

ICRA downgrades 1.9 GW of wind, solar power projects

OUR BUREAU

Hyderabad, October 16

Factoring the headwinds faced by the wind and solar energy power segments, coupled with a gradual deterioration in the liquidity profile of Independent Power Producers (IPPs) due to payment delays from some distribution utilities, ICRA has downgraded the rating outlook of almost one-third of projects in its rated portfolio.

About 20 per cent (1.9 GW) of the rated portfolio in wind and solar power segments, in terms of installed capacity, has been downgraded, while the rating outlook has been revised for another 10 per cent of the portfolio. The in-

dustry segment is facing significant other headwinds in the near-term and this has impacted investor sentiments.

The overall tendering of solar PV projects has slowed down with the solar capacity addition in the six months of FY20 remaining subdued at 2.9 GW.

The solar capacity slowdown has begun and continued over the past 12-15 months, reflecting in the FY19 capacity addition, which was 6.5 GW, compared to 9.4 GW in FY18. On a calendar year basis, the overall tendering action is lower by 28 per cent in 9 months of 2019 to about 7 GW on Y-o-Y basis with many

bids remaining under-subscribed.

According to Girishkumar Kadam, Sector Head & Vice-President, Corporate ratings, ICRA Ltd, "As per the data by Central Electricity Authority (CEA), payment dues to renewable players stood at approx ₹9,700 crore as on July 31 with almost 67 per cent of it being contributed by utilities in three States — Andhra Pradesh, Tamil Nadu and Telangana."

The long-term demand drivers for solar energy remains intact, given the strong policy focus and significantly improved tariff competitiveness of solar energy from the off-taker's perspective.