

“Decisive actions during lockdown helped us stay afloat”

Interview with Vineet Mittal, Chairman, Avaada Group

How has Avaada Energy evolved with the changing market dynamics? What have been the key highlights for the company in 2020? How has Covid-19 impacted the renewable energy outlook? What have been the key lessons learnt?

Change is an integral part of life, and the same goes for any business. A firm's success depends on its ability to master and exploit change. This is particularly true in the renewable energy market, where frequent changes in tax laws, new duties, etc. have forced IPPs to change their strategy. Even while adapting to change, a company's strategy must reflect a consistency of purpose.



In 2020, the renewable energy market saw an unprecedented health crisis, which disrupted the supply chain of solar modules and other components, followed by the extension of safeguard duty. This has forced IPPs to change their bidding strategy. However, the government led by Prime Minister Narendra Modi and the Minister for Power and New and Renewable Energy, R.K. Singh, has been very supportive. Decisive actions during the lockdown like blanket extension for renewable energy projects, the must-run status for all renewable energy projects helped us stay afloat and resume our under-construction projects as soon as the lockdown was lifted.

The government's call for “Atmanirbhar Bharat” in solar manufacturing could be a game changer for India's renewable energy market. In 2020, the government launched an ambitious project – One Sun One World One Grid. Further, the Central Electricity Regulatory Commission has operationalised the real-time market, which is expected to be a great enabler for renewable energy. In the latest development, the prime minister has inaugurated the world's largest solar park in Gujarat. All these developments reflect a better future for renewables in the coming year.

Which of the various emerging segments (floating solar, energy storage, hybrids) in this space have the highest potential for development?

As technology costs fall and environmental concerns grow, opportunities will continue to increase as far as renewable energy is concerned. For instance, India can set up 300 GW of power generation capacity by tapping into floating solar

technology. Floating solar helps reduce evaporation and algae formation in waterbodies.

Another focus area is energy storage, which is expected to play a critical role as managing grid variability takes centre stage with increased penetration of renewable assets. As prices decline, storage is expected to play a broader role in energy markets, moving from niche uses such as grid balancing to broader ones

like replacing conventional power generators for reliability, providing power-quality services, and supporting renewables integration.

What are the key issues for IPPs at present? What needs to be done to resolve them?

Policy consistency is one of the key issues in the renewable energy sector. Both central and state governments have invariably brought changes in taxation and duties, sometimes with retrospective effect, which is a significant concern for all IPPs. For instance, the safeguard duty was purportedly imposed to encourage domestic manufacturing of modules. However, it had no impact. Almost two years after the announcement, no new manufacturing capacity has been added, and several developers are stuck with court cases to get the refunds. Another area of challenge is land acquisition. Land is a critical element for the development of renewable energy projects. Most states in India have a lengthy documentation process, which is typically marred with litigations. The resolution of matters results in disproportionate efforts on the part of developers. Land ceiling acts in different states also create hurdles for developers in acquiring this large tracts of land required for large-scale solar projects.

Finally, the financial health of discoms and payment delays are key pain points for IPPs. Discoms across the country are in poor financial shape, due to which there are frequent delays in payments. Payment security remains a primary concern for developers and has caught the attention of the central government. The Ministry of Power has come up with an order, making it mandatory for discoms to maintain adequate letter of credit for getting power supply. However, there is a structural problem with discom operations, which needs to be addressed through comprehensive reforms. ■