No. 48-15/21/2025 - NRE
Government of India
Ministry of Power
(NRE Section)
****

Shram Shakti Bhawan,
Rafi Marg, New Delhi – 110001
Dated the 24th December, 2025

To,

1. Principal Secretaries (Energy) to the Governments of Rajasthan, Gujarat, Maharashtra, Tamil Nadu, Karnataka, Andhra Pradesh, Madhya Pradesh, Telangana, Uttar Pradesh, Haryana, Kerala, Punjab, Chhattisgarh, Odisha and Uttarakhand
2. CMD, NTPC

Subject: Public Procurement (Preference to Make in India) to provide for Purchase Preference (linked with local content) in respect of implementation of Battery Energy Storage System (BESS) under VGF Scheme supported through PSDF- reg.

Sir/Madam,

I am directed to refer to the letters received from States requesting for an exemption from the Public Procurement (Preference to Make in India) Order for the implementation of BESS capacity under the Viability Gap Funding (VGF) Scheme, supported through Power System Development Fund (PSDF).

2. Some beneficiary States have stated that, during the meeting of the PSDF Techno-Economic Sub-Group (TSEG), they were advised to approach the Ministry of Power for seeking exemption from the PPP–MII Order.

3. As per the Public Procurement (Preference to Make in India) Orders issued by DPIIT and the Ministry of Power Order No. A-1/2021-FSC-Part (5) dated 16.11.2021, certain power sector items with adequate domestic manufacturing capacity and competition have been notified for procurement exclusively from Class-I local suppliers. Battery Energy Storage System (BESS) is presently not included in the notified list. However, where an item has not been notified by the nodal Ministry/Department, both Class-I and Class-II local suppliers are eligible to participate in the procurement process.

4. Further, as per the amendment to the VGF Guidelines issued on 04.08.2025, the Ministry of Power has mandated indigenous development of the Energy Management System (EMS) application software for all BESS capacity implemented under the Scheme.

5. In view of the above, for the purpose of disbursement of funds under the Power System Development Fund (PSDF) Guidelines, States and procuring entities shall ensure a minimum local content of 20% of the total project cost in BESS procurements under the VGF Scheme. This minimum local content requirement shall include, *inter-alia*, the indigenously developed EMS application software.

6. In cases where tenders have already been invited without specific mention of local content, States may obtain an undertaking from the bidders to meet the aforementioned local content requirement and proceed with the award of contract accordingly.

7. This issues with the approval of competent authority.

Yours faithfully

24/12/25

(Sunil Kumar Sharma)
Director (NRE/RCM)
Email: sunil.sharma24@gov.in

Encl:
1. DPIIT's Revised Public Procurement (Preference to Make in India) Order dated 19.07.2024.
2. Ministry of Power Order No. A-1/2021-FSC-Part (5) dated 16.11.2021 with enclosure.

Copy for information to

1. Sr.PPS to Secretary (Power), Ministry of Power
2. Sr.PPS to Additional Secretary (R&R/ Trans.), Ministry of Power
3. PSO to CE (R&R)/ PA to Director (NRE), Ministry of Power
4. SA to Chairperson CEA
5. CMD Grid India.