

'Falling Rupee may make Wind Projects Unviable'

Wind installations are forecast to drop more than 30% this year

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India's weakening rupee threatens to make wind projects unviable because it's pushing up the cost of imported components, according to CLP Holdings, the largest developer of wind farms in the South Asian nation. "If the rupee isn't reined in, there'll be a lot of difficulty putting together viable projects," Mahesh Makhija, director of renewables at CLP's Indian unit, said.

The currency has slid 8.7% this quarter, the worst performance among Asian currencies, adding to the woes of the third-largest wind market where installations are forecast to drop more than 30% this year. In response to higher import costs, turbine suppliers have had to raise prices by 2% to 3% in the last few months, Makhija said.

Growth is set to stall in India, a major turbine market for suppliers like Suzlon Energy and Gamesa Corp Tecnologica, after the government ended two wind-industry incentives at the end of March. Installations this year could plunge by as much as a third to 2,000 megawatts if the incentives aren't reinstated, according to estimates by Bloomberg New Energy Finance and CLP.

CLP, Hong Kong's biggest electricity supplier with power assets across Asia, is focussing new investments in India on renewable projects after experiencing fuel shortages at its coal and gas-fired plants.

The company completed a



1,320-megawatt coal plant in Haryana state in April. The facility is "dead cold" for lack of coal supplies. Naveen Munjal, director of business development, said in an interview. Its 655-megawatt gas-fired plant in Gujarat state is also running below 50% capacity due to a fuel shortfall, he said.

India's coal output, dominated by government-run Coal India, has failed to meet demand, stalling \$36 billion of investment intended for new thermal power capacity. The nation's gas pipeline shortage constrains delivery of the fuel to power and fertiliser pro-

ducers.

"For any new investments, the fuel will have to be within our control," Munjal said. CLP would consider a new power project that comes with its own coal mine, for example, he said.

Meanwhile, CLP plans its first solar investment in India by the end of the year. The company will build a 15-megawatt photovoltaic plant at the site of one of its existing coal or gas power stations. The project will most likely use thin-film panels though a supplier hasn't been selected yet, Makhija said. — Bloomberg

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