

## INDIA'S DISTRIBUTED SOLAR MARKET AT THE CUSP OF BUOYANCY

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*It, however, faces challenges in the light of uncertainty in government regulations, such as anti-dumping and safeguard duties, says Vivek Subramanian, co-founder, Fourth Partner Energy.*

The Year (2018) is expected to be another growth year for distributed solar market in India with various stakeholders like the government, component manufacturers, EPC players and most importantly end consumers, who will benefit from the viability of this technology. This is expected to increase the demand for distributed solar in both the Business-to-Business (B2B) and Business-to-Consumer (B2C) segments.

Distributed solar is set to become a norm for industries in 2018, as there is too much value in electricity cost savings for a fairly convenient implementation. Still, uncertainty in government regulations, like the antidumping duty and safeguard duty, will be a key challenge facing the industry.

Here's what we predict for the distributed solar energy market in 2018:

- New technologies like flexible panels, floating plants, Building-Integrated Photovoltaics [BIPV], etc. will be in demand and see high growth. Their global track record will provide customers in India comfort to try new options.
- String inverter manufacturers will introduce models with higher sizes and the cost/ kW will drop further.
- Availability of Capital, both Debt & Equity to dramatically improve. This will fuel an explosion of capacities in the industry. Parallely, we will see more discipline in documentation and maturity in PPA clauses as stakeholders become more cognizant of what clauses to agree to and what expectations and guarantees to set.
- Actual project returns to become the keystone metric for investing in solar. With the market maturing and investors having gained sufficient experience in nurturing these assets, they will focus more on actual returns beyond the initial tax benefits.
- Customers will spend more time and effort in assessing the servicing capabilities of RESCO providers. This will test the capabilities of RESCO players as they focus on increasing plant up-time and therefore actual project returns.
- Net metering procedures will simplify across most states with the government streamlining processes and bolstering its workforce. This will further reduce the commissioning time of plants and also open more opportunities in states where the net-metering application process has been a bottleneck.
- Consolidation amongst service providers as clear leaders will take shape. Branding will become important.
- With the government having subsidised solar for educational institutes, government bodies and other institutions till last year, we will see more focus on subsidies routed through DISCOMs for the residential market in 2018. This will lead to a boom in the retail solar market and create more awareness among residential customers.
- Safeguard duty, if implemented will benefit backward integrated manufacturing and make the local module manufacturers compete on a level ground with imported components and the preferred option for projects. Correspondingly, Chinese component suppliers will set up manufacturing plants in India through tie-ups with Indian manufacturers. With the growth of the solar energy sector in India and government's renewable energy target and incentives, local manufacturing of solar components will see a boom.
- There is uncertainty currently on what shape the government's intent to want to protect the domestic manufactures from Chinese module suppliers will take. This may result in project bids and implementations from large corporate being delayed. This could be the industry's Achilles heel in this financial year.

