

Corporate consumers are prepared to drive India's solar growth story

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To date, India's most visible progress towards its ambitious solar targets has been through large-scale solar farms. This trend looks likely to continue at least in the short term, as several of the world's largest solar farms are currently under construction in India. These projects represent a strong push from the central and state Governments to add large solar capacities quickly.

However, less widely recognised is a surging demand for solar power from large industrial and commercial consumers. This reflects a broader global trend, in which a growing number of MNCs have declared their intent to achieve 100 per cent renewable energy use, and some (most notably Google and Apple) have already achieved this milestone.

In India, Adobe has already achieved 100 per cent solar power use for its Bangalore campus, and United Breweries now sources wind and solar power for a majority of its breweries. Where regulations allow such transactions, large corporates have been eager to sign up for large volumes of solar power in particular, representing significant latent demand for affordable clean energy.

Commercial and industrial users account for more than 50 per cent of power demand in India. The Electricity Act, 2003 envisioned a market in which such consumers could buy power from private generators, to facilitate the growth of a more responsive, nimble and cost-effective power generation industry, to benefit the commercial and industrial base of the country.

While renewable energy was almost non-existent in India in 2003, the Electricity Act turned out to be an important enabler for the growth of renewables. Just as it gave large consumers the freedom to pursue more reliable and affordable power, today it allows the same consumers to pursue their sustainability objectives as well.

While states mandate "renewable purchase obligations" in the range of 10 per cent for Discoms and others, many corporates are aiming much higher – indeed, 100 per cent. Recent studies have shown that grids with greater than 50 per cent renewable energy are already technically viable, and would actually result in average power costs lower than today's. Add in the enormous social and environmental benefits to India of renewable energy, and this is something that is easy to get behind.

India's corporates are ready to go all the way to support the transformation to clean energy in India, for their own benefit and that of the entire country. For private, "open access" solar parks to thrive, what is most

needed is long-term, reliable and predictable regulatory treatment. Without long-term clarity on how such projects will be treated – or without confidence that these policies will be adhered to – investors and consumers will be reluctant to engage in long-term contracts needed to finance such projects. If such clarity and confidence can be provided, the private solar park model provides a clear path to achieving India's renewable energy targets, to the benefit of all. ■

