

Quote by Nikhil Dhaka, Vice President, Primus Partners

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Regulatory reforms needed to accelerate clean energy adoption, says Primus Partners' new report



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Article Content:

A new report by Primus Partners highlights key regulatory reforms required to accelerate clean energy adoption, stabilize distribution companies (discoms) and boost investor confidence in India's power sector.

India's transition to a cleaner, more sustainable power sector is at a critical juncture, with regulatory challenges, financial constraints and policy uncertainties shaping its trajectory. A new report by Primus Partners, 'The Intersection of Power Sector Regulation & Sustainability Goals in India', examines these challenges and proposes a roadmap for achieving India's ambitious 500 GW non-fossil fuel capacity target by 2030.

The report highlights key regulatory reforms required to accelerate clean energy adoption, stabilize distribution companies (discoms) and boost investor confidence in India's power sector. It provides actionable recommendations on policy consistency, contract enforcement and infrastructure development to ensure a seamless transition to renewable energy sources.

Some key insights include:

- **Strengthening discom finances:** India's discoms face accumulated losses of more than INR 6.77 lakh crore (\$82 billion). Financial restructuring, tariff rationalization and direct benefit transfers for subsidies are essential to improve cost recovery and ensure timely payments to renewable energy developers.
- **Regulatory stability and contract enforcement:** Inconsistent state policies on open access, net metering and PPA (power purchase agreement) renegotiations have deterred long-term investments. Standardizing open access rules, enforcing contract sanctity and improving dispute resolution mechanisms will boost investor confidence.
- **Addressing land and permit challenges:** Large renewable projects struggle with land acquisition and environmental clearances. While solar parks have eased this for some projects, states lack clear

guidelines for land-use change and permitting. Expanding pre-cleared renewable zones and creating GIS-based approval systems (as Rajasthan has done) can streamline processes.

- **Grid infrastructure and renewable integration:** Transmission bottlenecks have delayed solar and wind projects. The report calls for synchronized grid expansion with renewable targets, enhanced forecasting mechanisms and policy support for large-scale battery storage.

- **Emerging market mechanisms:** India is gradually adopting market-based incentives such as carbon credit trading, green energy certificates and ancillary service markets. Expanding these mechanisms will create a competitive, investment-friendly environment for clean energy.

- **International commitments and policy influence:** India's clean energy push aligns with global climate agreements, including its commitments under the Paris Agreement and COP26. Strengthening policy implementation and leveraging international partnerships will be crucial in meeting these sustainability goals.

While significant strides have been made in renewable energy adoption, addressing regulatory inconsistencies and financial instability will be critical in sustaining this momentum.

Nikhil Dhaka, Vice President at Primus Partners, stated, "India's power sector transformation requires a multi-pronged approach. Strengthening discom finances, ensuring regulatory certainty and expanding grid infrastructure will be key to unlocking the full potential of clean energy investments."

Neetish Kumar, the report's co-author, commented, "Achieving India's ambitious 500 GW renewable energy target by 2030 will require policy commitments as well as sustained regulatory and financial reforms. The success of this transition is contingent on a stable investment climate and robust implementation mechanisms."