INTERVIEW: ANDREW HINES, co-founder, CleanMax Solar

'Sustainable energy climbing up the corporate agenda'

Corporate buyers are increasingly accepting that captive solar projects are the most cost-effective source of energy. According to a latest report by the World Business Council for Sustainable Development, corporate buyers adopting renewable power in India include global technology providers (Adobe, Microsoft), automotive manufacturers (Volvo, Mahindra) and food & beverages companies (United Breweries, Coca Cola). **Andrew Hines**, *co-founder, CleanMax Solar, a solar developer, tells FE's* **Anupam Chatterjee** *how the company plans to tap this trend to increase its portfolio. Excerpts:*

Group captive solar plants are becoming popular among sections of Corporate India.

Energy is no longer an expenditure component for companies. With rising expectations about corporate environmental performance, energy is climbing up the corporate agenda due to sweeping environmental, social and business trends. It is indeed an interesting emerging area which comes under the open access system. Since these are made of larger installations, such parks comprise 330 MW of the 520 MW of our operational assets. A big chunk was the 270 MW of large solar park set up last year in Karnataka. I wouldn't say that the trend is moving away from rooftop towards this. Both are important parts of our business and we see both of them growing.

How is this different from your traditional business model?

There are basically two business models in this system — third-party transactions and group captive model. Under the third-party sale, we sign a bilateral contract with a corporate consumer, let's say, a manufacturing unit, for a group captive project and supply power from that plant. In the other system, we get into a contract with an industrial entity to build a captive

solar park. It's similar to the bilateral system, but here the end-user consumer owns a 26% equity stake in the project.

Are there any more advantages under this model?

There were some states which had solar policies, particularly Karnataka, which basically waived a lot of open access charges for solar projects. But now that policy window is closed and in general, the states are not coming down with such generous policies. Group captives basically allow you to be exempted from some of those charges, particularly the cross subsidy surcharge. The Electricity Act, 2003, exempts these projects from the cross-subsidy surcharge, which is the largest of grid charges for open access power. This makes it a suitable way for corporates to access low cost power.

But doesn't this model entail the challenges of land acquisition?

The way that we look at it is that when you're setting up a large infrastructure project and putting a lot of investment, apart from land, you need to do your homework very carefully and don't take unnecessary risks. So you have to do your legal due diligence very carefully. And that takes time. Otherwise, you may have projects where you get started and you have to stop midway because the due diligence didn't pan out. We would never invest in something that we haven't gone through thoroughly. But, if you have time to do your due diligence and do the acquisition properly, then these challenges become manageable. As long as you have 6 to 12 months to complete the process then it can be done.

Since water supply is gradually becoming an issue for solar parks, how do you plan to address that?

Oh, yes. We always keep this in our mind. By the way, even in the rooftop plants, water is becoming an issue, particularly in cities with acute water shortages. It would be extremely short sighted to ignore the water scarcity issue since we're setting up projects for a 25-year time period. Robotic cleaning solutions are fairly costly, particularly in India, compared to the water-based solutions because here the labour costs are relatively low. We certainly have to find a combination of the water and non-water-based cleaning.