FOURTH PARTNER ENERGY

SKF INDIA's EYE ON ENERGY TRANSITION

A Case Study

on SKF's Strategic Collaboration with FPEL to maximise Clean Energy consumption across its India units.

Introduction to **SKF India**

SKF is a global leader in offering comprehensive solutions around the rotating shaft, with expertise spanning bearings, seals, lubrication systems, condition monitoring, and maintenance services. Established in 1907 in Gothenburg, Sweden, SKF has grown into a pioneering force in industrial and automotive engineering. The company has been operational in India since 1923 and has significantly expanded its presence to provide cutting-edge solutions to a wide range of industries.

Today, SKF operates across five technology-driven platforms, which allow it to deliver industry-leading solutions tailored to the needs of modern industrial and automotive sectors. In India, SKF boasts a strong presence with six manufacturing facilities, and a vast supplier network that includes over 450 distributors. This extensive footprint enables SKF to meet the evolving needs of its Indian customers and contribute to the country's growing industrial landscape.

SKF's Eye on Sustainability **& Energy Transition**

SKF is committed to embedding sustainability at the core of its business operations, from the products and services it offers to the solutions provided to customers worldwide. Their focus lies in providing clean technology solutions for Industrial transformation, developing products to become lighter, more efficient, longer lasting, repairable, and recyclable.

In line with its ambitious sustainability goals, SKF aims to drastically reduce its carbon footprint by 2030. The company targets a 95% reduction in Scope 1 and 2 CO_2 equivalent emissions, covering its own operations, and at least a 31% reduction in Scope 3 emissions, encompassing its full value chain. These targets serve as

milestones toward achieving SKF's ultimate goal of carbon neutrality by 2050.

SKF India has been a leader in these efforts, consistently sourcing renewable energy since 2014 through various onsite and offsite projects, including solar and wind-solar hybrid installations. In 2023, SKF India reached a major milestone, sourcing 41% of the total energy required for its manufacturing operations from renewable sources.

SKF's Partnership with **FPEL**

In a strategic move to accelerate its green energy objectives, SKF partnered with Fourth Partner Energy in May 2022. This collaboration marked a significant step forward in SKF's journey towards achieving its Sustainability targets. The initial discussion was for SKF to procure clean energy for manufacturing unit in Gujarat. After a thorough process of due diligence, the teams inked a Power Purchase Agreement (PPA) for SKF to procure 2.9 MWp of green energy from FPEL's 70 MWp Wind Solar Hybrid Park in Gondal, Gujarat.

Fast forward 2 years and in June 2024, after reaping the benefits of clean power and understanding the importance of industries leading the charge towards Net Zero and Energy Transition – SKF decided to partner with FPEL for procurement of IRECs or International Renewable Energy Certificates. The duo again entered into a 15-year agreement for purchase of 37,500 IRECs from FPEL's 100 MWp Solar Park in Babina, Uttar Pradesh.

Eye on FPEL's Wind Solar Hybrid
Project in Gondal, Gujarat

SKF sources green energy from FPEL's 70 MWp Wind Solar Hybrid Park in Gujarat. This project, FPEL's maiden hybrid project, supplies clean energy to major businesses like SKF, Filatex and Linde.

The plant generates over 163 mn units of clean energy annually, reducing Carbon emissions by 2.6 mn tonnes over its 25-year lifetime. Comprising of 14 wind turbines installed by GE – the Gondal project showcases the cost benefits of hybrid energy models and reflects Gujarat's progressive renewable policies.

Environmental
Impact

6,519 Tons/year
of reduced Carbon Emissions

3,126 Kgs/ Year
Coal Reduction

1.53 Crore
Litres of Water conserved

Equivalent to Planting of
3 Lakh Trees

Key
Highlights:

Project Capacity **70 MWp**	Project Location **Gondal, Gujarat**	PPA Capacity **1.056 kWp Solar** **1,845 kW Wind**	Annual Generation **6,929,160 kWh**

Key Challenges
Overcome by FPEL

Regulatory Compliance

During the Gondal project, FPEL faced challenges due to the pending extension of Gujarat's 2018 WSH policy. Timely approvals and permits were crucial, and FPEL's dedicated teams ensured compliance to keep the project on track. Securing transfer rights for group captive consumers also proved complex due to differing policy interpretations, but FPEL's persistent coordination led to successful regulatory alignment.

Timely Clearances:

FPEL encountered multiple challenges during the Gondal project. Securing Ministry of Defence (MoD) clearances was critical, as the project's location required the timely procurement of the same.

FPEL's solution involved proactive engagement with regulatory authorities and dedicated liaison efforts, which enabled the team to secure MoD clearances just before the sanction deadline, ensuring compliance and smooth progression of the project.

Heavy Rains and Cyclone:

Cyclone Biparjoy hit Gujarat from June 6–15, 2023, just before the policy expiry deadline of June 19. Despite these adverse weather conditions, FPEL deployed contingency measures, mobilized additional resources, and coordinated closely with on-ground teams to successfully complete commissioning on time, underscoring their commitment to the project.

Client Speak
with SKF India

How does the SKF Group prioritise Energy Transition?

SKF Group has decided to allocate 3 Bn SEK to meet energy and decarbonization goals by 2030. This comes with a clear frame of investments and a decision to definitely ban any fossil fuel investments in our operations.

Please outline the long-term Sustainability goals for SKF?

SKF has set the goal to **decarbonize our own operations by 2030**, but that is not enough. SKF will have a **net-zero greenhouse gas emission supply chain by 2050, at the latest.**

What are some of the benefits of procuring WSH from FPEL's Gondal plant?

Electricity production from wind and solar power complement each other to produce optimal amounts of renewable energy. Furthermore, they also complement each other during different seasons.

Hybrid projects can also lower investment cost since the wind and solar parks share the same grid connection.

What are some of the reasons that made you choose to partner with FPEL?

SKF appreciates the valuable contributions FPEL brings to project discussions, consistently challenging SKF's approach and leveraging their subject matter expertise to refine and enhance SKF's renewable requirements.

What prompted SKF to consider purchasing I-RECs to meet clean energy goals?

I-RECs present a very flexible and compliant option to decarbonize scope 2 emissions. As a RE100 signatory, committed to use 100% renewable electricity by 2030, we are also obliged to pursue RE100 compliant options with additionality. This led us to consider I-RECs – it was an iterative process with positive intent from both SKF and FPEL, and the agreement was signed as per the scheduled timeline.

Nitin Grover
Global Category Manager Energy & FSM

How can Corporates benefit from adopting **Wind Solar Hybrid power?**

- **Cost-Effective Solutions:** Hybrid systems utilize shared evacuation infrastructure for solar panels and wind turbines, reducing fixed costs and transmission charges.
- **Continuous Generation:** These systems ensure consistent electricity generation, combining daytime solar output with evening and nighttime wind power, minimizing variability and curtailment.
- **Higher PLFs:** Hybrid projects in states like Gujarat, Maharashtra, and Karnataka have achieved up to 50% PLFs, compared to 17–25% for standalone solar or wind. With battery storage, PLFs can reach up to 80%.
- **Lower Project Costs:** Shared pooling and transmission infrastructure optimize costs and maximize land use, making hybrids attractive to Discoms, corporates, and developers.
- **Government Incentives:** Financial waivers and incentives further boost the economic viability of Wind Solar Hybrid projects.

FPEL Management **Speak**

"At Fourth Partner Energy, we take pride in customizing renewable energy solutions for forward-thinking, sustainable brands like SKF to help them achieve their RE100 targets. Through our partnership on a Wind-Solar Hybrid project in Gujarat and I-REC contracts, we are enabling SKF's ambitious decarbonisation roadmap. Together, we are making measurable strides towards a cleaner, greener future."

Jaykumar Waghela
CEO, Distributed Business Unit, FPEL

Focus on Innovative Solutions
Eye on I-RECs

The SKF group across the globe has been prioritising energy transition. Its Indian arm is a member of RE100 and has committed to achieving 100% renewable electricity usage by 2030. In recent years, SKF has consistently been procuring energy from renewable sources such as solar and wind to meet its consumption needs. The company currently procures 41% of the energy required for their manufacturing through. In order to increase its consumption and inch closer to its RE100 goals – SKF India decided to adopt IRECs through a strategic partnership with FPEL.

What is an **I-REC?**

It is a certificate that represents 1 MWh of electricity generated from renewable sources like wind, solar, or geothermal, helping businesses offset Scope 2 GHG emissions. By purchasing I-RECs, companies can demonstrate their commitment to renewable energy, regardless of location. Transparent and measurable, I-RECs enable businesses to support global climate action, whether operating in China or India.

SKF has taken a unique approach to supporting renewable energy by entering a 15-year agreement with FPEL for the supply of 37,500 IRECs per year from FPEL's Babina Open Access Project.

These IRECs, equivalent to 37,500 MWh annually, help SKF avoid approximately 36,750 tonnes of CO_2-equivalent emissions that would otherwise be generated from thermal power.

Why should other businesses consider **adopting clean energy through I-RECs?**

- To comply with corporate environmental standards, such as the Greenhouse Gas Protocol.
- To achieve ESG goals, as I-RECs give a competitive edge to a business' portfolio from an investor's perspective.
- Businesses aiming to reduce theirs and their supplier's carbon footprint through the supply chain itself can opt for I-RECs conveniently.
- Support renewables production growth: Trading activity indirectly signals demand for low-carbon electricity, supports renewables production growth, and attracts investments.

Conclusion

SKF's partnership with FPEL highlights the transformative potential of renewable energy solutions like WSH systems and International Renewable Energy Certificates (I-RECs) in driving corporate sustainability. FPEL's expertise in delivering cost-effective and reliable WSH projects, such as the Gondal Hybrid Park, underscores its role as a key enabler of India's energy transition. By integrating I-RECs into its strategy, SKF has demonstrated a forward-thinking approach to achieving RE100 targets and decarbonizing its operations.