



Anil Sardana

INTERACTION

“India is among the top five in terms of investment in RE”

Anil Sardana, Managing Director & CEO, Tata Power, throws light on the remarkable growth of the renewable energy sector and the factors that have contributed to it.

Take us through the growth of the renewable sector during the last two years.

The renewable energy sector has shown tremendous growth over the last two years. With a meagre installed capacity of 23.7 MW in February 2013, the capacity has increased to 36.4 GW as on June 2015. This is largely attributed to the steady addition of the wind power capacity and the tremendous boost solar has got in recent times from the Government of India. Additionally the national missions like the JNNSM have given boost to the solar power programmes in India. However, other new technologies like offshore wind and geothermal are yet to gain importance.

Over the last year too, India's renewable energy installed capacity jumped by 12.9 per cent during the 12-month period as on 31 March 2015. India added 4,089 MW renewable energy capacity in financial year 2014-15, a capacity addition of 8.5 per cent more than the targeted figure of 3,770 MW. It is a nice feeling to see India's renewable energy sector overachieving against the allocated targets.

How have the initiatives and policies implemented by the government helped the growth of renewables?

The renewable energy sector is majorly policy driven as it still needs some form of viability gap funding. The installation of other sources like biomass and small hydro have not been as popular as solar and wind, mostly because those lack good policy.

Some of the policies that have made significant contribution are mission programmes like Jawaharlal Nehru National Solar Mission, State RE Policies, fiscal incentives like 80 per

cent accelerated depreciation, generation based incentives, excise and custom duty exemptions for most of the equipments and machinery, 10-year tax holiday and capital subsidy that the government has provided both for grid connected and off-grid projects, and most importantly, the feed in tariff mechanisms.

The Jawaharlal Nehru National Solar Mission has ushered in a new era in the solar industry in India. With the increase of installed capacity, the cost of installation has gone down. But if compared with other sources of power, the cost of installation per MW of solar is still high. The sector is developing and still needs hand-holding by the government to grow.

Wind power, with an installed capacity of more than 23 GW is already a mature technology in India. The government, in the last budget, removed the accelerated depreciation from wind that substantially affected the growth of the sector and thus was reinforced in this budget. Both the sectors are majorly policy driven and thus depend heavily on various fiscal incentives for their growth and development. The government, in the recent budget, has announced a lot of new reforms and policies to provide impetus to strengthen the sectors. It is promoting wind power projects through private sector investment by providing fiscal and promotional incentives such as concessional import duty on certain components of wind electric generators and excise duty exemption to manufacturers. Ten years tax holiday on income generated from wind power projects is also available.

Competitive loans for installing windmills are available from Indian Renewable Energy Development Agency (IREDA) and other financial institutions. Technical support, including wind resource assessment, is provided by the Centre



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for Wind Energy Technology (C-WET), Chennai. This apart, preferential tariff is being provided in potential states. The ministry has announced a generation based incentive (GBI) under which Rs 0.50 per unit generated from wind power projects is provided to the projects with a ceiling of Rs 1 crore per MW. The government has also realised that it is imperative to provide these incentives to help the sector to grow.

What is a realistic target of projects for 2022, as opposed to the government's RE target of 176 GW?

India is among the top five countries in terms of investment in renewable power (as per Renewable Global Status Report 2014 by REN21). However, the potential far exceeds what is being exploited. There have been good amount of investments in the sector over the last decade, which can be attributed to the conducive policies of the government and to private players' participation in the sector. The ever growing power demand coupled with need to reduce emissions will bring in more investment in the renewable sector.

This year's union budget announced the scaling up of capacity of renewable energy to planned installation of 175 GW by 2022 that will include 100 GW of solar power projects, 60 GW of wind power projects, 10 GW of biomass power projects, and 5 GW of small hydro projects. With the tremendous potential that India is vested with, this is quite achievable.

The government has ambitious plans of installing 1,00,000 MW solar energy by 2022. Do you think this target is achievable?

The government is promoting solar power in a big way. The target of generating 20 GW through solar power has been enhanced to five times at 100 GW by 2022. Solar has been mostly policy driven through national and state missions. We need to wait and watch if there are any more mission announcements by the government.

Compared with other sources of power, the cost of installation per MW of solar is still high. To ensure the viability of the projects, when the solar FIT has reached grid parity, it is important to bring the capex further down. Moreover, the existing infrastructure also needs to be able to cope up with the integration of such huge amounts of renewable energy. Setting up of large solar power projects of 1000 MW capacity, like the ones being set up in Rajasthan, Madhya Pradesh, Gujarat and Andhra Pradesh, are fraught with challenges related to evacuation, and also management of grid becomes a problem as due to seasonal variations, the wind and solar capacities fluctuate. In such situations, it is imperative that the infrastructural enhancements are also made along with the announcements of new policies and targets.

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