

**GOVERNMENT OF INDIA
MINISTRY OF POWER**

LOK SABHA

UNSTARRED QUESTION NO.4524

ANSWERED ON 19.03.2026

BATTERY ENERGY STORAGE SYSTEM

4524. SHRI RAHUL KASWAN:

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

- (a) the present status of the Viability Gap Funding (VGF) scheme for Battery Energy Storage Systems (BESS) including the total MWh capacity sanctioned under the amended guidelines permitting four hour single cycle storage;**
- (b) the number of projects benefiting from the extended Inter State Transmission System (ISTS) charge waiver for energy storage installations valid until June 2028; and**
- (c) the progress made towards the Government's target of supporting 30 GWh of BESS capacity including the details of tranches released in 2024-25?**

A N S W E R

THE MINISTER OF STATE IN THE MINISTRY OF POWER

(SHRI SHRIPAD NAIK)

(a) & (c) : Ministry of Power, Government of India is administering two Viability Gap Funding (VGF) schemes for the development of 43.8 GWh of Battery Energy Storage Systems (BESS), with storage capacity of 4 hours or 2 hours, based on the specific requirements of the beneficiary utilities. The details, including the implementation status of the two schemes, are as under:

- i. Viability Gap Funding (VGF) scheme through Budgetary Support: Central Government, on 6th September 2023, approved the VGF scheme for the development of 4 GWh of BESS capacity with a budgetary outlay of Rs 3,760 crore. Subsequently, due to a decline in prices of BESS, the capacity has been enhanced to 13.8 GWh within the sanctioned budget. Out of the 13.8 GWh BESS capacity, Letters of Award (LoAs) have been issued for 12.7 GWh. Since none of the projects had achieved the milestone for releasing the VGF, no VGF disbursement was done during FY 2024-25. During the FY 2025-26, VGF of about Rs. 100 Cr. has been disbursed so far.**

ii. **Viability Gap Funding (VGF) scheme for development of 30 GWh of BESS supported through Power System Development Fund (PSDF): Ministry of Power, vide order dated 09.06.2025, launched VGF scheme for development of 30 GWh of BESS with financial support of ₹5,400 crore from the Power System Development Fund. Under this scheme, 25 GWh has been allocated to 15 States for meeting their storage requirements, while 5 GWh has been allocated to NTPC Ltd. to support electricity demand during non-solar hours and optimize utilization of existing thermal and transmission infrastructure. Out of the total allocated capacity, LoAs have been issued for 17.1 GWh. Since none of the projects has achieved the milestone for releasing the VGF, no VGF disbursement has been done so far in this scheme.**

(b): Central Electricity Regulatory Commission through the Central Electricity Regulatory Commission (Sharing of Inter-State Transmission Charges and Losses) (Fourth Amendment) Regulations dated 26.06.2025, has extended the benefit of 100% Inter-State Transmission System (ISTS) charges waiver for co-located BESS projects commissioned on or before 30th June 2028, for a period of 12 years. For the non-co-located BESS projects, the 100% ISTS charges waiver was till 30th June, 2025 with graded reduction in waiver by 25% per year thereafter. The provision for ISTS charges waiver benefit has also been provided for Hydro Pumped Storage Projects (PSPs) where construction is awarded by 30th June 2028, for a period of 25 years from the Commercial Operation Date (COD). The BESS and Hydro PSP projects that comply with the provisions of the above mentioned CERC Regulations would be eligible for availing ISTS charges waiver benefits.
