

COVID-19: Impact and recommendations for Solar Industry in India

The COVID-19 has touched us all – figuratively at least, in ways that we are still discovering. Individuals and organisations are gearing up to all risk mitigation processes and finding ways in which the losses – lives and livelihood – can be minimised.

Solar projects have been impacted by the pandemic. Here's how the challenges could grow and what risk managers need to keep an eye on.

Global Supply Chain: While China, which is India's main supplier of PV panels, is limping back to normalcy, the road is very arduous and time-taking. There will be delays in projects and provisions around "cessation of work" need to be incorporated in on-going projects.

Power Demand: India's peak power demand crashed to 127.96 GW on 25 Mar from 163.73 GW on 20 March. The lock-down may not be fully rolled back in the near future and there could be business losses. Unfortunately, these losses will have to be absorbed in the absence of a pandemic cover (which is excluded in almost all Indian insurance policies).

Delay in Project Commencement: Material that is stuck on roads may lead to project delay and a carefully worded Marine DSU policy is recommended.

ALOP (Advance Loss of Profit): The above factors will lead to delay in Commercial Operation Date and while project policies exclude pandemics, this could be a new ask from the IPPs.

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