



**SOLAR POWER DEVELOPERS ASSOCIATION**

910, 9th Floor, Surya Kiran Building, 19, Kasturba Gandhi Marg, New Delhi- 110001

Phone: +91-8750394442, Email: spda@solarpda.com

Website: www.solarpda.com

**SPDA/PG/2021/290**

**March 22, 2021**

**To,**  
**Shri R K Singh**  
**Hon'ble Minister of State (I/C)**  
for Power & New and Renewable Energy  
Government of India  
New Delhi

**Subject: Sale of RE Power to Discoms – Unsold RE Power to be tied up with firm PPAs.**

Dear Sir,

Greetings from Solar Power Developers Association.

At the outset, SPDA commends your leadership in keeping India's renewable energy sector on track with proactive efforts undertaken by the Ministry to ease challenges post COVID-19 to meet the target of 175 GW by 2022.

Over the last 15 months, various RE bids totaling close to 25,000 MW, including solar, wind, and hybrids by Central Public Sector Units like SECI, NHPC and NTPC, received very good response from the IPP investors. However, it is concerning that, PPAs for 4,000 MW only have been concluded. Thereby, a huge quantum of almost 20GW remains untied. The situation is grave and has built-up in period of over last 15 months, which can understood from below:

1. Despite the huge unsold capacity, bids and auctions continued to happen, which kept on piling and added to the backlog.
2. Each of the new bids had a slightly different construct/timeline than the previous one, which has led to confusion among the Discoms. For instance,
  - Manufacturing bids for Solar received a price of Rs 2.92/kWh
  - SECI Tranche-VIII has tariff discovery of Rs. 2.51/kWh, while SECI Tranche-IX resulted in a tariff of Rs. 2.36 / kWh.
  - In the interim, NTPC and NHPC also came up with solar bids and received tariffs of Rs 2.51/kWh and Rs.2.42/kWh, respectively.
3. CPSU scheme was announced with a tariff of Rs. 2.20/kWh by GoI. As a result CPSUs are offering solar power at Rs. 2.20 to Discoms in advance, which has only added confusion on prevalent tariffs. It is pertinent to note that to achieve the targeted tariff, the Government of India is offering a capital subsidy to the tune of Rs. 70 Lakhs per MW

While reduction in Tariffs is very positive for the sector in long run, the Discoms have no clarity on the value proposition of bids that have different constructs, since Discoms as end purchaser of electricity, get same plain vanilla solar power from all these bids.



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In the meantime, the developers that have won capacity in these bids continue to stay invested in them in the form of IDC / hedging cost – making the projects less attractive with passing time and making the investors jittery. There have also been cases where Discom has gone back on their commitment to procure power from CPSU1, when CPSU2 offered power at a lower tariff to the same Discom.

The problem is getting compounded further as we more new bids in the market, some of which have also been concluded:

- SECI has published a new RfS for Setting up of 1785 MW Grid-Connected Solar PV Power projects in Rajasthan (Tranche-IV) on 4<sup>th</sup> March 2021.
- SECI conducted e-RA on 15<sup>th</sup> March 2021 w.r.t. RfS for Selection of Wind Power Developers for Setting up of 1200 MW ISTS-connected Wind Power Projects (Tranche-X) and came up with yet another set of wind tariffs, adding to the confusion.
- The CPSU scheme tender submission is being conducted by IREDA for 5,000 MW solar capacity, with a submission due date on 25<sup>th</sup> March 2021. Similarly, NHPC has sent letters to Disoms, seeking their interest in procuring power from the solar project under CPSU scheme @ tariff of Rs. 2.20/kWh.
- SECI has an active RfS for a supply of 2500 MW RTC Power from ISTS-connected RE Power Projects, complemented with Coal-based Thermal Power in India (RTC-II), with submission due on 5<sup>th</sup> April 2021.

We believe that all the above-mentioned new bids must be suspended till a substantial portion of the bid-out capacity is contracted. We have also tried to capture implications of such a decision on various bids being led by CPSUs that are under different stages in Annexure B (attached separately for your kind reference) indicating that there will not be any substantial impact on any of the sector stakeholders.

**Request:**

- No new bids may be carried out unless the entire unsold power is sold/contracted, which is supposed to be commissioned within the next 2 years.
- Establishment of a central coordination forum be considered with a task of monitoring the progress of bids being conducted by various agencies and advise them on an integrated strategy to reach power procurers and Discoms.

We look forward to your kind support in the matter.

Thanking you.

Yours Sincerely

Praveen Golash  
Joint Secretary -SPDA