

Firms are buying more green power

Globally, power purchase agreements for renewable energy signed by corporations have already crossed the 15 gigawatts mark this year



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There are two main reasons that companies contract to buy green power: it is cheaper and cleaner. The first reason is the dominant one for commercial and industrial (C&I) power consumers in India, who see their power bill being slashed as they opt for cleaner solar and wind power. The second reason plays a much bigger role for companies that have set sustainability goals, which typically include clean power

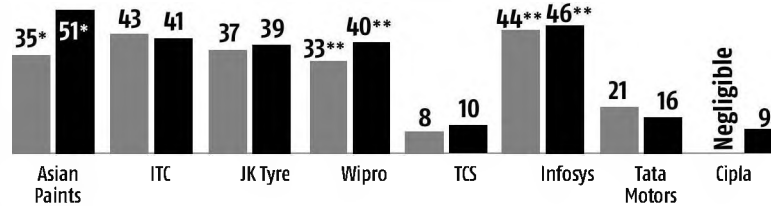
or consumption targets.

C&I customers in India pay a premium price for power, as they cross-subsidise residential and agricultural users. A shift to renewables thus leads to immediate savings. Clean energy companies such as CleanMax Solar focus on supplying clean power to C&I clients. "We are delivering renewable energy 30 per cent cheaper than grid power, despite the surcharges," Kuldeep Jain, managing director of CleanMax Solar told BloombergNEF in an interview last month.

Companies serving C&I clients are seen as promising by international investors. Half a dozen deals have been announced in this space in 2019: Malaysia's Petronas decided to buy 100 per cent of Amplus Solar for about \$390 million, Royal Dutch Shell decided to acquire 20 per cent of Orb Energy and more recently, Bharti Airtel bought a 26 per cent stake in a subsidiary of AMPSolar.

GREENING CORPORATES

Renewables share in consumption: ■ 2017-18 ■ 2018-19 (in %)



*in manufacturing units **of India consumption
Source: Companies, BloombergNEF

Indian companies that make the list of 207 companies committed to be 100 per cent powered by renewable energy include Infosys, Tata Motors and Dalmia Cement, among others. Tata Motors last year had a financial saving of Rs391 million, and avoided emissions of 77,333 tons of CO2 equivalent, by sourcing 94 million units of renewable energy for its manufacturing operations, according to

its latest (2018-19) annual report.

There are many other Indian companies that are buying renewable energy without having an aggressive 100 per cent target: Tata Consultancy Services got 10 per cent of its power from renewables, and aims at a 20 per cent share by 2020. About 41 per cent of ITC's power consumption came from renewables last year, and the target is to move toward 50

per cent. In the case of Asian Paints, half the electricity consumed at the manufacturing units was sourced from renewables. JK Tyre went from a less than 5 per cent share of renewable energy in its 2015-16 consumption, to 39 per cent last year, and it aims to increase this share every year.

Globally, power purchase agreements for renewable energy signed by corporations have already crossed the 15 gigawatts mark this year, well above 2018's record of 13.6 gigawatts, according to data tracked by BloombergNEF. The bulk of these contracts are signed in the US by companies like Walmart and Amazon. Google has signed the most contracts in 2019 so far, with over 1.5 gigawatts procured from solar and a little over 1 gigawatt from wind. Last week, Royal Dutch Shell agreed to buy, under a 15-year purchase agreement, all the power from EDP Renewables' 200 megawatts Sandrini solar plant coming up in California.

Residential households wishing to consume clean power in India can set up solar on their rooftops, but don't have the option to go 100 per cent renewables yet.

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