

Solar power tariff drops to historic low at Rs 2.44 per unit

Synopsis

ACME Solar Holdings emerged as the lowest bidder by quoting Rs 2.44 per unit tariff for 200 MW followed by SBG Cleantech One at Rs 2.45 per unit for 500 MW capacity.



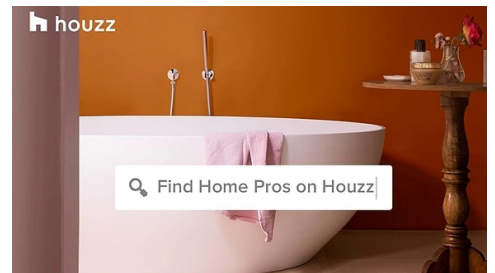
NEW DELHI: Solar power tariffs in India have plunged to a new low of Rs 2.44 per unit, continuing the free fall in the cost of green energy after Acme Solar Holdings and SBG Cleantech, the joint venture of SoftBank, Foxconn and Bharti Enterprises, won the latest auction for 500 megawatt of projects in Rajasthan.

Acme Solar won 200 mw with the record low bid, while SBG Cleantech bagged 300 mw quoting one paisa higher in the latest auction in which many Indian and international firms competed intensely.

The auction highlights India's success in rapidly expanding renewable energy capacity at a low cost, and attracting ambitious bids from reputed companies from many countries including Japan, Taiwan, South Africa, France, Singapore, USA, and Finland in various auctions.

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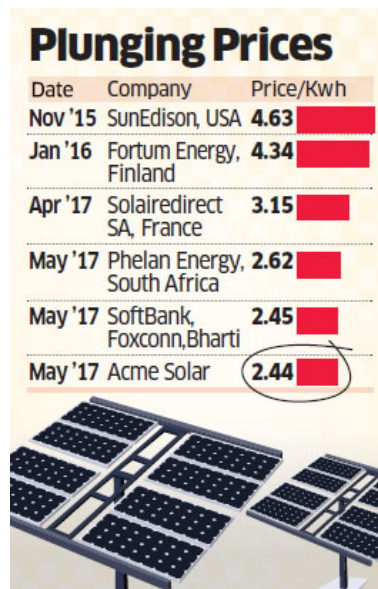
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Solar tariffs have plummeted in recent weeks. The latest auction, conducted by the Solar Energy Corp of India for the Bhadla Solar Park, betters the previous record of Rs 2.62 per unit quoted just a few days ago by South African solar heavyweight Phelan Energy Group and local player Avaada Power. SBG Cleantech also won 100 mw in that auction for projects at the adjoining Adani Renewable Energy Park. Before that, the lowest tariff had been Rs 3.15 per kWh, arrived at during an NTPC auction of 250 mw at the Kadapa Solar Park in Andhra Pradesh on April 13 this year.



Power minister **Piyush Goyal**, who has set very ambitious renewable energy targets and is championing the use of electric cars, said the record low bids signalled a “green future” for India.

Manoj Kumar Upadhyay, chairman, Acme Group that set the record said: “We are delighted. Our operational experience, execution ability and current improvements in the technology gave us the confidence to put in this bid without compromising on quality. We expect an exponential growth in coming days for renewable energy industry.”

The Acme Group, comprising Acme Solar Holdings, Acme Cleantech and other companies, is a wholly domestic enterprise and one of the largest solar developers in the country with 1500 mw of solar assets, either commissioned or under construction in Andhra Pradesh, Telangana, Punjab, Gujarat, MP, Odisha, Bihar, UP and Chhattisgarh.

With the latest auctions, solar tariffs have fallen well below those of power from thermal plants using new coal. “This tariff is less than coal,” said Kumar. “The average NTPC coal plant tariff is Rs 3.20 per kWh. Solar has a brighter future now.”

But a number of experts were also cautious about whether solar power at such rock-bottom tariffs would be viable. “Everything depends on the structure of the bid and how far the risk associated has been taken care of,” said Ashok Haldia, MD and CEO, PTC Financial Services, which has financed many renewable energy projects. “It surely can be viable. It all depends on the project profile and the company.

The tariff is linked to capex, opex, financing cost of IRR (internal rate of return) expectation and all these aspects need to be looked at separately to assess the worthiness of the bids.”

Power tariffs from solar plants located in Bhadla have traditionally been low, since the region – in Rajasthan’s Jodhpur district – gets the highest solar radiation in the country, thereby increasing the capacity utilisation factor of the plants. But what explains the steep fall in the two recent auctions there? “Many international players were participating for the first time which intensified competition,” said Ashvini Kumar, managing director, **SECI**.

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