



# REAR Renewable Energy Association

CIN: -U85310RJ2020NPL068577

Add: - H-1013, Road No. 14, VKIA, Jaipur-302013

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Ref: - RREA/2021/0012

25<sup>th</sup> Feb 2021

To,

**Shri Narendra Modi Ji,**

Honourable Prime Minister of India,

Prime Minister's Office, South Block, Raisina Hill

New Delhi-110011 , India

## **Sub-Request your kind intervention for amendments in Electricity (Rights of Consumers) Rules, 2020 for the survival of Indian Solar Rooftop industry**

Respected Sir,

We, **REAR Renewable Energy Association ('REAR')** on behalf of our members, solar entrepreneurs and consumers would like to convey our regards and appreciation to drive the country towards the dream to reach, reinforce & reform renewable energy growth in the country. We truly endorse and work towards the same and would like to do our best to contribute to your vision for Renewable Energy in India

Though we are very appreciative of the fact that your government has taken cognizance of the common people and has taken such great initiative in the form of Electricity (Rights of Consumers), Rules 2020 ('Rules'), which will empower electricity consumers and protect their rights. However, one of the clauses of the Rules has adversely affected the solar industry and businesses across the country. In the said clause of the Rules has specified a ceiling limit of net metering up to 10 kW only. Being the Rules under the Electricity Act 2003, we understand that it has be necessarily be adopted by the state regulatory commission across the country. This Rules has stirred a grave regulatory and policy crisis for states as far as respective state's solar policies and Net metering regulations are concerned as their respective provisions are in conflict with the Rules. The Rules has triggered unwarranted criticism which will incite a dampening effect on the growth of solar rooftop industry, which not only provides employment to 3-4 million people in direct and indirect manner.

On one hand, your government has taken significant initiatives to infuse solar to remotest of the places in the country and encouraged states, common people, startup and businesses to join the solar dream of 40 GW of distributed solar by 2022 and on other hand has issued a contradictory provision to impede the distributed rooftop solar. This surely goes against the Cooperative Federalism dream of yours.

This clause has actually washed off the effort of MSME consumers, who after a long struggle has convinced Govt of Gujarat to issue a policy and regulatory change to allow MSMEs to install Solar rooftop upto their sanctioned load against the earlier limit of 50% of the sanctioned load. The angst



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and pain of the same has also been truly reflected in the letter of Hon'ble Minister for MSME Shri Nitin Gadkari Ji (i.e. the copy of the same is attached herewith as Annexure 1).

The fact that distributed solar is beneficial than large scale solar, does not need vindication as not only the theoretical research but also the pilot projects in the country and across globe has proven the same and reiterated the importance of distributed solar for solar promotion. The interaction with authorities has reflected that they wish to provide a protective net to the distribution companies; however, they had conveniently ignored the following facts:

- To serve consumers with smaller capacities entails to high power purchase cost which could've been avoided if allowed
- Allowing Rooftop PV under net metering to capacities lower than 1 MW will help to obviate the associated transmission charges
- This will obviate distribution cost as the load would be offset by the generation at the load center and thus lower distribution cost
- Net metering up to 1 MW will help DISCOM meeting their RPO obligations to the extent of capacity eligible under net metering benefit
- Since these consumers with load, less than 1 MW is primarily the cross-subsidizing consumer, lesser load to be catered at their end will help to reduce the cross-subsidizing burden on higher capacity consumers
- Since these consumers are the load centre and also the T&D losses are significant which are the primary source of revenue loss, the same would be addressed

As per a report by one of the research organisation viz.,**IEEFA (Institute of Energy Economics & Financial Analysis)**: -

- a. Rooftop solar has been the **fastest growing renewable energy sub-sector in India**, with a compound annual growth rate (CAGR) of 116% between 2012 and 2018.
- b. **Some 70%-80% of the market growth has been driven by commercial and industrial (C&I) consumers** in Solar Rooftop Sector.
- c. The increased adoption of rooftop solar in Indian states can be attributed to high retail tariffs for C&I consumers, favorable net metering policies, corporate social responsibility programs and increased consumer awareness.

Amidst the COVID19 crisis, where the economy needs areas that drive investment and employment in expeditious manner, the specific provision has resulted into discouraging the investment and also severs the employment prospects into the economy. As you are aware that solar provides employment at the rate of 15-20 as direct and 50-60 as indirect for each MW of solar capacity installed in the country. This industry drives demand for steel and cement as well. Not only has this, solar sector witnessed numerous start-ups on the solar based applications. All this has come through, because of the vision of Hon'ble Prime Minister Narendra Modi Ji, whose almost every international speech houses importance of renewable energy and not only this, the cabinet



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directions under his leadership towards finding solar based solution in rural electrification, combining solar and agriculture is nothing but validation of fact that he really believes in the dream of solar India.

As per rough estimates, the solar industry provides 3-4 million employment and Foreign direct investments (FDI) in India's renewable sector stood at \$1.27 billion (~₹96.96 billion) for the first nine months of the financial year (FY) 2019-20. The sector received \$1.45 billion (~₹110.53 billion) in the entire FY 2018-19. Total corporate funding in the solar sector, which includes venture capital funding, public market, and debt financing has plummeted by 31% at \$1.9 billion (~₹143.4 billion) in Q1 2020 as compared \$2.8 billion (~₹211.35 billion) raised in Q1 of 2019. Such a massive investment which has potential to be deployed in significantly short gestation period helps boosting the economy which is struggling due to COVID19 crisis.

We wish to submit that the amendment with respect to restraining net metering capacity upto 10 kW is discriminatory in nature as it discourages consumers of higher load and connected at higher voltage to avail solar solutions. We fear that the new rules are prone to interpretation and may put brakes on the speed of adoption of rooftop PV and India would be left far behind its own target of 40 GW rooftop PV by the year 2022. It seems, in wanting to confirm consumer rights for owning a rooftop PV system, the rules are actually restrictive and prevent the consumers from taking advantage of green energy and from becoming prosumers.

The provision is also against the policy vision document of Niti Ayog on Energy as well, wherein the Niti Ayog in Clause 6.9 has passionately advocated to develop an enabling ecosystem for Rooftop Solar to capitalise the vast potential across different categories of consumers. In the aforesaid policy document, Niti Ayog has stated as below:-

*"6.9.1. Rooftop solar has vast potential across different categories of consumers, both for power generation and supply of heat. It has also been estimated that this technology is already viable for commercial and industrial consumers. Even in urban areas, rooftop solar has become cost effective especially in higher tariff slabs. However, subsidized tariff for domestic consumers creates a disincentive for adoption of roof-top solar and calls for subsidy support. A vibrant solar related eco-system needs to be developed to meet customer demand, and offer satisfactory services for these technologies to achieve a mass adoption. This is all the more essential if the target of achieving 40GW target by 2022 from non-grid connected solar is to be achieved."*

We at REAR believe that the aforementioned discussed provision is against the vision of Hon'ble Prime Minister Shri Narendra Modi Ji, who wishes to drive the renewable target of the country further ahead from 100 GW to 350 GW by 2030. The recently introduced amendment of restraining net metering up to 10 KW is nothing but reflects a dichotomous perspective of the government which on one hand strives to create a positive ecosystem for Rooftop solar to flourish and on the other hand deploys an impregnable impediment for Rooftop Solar industry to handle. Niti Ayog has envisioned that by 2040, the energy mix of India is expected to become renewable intensive, with



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46-52% of the power capacity being solar and wind dominated. However, considering the policy and regulatory uncertainties introduced in the system, appears to be dissemblers act of policy push.

We hereby request to your good office to kindly intervene and issue necessary directions to withdraw the amendment to the Rules specific to Clause (4) of Rule 11 that restrains net metering capacity limit for solar rooftop PV.

We will be indebted for your kind support as this will help protecting the millions of jobs and financial viability of thousands of smaller organizations, who invested their hard earned money on your clarion call to make India a renewable country.

Thanking You.

Regards,

For (REAR Renewable Energy Association)

Ajay Yadav  
(President)

Arvind Sindhawa  
(Gen. Secretary)

Copy to:

1. Shri R. K. Singh, Hon'ble Minister of State for Power, Govt. of India
2. Shri Alok Kumar, Secretary, Ministry of Power
3. Shri Indu Shekhar Chaturvedi, Secretary, Ministry of New and Renewable Energy

नितीन गडकरी  
NITIN GADKARI



मंत्री  
सड़क परिवहन एवं राजमार्ग;  
सूक्ष्म, लघु एवं मध्यम उद्यम  
भारत सरकार  
Minister

Road Transport and Highways;  
Micro, Small and Medium Enterprises

Do No. .... /VIP/RT-H&MSME/2021  
Government of India

Date :- 1361 15 FEB 2021

Dear Shri R.K. Singhji,

Shri Shyamal Chatterjee, Secretary Maha Solar Sanghatan, Steel Chamber Building, Opposite Jain Mandir, Wardhaman Nagar, Nagpur, MS, a resident of my parliamentary constituency Nagpur has brought forth a major issue in which he has requested to give second thought on the Notification of Electricity (Amendment Rule 2020) of MoP in the best interest of the Roof Top Solar Market, a MSME industry and also the individuals willing to generate solar power and share it with the power grid. The organisation has reiterated the demand for continuation of Net Metering instead of newly introduced Gross Metering.

Ministry of Power, Gol has introduced the Electricity Amendment Rule 2020. The provisions in the new amendment say that the grid interactive roof top solar PV system and its related matters shall provide for net metering for loads up to 10 KW and for gross metering for loads above 10KW. It is feared that the MSMEs and individuals will suffer and be non – competitive due to the additional cost because directives. Besides, those engaged in the trade are confused, if above 10 KW will not be permissible or it is optional for prosumers to go for Gross Metering.

What the roof top solar industry fears due to introduction of Gross Metering is that the power cost of the industry will go up, the payback period of the solar industry will increase three times, the huge amounts spent by government in form of the subsidy is feared to go without any returns, the big players above 1 MW will opt for open access and will get the cheap power creating threat to MSME sector, large corporates with low cost foreign funds will take the roof tops on rent and sell the power under gross metering, small industries in the sector will collapse.

नितीन गडकरी  
NITIN GADKARI



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Government of India  
Date :- ~~13/6~~ 15 FEB 2021

At present the contribution of the roof top solar energy addition to the grid is increasing. The small units and individuals were taking interests in solar power generation, use some part of it for the units or individual purpose and add rest to the grid. It is feared that this share will shrink in the near future, affect power generation of nation as it is feared that the new amendments are going to affect the savings of the small units and individuals. The observations seem to be worth consideration in the interest of MSMEs, Small Units and Individuals whose contribution in the roof tops solar sector is increasing consistently.

Here, I would like to bring to your notice that there are over 500 integrators in Vidarbha region along with self-employed engineers who have taken up a new business. They fear that their business, investments and employments will be jeopardized with introduction of new amendment. In view of the above, I would request your goodself to consider the points brought to your notice and take decision to give relief to the MSMEs and solar sector.

With Regards !

Yours

  
(Nitin Gadkari)

Shri R K Singh,  
Hon'ble Minister of State for Power (IC),  
Government of India,  
New Delhi.