

'Ring-fencing our site to stop interface with outside world'

The Centre has decided to stop import of electrical equipment, including solar gear, especially from China. The move aims to benefit domestic manufactures. Tata Power, with its solar manufacturing, project development and operations & maintenance arm, is looking to position itself as an indigenous end-to-end renewable solutions company. **ASHISH KHANNA**, president, Tata Power Renewables, talks to Shreya Jai about how the company is reorienting its functions. Excerpts:

The Centre is restricting imports from China and will levy duty on solar imports. What do you think of these steps?

The timing of these announcements are related to the developments at the borders but were expected. However, the devil lies in the details. Safeguard duty (on solar imports) was also announced to enhance domestic production. But it has primarily been counterproductive for the Indian manufacturers. Under the safeguard duty regime, all under-construction projects were given a cost pass through. So, even if companies wanted to buy domestic, they could not because they were not given pass through. It was also counterproductive to project developers because a pass through took a lot of time. This put a pressure on the developers' working capital. We are at the right position to extract maximum out of the solar energy potential in the country. This basic Customs duty should take into consideration challenges or learnings of the safeguard duty.

Q&A

ASHISH KHANNA

President, Tata Power Renewables

But do such steps ensure developers will choose domestic products?

You can always grandfather the policy. If the Centre can pay back the duty at first instance rather than the circuitous route for the next 25 years through tariff, then there is no burden on power distribution companies (discoms). I have no reason to

disbelieve that the Chinese will still try their best to compete on the price level with India. So, it is important that we make our Indian products competitive.

What would be the implication on cost of solar power with import restrictions? Can Indian products match the price offered by China?

The type of duties that have been indicated will make Indian products competitive compared to imports. The challenge is that India is still dependent on China for wafers, even if we make solar cells here. That will not go immediately.

Regarding domestic manufacturing, on the module side, there is enough. But on the cell side, it is not. But once the industry looks at a long-term horizon, we will be competitive. It will not take long for many industries to come forward and set up a manufacturing base. With regard to develop-

ers, if these costs are in-built into the tariff and is accepted by the counterparty, they would not face any challenge.



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How have slowdown and Covid-19 affected your supply chain and when do you expect a rebound?

The force majeure conditions have been accepted by the government, so we will be able to complete the projects. But it has affected our ramp-up plans and working capital. We have material outside that we can't utilise in the manner which we should have. Hence, the inventory carrying cost has gone up.

Many of us are dependent on imports and if we hedged our currencies, it is to a particular date. So, we have to re-hedge them. Now, we are changing our plan. At Tata Power, we are making our site so inclusive and ring fence that our interface with the outside world will go. What is helping us is more mechanisation at the project site. All my operational assets totalling 2.65 gigawatt (Gw) have not been affected. Our investment in technology helped us monitor projects remotely. This is our future. But as we speak, I don't think it has been catastrophic as we were thinking initially.

Do you see further consolidation in the renewable energy sector? Would Tata Power be more active in acquisitions?

Consolidation has already started. There used to be many players who would build smaller projects and then slip on. Now, we don't find firms coming with smaller bids. People are bidding for 300 Mw to around 1,200 Mw for a 2,000 Mw tender. We are looking at six times the current capacity in the next five years. We are one of the largest EPC players. Tata Power group includes Tata Power Solar and the renewable arm and we have more than 3 Gw of projects with us. We are in utility and rooftop segments, and now, we have also entered micro-grids.