

‘WIND PROJECT ADDITION TO PEAK BY 2024’

Relevant for: Indian Economy | Topic: Infrastructure: Energy incl. Renewable & Non-renewable

Annual installation of new wind power projects in India will peak by 2024 and likely decline thereafter, according to a report released on Wednesday by the Global Wind Energy Council (GWEC) and MEC+, a consulting firm that specialises in renewable energy.

As part of its transition away from fossil fuels, India has committed to sourcing half its electricity in 2030 from non-fossil fuel sources and installing 60 gigawatt (GW, or 1000 MW) of wind power by 2022.

So far, only 40 GW of wind power capacity has been established.

Wind industry installations have been slowing down in India since 2017. Only 1.45 GW of wind projects were installed in 2021 with many delayed due to the second wave of COVID-19 and supply chain-related disruptions.

To compensate, the Ministry of New and Renewable Energy (MNRE) granted a blanket timeline extension for seven-and-a-half months after the scheduled commissioning date (SCD) for projects with power purchase agreements (PPAs) signed before June 2021, which pushed the SCD of 0.7 GW projects to 2022.

The trigger for the slowdown, according to the report, was the advent of the auction regime in 2017 to award tenders. The new scheme led to large orders but highly competitive bids.

Subsequently, the market has concentrated wind projects around a few substations of Gujarat and Tamil Nadu, which were home to the strongest resource potential and lowest cost of land. This created bottlenecks and slowed down project activity and made it costlier than solar power.

Conservatively, India is expected to add 3.2 GW in 2022, 4.1 GW in 2023 peaking to 4.6 GW in 2024, thereafter declining to 4 GW and 3.5 GW in the next two years, respectively, according to the report.

India currently has 13.4 GW of prospective projects in wind energy, which are expected to drive installations until 2024 in the market.

After 2024, fresh projects are likely to be wind-solar hybrid projects (where both systems are installed on a piece of land to generate power through the day).

Payment delays also adversely impacted pace of renewable energy in India. The outstanding payments to RE generators increased by 73% to Rs. 19,400 crores in December 2021

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