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## Solar power tariff set to fall below Rs2.75/unit in Rajasthan auction

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India's solar power tariffs took a further nose dive with bidders quoting a price below Rs2.75 per unit to set up 250 megawatt (MW) of capacity at Bhadla in Rajasthan.

This price is 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.

State-run Solar Energy Corp. of India (SECI), which is running the bid process for 750MW of solar power capacity at two parks, has received price bids for the 250MW Adani Renewable Energy Park Rajasthan Ltd, with the reserve price set at Rs3.01 a unit. "We achieved a base price of Rs3.01 per unit before the reverse auction. A total of 14 bidders have been short-listed for this 250MW capacity. The price has already fallen below the Rs2.75 per unit mark in the reverse auction. Let's see where does the final price go," said a person associated with the auction process, requesting anonymity.

The auction process was on at the time of going to press.

SECI has attributed the bidders' interest to tripartite agreements (TPAs) between the Reserve Bank of India, the Union government and the

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Experts are of the view that solar tariffs could fall further.

state governments, which provides comfort to power producers against payment defaults by state electricity boards (SEBs).

At Bhadla, Saurya Urja Co. of Rajasthan Ltd is also developing a 500 MW park, with SECI running the auction process for both parks. Rajasthan Renewable Energy Corp. Ltd is a joint venture partner in both. "For the 500 MW capacity, the reverse e-auction will be run on 11 May," added the person quoted above.

The bidders include some first-time participants in India, such as Saudi Arabia's Alfanar. While a total of 24 bids totaling 5,500 MW were received for the 500 MW capacity on offer, the 250 MW park saw 27 bidders totalling 3,250 MW.

The solar space has already seen a significant decline in

tariffs from Rs10.95-12.76 per kilowatt-hour (kWh) in 2010-11. The previous low was Rs3.15 per kWh, bid by France's Solairedirect SA in an auction last month to set up 250MW of capacity at Kadapa in Andhra Pradesh. This low was preceded by Rs3.30 per unit quoted for a 750MW project at Rewa in MP.

Experts believe that the prices may further fall.

"It is a very positive sign for Indian market. It will go further down. Some reports have also indicated that the price per unit can go below Rs2 per unit but whether in next 2 years or five years it is difficult to say right now. The faster it goes the better it is. But we need to ensure that quality does not go down," added Rajesh Kamal, a consultant with The Climate Reality Project, an independent organisation working on climate change-related issues.

However, not everyone is happy. "This is a race to extinction. These bids are unviable. India at one point was a trail blazer at what it was doing. It is one of the top three markets globally in terms of annual generation. It is also giving the world a fright in terms of prices bottoming out," said Gyanesh Chaudhary, managing director and chief executive at Vikram Solar Pvt. Ltd, India's largest maker of solar photo voltaic panels.

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