Battery PLI may be tweaked

Half of eligible capacity to boost grid in rejig

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THE GOVERNMENT IS likely to reserve half of the remaining 20 GWh (gigawatt hours) cell manufacturing capacity under the production-linked incentive (PLI) scheme for Advanced Chemistry Cell (ACC) battery storage systems for the general grid, a senior official said on Wednesday.

Battery energy storage systems enable energy from renewables like solar and wind, which is unstable and its output fluctuates, to be stored and released when the power is needed the most.

The cells used in battery storage for the grid are different from those in mobility and devices. Those needed for the grid tend to be less dense because they have to sit at one place, unlike those used in electric vehicles.

The plan to extend PLI to cells for grid energy fits well with the Centre's decision in September to start a scheme for viability gap funding (VGF) for development of Battery Energy Storage Systems (BESS).

The scheme envisages development of 4,000 MWh of BESS projects by 2030-31, with a financial support of up to 40% of the capital cost as budgetary support in the form of VGF. "Because 10 GWh of the 20 GWh capacity — for which bids have to be called — will be for grid battery, some changes need to be made in the PLI for ACC. The time required for the changes would push the calling of bids to January," the official who did not wish to be named said.

The ministry of new and renewable energy would provide the specifications for cell manufacturing for grid energy storage.

According to the government's estimates, 70% of the rechargeable battery usage would be in the electric mobility space, 25% in grid storage and 5% in personal devices.

In May 2021, the PLI Scheme 'National Programme on ACC Battery Storage' for achieving manufacturing capacity of 50 GWh of ACC for enhancing India's manufacturing capabilities was approved with a budgetary outlay of ₹18,100 crore.

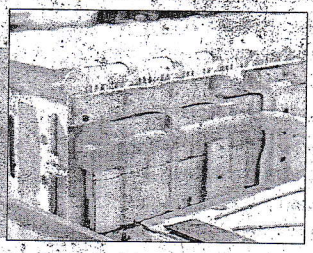
In March 2022, after a bidding process, four companies were selected for incentives, including Reliance New Energy Solar, Ola Electric Mobility, Hyundai Global Motors and Rajesh Exports.

By August 2022, Hyundai pulled out of the scheme when Hyundai of Korea clarified that it had nothing to do with Hyundai Global. In the first round of bids, Ola and Hyundai Global were awarded capacity of 20 GWh, and Rajesh Exports and Reliance were awarded 5 GWh. After Hyundai pulled out, 20 GWh was again made available for bidding.

The ministry of heavy industries has already carried out stakeholder's consultations. Under PLI, the selected beneficiary firm has to ensure achieving a domestic value addition of at least 25% and raise it to 60% in 5 years while also making the mandatory investment of ₹225 crore/GWh for committed capacity within two years.

ON THE TABLE

- Half of the remaining 20 GWh cell manufacturing capacity may be reserved for the general grid
- Energy from renewables to be stored and released when the power is needed the most



- The scheme envisages development of **4,000 MWh of BESS projects by 2030-31**
- In September, a scheme for viability gap funding for development of battery energy storage was announced
- To get a financial support of up to **40% of capital cost** as budgetary support in the form of VGF