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When vision meets reality

Electricity infrastructure is critical to India's growth and Prime Minister Narendra Modi understands this. To many, his 175 Gw renewables capacity target seemed like hype — as it meant increasing India's renewables capacity five-fold in seven years. However, it is only when there is clear thinking and ambition at the top that the business and policy ecosystems shuffle and reorganise themselves to achieve the objectives.

We have seen that happen in this case where all important stakeholders — from the bureaucracy to the banks, from equipment suppliers to the construction companies, and from IPPs to global investors — have been focused on achieving the 175 Gw target by 2022. No surprises that the resulting benefits from economies of scale, among other factors, have seen the tariffs in India for solar and wind energy fall more than 50 per cent since 2014 — from more than ₹6 per unit to now less than ₹3 a unit.

As a result, of all the actors chasing one clear goal, India has already crossed an installed capacity of 70 Gw of renewables — surpassing the previous administration's 2022 targets four years ahead of time. There is an additional 10 Gw of capacity already under construction and due to be commissioned this financial year, and another additional 20 Gw contracts are expected to be tendered over the next couple of months that are likely to take the total commissioned renewables capacity to over 80 Gw by the end of this financial year. These are all impressive figures that show that the 2022 target is within reach.

There is also something that must be said about the manner in which this capacity is being awarded to the private sector. All renewables capacity is now being awarded through the competitive auction mechanism. The auctions are conducted over the internet in real time for all participants to see, and therefore, it is a completely transparent process.



SUMANT SINHA

PM Modi also deserves a high score in combining foreign policy and energy strategy together. In 2014, he signed a pact to buy power from a 900 Mw hydro-power plant in Nepal (that an Indian firm constructed). That same year, he tied 2 Gw of Bhutanese power to Indian demand. His moves to offer competitive contracts to these nations served, in addition to securing electricity supply for the East and North East of India, the dual purpose of countering China in the region since China also tries to exert its financial and military influence over these nations on the Indo-Chinese border. We need to cultivate our friends, and that is what the PM is doing.

Equally laudable is the Deendayal Upadhyaya Gram Jyoti Yojana (DDUGJY) launched in 2015, to electrify all of India's 600,000 villages. As of two weeks ago, that program had been successfully completed ahead of schedule. Step two towards providing electricity to all households was kicked off in parallel in September 2017 under the Pradhan Mantri Sahaj Bijli Har Ghar Yojana, or the "Saubhagya" scheme, with a target date of December 2018.

Not only is PM Modi leading the change in India's energy landscape, he is using it to manage India's climate change commitments on the global stage as well. As India's GDP is slated to grow, so is its per capita income and energy use. At the Paris climate talks in 2015, PM Modi showed the international community how it is feasible for India to reduce its greenhouse gas emissions intensity by 33-35 per cent by 2030, and, in the face of recent leadership vacuum on this issue at the global stage courtesy American isolationism, took the mantle to become the global face of renewables public policy. His initiative to form the International Solar

Alliance is a testament to that leadership where he is encouraging other developing nations — and getting the West to foot some of the associated bills — to adopt renewables to manage both economic growth and reduce greenhouse gas emissions.

However, some more work needs to be done on a very delicate and critical issue of improving the financial health of the discoms (or the power distribution companies). State discoms lose money on every unit of electricity they sell, and therefore, artificially suppress market demand. The Ujwal Discom Assurance Yojana (Uday) program, part one of the reforms of sorts, has refinanced debt on the books of discoms at favourable interest rates and that has saved them collectively about Rs 160 billion per year in interest costs. It is a good start but the fundamental reform needed here is that the electricity distribution sector must be privatised.

There are also some issues that need to be managed on the grid management and transmission side. The first is to enhance transmission capacity to enable flexible wheeling and banking of power at the regional scale. Second is to implement forward-looking policies on storage mechanisms, real-time monitoring of power flow, improved scheduling and forecasting, coupling of power sources like solar-wind, wind-storage, solar-hydro, and others, to improve plant load factors, and to increase the balance of secondary and tertiary reserves. As India's capacity expands, the need to have a robust "smart" grid with advanced capabilities will become critical.

It is clear the Prime Minister understands the underlying importance of energy in powering India's ambitions and aspirations. Under him, we have seen remarkable growth and are on track for further growth still. As should be the case for a nation that is as hungry for growth as ours, and while we have much to be proud of in recent achievements, much more needs to be done.

The writer is Chairman and Managing Director of ReNew Power Limited