



**THE UTTAR PRADESH ELECTRICITY REGULATORY COMMISSION
LUCKNOW**

Petition No. 2224 of 2025

QUORUM

Hon'ble Shri Arvind Kumar, Chairman

Hon'ble Shri Sanjay Kumar Singh, Member

IN THE MATTER OF

Petition under Section 63 and 86(1)(b) of the Electricity Act, 2003, read with Regulation 15 of the UPERC (Conduct of Business) Regulations, 2019, seeking approval of procurement of 250 MW/1000 MWh Standalone Battery Energy Storage Systems (BESS) capacity with Viability Gap Funding (VGF) support.

AND

IN THE MATTER OF

Uttar Pradesh Power Corporation Ltd. (UPPCL),

Through Superintending Engineer- PPA,

Shakti Bhawan, 14-Ashok Marg, Lucknow-226001.

..... Petitioner

Versus

NTPC Vidyut Vyapar Nigam Limited (NVVN),

5th Floor, Engineering Office Complex, NTPC Ltd.

A-8A, Sector-24, Noida-201301 (Uttar Pradesh)

.....Respondent

FOLLOWING WERE PRESENT

1. Sh. Deepak Raizada, Director, UPPCL
2. Sh. Manish Dwivedi, SE, UPPCL
3. Sh. Savyasachi Saumitra, Advocate, UPPCL
4. Sh. Syed Abul Kasim Zaidi, Advocate, UPPCL

by





ORDER

(DATE OF HEARING: 31.07.2025)

1. The Petitioner, Uttar Pradesh Power Corporation Ltd. (hereinafter referred to as UPPCL), has filed this Petition seeking approval for procurement of proposed 250MW/1000MWh capacity Battery Energy Storage System (BESS) under Tariff Based Competitive Bidding (TBCB) Process. The prayers of the Petitioner are as follows:
 - a) Admit the Petition.
 - b) Pass an order approving the quantum of energy storage capacity proposed to be procured i.e., 250MW/1000MWh under the present tender.
 - c) Pass any further order(s) as this Commission may deem fit in the facts and circumstances of the case.

Brief Facts as stated in the Petition.

2. UPPCL has mainly submitted the following:
 - a) Renewable Energy (RE) from sources like solar and wind is variable and not available round the clock like thermal power to meet the demand. Energy Storage Systems (ESS) are necessary to address this challenge by storing excess energy when not needed and supplying it during peak demand periods. As reliance on RE increases, the grid experiences stress during evening and morning peaks when sufficient RE is not available, necessitating additional power dispatch.
 - b) ESS plays a vital role in successfully integrating RE into the grid and assisting grid operators in managing these fluctuations in demand and RE supply. ESS connected to solar pooling stations also help in maximizing the capacity utilization of RE transmission systems. The planning process for transition to a greener energy mix in the country would entail integrating the planned Renewable capacity into India's energy grid while ensuring its safety and reliability. Apart from Pumped Hydro Storage Plants, BESS are envisaged to be significant element of the future grid with increased share of renewable energy in accordance with the target of 500 GW of non-fossil-based capacity to be installed by 2030.

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- c) Therefore, with the growing share of renewable energy and the need for grid stability, UPPCL intends to procure 250 MW/1000 MWh of standalone BESS capacity to meet the State's peak demand and facilitate renewable energy integration.
- d) Ministry of Power ("MoP") had issued "Guidelines for Procurement and Utilization of BESS as part of Generation, Transmission and Distribution assets, along with Ancillary Services" vide its Gazette Resolution dated 10.03.2022.
- e) NVVN has issued the Request for Selection (RFS) and draft Battery Energy Storage Purchase Agreement (BESPA) in the capacity of "BESS Implementing Agency" as defined in the Regulation 2.3 of the VGF for development of BESS Scheme issued by the MOP dated 17.10.2024. Tenure of the BESPA is for a period of fifteen years.
- f) UPPCL has engaged NTPC Vidyut Vyapar Nigam Limited (hereinafter referred to as NVVN) to conduct a TBCB process for selection of BESS developers. NVVN has issued a RFS document for the procurement of 250 MW/1000MWh standalone BESS in Uttar Pradesh with VGF support on a Build-Own-Operate (BOO) basis, on the terms and conditions contained in the RFS. The procurement of the 250MW/ 1000MWh BESS capacity will be undertaken through a transparent TBCB in accordance with Section 63 of the Electricity Act, 2003, and relevant guidelines issued by the Ministry of Power, Government of India.
- g) NVVN which is the BIA in the present case seeks to procure energy from energy storage systems, on an "On-Demand" basis, suited to the requirements during the peak and off-peak hours. Accordingly, BIA hereby invites proposals for supply of energy from STU-connected Standalone BESS Projects to be set up for an aggregate storage capacity of 1000 MWh (250MW x 4hrs) at Garautha Sub station (Jhansi) with single cycles charging/discharging operation of BESS. The total 1000MWh BESS Capacity shall be distributed and connected to STU Substations. The cumulative capacity connected to STU Substations shall be 1000 MWh (250MW x 4hrs).
- h) NVVN shall enter into a BESPA with the successful Bidders selected based on this RFS, for availing the Energy discharged from BESS for sale in the power exchange or bilateral sale to Discoms or in Ancillary Services under TRAS, as applicable, as

by





per the terms, conditions and provisions of the RFS and BESPA. Battery Energy Storage System Developers (BESSDs) selected by NVVN based on this RFS, shall set up the BESS on BOO basis, and provide charging power to BESS in accordance with the provisions of this RFS document and standard BESPA.

- i) NVVN has floated the RFS and BESPA under a composite model, wherein, UPPCL only procures the discharged energy, while charging responsibilities including cost, scheduling, coordination, and compliance rest entirely with the BESSDs. This ensures commercial independence and technical accountability for charging power. Time of discharge (feeding back into Grid) for the power stored in the BESS would commonly be during the Evening Peak demand between 7:00 PM to 03:00 AM.
- j) RFS as well as the draft BESPA are being prepared in line with the above Guidelines, including subsequent amendments and clarifications, issued until the last date of bid submission of this RFS and BESPA. Single Stage, Two-Envelope competitive Bidding Procedure will be adopted. The respective rights of the NVVN and the BESSD shall be governed by the RFS Documents/Agreements signed between the NVVN and the BESSD.
- k) The VGF Scheme issued by the MoP dated 17.10.2024, provides financial assistance limited to a sanctioned amount and available only on a first-come, first-served basis, subject to budgetary ceilings. Eligible BIAs (NVVN in the present case) are required to invite bids and sign BESPA within 9 months from the date of issuance of the VGF Scheme to be eligible under the CPSU Component.
- l) As per the VGF scheme dated 17.10.2024, the Scheduled Commissioning Date (SCD) for the full project capacity is mandated to be within 18 months from the Effective Date of the BESPA, with a further extension of only 6 months permitted under specified conditions with applicable liquidated damages. Additionally, the VGF disbursement is linked to milestone-based achievements, including Financial Closure, Commercial Operation Date (COD), and annual performance for three subsequent years. Any delay in obtaining approval and floating the tender risks jeopardizing the project's eligibility for VGF support, thereby increasing the financial burden on the State Discoms and thus, ultimately on consumers.

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- m) The Gujarat Electricity Regulatory Commission (GERC) vide its Order dated 14.06.2024, in Petition No. 2346/2024 has already approved tariff discovered under Competitive Bidding Process conducted vide RfS No. GUVNL/BESS/Phase II dated 29.11.2023 issued by GUVNL for procurement of storage capacity from 250 MW /500 MWh Standalone BESS (Phase II) to be set up in Gujarat.
- n) While the framework and key features of the RFS document and the draft BESPA have been finalized in principle, the process of finalization of the detailed tender documents is currently underway. Minor refinements, standardization, and legal vetting of the documents are being carried out in coordination with NVVN and other stakeholders to ensure full alignment with the latest policy guidelines, regulatory standards, and industry practices.
- o) Given the advanced stage of finalization, it is expected that the RFS and BESPA documents will be completed imminently. In order to avoid procedural delays in securing approval for the procurement process, the Petitioner seeks in-principle approval of the proposed framework and structure as outlined in the present petition, including the quantum of energy storage capacity and applicability of the VGF scheme dated 17.10.2024.

Records of Proceedings:

3. During the hearing dated 31.07.2025, Sh. Savyasachi Saumitra, Counsel of UPPCL, submitted that present petition pertains to approval for procurement of 250MW/ 1000MWh of BESS capacity with VGF Scheme under competitive bidding. There is strict timeline prescribed under the VGF Scheme dated 17.10.2024 for availing VGF Scheme benefit. On specific query of the Commission regarding MWh of BESS, Sh. Deepak Raizada on behalf of UPPCL responded that there were fixed discharge hours in BESS and accordingly VGF is linked to MWh.
4. Further, Sh. Raizada submitted that out of 5000MWh capacity under the VGF Scheme, UPPCL intends to get 2500MWh through the BIAs. The e-Reverse Auction has been concluded for this 1000MWh BESS capacity by the NVVN wherein discovered tariff was Rs. 6.64/kWh & 6.65/kWh which is competitive as compared to the recent discovered

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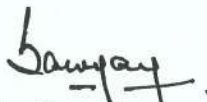


bid in Bihar. Sh. Raizada, in response to the Commission query regarding injection point, stated that approx. 20 Acre land has been identified at Jhansi and the project would be connected to 220kV Garautha substation at Jhansi in the State. UPPTCL is the owner of the identified land and there will a lease rent for the land. Counsel of UPPCL requested reserving Order as the instant Petition was only for the quantum approval only. After hearing the parties, the Commission allowed Respondent/NVVN to file their submissions (if any) within two weeks' time and reserved the Order in the matter.

Analysis & Decision

5. UPPCL, by way of instant Petition, is seeking approval for procurement of 250MW/1000MWh BESS capacity with VGF under TBCB process on long-term basis of 15 years through a BESS Implementing Agency i.e., NVVN in the present case. The Commission after hearing the UPPCL's argument at length came to a conclusion that this BESS capacity would help in integration of Renewable Energy and would also help in managing the peak demand of the UPPCL thereby optimizing the power purchase cost. Further, as the project would be established at Garautha substation at Jhansi i.e., within the State, it would also help in avoiding the interstate transmission loss as well as in reducing the transmission congestion. The Respondent/NVVN has not filed its submissions/objections in the matter.
6. In view of above, the Commission grants approval to procurement of 250MW/1000MWh BESS capacity with VGF under Section 63 of the Act on long-term basis of 15 years. Further, the Commission advises the parties should initiate tariff adoption process and BESPA approval at the earliest for timely implementation of the project since the tariff in the bidding process is already finalised.

The Petition stands disposed of in terms of above.


(Sanjay Kumar Singh)
Member




(Arvind Kumar)
Chairman

Place: Lucknow
Dated: 26.08.2025