**Date:** 3rd October 2022

**Publication:** Energetica India



# MALCOLM WRIGLEY

COO, Apraava Energy

Depending on the various fields, the company's total investment outlay will be approximately Rs 5,000 crore a year. This will be distributed across generation, transmission, and other non-carbon opportunities in electricity. These investments will be funded with a combination of debt and equity from our own resources, with ~70 to 80% debt and a balance of ~20-30% equity, shared **Malcolm Wrigley**, COO, Apraava Energy, in an exclusive interaction with **Manu Tayal**, Associate Editor, Energetica India. Mr. Wrigley also discussed about his company's investment and expansion plans in the renewable energy space, challenges in offshore wind industry, etc. Here're the edited excerpts from that interaction:

**Q You have recently announced that CDPQ has made an additional 10% investment in Apraava Energy. What does this mean for the company?**

Malcolm Wrigley: This transaction reinforces CDPQ's and CLP's joint commitment to support the accelerating transition to a greener economy in India. CDPQ first became a strategic shareholder in Apraava Energy in 2018 through the acquisition of a 40% stake. Since then, Apraava Energy has successfully undertaken a number of energy transition-related investments. The increase in strategic participation by CDPQ in Apraava Energy will mean a sharper and more dedicated focus on the investment and development of clean energy and power transmission projects. The company will continue to invest only in low-carbon growth areas, including renewable generation, transmission, distribution, as well as other customer-focused energy businesses. As we move forward, all of our decisions and efforts will epitomise energy in action, thereby creating value for all our stakeholders.

**Q What is the company's current renewable energy portfolio? What are the medium-term plans for renewable capacity addition?**

Malcolm Wrigley: Our renewable energy portfolio comprises over 1,400 MW of installed capacity, which consists of ~1175 MW of wind energy (including an under-construction 252 MW wind project at Sidhpur, Gujarat) and ~250 MW of solar energy projects across seven Indian states. We have set a target to double our existing portfolio by 2025, contributing to the country's energy transition goals.

**Q Will you pursue greenfield or brownfield opportunities in renewable space?**

Malcolm Wrigley: Apraava Energy is keenly looking at both brownfield and greenfield opportunities to expand its renewable energy portfolio. We are committed to participating in India's transition into a greener future and aim to provide clean, efficient, and sustainable energy. Currently, 47% of our total installed capacity is renewable-energy-led, and we are working towards strengthening it further with strategic investments.

**Q How will you fund the capacity addition?**

Malcolm Wrigley: Depending on the various fields, the company's total investment outlay will be approximately Rs 5,000 crore a year. This will be distributed across generation, transmission, and other non-carbon opportunities in electricity. These investments will be funded with a combination of debt and equity from our own resources, with ~70 to 80% debt and a balance of ~20-30% equity.

**Q Are you looking at any particular acquisitions in the near future?**

Malcolm Wrigley: We are open to all acquisition opportunities that are aligned with our overall strategy. Broadening the horizon to explore non-generation opportunities, we plan to further expand our power transmission business and pursue possibilities in electricity distribution. As the power sector gets privatized, the company will proactively focus on further forays into low-carbon, customer-focused energy businesses.

**Q What is your outlook for the offshore wind sector? Are there any challenges you would like the Government to address in this space?**

Malcolm Wrigley: India has a coastline of ~7,600KM and massive offshore wind potential that can be tapped to meet both the energy demand as well as India's sustainability targets. While onshore development of wind projects has been streamlined, the availability and accessibility of land will increasingly challenge this potential from the perspective of commercial and technical viability. To balance this, offshore wind, with an average utilization factor of ~50%, can help India in mitigating climate change. In comparison with onshore renewable energy, offshore wind projects will remain marginally more expensive and could potentially also be utilized for targeted coastline-based demand plug-ins, such as for desalination plants, hydrogen recovery plants, and the cooling requirements of large data centers. This will reduce the overall cost and improve efficiencies.

Among the potential measures that the Government could consider are developing initial projects at feed-in tariff rather than through auctions; capacity awards in the range of 1GW+ to justify initial investments; enabling mechanism for new elements of supply chain – turbines, evacuation, and logistics; a ready package of permits and approvals; providing adequate time for execution; and a payment security mechanism for initial higher tariffs. A significant initial capacity development with reasonable de-risking will attract investments and kickstart the development of this industry.

**Q What is your perspective on the capital inflow in the renewable sector? What are the growth prospects in this space?**

Malcolm Wrigley: India's renewable sector has caught the attention of investors worldwide due to its improved economics and the Indian government's support. To meet India's ambitious target for increasing the non-fossil installed capacity, additions in solar, wind, storage and hybrid systems are the biggest opportunities.

Bloomberg New Energy Finance (BNEF) has estimated a massive financing requirement of USD 223 billion by 2030 just to meet the solar and wind capacity targets and USD 175 billion for transmission and distribution network strengthening. Therefore, financing will be crucial for this energy transition.

Availability of competitive, long-term financing through multiple channels would be key to achieving this target. Bond markets for the renewable energy space need to evolve further with better frameworks/safeguards, which would allow long-term investors such as insurance companies, and provident & pension funds to invest in this sector. The energy PPAs are ideal investments for long-term investors as most of them are long-term. Any increase in their participation will help deepen the bond markets and provide the much-required long-term liquidity to developers.

Further, as power tariffs are fixed for the entire PPA life, it becomes crucial for developers to have certainty on the interest obligations. Fixed interest rates (through long-term bonds) will help provide the much-required certainty to developers and deepen the investment potential for this sector. Many green/ESG funds are coming up globally which India can seek to tap once the bond markets deepen further, and this will further give an impetus to new investments.