



Government Takes Multi-Pronged Steps to Scale Up Energy Storage Capacity in the Country

MNRE Implements Several Proactive Measures to Facilitate PPA Signing

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The Central Electricity Authority in its report on “Optimal Generation Mix 2030” has estimated that the required energy storage capacity by 2029-30 is 60.63 GW with 18.98 GW from Pumped Storage Projects (PSP) and 41.65 GW from Battery Energy Storage Systems (BESS). The Government has taken following major steps for development of the energy storage capacity in the country including support for domestic research and manufacturing of storage technologies:

- Notified Guidelines for Procurement and Utilization of BESS as part of Generation, Transmission and Distribution assets, along with Ancillary Services.
- Issued National Framework to promote Energy Storage Systems in the country.
- Issued Guidelines to promote PSP.
- Granted 100% waiver of Inter-State Transmission System (ISTS) charges for PSP for which construction work is awarded on or before June 30, 2028
- Granted 100% ISTS charges waiver for co-located BESS projects, commissioned on or before 30th June 2028, with certain conditions.
- In March 2024, government has approved a Viability Gap Funding (VGF) Scheme for the development of large-scale BESS, with an outlay of ₹3,760 crore for development of 13220 MWh at VGF of Rs 27 lakhs/MWh.
- In June 2025 the Government has approved another VGF scheme of 30 GWh, funded through ₹5,400 crore from the power system development fund (PSDF) at VGF of Rs 18 lakhs/MWh.
- Earmarked 10 GWh capacity for Grid Scale Stationary Storage applications under the “National Programme on Advanced Chemistry Cell (ACC) Battery Storage”.
- Issued an ‘Advisory on co-locating Energy Storage Systems with Solar Power Projects to enhance grid stability and cost efficiency’.
- Implementing a “Renewable Energy Research and Technology Development Programme” to support various research institutions and industries to develop indigenous technologies and manufacturing for widespread applications of new and renewable energy including storage technologies in cost-effective manner.
- Department of Science & Technology (DST), under the Clean Energy Material Initiative (CEMI), is also funding R&D projects in the area of energy storage materials and devices

As on 31.12.2025, four Renewable Energy Implementing Agencies (REIAs), namely SECI, NTPC, NHPC and SJVN have issued Letters of Award of around 69 GW capacity and Power Purchase Agreements have been signed for around 24.3 GW against these Letters of Award.

States are also issuing renewable power procurement tenders and renewable power capacity is also being added in commercial and industrial sectors through Green Energy Open Access/Captive route. Thus, capacity addition of renewable energy is progressing through multiple pathways and not only through REIA led bids.

With the declining cost of solar/wind plus storage and dispatchable renewable power, there is a growing preference among distribution companies and end procurers for such solutions. This shift has been accompanied by a reduced demand for plain solar/wind power. Accordingly, the Government has sensitized the REIAs to move from plain RE tenders to tenders of solar/wind with Energy Storage, tenders with configuration to supply renewable power during peak hours and tenders with configuration to supply Firm and Dispatchable Renewable Energy (FDRE).

To facilitate signing of Power Purchase Agreements (PPAs) in respect of bids issued by REIAs, the Government has undertaken several proactive measures, including urging States to comply with the Renewable Consumption Obligation under the Energy Conservation Act, and advising REIAs to aggregate demand from DISCOMs and other consumers before designing and issuing tenders. Regional workshops have been organized with major renewable energy-procuring States to address implementation challenges and accelerate PPA signing.

This information was submitted by Union Minister of State for New and Renewable Energy Shri Shripad Yesso Naik in a written reply in Rajya Sabha.

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