By J.P. Chalasani

The wind behind RE's next push

DEVELOPING NATIONS ARE now driving the world's rapid shift towards renewable energy (RE) with India leading the pack to accelerate its goals towards embracing renewables. RE already accounts for nearly 21 per cent of the country's total installed capacity. While India is ranked second in RE generation trailing China, the installed capacity of RE has more than doubled in the past three years — from 32 GW to 72 GW. Wind energy has been the largest contributor to the RE basket with over 34 GW of installed capacity.

India is positioned to witness more than 35 GW additional capacity with respect to wind auctions over the next three years. Given the strong long-term volume visibility of the wind sector, the sectoral opportunity is positively inclined towards a healthy growth phase. The transition from feed-in-tariff (FiT) to competitive bidding led to wind power becoming one of the cheapest sources of energy. Capacity addition was low, which resulted in some turmoil but tariffs have stabilised now

The Indian government has already auctioned around 10 GW through the bidding regime by October 2018 and announced plans to bid out 10 GW wind power capacity each year for 2018-19 and 2019-20. As these projects take off, installations of the auctioned capacity will rise in 2019 and volumes will significantly grow in the next three years.

The government's Wind Solar Hybrid Power Policy 2018 allows the setting up of wind power projects at solar power project sites and vice versa. The industry recently witnessed the first wind solar hybrid auction for 1200 MW. The National Institute of Wind Energy (NIWE) floated expression of interest (EoI) for establishment of 1 GW offshore wind farm off the Gujarat coast, and it received interest from over 30 national and international investors. The government has set a target of 5 GW auctions until 2020 for offshore. In summary, this seems like a critical inflection point for the RE market.

However, there is a lot more that needs to be done to boost the potential of wind energy sector in India. The measures that should be considered include:

- Availability of land and transmission grid for power evacuation at state levels is a big concern as most wind energy projects are located in Gujarat and Tamil Nadu
- State governments should also invest in advances based on available resources
- Policy execution is a challenge and better synergy between the Centre and states will help in faster rollout and commissioning of projects handling both power evacuation infrastructure and land allocation
- Sub-station wise auctions — bidders may quote their tariffs based on wind speeds at the sites that connect to the sub-station. This become more pertinent as the newly discovered tariffs are only viable in wind rich Tamil Nadu and Gujarat
- FiT regime should continue for projects below 25 MW — this will help SMEs to secure energy for a long duration
- Banks and financial institutions need to allocate funds for companies to achieve the overall RE and wind target by 2022

India has the potential to become a global wind energy technology and equipment exporter and a manufacturing hub for renewables in a few years. With the right policy framework, India can be a major wind export economy of more than 5 GW of equipment by 2022, due to its cost competitiveness, mature wind energy value chain and technological-edge. The road ahead will depend on how smartly and how creatively the energy ecosystem collaborates, and relentlessly innovates to ride the strong sectoral growth story. The time to act is now. BW

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