

**GOVERNMENT OF INDIA
NEW AND RENEWABLE ENERGY
LOK SABHA**

UNSTARRED QUESTION NO:1208
ANSWERED ON:30.11.2012
FINANCIAL ASSISTANCE FOR GRID CONNECTIVITY
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Will the Minister of NEW AND RENEWABLE ENERGY be pleased to state:

- (a) whether the Government is considering to provide financial assistance to the States for establishing grid connectivity with power generated through renewable energy sources;
- (b) if so, the details thereof;
- (c) the details of major challenges being faced in tapping renewable energy sources; and
- (d) the measures taken by the Government to increase the power generation capacity of renewable energy sources ?

Answer

MINISTER OF NEW AND RENEWABLE ENERGY (DR. FAROOQ ABDULLAH)

(a)&(b): Power generated from grid connected renewable power projects is currently evacuated through existing grid system in the respective States where these projects are set up. At this stage, no separate financial assistance is envisaged to the States for grid connectivity of renewable energy based power projects.

(c): The major challenges in exploration of renewable energy sources are:

Inherent intermittent nature of renewable energy sources leading to low capacity utilization factors and need for storage.

Grid synchronization limitations on account of intermittent nature of supply;

Relatively higher capital investment compared to conventional power projects.

Requirement of preferential tariffs to make investment commercially attractive.

General difficulties in servicing and maintenance in remote areas where the renewable energy projects /systems are installed.

(d): The Government has taken several steps to increase power generation capacity of renewable energy sources. These include:

Fiscal and financial incentives, such as, capital/ interest subsidy, accelerated depreciation, concessional excise and customs duties;

Preferential tariff for grid interactive renewable power in most potential States.

A minimum percentage for purchase of electricity by distribution companies from renewable energy sources.

Guidelines by CERC to SERCs for fixation of preferential tariffs.

Jawaharlal Nehru National Solar Mission to give a boost to deployment solar photovoltaic as well as solar thermal systems.