



## SOLAR POWER DEVELOPERS ASSOCIATION

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**March 15, 2021**

Sub: Thank you note for the meeting held on March 10, 2021, and some additional suggestions to fast-track the development of Solar power in UP

*Dear Shri Tiwari,*

Greetings from Solar Power Developers Association.

At the outset, we would like to convey our deepest gratitude for taking out your valuable time and apprising us of the actions taken by the Govt. of UP and UPNEDA to address the issues raised by SPDA. It was heartening to note that Govt. of UP's progressive approach towards developing industry has materialized to improve 'Ease-of-Doing' business. As discussed, UP has huge potential for Solar Power, which can be entirely harnessed through a conducive regulatory and policy environment.

Some additional suggestions for the purpose that you may consider are provided below:

**1. Development of low-capacity Solar plant within the State of UP.**

ISTS Waiver has resulted in the development of Mega-scale solar plants located in Rajasthan. However, once the ISTS waiver expires in 2023, the ultra-low tariffs being discovered may not remain viable as transmission charges of Rs.1.5-2/ kWh are expected to add up to solar power generation cost. Hence, in the future, states like Uttar Pradesh should develop lower capacity (50 -100 MW) plants near load centers. For this purpose, UP Govt. should consider developing transmission evacuation capacity at 66 kV and 33 kV levels so that such power can be fed directly into the Discom network.

**2. Solar Manufacturing.**

India currently imports 90% of the solar modules from China. Considering that solar will be the mainstay of the energy supply, the country must be self-dependent on the supply module. Govt. of India has already indicated its intent to doing so and has announced PLI of Rs. 4500 Cr for the same. Several firms have evinced interest in investing in solar manufacturing. Govt. of UP can consider creating Solar clusters to provide readily available infrastructure in terms of cheap electricity, access roads, etc., along with fiscal incentives like tax rebates, capital subsidy, interest subvention, etc., solar manufacturing. In that case, a considerable investment can come to the state, which can translate into massive job creation.

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**3. Encouraging C&I consumers to source solar power through group captive/ Third Party Sales.**

Commercial and Industrial (C&I) consumers are likely to pay high grid tariffs due to cross-subsidization. Policy and regulatory uncertainties expose these consumers to higher risk, and they end up spending 15 to 30% of their total expenses towards electricity costs. Uttar Pradesh, one of the significant industrial states, must encourage cheaper options to source power. This can be done by removing regulatory hurdles and ensuring long-term visibility on energy banking, power adjustment, and various charges like CSS, transmission & wheeling charges, and other OA charges. This will help industries and manufacturing units reduce their electricity cost and be more competitive, thereby creating enough sector opportunities for further growth.

**4. Powering cold storage and food processing industries through solar**

India is predominately an agricultural economy, with a significant portion of the population dependent on farming. It is also widely known that due to lack of storage facilities, the farmers must sell their produce at the rates prevalent in Mandis, which are low. Further, Indian farmers are not adding enough value to their produce (e.g., converting potato into chips, fruits /vegetables into jam, etc.). Hence, the upside potential on the earnings is also low.

One of the reasons is that the lack of food processing in rural areas lacks reliable power, and even when available, power tariffs are significantly high.

One of the potential solutions is solar power usage, which can be generated locally near the facilities. The solar cost has declined substantially in the last few years and is comparatively lower than the presently charged tariffs. It can be clubbed with a battery of suitable size to ensure a continuous supply of power to the industries. A detailed concept note is provided as Annexure-I attached for your kind reference.

We hope that you will find the suggestions and consider them for implementation.

On behalf of SPDA, I wish you all the best for the future endeavors and look forward to meeting you in person soon.

Thanking you.

*With Warm regards,*

Yours Sincerely,



**Shekhar Dutt**

To,  
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