



Green Projects in Limbo

India has set an ambitious target of installing **175 GW of renewable energy capacity by the year 2022**, which includes 100 GW from solar, 60 GW from wind, 10 GW from bio-power and 5 GW from small hydro-power.

Present Status

- Wind and solar power capacity additions are hardly on the path to meeting the targets.
- Lack of government's interest in developing solar heating segment and offshore wind sector.
- Lack of focus on emerging areas such as ocean and geothermal energy.
- Biomass and small hydro being moribund.

Reasons

- **Over-emphasis on keeping tariffs low:** In different bids, wind and solar tariffs fell to a low of ₹2.44 a kWh. Many feel that such a low tariff is unviable and, quoted by bidders only in a rush to grab projects. Also, some bids have been cancelled just because the government lowers tariffs than quoted.
- **Slow Capacity Addition:** The Ministry of New and Renewable Energy (MNRE) has brought down tariffs of wind and solar power at a big cost- slow capacity addition. Since 2014, India has added 28,000 MW of solar power and 14,500 MW of wind power, though at present it has 30,600 MW of solar power capacity and 35,600 MW of wind power capacity.
- **Sector specific problems:** The solar energy sector faces uncertainties in terms of safeguard duties, GST rates and a falling rupee whereas wind installations have been crippled by land problems in Gujarat, the State that most of the developers flocked to.
- **Problem faced by the industries in the field:** Industries contend with rampant corruption or extortionate prices while securing right-of-way in all States. Also, the State government-owned utilities delaying paying their dues to the energy companies.

Suggestions

- To avoid flocking to the windiest sites like in Gujarat, the government **needs to bring in State-wise or even sub-station-wise tenders**, so that the setting up of projects could be more spread out.
- There could be a **closed tender**, where the bidder who offers the best price bags the project, as opposed to the current method of holding auctions, in which bidders try to outbid each other.
- The government can **set a fixed tariff which would come down annually** so that the energy companies earn more in the initial years and could pay off their debts.
- **Ocean energy (from waves, tides and currents)** can provide steady, 24x7 power. Government needs to develop it.

