Viability Gap Funding (VGF) scheme to develop 92 GWh of grid-scale energy storage capacity

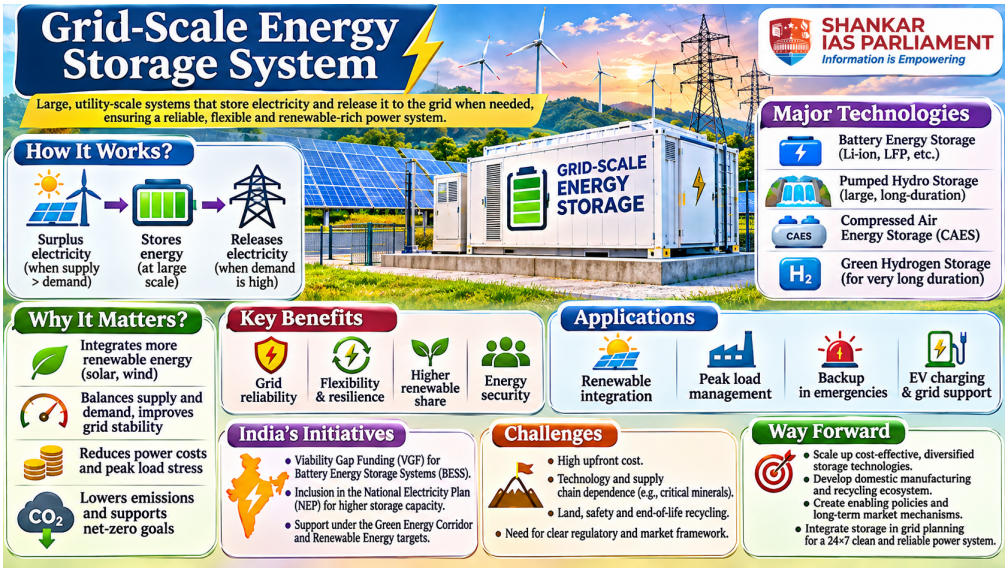
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Why in News?

The Union Cabinet, chaired by Prime Minister Narendra Modi, has approved a Rs.14,500 crore Viability Gap Funding (VGF) scheme to develop 92 GWh of grid-scale energy storage capacity across India from FY 2026–27 to FY 2030–31.

- **Target Capacity Mix**
  - **60 GWh** — Pumped Storage Projects (PSP / Hydro Pumped Storage)
  - **30 GWh** — Battery Energy Storage Systems (BESS)
  - **2 GWh** — Emerging and alternative storage technologies
- **Mandates & Features**
  - **Domestic Content Requirement (DCR) –** BESS projects carry a mandatory local content rule (reported at 40% domestic content) to boost indigenous manufacturing and cut imports.
  - **Allocation Method–** Capacities will be awarded via tariff-based competitive bidding.
  - **Eligibility–** Both public- and private-sector electricity distribution companies (discoms)—and public/private entities for alternative tech—can apply.
  - **Goal–** Adds capacity equivalent to roughly 170% of India's current grid-scale storage base, helping the country progress toward a larger national target of 411 GWh by 2031–32.

*The **Viability Gap Funding (VGF) Scheme** is a central sector scheme in India that provides financial grants (upfront or deferred) to bridge the economic shortfall of infrastructure projects built through Public-Private Partnerships (PPPs)*



Reference

[The Hindu| 92 GWh of grid-scale energy storage capacity]

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