

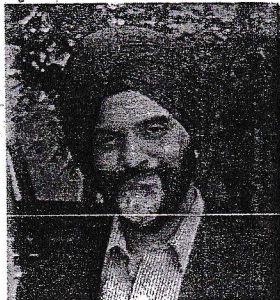
Govt warns against runaway tariffs, says 50 GW of RE will be auctioned this year

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Despite a slight slip-up in the auctioning of wind and solar capacities *vis-a-vis* the planned monthly schedule, there is no doubt that 50 GW of renewable energy capacity will be auctioned this year, Bhupinder Singh Bhalla, Secretary, Ministry of New and Renewable Energy, said.

In an interview to *businessline*, Bhalla said the ministry would like to see the tariffs at “low but reasonable” levels and cautioned that the ministry would be “compelled to” take a fresh look at the auctioning methods, “if the tariffs go out of bounds”.

This comment was made in response to a question on the change in the method of auctioning wind capacities — from ‘reverse bidding’ where bids and counter bids happen even after the initial bids are opened. There was a tender under the new method — SECI XIV — in which 1,200 MW was tendered and 690



Bhupinder Singh Bhalla,
Secretary, Ministry of New
and Renewable Energy

MW awarded. The price discovered was ₹3.18 a kWhr against ₹2.90 in the previous tender and the highest ever tariff of ₹3.46 in the first tender. Wind industry expects prices to get stabilised at around ₹3.20-3.30 a kWhr.

Asked why the government took six years to change the auctioning method, despite knowing that the ‘reverse auction’ method was not working, Bhalla observed that it is not easy to bring such changes, as questions would be raised on the propriety of it.

On the slip-up in the auc-

tioning, he said that it was because some guidelines had to be perfected but stressed that 50 GW of renewable energy capacity would definitely be auctioned, as promised — not just in the current year, but also in the next four years.

He ruled out a separate auction schedule for round-the-clock supply of renewable power.

GREEN HYDROGEN

On why the government had not mandated a green hydrogen purchase obligation yet, Bhalla said a mandate was not necessary to create demand, because refineries themselves were prepared to buy green hydrogen. He said that pretty soon the government would have green hydrogen auctions to happen, which would give enough demand visibility for investors to invest.

On the relevance of the basic customs duty on imported solar modules and cells (40 per cent for modules and 25 per cent for cells), when Chinese modules were still cheaper than India-made

ones, Bhalla hinted that “ALMM” is still there to protect the Indian industry. ALMM, or the ‘approved list of machines and manufacturers’, is a requirement to register first before selling, and is seen as a non-tariff barrier.

Thanks to the encouragement given by the government schemes (such as PLI and customs duty protection), India will achieve a solar module manufacturing capacity of 100 GW, of which 25 GW will be “fully integrated” (silicon to modules), Bhalla said. And, of this 100 GW, 48 GW will be under PLI, he added.

All this capacity would come up by April 2026, but even if one were to allow for any delays, the country would have the capacity in place certainly by March 2027, the secretary said.

Would Indian manufacturers be able to compete with the Chinese? Bhalla agreed that it might just be difficult to match the Chinese prices — China has about 1,000 GW of manufacturing capacity, giving it the benefit of scale.