

Ministry of New and Renewable Energy

Cabinet approves Viability Gap Funding (VGF) scheme for implementation of Offshore Wind Energy Projects

Scheme aims to set up first ever offshore wind energy projects in India

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The Union Cabinet, chaired by Prime Minister Shri Narendra Modi, today approved the Viability Gap Funding (VGF) scheme for offshore wind energy projects at a total outlay of Rs.7453 crore, including an outlay of Rs.6853 crore for installation and commissioning of 1 GW of offshore wind energy projects (500 MW each off the coast of Gujarat and Tamil Nadu), and grant of Rs.600 crore for upgradation of two ports to meet logistics requirements for offshore wind energy projects.

The VGF scheme is a major step towards implementation of the National Offshore Wind Energy Policy notified in 2015 with an aim to exploit the vast offshore wind energy potential that exists within the exclusive economic zone of India. The VGF support from the Government will reduce the cost of power from offshore wind projects and make them viable for purchase by DISCOMs. While the projects will be established by private developers selected through a transparent bidding process, the power evacuation infrastructure, including the offshore substations, will be constructed by Power Grid Corporation of India Ltd (PGCIL). Ministry of New and Renewable Energy, as the nodal ministry, will coordinate with various Ministries/Departments to ensure successful implementation of the scheme.

Construction of offshore wind energy projects and its operations also require specific port infrastructure, which can handle storage and movement of heavy and large dimension equipment. Under the scheme, two ports in the country will be supported by Ministry of Ports, Shipping and Waterways to meet the requirements of offshore wind development.

Offshore wind is a source of renewable energy which offers several advantages over onshore wind and solar projects, such as higher adequacy & reliability, lower storage requirement and higher employment potential. Development of offshore wind sector will lead to economy-wide benefits by attracting investments, development of indigenous manufacturing capabilities, creation of employment opportunities across the value chain and technology development for offshore wind in the country. This will also contribute towards achieving India's energy transition targets.

The successful commissioning of 1 GW offshore wind projects will produce renewable electricity of about 3.72 billion units annually, which will result in annual reduction of 2.98 million ton of CO₂ equivalent emission for a period of 25 years. Further, this scheme will not only kick start the offshore wind energy development in India but also lead to creation of required ecosystem in the country to supplement its ocean based economic activities. This ecosystem will support the development of initial 37 GW of offshore wind energy at an investment of about Rs.4,50,000 crore.

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