

M/s. INDIGRID 2 PRIVATE LIMITED

Authority for Advance Ruling — Tamil Nadu

Advance Ruling No. 9/ARA/2025

Dated **29.01.2026**

Q Questions Before the Authority

- Whether the activity of development and operation of BESS when such BESS is put on a standalone basis i.e not with generation transmission and distribution utility, would amount to supply of electrical energy, and consequently be exempt from payment of GST in terms of Notification No. 02/2017-CT(Rate) dated 28-06-2017?
- Whether the activity of development and operation of BESS when such BESS is co-located (i.e put up with generation, transmission and distribution utility) would amount to supply of electricity and consequently be exempt from payment of GST in terms of Notification No. 02/2017-CT(Rate) dated 28-06-2017 or be eligible to nil rate of duty in terms of Sl. No. 25 of Notification No. 12/2017-CT(Rate) dated 28-06-2017?
- In the event the authority is of the considered view that the exemption shall not be available to the BESS projects whether standalone or co-located, then what will be the applicable rate of GST? Consequently, whether the applicant is required to obtain registration in the state of Tamilnadu?

F Facts

The applicant is engaged in developing and operating Battery Energy Storage Systems (BESS) for various transmission, distribution, and trading agencies. They enter into Battery Energy Storage Purchase Agreements (BESPA) to provide storage and discharge facilities for electricity on a capacity-based tariff. The applicant maintains the BESS and associated transmission infrastructure to ensure grid balancing and continuous power flow.

H Ruling

Exemption for standalone BESS	Not eligible for exemption under Notification No. 02/2017-CT(Rate)	Treated as a storage unit assisting utilities, not as generation
Exemption for co-located BESS	Not eligible for exemption under Notification No. 02/2017-CT(Rate) or Sl. No. 25 of Notification No. 12/2017-CT(Rate)	Ownership status does not change the functional classification
Applicable GST rate and registration	18% GST under HSN 998631; registration required	Classified as support services to electricity transmission and distribution

The Authority ruled that BESS operations, whether standalone or co-located, do not qualify as generation,

transmission, or distribution of electricity and are therefore not eligible for the requested exemptions. The activity is classified as support services to electricity transmission and distribution. Consequently, the applicant is liable to pay GST at 18% and must obtain registration in Tamil Nadu.

R Reasoning

The Authority determined that BESS is a flexible asset used for storage and discharge, not a facility for the generation, transmission, or distribution of electricity as defined under the Electricity Act, 2003. Because the applicant charges a capacity-based tariff for the facility rather than selling electricity, the transaction is not a supply of goods. The activity is correctly classified as **support services to electricity transmission and distribution** under HSN 998631. Therefore, the specific exemptions for electricity supply or transmission services do not apply.

P Provisions Relied On

Section 98(4) of the CGST Act, 2017	Section 98(4) of the TNGST Act, 2017
Section 103(1) of the CGST Act, 2017	Section 103(2) of the CGST Act, 2017
Section 104 of the CGST Act, 2017	Section 2(23) of the Electricity Act, 2003
Section 2(50) of the Electricity Act, 2003	Notification No. 02/2017-CT(Rate) dated 28-06-2017
Notification No. 12/2017-CT(Rate) dated 28-06-2017	

! For the Practitioner

This ruling clarifies that BESS operators cannot claim the tax exemptions available to power generation or transmission utilities. Practitioners should advise clients in the energy storage sector that their services are likely taxable at **18% GST** as support services. It settles the classification issue for BESS, confirming that the nature of the service is storage, not the supply of electricity itself.

Source

Summary prepared from the published order, which is a scanned document. It is a reading aid and not the authority: where the two differ, the order governs. Verify every provision against the original before relying on it.

Original order: www.gstcouncil.gov.in -> 9-indigrid 2 aar order compressed 0.pdf

Prepared 12-10-2026.

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