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Andhra Pradesh's solar support program is emerging as a true leader on a provincial level, attracting low bids that are approaching competitiveness with coal.

## Sound foundations for PV in Andhra Pradesh

**India:** The Andhra Pradesh Solar Power Policy 2015 provides a number of incentives to support solar, while the first National Solar Mission bid under the Modi government was oversubscribed by more than 10 times. Both SMEs and multinationals have shown that they can submit commercially viable bids. Rödl & Partner's Dharm Veer Singh Krishnawat sets out why he believes confidence is growing in Modi's solar policies and why the goals of the new Andhra Pradesh Solar Power Policy are ambitious but achievable.

India is a country with around 300 sunny days per year, blessed with some 4–7 kWh per square meter per day of solar radiation. With dry belts promising high radiation levels, the country is increasingly showing an interest in tapping solar power on a large scale by developing policy measures and initiatives designed to help the growth of the sector. India launched the Jawaharlal Nehru National Solar Mission (JNNSM) in 2010, with the aim of adding 20 GW of grid-connected solar power to the country's energy mix by 2022, over three phases. The Central Government has taken a proactive approach in the

renewable energy sector and substantially revised its earlier target by boosting up the solar target to 100 GW by 2022.

### Andhra outlines its policy

In its endeavor to become a renewable energy hub, the South Indian state of Andhra Pradesh has so far been successful in installing a total capacity of 268.46 MW of solar photovoltaics, as of July this year, and is targeting an additional power generation of 315 MW by 2018–19.

The Andhra Pradesh Solar Power Policy 2015, or 'the Policy,' provides for a

number of incentives and initiatives. Positive results have started showing. The first National Solar Mission bid under the new government was oversubscribed by a factor of 10.

In response to tenders for setting up 10 projects of 50 MW each, bids totaling around 5,500 MW were received. The German development bank KfW and the Government of India have agreed to fund an INR 3,500 crore (\$539 million) green energy corridor planned by Andhra Pradesh, i.e., a new distribution network designed to connect renewable energy generators to the Indian grid. The state has ambitious plans to develop the world's largest solar park with a capacity of around 2,500 MW. It is also contemplating the development of 1,000 MW solar power parks in the districts of Anantapur, Kadapa and Kurnool.

The new Policy aims to provide a huge impetus to the state's solar energy generation and intends to make Andhra Pradesh a pioneer in solar energy within five years. The flexibility and facilities in the Policy are one of the best in the country, and the incentives offered under the Policy will be valid for the next 10 years. The Policy promises for necessary approvals within 30 days from the date of registration. Incentives like exemption from electricity duty for a period of 10 years and

priority in land allotment for solar manufacturing are also in place.

The Policy provides for the reduction of certain costs and charges currently payable to various statutory bodies, setting time frames to provide key approvals and various deemed approvals for renewable energy projects. The Policy has attracted remarkably low bids and the tariff is only marginally higher than the price needed to make coal imports economically viable, which means that power generation from solar plants in Andhra Pradesh can now compete with indigenous or imported coal.

**The key features and incentives under the Policy are as follows:**

1. Projects commissioned during the operative period of the Policy (i.e., between 2015 and 2020) shall be eligible for the incentives for a period of 10 years from the date of commissioning.
2. The power distribution companies or "Discoms" (i.e. the operators of the grid) would enter into long-term Power Purchase Agreements of 25 years with developers who are selected based on a competitive pro-

urement process.

3. The State Government will help facilitate building up the necessary infrastructure like power evacuation, water requirements and internal roads.
4. The Government will promote solar rooftop systems on public buildings, domestic, commercial and industrial establishments on gross and/or a net metering basis.
5. The State Government, in collaboration with the Central Government and other agencies, will undertake measures to enable gradual replacement of conventional pump sets to solar-powered pump sets through subsidy support.
6. Transmission and distribution charges shall be exempted for wheeling of power generated from Solar Power Projects for third-party sale within the State.
7. Electricity duty shall be exempted for captive consumption, sale to Discom(s) and third-party sale.
8. The power generated from a Solar Power Project shall be injected at an appropriate voltage at the sub-station and/or interconnection point of Discom(s). Discom(s) will deal with the proposals for the technical feasibility for evacuation within 14 days from the date of receipt of such application.
9. Deemed Non-Agricultural status for the land where Solar Power Projects will be accorded, which releases a developer from the duty to seek a change of use under planning laws of land to be used for a project.
10. It is the responsibility of the project developer to acquire the land required for the project. However, in the case of land owned by the State, the land allot-

ment shall be done by the government.

11. Solar PV power projects will be exempted from obtaining any Non Objection Certificate or Consent under pollution control laws.

In the last few months, there has been growing interest from investors in the solar energy space of Andhra Pradesh. Further positive policy decisions would enable the state to bring in significant investment from project developers, meet its solar power purchase obligation mandate, and also provide employment opportunities to the local population. The fast-changing nature of PV technology is also a challenge, and provides a positive impetus as the technology becomes cheaper. The state would also avoid procuring expensive fossil fuels to power conventional power plants. Therefore, the stage is set to provide ample opportunities and confidence for investors to invest in the emergent solar energy landscape of Andhra Pradesh.

**AT A GLANCE**

- There has been a great deal of interest in developing projects under the Andhra Pradesh Solar Power Policy.
- 5.5 GW applications for projects were received in response to a tender.
- Funding for a grid connection corridor has been agreed.
- The flexibility and facilities in the Andhra Pradesh Policy make it one of the best in the country.

**ABOUT THE AUTHOR**



Photo: Rödl & Partner

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