

GOVERNMENT OF INDIA
MINISTRY OF NEW AND RENEWABLE ENERGY
LOK SABHA
UNSTARRED QUESTION NO. 2842
TO BE ANSWERED ON 06.08.2015

AGREEMENTS WITH SOLAR POWER COMPANIES

2842. DR. C. GOPALAKRISHNAN
SHRIMATI RAKSHATAI KHADSE :

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

- (a) whether many State Governments have entered into agreements with private solar power companies/generators in the country regarding non-renewable sources of energy and if so, the details of agreements for the last three years;
- (b) whether the electricity buyback cost vary from State to State and if so, the reasons therefor;
- (c) whether the Government will formulate standard rate to buy back electricity generated by private companies for new and renewable sources and if so, the details thereof;
- (d) whether the Government proposes an innovating PPP model applied for creating and running solar power generation plants with dedicated infrastructure and if so, the details thereof; and
- (e) whether the Government has proposed to create necessary policy environment for appropriate investments climate to attract banks and financial institutions to provide necessary finance for setting up solar power projects and also to facilitate State Governments and if so, the details thereof?

ANSWER

THE MINISTER OF STATE FOR POWER, COAL & NEW AND RENEWABLE ENERGY
(INDEPENDENT CHARGE) (SHRI PIYUSH GOYAL)

(a): Solar energy is a form of renewable energy. Hence, the State Governments are not entering into agreements with solar companies for non-renewable energy for which there are other companies and projects. Some group of companies are however working in both non-renewable and renewable energy.

(b): Yes, Madam. Cost of Generation of electricity from solar power varies from State to State as it is dependent on incident solar radiation and other factors like cost of land, cost of electricity transmission, etc. and accordingly the electricity buyback costs vary from State to State. The cost of electricity generation from solar photovoltaic plants has been falling with the decline in capital cost of the solar photovoltaic power plants and so the buyback cost also varies from year to year.

(c): No, Madam. Government does not have any mandate under the relevant act to formulate standard rate to buy electricity.

-2-

As per Section 62 of the Electricity Act, the Appropriate Commission shall determine the tariff in accordance with provisions of the Electricity Act, 2003 for supply of electricity by a generating company to a distribution licensee.

At the Central level, Central Electricity Regulatory Commission (CERC) has been fixing the tariffs for renewable power including solar every year. Similarly in States, the respective State Electricity Regulatory Commissions (SERCs) have been doing so from time to time.

The distribution companies, as per clause 6.4 of Tariff Policy, 2006, can procure energy from non-conventional energy sources at preferential tariffs determined by the Appropriate Commission.

The Distribution Companies are also procuring power through bidding.

(d): Most of the solar power plants are being set up by the private sector.

(e): In order to attract investments, Government of India has already created necessary policy environment climate by way of following:

- A. Long term Power Purchase Agreements (PPAs) to ensure stability of contract.
- B. Payment Security Mechanism minimizing risk of investment.
- C. RE-INVEST 2015 was held to attract investments in renewable energy.
