

**For immediate release**

**New renewable energy capacity addition increased by ~80% during Q3 FY2022:  
CEEW-CEF**

*- Despite rising solar PV module costs, solar energy comprised 92% of the new renewable energy capacities commissioned*

*- EV sales jumped more than 250% due to additional government incentives and a surge in petrol prices*

**New Delhi, 10 February 2022:** New capacity addition of non-hydro renewable energy increased to 3.4GW during the third quarter of FY22, compared to just 1.9GW installed in the same period last year, according to the latest edition of the [CEEW Centre for Energy Finance \(CEEW-CEF\) Market Handbook](#) released today. This is nearly an 80% rise in new renewable energy (RE) capacity addition on a year-on-year basis. However, compared to the preceding quarter, new non-hydro RE capacity additions fell by 27% on account of intensifying supply chain constraints.

Solar energy comprised 92% of the total RE capacity added during the quarter, driven partly by a 142% rise in installations of rooftop solar to 700MW. This growth in new capacity was registered despite a 40% jump in the prices of solar PV modules to INR 21/Watt-peak, over the last year. An increase in the cost of raw materials and supply chain constraints resulted in rising solar PV module costs. In the recent budget, additional incentives worth more than INR 19000 crore have been announced to push local manufacturing of solar cells and modules.

Overall, in terms of net capacity additions, renewable energy formed 75% of the total 4.5GW capacities added (net of 900MW which were converted to captive mode) in the power sector during the period. During the quarter, coal-based power generation capacities of 2095 MW were added in Rajasthan, Tamil Nadu and Bihar.

“The increase in new RE capacity addition in Q3FY22 is in line with the government’s vision of sustainable growth in the coming years. This also comes at a time when the budget speech highlighted energy transition and climate action as key pillars of future economic development. Although we have seen robust volumes of finance flow towards the transition in recent months, much more is needed simply because India’s targets are so ambitious. The budget proposal to issue sovereign green bonds can help plug this gap. If it also helps spur the development of the domestic corporate green bond market, then it could turn out to be a force multiplier,” said Gagan Sidhu, Director, CEEW-CEF.

“Despite high solar module prices and the imminent basic customs duty, the tariff discovery continued to trend downwards this quarter, with the lowest tariff discovered at INR 2.17/ kWh. From an RE capacity addition perspective, the share of RE in total installed capacity is increasing continuously to reach nearly 27% during this quarter. While the pace of RE capacity addition is appreciable, it is highly dominated by solar energy and can be a threat to the power grid’s stability going forward. Exploring alternatives such as hybridising two RE technologies or blending RE with

conventional resources is crucial for ensuring a stable power supply,” said Ruchita Shah, Research Analyst, CEEW-CEF.

The CEEW-CEF Handbook further highlighted that sales of electric vehicles jumped by more than 250% to over 1.3 lakh during the Q3 FY22 compared to around 34000 units in the third quarter of last fiscal. The surge in petrol prices, introduction of new models along with incentives under the Faster Adoption and Manufacturing of Electric and Hybrid vehicle (FAME-II) scheme contributed to the growth in sales of zero-emission vehicles, especially of electric two-wheelers.

The CEEW-CEF Handbook also highlighted that total power generation during the quarter increased by 3.7% y-o-y to 324 billion kilowatt-hours (kWh) owing to the rebound in economic activity during the festive season. Total RE capacity auctioned during Q3 FY22 increased significantly by 61% compared to the third quarter of the preceding fiscal year. Total outstanding dues of power distribution companies for the period also increased by 7% to INR 1.23 lakh crore from the year-ago period.

The CEEW-CEF Market Handbook for the period Q3FY2022 can be accessed [here](#).

Contact: Riddhima Sethi (CEEW) – [riddhima.sethi@ceew.in](mailto:riddhima.sethi@ceew.in), +91 9902039054 ; [mihir.shah@ceew.in](mailto:mihir.shah@ceew.in)

#### **About CEEW-CEF**

The CEEW Centre for Energy Finance ([CEEW-CEF](#)) is an initiative of the Council on Energy, Environment and Water (CEEW), one of Asia’s leading think tanks. CEEW-CEF acts as a non-partisan market observer and driver that monitors, develops, tests, and deploys financial solutions to advance the energy transition. It aims to help deepen markets, increase transparency, and attract capital in clean energy sectors in emerging economies. It achieves this by comprehensively tracking, interpreting, and responding to developments in the energy markets while also bridging gaps between governments, industry, and financiers.