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September 18<sup>th</sup> 2012, New Delhi, According to a report on 'The REC Mechanism: Viability of solar projects in India', 480 million solar RECs are expected to be traded in India by 2016. This is the latest analysis released by BRIDGE TO INDIA, a solar market consulting firm based out of New Delhi, India.

To most in the industry, this will come as a surprise given that the solar REC market has been largely inactive so far. The first trading of solar RECs took place only as late as May 2012 even though the overall RECs market has been active in India since February 2011. In the May 2012 trading of solar RECs the demand was 1,637 – far greater than a total of 149 available on the supply side. None the less, there were only five RECs traded at a price of `13,000 (€200), indicating that the selling price bid was far too high.

According to BRIDGE TO INDIA, the enforcement of Renewable Purchase Obligations remains the weak link in the REC mechanism. The Central Electricity Regulatory Commission (CERC) in India has allayed concerns to suggest that RPOs will be enforced strictly. Further, according to the report there is an ongoing effort by the CERC through the Forum of Regulators (FoR) to convince various State Electricity Regulatory Commissions (SERCs) to comply with the regulation. Assuming that the CERC is able to enforce RPO compliance, BRIDGE TO INDIA's analysis indicates that the total capacity of REC projects would be 868MW by 2016. Further, assuming that only 25% of the RPO requirements will be fulfilled through the REC mechanism, BRIDGE TO INDIA expects that the total number of solar RECs traded is likely to touch 480m by the year 2016.

The report also delves into the uncertainty surrounding REC prices in India post 2017. BRIDGE TO INDIA estimates that REC prices will be in the band of `2,200 (€34) to `4,000 (€62) per REC between 2017 and 2022. The analysis is available for download on BRIDGE TO INDIA's website or by clicking [here](#).

**About [BRIDGE TO INDIA](#) :**

BRIDGE TO INDIA is a consulting company with an entrepreneurial approach based in New Delhi, Munich and Hamburg. Founded in 2008, the company focuses on renewable energy

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technologies in the Indian market. BRIDGE TO INDIA offers market intelligence, strategic consulting and project development services to Indian and international investors, companies and institutions. Through customized solutions for its clients, BRIDGE TO INDIA contributes to a sustainable world by implementing the latest technological and systemic innovations where their impact is the highest.

### **About INDIA SOLAR DECISION BRIEFS**

As part of their extensive research on the Indian solar market, [Market Intelligence](#) at BRIDGE TO INDIA publishes topic-based strategy reports on key and most relevant issues in the Indian solar market. These reports are classified as India Solar Strategy Briefs and [India Solar Decision Briefs](#)

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