



India: Scaling Up Demand Side Energy Efficiency Sector Project

Project Name	Scaling Up Demand Side Energy Efficiency Sector Project
Project Number	52196-001
Country	India
Project Status	Proposed
Project Type / Modality of Assistance	Loan
Source of Funding / Amount	Loan: Scaling Up Demand Side Energy Efficiency Sector Project Ordinary capital resources US\$ 250.00 million
Strategic Agendas	Environmentally sustainable growth Inclusive economic growth
Drivers of Change	Governance and capacity development Knowledge solutions Partnerships
Sector / Subsector	Energy - Energy efficiency and conservation
Gender Equity and Mainstreaming	Some gender elements
Description	<p>The Asian Development Bank (ADB) will provide a loan to Energy Efficiency Services Limited (EESL), to be guaranteed by the Government of India, to support scale-up of investments in a growing energy efficiency market in India. Since its incorporation in 2009, EESL has created a _new normal_ for more efficient lighting, pumping, and buildings, and will continue to service these traditional end-use market segments that present potential savings of terawatt-hours per year. EESL is expanding its market scope to include _upstream_ efficiency opportunities that have not been targeted by traditional energy service company (ESCO) investments. New business models are being tested and improved to address more expansive opportunities, including on-grid distributed renewable energy in the _last mile_ of on-grid supply to rural agricultural areas and electric mobility. Continued efficiency gains across energy supply chain spectra will reduce the need for new centralized electricity generation plants, facilitating the future decommissioning of obsolete fossil-fuel power plants. ADB's loan will support expansion of EESL's business lines to include: (i) smart meters and other intelligent energy management system elements; (ii) electric mobility including charging infrastructure; and (iii) on-grid solar energy at existing distribution substations to reduce losses in agricultural feeders. ADB is now administering a grant from the Global Environment Facility (GEF) to support expansion of EESL's ESCO business to new energy efficient technologies, and the proposed loan will help scale up and accelerate deployment of those technologies and replicate success achieved by the ongoing ADB project. This will be the second ADB investment to EESL to support replication, scale up, and expansion of energy savings investments. A sector loan financing modality is proposed for this project because there is a sector road map and capacity, and it allows for the early implementation of subprojects with high readiness and the expansion of coverage to include newer subprojects as they are developed, irrespective of physical location.</p>
Project Rationale and Linkage to Country/Regional Strategy	<p>The Energy Conservation Act (2001) formalized the government's strategic policy of increased energy efficiency to reduce demand without jeopardizing growth. After several years with modest achievements in end-use measures, EESL was established as a public sector ESCO to pursue large-scale investments with a comprehensive service package of project design, implementation, monitoring and investment. In 2015, the government pledged to reduce the energy intensity of its economy by 33% 35% below 2005 levels by 2030. In order to meet the 2015 pledges, several barriers must be addressed: (i) regulatory -- retail electricity prices continue to be subsidized by most distribution utilities and energy efficiency programs are voluntary; (ii) institutional -- capacity to support needed scaling of energy efficiency is limited; (iii) financing -- up-front costs can be high for energy efficiency technologies, but individual project sizes are small from a lender's perspective and returns may be difficult to analyze; further, the economic benefits of efficiency investments may be quantifiable, but cannot be readily monetized and delivered as up-front financing; (v) knowledge -- limited understanding of energy-saving technologies and associated benefits limit market penetration.</p>
Impact	Market for energy-efficient technologies expanded Emissions intensity of economy reduced
Outcome	End-use energy efficiency in subproject areas increased
Outputs	Energy-efficient technologies promoted and deployed in eligible states End-user energy efficiency awareness increased

Geographical Location Nation-wide

Safeguard Categories

Environment	C
Involuntary Resettlement	C
Indigenous Peoples	C

Summary of Environmental and Social Aspects

Environmental Aspects
Involuntary Resettlement
Indigenous Peoples

Stakeholder Communication, Participation, and Consultation

During Project Design
During Project Implementation

Business Opportunities

Consulting Services	Staff requirements for project processing involve the South Asia Energy team and require about 10 person-months of effort. For the project preparation, existing project preparatory and capacity building TA for EESL financed on a grant basis by the Clean Energy Fund under the Clean Energy Financing Partnership Facility will be used.
Procurement	The overall project procurement classification is proposed to be moderate (Category B) and will be confirmed during further processing of the project. EESL has well-developed procurement systems which comply with its own procurement policy as well as Government of India's General Financial Rules, 2005. EESL has adopted e-procurement as per Government of India guidelines for all procurements in excess of 500,000 and the system is IT Act, 2000 compliant.

Responsible ADB Officer	Acharya, Jiwan S.
Responsible ADB Department	South Asia Department
Responsible ADB Division	Energy Division, SARD
Executing Agencies	<i>Energy Efficiency Services Limited A-13, IWAU Building, 4th Floor Sector-1, Noida - 201301 Uttar Pradesh</i>

Timetable

Concept Clearance	28 Nov 2018
Fact Finding	01 Apr 2019 to 01 Apr 2019
MRM	03 Jun 2019
Approval	-
Last Review Mission	-
Last PDS Update	29 Nov 2018

Project Page	https://www.adb.org/projects/52196-001/main
Request for Information	http://www.adb.org/forms/request-information-form?subject=52196-001
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