

**GOVERNMENT OF INDIA
MINISTRY OF POWER
LOK SABHA
UNSTARRED QUESTION NO.2997
ANSWERED ON 21.12.2023**

VIABILITY GAP FUNDING FOR BESS

2997. SHRI MANNE SRINIVAS REDDY:

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

- (a) whether the Government has approved Viability Gap Funding (VGF) for the development of Battery Energy Storage Systems (BESS) to support a battery-energy storage capacity of 4,000 megawatt hours, to be developed by 2030-31 and if so, the details thereof;**
- (b) whether the Government would offer incentives worth up to 40 per cent of capital costs to companies setting up of manufacturing units and the funding for the development of BESS scheme, with an initial outlay of Rupees 9,400 crore including a budgetary support of Rupees 3,760 crore with a minimum of 85 per cent of the BESS project capacity would be made available to Discoms and the selection of BESS developers for VGF grants would be carried out through a transparent and competitive bidding process to help the industry;**
- (c) if so, the details and present status thereof; and**
- (d) the details of VGF share by the Government/private companies and subsidies given to those who came forward till now, State/UT-wise?**

A N S W E R

THE MINISTER OF POWER AND NEW & RENEWABLE ENERGY

(SHRI R.K. SINGH)

(a) to (c) : Yes, Sir. The Government has approved the scheme for Viability Gap Funding (VGF) for development of Battery Energy Storage Systems (BESS) with capacity of 4,000 megawatts hours (MWh).

Under the scheme, VGF to the extent of upto 40% of capital cost for BESS shall be provided by the Central Government. Public and private sector entities 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 for the development of BESS.

The projects under the scheme will be approved during a period of 3 years (2023-24 to 2025-26) and for passing on the scheme to consumers of the Discoms, at least 85% of the power from VGF-funded BESS projects shall be first offered to Discoms before making it available for others.

(d) : The selection of developers under the VGF scheme has not commenced yet.
