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“As we stand at the threshold of the Union Budget 2017-18, the Renewable Energy sector awaits clarity on policy direction and incentives that will help continue growth across the sector. To begin with, first question is whether the GST will roll out and whether electricity sector will form part of the GST domain and be taxed @ 0% under GST, which will allow claiming GST refund for operating expenses incurred. This way, per unit cost of power generation can be reduced and benefits can be passed to the consumers. A key point in the power sector wish list is the extension of generation based investment (GBI) Scheme for wind energy, which will be crucial to smoothen its transition from an investment-based incentive to an outcome-based incentive, thereby broadening the investment base further. A prominent concern in the sector is with regards to the Minimum Alternate Tax (MAT) rate increase which has moved up from ₹8% to ₹21%. It is necessary to have a mechanism for upward revision in power tariff to the extent of increase in tax rates or levy of any new tax by the government, which at present is missing in most of the regulatory orders. In addition to the UDAY scheme, an incentive mechanism for DISCOM on timely payments and new renewables energy procured for fulfilling the RPO targets can be introduced as well. To create an investor-friendly environment, the budget should focus on implementing a strict penalty framework to solve the issue of inordinate delay in payments by distribution utilities in certain states that have adversely impacted cash flows of the IPPs. Finally, the National Clean Energy Fund should be utilised more effectively by allotting certain funds to various state DISCOMS to make payments only to Renewable energy developers.”