



POWER SECTOR

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RENEWABLES

» AVERAGE COST OF LARGE-SCALE SOLAR PROJECTS IN INDIA DROPS 26% YOY IN Q2 2024

- > The average cost of large-scale solar projects in India decreased by 26% year-over-year (YoY) and 2% quarter-over-quarter (QoQ) in Q2 2024, continuing a six-quarter trend of declining project costs.
- > The reduction in project costs is primarily attributed to a 3.6% drop in solar module prices, which constitute 46.8% of total project costs.
- > The average selling price (ASP) of Indian mono PERC modules fell 2.6% QoQ and 40.7% YoY. However, Domestic Content Requirement (DCR) modules were 45.9% more expensive than non-DCR variants due to higher demand and production costs.
- > India imported solar cells and modules valued at \$774.9 million (~₹64.6 billion) in Q2 2024, a decrease of 61.4% QoQ and 16.4% YoY.
- > Following the reimposition of the Approved List of Models and Manufacturers (ALMM), developers increasingly procured locally-made modules, leading to the lowest import values since Q1 2023.



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- 2 MNRE PROPOSES EXTENSION OF ALMM LIST II TO INCLUDE SOLAR PV CELLS
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- 2 MNRE RELEASES DRAFT GUIDELINES FOR FINANCIAL ASSISTANCE AND PAYMENT SECURITY UNDER PM-SURYA GHAR: MUFT BIJLI YOJANA



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- > The ASPs of Chinese monocrystalline PERC modules declined 11.8% QoQ and 50% YoY, attributed to oversupply in China.
- > Increased prices for metals such as steel, aluminum, and copper affected overall project costs in Q2 2024, despite some component costs, like power conditioning units and mounting structures, decreasing by 1.4% and 1.9%, respectively.
- > Solar installations surged by 170% YoY, reaching 5 GW in Q2 2024, with 4.3 GW classified as large-scale installations.
- > As of June 2024, India's total installed solar capacity, including rooftop systems, reached 87.2 GW, reflecting significant growth in the renewable energy sector.

» MNRE PROPOSES EXTENSION OF ALMM LIST II TO INCLUDE SOLAR PV CELLS

- > The Ministry of New and Renewable Energy (MNRE) has released a draft amendment to the Approved List of Models and Manufacturers (ALMM) List-II for solar photovoltaic (PV) cells, effective from April 1, 2026, to address the anticipated growth in solar PV cell capacity.
- > According to the updated guidelines, all projects under the ALMM mandate must source their solar PV modules from models and manufacturers included in ALMM List-I. These modules, in turn, must use solar PV cells from the models and manufacturers listed in ALMM List-II for solar PV cells.





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- > Solar PV modules that are already listed in ALMM List-I, with enlistment validity beyond March 31, 2026, will also be required to use solar PV cells from ALMM List-II starting April 1, 2026.
- > Projects with bid submission deadlines before the release of this order will not be required to use ALMM-listed cells.

>> CABINET APPROVES MoP'S PROPOSAL FOR MODIFICATION OF SCHEME OF BUDGETARY SUPPORT FOR HEPs

- > The Union Cabinet has approved the Ministry of Power's (MoP) proposal to modify the budgetary support scheme for the infrastructure costs of hydroelectric projects (HEPs) with a total budget of Rs 124.61 billion.
- > The scheme will be implemented from 2024-25 to 2031-32 and now includes expanded eligible costs to cover not just roads and bridges but also transmission lines, ropeways, railway sidings, and communication infrastructure.
- > The scheme aims to support projects with a combined generation capacity of approximately 31,350 MW, including both private sector and pumped storage projects. Projects with a letter of award issued by June 30, 2028, are eligible for this support.
- > The financial support limit is set at Rs 10 million per MW for projects up to 200 MW, and Rs 20 million plus Rs 7.5 million per MW for projects exceeding 200 MW, with a possible increase to Rs 15 million per MW for exceptional cases.





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POLICY AND REGULATORY

» ANDHRA PRADESH REGULATOR INTRODUCES DEMAND SIDE MANAGEMENT FRAMEWORK FOR POWER SECTOR

- > The Andhra Pradesh State Electricity Regulatory Commission (APERC) has introduced draft Demand-Side Management (DSM) regulations aimed at enhancing energy efficiency and reducing electricity costs.
- > The regulations intend to integrate DSM into the operations of distribution licensees, control and reduce electricity demand, and encourage consumers to modify their consumption patterns.
- > A specialized DSM Cell will be created within one month of notification, responsible for load research, baseline data development, and formulating DSM plans.
- > Distribution licensees must develop a perspective DSM plan covering the control period and submit annual plans with performance reviews.
- > Licensees are required to submit biannual progress reports and a Program Completion Report detailing outcomes and challenges after program implementation.



- > The Commission may engage third-party agencies to evaluate and verify the effectiveness of DSM programs to ensure impartiality.
- > The regulations allow for cost recovery associated with DSM programs to avoid financial burdens on utilities and may introduce incentives for utilities achieving DSM goals.
- > A DSM Consultation Committee will be established to assist in driving DSM programs, comprising representatives from various sectors, including energy efficiency agencies and industry stakeholders.
- > The proposed DSM regulations are designed to create a balanced approach, addressing consumer interests and environmental concerns while improving overall efficiency in the power sector.



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» MNRE RELEASES DRAFT GUIDELINES FOR FINANCIAL ASSISTANCE AND PAYMENT SECURITY UNDER PM-SURYA GHAR: MUFT BIJLI YOJANA

- > The Ministry of New and Renewable Energy (MNRE) has issued draft guidelines for financial assistance and payment security under the 'PM Surya Ghar—Muft Bijli Yojana' rooftop solar scheme.
- > These guidelines focus on providing central financial assistance to residential consumers within eligible categories through Renewable Energy Services Company (RESCO) models and Utility Led Aggregation (ULA) models, as well as on implementing a payment security mechanism. The scheme will be in effect until March 31, 2027.
- > In the RESCO model, a third-party renewable energy company handles the procurement, installation, and maintenance of the rooftop solar system for at least five years. Consumers pay for the electricity generated based on a tariff set by the RESCO operator, who may also offer compensation to consumers for roof usage rights. After a minimum of five years, the ownership of the plant can be transferred to the consumer.
- > Under the ULA model, utilities can utilize payment security mechanisms to ensure payment security for projects involving RESCO partners. This is done through a transparent bidding process to discover the tariff rates.

