



Issues in Reviving Hydropower Sector

Why in news?

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The recently notified National Energy Policy proposes to bail out stranded large hydropower projects and to increase their life from current 35 years to 60 years.

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What is the current situation?

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- As of May 2017, India's total generation capacity stood at 330GW, of which **44GW is from hydropower.**
- Despite having significant hydro potential of 148GW, only 44MW (30%) of the total potential is harnessed.
- The share of hydropower in the overall energy mix has been falling since 1962-63 when it stood at 51% (13% today).

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Why the low capacity addition?

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- The major reasons lie in **clearances delays**, local issues, land acquisition, rehabilitation and resettlement and contractual disputes.
- Only close to 7% hydro capacity belongs to the private sector today.
- So, the government plan to bring private investments into the sector has not been successful either.

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- Numerous projects has been stranded for decades leading to **increase in various costs** in the original project.
- This poses a threat to the financial/business viability of projects.

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What did the parliamentary committee say?

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- The parliamentary committee on energy and sub-committees (2016) was formed to advise the policy interventions in the energy sector.
- It has recommended three measures to revive hydro power.
 - **Declaring all hydro projects as renewable energy** sources and introducing Hydro Power Obligation (HPO);
 - Reinstating mega power benefit for hydro projects (discontinued after 2012); and
 - Providing better financing options (long-term loans, etc.,)
- Several countries including the UK and Brazil consider hydro as renewables.

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What are the issues with the recommendations?

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- Though hydropower is clean energy, it **comes with a cost** to the environment, wildlife, and relief and rehabilitation (R&R).
- The major problems lie in land use, **emission of greenhouse gases such as methane**, sitting in geological sensitive areas.
- But, the larger problem faced in India is sub-optimal impact assessments and clearances by the MoEF.
- So, bringing hydro into renewables should be supported with proper

regulation, rather than allowing developers a free hand in exploiting resources.

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- It is imperative that declaring hydro renewable **does not undermine the ecological issue** and R&R issues.

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- In terms of buying hydropower, HPO will obligate the electricity companies to buy.

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- However, with HPO the issues will be on **compliance**.

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- So, there has to be strict enforcement, or HPO might become new REC (Renewable Energy Certificates), which was a huge failure.

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- Also, the benefit of all the proposed changes seems to apply to the projects that achieve commercial operation within five years of the notification.

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- So, the problem may continue to persist for many delayed future projects.

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Source: Business Line

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