

Govt to drop e-reverse bidding for wind projects

OUR BUREAU

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The Centre has made an in-principle decision to drop e-reverse bidding for wind power projects following numerous requests from the industry, a top government official said on Thursday.

A formal decision on the same will be taken soon, said the Ministry of New & Renewable Energy (MNRE) Secretary Indu Shekhar Chaturvedi said.

“I think I can say with confidence that the e-reverse auction arrangement has in-principle been decided to be ended. A formal decision will follow soon,” the MNRE secretary said.

There has been a consistent demand from the industry to change the bidding framework for wind energy for achieving greater capacity addition, he said, adding “wind sector has been an issue. On one hand, we see good de-



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mand for wind energy, and on the other, we see projects languishing. That point needs to be recognised and the bidding structure and the whole dispensation needs a re-look.”

Low bids affect projects

In the renewable energy sector, the mechanism of e-reverse auctions has been used

largely to discover the lowest tariff, resulting in historically low-bids. The commissioning and deployments of projects got adversely affected in many cases, and developers faced ‘the winner’s curse’ as import prices of components soared, and in some cases, bids had to be revised upwards.

The Indian Wind Turbine Manufacturers Association (IWTMA) has been consistently taking up the issue of e-reverse auction with the MNRE. The association’s contention is that while solar capacity was on the rise, the wind sector was adding on an average 1.5 gigawatts annually due to the shift to reverse auctions. Reverse bidding constrained companies from utilising the potential in seven wind States.

“The tariff rates which arise from bids under the reserve wind auctions in India only

make it viable for projects to be set up in Gujarat and Tamil Nadu, which are typically high power load factor states for wind energy in India,” IWTMA Chairman Tulsi Tanti said in April 2022.

‘Support to continue’

The MNRE Secretary emphasised that public policy support will continue for the RE sector and institutional streamlining between different fragments of the electricity sector—ministry of power, MNRE, Central Electricity Regulatory Commission, State regulators, and the distribution companies — will be attempted.

“MNRE has already started work in this regard,” said Chaturvedi, adding that direct subsidy will be necessary in new and upcoming areas like Green Hydrogen Mission and Offshore-Wind among others.