# Advantages of TBCB in Green Energy

## Why in news?

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According to recent estimates Tariff-based competitive bids are the best way to transmit green energy at least cost to the masses.

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## What are the successful energy initiatives of India?

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- India’s green energy mission has seen astonishing progress not only in terms of the quantum, but also in terms of price discovery, becoming a critical tool to achieve 24x7 reliable power.
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- It is imperative that the gains made through competitive bidding regime in renewable generation be delivered to the bottom of pyramid by translating these to low cost and reliable energy.
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- The Electricity Act of 2003 has certainly unleashed competitive forces and unlocked efficiencies benefiting the consumer with lower tariffs, evidenced widely in renewable generation.
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- The reformist environment in the sector has especially helped the transmission sector, which has attracted global investment and brought in the efficiencies of tariff based competitive bidding (TBCB) under the public private partnership (PPP) framework.
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## What are the concerns with India’s energy policies?

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- In India currently as many as 58 of the 101 projects have had exceptions

applied to them and are being routed through the cost-plus model using the regulated tariff mechanism (RTM), burdening the consumer with higher cost and tariff.
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- Due to this the cost of inter-State power transmission has increased by 69 per cent in the past seven years.
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- Projects being awarded under regulated, and not competitive bidding model contributes to a greater measure to this increase.
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- If routed through the cost-plus model, the cost of delivered power is likely to increase by 30-40 per cent, negating the gains being made on competitive bidding-based price discovery of green energy.
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## What measures needs to be taken?

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- Faster completion of transmission lines at a lower cost has to be the sole focus.
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- The proven success in India’s transmission sector clearly underlines that all efforts should be made to minimise, in fact eliminate, any exceptions to the TBCB model.
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- Project execution models based on competitive bidding have demonstrated the capability of developers to work strictly according to timelines under a transparent framework.
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- Even public sector undertakings like Power Grid Corporation have shown improved efficiencies of cost and time in the projects secured through competitive bidding, as opposed to those secured through the cost-plus mode.
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- Any attempt to deviate from this proven framework can only do harm to India’s green energy ambitions.
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## Source: Business Line

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