

A SEA OF INVESTMENT OPPORTUNITIES IN INDIA'S BATTERY ENERGY STORAGE SYSTEMS

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NTPC floats tender for 1,000 MWh of Battery Energy Storage Systems

Even as India remains on track for achieving its renewable energy generation targets, the country is now exploring various mechanisms for integrating large amounts of variable renewable energy in the power grid. In this context, Grid-scale Battery Energy Storage Systems (**BESSs**) has been a subject of intensive debate in the country's energy narrative for some time now.

Two recent developments in this regard are noteworthy:

- NTPC Ltd, a large Government of India (**GoI**) Public Sector Undertaking (**PSU**), announced its intention to set up 1,000 MWh of grid-scale BESSs across multiple NTPC power plants in India. It has invited Expression of Interest (EoI) from Indian and global companies to set up these systems and expects to seek grid-scale BESS at select power stations of NTPC that will be identified in consultation with the Power System Operation Corporation (**POSOCO**) and the Ministry of Power, Government of India.
- The Ministry of Power announced a waiver of Inter-State Transmission Charges on energy supplied to or from BESS projects commissioned before June 2025, if at least 70% of the charging requirement is met through renewable sources.

Chinese firms can bid for public projects!

- GoI has allowed domestic companies to partner with Chinese firms by way of technology transfer agreements to bid for public projects.
- In July 2020, as a fallout of the border tensions, the Government had amended its General Financial Rules, stating that bidders from any country sharing a land border with India need to first register with a Competent Authority to be eligible to enter into Government contracts. However, India had also made a provision of exemption for bidders from countries where the country is already working on development projects. In this context, a Chinese firm was awarded a contract worth INR 1,150 crore (USD 156 million) for the ADB-funded Delhi-Meerut rail tunnel even as certain diplomatic issues between the two countries continued. Similarly, another Chinese firm has been allowed to commence and continue construction of an INR 13,300 crore (USD 1.8 billion) EPC plant as a Lump Sum Turnkey (**LSTK**) Contract.
- The EoI and Request for Proposals (**RfP**) for undertaking project(s) at NTPC plants shall be invited separately. In order to participate in the bidding process, the bidder should be a battery energy storage manufacturer and should have manufactured and supplied batteries for grid-connected BESS of cumulative capacity of 5 MW/5 MWh or higher, a condition which is rather easy to fulfill.
- Chinese firms will need security clearance for participation in government tenders.
- The bidders who have beneficial ownership in countries which share land borders with India and intend to participate in public procurement in India, may submit applications for registration in the format issued by the Department for Promotion of Industry and Internal Trade, Government of India (**DPIIT**).
- Besides seeking security clearance, the format seeks details of beneficial ownership, the manufacturer, the item, financial details for the last five years' financials and details of contracts received in the last five years in India.

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HOW CAN HSA ADVOCATES HELP?

HSA Advocates, a full-service law firm, has a dedicated China Desk that assists numerous Chinese entities in conducting their business in India. We help clients with investment structuring, DPIIT registration (including preparing and filing the application, compliance with processes, and executing the registration with the DPIIT), and the entire suite of corporate, contractual, and compliance requirements.

We remain confident that business amongst India & China shall continue despite the current temporary setbacks. According to recent data, India's trade with China has increased substantially in 2021 despite the ongoing Covid-19 pandemic. The Indo-China bilateral trade has soared to an all-time high of USD 57.48 billion for first six months of the year, which represents an increase of 62.7% from the previous year. It surpassed the pre-pandemic record figure of USD 44.72 billion recorded in the first half of 2019. India's percentage increase in bilateral trade is the highest compared to China's other significant trading partners such as ASEAN (increase of 38.2% to USD 410.75 billion), EU (increase of by 37% reaching USD 388.2 billion) and United States (increase of 45.7% at USD 340.8 billion).