

Indian Renewable Energy Development Agency (IREDA)

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Source: *PIB*

Secretary for the Ministry of New and Renewable Energy (MNRE) stated that the Indian Renewable Energy Development Agency (IREDA), is planning to set up a dedicated Green Window to serve the unserved segments of renewable energy

The green window

- **Green windows, like green banks, are public entities** created to work with the private sector to increase investment in green energy and bring clean energy financing into the mainstream.
- They are innovative and new tools that have been successful in the United Kingdom, Australia, Japan, Malaysia, and the United States
- The green window would be set up to dedicatedly support underserved clean energy markets and support scaling up of new clean energy technologies. The seed capital will be used to leverage additional sources of capital from both private domestic banks and international sources

Need for dedicated Green Window

- India is one of the top three nations leading global renewable energy growth. As of October 2019, India's installed capacity renewable capacity has already met about half of its 2022 target of 175 GW.
- India, however, needs a high amount of capital invested – of the order of ₹ 21,45,000 crore (USD 330 billion) between 2018 and 2030 – to accomplish its commitments under the Paris Agreement.
- Given the existing high exposure to conventional power,

there is limited debt capacity in the financial system to fund the amount of new generation needed to meet renewables targets. A green window would lower the risk for traditional banks to finance green energy and tap into international capital to help India power its cities and rural communities.

About Indian Renewable Energy Development Agency (IREDA)

- IREDA is India's leading financial institution dedicated to clean energy expansion.
- Since its founding under MNRE in 1987, IREDA has financed the largest share of renewable energy projects in India.
- **The Indian Renewable Energy Development Agency (IREDA)** is a Non-Banking Financial Institution under the administrative control of this Ministry for providing term loans for renewable energy and energy efficiency projects.
- It offers a credit enhancement guarantee scheme to support the issuance of bonds by wind and solar energy project developers.
- By providing unconditional and irrevocable partial credit guarantees, IREDA aims to enhance the credit rating of bonds for renewable energy projects, thereby improving their marketability and liquidity, and attracting lower-cost and longer-term funding for project developers.
- The amount raised by credit enhanced bonds shall only serve to repay existing debt partially or fully.
- IREDA's long-term objective is to contribute to the development of a bond market for renewable energy projects in India.