

SECI's Reckless Push for New Solar Auction Amidst 6500 MW of Unsold Renewable Power

In a shocking display of disregard for the pressing issues plaguing the renewable energy sector, the Solar Energy Corporation of India (SECI) has decided to go ahead with a new auction for a 2000 MW Solar Power project, combined with a 4000 MWh Battery Energy Storage System (BESS), despite an overwhelming 6500 MW of renewable energy capacity already lying unsold in the system.

SECI is set to conduct a Reverse Auction on Thursday, November 21, 2024, for a new project, even as developers of the 6500 MW of unsold capacity – awarded through multiple tenders over the last 2 years – continue to suffer in limbo, unable to secure long-awaited Power Purchase Agreements (PPAs) with DISCOMS or Power Supply Agreements (PSAs) with developers.

The power from these projects, who have been awarded the LOIs, stills remains un-allocated and SECI has not been able to secure procurers to sell this power. The process as envisaged in the bid documents says, SECI will only sign PSA with renewable energy developers discovered after the reverse auction, once SECI is able to finalize procurers and signs PPA with them for supply of power. For this, SECI charges Rs .07 per KHhr of trading margin from the developer.

Instead of tackling the growing backlog or attempting to resolve the bottleneck that has left renewable energy developers stranded, SECI appears determined to exacerbate the problem by pushing for even more capacity, which could only deepen their woes.

Developers, who have been waiting for up to two years, are finding it increasingly difficult to compete with newer projects, as falling tariffs from successive auctions erode the viability of the older, uncontracted projects.

SECI's insistence on pushing forward with additional auctions in the face of this massive surplus not only undermines the financial viability of old projects but also highlights a disturbing disconnect between the government's renewable energy targets and the reality on the ground. Instead of addressing the current crisis of unsold renewable power, SECI's actions suggest a irresponsible rush towards unattainable goals that will only deepen the sector's woes.

A significant portion of the unsold capacity has been developed by private sector players, including major companies such as Renew Solar, ACME, Avaada, JSW Neo, Hero Solar, and NTPC. The unsold power from these projects is also adding to the financial strain for the companies.