

# Shortage of EPC Players Slows Down Wind Energy Projects

Four cos have gone bankrupt & over a dozen have changed biz models in the past 5 yrs

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**Mumbai:** The wind energy sector is facing a unique shortage of EPC players. Four wind energy companies have gone bankrupt and over a dozen have changed business models in the past five years, leading to a scarcity of engineering, procurement, and construction (EPC) services in the sector. This is slowing down wind energy projects, according to industry officials.

These companies include Wind World, RRB Energy, NEPC Micon, Pioneer Windcon, etc. among others. "There were 32 players in 2016-17, now it is down to 12. And of these, four are in NCLT," said Ajay Devaraj, secretary general, the Indian Wind Power Association (IWPA), adding that in 2017, after the government changed the wind energy bidding norms from feed-in-tariff to auction regime, the business model of these companies changed and captive generation died.

In 2017, the wind energy sector moved from feed-in tariffs (FiTs) to competitive bidding with reverse auctions. The aim was to ensure transparency and achieve lower tariffs.

FiTs meant tariff was fixed by regulators and not discovered through competitive bidding. In reverse auction, developers engaged in aggressive bidding quoting the lowest possible tariffs

making the execution of wind projects challenging. Last year the government did away with the reverse auction regime.

So till 2017, companies were providing EPC solutions too but ever since the auction regime started, some companies stopped offering these services. Until 2017, the wind energy players were providing equipment and operation and maintenance services.

"What's happening in the sector, is that the EPC players have completely vanished from the scene, except us. The largest people who talk about, they just only supply the components, not even the turbine," Himanshu Mody, chief financial

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officer at Suzlon Energy told analysts last month.

Mody added that turbines are getting supplied, but the corresponding capacity to build the BOP (balance of plants) to take it to the commission is lacking in the country.

BOP scope of work includes both civil engineering and electrical engineering like turbine foundations, meteorological mast foundations, cable trenches and buildings for electrical switchgear, underground cable networks and overhead trans-

## Tough Times

Competitive bidding led to challenges in executing wind projects efficiently

Companies shifted focus from EPC services due to auction regime

EPC players diminished, leaving a gap in commissioning capabilities

Suzlon sees risk of turbines lying uncommissioned due to shortages

Order books show growing demand for EPC services in wind



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mission lines, among others.

"As we also look at in future, we see a significant risk of turbines supplied lying on the ground, but not getting commissioned. That's a concern for the sector as a whole because today you have more suppliers and less of the people who can bridge the gap between the supply to the commissioning," added Mody.

In Q2FY23, Suzlon's order book mix comprised 53% for EPC scope and 47% non-epc scope. The company said more and more players are asking for EPC services.

"Effectively what's happened is, a few players have gone bankrupt. It's only two key players now left who do turnkey," Devansh Jain, Wholtime Director, Inox Wind told ET.

Jain added that his company is seeing overwhelming demand

for turnkey projects but it is focused on the public sector enterprises.

From January to October 2023, India added about 8.7 GW of solar capacity and 2.36 GW of wind capacity. Total renewable energy capacity added in the country stood at 132.13 GW.

Last November the government launched the National Repowering and Life Extension Policy for Wind Power Projects 2023 — to re-power wind power projects to replace older wind turbines. While the policy is expected to help the utilisation of wind energy resources by maximizing energy yield per square kilometer, industry players said with the new policy, demand for EPC services would further go up.