

Quarterly Market Observatory



Wind Turbine Market in India & South East Asia Outlook Update – Q1 2020

February 2020



The Eighty – 20 of Industry: What Matters?

Leading Edge - India

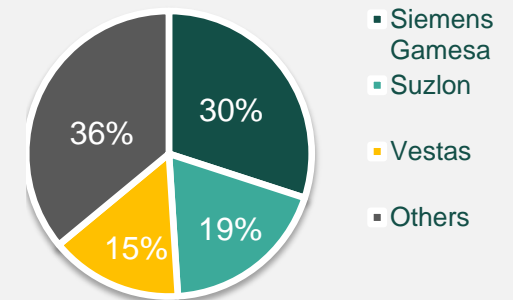
The risk of NPA in wind power segment in India due to renegotiation of wind PPAs has hit wind turbine OEMs – Sluggish wind power capacity expected in Q1 2020

Wind power capacity in India continued to grow robustly in 2019, supported by the central government reforms as well as state-level policies. Furthermore, reduction in power tariffs due to improvement in the cost and performance of wind power over the year have also driven high wind capacity additions in India. However, India installed only ~3 GW of wind capacity in 2019 which is close to 34% below the estimated targeted wind capacity. The dismal response of the wind capacity addition is mainly attributed to the financial stress of turbine makers, land acquisition issues and grid connectivity delays and denting investors sentiments due to re-opening of wind PPAs. Moreover, given the already stress and weak funding atmosphere, any misstep would magnify the risk of non performing assets (NPA) in wind power segment.

Market share of top Wind turbine manufacturers in India in 2019 (in %)

49%

Suzlon and Siemens Gamesa grab the highest market of 49% in Indian wind turbine segment in 2019



Source: eninrac consulting, CEA & Channel checks

India's Wind OEMs under stress

Suzlon faced financial as well as operational challenges which led to installation of only 460 MW of projects in 2019, 50% lower than its installations in 2018

50% ↓



Sluggish wind power capacity to be expected in Q1 2020 due to financial stress of turbine makers, land acquisition issues and grid connectivity delays

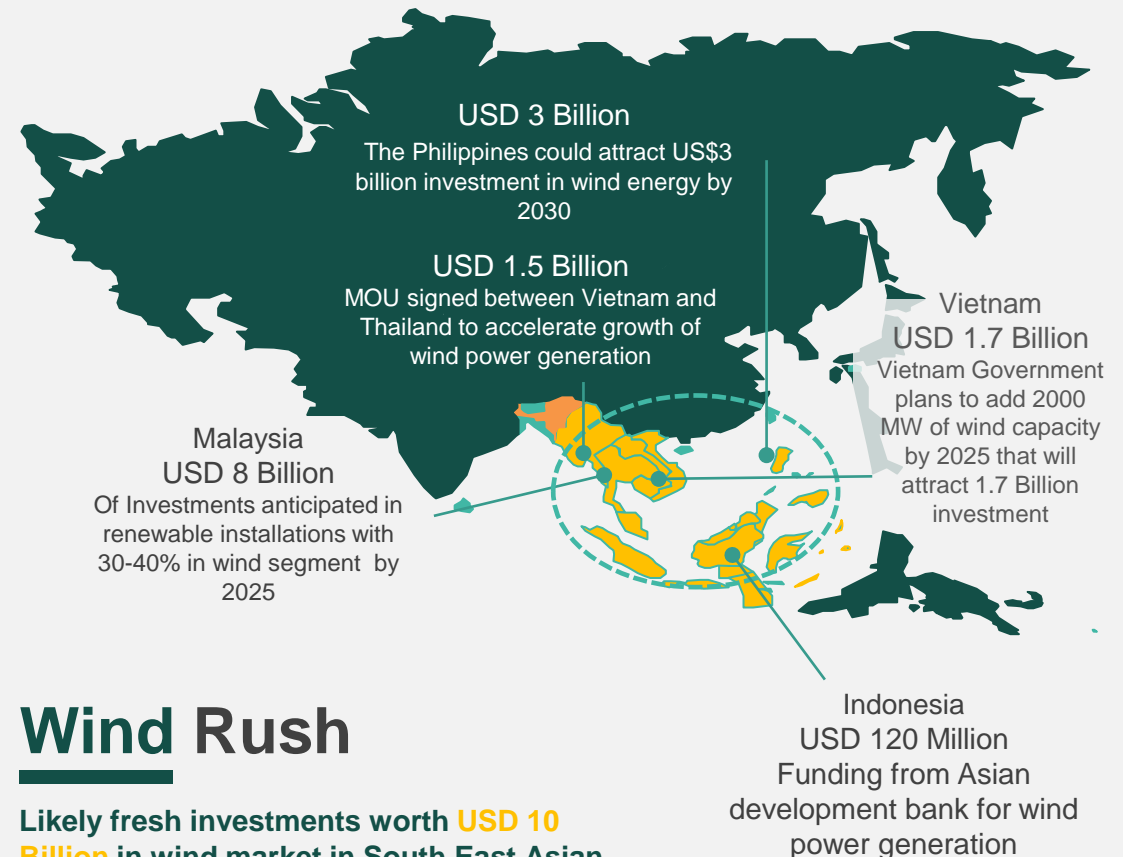


Round Up Monitor – South East Asia

Vietnam is rising as Southeast Asia’s new wind hero, with the world’s biggest offshore wind farm to be built off its windy coast total installation of 1000 MW by 2021

With South East Asia’s economy ballooning the countries has made great strides to boost wind power to keep pace with soaring energy needs and bring down carbon emissions, introducing more ambitious wind power targets and favourable policies that have attracted investors from all over the world. Vietnam is forecast to install 1 GW of onshore and offshore wind capacity by 2021, up from the current 327MW, surpassing Thailand which is at present Southeast Asia’s front-runner in installed wind capacity. Hence, global wind players are likely to turn their heads to South east Asian market.

Key investment plans in South East Asia for wind power installation



Wind Rush

Likely fresh investments worth USD 10 Billion in wind market in South East Asian Countries by 2030 with Vietnam being the favourable destination for investors.

Numbers to Focus Upon – 2019



Siemens Gamesa is the market leader in wind turbine segment in India with 30% share

Wind turbine maker, Siemens Gamesa, emerged as India's top turbine supplier in 2019, followed by domestic supplier, Suzlon, which had seized the first rank in manufacturers ranking in India in 2018



Gujarat added 1.4 GW of wind power capacity, accounting for 59 per cent of all additions in 2019

Gujarat led the wind power installations with commissioning of 1.4 GW of new wind projects followed by Tamil Nadu with 650 MW and Maharashtra with 212 MW.

Key Features Expected



Foreign Firms Look to Make India Global Wind Turbine Export Hub

India is well placed to be a manufacturing center for the wind industry and is emerging as an important part of the global supply chain as India offers competitive production costs, engineering

Deployment Trends - Projects

01 India expect 2.6 GW of new wind capacity additions in 2020

Amid problems over land acquisition and transmission connectivity, India likely to add 2.6 GW of new wind capacity in 2020

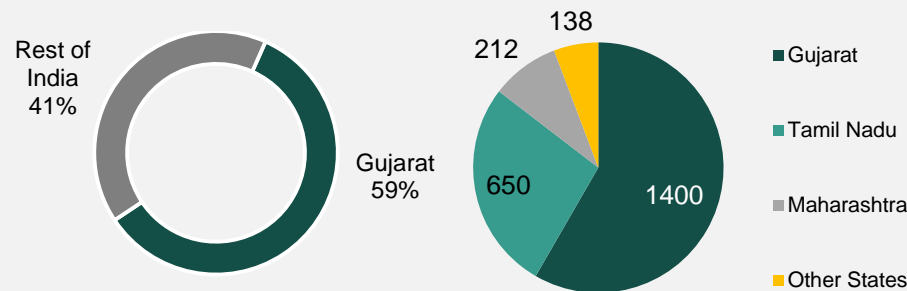
02 NTPC stepping up

National Thermal Power Corporation (NTPC) has floated a tender for 600 MW of interstate transmission system (ISTS) connected wind energy projects in the country.

03 ADB mobilizes public, private financing to boost Indonesia's wind sector

Indonesia received funding worth USD 120 Million from Asian development bank for wind power generation. The 72-megawatt (MW) Tolo Wind Power Project funded to improve the electricity access in Indonesia

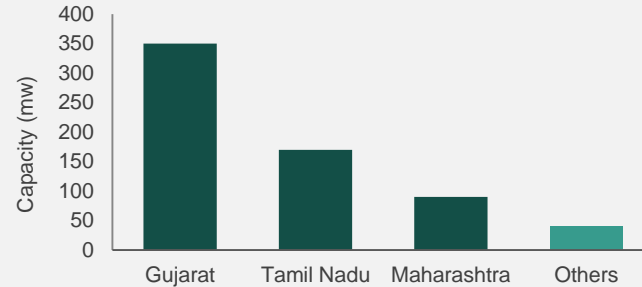
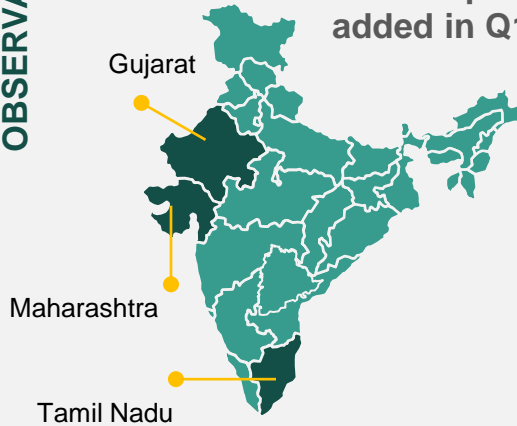
Wind capacity installed in 2019 in India



Source: eninrac consulting & Channel checks

Numbers in MW

Wind capacity likely to be added in Q1 2020



Source: eninrac consulting & Channel checks

This Quarter – Q1 CY 2020



- Problems over land acquisition and transmission connectivity in 2019 would trouble wind project developers and manufacturers in 2020. Hence, sluggish wind power capacity to be expected in Q1 2020



Key Investments – Q1 2020

- In Q1 2020, the budget outlay was INR 9.20 billion (\$130 million) for wind power in India.
- The National Thermal Power Corporation (NTPC) has floated a tender for 600 MW of interstate transmission system (ISTS) connected wind energy projects in the country.
- GE Renewable Energy to deliver wind turbines for 300 MW wind farm in Gujarat - GE Renewable Energy has secured a contract from the EDF Renewables and SITAC Group joint venture to supply and install wind turbines for 300MW



Key Trends – Power Transmission in India Q1 2020

- Indian wind turbine manufacturers to witness lower revenue from operations as compared to global wind turbine manufacturers. For example, India's Inox Wind swings to loss in fiscal Q4 2019 – Inox reported a net loss of INR 274.7 million for the third quarter of fiscal 2019/20 against a profit of INR 16.9 million a year earlier.
- Siemens Gamesa likely to strengthen its market leadership in Q1 2020 in India if Suzlon's project execution challenges continue.



Key Signpost – Power Transmission in Europe Q1 2020

- Renegotiation of Wind power PPAs will impact the future wind installations in India as this shall impact on current business operations of renewable energy companies
- India's Wind Turbine Makers Are Under Stress due to less competitive prices of wind turbines are on offer. Hence global player such as Siemens Gamesa likely to remain market leader in India in 2020.



Contents & Coverage – Q1 2020

01 This Quarter

The section shall showcase the major highlights for wind turbine segment in India and South East Asia including investments, project developments, policy & regulatory interface, M&A etc.

04 Numbers to Learn

All wind power capacity additions with a split on ownership wise, & state wise break up shall be included. Moreover, the numbers for deals secured by wind turbine manufacturers in India as well as South East Asian countries

07 Deployment Trends

The pace of deployment of projects at wind turbine manufacturers levels covering issues like investments, tenders and capacity additions shall form part of this section

02 Key Features

Key features shall cover the major strengths and development map that the industry has shown over the quarter

05 The Eighty - 20 of Industry – What Matters?

In this section the major factors which are acting as the growth catalysts / barriers in the Wind turbine segment are highlighted inclusive of policies, regulations etc.

08 Technology & Price Trends

This section shall cover all the latest technology implementation and trends, price benchmarks of wind turbines in India and South Asia

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03 Leading Edge

The current affairs leading business impacts on Wind turbine market with insightful data analytics & our exclusive “Knowledge Grid” feeds covered in the section. Our analyst's viewpoints with sharp edged objectives shall be central to the section

06 Key Signposts

The business factors which shall govern the course of coming quarters of business and the industry response to the changes shall be the focus area of this segment

09 Industry Activities & Corporate Strategies

All the industry order track & merger's and acquisition activities shall be tracked. Fresh investments in wind turbine sector as per players profiles shall also be tracked in this section



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other queries**

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Companies Mentioned

- General Electric
- Vestas India
- Suzlon
- Inox Wind
- Wind World
- Indowind Energy Limited
- Siemens Gamesa
- Envision Energy
- Acciona Nordex
- ReNew Power



The life of a man consists not in seeing visions and in dreaming dreams, but in active charity and in willing service

- Henry Wadsworth Longfellow

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