

Timely availability of evacuation infra critical for renewables' growth

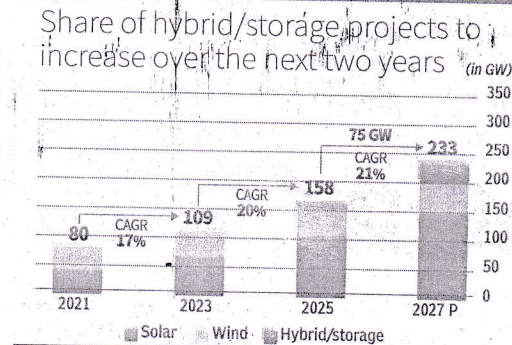
CAPACITY SURGE. As per Crisil Ratings, around 75 GW of RE capacity is expected to be added in FY26 and FY27

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Timely availability of transmission infrastructure is critical for the growth of the renewable energy (RE) sector in the country, which is expected to increase to 233 GW by March 2027.

As per Crisil Ratings, around 75 GW of renewable energy capacity is expected to be added in FY26 and FY27. It emphasised that for renewables, timely availability of evacuation infrastructure is critical. A significant ramp-up in transmission capacity is underway with a total capex of around ₹1 lakh crore in this fiscal and the next (FY27), twice that in the preceding two fiscals, the ratings agency pointed out.

"These projects may face delays on account of right-of-way issues, delayed approvals or short supply of equipment



Source: Ministry of New and Renewable Energy (MNRE), Crisil Ratings
Note: Storage capacities include battery storage systems, pumped hydro systems, and appropriate allocation of solar and wind; P stands for 'Projected'

such as transformers and high-voltage direct current components. Further, as renewable capacities typically take much less time to be set up, transmission capacity may fall short temporarily," it added.

"In renewable energy, to address the intermittency of

power supply, there is a transition towards hybrid or storage-backed capacities, which facilitates scheduling of power round-the-clock with greater confidence," Crisil said.

Of the roughly 75 GW capacity to be added in this and next fiscal, hybrids will ac-

count for around 37 per cent, a massive jump, over 14 per cent share of the capacity additions over the preceding two fiscals, it added.

For renewables, the agency said that while debt will grow given the high capex intensity, resilient operating performance will result in stable net debt/EBIDTA at around seven times over this fiscal and next. Cash flow cover is also seen healthy, with average debt service coverage ratio of 1.2-1.3 times.

TENDERING SLOWDOWN

Besides, tendering activity declined during January-March 2025 both on a sequential and annual basis, largely impacted by a backlog of unsigned power purchase agreements and power sale agreements.

According to a report by the Institute for Energy Economics and Financial Analysis and JMK Research &

Analytics, delay in expanding transmission capacity is one of the key issues behind rising under-subscription of RE, which is five times higher in 2024 (8.5 GW) compared to 2023 calendar year.

Raj Prabhu, CEO of Mercom Capital Group, said, "Indian solar installations were off to a slow start in Q1. While the project pipeline for 2025 is strong, a shortage of domestic modules and persistently high prices remain key concerns. Unless supply-side challenges are addressed, project execution could stall. PPA and PSA signings continue to lag behind tenders, while land and transmission bottlenecks are slowing progress and delaying project commissionings."

In April, New & Renewable Energy Minister Pralhad Joshi had said that he is talking with States to convince them to fast track signing of PPAs.