

IN CONVERSATION WITH MR. BRAJESH SINHA - PARTNERING FOR SUSTAINABLE CHANGE (<https://www.solarquarter.com/index.php/resources/108-magazines/15377-solarquarter-november-issue-2018>)

NOVEMBER 2018
SOLAR QUARTER



Partnering for Sustainable Change

Mr. Brajesh Sinha, VP-Business Development, Fourth Partner Energy

What have been some of the recent developments at your organization?

Our biggest milestone in the recent past has been the USD 70 million fund raise from The Rise Fund managed by TPG. Partnership with The Rise Fund has allowed us to expand our boundaries of thinking. We are scaling up multifold. We are almost going to triple our size as compared to last year. Our vision with The Rise Fund is not to be India's number one company in the field but to champion the cause across entire region including Asia, Middle East and Africa.

We help our clients reduce their cost of power by giving them the option of setting up solar plants on their roofs at zero costs in return for long term power purchase agreements at pre-determined prices. Bulk of the money will go into building a healthy portfolio of solar assets. Typical to any classic private equity investment, we will allocate a part of the funds to build capabilities in the form of more people, offices etc.

In terms of product offerings, we are thinking beyond just solar to become a distributed energy management company. This is built on the premise that we are at the customers' premises and we should be able to manage all their energy requirements within those premises. Energy efficiency, electric vehicle charging, we can make their premises smart, by adding battery we can help take their premises go off-grid. These are some of the solutions the firm is working upon. Further, access of energy into rural India offers an opportunity to serve 200-300 million people who still don't have a good source of power for their commercial use. This kind of extended thinking is what the firm is putting in place.

Project performance is becoming an increasingly important factor for project developers. How do you address the performance related demands & concerns of the project owners?

Fourth Partner Energy's journey has been a little over 8 years. In this time, we have transitioned from a pure play EPC company to one of the largest developers in the distributed solar industry. Our entire model is that of a partnership, where we are out there ensuring our customers identify and realise strong savings in the prices of power by using solar on their roofs.

One needs to realise that the returns from the power plant for both customers as well as us, as developers is directly tied to the plant performance and their ability to sweat for life of the asset, i.e. 25 years. Three key components that go into ensuring the same are:

- ☐ Quality of the project executed
- ☐ Quality of the components used
- ☐ Ability to effectively service the plants

While many companies typically outsource some portion of the value chain, that could be either engineering and construction, procurement or service, at Fourth Partner Energy, one of our biggest differentiators is that we developed in-house capabilities across the entire value chain. We have the ability to go out and execute these plants for the customers, with our own team, with our own capabilities which means we can engineer the solutions, procure the components, implement them on sites and more importantly make sure these assets operate efficiently and generation is maximised for life of the plant, i.e. 25 years.

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The increasing scale of operations and strong long-standing relations with component suppliers helps 4PEL in procuring quality equipment and components at best terms. Also, we conduct regular audits of our suppliers' facilities to ensure they are adhering by our standards.

We realise in the long fray, service is going to be a game changer in our industry and at a very early stage itself, we made significant investments in strengthening our service capabilities. We invested in technology to monitor the performance of our plants and help deliver quick resolution in case our plants face any problems.

We are one of the only players who has developed an in-house monitoring app where by

not only are we, but our clients as well can monitor the performance of the plants. We have set dedicated teams operating out of our hubs in Hyderabad and Pune which constantly monitor the performance of all our plants and in case any plant is not performing up to the mark, they are quick to identify the same and deploy a team to fix the issue. The app is equipped with string-level monitoring which helps diagnose the root-cause in the shortest possible time and ensure low down-times.

Our overall approach has helped us win the confidence of some of the largest industrial and commercial names in India.

Are you content with the progress of the Indian solar industry and the new policies being introduced by both state and central government? What more would you like to expect from the government policies?

Government has announced the National Solar Mission of setting-up 100 GWp of solar plants by 2022 but till date we have added approximately 23 GW only. The Centre and State Governments are putting in place policy and regulations to help spur this growth to meet these ambitious targets but the need of the hour is clarity on some of these policies and also long-term stability of these policies.

There is a lot of uncertainty amongst the suppliers whether GST will be charged at 5% or 18% for solar photovoltaic water pumping systems. Recent imposition of safe guard duty may put lot of projects at risk for developers given that the developers are already feeling the pinch due to regulatory delay in allowing pass-through of 5% Goods and Services Tax (GST).

Net Metering guidelines have been put in place in most states, but more efforts are needed to expedite net metering implementation and approvals procedures in most of the states. The state government/ DISCOMS can play a key role in penetration of OPEX model. Industry players suggest involvement of DISCOMS as a party to the PPA between the developer and the consumer to reduce the consumer credit risk. It will help both the developers and SMEs in solving the basic problem associated with OPEX model and can really help the growth of rooftop solar segment.

However, on the positive side, guidelines are being put in place which require all new buildings above certain size to have provisions for rooftop solar. The Government's Smart City project entails making over 100 cities across India sustainable, and rooftop installations are an important step in growth of solar industry.

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