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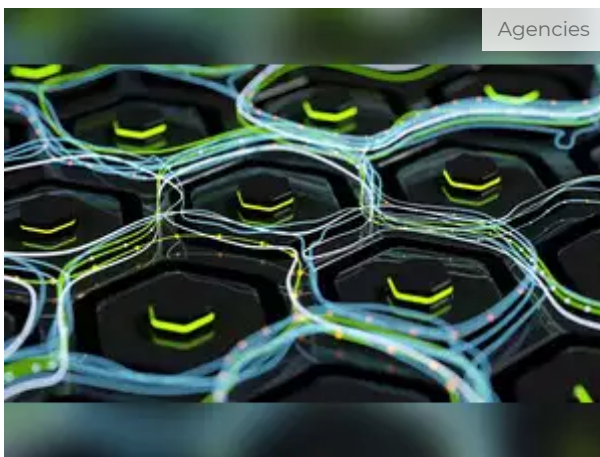
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## India to offer Rs 3,760 cr in incentives for battery storage projects: Sources

Reuters Last Updated: Jun 06, 2023, 03:59 PM IST

### Synopsis

India is offering incentives worth \$455.2m to encourage battery storage projects with a total capacity of 4,000MWh. Private firms are expected to invest INR56bn (\$765m) into the scheme to develop large-scale battery storage systems. The Indian government aims to boost the share of renewables in the country's energy mix while reducing its dependence on fossil fuels.



Representative Image

India will offer Rs 3,760 crore (\$455.2 million) in incentives to companies setting up [battery storage projects](#) totaling 4,000 megawatt hours (MWh) under a scheme announced earlier this year, two government sources said.

The scheme is intended to boost battery storage projects critical to India's ambitious plan to expand its renewable energy capacity to 500 gigawatts (GW) by 2030 and cut the cost of battery energy storage from the current 5.5-6.5 rupees per unit.

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Battery storage, used to back up intermittent [renewable power supply](#) to stabilise the grid, is an evolving technology, and there are very few large-scale operational projects in the world. The scheme intends to develop large-scale battery energy storage systems to bring down costs through competitive bidding.

The government will provide so-called viability gap funding - incentives to cover risks of developers of critical infrastructure projects that are or may turn out to be economically unviable - in the form of grants for three years, the sources said.

It also expects private investments worth 56 billion rupees through the scheme.

The disbursement of the contracts will be made in five tranches until 2030-31, one of the sources said, requesting anonymity since the proposal is not yet public and needs federal cabinet approval.

Contracts will be awarded through a competitive process, with the company with lowest bid selected, they said. India's power ministry did not respond to a request for comment.

A number of Indian conglomerates including [Reliance Industries](#), [Adani Power](#) and [JSW Energy](#) have plans to set up large-scale battery plants.

The proposal, announced by Finance Minister [Nirmala Sitharaman](#) in her budget speech on Feb. 1, will next be taken up for decision by the country's cabinet headed by Prime Minister [Narendra Modi](#). No timeline for the approval has yet been given.

India has 37 MWh of battery storage capacity currently. According to estimates from its power sector planning body, it requires 236 gigawatt hours (GWh) of battery energy storage in addition to 27 GW pump storage projects by 2031-32.

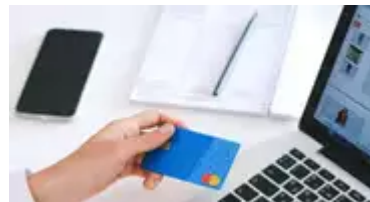
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