Wind man of India sets sights on Ontario

Contributed by Tyler Hamilton, Energy Reporter, The Toronto Star
Sunday, 19 April 2009

Asia's biggest turbine maker thinks province has the right policies, infrastructure for wind power

Asia's largest maker of wind turbines is seriously sizing up the Ontario market as a potential home for new manufacturing, citing what it considers the right combination of policies, infrastructure and local activity.

Tulsi Tanti, founder and chair of Suzlon Energy Ltd., told the Star in an exclusive interview yesterday that the Ontario government's proposed Green Energy Act is a "very strong" initiative that helps set the province apart from other jurisdictions in North America.

The decision to enter Canada, he said, could come soon. "Based on our analysis, 2010 is the right time for us to start business operations in the Canadian market."

Tanti, often called the "wind man of India," was in town yesterday to accept the annual Global Indian Award from the Canada India Foundation.

Federal Finance Minister Jim Flaherty and Liberal leader Michael Ignatieff attended yesterday evening's ceremony in honour of the 51-year-old executive, ranked by Forbes magazine in 2008 as the 33rd richest man in India, with a family wealth of $1.1 billion.

It was only 15 years ago that Tanti was a thirty-something engineer trying to grow his textile company with a new line of polyester yarns. But India's unreliable electricity system and the high cost of power, which was eating up his profits, encouraged him to purchase two wind turbines in 1995 so he could supply his own energy needs.

Five years later, having grown wiser about the impacts of global warming and the imminent energy shortages in rapidly growing countries like India, he made a dramatic decision to sell off his textile business and start manufacturing wind turbines.

Today, Pune-based Suzlon is the fifth-largest wind turbine supplier in the world with $3.34 billion in revenues in 2008 and 13,000 employees. The company currently sells products in 21 countries. Tanti told news service Asia Pulse last week that Suzlon, through its majority-owned Germany-based subsidiary Repower AG, had secured contracts for developing wind-power projects in Canada.

He said yesterday that the high transportation cost of shipping wind towers and rotor blades, both massive items, is good reason to set up manufacturing close to project locations.

"When we decide the location for manufacturing three things are very important," he said. "First, the skilled manpower. Second, the logistical costs. And third is the government tax support."

Asked whether he thought Ontario - with its skilled manufacturing base, water and lake access to the U.S. market, and supportive legislation and policies - offered the right mix for Suzlon, Tanti replied: "Absolutely."

The company has two business models. In countries such as India, Brazil and Australia, Suzlon doesn't just sell wind turbines; it also designs, engineers and constructs the wind farms. In India, it evens builds the transmission lines that connect them to the country's power grid.

Outside of those countries, Suzlon acts primarily as a turbine supplier, though it retains control over all aspects of turbine manufacturing. "We are producing the gearbox, rotor blades, generator, control systems, towers, all the value chain components," said Tanti.

Despite robust growth over the past few years, Suzlon has hit a few rough patches of late. In 2007, cracks were detected in dozens of blades on 400 turbines sold into the U.S., Europe and Brazil. The company has had to spend $100 million (U.S.) to recall the blades, plunging it into the red.

Suzlon is also saddled with debt from its acquisition of Repower and, because of the recession, has had difficulty raising equity.

Meanwhile, tight credit markets have made it difficult for Suzlon's customers to raise money for projects.

"This is causing some constraints in the wind industry," Tanti said.

Tanti says the market growth is expected to remain flat this year. But he remains confident that growth of 20 per cent to 30 per cent will return in 2010, citing U.S. stimulus spending and the role the energy sector is expected to play in the creation of green-collar jobs.

"What does the global market need today? The highest priority is not the financial crisis. The highest priority is job creation in developed markets.

"And this is the only industry that can create a huge number of jobs."