

**One day Regional Conference on “Clean and Renewable Energy” as a lead up event to 3rd Annual Meeting of Asian Infrastructure Investment Bank(AIIB) held in Bhopal;**

Ministry of Finance

## **One day Regional Conference on “Clean and Renewable Energy” as a lead up event to 3rd Annual Meeting of Asian Infrastructure Investment Bank(AIIB) held in Bhopal;**

**Due to various tax incentives and other initiatives of the Government of India in last 3-4 years, investment in Renewable Energy Sector has increased manifold;**

**Recommends among others creation of Payment Security Fund to deal with the delays in DISCOM payments; PPP, Inventing Storage Technologies and Capacity Development etc. would be critical for success of investments in the Sector.**

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The Minister of New and Renewable Energy, Govt. of Madhya Pradesh (MP), Shri Narayan Singh Kushwah inaugurated the one day Regional Conference on the theme of “New and Renewable Energy” in Bhopal, Madhya Pradesh yesterday. This was sixth such Regional Conference in the series in a lead-up to 3<sup>rd</sup> Annual Meeting of the Board of Governors of Asian Infrastructure Investment Bank (AIIB) which is being hosted by the Ministry of Finance, Government of India in collaboration with AIIB, Government of Maharashtra, RIS and CII among others in Mumbai on 25<sup>th</sup> and 26<sup>th</sup> June, 2018. The one day Seminar in Bhopal was also organized by the Ministry of Finance, Government of India in collaboration with the Asian Infrastructure Investment Bank (AIIB), Research and Information System for Developing Countries (RIS) and the Federation of Indian Chamber of Commerce and Industries (FICCI).

In his Address, the Minister of New and Renewable Energy, Govt. of Madhya Pradesh (MP), Shri Kushwah said that the Government of MP is putting a lot of focus on the infrastructure development for promoting the New and Renewable Energy in the State. He said that Madhya Pradesh is among the front runners in the country as far as generation of power through renewables is concerned. Shri Kushwah mentioned that the State of Madhya Pradesh is generating about 3,900 MW of power through renewables at present and contributing about 18% of the total consumption of power in the State while it was generating only 438 MW in 2012. The Minister said that the theme of the Conference “Clean and Renewable Energy” will provide an opportunity to do an in depth analysis of the infrastructure related issues to this sector. He thanked the Ministry of Finance, Government of India for choosing Bhopal for this Conference and hoped that the discussions there in will help in resolving various technical, financial and Regulatory issues related to this important Sector.

Following are the major outcomes of the discussions held during different Sessions of the one day Conference on 'Clean and Renewable Energy' in Bhopal :

- There exists immense transformative potential of renewable energy in India both in view of meeting rising energy demand and from the well-being of the society.
- Power sector is experiencing profit in certain segments even though the sector as a whole requires a major turnaround.
- Per capita energy consumption is rising in India; hence the renewable energy sector would be a supplementary source of energy in the country.
- Stringent rigidities in this Sector have to be addressed for better outcomes.
- Due to various tax incentives and new initiatives of the Government of India in last 3-4 years, investment in Renewable Energy Sector has increased manifold.
- A rational view of markets needs to be taken while planning for any energy transition. In other words, market forces have to be respected.
- Besides cleaner sources of energy, the clean parameters apply equally to transmission and consumption as well.
- Solar and wind prices have gone down substantially which is good to consumers. Unlike the usual case, investments in the sector have not fallen due to fall in rates.
- Renewable energy has become more economical in the recent years than before.
- Bankability of projects is the key to attract sustained flow of capital to the RE sector. It is estimated that the sector may utilize the \$3 trillion potential investment in the sector provided that the projects are bankable.
- Payment Security Fund may be created to deal with the delays in DISCOM payments.

- Public Private Partnership (PPP), inventing storage technologies and capacity development etc would be critical for success of investments in the Sector.
- International Solar Alliance focuses on massive deployment of technology which would contribute significantly to energy transition and the future energy mix.
- Climate change adaptation and mitigation are being factored into energy projects.
- Issues in roof-top solar have to be addressed amicably.
- Instead of project-based bonds, innovative instruments like bridge equity, patient capital, green bonds may be explored.
- De-risking of projects is necessary.
- Governance, predictability and rate of return are three pillars that determine the flow of capital to the RE sector. It is not just the rate of return but the governance and predictability part is equally important for the success of investment in RE>
- Concentration of RE projects in some states necessitates proper RE policy in other states as well.
- Viability of distributed panels needs to be addressed.
- Integrating different sources of renewable energy is an efficient model of meeting energy demand at affordable prices.
- The idea of socializing a part of the costs of RE may be thought of.
- Distribution companies can take the responsibility of payment assurance. Likewise, other innovations may be explored.
- Potential of Floating solar can be taken into consideration in the RE mix.
- Co-financing, securitization, masala bonds are the possible instruments of raising resources in the markets and tackling financing requirements of the RE sector.

- Financing is not the issue, but efficient financing matters.
- Geothermal energy is also a potential source of energy in in the North Eastern parts of India.
- Disparity in terms of regulatory landscape, capability, potential and willingness across the states.
- Challenges of the import dependence and then challenges in terms of technology deployment, financial mechanism, land availability, storage capacity are to be addressed.
- IT can play important role in smart grid management. Likewise, government programmes like Make-in India and skill development can be crucial for exploiting of RE.
- There is need for economical financing in order to bring down the tariffs.

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