

For Immediate release

26th July 2018

India Energy Storage Alliance (IESA) welcomes new GST rates for Li-ion batteries

- GST rates for Lithium- Ion Batteries reduced from 28% to 18% which will boost the energy storage industry
- GST on fuel cell vehicles also reduced from 28% to 12% which will provide a major push towards the development and adoption of Fuel cell vehicles in India.
- IESA has been leading the efforts towards the adoption of energy storage and Electric Vehicles (EV) in India since 2012
- IESA anticipates that with the right policy support, India could become one of the largest markets for advanced energy storage technologies with 300 GWh + potential for deployment by 2025

Pune, India: The 28th GST Council meeting held on 21st July 2018 saw a reduction in Lithium-Ion Batteries from 28% to 18%. This will catalyze the Electric Vehicle and RE-Integration market in India. GST on fuel cell vehicles also reduced from 28% to 12% which will provide a major push towards the development and adoption of Fuel cell vehicles in India.

Lithium-ion batteries have evolved rapidly with a wide range of cell technologies and system architectures available on the market. IESA estimates the market for energy storage would grow to over 300 GWh during 2018-25. India is expected to attract investment in 3-5 Giga factories for advanced Li-ion batteries, attracting over \$3Billion in investments in next 3 years. Already, over 1 GWh of annual assembling capacity is being set up for converting imported Li-ion cells into battery modules by various Indian companies. Opportunities include manufacturing, assembling, and energy storage project development, equipment supply, R&D of technology enhancement and much more. Energy storage has almost 20 different applications in India such as renewable integration, grid ancillary services, diesel minimization, microgrids for energy access and campuses as well as electric vehicles and charging infrastructure. The major driver for energy storage market in India is electric vehicle, renewable (solar and wind) integration and Commercial & Industrial installation to reduce diesel consumption.

Mr. Debi Prasad Dash, Director, India Energy Storage Alliance (IESA) said: *“We welcome the steps taken by the GST Council on the reduction of the GST for Lithium Ion Batteries from 28% to 18%”. Both electric vehicle and renewable energy industry will be benefited by this step. IESA as an industry had sent several letters to GST council earlier on this reduction and also raised the issue with authorities at Ministry of New and Renewable Energy (MNRE), Ministry of Power (MOP) and NITI Aayog at different occasions.”*

Mr. Hiren Shah, Sr Director- Energy Storage, Delta and member of IESA Leadership Council commented: *“It's a welcome move to reduce the GST from 28% to 18% although 5% similar to solar industry could have been ideal. Nevertheless, it's a welcome step. Ironically if the lithium- ion battery is sold fitted inside an EV the GST would be 12%. These are some of the finer points which still needs to be looked into.”*

Dr. Rahul Walawalkar, Executive Director of IESA and member of Expert Committee setup by MNRE for drafting National Energy Storage Mission agrees with Hiren. He mentioned that *“further reduction of GST for energy storage from to 5% (similar to solar components) or to 12% (similar to an electric vehicle) is essential to boost the energy storage adoption in India, which can help accelerate investment in manufacturing as well. We urge finance ministry to extend the rate reduction to other forms of energy storage technologies including advanced lead acid, sodium based batteries, flow batteries, metal air batteries, ultra-capacitors, fuel cells and thermal storage technologies.”*

Mr. Deepak Thakur, CEO – Hybrid and Energy Storage business, Sterling and Wilson Pvt. Ltd – *“It’s a welcome move from the government to reduce GST on lithium-ion batteries from 28% to 18% and will surely accelerate overall decarbonization objective at the national level. It is indeed a positive development that the government has also cut GST on raw materials for batteries so as to boost domestic manufacturing. India is the third largest contributor in the world to renewable energy expansion. This green energy capacity build up offers in itself the immense potential for battery energy storage adoption. Integration of battery energy storage to existing and new renewable energy projects, micro-grid applications, hybrid power projects would not only improve dispatch ability of these energy assets but also create improved viability.”*

The Government of India is creating encouraging policies like FAME India Initiative under NEMMP, draft energy storage Roadmap, National Smart Grid Mission (NSGM) and draft National Microgrid policy, Energy Storage staff paper by CERC, BIS Energy Storage Standards to boost the Indian energy storage market. Various states like Maharashtra, Karnataka, Andhra Pradesh, Telangana, Uttar Pradesh, Gujarat and Rajasthan are also taken the first step toward EV and energy storage policy creation to boost the market. Currently, MNRE is also creating National Energy Storage Mission (NESM) to set a vision for adoption and manufacturing of advanced energy storage technologies in India. IESA is also part of various state and central government taskforce, expert group and standing committee.

About India Energy Storage Alliance (IESA):

The India Energy Storage Alliance (IESA) was launched in 2012 to assess the market potential of Energy Storage Technologies in India, through an active dialogue and subsequent analysis among the various stakeholders to make the Indian industry and power sector aware of the tremendous need for Energy Storage in the very near future. IESA aims to make India a Global Hub for research and manufacturing of advanced energy storage technologies by 2020.

IESA website: <http://indiaesa.info/about-iesa>

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