



## New Hydro Policy

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The government, under **New Hydroelectricity Policy**, has approved 'renewable energy status' for **large hydel projects**.

Earlier, **only smaller projects of less than 25 Megawatt (MW)** in capacity were categorised as renewable energy. Large hydro projects were treated as a separate source of energy.

## Renewable Energy Sector

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- India's renewable energy sector had an installed capacity of 75,055.92 MW as of February 2019, according to data with the Central Electricity Authority.
  - This made up **about 21.4% of the overall energy mix**, with the rest coming from thermal, nuclear and large hydro sources.
  - However, with the inclusion of large hydro in renewable energy, the energy mix will change drastically.
  - Renewable energy capacity would now be 1,20,455.14 MW or 34.4% of the overall energy mix.
- This policy will also drastically change the **renewable energy mix as well**.
  - Before February 2019, the wind energy contributed nearly 50% of all renewable energy capacity, it will now make up only 29.3%.
  - Similarly, solar energy's share will fall from 34.68% to 21.61%.
  - The hydro sector, however, will see its share grow from just over 6% to over 41%.

## Impact

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- Hydroelectric energy provides grid stability which a renewable source like wind and solar do not. The key reasoning seems to be providing grid stability and a **better energy mix**.
- There has been a huge imbalance in the thermal-hydro mix for the last few years because of a sharp growth in thermal and complete stagnation in hydro.

- This reclassification will **immediately help India** achieve its target of **175 GW by 2022**.
- Another benefit from the policy could be the **positive impact on the stock prices** of State-run hydroelectric companies such as Sutlej Jal Vikas Nigam (SJVN)
- This will help large hydel projects avail cheaper credit and increase demand from distribution companies for cleaner energy.

State distribution companies will be obliged to purchase a certain percentage of hydropower—similar to renewable purchase obligations. This will create a market for hydropower, making the sector competitive.

- These projects will not only get the budgetary support for infrastructure, but will also be able to access “green finance”.