

# Both solar IPP and CPP have immense potential in Gujarat

— **Faruk G. Patel**, Chairman and Managing Director, KPI Global Infrastructure Ltd



*KPI Global Infrastructure Ltd, incorporated in 2008 and headquartered in Surat, Gujarat, is a renewable energy firm. It is both an EPC contractor as well as an independent power producer. In this exchange with T&D India, we have Faruk G. Patel discussing his company's operations and future plans. Patel highlights the immense potential of solar power in Gujarat, thanks to some newly-launched policies by the state government.*

As we understand, KPI Global is a multifaceted solar energy player as a developer (IPP and captive power plant) and an EPC contractor. Tell us about the solar capacities owned by KPI (IPP and CPP) under "Solarism" and the quantum of projects executed for other solar developers.

Our company K.P.I. Global Infrastructure Ltd was incorporated in 2008 in Maharashtra. In our initial years, we were engaged in the sale of land parcels to third parties, which were leased back

for the foraying into solar power generation. In 2013, we received a feasibility study from GETCO for evacuation of solar power, proposed to be generated at our Solarism Plant, to GETCO's Amod substation. In 2014, we initiated construction of a 13.25 km long 66kV transmission line for power evacuation from our Solarism Plant to Amod substation. In 2016, we commissioned our first solar power plant of 5 mw on the leased land at Solarism Plant. In 2017, we installed another solar power

plant (10 mw) on our owned land at Solarism Plant.

On the CPP front, till date we have completed 6 mw of solar power plant for MSME clients and have an order book of 5 mw on hand, with a completion deadline within the current financial year.

**We understand that your IPP capacity will be reaching 40 mw by March 2020. Are the projects on track?**

Yes, we have already commissioned 15 mw of solar power capacity and are presently in the completion stages of setting up another 25-mw project with a cost of around Rs.132 crore. The project is being financed by Power Finance Corporation with a Rupee term Loan of Rs.86 crore. The current status of the project is that we have already received the entire disbursement of our financial assistance for the project and have commissioned 18 mw (out of the 25 mw). Our proposed date of commercial commencement is November 2019, and we are very much in line with the scheduled date. We have entered into PPAs



with customers for the proposed sale of power of 25 mw.

**Who are the main beneficiaries of the current IPP capacity of 33 mw? Is the entire capacity tied up through long-term PPAs?**

For our 33-mw project, we have signed long term PPA of 15 to 20 years with our customers. We are glad to state that these PPAs are signed with some of the highly-rated corporates like L&T, UPL, Colourtex Industries, Meghmani Organics, etc.

**Can we presume that the 6-mw captive power plant is indeed a group captive plant for a set of industrial users?**

No, the group captive plant is an arrangement through which a developer sets up a power project for the collective use of multiple industrial or commercial consumers who have 26 per cent equity in the project and must consume 51 per cent of the power produced.

But ours is an individual captive plant where the 100 per cent investment is brought in by an industrial consumer and the entire power is consumed by the consumer.

KPI Global Infrastructure Ltd did the EPC of the plant on its own land and is undertaking O&M of the plant for a 25-year period.

It earned one-time revenue from the sale of plant and recurring revenue in the form of lease rental of land and O&M charges for maintenance of the plant.

**We understand that KPI Global owns a dedicated 66kV line for power transfer from its IPP and CPP sites to GETCO's Amod substation. What is the rated power transfer capacity of this line and how much of it is being used currently?**

Yes, KPI Global Infrastructure Ltd has its own dedicated 66kV line for transfer of power to GETCO's Amod substation. Earlier the company



had capacity to transfer 30 mw. Post changes in infrastructure, the company increased evacuation capacity to 70 mw. GETCO approved the same in July 2019. In fact, our transmission infrastructure, equipped with double circuit of 'Panther' conductors, can enable transmission up to 100 mw.

**Please recall some challenges faced during the construction of the 66kV line, especially right-of-way concerns.**

In 2014, we initiated construction of the 66kv transmission line. In 2016, we commissioned our first solar power plant of 5 mw at Solarism Plant. It took us almost two years for setting up 56 transmission tower poles in land owned by others for our 13.25-km long transmission line. We faced issues from land owners, farmers, local authorities and local groups. There were days when our work was stalled for the entire day as labour force was not allowed to work. Sometimes, material was blocked from reaching the site. So we faced number of issues, but being locals of Bharuch, we were able to resolve the issue and complete the transmission line.

**Tell us about the modality of ownership of this transmission line. Was this developed under**

**concession agreement with GETCO?**

We acquired the land and established the requisite infrastructure for the 66kV transmission line, switchyard, power transformers and a main control station. This infrastructure is utilized to generate revenue from our IPP customers and our CPP customers, by providing them infrastructure to transmit the solar power units generated from their respective CPP power plants located at the solar power plant.

Though our company has built the transmission line and has also signed the connectivity agreement and O&M agreement with GETCO for a period of 25 years, we do not own the assets on our books.

**What advantage does this transmission line give you vis-à-vis other solar developers?**

The transmission line gives us an edge over our competitors, who are entering the IPP market. Whenever we compete for PPA with other developers, we highlight our capability of providing power within a period of six months due to availability of ready evacuation infrastructure, whereas our competitors find it difficult to compete with us on the timeline as they do not have ready evacuation



infrastructure for outright power evacuation. Further if they plan to build one, it will take them at least 2-3 years considering the right-of-way issues.

**It is widely felt that even though renewable energy capacities are coming up fast, power evacuation is a concern. What is your overall view?**

Increasing renewable energy capacity without building evacuation infrastructure is like adding vehicles without building roads. With the transmission infrastructure unable to keep pace with the increase in solar power generation, the substantial mismatch is bound to put immense pressure on the present infrastructure—a situation which we cannot afford especially there are huge stakes in the solar power sector.

Our Government has understood

this need and has taken steps in the form of initiatives like the Green Energy Corridor. The project includes about 9,400 ckm transmission lines and substations of total capacity of around 19000 MVA to be completed by March 2020. The purpose is to evacuate approx. 20,000 mw of large-scale renewable power and improvement of the grid in the implementing states. More such initiatives, and acting as facilitators to developers in resolving ROW issues, will play a bigger role in overall growth of the renewable energy sector.

**Please share your growth plans in the solar power industry with respect to both your IPP and EPC contracting businesses. Do you have plans to expand your footprint to solar-rich states outside Gujarat?**

Both IPP and CPP have immense potential to grow in Gujarat. On

the IPP front, a number of large corporates have shown interest in signing PPA, as they have zero investment in the project and get saving in their electricity bills. Similarly, on the CPP front, we get continuous inquiries from MSMEs involved in textiles, forging, chemicals and dyeing as their major cost component (excluding raw material) is energy. Setting up a captive solar plant will save costs and have a positive impact on overall profitability. Further, the latest announcement by the Gujarat government on the cap of 50 per cent of the contract demand has been removed for MSMEs in case of solar power generation. With this, MSME units would be able to install 100 per cent or even more capacity of solar panel to meet their entire energy requirement.

Additional power generated by these units would be purchased by state-owned electricity distribution companies. There are more than 33 lakh MSME units functioning in the state and taking advantage of this scheme, MSME units would save considerable amount on their electricity bills. The recent support from this change in the policy has increased manifold the captive solar power plant market in Gujarat.

So there is huge potentials within Gujarat itself. Nevertheless, we will not restrict ourselves to Gujarat and will explore opportunities in neighbouring states like Rajasthan and Maharashtra. Further, we also have plans of going overseas, especially Middle East. ■