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Headline : <b>Clenergen plans biomass-based projects</b>		

## Clenergen plans biomass-based projects

**Our Bureau**  
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Clenergen India Pvt Ltd, which has entered into a 15-year power purchase agreement with PTC India Ltd, plans to set up over 80 MW of biomass based power projects.

Clenergen India, a wholly owned subsidiary of Clenergen Corporation Ltd, UK, plans to lease 16,000 acres to set up biomass plantations. It will invest over Rs 1,135 crores in plantations and the power plants based on gasification technology.

Addressing a press conference here today, Mr Mark Quinn, Chief Executive Officer, Clenergen Corporation, said that the first of the power plants has started operation in Tuticorin.

It has acquired a 1.5 MW facility that will be expanded to about 10 MW within one year. The company plans to set up 16 MW in Tamil Nadu



Mr Mark Quinn

and 64 MW in Karnataka.

The PPA with PTC covers 71 MW and the rest will be needed to power Clenergen's facilities, he said.

PTC is paying the company a guaranteed Rs 2.65 a KWhr plus 90 per cent of whatever PTC gets over and above the guaranteed price (Rs 2.65) a unit from the market. Based on PTC's sales of the last six quarters, Clenergen expects to get at least Rs 6 a unit.

PTC will pay on monthly basis and its payments are backed by annually renewable irrevocable letter of credit of Indian Overseas Bank. Mr Quinn said that Clenergen expects an Internal Rate of Return of not less than 30 per cent, without taking into account any benefits from carbon trading.

On an average Clenergen will need about 200 acres land yielding 40 tonnes of biomass an acre for every MW of generation capacity. This is a key feature to the viability of the project to keep power costs down.

On an average the capital investment works out to about Rs 9 crore a MW including the cost of leasing land to raise biomass plantations.

Company officials said that with captive plantations the cost of feedstock is about one-fourth of the market price of about Rs 2,500 a

tonne of fuel wood. Clenergen has tied up with Bangalore-based Growmore Biotech to source Beema Bamboo, a high yielding bamboo variety developed by Growmore. It has a potential to yield about 60 tonnes an acre. Every tonne yield increase over 40 tonnes increases Clenergen's profitability.

In Tamil Nadu, Clenergen has taken on 49-year lease over 800 acres land in Tirunelveli and plans to soon add 1,200 acres. Of the total cost of Rs 1,135 crore, Clenergen plans to raise Rs 750 crore as debt, the detailed project report is ready and local banks are considering the application.

The equity component would be about Rs 385 crore with the promoters bringing in Rs 50 crore. The remaining Rs 335 crore would be raised from the market, officials said.