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FOCUS ON SETTING UP VALUE CHAIN

Solar PLI: Firms want first-round winners barred from new tender

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SOME OF THE solar developers who participated in the first round of bidding under the production-linked incentive (PLI) scheme have asked the government to either terminate the round or to not let the winners participate in the second round.

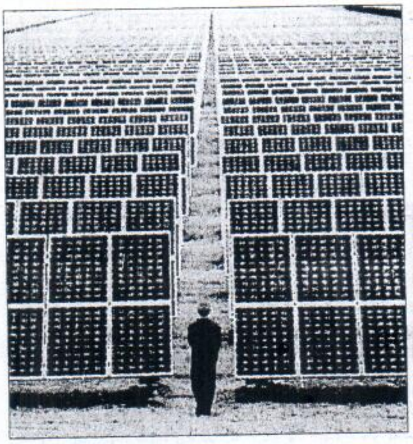
Reliance Industries (RIL), Adani Group and Sri Shirdi Sai Group were declared winners in the first tranche of the solar PLI tender to set up 8737-MW capacity with a PLI amount of ₹4,455 crore.

Many in the industry fear that Reliance Industries and Adani Group, with deep pockets, will once again take away the majority of the balance capacity on offer. "We have also suggested that the government should increase the outlay under the scheme to accommodate more players under the scheme," a developer who attended a stakeholders' meeting convened by the Union power minister in New Delhi on Wednesday said.

RIL and Adani Group did not reply to queries.

The ministry of finance, in the Union Budget 2022-23, allocated an additional ₹19,500 crore under the solar PLI Scheme to manufacture high-efficiency modules, with priority to fully integrated manufacturing units from polysilicon to solar PV modules. The allocation under the first tranche was ₹4,500 crore.

As per the draft guidelines for Tranche II, ₹12,000 crore has been reserved for companies setting up integrated capacity of polysilicons, wafers, cells and modules, while ₹4,500 crore has been reserved for those setting up wafers, cells and modules capacity, and ₹3,000 crore for cells and modules capacity.



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The majority of the companies that participated in the first tender had bid for cells and modules capacity. However, in the second tranche, the PLI is higher for companies setting up the entire value chain.

Participants noted that it is not possible for all to set up integrated capacities as all four segments require different expertise. While polysilicon belongs to the chemicals field, wafer and Ingots require metallurgical expertise, and the last two cells and modules are more from semiconductor space.

"To set up a polysilicon capacity anything below 50,000 to 100,000 tonne would be unviable. It will require much higher investments as well," the participants added.

However, there is another view as well. Ashu Gupta, head regulatory and government relations, CleanMax Enviro Energy Solutions, said if India needs to establish self-sufficiency in production of solar panels and have the entire value chain, the draft efficiency guidelines are apt to bring international standards in manufacturing. "India should build capacities not just to meet domestic consumption but become a hub for global exports as well. There may be initial hiccups but it will vanish after a year," Gupta said.

"All can exist simultaneously. There is technology available in India to make polysilicons from quartz. Quartz is available in abundance, same goes for silica as well. We only need the intent and the mindset to think big," Gupta said.