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The Rewa project has set a roadmap for cost optimization

— Harish Kapoor, Group President — Corporate Affairs, ACME Group

The 750-mw Rewa Solar Park created history by recording the lowest-ever tariff in the Indian solar industry. ACME Group will develop 250 mw at the park. In this exclusive interaction, **Harish Kapoor** discusses the Rewa Solar Park in depth and explains how ACME is confident of sustaining this low tariff, albeit with state government support. Kapoor is confident of bright prospects for developers of the Indian solar industry—right from kilowatt to multi megawatt solutions. An interaction by **Venugopal Pillai**.

We understand that ACME Group has won the rights to develop 250 mw of grid-connected solar PV capacity at the Rewa Ultra Mega Solar Park. Please tell us about the tariff quoted by ACME. What is the levelized tariff over the 25-year power purchase period?

The levelized tariff over the 25 year is Rs. 3.30 per unit (kwh).

The tariff is believed to be at a historic low. Please discuss how ACME would be able to sustain this tariff over the 25-year period.

We are very confident. Rewa project has its own unique features.

Could you elaborate?

One of the advantages of this project is that the selected bidder will sign a power purchase agreement with Delhi Metro Rail Corporation and Madhya Pradesh Power Management Corporation (MPPMCL). Since

DMRC is financially sound, there is no payment realisation risk.

Also, deemed generation is allowed which means if there is no offtake of power then the developer would be compensated for the power generation. Guaranteed generation is the additional key feature which enables each off-taker to get the supply. Firstly it will be supplied to DMRC and then rest will be provided to MPPMCL.

Madhya Pradesh state government has done the overall groundwork—identification of land for the project as well as land allotment to the developer. The developer has to pay land charges of Rs.5.4 crore for each 250-mw unit, infrastructure charges of Rs.3.57 crore for every six months for first 10 years for each 250-mw unit, administrative charges of Rs.75 lakh for each 250-mw unit, local area development charges of Rs.5 crore (in two installment), registration fees





Rs.2.5 crore and project development fees of Rs.76 lakh. These features of the payment mechanism remove the uncertainties as compared to others projects.

I would add here that this is also the largest solar power tender led by a state government and not by a Central public sector unit.

What about financing?

Loan for the development of 33/220kV pooling substation to evacuate power from the Rewa Solar power project is done through World Bank. It is one of the first projects to get funding from Clean Technology Fund (CTF) in India. In this project, a three-tier payment security mechanism for the procurer has been introduced.

There is no viability gap funding for developer. This is however a highly bankable project as all arrangements—from land to grid connectivity—have been done by the government. In this scenario, developers can tie up their long-term debt funding at lower costs.

India is planning to build 20 GW of solar capacity (out of the total 100 GW) by 2022, through solar parks. Do you think that the Rewa solar park model could be a healthy precedent more solar parks to follow?

Yes, I think so. Results of the bidding for the Rewa project have created a win-win situation for all stakeholders in the Indian renewable energy sector. It has established a robust process of tariff-based bidding and has set the roadmap for a further optimization of cost per unit tariff. The path-breaking tariff discovery is

most competitive and a very positive development. With this, we expect an exponential growth in coming days for the renewable energy industry.

When do you expect to start work on the Rewa solar park project and what is the envisaged time by which you expect to turn the plant commercial?

We have to commission 5 mw within eight months and remaining 245 mw within 18 months, as per tender guidelines.

Including the 250-mw Rewa project, what is the total solar portfolio of ACME Group as a solar developer? How much of this portfolio comprises operational projects?

Our total solar projects portfolio is 1,804 mw. Out of this, 649 mw is currently operational.

ACME Group had bid for India's first utility-scale solar energy-cum-storage project of SECI. Is there any latest development on this front?

Financial opening of the bid is still awaited.

Please discuss the scope and limitations of storage-based solar projects in India.

We are in favour of storage-based projects as it will take care of cloud transition or in emergency situation to supply power to the grid for limited duration. It will also help power distribution utilities in frequency stabilization and load management. However, there is a financial constraint attached to increasing the storage time, which will increase the levelized cost of energy.

Given that there is so much traction in the solar power industry, how do you see the years ahead for ACME? The years ahead will be good both for ACME as well as the solar power industry.

India will be among the top three global solar markets in 2017. The leapfrogging growth that India has made in recent years is set to be longer this year. We expect that an additional 9 GW worth of solar PV plants will be operational by the end of this year. The declining project cost accompanied with downward interest rate in domestic market will be a strong enabler for solar industry growth.

Overall, it will be a good time for both megawatt and kilowatt scale solar solutions. ACME is present and has committed itself in both these segments. ■

