

ROOFTOP SOLAR NEEDS A HELPING HAND

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No shouting from the rooftop about this industry, at least not yet!

India's solar sector is growing at a hectic pace but the rooftop segment has been slow off the blocks.

Recently, the Cabinet Committee on Economic Affairs chaired by Prime Minister Narendra Modi approved Phase II of grid-connected rooftop solar systems to achieve a cumulative capacity of 40,000 MW from rooftop solar projects by 2022. The programme will be implemented with total Central support of ₹11,814 crore, with the government extending financial assistance of 40 per cent for 3 kW capacity and 20 per cent beyond 3kW up to 10 kW.

Will this trigger the next wave of rooftop solar adoption? Here is what sector experts say.

Policy matters

Vivek Subramanian, Founder Partner, Executive Director, Fourth Partner Energy, a distributed solar energy solutions provider, says that safeguard duty of 25 per cent on import of modules has slowed demand as this is a mixed signal to the market, especially when the government has set an ambitious target of 40 GW by 2022 for rooftop solar. The recent GST uncertainty and revised rate of around 9 per cent on solar have also affected the profitability of the sector.

“While policies such as net metering have been successfully implemented across the country, given that electricity is a State subject, policies have differed from State to State, making it difficult for developers, financiers and consumers to adopt solar,” points out Subramanian.

Most States impose a cap on installable capacity under net-metering of 1 MW. Further, some restrict the installable capacity to a certain percentage of the total contract demand. “We have many clients who have large demand for power, space and intent to adopt solar, but the policy is restrictive,” he rues.

Some spurs to growth

Industry stakeholders have many suggestions to promote the growth of rooftop solar. For instance, they say, the metering for rooftop solar could be combined with the regular discom billing such that any default would lead to disconnection of power. Warehouses, sheds, etc., have space but inadequate consumption. So installation and injection into the grid from these locations should be allowed and consumers should be permitted to draw at another location.

Community solar is where the hyper local energy markets are. In such places a real-time exchange for power is created and settlement between buyers and sellers (prosumers) happens instantly. This has already been indicated in the latest UP State Policy.

Penetration into off-grid and rural through distributed solar — using storage solutions, payment solutions and policy for creating an energy efficient ecosystem — is necessary.

The discoms could be incentivised to support rooftop solar and net metering by allowing them to charge a fee and making them a stakeholder. In this context, Ashish Khanna of Tata Power Solar says his company plays a role across the entire power spectrum, including discoms. There is a need to strike the right balance to promote solar rooftop installations.

Sector experts also stress that there is a need for improved regulations for dispute resolution giving more comfort to developers, financiers and consumers of solar given the long duration of contracts under the operating expenses (OPEX) model, which varies from 10 to 25 years.

If these suggestions are acted upon, the real numbers could be a pleasant surprise in 2022.