

Solar power tariff falls further to Rs2.44 per unit

India's solar power tariff hit a new low of Rs2.44 per unit during the auction of a 500MW capacity at Bhadla park in Rajasthan

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New Delhi: India's solar power tariff hit a new low of Rs2.44 per unit on Friday at the auction of 500 megawatt (MW) of capacity at the Bhadla solar park in Rajasthan.

ACME Solar Holdings Pvt. Ltd and SBG Cleantech Ltd placed winning bids of Rs2.44 per kilowatt-hour (kWh) and Rs2.45 per kWh, respectively, to win contracts to set up plans in the park being developed by Infrastructure Leasing and Financial Services Ltd, said a person associated with the auction, conducted by state-run Solar Energy Corporation of India (SECI).



"This is a historic low tariff for India," said the person cited above on condition of anonymity.

ACME Solar will develop 200MW, and SBG Cleantech, a joint venture between Japan's SoftBank Group Corp., India's Bharti Enterprises Ltd and Taiwan's Foxconn Technology Co. Ltd, the balance 300MW.

"Green future: Latest solar power auction at Bhadla Solar Park 3 sets new record with electricity tariff of Rs2.44/unit," Piyush Goyal, minister for new and renewable energy, power, mines and coal, said in a tweet.

This has set the stage for generators of electricity from other fuel sources to lower tariffs if they are to remain relevant in India's energy mix.

These tariffs are lower than the average rate of power generated by the coal-fuelled projects of India's largest power generation utility, NTPC Ltd, at Rs3.20 per unit.

Interestingly, Friday's bids are not outliers. Hero Solar Energy and ReNew Solar Power placed aggressive bids of Rs2.46 per kWh and Rs2.47 per kWh, respectively, for the Bhadla project.

Avaada Power, Vineet Mittal's second innings in India's clean energy space after Tata Power Co. Ltd, which bought the entire 1.1 gigawatt (GW) renewable energy portfolio of Welspun Energy Ltd for \$1.4 billion last year, placed a bid of Rs2.60 per kWh.

The other bidders were Shapoorji Pallonji Infrastructure Capital Co. Ltd, RattanIndia Solar, Duroc Solar, Orange Renewable Power Pvt. Ltd, UK's Lightsource Renewable Energy Ltd, France's Solairedirect SA, Mahoba Solar and Aditya Birla Renewables.

The tender saw 24 bids totalling 5,500MW for the 500MW capacity on offer. SECI shortlisted 13 and set the reserve price at Rs3.01 a unit.

The last recorded lowest tariff was Rs2.62 per kWh discovered on Wednesday for Adani Power's 250 MW solar park, also being developed at Bhadla.

Even as concerns have been expressed about the sustainability of such low tariffs, these firms have been aggressive in their approach.

ACME Solar was one of the successful bidders for Madhya Pradesh's Rewa solar project in February wherein it had quoted Rs3.30 per kWh.

SBG Cleantech was among the winning bidders by placing a bid of Rs2.63 per kWh on Wednesday for Adani Power's 250 MW solar park. SBG Cleantech was set up in June 2015 after SoftBank Corp.'s Masayoshi Son pledged to invest at least \$20 billion in solar energy projects in India.

The solar space has already seen a significant decline in tariffs from Rs10.95-12.76 per kWh in 2010-11. The year 2017 has brought the prices further down, aided by aggressive tariffs quoted by foreign firms. Solairedirect SA in an auction last month bid Rs3.15 per kWh to set up 250MW of capacity at Kadapa in Andhra Pradesh.

Meanwhile, an official statement from the union ministry of new and renewable energy, said, "It is understood that this fall in solar tariffs is the result of combination of various factors, most important being the decision of the Government of India to cover solar power by SECI under the ambit of tripartite agreement for payment security against defaults by State distribution companies."

"Other factors contributing are about 7-8% higher yield in Rajasthan due to better solar radiation conditions, drop in module prices in international market, and strengthening of Indian rupee against US dollar," the statement added.

Of India's total installed power capacity of 326,848.53MW, electricity generated by coal and gas fuelled projects accounts for 217,492.26MW or 66.54% of the installed capacity. Renewables account for 57,260.23MW or a 17.51% share.

Source: <http://www.livemint.com/Industry/saGIF4VEwv38rf208tUAM/Solar-power-tariff-falls-further-to-Rs244-per-unit.html>