# Gujarat
# Pumped Storage Project
# Policy - 2025




Energy and Petrochemicals Department
**Government of Gujarat**

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**Gujarat Pumped Storage Project Policy-2025**

**Government of Gujarat**
**Energy and Petrochemicals Department**
**G. R. No. EPCD/GCR/e-file/20/2023/0309/K**
**Sachivalaya, Gandhinagar**
**Date:** 24 DEC 2025

## 1. Preamble

At the 26th Conference of the Parties (COP), the Hon'ble Prime Minister of India outlined a comprehensive vision for sustainable growth, reaffirming India's commitment to combat the threat of climate change. The vision is encapsulated in five key targets, collectively known as the "*Panchamrit*":

a) *India will reach its non-fossil energy capacity to 500 GW by 2030.*

b) *India will meet 50 percent of its energy requirements from renewable energy by 2030.*

c) *India will reduce the total projected carbon emissions by one billion tonnes from now onwards till 2030.*

d) *India will reduce the carbon intensity of its economy by 45 percent by 2030, over 2005 levels.*

e) *India will achieve the target of Net Zero by 2070.*

This strategic framework underlines India's leadership role in global climate action, a resilient future and its dedication to sustainable development.

**1.1** Inspired by the "*Panchamrit*" pledge, India is undergoing a significant transition to clean energy. The growing awareness of rising average surface temperatures is inspiring policymakers and leaders to champion innovative, sustainable, and reliable energy solutions—driving progress toward enhanced energy security and greater environmental stewardship.

Amid this shift, integrating renewable energy (RE) sources such as wind and solar into the electricity grid has introduced challenges related to grid stability and resilience. To address these issues, Pumped Storage Projects (PSPs) have emerged as a proven and effective solution for large-scale energy storage . By mitigating the variability inherent in RE generation, PSPs play a crucial role in advancing the global clean energy agenda while maintaining the reliability, stability of the power systems through the discharge of stored energy and inertia as per system

requirements i.e. generating clean energy when needed and utilizing the surplus RE when the grid is overwhelmed.

**1.2** India is the 4th largest economy in the world[1], and has emerged as a major economic powerhouse. As the nation continues to experience robust economic growth, it is imperative to ensure that this progress is underpinned by a reliable and environmentally responsible energy framework. To drive this rapid economic development, the electricity sector is required to play a pivotal role. However, considering the climate change concerns, it is essential to prioritize the integration of cleaner and greener sources of electricity into the nation's energy basket.

**1.3** Energy is the key enabler for development across sectors for the accelerated economic growth of Gujarat to achieve $3.5 trillion Gross State Domestic Product (GSDP) under *Viksit* Gujarat by 2047[2]. Such large-scale integration of variable and intermittent RE capacity into the electricity grid will have a significant impact on grid management.

**1.4** Considering the associated issues of variability and intermittency of RE, energy storage systems will play a vital role in addressing the balance between net load (Load demand – demand served by RE sources) and conventional generation. PSP, being one of the most proven among presently available long-duration energy storage technologies, would therefore be the preferred choice to meet the stated requirement.

**1.5** To facilitate the growth of PSP in the country, Ministry of Power (MoP) has taken several measures such as, prescribing Energy Storage Obligation targets for utilities, waiver of Inter State Transmission System (ISTS) charges, notification of guidelines for promotion of development of PSPs and notification of Tariff Based Competitive Bidding (TBCB) guidelines for procurement of storage capacity/stored energy from PSPs.

**1.6** Therefore, the Government of Gujarat (GoG), through this Policy, has planned to develop a holistic ecosystem to promote the development of PSP in the State, aligned with the broader objectives of sustainability, climate resilience, and energy security. The Policy also envisions catalyzing green industrialization by fostering green jobs, encouraging clean-tech entrepreneurship, and creating avenues for skill development in collaboration with academic and research institutions.

## 2. Title and Validity

**2.1** This Policy shall be known as "**Gujarat Pumped Storage Project Policy-2025**"

**2.2** The Policy shall remain in operation for a period of ten years from the date of notification in the State Gazette or until a new Policy is notified.

**2.3** This Policy shall be applicable to all the PSPs in the State.

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[1] *https://www.newsonair.gov.in/india-becomes-worlds-4th-largest-economy-surpasses-japan-niti-aayog/*

[2] *Viksit Gujarat @ 2047 document*

**2.4** The PSPs installed and commissioned during the Policy's operating period shall become eligible for the benefits and incentives declared under this Policy, for a period of 40 years from their date of commissioning or the life span of PSPs, whichever is earlier.

**2.5** Energy & Petrochemicals Department (EPD), GoG may amend / modify / extend / review this Policy as and when required.

## 3. Vision

To ensure energy security in a clean and sustainable way by optimally harnessing the pumped storage potential of the State.

## 4. Mission

To become the *Energy Storage Hub of India* by establishing 75 GWh of storage capacity by 2035.

## 5. Objectives, Goals and Strategy

### 5.1 Objectives

**a) PSP Development & Grid Integration**

- To harness the PSP potential available.
- To develop adequate storage capacity to align with the Resource Adequacy Plan.
- To facilitate the fulfillment of Energy Storage Obligation and Renewable Purchase Obligation targets.
- To mitigate the grid integration challenges arising out of large-scale RE penetration.

**b) Economic Development & Green Skilling**

- To create a suitable competitive environment for attracting investment.
- To create direct and indirect job opportunities, foster startups, encourage green manufacturing, and leverage carbon credits.
- To strengthen the economy and infrastructure development in the State.

**c) Capacity Building & Innovation Opportunities**

- To foster green jobs and build a skilled workforce.
- To promote innovation, entrepreneurship, and start-up participation.
- To strengthen partnerships with academia and R&D institutions to support indigenous technology development and knowledge dissemination.

**d) Climate Action and Sustainable Development**

- To enable the achievement of India's Net Zero emission targets.
- To promote sustainable development and climate action.

**5.2 Goals**

- To establish 75 PSP units and attract investment of ₹ 75000 crore by 2035, coinciding with 75 years of Statehood.
- To establish 100 PSPs by 2047 aligned with Viksit Bharat@2047.

**5.3 Strategy**

To encourage investment in PSPs and achieve the stated objectives, the Gujarat PSP Policy 2025 shall adopt a multi-stakeholder approach that leverages synergies across market participants, academic institutions, government agencies, industry partners, and local communities.

In line with this approach, the Policy outlines specific mechanisms for site allocation with applicable incentives. Further, the Policy designates the Nodal Agencies and Committees for implementation.

## 6. Administrative Mechanism

### 6.1 Nodal Agency

a) Gujarat Urja Vikas Nigam Limited (GUVNL) shall be the Nodal Agency for the implementation of this Policy in respect of Category *I and II* PSP sites, as defined in Clause-7 of this Policy. Gujarat Power Corporation Limited (GPCL) is designated as the nodal agency for *Category III and IV projects.*

b) Roles and responsibilities of the Nodal Agency shall be outlined in the Implementation Guidelines[3].

### 6.2 Committees

The implementation process will be overseen and effected by three-level committees as enumerated in Annexure-II.

a) An Apex Committee is constituted to review and approve the proposals submitted by the Nodal Agency after due scrutiny and recommendation by State Level Executive Committee for allotment of PSP sites and direct EPD, GoG for further actions.

b) State Level Executive Committee will review proposals submitted by the Nodal Agency for allotment of PSP sites and recommend Apex Committee for allocation. Periodic review of the project, issues related to extension of the project completion timeline, cancellation of the allocated PSP site and such other matters as assigned by the Apex Committee will be in the purview of this committee. It may appoint

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[3] *This Policy shall be interpreted in conjunction with the Implementation Guidelines issued subsequent to its notification. The operational modalities and procedural details pertaining to the provisions of this Policy are comprehensively outlined in the said Guidelines.*

or constitute a sub-committee for technical assistance or to perform any of the tasks assigned to it, if deemed necessary.

c) The District Level Implementation Committee will facilitate land acquisition, water allotment, R&R activities of the project proponents and cooperate for the faster implementation of the project.

## 7. Categorization and Allotment

Prospective sites will be classified under four categories and allocation be dealt with in the following manner:

**Category I** *on* ***nomination basis:*** The sites shall be allotted to CPSUs / SPSUs / Joint Ventures (JVs) between CPSUs and/or SPSUs.

**Category II:** Sites may be awarded to private developers, CPSUs/SPSUs *through* ***competitive bidding / TBCB.***

The sites identified under Category I and II shall be exclusively reserved to cater the requirements of the State. The list of these sites will be notified by the State Government from time to time.

**Category III:** Sites may be awarded to private developers, CPSUs/SPSUs *through* ***competitive bidding / TBCB.*** These sites are not covered under Category I & II. The stored energy/capacity of such projects can be utilised for captive consumption, third-party or open access consumers, power exchange sales, or for DISCOMs / Utilities, etc and not reserved exclusively for the requirements of the State. The list of these sites will also be notified by the State Government from time to time.

***Category IV, Self-identified:*** Site(s) are those that are away from the riverine system and are not included in the list of Category I, II and III. These sites, self-identified by any developer/agency/organization, can only be developed as *Off-Stream Closed loop PSPs*. The stored energy/capacity of such projects can be utilised for captive consumption, third-party or open access consumers, power exchange sales, or for DISCOMs / Utilities, etc.

For allotment of self-identified sites, an application along with a pre-feasibility report needs to be submitted by project proponents on the online portal of the Nodal Agency. In case of multiple applications for the same site, allotment will be through a competitive bidding process. The State Government shall have the right of first refusal in respect of the total project capacity or part thereof.

The detailed procedure and terms & conditions will be outlined in the Implementation Guidelines.

Note: However, regarding self-identified sites already on record with the Department prior to this Policy's notification, State Government may consider such applications on merit on a case to case basis. Due regard shall be given to, inter alia, the chronology of the applications, progress in obtaining clearances and NOCs from concerned departments, the applicant's capability to utilize RE as input for the

operation of the PSP sites, cost optimization and energy security considerations in the larger interest of consumers across all categories within the State of Gujarat.

## 8 Incentives

Incentives envisaged under this Policy shall be applicable to PSPs as per the respective Categories. All the facilities provided to the developer shall be passed on to the consumers of the State. The detailed procedure for project registration and incentives shall be outlined in the Implementation Guidelines.

8.1 The following incentives shall be available for PSP awarded to the developer under Category I and II of this Policy:

a) *Exemption from Electricity Duty on input renewable energy. Further exemption from Electricity Duty shall be subject to amendment in the Electricity Duty Act, 1958 as amended from time to time*

b) The Revenue Department will make a separate policy on the allocation of Government land to PSP developers. This will be in align with the land allocation policy for Wind/Solar/Hybrid and Green Hydrogen Plants.

c) *Relaxation in Water Charges:*

- *for **off-stream closed loop**[4] PSPs, charges will be levied for one-time water allotment and recurring water requirement, as per applicable rates, and*
- *for **on-stream and off-stream open loop** PSPs, no water charges will be levied.*

8.2 Following incentives shall be available for PSP awarded to the developer under Category III and IV of this Policy:

*a)* *Exemption from Electricity Duty on input renewable energy. Further exemption from Electricity Duty shall be subject to amendment in the Electricity Duty Act, 1958 as amended from time to time*

*b)* The Revenue Department will make a separate policy on the allocation of Government land to PSP developers. This will be in align with the land allocation policy for Wind/Solar/Hybrid and Green Hydrogen Plants.

8.3 Carbon credits or any other similar incentives which are available for such projects will be shared as per the agreements between the PSP developers and the procurer.

### 8.4 Land Facilitation

#### 8.4.1 *Government Land*

[4] *As per the guidelines of* Central Electricity Authority *(CEA):*

a. *On-stream PSP – Both reservoirs are located on any river/stream/ nallah,*
b. *Off-stream open loop PSP - One reservoir is located on river/ stream/ nallah and Other reservoir (off-stream reservoir) is not located on any river/ perennial stream/ perennial nallah,*
c. *Off-stream closed loop PSP - None of the reservoirs is located on any river/ perennial stream/ perennial nallah.*

a) Necessary Government land required for the project can be allotted to PSP developers.
b) The Revenue Department will make a separate policy on allocation of Government land to PSP developers. This will be in align with the land allocation policy for Wind/Solar/Hybrid and Green Hydrogen Plants.

8.4.2 ***Forest Land***

The developer shall apply for the diversion of forest land in accordance with the procedures and guidelines prescribed by the relevant department. The developer shall also remit all applicable charges in full, as required under the prevailing rules and regulations, to such competent departments.

8.4.3 ***Private Land***

The responsibility for acquiring private land shall rest solely with the PSP developer.

a) The Developer shall be obligated to comply at their own cost with Local Area Development (LAD) requirements for PSPs as determined by the GoG on a case-by-case basis, until formal and comprehensive LAD guidelines are notified. Upon such notification, the Developer shall scrupulously comply with LAD guidelines, including any subsequent amendments thereof, as issued by the GoG from time to time.
b) The Developer shall be obligated to comply at their own cost with Rehabilitation and Resettlement (R&R) requirements for PSPs as determined by the GoG on a case-by-case basis, until formal and comprehensive R&R guidelines are notified. Upon such notification, the Developer shall scrupulously comply with R&R guidelines, including any subsequent amendments thereof, as issued by the GoG from time to time.
c) Developers are encouraged to include green skill training programs, especially for local youth, and support entrepreneurship development initiatives as part of their LAD, Corporate Social Responsibility (CSR) and R&R obligations.

## 9. Regulations

The Hon'ble Gujarat Electricity Regulatory Commission (GERC) may be guided by this Policy and/or Implementation Guidelines while framing its rules, regulations and orders. However, unless specifically provided otherwise by the Government, in case of any conflict or mismatch between regulations framed by GERC and provisions of this Policy and/or Implementation Guidelines, it is unambiguously stated that regulatory provisions framed by GERC shall prevail.

## 10. Removal of Difficulties

10.1 The EPD, GoG shall have the right to remove any difficulties arising in giving effect to this Policy and/or Implementation Guidelines and may issue clarification or interpretation to remove such difficulties.

10.2 The EPD, GoG shall amend, review, relax or interpret any of the provisions under this Policy and/or Implementation Guidelines as and when required. If any difficulty arises in giving effect to any provision of this Policy and/or Implementation Guidelines, the EPD, GoG shall issue clarifications and interpretations to such

provisions of the Policy and/or Implementation Guidelines as may appear to be necessary and expedient for removing the difficulties.

**11 Right to Interpret**

11.1 If there is any ambiguity or dispute about the meaning, intent or purpose of any provision of this Policy and/or Implementation Guidelines, the interpretations of the EPD, GoG shall be final and binding.

11.2 Provisions of this Policy shall be read, interpreted, construed and implemented in harmony and in synchronization with the provisions detailed in relevant and necessary guidelines issued pursuant to this Policy, if any.

11.3 Detailed guidelines for implementing this Policy may be issued separately by the EPD, GoG.

**12 Interim Review**

EPD, GoG may undertake an interim review of this Policy and/or Implementation Guidelines as and when required, either in view of any technological breakthroughs or to remove any inconsistency with the Electricity Act 2003 or rules and regulations made thereunder or any other Government of India Policy.

**13 Repeal and Savings**

13.1 Save as otherwise provided in this Policy, all provisions pertaining to the development of PSPs in Gujarat under any State Policy and all amendments thereunder (if applicable) are hereby repealed. For clarification, only the PSP related provisions of any Policy of Gujarat State shall be repealed, while the other provisions of such Policy shall remain with full effect.

13.2 Notwithstanding such repeal, anything done, or any action taken or purported to have been done or taken under the Policies or provisions repealed above shall, insofar as it is not inconsistent with the provisions of this Policy, be deemed to have been done or taken under the relevant/ corresponding provisions of this Policy to facilitate smooth and justifiable transition.

This issues with the approval of the State Government and the concurrence of the Revenue Department and Finance Department on the Department's file of even number.

By order and in the name of the Governor of Gujarat.

**(Ashish Vala)**

**Joint Secretary to Government of Gujarat**

**Energy & Petrochemicals Department**

**Enclosure: Annexure-I & II.**

**Copy forwarded with complements to:**

1) *The Principal Secretary to Hon. Governor of Gujarat, Raj Bhavan, Gandhinagar.
2) The Principal Advisor to Hon'ble Chief Minister, Sachivalaya, Gandhinagar.
3) The Additional Principal Secretary to Hon'ble Chief Minister, Sachivalaya, Gandhinagar.
4) The P.S. to Hon'ble Deputy Chief Minister, Sachivalaya, Gandhinagar.
5) The P.S. to Hon. Minister (Energy & Petrochemicals), Sachivalaya, Gandhinagar.
6) The P.S. to Hon. Minister of State (Energy & Petrochemicals), Sachivalaya, Gandhinagar.
7) The Secretary, Ministry of Power, Govt. of India, Shram Shakti Bhavan, New Delhi.
8) The Secretary, Ministry of New & Renewable Energy, CGO Complex, New Delhi.
9) The Secretary, Central Electricity Regulatory Commission, New Delhi.
10) The Chairman, Central Electricity Authority, New Delhi
11) The Addl. Secretary to Chief Secretary, Sachivalaya, Gandhinagar.
12) *The Secretary, GERC, Gift City, Gandhinagar.
13) *The Registrar, Gujarat High Court, Ahmedabad.
14) *The Secretary, Vigilance Commission, Gandhinagar.
15) *The Secretary, Gujarat Legislature Secretariat, Sachivalaya, Gandhinagar.
16) The Resident Commissioner, Gujarat State, New Delhi
17) The Account General, Ahmedabad/ Rajkot.
18) All Departments of Secretariat, Sachivalaya, Gandhinagar.
19) The Chairman and Managing Director, Power Finance Corporation. Ltd, New Delhi
20) The Chairman and Managing Director, THDC India Limited, Rishikesh, Uttarakhand
21) The Managing Director, Gujarat Urja Vikas Nigam Ltd, Vadodara
22) The Managing Director, Gujarat Industries Power Company Limited, Vadodara
23) The Managing Director, Gujarat Power Corporation Ltd, Gandhinagar.
24) The Director, Gujarat Energy Development Agency, Gandhinagar.
25) The Managing Director, Uttar Gujarat Vij Company Ltd, Mehsana.
26) The Managing Director, Madhya Gujarat Vij Company Ltd, Vadodara.
27) The Managing Director, Dakshin Gujarat Vij Company Ltd, Surat.
28) The Managing Director, Paschim Gujarat Vij Company Ltd, Rajkot.
29) The Managing Director, Gujarat State Electricity Corporation Ltd, Vadodara.
30) The Managing Director, Gujarat Energy Transmission Corporation Ltd,Vadodara.
31) The Chief Electrical Inspector & Collector of Electricity Duty, Gandhinagar.
32) Select File-2025.

*By Letter.

**Annexure-I**

**List of Abbreviations**

| | |
|---|---|
| **CEA** | Central Electricity Authority, Government of India |
| **COP** | *Conference of the Parties* of the United Nations Framework Convention on Climate Change |
| **CPSU** | Central Public Sector Undertaking |
| **CSR** | Corporate Social Responsibility |
| **DISCOMs** | Electricity Distribution Companies |
| **EPD** | Energy & Petrochemicals Department, Government of Gujarat |
| **GERC** | Gujarat Electricity Regulatory Commission |
| **GoG** | Government of Gujarat |
| **GW** | Gigawatt |
| **GUVNL** | Gujarat Urja Vikas Nigam Limited |
| **GPCL** | Gujarat Power Corporation Limited |
| **GSDP** | Gross State Domestic Product |
| **ISTS** | Inter State Transmission System |
| **INR** | Indian Rupee |
| **kW** | Kilowatt |
| **kWh** | Kilowatt-hour |
| **LAD** | Local Area Development |
| **MoP** | Ministry of Power, Government of India |
| **PSP** | Pumped Storage Project |
| **R&D** | Research and Development |
| **RE** | Renewable Energy |
| **R&R** | Rehabilitation and Resettlement |
| **SPSU** | State Public Sector Undertaking |
| **TBCB** | Tariff Based Competitive Bidding |
| **UNFCCC** | United Nations Framework Convention on Climate Change |

**Annexure-II**

**Committee Members:**

1) The constitution of the ***Apex Committee*** is as under:

| Sl. | Ex-officio Members of Apex Committee | Designated as |
|---|---|---|
| **1.** | Hon'ble Chief Minister | Chairperson |
| **2.** | Hon'ble Deputy Chief Minister | Co- chairperson |
| **3.** | Hon'ble Minister, Energy and Petrochemicals Department | Member |
| **4.** | Hon'ble Minister, Finance Department | Member |
| **5.** | Hon'ble Minister, Forest and Environment Department | Member |
| **6.** | Hon'ble Minister, Water Resources and Water Supply Department | Member |
| **7.** | Hon'ble Minister of State, Energy and Petrochemicals Department | Member |
| **8.** | Chief Secretary | Member |
| **9.** | Additional Chief Secretary/ Principal Secretary/Secretary, Revenue Dept. | Member |
| **10.** | Additional Chief Secretary/ Principal Secretary/Secretary, Energy & Petrochemicals Dept. | Convenor |

2) The constitution of the ***State Level Executive Committee*** is as under:

| Sl. | Ex-officio Members | Designated as |
|---|---|---|
| **1.** | Hon'ble Minister, Energy and Petrochemicals Department | Chairperson |
| **2.** | Hon'ble Minister of State, Energy and Petrochemicals Department | Co-chairperson |
| **3.** | Chief Secretary | Member |
| **4.** | Additional Chief Secretary/ Principal Secretary/Secretary, Energy & Petrochemicals Dept. | Member |
| **5.** | Additional Chief Secretary/ Principal Secretary/Secretary, Finance Dept. | Member |
| **6.** | Additional Chief Secretary/ Principal Secretary/Secretary, Revenue Dept. | Member |
| **7.** | Additional Chief Secretary/ Principal Secretary/Secretary, Forest & Environment Dept. | Member |
| **8.** | Additional Chief Secretary/ Principal Secretary/Secretary, Water Resources. | Member |
| **9.** | Additional Chief Secretary/ Principal Secretary/Secretary, Climate Change Dept. | Member |
| **10.** | Managing Director, Gujarat Urja Vikas Nigam Ltd. | Member |
| **11.** | Managing Director, Gujarat Power Corporation Ltd. | Member |
| **12.** | Nominated representative from IIMs/IITs/ NITs/Universities | Member |
| **13.** | Nominated representative from Industry bodies and associations (like CII, FICCI, IESA, WBCSD, etc.) | Member |
| **14.** | Nominated Member (EPD/GUVNL/GPCL) | Convenor |

3) The constitution of ***District Level Implementation Committee*** is as under:

| Sl. | Ex-officio Members | Designated as |
|---|---|---|
| **1.** | District Collector | Chairperson |
| **2.** | District Development Officer | Member |
| **3.** | District Forest Officer | Member |
| **4.** | Chief Engineer and Addl. Secretary, Narmada, Water Resources, Water Supply and Kalpsar Department | Member |
| **5.** | Nominated District level officer from any other line department | Member |
| **6.** | Nominated Member (EPD/GUVNL/GPCL) | Convenor |