

Interview with J.P. Chalasani

“Bidding behaviour is quite uncertain”



J.P. Chalasani
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The Indian renewable energy sector is going through an exciting growth phase, with high capacity additions, steeply falling tariffs and regime changes. Amidst all this, the government is pushing hard to achieve the 175 GW by 2022 target. At the recent *Power Line* Summit 2017, J.P. Chalasani, group chief executive officer, Suzlon, and an eminent industry leader, spoke about the current state of the sector and the challenges and hurdles in achieving the country's renewable energy targets...

Are we on track to achieve the target of 175 GW of renewables?

No one can actually predict what will happen in the power sector, which is also its biggest advantage. We need to break the 175 GW target into smaller divisions of solar and wind energy targets to analyse where we stand. The wind energy capacity target is 60 GW, of which about 33 GW is already in place, which leaves us with 27 GW to go, that translates into 5.5 GW per year, equal to the capacity addition we achieved in 2016-17. The solar energy target is nearly thrice this capacity. Also, the attraction of solar is higher than that of wind. Moreover, about 40 GW of the 100 GW capacity is expected to come from the rooftop solar segment. Although the ramp-up for solar is much faster, I have certain apprehensions about the segment adding an average of 17-18 GW per year.

The numbers indicate that the 175 GW target can be met. However, as compared to the previous year, capacity addition this year has been very uncertain due to the change in regime from feed-in-tariffs to competitive bidding. As it stands, I feel that the wind energy targets may be feasible; in solar however, while we may get close, we may not quite get there.

As a country, whenever we have entered the competitive bidding regime in the infrastructure sector, our success rate has been quite poor. We have enough examples to look at, such as the roads sector, the metro sector and even the coal mining sector. A common pattern is that initially all stakeholders, including the government and banks, show high enthusiasm and excite-

ment and, consequently bring the sector down to such low levels that getting it back to reasonable levels takes a long time. Also, whenever we face inertia in the power sector, we stop all activity instead of solving it.

If we look at the present status of tariffs in the wind segment, it has fallen to Rs 2.64 per unit, which I do not believe is sustainable. Unfortunately, once these tariffs are recorded, all the states start setting these as the benchmarks against which all future and past auctions will be gauged, without bothering about primary factors such as site detail and wind speeds. This is what continues to be a bottleneck in the path of achieving the targets specified. If these uncertainties and fluctuations are removed from the system, I firmly believe that, if not the solar targets, at least the wind energy targets can be met. The key, therefore, remains the government's intent, as through policies brought out in this context.

What is your view on the tariffs of Rs 2.64 per unit for wind and Rs 2.46 per unit for solar recorded in recent auctions?

If the sector wishes to achieve an average annual wind capacity addition of 5.5 GW, such low tariffs are certainly not sustainable. Because we are moving from one regime to the other, there is an understandable starvation for projects in the market. One must keep in mind that finding four high-wind generation sites is not too big a problem.

As far as bidding behaviour is concerned, it is quite uncertain and I firmly believe that these tariff levels are not sustainable. This is a typical syn-

“The power sector has often struggled with the fact that those who create policies are only concerned with the final tariffs and not the factors behind it.”