



SOLAR QUARTER

Volume 06. #1. January 2017

INR 300

IN CONVERSATION

"This year has been a year of performance and scaling up of overall installed capacity"



Mr. Manoj Kumar Upadhyay,
Founder & Chairman,
ACME Group

Let's start with the recent developments at your organisation in last one year.

2016 was a year of scale up for ACME from 5 Solar Plants in the states of Gujarat, Madhya Pradesh, Odisha, Chhattisgarh and Rajasthan to 17 Solar Plants in operation with presence in 13 states. This year has been a year of performance and scaling up of overall installed capacity.

Our manufacturing facility of batteries at Rudrapur, Uttarakhand shall soon be operational.

Will we see more M&As in the solar sector?

I think the time has come for this sector to witness growth either through organic expansion or through inorganic acquisitions. I believe that we are going to see

a large scale consolidation because there are almost about 200 players with almost 5 MW capacities each. It is for the betterment for the sector if the existing plants are managed by 10 to 15 large players for better management & operational excellence.

Therefore just to answer your question, you will surely find more examples likes of Tata's at larger scale but many smaller deals will also happen.

As a developer, what key challenges do you face today?

There are some issues which need to be looked into to enable commissioning of the plant within the stipulated time lines of the PPAs. As such these timelines are very aggressive. Most of the projects need to be commissioned within 12-15 months from signing the PPA.

Examples, Solar Power Plants are land intrinsic projects and require mostly rural wasteland. Whereas, data of most of the rural have not been updated in the revenue records. In view of this, land acquisition becomes a huge challenge.

Secondly, availability of the lender. Most of the lenders in this sector are Public Sector lenders who are attuned to lending large thermal power projects. Financial closure of conventional power project, wherein gestation period is around 3-4 years, can be

achieved over the horizon of 12-14 months and disbursement thereafter. However, financial closing of Solar Power Projects needs to be achieved within 3-5 months to enable the project commissioned within 12-15 months as per the PPA.

I am sure all stakeholders, including Solar Power Developers and various Government agencies are working on this aspect.

Which states do you believe lead see maximum solar energy investments this year?

It is difficult to say but the southern states of Karnataka, Andhra Pradesh and Telangana will have larger deployment as they have signed PPAs of more than 4 GW in last 12 months.

As the assets become older, will aggressive bidding today become a pain point for the industry a few years down the line?

While bidding developers take care of such issues and bid accordingly. Therefore, unless there is a drastic change in a policy, these things are manageable.

Having said that, older assets need more care & better operational management. They can be a pain point if not taken care of through proper operation management

excellence. But industry has learnt and reached to a level where such challenges can be minimal.

What are the milestones you wish to achieve by the end of this fiscal?

Our target is to build more distributed solar power plants at village, city and metro level to stay near the point of demand & consumption and thus reducing the cost of transmission to lowest.

Anything else you would like to add for our readers.

In today's scenario, electricity from solar based power plants makes much more commercial sense & hence I believe time has come to reap the fruits of investments towards the development of the solar power plants. For example, rooftop solar power plants for commercial establishments which is paying probably INR 8-8.5 per unit for electricity from grid can save almost about INR 3 per unit for their electricity generated through solar power plant.

However, there is intermittency attached to it. Therefore, we would see energy storage solutions playing a major role in times to come. Energy Storage Solutions can also be used for voltage & frequency regulation and thus supporting stable grid.