

L&T takes on global peers with electrolyser play

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Engineering conglomerate Larsen & Toubro (L&T) is preparing the ground to begin the commercial sale of electrolysers in September, which would be 50 per cent cheaper than its European counterparts, a senior company executive has said.

An electrolyser is a key equipment required for the generation of green hydrogen.

Last quarter, L&T manufactured its first electrolyser as a prototype.

The company is initially expecting a majority of its sales to come from the domestic market.

“Come September, the company plans to commercially roll out 150-200 megawatt (MW) of this capacity,” said Derek Shah, senior vice-president at L&T and head of green manufacturing and development.



STRATEGIC MOVE

■ L&T manufactured its first electrolyser as a prototype during FY24

■ The company is developing electrolysers in partnership with McPhy

■ It is expecting majority of its sales to come from the domestic market

■ Initially, it will supply electrolysers to domestic procurers and foreign markets in 70:30 ratio

■ Preparing ground to begin the commercial sale of electrolysers in Sept

On the cost competitiveness, Shah said: “We are closer to Chinese costs than Europe. Our electrolysers would be almost 50 per cent the price offered by European suppliers.”

During the first phase, L&T looks to supply electrolysers to a mix of

Indian procurers and foreign markets, with a 70:30 ratio, Shah said.

According to BNEF data in 2022, a Chinese alkaline electrolysis system costs about \$343 per kilowatt, compared with \$1,200 per kilowatt in the West.

L&T is developing these electrolysers in partnership with McPhy.

At present, the partnership covers India, surrounding markets, and West Asia.

“We are in discussion with them to explore whether we can expand our territories beyond, to other non-European markets such as Singapore,” Shah explained.

In the later phases, L&T plans to take its electrolyser capacity to 300 MW by the end of FY25 and to 1 gigawatt in the following year.

Shah said the commissioning plans are in line with the 300 MW the company was allotted under the Production Linked Incentive (PLI) scheme.

Reliance Industries and John Cockerill Greenko Hydrogen Solutions are the other two companies with 300 MW each allotted in the PLI scheme.

Shah said 50 per cent of the supply chain for the prototype was imported.

However, before the commercial rollout, 90-95 per cent of the supply chain will be localised.

“Talks are on for the supply of electrolysers to multiple customers, including some NTPC tenders,” Shah elaborated.

The engineering conglomerate has ambitions beyond electrolysers manufacturing. L&T, along with Indian Oil Corporation (IOC), ReNew, named GH4India, looks to produce and sell green hydrogen and its derivatives.

“While we were waiting for the domestic demand (for green hydrogen and derivatives supply) to pick up, we are one of the five companies to qualify for a large German tender for green methanol and green ammonia,” Shah said, adding they expect 20-25 such tenders to be floated domestically.