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FIRST LOSS PROTECTION PROGRAM COULD BE A POSSIBLE SUPPORT

*To promote a broadening of the rooftop segment into those underserved markets, the government can play a very important role. One possible support would be a "first loss protection" program, in which the government or a multilateral agency would absorb some of the credit risk of these projects, to enable those long-term PPAs to happen, believes Andrew Hines, Co-Founder, CleanMax Solar, India's leading corporate solar provider. In conversation with **Manu Tayal**, Sub Editor, Saur Energy International, Hines shared his views on various issues which the power sector is currently dealing with. Following are the excerpts from that exclusive interview.*



Q India's solar capacity addition to fall by 55% in current FY 19. Being a year for elections, what are your expectations for 2019?

As India's leading corporate solar provider, our focus is on the adoption of solar in the corporate segment, in both onsite and open access or group captive power. What determines market growth by corporates is primarily a) economics and b) enabling regulations, such as open access policies and to a lesser extent net metering.

In recent years, we have seen rapid growth in the corporate or commercial & industrial segment, and we have developed a 500 MWp portfolio for this segment.

We expect growth to continue in the coming years, and the most important expectations from policymakers and regulators is to provide clear and consistent policies to enable private consumers to adopt renewable energy. There is a role for the central government

and regulators, but most of these decisions ultimately are made by the states.

One underappreciated reason for state governments to enact such regulations is to attract corporate investments to India and to individual states. Most corporates today are very serious about contracting large volumes of renewable energy to power their operations.

An interesting recent example from Europe is that Scandinavian countries are competing aggressively to court data centres from the likes of Google, Apple, Microsoft and Facebook, and one key aspect of this is the availability of cheap, clean power for those facilities.

When tech companies and manufacturers contemplate investments in India and in Asia more broadly, this is an easy differentiator, given that India has the basic regulatory framework in place, and also has abundant solar and wind resources.

Q The rooftop solar market continues to register a robust performance growing at a pace of 70% annually. What are your expectations and ambitions for this sector?

What we like about the rooftop solar market is that it is driven primarily by the project economics, and those economics are very compelling, and will remain so for the foreseeable future. The market is not close to saturation yet, so we expect to see continued high growth in the segment.

That said, there is certainly room for improvement in the regulatory environment for rooftop or onsite solar.

In the C&I segment, net metering is a significant bottleneck, and removal of arbitrary technical constraints, project caps and other restrictions would certainly fuel further growth.

In terms of incentives, these could be more productively redirected to the residential and MSME segments, where they could help to develop those segments, which are practically nonexistent today but have huge potential.

Q Financing has always being a challenge in India. Kindly tell us your expectations from our policy makers to ease this situation.

Central and state governments have provided a number of incentives in the past to support renewable energy projects, including accelerated depreciation, generation-based incentives, subsidies and tax exemptions.

Financing today is relatively easy for large projects with creditworthy corporates as offtakers. However, it is extremely difficult where the buyer of electricity is an MSME, a college or trust, or an individual residential user. This contrasts with many other countries, where small rooftop solar projects abound. To promote a broadening of the rooftop segment into those underserved markets, the government can play a very important role.

One possible support would be a "first loss protection" program, in which the government or a multilateral agency would absorb some of the credit risk of these projects, to enable those long-term PPAs to happen.