

Standing Committee Report Summary

Action plan for achievement of 175 GW renewable energy target

- In March 2021, the Standing Committee on Energy (Chair: Mr. Rajiv Ranjan Singh) submitted its report on the action plan for achieving 175 gigawatts (GW) of renewable energy by 2022. As part of its climate pledge, India set a target to install 175 GW of renewable energy capacity by 2022. This includes 100 GW of solar energy, 60 GW of wind energy, 10 GW of biomass power, and 5 GW of small hydro power.
- **Solar energy:** National Solar Mission was launched in 2010 to promote solar power in the country. Under this, the central government aims to achieve 100 GW of grid-connected solar energy by 2022. The Committee noted that in over a decade since the launch, only 39 GW of solar energy capacity has been installed in the country. 36 GW of solar energy projects are under implementation. It recommended the central government to formulate strategic plans for expediting the process to achieve the target within the deadline.
- The rooftop solar programme was launched in February 2019. It was aimed at achieving 40,000 megawatts (MW) from rooftop solar projects by the year 2022. The Committee noted that in 2019-20, only 472 MW of the capacity was achieved against the target of 3,000 MW. The Committee stated that the target of 40 GW of solar energy capacity by 2022 is highly unlikely to be achieved. The Committee further stated that the lack of awareness of the programme among the people is one of the major reasons behind the slow progress of the programme. It recommended that the central government: (i) should widely advertise the benefits of having a rooftop solar power system and related incentives from the government, (ii) should set-up single window systems at the district level to facilitate the customer in installing the rooftop solar system, and (iii) may offer a higher subsidy for customers in lower income group.
- The Committee further recommended that the Ministry should formulate a long-term policy for developing and facilitating domestic solar manufacturing capabilities in the country. This will reduce the dependency on the import of equipment from other countries and generate employment.
- **Wind energy:** The Committee observed that since 2017-18, the Ministry has not been able to achieve its annual wind energy target. The Committee noted that 36 GW and 32 GW of offshore wind power potential exists off the coast of Gujarat and Tamil Nadu. It recommended that the Ministry should explore wind power potential in other coastal states.
- **Renewable purchase obligation:** The Electricity Act, 2003 mandates licensees to produce or purchase a certain minimum quantity of their power requirement from renewable sources. This is called renewable power obligation (RPO). The Committee noted that the RPO compliance across India varies from 3.7% in Manipur to 250% in Karnataka. The Committee recommended that state regulatory commissions should ensure RPO compliance by enforcing penalties against defaulting entities. It also recommended that the carry forwarding or waiver of RPO must not be permitted.
- **Green energy corridor:** The green energy corridor project aims to synchronise electricity from renewable sources with conventional power stations in the grid. Since the launch of the project in 2015-16, transmission lines of length 7,365 circuit kilometres (ckm) have been constructed and sub-stations of capacity 9,976 MVA have been commissioned (till December 31, 2020). The Committee observed that this is lower than the target of 9,700 ckm of transmission lines and 22,600 MVA sub-station capacity. The Committee stated that the main reasons for the low achievement of targets include inadequate monitoring by the Ministry of New and Renewable Energy and lack of priority to the project. The Committee recommended that the Ministry should work towards the timely achievement of targets under the green energy corridor project.
- **Financing of projects:** The Committee noted that Rs 2.6 lakh crore will be required over the next two years for the installation of 58 GW of renewable projects. It stated that attracting this investment will not be easy. The Committee recommended that the Ministry of New and Renewable Energy should mobilise long term loans for upcoming renewable projects.
- Further, the Committee noted that 86 renewable projects financed by Indian Renewable Energy Development Authority (IREDA) have become non-performing assets (NPAs) with a total outstanding loan of Rs 2,111 crore (as of March 31, 2020). The Committee recommends that IREDA should review its project appraisal process for disbursement of loans to avoid the creation of NPAs. In addition, outstanding loans must be recovered expeditiously by relevant legal ways (such as auctioning assets).

DISCLAIMER: This document is being furnished to you for your information. You may choose to reproduce or redistribute this report for non-commercial purposes in part or in full to any other person with due acknowledgement of PRS Legislative Research ("PRS"). The opinions expressed herein are entirely those of the author(s). PRS makes every effort to use reliable and comprehensive information, but PRS does not represent that the contents of the report are accurate or complete. PRS is an independent, not-for-profit group. This document has been prepared without regard to the objectives or opinions of those who may receive it.