

# Solar energy installations plunge 49% in first quarter

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Solar energy installation dropped 49 per cent to 1,737 Mw in the first quarter (Q1) of this calendar year, from 3,377 Mw in the same period a year ago.

Investment in the sector was \$2.8 billion or 12 per cent lower than in Q1 of 2018. The reasons include the general election, no auctions and lack of finance availability.

Mercom India numbers show while volumes rose four per cent from quarter to quarter, year-on-year installation dropped 49 per cent. Rooftop installation dropped 33 per cent over a year, after four quarters of solid growth.

Neha Agrawal, head of corporate strategy at Vikram Solar, said the industry also awaited clarity on policy direction for the renewable energy sector. The trend was also seen in 2018, he said, when out of nearly 35 Gw of tendered solar projects, only 13 Gw was auctioned. Frequent cancellation of concluded auctions in an effort to negotiate the rate caps was a reason behind 2018's installation slog and the same issue has affected 2019. Nearly 800 Mw of auctions were can-



**1,737 Mw solar installations in India in Q1 2019 vs 3,377 Mw added in Q1 2018. 32% of the new power capacity added in Q1 2019 was solar**

celled in the first quarter, citing high rates. Another reason is the safeguard duty, with developers planning to procure solar modules once this is phased out.

Manu Karan, vice-president at CleanMax Solar, says another issue was liquidity in the past two quarters. This led to limited funds for developers in timely execution. Mercom reported payment delays in the first quarter at Andhra Pradesh, Tamil Nadu and Telangana, beside some in Madhya Pradesh and at a distribution

company in Karnataka.

Mercom expects installation of around 9 Gw of solar energy capacity in 2019. The development pipeline totals 19.4 Gw, with 31.7 Gw of tendered and pending auctions at the end of Q1 of 2019. Their report estimates cumulative installation in India to reach 71 Gw by the end of 2022, almost 30 per cent lower than the 100 Gw target of the central government. However, with aggressive push and supportive policy, the goal is still achievable.

Imported modules are still cheaper, even after the safeguard duty and this has allowed the government to keep reducing the project-bid rates, says Agrawal. This is shrinking the opportunity of building a domestic manufacturing industry, scaring away investors.