

Wind projects below ₹5/unit tariff not viable: Suzlon

fe Bureau

New Delhi, July 4: Tulsi Tanti, chairman of Suzlon Group, one of the country's largest wind turbine manufacturers, has welcomed the government's move to award wind power projects through competitive bidding, but has cautioned that the sector would remain competitive only if the tariff remained above ₹5/unit.

"Tariff has to be at a level so that internal rate of return (IRR) is minimum 14% for bankers to lend to the sector and for that, I think tariff has to be a minimum ₹5 per unit. Any tariff below that can make projects economically unviable," Tanti told reporters in Bhuj, Gujarat.

The wind energy sector is more

than five-fold in size (27 giga watt) compared to solar power, but with rapidly declining tariff witnessed in the latter over the last year, it is fast becoming the favourable investment destination, thus adversely impacting the wind power sector. While solar tariff touched a low of ₹4.35/unit, wind power continues to cost over ₹5/unit, which is decided by the state electricity regulators.

In an effort to bring enough investment to achieve the target of 60 GW of wind power by 2022, the government has decided to introduce the auction route for power purchase contracts. The government has already announced that Solar Energy Corporation of India (SECI) will invite bids for 1,000 MW of wind capacity this

year. "We are happy with the government's decision to adopt the bidding route as it will spur demand. This will also complement the states that offer regulated tariffs for wind developers," Tanti said.

Wind developers have actively resisted the auctioning route for power purchase agreement in the past, citing possibility of irresponsible players ruining the industry by over-aggressive bids.

Analysts say even those states that have wind power potential are looking at solar power favourably as it provides them with cheaper option to meet their renewable purchase obligation (RPO). Each state is required to procure a fraction of its total power consumption annually through re-

newable sources which is termed RPO. Tanti, however, said the Indian market is "very promising and demanding" as the government has a target of 175 GW of renewable energy by 2022, of which 60 GW is wind power. "Indian market will continue to grow by 30%," he noted, adding that to achieve such a huge target, the industry needs technology upgrade to counter lower tariffs and at the same time, grow generation capacity at a competitive cost.

India installed nearly 3.5 GW of wind capacity last fiscal and aims to grow by nearly 15% to 4.1 GW in the current financial year.

"We have developed the S97 120 m wind turbine. S97 2.1 MW is the world's

tallest all-steel hybrid tower with a hub-height of 120 m above ground level and has achieved a 35% plant load factor (PLF)," the Suzlon group chairman said.

The firm has also developed the S111 120-m hybrid tower which can have a PLF of almost 40%. "So, we are investing in technology to increase power generation as well as utilise low-wind sites so that our projects are economically viable even if tariffs go below ₹5 per unit," he said. The Pune-headquartered group has installations of around 15.5 GW spread across 17 countries, of which India accounts for a share of about 9.5 GW.

(Travel for this report was sponsored by Suzlon)