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The reforms on the transmission and distribution side have not kept pace. Driving reforms in the distribution sector will provide depth and clarity to the market from a demand point of view so that every unit of supply capacity can meet demand requirements while getting compensated for it in a timely and efficient manner, discussed Mahesh Makhija, Director - Business Development & Commercial (Renewables), CLP India, in an exclusive conversation with Manu Tayal, Associate Editor, Energetica India. Makhija also shared about his company's investments in India, future business plans for India, bottlenecks in the power sector etc. Here're the edited excerpts from that interaction:

Shed some light on CLP India and its major investments in the power sector in India. How much total investment has been made so far?

MAHESH MAKHIJA: CLP India is owned by CLP Group, one of the largest investor-owned power businesses in Asia, and Caisse de dépôt et placement du Québec (CDPQ), a global investment group.

Over the last two decades of doing business in India, we have built a responsible, technologically advanced, and diversified portfolio of over 3,000 MW comprising of a 1,320 MW thermal power plant, 1,176 MW of Wind power plants, 260 MW of Solar power plants, and a 655 MW Gas based power plant.

We are one of the largest foreign inves-

tors in the Indian power sector, with a total investment of more than Rs 14,500 crore. Additionally, with more than 1,000 MW of committed renewable power projects, CLP India is one of the largest investors in India's renewable power sector as well.

With the growing concerns towards climate change these days, what

“Wind projects will play an important role in the development of markets based on around ‘Round the Clock’ auctions.”

will be CLP India's future investment strategy and business plans?

MAHESH MAKHIJA: CLP India has consistently followed its climate change policy since 2005 and has a long-term vision on this issue. We are steadily working towards reducing our carbon footprint. We are committed towards pursuing sustainable growth by investing in and building green generating assets such as Renewables, Storage and other non-polluting technologies. We are also actively invested in non-polluting businesses such as Transmission and Distribution. We are keen on further expanding our footprint in India – and with 40 per cent of our company owned by CDPQ, a global investment group, we have greater firepower for deployment.

Wind energy sector growth witnessed a slow pace in the recent past in India, as compared to solar, what factors do you feel were responsible for the same? In near future, how do you analyse the growth of the wind energy sector in the country?

MAHESH MAKHIJA: Wind energy will have a significant role to play in India's renewables landscape. Recent dips in the wind auction market could be attributed to a result of market demand and pricing; however, we expect activity to pick

up as wind and solar are complimentary to each other. Both these forms of clean energy are not competitive from a 'time of day' generation perspective and hence can coexist to benefit reliable energy generation. Additionally, wind projects will play an important role in the development of markets based on around 'Round the Clock' auctions.

In your view, what are the major bottlenecks, which restricted the growth of the Indian power sector?

MAHESH MAKHIJA: The Indian power sector is now on a reasonable growth track. Several structural issues that earlier led to bottlenecks have been addressed through policy initiatives and governance. However, there are implementation related issues that still appear to impact the planned growth targets of the sector. Alignment of state utilities as buyers of power, providers of land, and enhancing transmission networks are some of the challenges that still need to be addressed to match the pace of investments in the generation sector.

As an investor, what will be your key suggestions to the policymakers in order to boost the renewable energy sector in India?

MAHESH MAKHIJA: Apart from the implementation issues outlined above, market reforms on the demand side will help spur sustainable growth in the power sector. Hitherto, most reforms have been on the supply (generation) side under which the generation sector has been fully privatised. However, the reforms on the transmission and distribution side have not kept pace. Driving reforms in the distribution sector will provide depth and clarity to the market from a demand point of view so that every unit of supply capacity can meet demand requirements while getting compensated for it in a timely and efficient manner.

With the lowering of tariffs in the renewable energy sector in India, will it continue to be a profitable business?

MAHESH MAKHIJA: Lower tariffs are a result of market dynamics like scale, supply chain efficiencies, offtake quality and availability of investment funds. Profitability is a subjective word and means different things for different investors. While levels of returns may appear lower at lower tariff numbers, one has to evaluate this from a macro perspective and as a generic statement, investors are unlikely to continue investing in unprofitable businesses.

How do you see India's road towards building a renewable energy manufacturing hub? Is it the right time or it got delayed?

MAHESH MAKHIJA: India has done reasonably well on the wind side as it caught that bus early on. The solar industry seems to have missed the opportunity with China competing fiercely and cornering the dominant share of global supply. However, recently introduced policy frameworks are working towards pulling some of this demand to the Indian manufacturing sector. Further, this will prove beneficial to India in the long run as it aims to ensure that its solar manufacturing prowess competes with Chinese supply.

Besides wind and solar, is CLP India also looking to diversify its renewable portfolio in other clean energy alternatives in the coming years?

MAHESH MAKHIJA: CLP India is open to, has evaluated and continues to evaluate options beyond Wind and Solar (which are popularly clubbed as Renewables). Areas such as hydro, storage and other emerging green technologies are on our radar as well. CLP Holdings (our parent company) has a dedicated Innovation Team that tracks these technologies and investments are made into them in different markets based on deployment opportunities.