

# Centre weighs financial aid for nascent floating solar projects

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**T**he government plans to introduce a viability gap funding (VGF) scheme to support capital-intensive floating solar projects, two people familiar with the development said.

"The scheme would be designed to meet the gap of 25-30% in the overall cost that developers find difficult to spend on such projects. The sector would require some support to grow as it requires higher investments and is still in the nascent stage in the country," one of the people said, requesting anonymity.

The government aims to attract private investments in costly power generation technology to reduce the reliance on vast stretches of land to set up solar parks.

Queries mailed to the spokesperson for the ministry of new and renewable energy



India currently has less than 300MW of installed floating solar power capacity.

remained unanswered.

Floating solar plants are environment-friendly and can help conserve water in drought-hit areas by reducing evaporation from water surfaces where they are set up, experts said. They also offer a solution to land acquisition issues, enabling the expansion of renewable energy capacity through projects on water bodies such as lakes and hydropower projects.

However, given the high cost involved in these projects, the tariff of power generated from these projects is also higher than that from terrestrial solar projects.

"The tariff of the power generated from floating solar projects bid out in the last year was ₹3.2-3.9 per unit, compared to ₹2.3-2.9 per unit of the power from land-based solar projects. There might be a consideration to scale up this segment by making the tariffs more competitive," said Vikram V., vice president and sector head of corporate ratings at Icria Ltd.

Amit Kumar, a partner at PwC, said although private investors have shown interest in these projects, it may be tough to find buyers for the power generated from floating solar projects due to the high tariffs.

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accounting for less than 0.5% of the country's 67.08 gigawatts (GW) of total solar capacity. In July 2022, India's largest floating solar power project was commissioned by NTPC Ltd, with the company declaring the start of commercial operation at the Ramagundam Floating Solar PV Project in Telangana.

The government is also encouraging the construction of rooftop solar and terrestrial solar parks through the 'Grid Connected Rooftop Solar Programme' and 'Development of Solar Parks and Ultra Mega Solar Power Projects' programme.

The emphasis on solar power comes amid India's ambitious energy transition targets of achieving a renewable energy capacity of 500GW



India's total solar capacity stands at 67.08GW.. REUTERS

by 2030 and net-zero carbon emissions by 2070.

Further, to boost domestic solar-equipment manufacturing and curb Chinese imports, which have over the years dominated the Indian market, the Centre has introduced incentive schemes for equipment manufacturing and imposed high tariffs on imports of such products.