

National Solar Mission Report Launch – 04 May 2012

Press Release by the Council on Energy, Environment and Water

REPORT EMBARGOED UNTIL 1500 IST

National Solar Mission needs technology-neutral manufacturing policies, says new report

New Delhi, 04 May 2012: An independent report published by the Council on Energy, Environment and Water (CEEW), and the Natural Resources Defense Council (NRDC), has found that India's solar industry is at a crucial stage of its growth and needs strategic nurturing. The report, *Laying the Foundation for a Bright Future*, which was launched here today, calls for greater transparency, benchmarking and monitoring; strategic approaches to finance; and technology-neutral policies for manufacturing.

Technology-neutral manufacturing policy preferred; much value and many jobs lie downstream

A productive solar manufacturing base is an important part of India's aspirations to become a major global solar player. Investing in solar manufacturing now can provide long-term strategic value for India. But to be a dominant player in the global arena, India needs to make prompt, smart and concerted investments in manufacturing. "The National Solar Mission deserves much credit for laying the groundwork for a successful solar market, but a lot of market uncertainty still permeates the solar ecosystem and affects development of manufacturing capacity," said Anjali Jaiswal, Director, India Initiative at NRDC.

A range of systemic issues hinder domestic manufacturing in India. "Indian manufacturing is of a smaller scale and more fragmented leading to higher costs," noted Dr Arunabha Ghosh, CEO, CEEW. The report finds that the Indian solar manufacturing sector requires systemic improvements in infrastructure, domestic low-cost financing, and raw materials.

The Mission's domestic content requirement (DCR) has not augmented India's manufacturing base and has in part contributed to shifting the market towards Thin Film PV technologies (**See Graphic 1**). "The Indian government can further grow domestic manufacturing by making policies technology-neutral to avoid market distortions and avoid technological lock-in," said Dr. Ghosh. The report offers three alternative policy options: (a) a domestic content requirement across all PV technologies; (b) a DCR specifying that a certain percentage of solar PV components be manufactured in India; and (c) consideration of a different form of incentive to promote domestic manufacturing without being overly restrictive towards foreign manufactured technologies.

"Policymakers should also not lose sight of value added industries and job creating potential further downstream," said Ms. Jaiswal citing the report's findings that in the United States, more than half the jobs and value lie in installation, operation and sales (**See Graphic 2**).

ABOUT THE REPORT

The report is the first independent, external analysis of the opportunities and hurdles faced by India's National Solar Mission. Adopting a "whole-of-system" approach, the report identifies multiple stakeholders and focuses on all aspects of grid-connected solar power: selection, deployment and commissioning of projects; bankability and the role of various funding channels; the development of a robust manufacturing base; and the creation of an enabling environment with regard to land, power evacuation, skills. The report and related information material is available at: <http://ceew.in/solar>.

Overall, the report recommends that policymakers focus on three priorities:

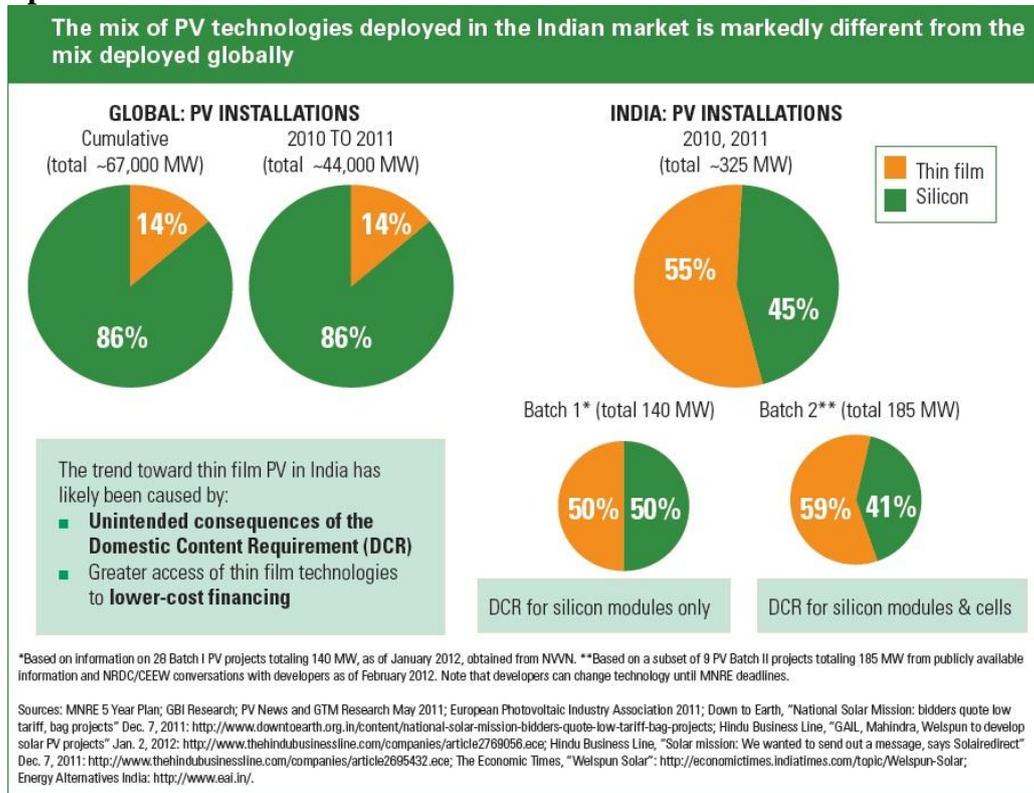
- **Strategic Financing:** Government must bring together different financial institutions to strengthen the solar financing ecosystem, which would operate at the strategic level (priority sector lending, disseminating market information, etc.), project level (debt finance, non-recourse project finance, long-term debt, etc.), and offer ancillary support (R&D, skill development, etc.)
- **Technology-neutral Manufacturing:** Developing a robust manufacturing base for solar has value in India but investors need better infrastructure and financing. Also, policies to promote manufacturing should be technology-neutral. Three alternative policy options could be considered: (a) a domestic content requirement across all PV technologies; (b) a DCR specifying that a certain percentage of solar PV components be manufactured in India; and (c) consideration of a different form of incentive to promote domestic manufacturing without being overly restrictive towards foreign manufactured technologies.
- **Transparency and monitoring:** Common definitions of commissioning projects under state and national missions are needed. Project technology choices must be transparent and solar irradiance data must be available for investors to have confidence in the market.

CONTACT

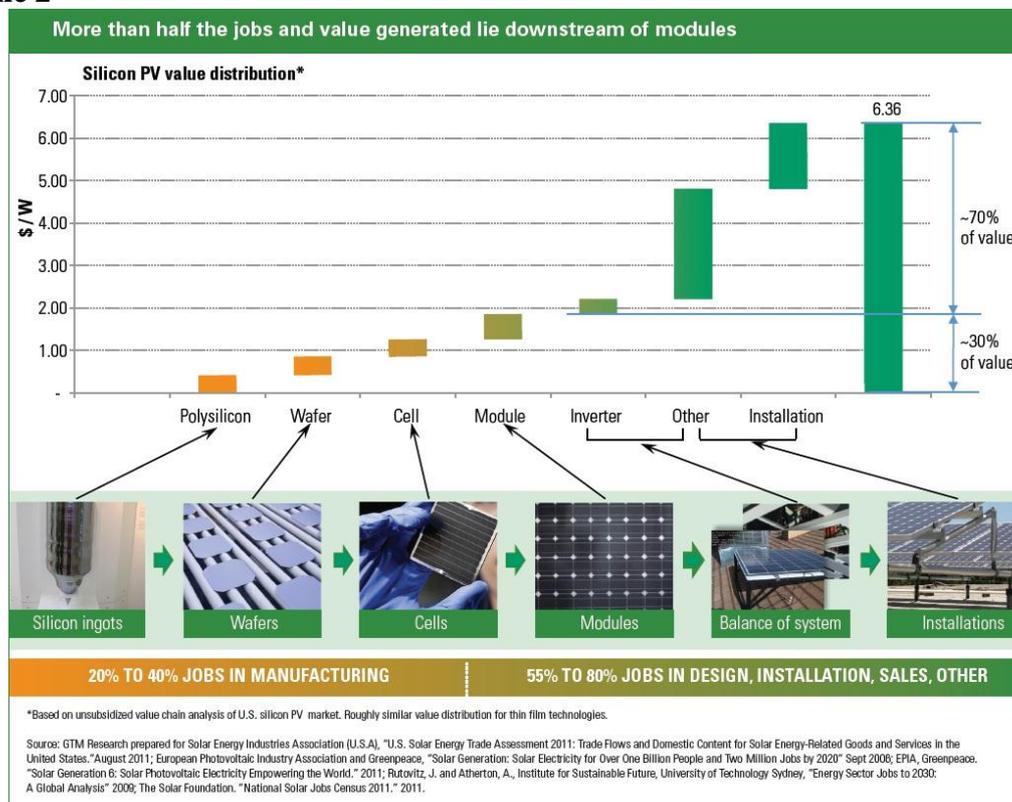
For media related queries and interview requests, please contact the undersigned.

Prachi Gupta
Council on Energy, Environment and Water
Mobile: +91 – 9818701046
prachi.gupta@ceew.in

Graphic 1



Graphic 2





ABOUT THE COUNCIL ON ENERGY, ENVIRONMENT AND WATER

The Council on Energy, Environment and Water is an independent, not-for-profit policy research institution. CEEW's mission is to develop an integrated and internationally focused approach to some of the most pressing challenges facing India and the world. It does so through high quality research, partnerships with public and private institutions, and engagement with and outreach to the wider public. Among its recent initiatives are: the 584-page National Water Resources Framework Study for the Planning Commission for the 12th Five Year Plan; institutional reforms for water use efficiency in agriculture; support for the Government of Bihar on minor irrigation reform and for water-climate adaptation frameworks; the Working Group on India and Global Governance, whose report was submitted to the National Security Adviser; support for the development of the India-U.S. Joint Clean Energy R&D Centre; work with the UK Royal Society and advising the Intergovernmental Panel on Climate Change on geoengineering governance; the Maharashtra-Guangdong partnership on sustainability; assessment of the National Solar Mission, submitted to the Ministry of New and Renewable Energy; and the governance of clean energy subsidies, for Rio+20.

CEEW has published several book length research reports in addition to peer reviewed articles and book chapters, policy briefs, op-eds, and numerous academic lectures. Its current and past work has included water resources management, international collaborations on energy and sustainability, promoting R&D in clean energy, governing climate finance, governance of geoengineering, global energy governance, trade-climate linkages, regulation of clean energy subsidies, India and global governance, among others. It also has extensive networks with research institutions and think-tanks in Europe, Singapore and the United States and is working on a range of climate-, water- and energy-related projects with them. More information about CEEW is available at: <http://ceew.in/>.

ABOUT THE NATURAL RESOURCES DEFENSE COUNCIL

The Natural Resources Defense Council (NRDC) is an international nonprofit environmental organization with more than 1.3 million members and 40 years of experience of using law, science, and other expertise to protect the world's natural resources, public health, and the environment.

NRDC's India Initiative collaborates with local partners to help advance India's goal for a low-carbon sustainable economy. NRDC is advancing climate and clean energy solutions in India—from energy efficiency in buildings and appliances to climate-health preparedness. To bring these climate and clean energy solutions to scale, NRDC is adapting our expertise in scientific research, policy analysis and political acumen to the Indian context.

NRDC's work in India involves four interrelated projects: Enhancing U.S.-India cooperation on climate change and clean energy solutions, such as energy efficiency and solar energy; increasing energy efficiency in buildings and appliances; preparing communities for climate-related health threats; and strengthening environmental governance.

NRDC has offices in New York City, Washington D.C., Los Angeles, San Francisco, Chicago, Livingston, Montana, and Beijing. (www.nrdc.org).