PRESS RELEASE
November 19, 2024

Indian Renewable Energy capacity expected to reach 250 GW by Mar'26, led by large project pipeline: ICRA

- ***Renewable capacity addition is estimated to exceed 26 GW in FY2025 and further increase to 32 GW in FY2026, driven by the large project pipeline***
- ***Energy storage requirement is estimated at nearly 50 GW by 2030 to integrate the rising share of renewables in the generation mix***

ICRA expects the installed renewable energy capacity (including large hydro) in India to increase to about 250 GW by March 2026 from the level of 201 GW as of September 2024. The capacity addition will be driven by the large project pipeline of over 80 GW, following the significant improvement in tendering activity in FY2024. Moreover, the tendering activity remained high in the current fiscal, in line with the 50 GW annual bidding trajectory announced by the Government of India in March 2023.

Commenting on the capacity addition prospects, **Girishkumar Kadam, Senior Vice President & Co-Group Head - Corporate Ratings, ICRA**, said: "*The healthy renewable project pipeline and the favourable solar PV cell and module prices are expected to improve the RE capacity addition to over 26 GW in FY2025 from 19 GW in FY2024. This will further scale up to 32 GW in FY2026, mainly driven by the solar power segment, and given the impending expiry of the waiver on inter-state transmission system (ISTS) charges in June 2025. Apart from the utility segment, ICRA expects the rooftop solar segment and the commercial & industrial (C&I) segments to contribute significantly to the capacity addition. Nevertheless, challenges remain on the execution front with respect to delays in land acquisition and transmission connectivity, which, if sustained, could hamper the sector's prospects.*"

Kadam further adds: *"The rise in the RE capacity over the next five years is estimated to enhance the share of RE plus large hydro in the all-India electricity generation from 21% in FY2024 to over 35% in FY2030. In this context, the development of adequate energy storage projects remains important to integrate the growing share of RE with the grid, given their intermittent generation. ICRA expects the energy storage capacity requirement at 50 GW by 2030, which will be met through a mix of battery energy storage systems (BESS) and pumped storage hydro projects (PSP). The significant decline seen in the tariffs for BESS projects over the past eight months, driven by the sharp decline in the battery prices, is expected to improve the adoption of the storage projects."*

Further, there is an increased focus by the Central nodal agencies on awarding RE projects offering round-the-clock (RTC) and firm & dispatchable supply (FDRE), which can mitigate the intermittency risk associated with RE. This can be made possible through the use of hybrid RE projects complemented with energy storage systems. The Central nodal agencies along with railways have completed auctions for close to 14 GW of RTC / FDRE projects. The tariffs discovered in these tenders remain competitive against the conventional sources, with bid tariffs in the range of Rs. 4.0-5.0 per unit, against more than Rs. 6.0 per unit discovered in the recent medium-term bids for supply from coal-based projects. Apart from the capital cost and plant load factors (PLFs), ICRA highlighted that these projects will be exposed to merchant market tariffs, given the surplus power generation expected from the projects owing to the oversizing of the capacity.

Click here to access our previous press releases on the sector.

For further information, please contact:

Media Contacts:	
Naznin Prodhani Head – Group Corporate Communications & Media Relations ICRA Ltd Tel: + (91 124) 4545300, Dir - 4545860 Email: naznin.prodhani@icraindia.com	**Shreya Bothra** Senior Manager - Corporate Communications & Media Relations ICRA Ltd Tel: + (91 022) 61693300, Dir - 61693367 Email: shreya.bothra@icraindia.com

About ICRA Limited:

ICRA Limited was set up in 1991 by leading financial/investment institutions, commercial banks and financial services companies as an independent and professional investment Information and Credit Rating Agency. Today, ICRA and its subsidiaries together form the ICRA Group of Companies (Group ICRA). ICRA is a Public Limited Company, with its shares listed on the Bombay Stock Exchange and the National Stock Exchange. The international Credit Rating Agency Moody's Investors Service is ICRA's largest shareholder.

Click on the icon to visit our social media profiles.