

Policy and Regulatory Framework for RE Projects

01

From national targets to bankable projects: lessons from South Asia

RE projects are shaped by the interaction of policy, regulation, procurement, grid rules and contracts.



Vivek Mishra

Different national pathways, common need for a credible route to investment and operation.

Why the Framework Matters

02

WHAT IT DETERMINES

- Development pipeline
- Revenue certainty & market access
- Risk allocation
- Cost of capital & tariff
- Long-term performance



SAARC LENS

Power-system structures, resources, market maturity and regulatory capacity differ.

The test is whether policy translates into investable projects.

The weakest link in the institutional and regulatory chain can determine bankability.

The Policy-to-Project Architecture

03

POLICY Targets • priorities • security

LEGISLATION Electricity • RE • land •
Environment

REGULATION Licensing • tariff • grid • standards

COMMERCIAL Procurement • PPA • Connection

INDIA

National and state institutions illustrate multi-level implementation.

BHUTAN

Hydropower-led framework provides a base for diversification.

NEPAL

Hydro pipeline highlights transmission and cross-border interfaces.

Policy intent becomes investable only through enforceable rules and contracts.

Policy Objectives and Instruments

04

CREATE DEMAND

Renewable purchase obligations
Capacity targets
Public procurement mandates

IMPROVE PROJECT ECONOMICS

Capital grants • tax/customs relief
Accelerated depreciation • VGF

REDUCE PROJECT RISK

Guarantees • payment security
Currency support • land/transmission

SUPPORT EMERGING TECHNOLOGIES

Technology allocations • demonstrations
Concessional funding • storage/hybrids

SAARC examples: India • Maldives • Bhutan

Match each policy instrument to its corresponding market barrier.

Institutional Roles and Regulatory Independence

05



MINISTRY / GOVERNMENT

Policy and sector planning

ENERGY REGULATOR

Licensing • tariffs • standards • oversight

SYSTEM / GRID OPERATOR

Dispatch and system security

UTILITY / OFFTAKER

Connection • network • power purchase

Governance test: mandates • transparency • appealability • timelines

Institutional ambiguity creates delay and risks that are difficult to price.

Tariff Regime I: Cost-Plus and Feed-in Tariffs

06

COST-PLUS

APPROVED CAPEX
+ OPERATING COSTS
+ FINANCING ASSUMPTIONS
+ PERMITTED RETURN

↓
REGULATED TARIFF

FEED-IN TARIFF

TECHNOLOGY
+ PROJECT SIZE
+ COMMISSIONING PERIOD

↓
PRE-ESTABLISHED TARIFF

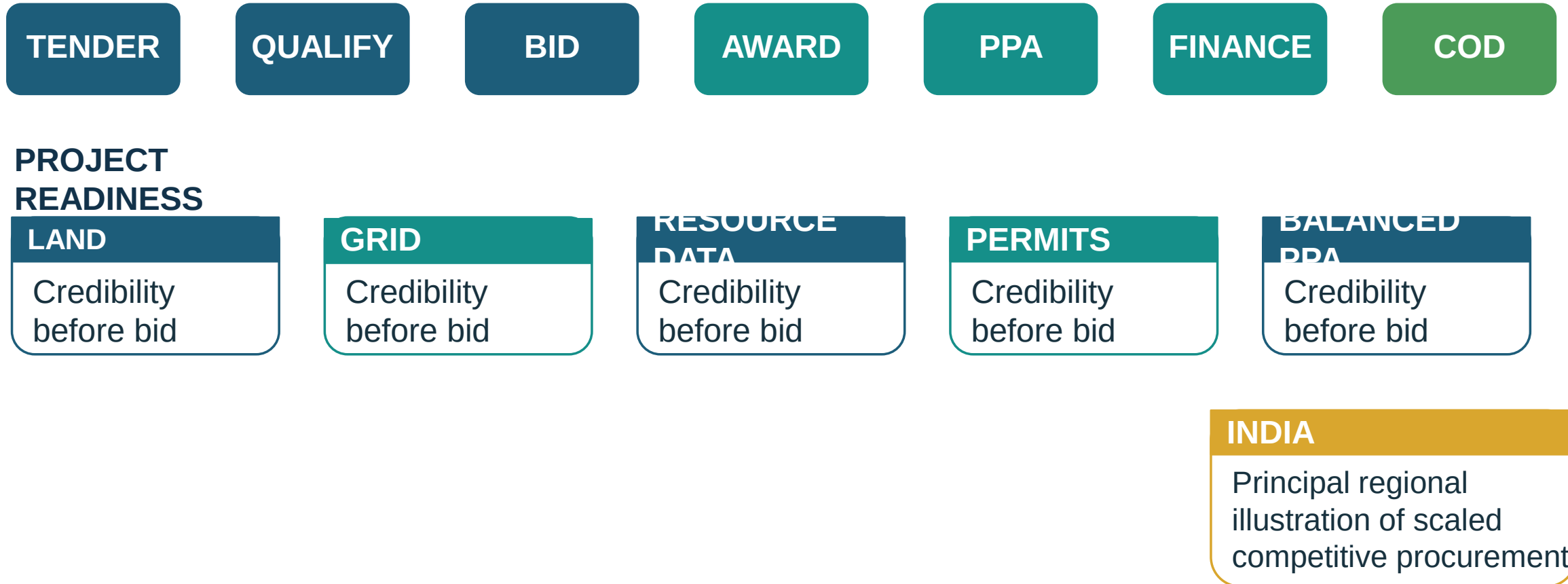
Requires timely adjustment as costs change.

Regional illustrations: Nepal • Bhutan • Sri Lanka

Administrative tariffs can provide certainty, but tariff calibration is critical.

Tariff Regime II: Competitive Bidding

07



Auction success should be measured by projects commissioned, not only by the lowest tariff announced.

Distributed Energy, Net Metering and Net Billing

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NET METERING

Exports offset imports under the applicable settlement methodology.

NET BILLING

Imports and exports are valued separately.

GROSS METERING

Generation is sold while consumption is billed separately.

Balance investment incentives with utility revenue adequacy, network costs and consumer fairness.

SITE /
RESOURCE

LAND

ENVIRONMENT

LICENCE

GRID
APPROVAL

CONSTRUCTIO
N

OPERATING

REGULATORY ISSUES

- Permit sequence / interdependence
- Statutory periods
- Validity / renewal
- Transferability
- Change of control
- Authority-caused delay

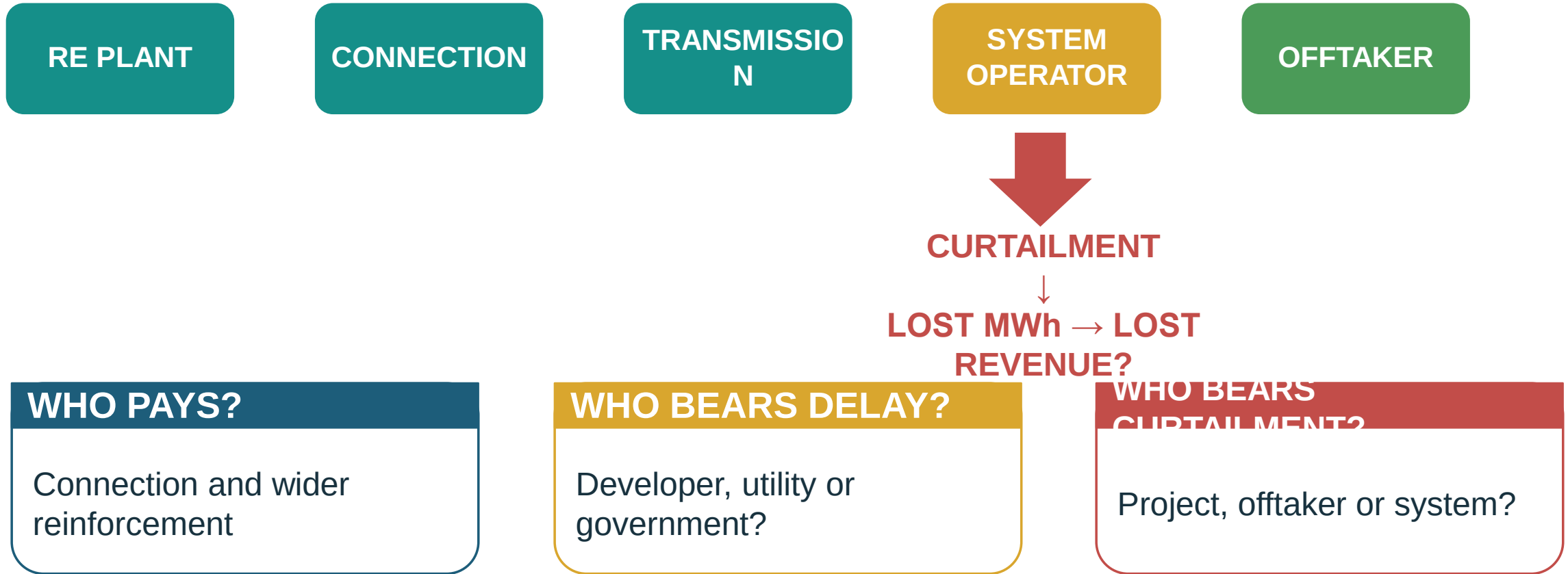
BANKABILITY QUESTIONS

- Single-window process?
- Binding approval deadlines?
- Transfer to lenders / replacement sponsors?
- Treatment of public-authority delay?

Licensing and approval delays can be as material as tariff risk.

Grid Access, Connection and Curtailment

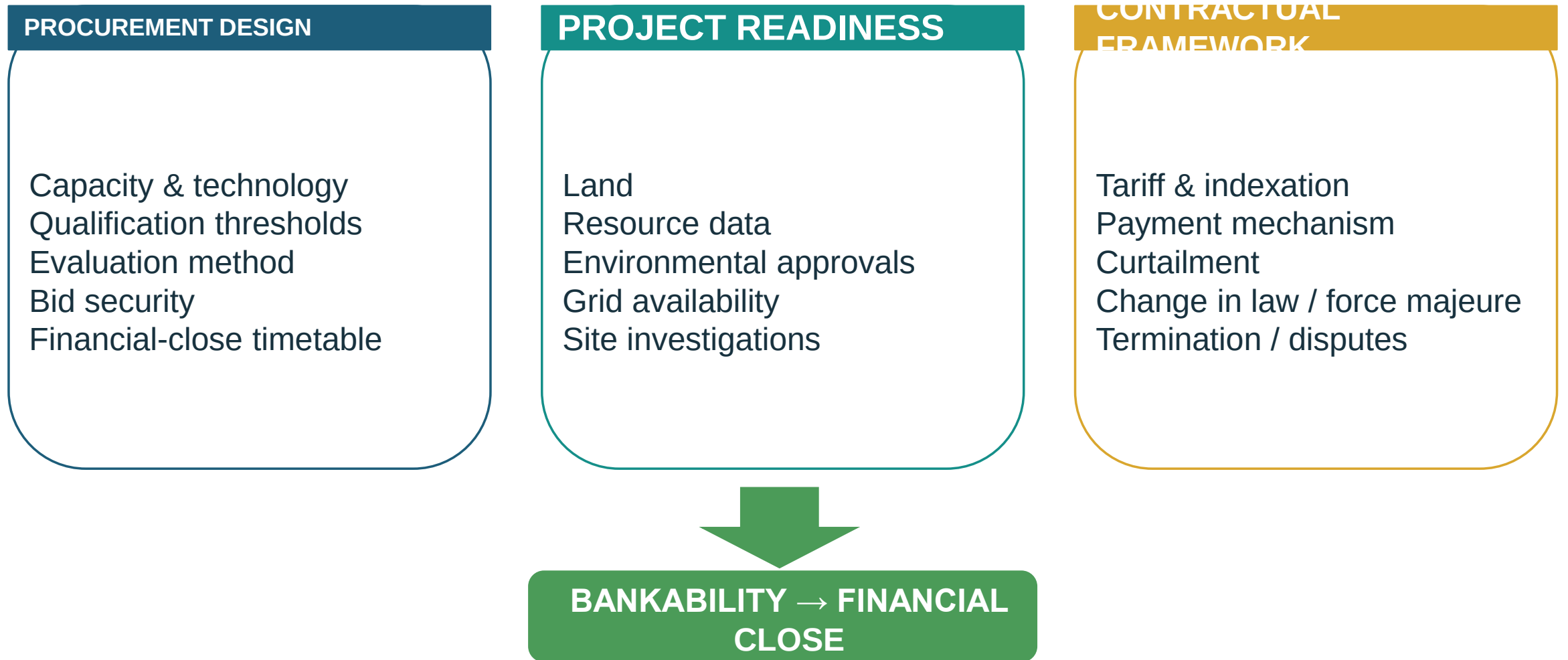
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Grid access must be considered at project conception, not after tariff award.

Procurement Framework and Bankability

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Procurement design, project readiness and contract allocation must work as one system.

The Analytical Conclusion: Six Bankability Questions

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Evaluate any RE framework from the investor and lender perspective



**BANKABLE
PROJECT**



**FINANCIAL
MODEL**

Concept → regulatory rule → risk allocation → cash-flow impact → bankability

Assessment Framework and Takeaways

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Different SAARC pathways. Common bankability requirements.

Clear rules • credible offtake • grid access • bankable contracts • adaptable regulation