



Will going back to basics be a “sunny” picture?

Technological advancement, economic growth and rising population are bound to increase the standard of living, which will in turn collectively contribute to an increase in per capita consumption of energy in India.

To note a matter of concern, 61 per cent of power plants in India are fuelled by coal¹, giving rise to serious

apprehensions about depleting coal reserves. The fact that India is the fourth largest importer of oil and the 15th largest importer of petroleum products and LNG globally, also adds to the woes.²

On the other hand, we have the fifth largest renewable power generation portfolio with 271.722 GW of installed capacity as on March 31, 2015³. Tapping on renewable energy from sun, wind, tides, biomass, etc., will trim down dependence on

expensive imported fossil fuel and reduce the constant dipping into coal reserves as well.

India is one of the few countries that is blessed with abundant natural resources, amongst which, the average 300 sunny days in a year (most areas), has

ameliorated India’s ability to generate electricity from solar energy, thus allowing us to set a target to achieve 100 GW of solar power generation by 2020⁴. From meager 20 MW in 2011, the solar industry in India has grown by leaps and bounds to 3.74 GW in 2015⁵.

With the Government’s relentless efforts in tapping and exploiting renewables as alternative sources of energy, solar energy prices have now reached a record low of ₹4.34/kWh and approvals have already been granted to 33 solar parks with aggregate capacity of 20 GW⁶. The evident growth has primed India’s solar space for greater traction.

In Brief: Initiatives undertaken by Gol¹⁰

- Setting up a trading platform for clean energy, jointly developed by the MNRE and Power Trading Corporation of India (PTC), to help states buy, sell and trade renewable-based power¹¹;
- States to prepare action plans with year-wise targets to introduce renewable energy technologies and install solar rooftop panels so that they complement the Centre's efforts and steps to achieve 175 GW of renewable power by 2022¹²;
- MNRE has implemented a scheme for the development of solar parks and ultra mega solar power projects (UMPPs)¹³ for the years 2014-2015 to 2018-2019, with target to setting up 25 solar parks each, with the capacity of 500 MW and above, thus achieving over 20 GW solar power installed capacity and estimated financial assistance of ₹4,050 crore. (It would be important to highlight that it is just 2016 and approvals have already been granted for 33 solar parks with aggregate capacity of 20 GW and funds amounting to ₹539 crore deployed!)
- MNRE has also outlined a scheme for development of solar zones¹⁴ for the years 2016-2017 to 2020-2021 with following provisions:
- Allowing state governments to use their unproductive and non-agricultural land for solar parks, thereby minimising the use of private land and reducing problems faced and costs incurred for land acquisition for solar park projects;
- Reserving 25% area for deployment by manufacturers of ingots, wafers, solar cells and modules, etc., 25% area for SME, farmers and unemployed youth, and 50% area for solar project developers¹⁵;
- Assistance of ₹44 crore for feasibility studies.
- MNRE has also come up with a draft bill for National Renewable Energy Act, 2015¹⁶ aiming to consolidate the renewable energy sector in India, setting up institutional structures for ensuring the development and implementation of a conducive policy regime to facilitate investments and constitution and operation of national and state level funds.

Government's Helping Hand

Apart from legislative frameworks, Gol has also formulated various schemes for furthering India's 'Solar Dream'. Due to these initiatives, the country is now considered a land with tremendous opportunity in the renewal energy space. Gol's ambitious target of supplying uninterrupted, 24 hour power supply to every household by 2019 is a major thrust for solar companies who look forward to making the most of the power-starved country's initiatives. Provision of subsidies and other promotional activities⁸ to further aid in achieving this target is an added impetus as well.

In addition to all of the above, Gol has also adopted a liberalised policy for foreign investment in this space and has permitted 100 per cent FDI under the automatic route (not requiring government approval) in projects based on renewable energy generation and distribution⁹ (subject to provisions of the Electricity Act, 2003). With the solar space moving towards development and maturity and due to various policy changes, it is expected that the interest and investments - domestic and foreign, would significantly increase.

India, a Vanguard

As India's power sector is fast gaining economic confidence, it has witnessed an increase in consolidated activity worth \$1.6 billion deals in the first quarter of 2016¹⁷. Companies with long standing credibility are on a hunt to acquire other companies, with a view to enhance the value of their existing assets and expand their footprint in the solar energy space. Consolidation with an entity that is in a different geographical space facilitates access to new marquee clients and also helps in seizing opportunities available in such new or merging markets. **|ST|**

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¹⁸ Year	Acquirer	Company	Deal Amount
June 2016	Tata Power	Welspun Energy Private Limited	₹10,000 crore (making it the biggest buyout in Asia and the largest renewable power company in India)
June 2016	CLP India	Suzlon Group	₹760 crore
March 2016	Piramal Enterprises Limited (PEL) and APG Asset Management (APG) jointly invested ₹900 crore (\$132 million) in Essel Green Energy Private Limited, the solar arm of Essel Infraprojects Limited.		
March 2016	Ahana Renewables	Armstrong Energy Global	100% stake

Legislative Framework

There are multiple Central and state agencies designated to regulate matters relating to new and renewable energy, and MNRE - the nodal ministry of Government of India, is the world's first exclusive ministry set up for this purpose⁷.

Additionally, the Electricity Act, 2003, mandates the State Electricity

Regulatory Commission (SERCs) to promote generation of renewable sources of energy by providing suitable measures for connectivity with the grid and sale of electricity to any person. SERCs are also mandated by the National Tariff Policy, 2006, to fix certain minimum percentages for purchase of renewable power.