

BESS economics in India: what payback should you actually expect in 2026?

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*Battery storage CAPEX has fallen below **■1.4 Cr/MWh**. Here is how ToD arbitrage, demand-charge savings and open-access charging stack into a real payback number.*

Battery energy storage has crossed the threshold from pilot to portfolio in India. With benchmark CAPEX at or below **■1.4 Cr** per MWh for grid-scale LFP systems, the question C&I consumers and developers ask us most is simple: what payback is realistic?

The three savings stacks

A BESS earns in three ways. First, time-of-day arbitrage — charging when energy is cheap (solar hours or open-access supply at **■3–3.5/kWh**) and discharging into evening peak tariffs that often carry a 20%+ surcharge. Second, demand-charge management — shaving billed maximum demand, which for many industrial consumers is 15–20% of the bill. Third, reliability — every avoided diesel-generator hour is worth **■25+/kWh** against grid-charged storage.

What the numbers look like

For a consumer on an **■8.5/kWh** average tariff, a 2-hour system cycling once daily at 90% depth-of-discharge and 85% round-trip efficiency typically clears 4–6 year paybacks on retail charging alone. Pair the same system with low-cost open-access or captive solar charging and paybacks compress to 3–4 years — inside the warranty window of every serious cell maker.

What moves the needle

Cycle discipline matters more than nameplate size. An oversized battery that cycles 250 times a year will underperform a right-sized one cycling 330 times. That is why we start every engagement with 15-minute interval load data, not a catalogue.

The takeaway

If your evening peak consumption is real and your tariff has meaningful ToD spread, storage is no longer a future bet — it is a procurement decision. Run your own bill through our free Bill Optimiser to see your numbers in seconds.

ABOUT THE AUTHOR

Sudarshan Karweer — Chief Executive Officer, Growthifye

Over 23 years in management consulting — concept to scale — building and scaling new-age digital and energy businesses. An EY alumnus, Sudarshan leads Growthifye's renewable energy & storage advisory, EPC, transmission engineering and green-financing practices for developers, utilities and C&I consumers across India.
Contact: info@growthifye.com · +91 99676 45323 · growthifye.com

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