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EDITORIAL

Solar power breaks a price barrier

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In another barrier-breaking development, the auctioned price of solar photovoltaic (SPV) power per kilowatt hour has dropped below ₹3 to ₹2.97 in Madhya Pradesh, providing a clear pointer to the future course of renewable energy. The levellised tariff – factoring in a small annual increase for a given period of time – for the 750 MW Rewa project over a 25-year period is ₹3.29, which is less than half the rate at which some State governments signed contracts in recent years. The progress of this clean source of energy must be deepened with policy incentives, for several reasons. Arguably, the most important is the need to connect millions of people without access to electricity. A rapid scaling-up of solar capacity is vital also to meet the national goal of installing 100 gigawatts by 2022, a target that is being internationally monitored as part of the country's pledges under the Paris Agreement on climate change. It will also be transformational for the environment, since pollution from large new coal-based power plants can be avoided. There is everything to gain by accelerating the pace of growth that essentially began in 2010, with the Jawaharlal Nehru National Solar Mission. Yet, performance has not matched intent and the target of installing 12 GW solar capacity in 2016-17 is far from attainable, since it fell short by almost 10 GW as of December.

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glaring lacuna in the [national policy on renewables](#) is the failure to tap the investment potential of the middle class. While grid-connected large-scale installations have received maximum attention, there is slow progress on rooftop solar. Clearly, adding capacity of the order of more than 10 GW annually over the next six years towards the 100 GW target will require active participation and investment by the buildings sector, both residential and commercial. This process can be kick-started using mass participation by citizens, with State electricity utilities being given mandatory time frames to introduce net-metering systems with a feed-in tariff that is designed to encourage the average consumer to invest in PV modules, taking grid electricity prices into account. The experience of Germany, where robust solar expansion has been taking place over the years, illustrates the benefits of policy guarantees for rooftop installations and feed-in tariffs lasting 20 years. SPV costs are expected to continue to fall, and tariffs paid both for large plants and smaller installations require periodic review. At some point, significant subsidies may no longer be necessary. That scenario, however, is for the future. Currently, India needs a lot more good quality power, which renewables provide. Solar power is an emissions-free driver of the economy, generating growth in both direct and indirect employment. A lot of sunlight remains to be tapped.

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