Hurdles in Realising Roof Top Solar Plants

Why in news?

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Union government is working on a “rent a roof” policy to support its plan to generate 40 GW of solar power by 2022.

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What is “rent a roof” policy?

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- Under the policy, a developer will take rooftops on rent and will offer lease to each household, and then feed the solar power to the grid.
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- This policy works under net-metering system, by which a consumer is only billed for the electricity consumed after deducting the power generated from one’s solar rooftop panels that is supplied to the grid.
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- Union government aims to give the discoms financial incentives for every MW of rooftop capacity created in their area of operation.
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- However, to avail themselves of incentives, discoms should create the capacities through tariff-based competitive bidding.
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- The proposed scheme seeks to shift the game from captive players to energy companies (independent power producers, or IPPs).
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What are the hurdles?

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- Most of the discoms in India are State government-owned and are hesitant to take up such projects due to of their nature of self-protection from instant financial turmoil.

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- These companies have refused to buy any surplus power from them.
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- Therefore, factories and commercial establishments, like shopping malls, put up only as much rooftop solar capacity as would satisfy their demand, even if they have the space and wherewithal for more.
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- As for individuals, rooftop solar has are not being attractive proposition as there is no clear government policy stand on installation and maintenance of roof top solar plants.
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- There is also absence of policy direction on ‘net metering’, which would allow owners of captive rooftop plants to sell surplus power to the grid.
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- In a tariff-based competitive bidding scenario, individual and small producers will be at a disadvantage.
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- Competitive bidding process would also culminate in a power purchase agreement and a PPA is not particularly appropriate for a sell-only-surplus situation.
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Source: Business Line, Live Mint

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