For immediate release

Non-hydro Renewable Energy Capacity Addition Grew 61% y-o-y in Q1FY23: CEEW-CEF

*- Peak power demand (met) reached a new high of **211.9 GW** this quarter*

*- Despite safety concerns, EV sales increased by over **600% y-o-y** aided by the low base effect*

New Delhi, 3 August 2022: New capacity addition of non-hydro renewable energy increased to 4.2 GW during the first quarter of FY23 compared to just 2.6 GW installed in the same period last fiscal, according to the latest edition of the CEEW Centre for Energy Finance (CEEW-CEF) Market Handbook released today. This is nearly a 61% jump in new renewable energy (RE) capacity addition on a year-on-year basis. In addition to heightened investor interest in the sector, the sharp increase in capacity generation could also be attributed to the low base in the corresponding quarter when capacity installations took a hit due to the Covid-19-induced lockdowns.

Overall, RE accounted for 98% of the total 4.3GW electricity generation capacity added during the quarter. Within RE, solar energy dominated, representing 89% of the total 4.2GW of RE added. This was partly on the back of strong demand for grid-scale and rooftop solar additions. However, wind energy capacity additions continued to lag at just 430MW. In terms of capacity auctioned, a significant 48% of the 3.15GW of RE auctioned in the quarter comprised innovative procurement formats such as hybrid RE and floating solar.

Gagan Sidhu, Director, CEEW Centre for Energy Finance, said, " Continued low share of wind capacity addition is a matter of concern as India's power sector transition cannot be based on solar alone. However, there are also some encouraging signs. A significant 1,200MW of wind capacity was auctioned in Q1FY23. This is in addition to another 1,200MW of wind-solar hybrid that was separately auctioned in the quarter. Further, wind energy has also received a regulatory push in recent weeks. First is the move to do away with reverse auctions for wind tariff discovery. Second is the introduction of a dedicated Renewable Purchase Obligation (RPO) for wind capacity commissioned post-March 2022. The former is a long-standing demand of the wind industry, whilst the latter is a regulatory demand creator."

The CEEW-CEF Handbook further highlighted that India's peak power demand (met) reached a new high of 211.9 GW in June 2022 and crossed the 200 GW mark in each month of the first quarter as a result of the prolonged heat waves and delayed arrival of monsoons. In generation terms, the total power generated increased by 16% in Q1 FY23 to reach 411 billion kilowatt-hours (kWh) compared to 354 billion kWh in Q1 FY22.

Ruchita Shah, Programme Associate, CEEW Centre for Energy Finance, said, "From an EV sales perspective, in the first quarter of FY23, sales reached ~50% of the total EVs sold in FY22. Penetration of battery-powered vehicles in the two and three-wheeler (including e-rickshaws) segments stood at 3.7% and 54.9%, respectively. Amidst increasing concerns regarding EV safety during the quarter, the Bureau of Indian Standards (BIS) has issued performance standards for EV batteries to ensure consumer safety. In addition, NITI Aayog released the draft battery swapping policy to reduce the upfront cost further and the space requirement for charging. Such measures are likely to convince more customers to adopt electric vehicles across segments."

The CEEW-CEF Market Handbook also highlighted that despite various fire incidents, sales of electric vehicles jumped by 636% to a little over 2 lakh units in Q1FY23 compared to the corresponding period. On a quarter-on-quarter basis, sales grew by 18%. The share of EVs in total new vehicles sold during the quarter increased to 4.35% compared to less than one per cent in the same quarter previous fiscal.

The CEEW-CEF Market Handbook for the period Q1FY23 can be accessed *here*.

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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.