

# GRADING OF ENERGY EFFICIENCY PROJECTS



## BACKGROUND

The Bureau of Energy Efficiency (BEE) intends to launch a pilot programme to undertake grading of 100 energy efficient (EE) projects. The overall objective of this programme is to facilitate the financing of EE projects by establishing confidence among FIs and providing them with graded EE projects. BEE has empanelled grading agencies and financial institutions whose EE projects shall be graded under this scheme. With the aim for uptake of financing EE projects and create market for energy efficiency measures, BEE is introducing this pilot programme on grading of EE projects.

## ELIGIBLE BORROWERS

Eligible beneficiaries are – SMEs, Large Industries, OEMs, ESCOs, Central/State Govt offices.

# GRADING OF ENERGY EFFICIENCY PROJECTS

## DURATION

For empaneled grading agencies, duration of the agreement will be for 1 year. The agreement with empanelled financial institutions (EmFI) will be for 2 years from the date of signing of the contract. This will include the projects graded within the stipulated time frame (i.e. 1 year for empanelled grading agencies (EmGA) that eventually be financed by an empanelled financial institution(s). The reimbursement shall be done for all the financed EE projects that have been graded within 1 year from 16th August 2021, as grading agencies shall be empanelled for 1 year.

## GRADING SCALE:-

Grading would be defined as **“the repayment capability of the project debt”** which is given in the table below:-

GRADE	SCORE	REPAYMENT CAPABILITY OF PROJECT DEBT
GRADE 1	90 – 100	EXCELLENT
GRADE 2	80 – 89	VERY GOOD
GRADE 3	70 – 79	GOOD
GRADE 4	60 – 69	ABOVE AVERAGE
GRADE 5	50 – 59	AVERAGE
GRADE 6	30 – 49	WEAK
GRADE 7	0 – 29	WEAKEST



## ELIGIBILITY CRITERIA OF THE PROJECTS ACCEPTED UNDER THIS PROGRAMME

- Project energy savings should be minimum 10% (in DPR or Investment Grade Energy Audit report);
- Banking should be sound. Corporate banking/loan accounts should be of standard category;
- Range of loan size to be considered should be Rs. 25 lakh to 1 Crore
- Keep ESCROW/TRA account to ensure repayment mechanism under ESCO model
- All the applicants must meet minimum eligibility conditions of the Empanelled financial institution
- To include NOC from other banks / FIs if the borrower is having account in other banks also

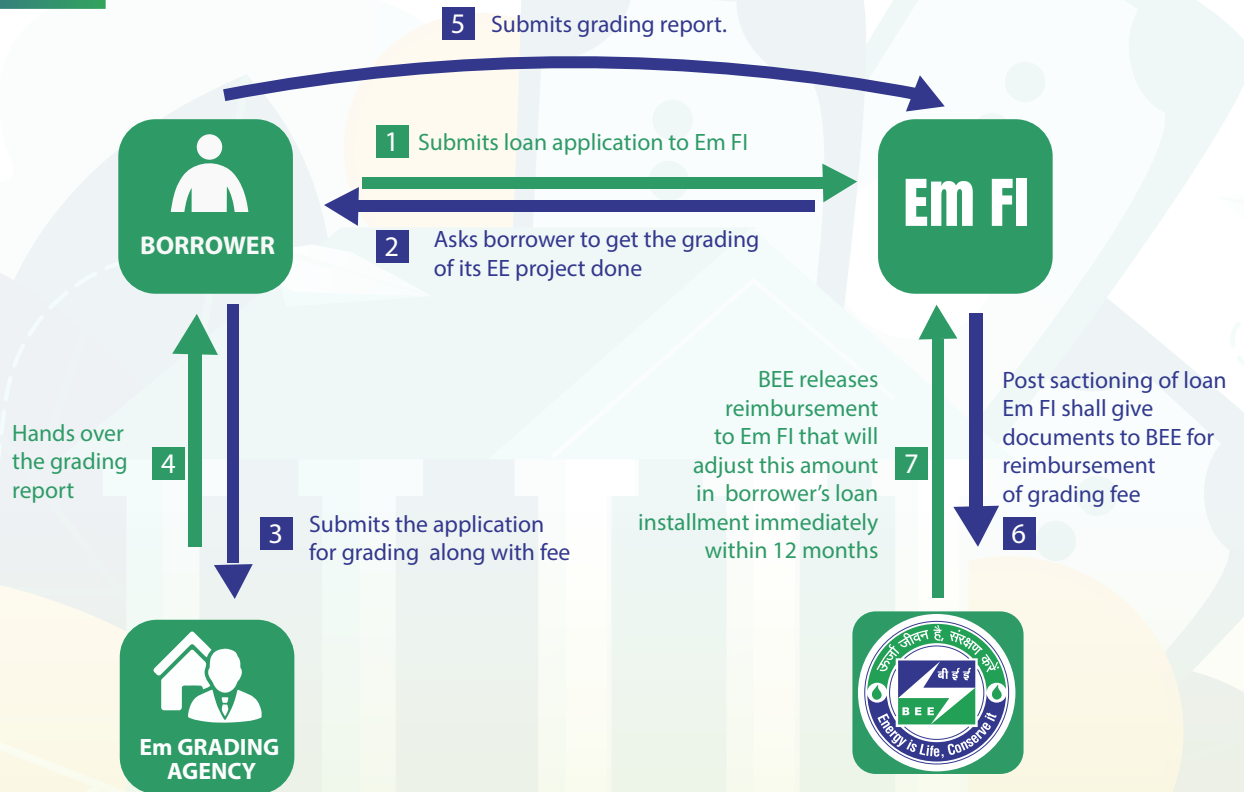
## REIMBURSEMENT OF THE GRADING FEE

BEE will reimburse the grading fee of maximum ₹2.9 Lakh per EE loan/ project as and when intimation is received from empanelled financial institutions, subject to post sanctioning of the loan amount to the graded project. It may be reiterated that the money reimbursed by BEE will be for the EE projects/ loans that will be graded within one year from 16th August 2021.

Once intimated, BEE shall release the grading fee to the concerned empanelled FI. The FI will adjust this amount in borrower's loan installment with immediate effect and this whole amount shall be adjusted in the borrower's installment (interest/principal) within 12 months from the date of receiving money from BEE.

# GRADING OF ENERGY EFFICIENCY PROJECTS

## MECHANISM



## BENEFITS TO FINANCIAL INSTITUTIONS

- (i) Help banks in recognizing EE projects from the other components of the loan. This will pave way to identify EE loan which are mostly said to be part of term loan or working capital loan.
- (ii) A successful implementation of the programme can serve as case studies which records the individual project's technical and financial evaluation and will highlight the basis on which the project was financed.
- (iii) FIs will be able to identify, assess and financially evaluate the EE loan applications better as the overall assessment would be executed by empanelled grading agencies and the project would be given grading.
- (iv) Expansion in business verticals and increase in potential borrowers
- (v) FI's will get an opportunity to contribute for clean energy financing

## BENEFITS TO BORROWER

- (i) The grading report of EE loan will make it easier for borrowers to get finance for the application
- (ii) EE project/developer shall be able to arrange funds for energy saving (EE) projects
- (iii) Grading fee reimbursement shall reduce burden of loan installment on borrower



# GRADING OF ENERGY EFFICIENCY PROJECTS

## EVALUATION STRATEGY:

Evaluation of the EE projects by grading agencies will largely be covering the points given below.



SPONSOR RISK



FINANCIAL RISK



INDUSTRY RISK



TECHNOLOGY RISK



EXECUTION RISK

### CONTACT DETAILS OF EMPANELLED GRADING AGENCIES

CRISIL Ltd.	<b>Kunal Raman</b> , Associate Director	+91 9810706896 Kunal.raman@crisil.com
	<b>Binaifer Jehani</b> , Business Head	+91 8879125243 Binaifer.jehani@crisil.com
ICRA Analytics Ltd.	<b>Mamun Saifuddin</b> , Manager-Business Development	+91 7304036988 mamun.saifuddin@icraanalytics.com
	<b>Sourav Das</b> , Lead-Risk, Analytics & Grading	+91 9830738030 sourav.das@icraanalytics.com
CARE Advisory Research and Training Ltd.	<b>Tushar Shah</b> , Co-CEO	+91 7045697230 Tushar.Shah@careedge.in
	<b>Vikram Thirani</b> , Head-Business Development	+919820199188 Vikram.thirani@careedge.in

### CONTACT DETAILS OF FINANCIAL INSTITUTIONS

YES BANK Ltd.	<b>Reshma Jamdar</b> , Senior Vice President	022-65079121 reshma.jamdar@yesbank.in
	<b>Vijeta Sheth</b> , Assistant Vice President	022-50920205 Vijeta.sheth@yesbank.in
IREDA	<b>Abhik Deb Barma</b> , Senior Manager	+91 9650595663 abhik@ireda.in
	<b>Pradeep Deswal</b> , Manager	+91 9873627789 pradeepdeswal@ireda.in



## BUREAU OF ENERGY EFFICIENCY

A statutory body under Ministry of Power, Government of India  
4<sup>th</sup> Floor, Sewa Bhawan, R.K. Puram, New Delhi-110066 (INDIA)  
Energy Efficiency Financing Helpdesk No.: 011-26766700, 26766813, 8130559545  
Helpdesk Email Id: eefp@beeindia.gov.in  
www.beeindia.gov.in | /beeindiadigital | /beeindiadigital

