

The OPEX Model - The Next Step in Renewable Energy

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Sandeep Goswami discusses the next possible step in renewable energy- the OPEX model; where the end-user pays for electricity used and does not need to be burdened by the initial capex.



Renewable Energy as one understands has a very broad spectrum; from Wave technology, Geo-Thermal Energy, Micro-Hydro Energy, Wind Energy to Solar Energy.

The developments of the first three are still at a nascent stage and there are lots of barriers to make it available to all. A major reason Mostly because they are tied down to certain geographical requirements. However when one looks at Wind and Solar technology, this barrier is minimized to a large extent.

In the Wind Energy Outlook 2011 Union Minister MNRE, Dr. Farooq Abdullah says - Wind energy is the fastest growing renewable energy sector in the country. With a cumulative deployment of over 13,000 MW capacities, it accounts for nearly 70% of the installed capacity in the renewable energy sector in the country. The sector is growing rapidly and we are likely to achieve, for the first time in the country, a capacity addition of 2000 MW in a year, this year.

Energy demand has continuously outstripped production, and a peak energy shortage of around 12.7% prevailed in the year 2009-10. To meet this shortfall as well as the National Electricity policy target of 'Electricity for All by 2012', the cleanest options available to India are Renewable Energy Technologies (RETs). Although it would be difficult for the government to meet its promise of electricity for all by 2012, renewable energy options including wind power & solar will have to play a crucial role in India's emerging energy mix if this shortfall needs to be arrested in the near future. Not only are they environmentally sound but also their project gestation



periods are significantly shorter than those for thermal or nuclear power plant.

For India to meet its Energy Challenges and achieve its goal by 2020, along with capacity building it must encourage through policy adjustments level playing field for all innovation and ingenuity that can be brought into the field of RET.

Already there is a company which is trying to provide electricity through gas in an OPEX format in Mumbai, India. The model offers power to the client at a lower tariff by certain percent than the grid and over the contractual period increases year on year the tariff per unit thus recovers its money. Though the IRR is not very good, the company is keeping its vision long term, as it knows that conventional energy would become more and dearer both in terms of supply and cost.

The same idea can be applied for Renewable Energy, especially in Micro-Wind and Roof-top Solar. Indian investors have the money and the ingenuity to come-up with solutions. The Government of India has been trying to encourage the Micro-grid especially for rural areas. However, much of Urban tire-II & III cities facing power shortage during peak demand, in Indian summer. Companies which can model its finance intelligently from the various subsidies in offer and factor in the increase in cost of generation of conventional power should be able to come out with a viable instrument.

Once OPEX RET becomes a viable alternative in small captive power model, towns and villages in India would make it their main frame power source. This is because there is abundance of sunlight available throughout the Country and in certain pockets it can be combined with a hybrid wind + solar model to make the RoI better. By offloading the cost of only the inverters to the user, it can become a win-win situation for both.

In bigger Metro too there is abundant scope, especially if one ties this to LEED / GRIHA norms where renewable energy power is an inbuilt criterion to attempt higher credit rating. It also opens up possibilities for building retrofit to become more energy efficient.

Energy efficient products in lighting, HVAC and other product too stand to gain if their parent company can also through association or otherwise bring in the RE – OPEX model to their end customers.

Wind & Solar both have a bright future; the idea is to look at roof-tops rather than creating only large power plants. This way it would be able to overcome the limitations it faces in transmission and distribution and also increase its share in the energy pie.

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