

Cheaper clean power helps cos

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WHRS capture the heat in waste gases released as a by-product of high-temperature manufacturing processes and repurposes it for productive uses such as generating electricity. Similarly, subsidiary ACC cut its power bill by 23% in a year to ₹837 per tonne through similar measures, according to its analyst presentation.

To be sure, these savings also include gains from cheaper fuel.

Larger cement peer Ultra-Tech Cement said its power cost declined 7% y-o-y during the September quarter to ₹400 per tonne. The company now has 32% of its power requirements being met through WHRS and renewable energy, and it aims to increase this share to 85% by FY30.

The benefits of renewable energy are similarly apparent at Hindustan Zinc, India's largest producer of zinc, lead and silver. "Renewable energy has helped to reduce the cost by \$9 per tonne y-o-y," San-



UltraTech Cement said its power cost declined 7% y-o-y in Q2FY25. REUTERS

deep Modi, the company's chief financial officer said during a post-earnings analyst call, adding that its share of renewable power has risen to 14% in Q2 from 8% in Q1.

"So, it's very clear that renewable energy is adding to the cost benefit," he said. Hindustan Zinc is sourcing renewable energy from fellow Vedanta Group firm Serentica Renewables.

Sunsure's Sharma pointed out that renewable energy PPAs allow companies to fix power prices for up to 25 years

and are significantly less expensive than grid power.

For example, power from a solar-wind hybrid project for a 100MW steel plant in Maharashtra would have a landed cost of ₹5.50-5.75 per unit, compared with the grid power cost of ₹8.90-9.50 per unit, he said.

"That's almost 40% cheaper for 75% of the annual power use. It's an extremely compelling business case for power-intensive businesses," he said.

Cost savings and better cost predictability are also driving more companies to source renewable energy directly from independent power producers, who are private companies that sell power to distribution companies or third parties such as C&I users.

"One noticeable trend has been the growth of the C&I sector, which shows an increased appetite for Indian corporates to directly source power from generators and not rely on the grid," said Deepto Roy, partner at law firm Shardul Amarchand Mangaldas & Co.