

Cabinet approves the Scheme titled Viability Gap Funding for development of Battery Energy Storage Systems (BESS)

Government Unveils BESS Scheme to Energize the Nation for a Brighter Tomorrow

BESS projects of total 4,000 MWh to be developed by 2030-31 under the Scheme through competitive bidding

Scheme to reduce the cost of storage for distribution companies and consumers

Posted On: 06 SEP 2023 3:51PM by PIB Delhi

The Union Cabinet, chaired by the Hon'ble Prime Minister approves the Scheme for Viability Gap Funding (VGF) for development of Battery Energy Storage Systems (BESS). The approved scheme envisages development of 4,000 MWh of BESS projects by 2030-31, with a financial support of up to 40% of the capital cost as budgetary support in the form of Viability Gap Funding (VGF). A watershed moment in the long list of pro-environment measures taken by the Government, the move is expected to bring down the cost of battery storage systems increasing their viability.

Designed to harness the potential of renewable energy sources such as solar and wind power, the scheme aims to provide clean, reliable, and affordable electricity to the citizens. The VGF for development of BESS Scheme, with an initial outlay of Rs.9,400 crore, including a budgetary support of Rs.3,760 crore, signifies the government's commitment to sustainable energy solutions. By offering VGF support, the scheme targets achieving a Levelized Cost of Storage (LCoS) ranging from Rs. 5.50-6.60 per kilowatt-hour (kWh), making stored renewable energy a viable option for managing peak power demand across the country. The VGF shall be disbursed in five tranches linked with the various stages of implementation of BESS projects.

To ensure that the benefits of the scheme reach the consumers, a minimum of 85% of the BESS project capacity will be made available to Distribution Companies (Discoms). This will not only enhance the integration of renewable energy into the electricity grid but also minimize wastage while optimizing the utilization of transmission networks. Consequently, this will reduce the need for costly infrastructure upgrades.

The selection of BESS developers for VGF grants will be carried out through a transparent competitive bidding process, promoting a level playing field for both public and private sector entities. This approach will foster healthy competition and encourage the growth of a robust ecosystem for BESS, attracting significant investments and generating opportunities for associated industries.

The Government of India remains committed to promoting clean and green energy solutions, and the BESS Scheme is a significant step towards achieving this vision. By harnessing the power of renewable energy and encouraging the adoption of battery storage, the government aims to create a brighter and greener future for all citizen

DS/SKS

(Release ID: 1955112)