

On Cards: 35k MW Solar Equipment Production Capacity

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New Delhi:

The government has received expressions of interest to set up manufacturing capacity of nearly 35,000 MW of solar equipment, union power and renewable energy minister RK Singh said on Thursday.

If the bids materialise, they would result in the first large-scale plan to set up the manufacturing of ingots and wafers in the country. As per industry estimates, India currently has a manufacturing capacity of 3,000 MW for cells and 10,000 MW for modules.

"We have expressions of interest for setting up manufacturing capacity for 20,000 MW of solar modules, 15,000 MW of solar cells, and a similar quantity of ingots, wafers, etc," Singh said. He also said talks were ongoing with the finance ministry to implement the basic customs duty on foreign solar imports. "I have reminded the finance minister that we are waiting for the customs duty to come. They (domestic industry) are all waiting for the customs duty," the minister added.

Domestic manufacturers have been anticipating the duty on solar equipment since finance minister Nirmala Sitharaman included it in her union budget proposal earlier this year. RK Singh had told reporters in June that such a basic custom duty was supposed to be imposed from August 1 to prevent the dumping of Chinese goods and protect national interests, where 80% of solar equipment is sourced from.

However, due to disagreements over the "grandfathering" clause, which would provide exemptions to power purchase agreements already signed, the implementation remained delayed.

Adding a "grandfather clause" to existing power purchase agreements would mean that there is an understanding between solar developers and the government that the project costs more than the allocated budget at the time of closing of the deal, and hence, compensation will be provided to the developers via the distribution companies.

Instead, a formula based on the coal cess will be implemented to recover the losses incurred due to the safeguard and basic customs duties, Singh said.