

Risks in India's solar duties

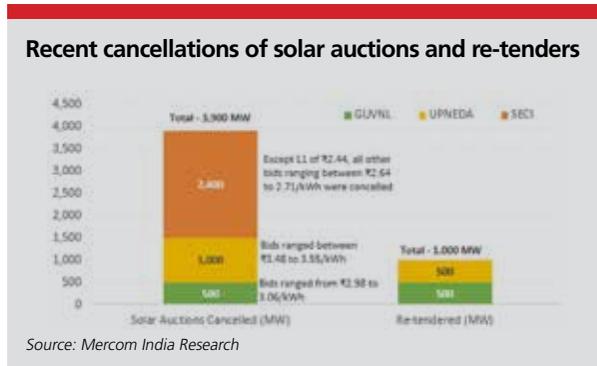
INDIA

Just after Sprng Energy won NTPC's 2GW solar auction with one of the lowest bids in Indian power auction history at \$0.037/kWh, India's Ministry of New and Renewable Energy has requested to set the maximum solar tariff at \$0.036/kWh, that is if it doesn't take into account its freshly implemented solar duty. It wants to set the maximum tariff for bidders at \$0.038/kWh if the safeguard duty is levied.

It also requested future solar bids to be set in lot sizes of 1,200MW with no upper cap and minimum bid size is to be set at 50MW. "The reason behind setting the lot sizes at 1,200MW is to generate more competition as it has been observed that the recent large auctions have not generated sufficient interest or competitive tariffs to satisfy the government agencies," said Priya Sanjay of Mercom India.

Pricing conundrum

IHS Markit research & analysis manager Josefin Berg previously said that India risks aggravating the oversupply of PV modules, the rise of PV module prices, and a brief halt in project development. "By raising module prices, the measure also takes the air out of India's trend of declining bids in PV tenders, which has made PV one of the cheaper sources of new



electricity in the country," she said.

The measure therefore risks delaying new tenders as the off-takers seek to attain the lowest possible bids, Berg said. "Such delays would mainly impact installations in late 2019 and 2020." It is also unclear if all Indian manufacturers will benefit from the trade measure, as many operate out of Special Economic Zones, wherein duties are applicable.

Approximately 4GW of solar auctions have been already cancelled in the recent months. Moreover, three large auctions have been terminated recently. This was recently illustrated by Solar Energy Corporation of India's (SECI) cancellation of 2.4GW out of a 3GW Interstate Transmission System (ISTS) connected solar auction held in July 2018.

It could take at least a month for the issue to be settled, Berg concludes. "Even if favourable for on-going projects, the delay in procurement may cause projects to spill over to 2019," she said.

Approximately 4 GW of solar auctions have been already cancelled by multiple agencies in the recent months.



RENEWABLES FOR TEPCO

JAPAN



Masahiro Sugimura, TEPCO

Asian Power caught up with Masahiro Sugimura, spokesperson at Tokyo Electric Power Company (TEPCO), as he discussed the company's first wind park and their renewables capacity target of 7GW.

Why set the renewables target at 7GW?

TEPCO is aiming to make a profit of about \$900m (JPY100b) by promoting the renewable energy business in order to fulfill the responsibility to Fukushima. To achieve this goal, 6 to 7 GW of total development scale for domestic and international renewable energy will be required.

Which countries are good for renewables investment, and why?

TEPCO has been carrying out verification test of offshore wind turbine off the coast of Choushi at Chiba prefecture in Japan. We have an accumulating knowledge on construction, operation and maintenance under severe conditions of marine and weather.

In general term, Asian region could be an option for renewable projects due to a high demand potential for electrical power and also a possibility where we can share our business knowledge. Specific target areas where we could maximise our advantages will be decided by assessing economy and risk.

Is nuclear power no longer a lucrative investment, thus the focus on renewables?

A composition of power source will be decided based on the Basic Energy Plan and the Government policy especially considering into a balance of 3E, Energy Security, Economic Efficiency and Environment. It is also our mission to supply stable and low priced electricity, which emits fewer carbon dioxide.

Supply and demand for renewable energy has a tendency to rise because an expectation for renewable energy has been rising globally due to ambitious reduction target of greenhouse gas of the Paris Agreement. Renewable energy business will be profitable enough to contribute to its corporate value since costs have been decreasing. Therefore, the renewable energy can be said a big business opportunity for TEPCO group.

What is TEPCO's goal for its proposed wind park?

We will establish the value chain in Japan from technical development, site development, its design, construction, and operation & management. Wind is predicted to account for approximately 70% of the total development scale for our renewable energy business.

PLANT WATCH

Sembcorp India wins 250MW tender

BANGLADESH



Sembcorp Gayatri Power Limited (SGPL) power plant clinched a tender conducted by the Bangladesh Power Development Board (BPDB) to supply 250MW of power to Bangladesh over a total period of 15 years. SGPL is also part of a consortium which is developing the Sirajganj Unit 4 power project in Bangladesh that will have a contracted capacity of around 426MW.

SGPL will launch its open-cycle operations by late 2018 and is expected to fully operate by 2019. SGPL will need procedural requirements and approvals.

Sprng Energy wins 2GW wind auction

INDIA



India's National Thermal Power Corporation (NTPC) auctioned 1.2 GW of interstate transmission system (ISTS) connected wind power projects to be developed across India. Sprng Vayu Vidyut Private Limited emerged as the winner by quoting the lowest (L1) tariff of Rs2.77 (~\$0.0397)/kWh to develop 200 MW of wind projects.

NTPC is currently foraying into competitive wind auctions after it recently issued the mega tender for 2GW of projects in India. However, after deliberating with bidders, NTPC had reduced the tendered capacity to 1,200 MW.

Sanjeev Gupta builds 280MW solar farm

AUSTRALIA



South Australia will have a new 280MW solar farm. It will be a part of British billionaire Sanjeev Gupta's global GFG Alliance \$1b and 1GW dispatchable renewable energy programme.

Called the Cultana Solar Project, the farm will include 780,000 solar panels that can generate 600GWh every year. This could power 96,000 homes and offset 492,000 tonnes of carbon dioxide every year. Construction is expected to begin in early 2019. The project, combined with that of SIMEC ZEN, will become one of Australia's largest solar farms.