

Indian Renewable Energy Sector

ICRA-monitored wind portfolio witnessed a significant decline in PLFs in FY2021, while solar PLFs remained stable

NOVEMBER 2021



1 Overview



2 Performance of ICRA monitored wind portfolio



3 Impact on credit profile of wind IPPs



4 Performance of ICRA monitored solar portfolio



5 Rules notified by Ministry of Power on must run status



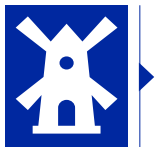
6 ICRA's outlook on renewable energy sector



Generation performance of the ICRA-monitored wind power portfolio remained weaker in FY2021 over FY2020 due to lower wind speeds

Nonetheless, credit profile of the wind IPPs was supported by reasonable buffer in cash flows, liquidity cover and parent support

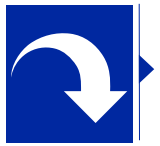
Performance of the ICRA-monitored solar power portfolio remained stable in FY2021



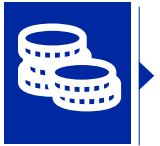
- The generation performance of the ICRA-monitored wind power portfolio of 3.2 GW was adversely impacted during FY2021 primarily on account of lower wind speeds with only 11% of the capacities exceeding their respective P-90 estimates compared to 34% and 48% in FY2020 and FY2019 respectively.



- Under performance for some of the IPPs in FY2021 can also be attributed to grid curtailments as seen in few states and operating issues for projects with certain OEMs. Nonetheless, the performance of majority of ICRA-monitored wind IPPs has improved in H1 FY2022 on a YoY basis. Also, the all-India wind power generation increased by 23.6% in H1 FY2022 on a YoY basis. As H1 contributes for majority of wind generation, wind PLFs are expected to improve in FY2022.



- The median PLF in the key wind power generating states of Andhra Pradesh, Gujarat, and Maharashtra has dropped by 15-20% in FY2021 on a YoY basis. The drop in Karnataka and Maharashtra is relatively lower. On the other hand, the median PLF in Rajasthan and Tamil Nadu has remained flat.



- The credit profile of ICRA-rated wind IPPs remained largely stable despite the lower PLFs in FY2021 led by reasonable buffer in cash flows for most IPPs, liquidity support through available surplus cash & DSRA and funding support from parent for assets having a stronger parent.



- On the other hand, the performance of ICRA-monitored solar portfolio of 3.3 GW has been stable with about 52% of the sample capacity performed better-than-estimated PLF in FY2021, which is similar to the previous two years. The overall portfolio level performance in FY2019-FY2021 has broadly mirrored the appraised estimates. Solar PLFs for ICRA monitored projects in FY2022 are expected to follow the trends observed over the past three years. Overall, the PLF variability risk is relatively lower for solar power projects compared to wind projects.



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