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Clenergen to set up two biomass projects for Rs 1,135 cr

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US-BASED Clenergen Corporation, listed on the OTC stock market, is establishing two biomass power projects in India with a total capital outlay of \$236.47 million (Rs 1,135 crore).

The company looks to tap Indian capital market for raising money to part-fund the proposed 80-mw biomass projects. Under its Indian subsidiary Clenergen India, the company is setting up a 16 mw power plant in southern Tuticorin district in Tamil Nadu, while the second plant with a capacity of 64 mw per hour will come up in north Karnataka. "The Tamil Nadu plant will commence operation by the last quarter of calendar year 2010," said Mark Quinn, chief executive officer, Clenergen Corporation.

Clenergen India has secured power purchase agreement with the Power Trading Corporation of India for supplying 71 mw from the two gasification technology-based biomass plants (of the total 80 mw, 9 mw will be consumed in-

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ternally to make it carbon neutral) at an average price of 12 cents per kw hour with an enterprise valuation of \$322 million.

Of the total project cost of \$236.47 million, equity portion will be \$82.76 million (Rs 397.27 crore). After infusing promoters' funds, it looks to raise \$65 million (Rs 312 crore) through mezzanine funds or tapping the Indian capital markets. It has mandated Ernst & Young to tie-up the long-term debt component of \$153.70 million (Rs 737.78 crore) for the two projects. The feedstock for the Tamil Nadu plant will

be generated from a 4,000-acre plantation area, while the Karnataka plant will get feedstock from a 16,000-acre plantation. The company has identified Beema Bamboo, a species of grass, and Paulownia, a species of tree native to China, as feedstocks. The company has tested the biomass of these species for thermal characteristics and gasification efficiency.

Clenergen has secured long-term leases of about 850 acre in Tamil Nadu for cultivation of its feedstock and the deal for securing 1,200 acres will be finalised by month-end. Arrangements are being made to acquire another 2,000 acre.

Clenergen has also recently bought a 1.5 mw per hour biomass power plant in Tamil Nadu and the capacity of the same will be scaled up to 10 mw per hour by the end of 2010.

It intends to generate over 500 mw of renewable power in India over the next five years through the use of cultivated feedstock and agricultural waste.

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