Competitive Bidding for Wind Projects

Key Trends, Risks, Alternatives and Outlook

Key Takeaways

- Wind industry market size to reach Rs 1.2 trillion by 2022
- 25 GW to be tendered by 2020 to meet the 60 GW target
- Significant market consolidation expected in the sector
- Increasing downward pressure on revenues as tariffs fall
- Tariff levels expected to remain between Rs 2.7 to Rs 2.9 per kWh

Industry Perspective

- Increasing quantity over quality of returns
- Optimum tariff levels for double-digit IRR is Rs 3.25 per kWh
- Lower for longer debt component to help the sector
- Better offtake of power due to low tariffs augments profits
- Grid curtailment and transmission issues to improve

Future Growth Drivers

<table>
<thead>
<tr>
<th>Driver</th>
<th>Short-term (1-2 years)</th>
<th>Medium-term (2-5 years)</th>
<th>Long-term (5-10 years)</th>
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<tbody>
<tr>
<td>Low Tariffs</td>
<td>High</td>
<td>High</td>
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<td>Defined Trajectory</td>
<td>High</td>
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<td>Stricter RPO Targets</td>
<td>High</td>
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<td>Low</td>
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<td>High Industrial Tariffs</td>
<td>High</td>
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<tr>
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