GOVERNMENT OF INDIA
MINISTRY OF POWER

RAJYA SABHA
UNSTARRED QUESTION NO.300
ANSWERED ON 05.12.2023

FUNDS FOR BATTERY ENERGY STORAGE SYSTEM

300 SHRI VAIKO:
SHRI M. SHANMUGAM:

Will the Minister of **POWER** be pleased to state:

(a) whether Government recently approved Viability Gap Funding scheme for developing Battery Energy Storage System (BESS);

(b) if so, the details thereof;

(c) whether it would reduce carbon emissions and dependence on fossil fuel, and if so, to what extent; and

(d) the quantity of surplus energy from BESS expected to be given to Discoms during peak hour demand in the next five years, State-wise, details thereof?

A N S W E R

THE MINISTER OF POWER AND NEW & RENEWABLE ENERGY

(SHRI R.K. SINGH)

(a) & (b) : Yes, Sir. Cabinet in its meeting held on 06.09.2023 approved the scheme for Viability Gap Funding (VGF) for development of Battery Energy Storage Systems (BESS) with capacity of 4,000 MWh. Under the scheme, projects will be approved during a period of 3 years (2023-24 to 2025-26). The disbursement of funds will extend upto 2030-31 in 5 tranches. The cost of BESS system is anticipated to be in the range of ₹2.40 to ₹2.20 Crore/MWh during the period 2023-26 for development of BESS capacity of 4,000 MWh, which translates into Capital Cost of ₹9,400 Crores with a Budget support of ₹3,760 Crores.

VGF to the extent of upto 40% of capital cost for BESS shall be provided by the Central Government. Public and private sector entities for development of BESS shall be selected through the bidding process to be conducted by the Implementing Agency(ies) as per the provisions of the Scheme and Bidding Guidelines.

(c) & (d) : The implementation of a 4,000 MWh is expected to result in an annual reduction of approximately 1.3 million metric tons (MMT) of carbon emissions (CO2) considering charging of BESS with Renewable Energy (RE).

Up to 4,000 MWh of energy will be available during peak hours for Discoms and other beneficiaries to utilize, depending on their specific usage patterns.

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