has also made amendments in Standard Bidding Guidelines to broaden the definition of Force Majeure and increase of ceiling tariff has also supported the smooth deployment of solar projects.

It has also launched the SARAL platform to assess and rank the readiness of states for rooftop segment helping investors to identify investment opportunities and states which need to be brought at par with others.

The industry is hopeful that in coming years, the GST rate would be brought down to 5 per cent, ceiling tariff increased and most importantly the E-reverse auction done away with and closed bidding process brought in again. Also, lenders will be encouraged to finance renewable energy projects.