

CLP goes for pooled finance for wind energy projects

Our Bureau
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CLP India, one of the largest foreign investors in the nation's power sector, has inked an innovative financing model with its lenders for its 1,000 MW wind energy portfolio.

The company has a 655 MW gas fired power plant at Bharruch, Gujarat, besides a 1,320 MW supercritical coal-fired plant at Jhajjar, Haryana. It is also one of the largest wind power generators in the country with about 500 MW of wind

power plants operational, and expects to have 1000 MW on stream in 12-18 months.

The model, called 'pooled finance', is for 10 projects spread across six States.

Initially, the model will cover four operational projects totalling 267.5 MW, for which advances total Rs 850 crore. Six more projects will be in the framework later. Unlike the common industry model where multiple lenders, through a lead banker, fund individual mega projects, this model brings mul-

tiples lenders together to fund a portfolio of projects, said Hemant Joshi, Senior Vice-President, Corporate Finance & Treasury, CLP India.

Under the new financing mode, the lenders – Standard Chartered Bank, IDBI Bank and IDFC – have agreed to have a single account with StanChart, where the company will pool the cash flows from the four projects. The cash flows will be accessible to all lenders.

The bankers, being existing lenders of the projects, will con-

tinue to hold charge over the individual project assets. The pooling ensures the vagaries of weather, which affect output, do not derail commitments, said Joshi.

It will also ensure that if one farm does not fare well, the cash flows from others will even out the shortfall. The model will help attract new lenders, particularly ECB (external commercial borrowing), as distribution of surplus cash will be at the pool level instead of project level. Moreover, ECB lenders are

uncomfortable with single-project risk, he added.

CLP also benefits in case of default. After all, the lender to a single project, after enforcing project security, can bring down the entire portfolio of the company by filing a winding up petition.

Vinayak Mavinkurve, Group Head-Project Finance, IDFC, said: "Pooled financing is an advanced financing model that will protect lenders as well as borrowers against project risks." shankar.s@thehindu.co.in