

Wind industry drags govt to court on new norms

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The wind industry has taken the Central government to Court over the new 'deviation settlement mechanism' regulations, which the industry feels are arbitrary and unfair in their retrospective application.

The settlement mechanism is a means to enforce grid discipline by penalising electricity suppliers and consumers who stray from the schedule given to the grid operator.

The DSM has been in force since 2014, but in January 2022 the government brought in tighter regulations.

Essentially, it is difficult for wind energy companies to stick to schedules because nobody can predict wind flows accurately.

The older regulations allowed a wind developer to "over-inject up to 100 per

cent", double what it said it would inject into the grid in every 15-minute block, and be paid for it. Beyond 100 per cent, there would be no payment.

The new regulations, however, allow only up to 10 per cent over-injection.

Similarly, earlier if the wind developer put in up to 15 per cent less energy than promised, there would be no penalty.

The 2022 regulations reduced it to 10 per cent, that too with retrospective effect.

WIND FORECASTING

The government's argument is that predicting winds has become more accurate with advancement in technology, but the industry disagrees.

MP Ramesh, a wind industry expert and a former Director of the National Institute of Wind Energy (NIWE), told *businessline* that, under the previous



rules, of the 35,040 15-minute periods in a year, the industry would not face penalty for about 32,000; but under the new rules that number is down to around 22,000 — forcing the industry to either forgo revenue or pay penalties.

The petition states that existing projects won in tenders through tariff bids would become unviable with the new regulations.

"It is settled law that penal measures can only be applied prospectively," the petition notes.

In the meantime, Union

Power Minister RK Singh called the industry for a meeting on Wednesday, but later postponed it.

The industry is worried the Minister might ask it to withdraw the petition ahead of negotiations, as happened earlier, an industry source said.

"Who has the guts to say 'no' to a minister?" observed an industry insider.

'DYING INDUSTRY'

Sources point out that the wind industry — a crucial component of India's carbon emission reduction commitments — is dying. After hitting a high of 5,502 MW in 2016-17 (because of expiring incentives), the highest wind installation in subsequent years was 2,118 MW in 2019-20.

Today, the country's total wind installed capacity is 41,844 MW; yet the government's Draft National Electricity Plan hopes to add 40,500 MW in 2022-27.