

USAID's South Asia Regional Energy Partnership (SAREP)

National Workshop on **Exploring Virtual Power Purchase Agreements for India**

July 13, 2023

Can VPPA help corporates achieve sustainability targets?

Vinay Rustagi

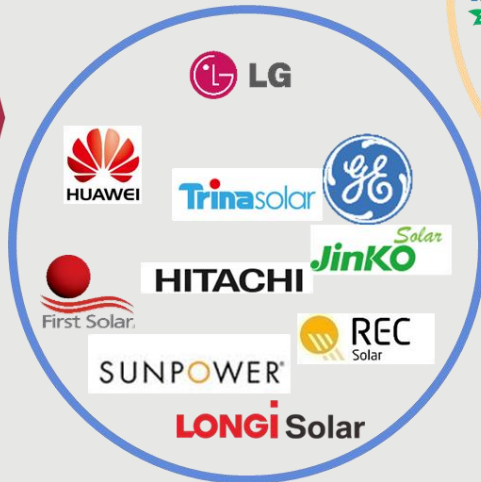


BRIDGE
TO
INDIA

About BRIDGE TO INDIA

We are an independent clean energy consulting and research services company

CONSULTING



MARKET INTELLIGENCE

We have worked across the value chain on a wide range of assignments



Business strategy

Indian conglomerate

Complete business portfolio review and formulation of a new strategy for EPC, project development and manufacturing business



Market assessment

International development FI

RE policy assessment, market review and identification of suitable investment prospects



Business strategy

European IPP

Market entry strategy including target business segmentation, value chain review and competitive positioning



Market assessment

European inverter manufacturer

Relative evaluation of India, China and other south Asian markets on solar industry growth prospects and government policy framework



Business strategy

Utility scale project developer

Complete benchmarking and development of business strategy for rooftop solar OPEX business



Tender design

International development bank

Contractual and financial comparison of various utility scale tenders and recommendations for future procurement



Buy side advisory

PE investor

Technical, business and commercial due diligence of a rooftop solar investee company



Bid advisory

International IPP

Financial bid advisory and competitive market assessment for multiple tenders

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Analyst time

Detailed market reports

Deep sector knowledge



Databases

Comprehensive sector information

Project database

Rooftop project database

Tender tracker

Policy database

Equipment and EPC price indices, power prices



Tenders and projects

Policies

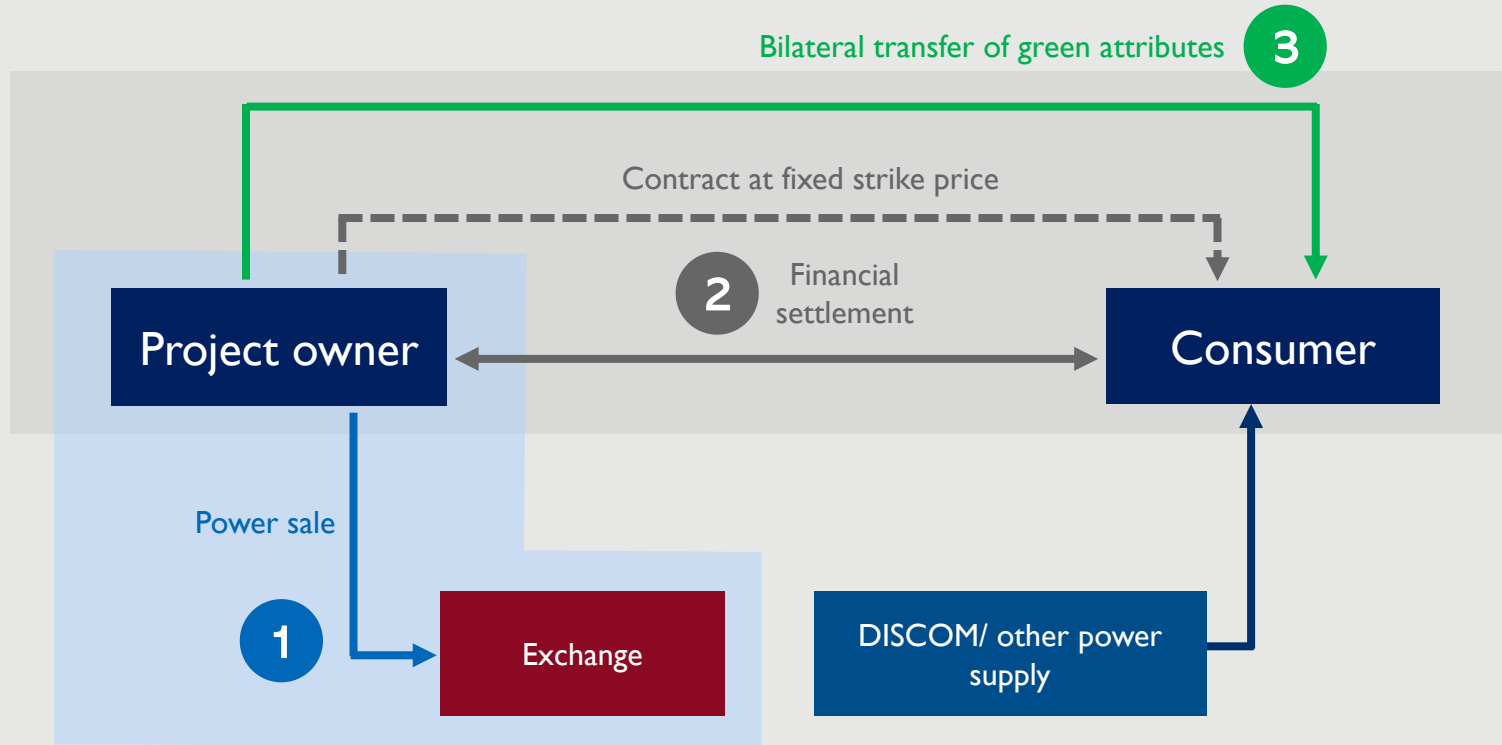
Equipment and EPC prices, power cost

Leading players

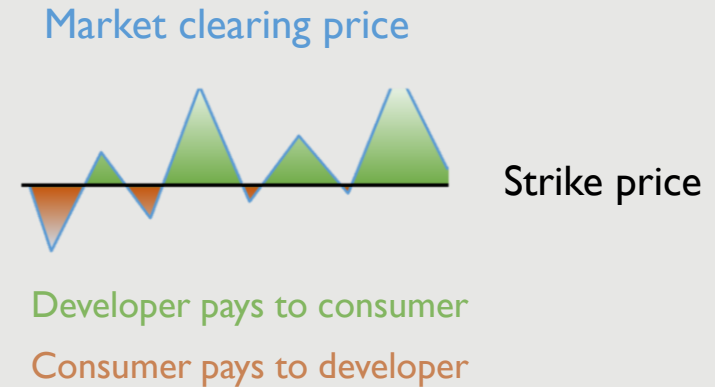
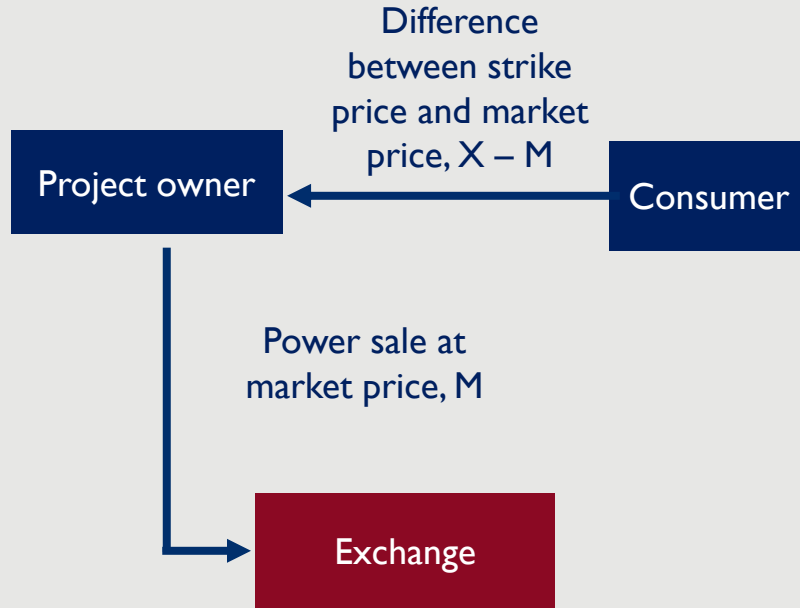
News and research

Virtual PPAs

VPPA is a financial instrument linked to power price

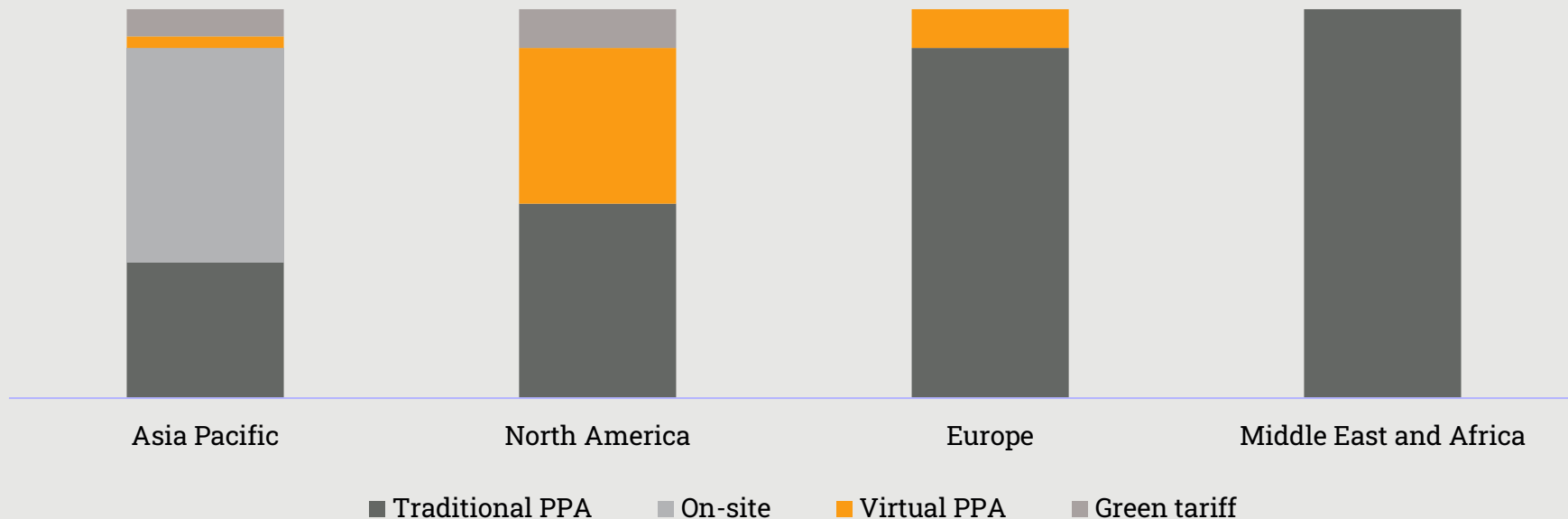


Fixed strike price ensures fixed revenue for the project owner






VPPAs are gaining strong acceptance in some markets

Type of corporate RE procurement deals in Q4 2022



Clarity on CFD instrument design is still awaited

| Transaction | Regulation | Status | Key success factors |
|---------------------------------|------------------------------------|---|---|
| Physical sale of power | CERC Open Access Regulations |  | Liquidity on power exchanges |
| Transfer of green attributes | CERC REC Regulations |  | NA |
| Financial settlement | SEBI |  | Clarity on instrument structure and tax code |

Viable uses cases for VPPAs

- Consumers unable to secure traditional open access – denial of approval, poor resource or unattractive policy
- Consumers struggling to increase RE penetration beyond 60-80% with traditional routes (storage is still commercially unviable)
- Consumers with distributed operations in rented premises

The market is testing out alternate structures

Alternate VPPA structure



Conclusion

Conclusion

- Cost plus option
- Low liquidity on power exchanges a potential risk
- Direct open access/ Green Open Access Rules the best solution for most consumers
- Regulatory clarity on CFD structure still awaited

Thank you.
Get in touch
with us.

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