

# Global Environment Facility along with ADB will provide \$454 million funding to EESL clean energy projects

Energy Efficiency Services Limited EESL's projects, under one of the largest funding by Global Environment Facility (GEF) to date, will mitigate 60 million tons of CO2 emissions. UN Environment's 'District Energy in Cities' initiative already identified \$600 million of energy efficiency projects across five cities in India.

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The funding announcement was made at the launch of the GEF-6 fund, which supports two projects – ‘Creating Markets for Energy Efficiency’ and ‘District Energy in Cities’.

Press Information Bureau, GOI

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Recognizing India's efforts towards a low emission-economy and focusing on energy efficiency programs, the Global Environment Facility (GEF) has now partnered with EESL, under Ministry of Power, for the project 'Creating and Sustaining Markets for Energy Efficiency', here on November 1st.

The project will receive a composite funding of \$454 million, comprised of the GEF grant of \$20 million and co-financing of \$434 million in the form of loans and equity, including a \$200 million loan from the Asian Development Bank (ADB). EESL further proposes an Energy Efficiency Revolving Fund (EERF) for sustainable funding mechanism of energy efficiency projects in the country.

The EERF mechanism will support the 'proof of concept' investments for the new technologies like smart grid-applications and ultimately scaling up energy efficiency financing and program development to help cover initial investment costs of identified energy efficiency programs like street lighting, domestic lighting, and agricultural pumps.

This unique model will help in addressing the upfront risks of new technologies. Further, the accrued savings from these technologies can then be used to finance additional projects, which would allow capital to revolve as a sustainable funding mechanism.

The GEF project further brings together many technical and financing partners including United Nations Environment (UN Environment), Asian Development Bank (ADB) and Kreditanstalt für Wiederaufbau (KfW). Together it aims to mitigate 60 million tons of CO<sub>2</sub> equivalent, that will enable a total direct energy saving of 10.6 billion kWh by 2022 and 38.2 billion kWh by 2032.

Addressing the gathering, Ajay Kumar Bhalla, Secretary, Ministry of Power, said, "currently around two-thirds of total power generation capacity in India is based on fossil fuels. By 2030, India is committed to achieve 40% of the installed capacity based on clean energy sources.

"To achieve this target, it is imperative to create awareness in the citizens, especially among youth, to encourage energy efficiency measures like use of electric vehicles, energy efficient building codes etc.," he added.

Speaking on the occasion, Anil Kumar Jain, Additional Secretary Ministry of Environment, Forests and Climate Change, said, "the overall size of energy efficiency market in India is estimated to be \$23 billion. Initiatives like these seek to tap that market by implementing an innovative business model that is scalable, flexible, embraces different and emerging technologies and has incentives for all stakeholders."

EESL also has its sights set on district cooling systems which can reduce energy demand for cooling by up to 50%. EESL has partnered with UN Environment's District Energy in Cities Initiative, which has already identified \$600 million of projects across five cities in India.

GEF is an international partnership of 183 countries, international institutions, civil society organizations and the private sector that addresses global environmental issues