



Training Workshops for Financial Institutions on Energy Efficiency financing

Background Note

Energy Efficiency (EE) has emerged as one of the major resources, a viable and most cost effective solution to meet escalating energy demands in India. EE measures have three-fold benefits; they are cost-effective, increases energy security and mitigate greenhouse gas emissions.

In India, Industries (Large and SMEs), Buildings (Commercial and Government) and Municipalities consume around 50 % of total electricity consumption. There exists substantial energy saving potential in these sectors by adopting EE technologies. BEE estimates that more than INR 160000 Cr investment potential exists for EE implementation of which 56000 Cr of investment potential exists with the Industries, Buildings and Municipality sector. In recent past, renewable energy sector has attracted huge investments and has witnessed substantial growth. Despite having a huge investment potential in EE sector, the growth has been slow. One of the major barriers to EE implementation is the perceived risk (on EE projects) by Financing Institutions (FIs) due to limited understanding of the sector. The FIs too have limited exposure to the business models adopted by Energy Service Companies (ESCOs) such as shared savings model or guaranteed savings model for providing EE services. This results in paucity of fund for adopting EE projects and thereby the sector continues to be burdened with the high energy costs.

After consultation with various stakeholders, it has been identified that there is a lack of awareness amongst FIs on the financing needs with respect to EE initiatives. This results in limited number of financial products to govern these consumers as well as minimal uptake of risk-sharing facilities setup by the Indian Government to promote energy efficiency financing, such as the Partial Risk Guarantee Fund for Energy Efficiency (PRGFEE), Venture Capital Fund for Energy Efficiency (VCFEE) and Partial Risk Sharing Facility for Energy Efficiency (PRSF).

In order to a create awareness among the FIs on the financing needs of Industries, Buildings and Municipalities for EE implementation, BEE has taken several initiatives. BEE had launched training programs for commercial banks under its Energy Efficiency Financing Platform (EEFP) in June 2015.

About Energy Efficiency Financing Platform (EEFP)

The objective of the EEFP is to provide a platform to interact with financial institutions and project developers for implementation of EE projects. BEE has signed Memorandum of Understanding (MoU) with Indian Banks' Association (IBA) for carrying out the Training Program on Energy Efficiency Financing for FIs. Till date, BEE has organized 4 Training of Trainers (ToT) workshops; moreover 2 workshops were conducted by Canara Bank and South Indian Bank with the support of BEE. More than 100 banking/NBFC officials have been trained on EE financing. BEE launched a "Training Manual for Energy Efficiency Financing in India" and a booklet on "Success Stories for Energy Efficiency Projects Financed in India". Under this program, MoUs have been signed by BEE with M/s. PTC India Ltd, M/s. SIDBI, HSBC Bank, Tata Capital and IFCI Ltd to promote financing for energy efficiency projects.



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Similarly, IFC under the program titled “IFC-EU Partnership for Eco Cities in India” program is facilitating EE financing for SMEs through supporting the training related activities of Banks/FIs on EE financing.

About the EcoCities Project – EE Finance Component

Objective: *‘Improved regulation and use of clean technologies and energy efficiencies in municipal services, the building market and manufacturing production by SMEs’; for selected 5 cities under this Program. The specific aim of the SME Finance Component is to facilitate financing for SMEs by working with financial institutions and help companies implement projects that address manufacturing and supply chain inefficiencies, reduce operating costs, and improve competitiveness and productivity.*

About the Training Workshops

With an objective “to build greater knowledge and confidence through training programme within the financial sector on EE financing”, in Phase 1 BEE had successfully completed 4 training of trainers (ToT) workshops under this Training Programme for financial institutions on EE financing. In Phase 2, BEE in partnership with State Designated Agency, IBA and with the technical support from IFC, is conducting 20 more training workshops for FIs by March 2019. On 18th September 2017, the Phase 2 of “Training Programme for Financial Institutions on Energy Efficiency Financing” was launched in Mumbai. **Till now, 13 workshops have been conducted (in Mumbai, Thane, Pune, Bengaluru, Mangalore, Bangalore, New Delhi, Bhubaneswar, Ahmedabad, Surat, Chennai, Aizawl and Dehradun) and were attended by Total of 500 participants from 52 different banks, NBFCs and institutes.** These direct training workshops are designed to create awareness amongst the loan officers / risk managers / credit managers towards technical/financial appraisal of EE projects. This training will provide an overview on the technical and economic characteristics of EE projects, business models, financing needs, and risk management approaches. This program will help the participants to interact with experts in different aspects of EE projects such as technical, financial, and measurement and verification (M&V). **Banks/NBFCs may nominate their officials for the workshop proposed to be organized in Raipur through Chhattisgarh State Renewable Energy Development Agency (CREDA).** All the trainees are expected to intimate BEE and IBA regarding financing of any EE projects by their respective institutions after completion of this training workshop.

Details of the training workshop are as follows:

Date of Workshop	29 - 30 November, 2018
Venue	Raipur, Chhattisgarh

For more information on training workshop, please contact:

<p>Ms. Malvi Mehrotra Project Economist Bureau of Energy Efficiency, Ministry of Power 4th Floor Sewa Bhawan, R K Puram, New Delhi - 110066 Tel: 011-26766719 /26766815 Email: m.mehrotra@beenet.in</p>	<p>Mr. Nihar Ranjan Sahu Project Coordinator Chhattisgarh State Renewable Energy Development Agency(CREDA) Tel : 9399798543 Email: creda.nihar@gmail.com</p>
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