

'Need to revisit sops for renewables'

The government needs to revisit subsidies and incentives for renewables because its tariff is approaching grid parity and some discoms are insisting for renegotiation of already inked PPAs, according to the Economic Survey.

Fund mooted

The Survey also suggested setting up a payment guarantee fund or a foreign exchange fund for renewable developers to reduce risks along with affordable financing. "There is a case for revisiting the subsidies and incentives being given to the renewable energy sector," said the Economic Survey tabled by Finance Minister Arun Jaitley in Parliament on Monday, adding that the levelised tariff was approaching grid parity.

As per experts, the tariff's free fall last year would result in a situation where renewables would be cheaper than coal-based thermal power and thus would affect thermal plants to create another lot of bad loans or NPAs.

The Survey pointed out, "the discovery of very low (renewable) tariffs through the auctioning process, though a welcome news, possibly contributed to some demands for renegotiation of the already signed PPAs. Some discoms have hinted at possibility of renegotiating the PPAs signed by them at tariffs higher than those in the recent bids."

It also mentioned a CRISIL (2017) remark that renegotiating the tariffs could result in risk for investments worth Rs. 48,000 crore.

END

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