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Draft Uttar Pradesh Solar Policy 2017: Policy Recommendations

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With a series of reforms in the power sector, mainly in distribution, the country is moving towards providing reliable, uninterrupted and quality power supply for all. However, amidst this, in Uttar Pradesh, one of India's largest states, over two crore households (61.9% of the state's total) still don't have access to electricity and are forced to rely on kerosene for lighting. According to the NITI Aayog, the state's per capita energy consumption was only 524 kilowatt hour (kWh) in the financial year 2016, which is less than half the national average of 1075 kWh.

Recently, the '24x7 Power for All' scheme was released and the state agreed to come under the ambit of the UDAY (Ujwal Discom Assurance Yojana) scheme, indicating that the government is keen to improve the state's electricity situation. The state also plans to add 2767 megawatt (MW) of grid-connected renewable energy plants and around 58.6 MW through off-grid projects up to financial year 2019. Investment in biomass is expected to reach around Rs.1125 crore in the next two years with a total addition of 150 MW.

The revision of the Uttar Pradesh Solar Policy 2013 is an admirable measure in light of the National Solar Mission target. However, the 'Draft Uttar Pradesh Solar Policy 2017' may further be improvised to touch upon some key challenges and

explore more opportunities.

The policy draft has set an ambitious target (10,700 MW of solar power, including 4,300 MW from rooftop) in line with the national goal. Given that the state has not experienced much solar development in the past, this is a welcome move. However, in the absence of a yearly target, monitoring the pace of solar growth in the state would be difficult. Furthermore, given that the state's solar Renewable Purchase Obligation (RPO) compliance level is lesser than 0.5%, the proposed solar RPO of 8% by 2022 may prove to be difficult without an appropriate yearly monitoring mechanism. The provision for Renewable Energy Certificate (REC) has also not been that effective in discoms adhering to the RPO mandate. Therefore, the policy may provide deeper clarity in operation of solar projects that participate in the REC mechanism. As the renewable technology is still in a developing stage, it has to be supported by discoms and stakeholders if we want to hit the targeted national goal of 100 gigawatts (GW) of solar power generation by 2022. Given the rise of instances in several states wherein discoms defaulted in off-taking solar/wind power, there should be provision of a penalty clause for discoms that defer buying the required amount of renewable energy from project developers.

As per the draft policy, allocation of solar projects inside a solar park has to be done through a bidding process. However, in the context of falling solar prices due to an aggressive bidding process - the recent solar bid of Rs.2.44 per kWh in Bhadla, Rajasthan, Rs.2.97 per kWh in Rewa, Madhya Pradesh - project developers may find UPa relatively less conducive state for solar development. Therefore, the state's competitive bidding process may be supported by a benchmark tariff as determined by the UP Electricity Regulatory Commission (UPERC), which would provide a safe playing field for solar power developers and eventually prove to be essential for substantial solar growth.

Agriculture is a major occupation in UP and irrigation facilities are availed predominantly through water canals. This can provide avenues for developing grid connected and off-grid solar projects on canals. The draft policy, therefore, may be amended in this context marking a few facilitating provisions for canal-based solar project developers. Unlike some other states, UP is not blessed with high solar irradiation. However, it can utilize its resources, infrastructure and manpower to excel in solar development.

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