

GOVERNMENT OF INDIA
MINISTRY OF NEW AND RENEWABLE ENERGY
LOK SABHA
UNSTARRED QUESTION NO. 2762
ANSWERED ON 17.12.2025

CHALLENGES IN SIGNING PPAS FOR RENEWABLE PROJECTS

2762. Shri Shrirang Appa Chandu Barne
Smt. Bharti Pardhi
Shri Ravindra Dattaram Waikar
Shri Vishaldada Prakashbapu Patils
Shri Naresh Ganpat Mhaske
Dr. Shrikant Eknath Shinde

Will the Minister of NEW AND RENEWABLE ENERGY be pleased to state:

- (a) the details of the challenges faced in signing Power Purchase Agreements (PPAs) for renewable projects along with the steps taken by the Government to address them;
- (b) the manner in which direct Power Purchase Agreements between renewable developers and agencies like National Hydroelectric Power Corporation (NHPC), National Thermal Power Corporation (NTPC) and Solar Energy Corporation of India (SECI) would help accelerate capacity addition;
- (c) the target set for country's non-fossil fuel installed power capacity by the year 2030 and the manner in which these Power Purchase Agreement strategy would contribute to it;
- (d) the details of Government and private stakeholders involved in implementing this procurement framework; and
- (e) the manner in which this approach ensures grid reliability and promotes cleaner energy sources?

ANSWER

THE MINISTER OF STATE FOR NEW & RENEWABLE ENERGY AND POWER

(SHRI SHRIPAD YESSO NAIK)

(a) With the declining cost of solar-plus-storage and dispatchable renewable power, there is a growing preference among distribution companies and end procurers for such solutions. This shift has been accompanied by a reduced demand for plain solar power. Solar-plus-storage configurations are also being preferred over wind-solar hybrid projects, particularly due to their ability to supply power during peak demand hours. Accordingly, the Government has sensitized Renewable Energy Implementing Agencies (REIAs), namely Solar Energy Corporation of India Limited (SECI), NTPC Limited, NHPC Limited and SJVN Limited to move from plain solar tenders to tenders of Solar with Energy Storage, tenders with configuration to supply renewable power during peak hours and tenders with configuration to supply Firm and Dispatchable Renewable Energy (FDRE).

To facilitate the further execution of Power Purchase Agreements (PPAs) in respect of bids issued by REIAs, the Government has undertaken several proactive measures. These include urging States to comply with the Renewable Consumption Obligation (RCO) under the

Energy Conservation Act, and advising REIAs to aggregate demand from Electricity Distribution companies (DISCOMs) and other consumers before designing and issuing tenders. Regional workshops have been organized with major renewable energy-procuring States to address implementation challenges and accelerate PPA signing.

(b) to (e) Generally Renewable Energy Implementing Agencies (REIAs), namely Solar Energy Corporation of India Limited (SECI), NTPC Limited, NHPC Limited and SJVN Limited, issue tenders as Intermediary Procurers for long-term procurement of renewable power. Renewable Power Developers, which may be from private or public sector, participate in these tenders wherein the successful bidders are decided through transparent competitive bidding process. REIAs sign Power Sale Agreements (PSAs) with End Procurers like Electricity Distribution companies (DISCOMs) and sign back-to-back Power Purchase Agreements (PPAs) with the Renewable Power Developers who are the successful bidders under the aforesaid tenders issued by REIAs. Generally, REIAs do not enter into PPAs with Renewable Power Developers unless they have executed Power Sale Agreements with the End Procurers. Normally, after the signing of PPA between REIA and renewable power developer, the renewable power developer installs and commissions the renewable power project on Build, Own & Operate (BOO) basis, in compliance to the relevant rules and regulations of the concerned Central / State Government and Government agencies like Central Electricity Authority (CEA), Central Transmission Utility of India Limited (CTUIL), Grid Controller of India Limited (Grid-India), Central/State Electricity Regulatory Commission (CERC/ SERC), Regional/ State Load Dispatch Centers (RLDC/SLDC), etc. which ensures both promotion and deployment of clean energy as well as grid reliability.

Aforesaid mechanism of setting up renewable power projects through long-term renewable power procurement by REIAs acting as intermediary procurers has contributed greatly to promoting cleaner energy sources by increasing share of renewable power in installed power generation capacity and as a result India has already achieved 50% of its installed electricity capacity from non-fossil fuel sources, five years ahead of the target set under its Nationally Determined Contributions to the Paris Agreement. As of 31 October 2025, the installed capacity from non-fossil sources stands at about 259 GW, with 31.2 GW added in the current financial year up to October 2025.
