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Battery storage set to get local flavour

Components in BESS may need compulsory 50% local content

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NEW DELHI

The Centre is considering a proposal to require wind and solar farms supplying power to the grid, along with standalone energy storage systems, to install battery storage systems featuring a minimum level of domestic components, three people familiar with the discussions said. The move aims to curb the nation's reliance on imports but risks nudging up the final cost of power, at a critical juncture for the country's energy transition.

The government is looking to mandate at least 50% local content for components including battery and energy management systems, containers, and inverters used in Battery Energy Storage Systems (BESS), but excluding cells, the people cited above said on the condition of anonymity. Authorities may also introduce a list of approved manufacturers and models, mirroring a policy already in place for the solar industry known as the Approved List of Models and Manufacturers (ALMM).

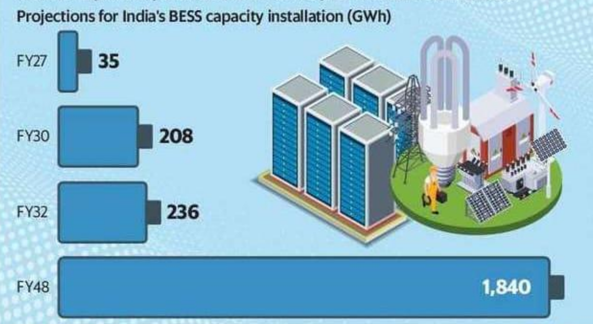
The power ministry held a consultation last week with executives from state-run firms including NTPC Ltd and Solar Energy Corp. of India Ltd (Seci), as well as private players such as JSW Energy Ltd, Engie SA, and Avaada Electro. The consultations sought views on a transition timeline for indigenization, one of the people said, adding that talks are in early stages and no final decision has been made.

"The government wants to understand whether the industry is prepared to cater to the growing demand and by what time the mandates can be implemented," the person said. "The eventual target is to

GREEN SPARK

The push for indigenization in battery storage comes from a need to reduce import dependence and avert cyber-threats from abroad

Projections for India's BESS capacity installation (GWh)



Source: National Framework for Promoting Energy Storage Systems

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FRESH CHARGE

MOVE to curb import reliance, but risks upping cost of power

BESS stores power as solar, wind can't make power all the time

AUTHORITIES may also introduce a list of approved cos, models

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Govt may mandate 50% local content in battery storage components

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indigenize the supply chain and reduce the foreign exchange outflow associated with the green energy shift."

Spokespersons for the power ministry, NTPC, SECI, JSW Energy, Avaada Electro, and Engie did not respond to emailed queries.

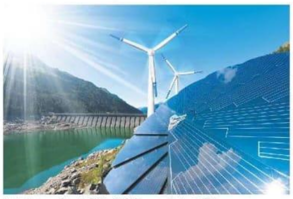
The development comes at a time when India is targeting 47GW of BESS capacity at a cost of ₹3.5 trillion by 2032. The components requiring indigenization account for around 35% of the cost of these industrial-scale batteries critical for facilitating India's green energy transition. Since solar and wind projects cannot generate power during cloudy and windless times, BESS helps store the electricity and feed it to the grid when required.

Security concerns are also a key driver. The power grid faces constant cyber threats. Officials have previously flagged potential vulnerabilities in Chinese-made equipment, particularly in chargers for EVs and power electronics connected to the transmission network. Mandating local content and a "whitelist" of trusted vendors would allow the state to exercise tighter control over the hardware used in critical infrastructure.

The government is particularly wary of vulnerabilities. With at least 30 cyber-attack attempts reported daily on the national grid—many originating from China, Russia, and Singapore—the government views localization as a matter of national security rather than just industrial policy.

Former power secretary Alok Kumar acknowledged the need for localization but warned that aggressive mandates could slow adoption by making projects less bankable.

"It needs to be seen that a balance is maintained," Kumar said. "When mandates are implemented, it raises costs, and higher costs may lead to increase in tariffs and adoption may slow down. So, the ambitious targets may be impacted in the near term. This slowdown should be factored in, and the expansion targets for battery storage may have to be made lenient as both the targets of localization and rapid expansion may not go hand in hand."



India is targeting 47GW of BESS capacity by 2032. ISTOCKPHOTO

However, some analysts suggest the financial impact may be more manageable than industry critics fear. Duttatreya Das, an energy analyst for Asia at the think tank Ember, noted that previous domestic content requirements (DCR) for solar modules did not severely derail expansion when developers were given sufficient lead time.

"As was witnessed in the case of mandates imposed on solar modules and cells, DCR norms did not severely hit the expansion, as a considerable timeline was given, and prices also did not increase significantly," Das said. "Overall, I believe gradual localization is good for the sector and the economy, beyond looking at immediate cost spikes."

The proposal follows a power ministry mandate last month requiring 20% localization for projects under viability gap funding (VGF) scheme. That scheme aims to develop 30GWh of storage capacity. The newer proposal for a 50% mandate would represent a significant escalation of that ambition.

BATTERY BLUEPRINT

BESS components requiring indigenization account for around 35% of costs

OFFICIALS have previously flagged cyber vulnerabilities in Chinese-made equipment

Rupam Raja, head of energy storage at Ampin Energy Transition, a renewable energy company, said a supply chain for non-cell components could be established within 12 to 24 months. "With the right volumes and favourable duty structure for domestic manufacturing, we will create the grounds for cost neutrality with imports," Raja said.

Despite the low current capacity, the pipeline is filling up. Tendering activity is accelerating at a record pace. Approximately 60GWh of capacity was auctioned in 2025, up from 24GWh in 2024.

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