

Gujarat

New state solar policy announced

29th December, 2020

Relevant to Mahindra Susten

What is the policy about?

- According to the policy, the power consumers will be able to set up solar projects on their rooftop or vacant place.
- They can also offer their space to third party for power generation and utilization.
- Security deposit given to power companies has been cut from Rs. 25 lakh per MW to Rs. 5 lakh per MW.
- New solar power policy will remain effective for the next five years.

Benefits of the policy

- The Gujarat Solar Power Policy, 2021, for the next five years aims to reduce the power costs of industrial units by around 50 per cent while removing any capacity ceiling for setting up a solar project in Gujarat.
- The policy also allows consumers to give their roof or premises on lease to a third party for generation and consumption of power on same premises.
- Apart from lifting the cap on the size of solar project and allowing consumers to give their roof or premises on lease, the policy also provides a group of consumers to set up solar projects for self-consumption as a collective ownership project and allows them to consume the generated energy in the ratio of their ownership.
- Earlier, the cap on the solar project was 50 per cent of the sanctioned load or contracted demand.
- Also, the security deposit, to be submitted by a developer to a power distribution company (DISCOM), has been reduced from Rs 25 lakh per MW to Rs 5 lakh per MW.
- To encourage small-scale solar projects (up to 4 MW), power DISCOMs, under the new policy, will now purchase power from those projects at 20 paise per unit tariff higher than tariff discovered through competitive bidding.

For Further Reading

1. <https://indianexpress.com/article/india/gujarat-solar-power-policy-2021-states-new-solar-power-policy-removes-capacity-ceiling-for-setting-up-plant-7125126/>
2. <https://www.thehindubusinessline.com/news/gujarat-announces-additional-benefits-for-solar-power-producers/article33443639.ece>