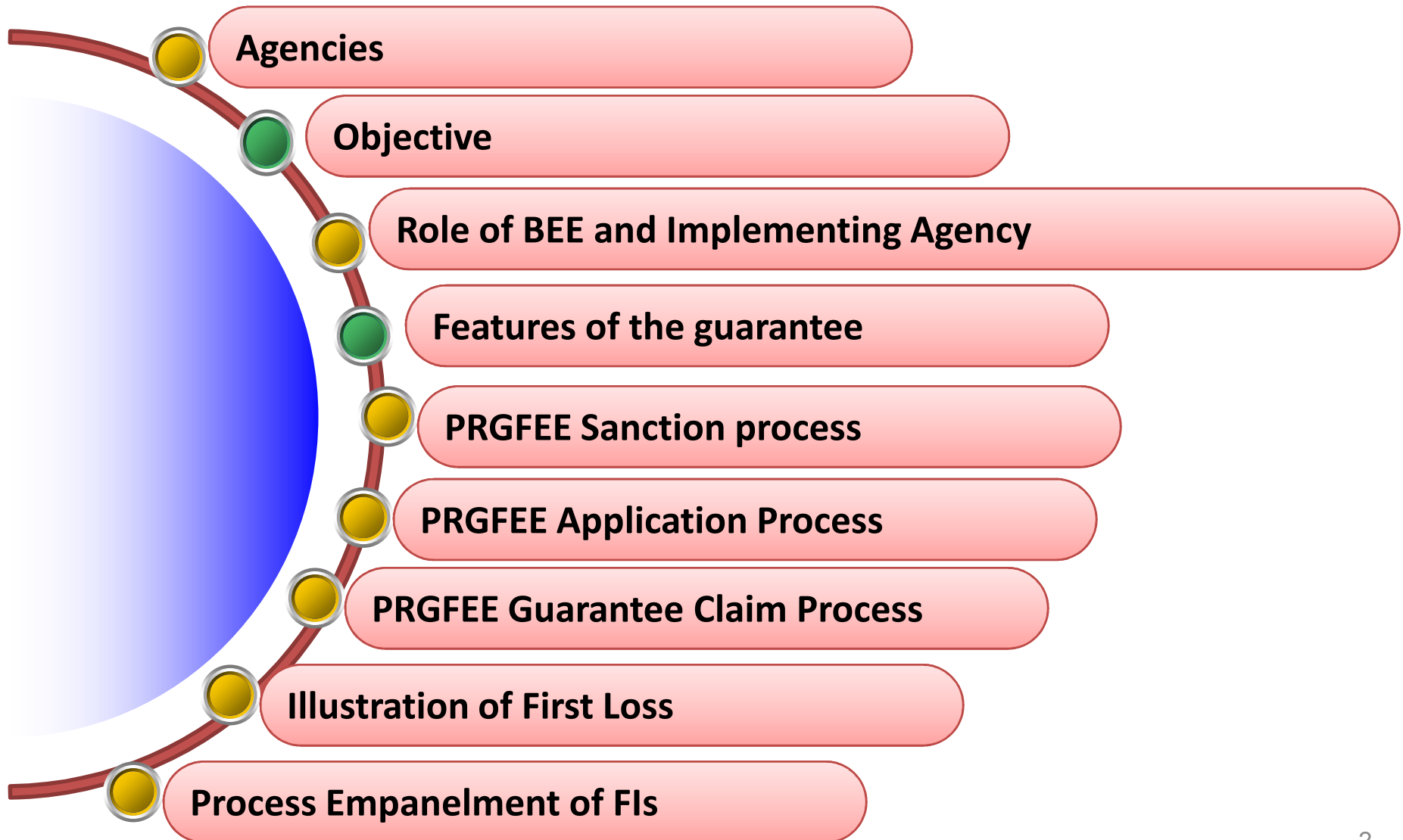




Partial Risk Guarantee Fund For Energy Efficiency (PRGFEE)



Contents



IMPORTANT AGENCIES

- Nodal Agency: Bureau of Energy Efficiency(BEE)
- Implementing agency:
Consortium of
 - ❖ REC Power Distribution Company Limited(RECPDCL)
 - ❖ Rural Electrification Corporation(REC) and
 - ❖ Energy Efficiency Services Limited (EESL)

PARTIAL RISK Guarantee Fund For Energy Efficiency (PRGFEE)

OBJECTIVES

- The Partial Risk Guarantee Fund for Energy Efficiency (PRGFEE) is a risk sharing mechanism to provide Participating Financial Institutions(PFIs) with a partial coverage of risk involved in extending loans for energy efficiency projects and directly support financing of Energy Efficiency(EE) projects by:
 - Addressing the credit risks and barriers to structuring the transactions
 - Engaging FIs and building their capacity to finance EE projects on a commercially sustainable basis.
 - PRGFEE to provide risk cover upto 50% of debt in an energy efficiency project.
- PRGFEE will *act as a first-loss and subordinated recovery guarantee*, to be placed in a guarantee reserve account and paid out to empanelled participating Financial Institutions (“PFIs”) in the event of loss or default in energy efficiency projects.
- PFI shall take guarantee from the PRGFEE before disbursement of loan to the borrower.
- The Govt. of India has approved around INR 312 crores for PRGFEE.

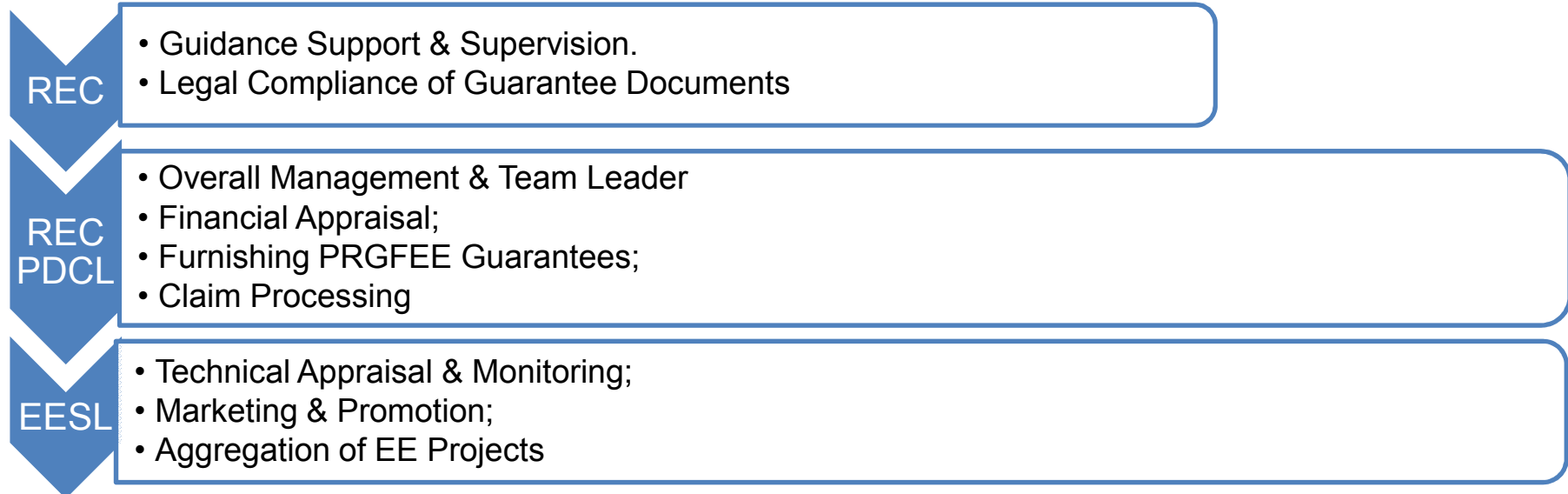
PARTIAL RISK Guarantee Fund For Energy Efficiency (PRGFEE)

ROLES

Bureau of Energy Efficiency:

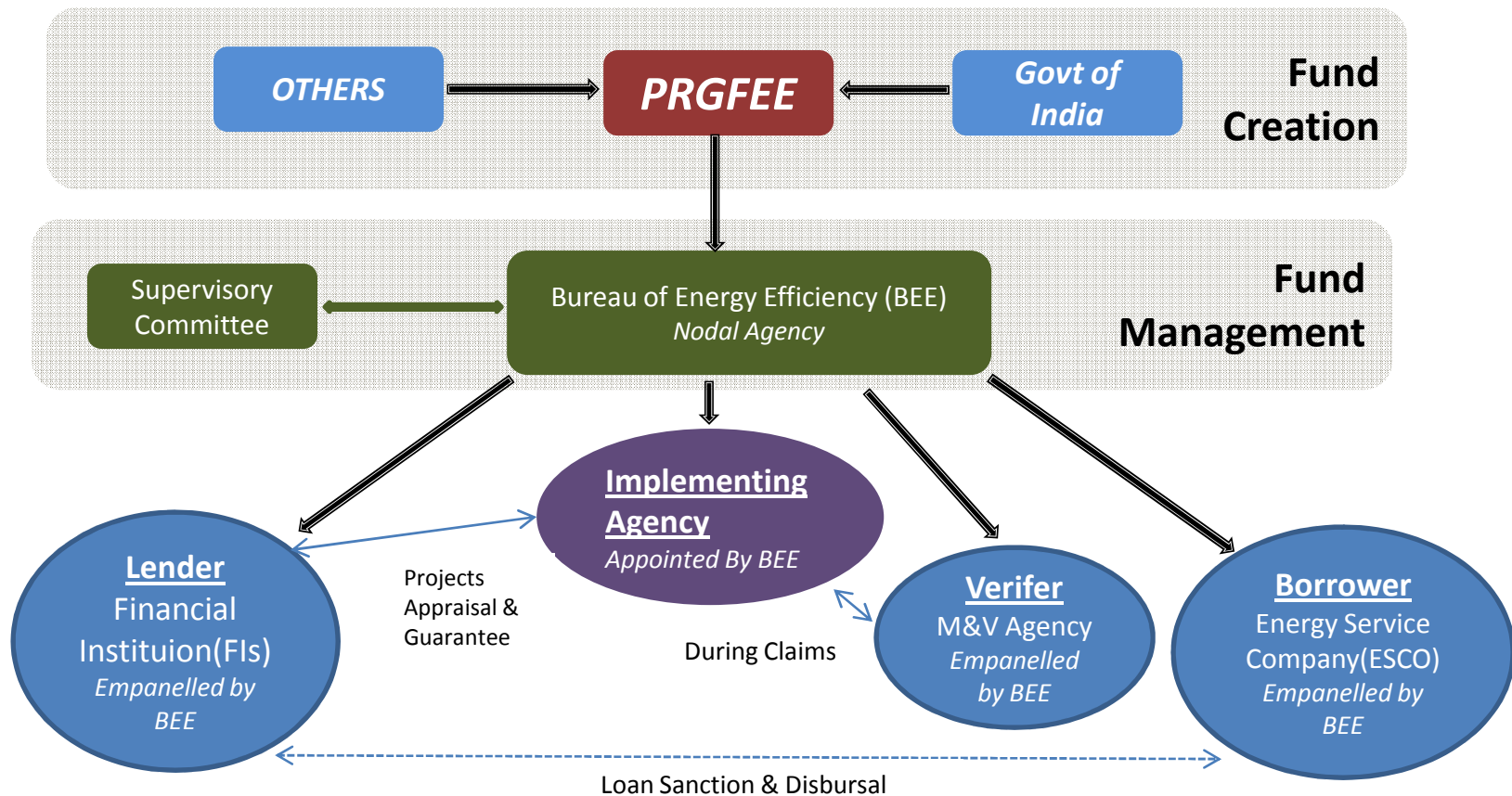
- To constitute Supervisory Committee for monitoring of PRGFEE
- To appoint Implementing Agency and monitor its performance
- To empanel Participating Financial Institutions and M&V Agencies

Implementing Agency (IA): BEE has appointed the consortium of RECPDCL-REC-EESL as the IA for PRGFEE in July 2015.



PARTIAL RISK Guarantee Fund For Energy Efficiency (PRGFEE)

INSTITUTIONAL STRUCTURE



FEATURES OF THE GUARANTEE

- *Guarantee Duration period* : Maximum of 5 years per project.
- *Maximum Guarantee coverage* : Upto 50% of the sanctioned loan amount to a maximum of Rs.3 Crore per project, whichever is less.
- *Application fee* : 0.1% of the maximum guaranteed amount at the time of application.
- *One-time Guarantee Fee* : 1% of the amount guaranteed if borrower is a Male entrepreneur & 0.5% if borrower is a Women entrepreneur, payable after approval and before signing of Guarantee Agreement .
- Loan amount of upto a minimum Rs. 5 Lakh can be considered for guarantee under PRGFEE.
- *In case of default*, fund will:
 - Cover the first loss subject to maximum of 10% of the guaranteed amount
 - Cover the remaining default (outstanding principal) amount on pari-passu basis up to the maximum guaranteed amount.

FEATURES OF THE GUARANTEE...cont

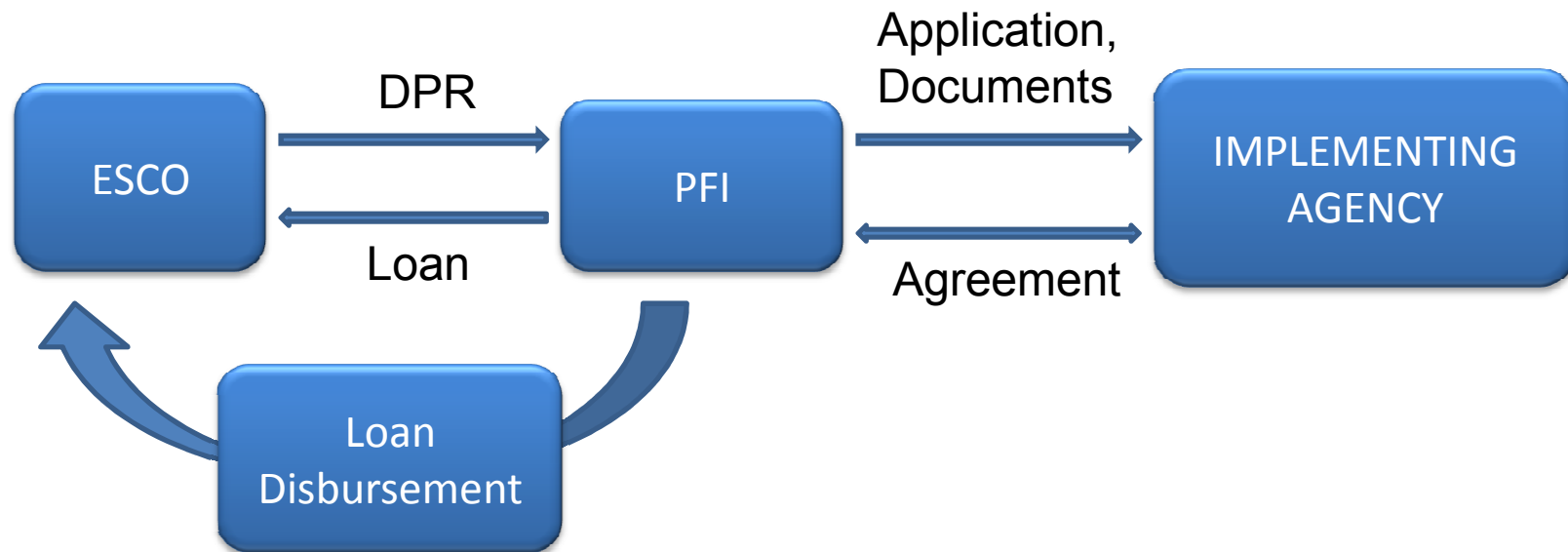
- Financial Institutions to be empanelled with BEE to participate in PRGFEE .
- Projects implemented by BEE empanelled Energy Service Companies(ESCO's) or a JV of ESCOs with atleast 50% share capital of BEE Empanelled ESCO, only will be covered under PRGFEE.
- Guarantee coverage to be provided before disbursement of loan by PFI to ESCO.
- 70% of the eligible loan amount should be towards implementation of EE project.

Sectors in the Mandate of PRGFEE:

- ✓ Government buildings
- ✓ Private buildings having commercial or multi-storey residential accommodations
- ✓ Municipalities
- ✓ Small & Medium Enterprises
- ✓ Industry

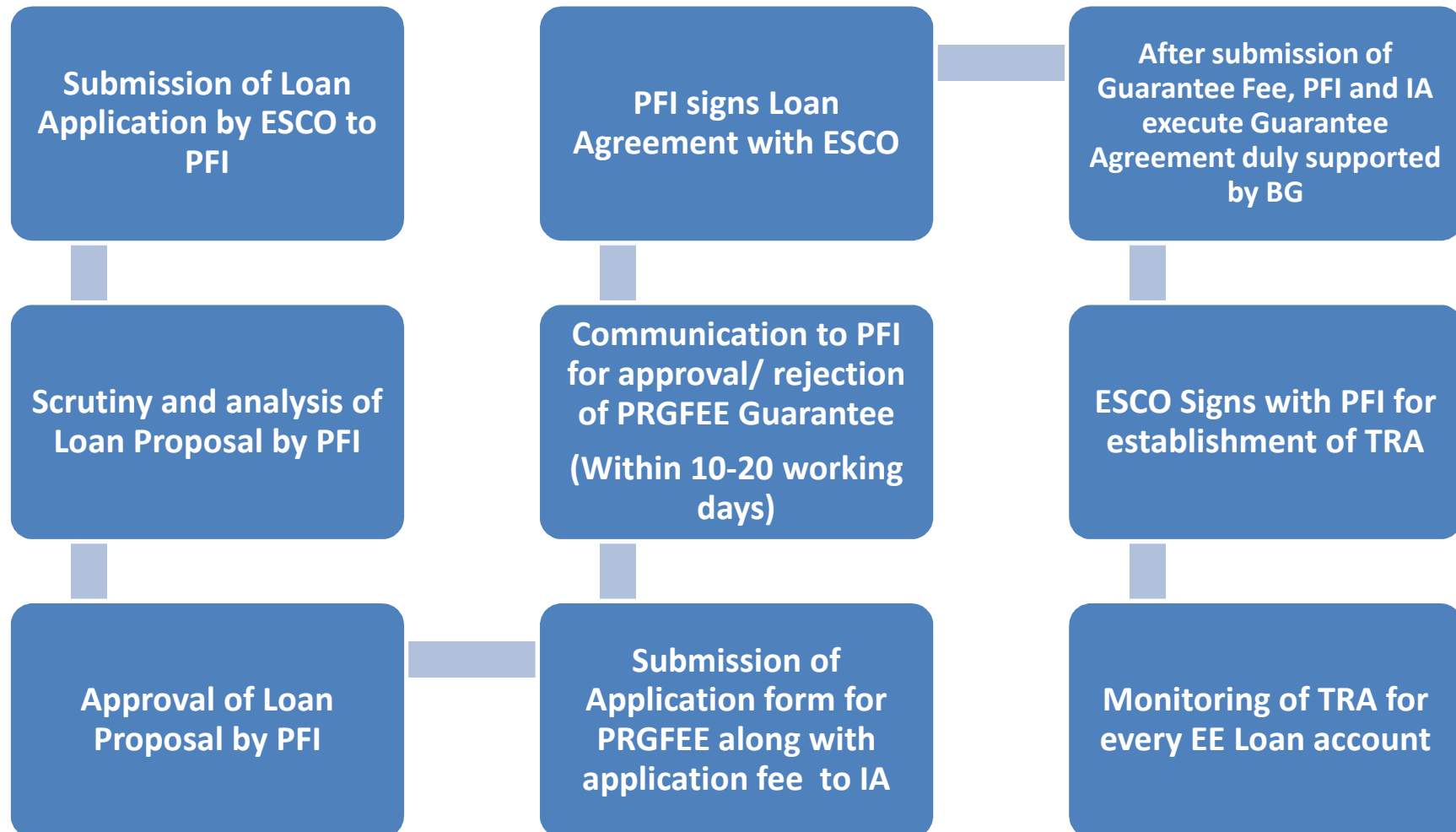
PARTIAL RISK Guarantee Fund For Energy Efficiency (PRGFEE)

PRGFEE Sanction Process



PARTIAL RISK Guarantee Fund For Energy Efficiency (PRGFEE)

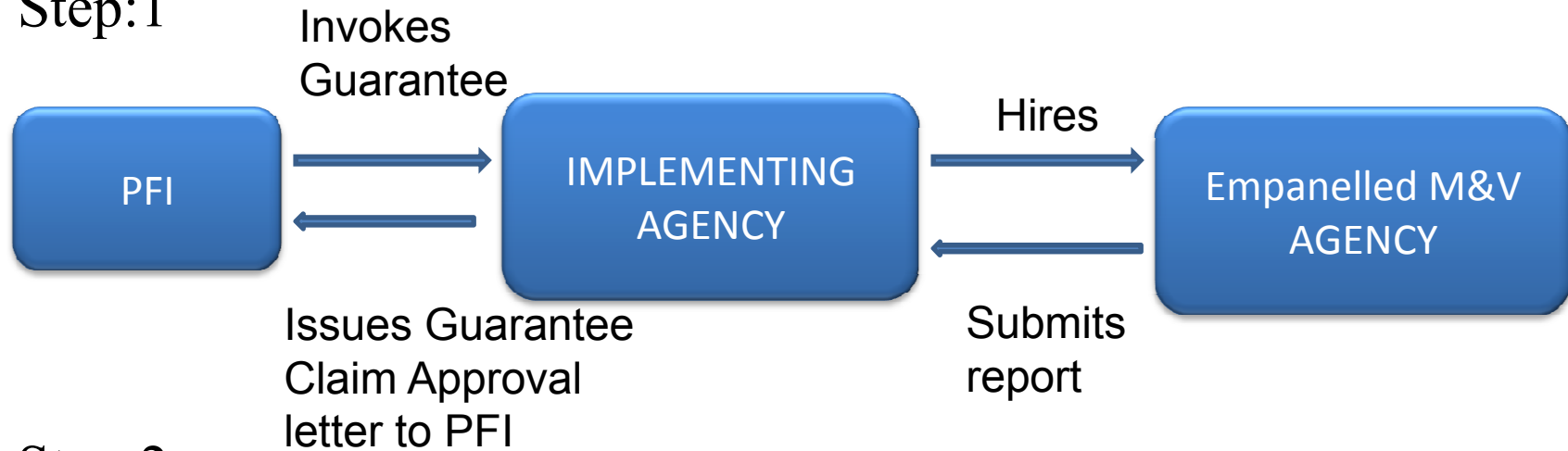
PRGFEE Application Process



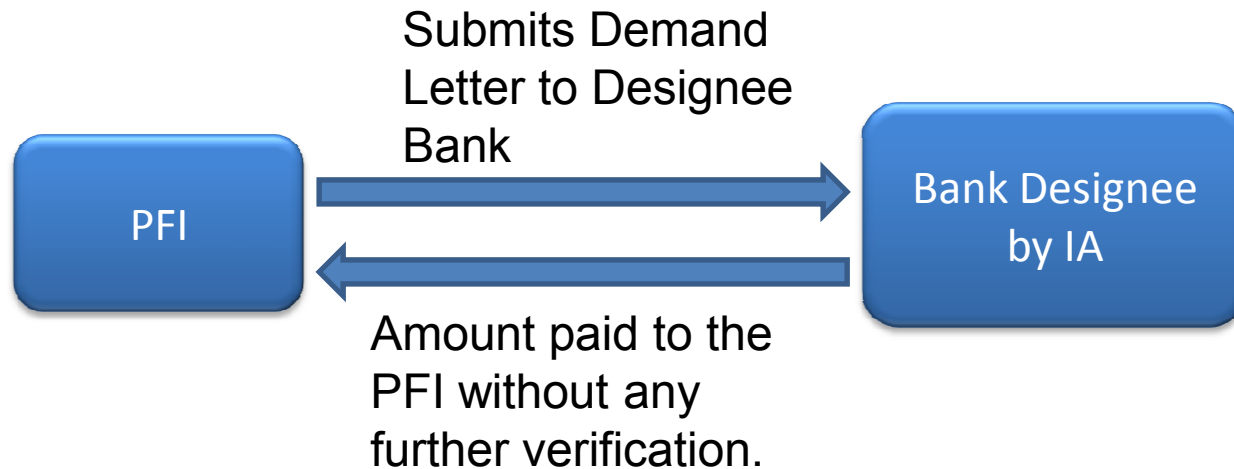
PARTIAL RISK Guarantee Fund For Energy Efficiency (PRGFEE)

PRGFEE Guarantee claim

Step:1

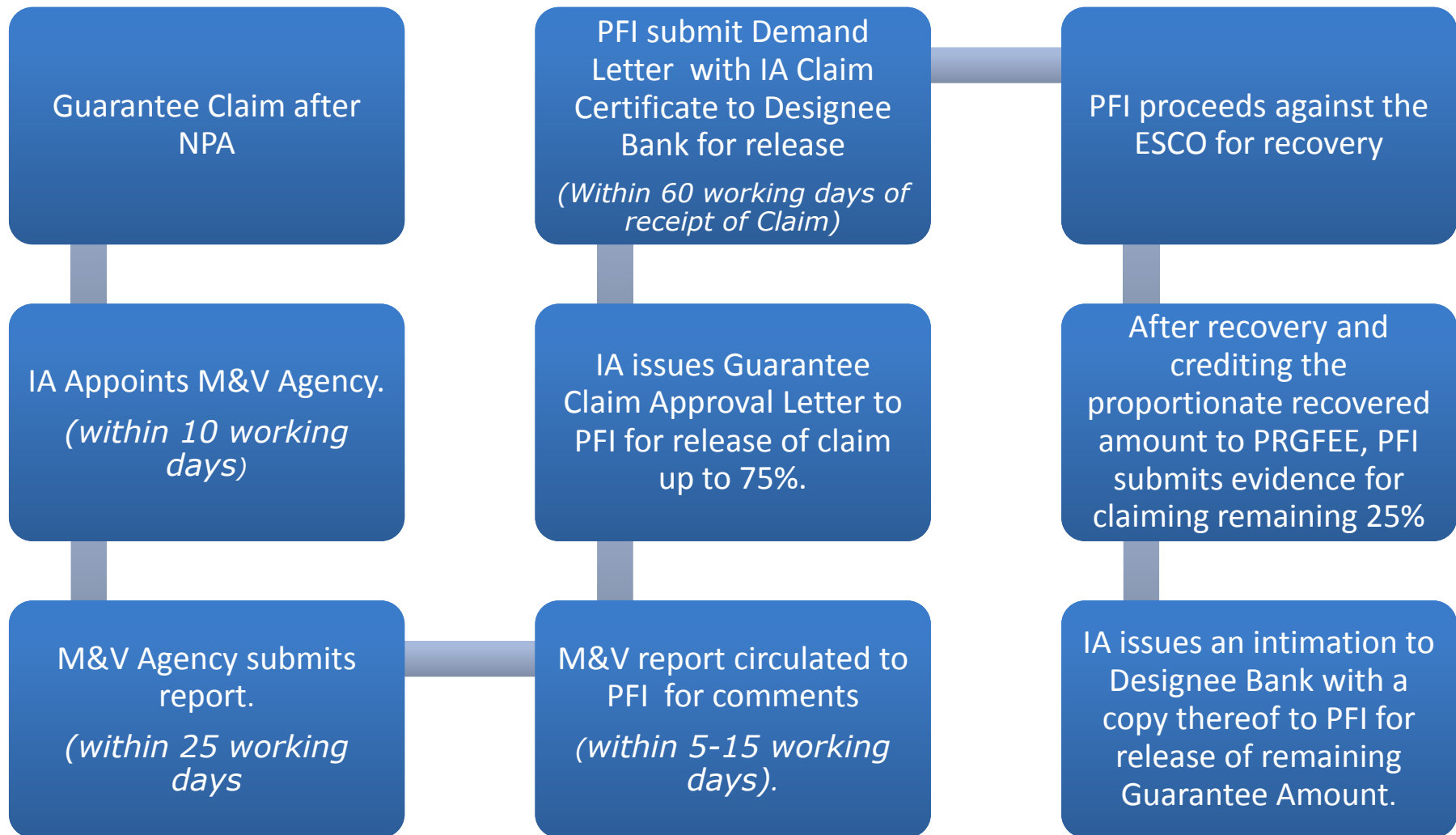


Step:2



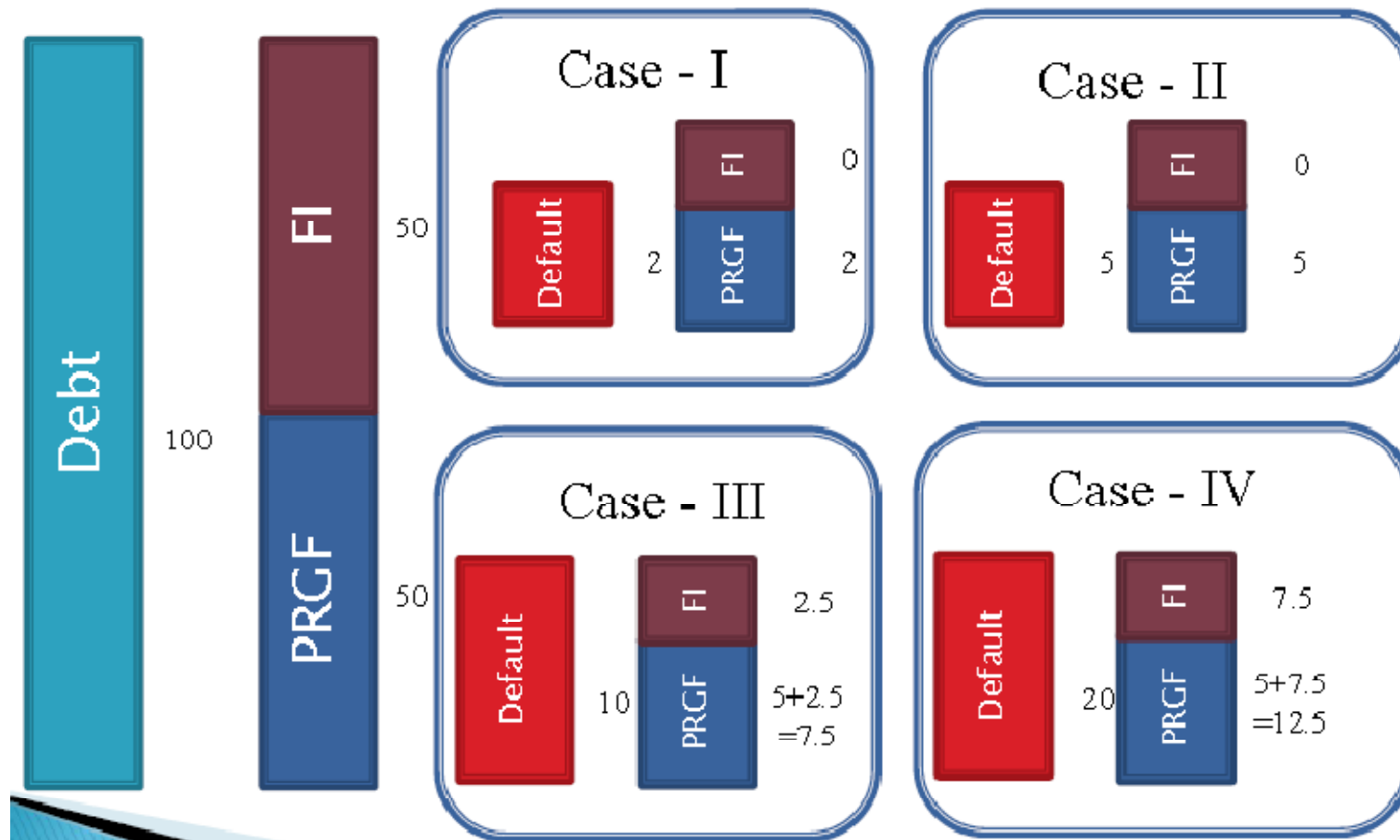
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Detailed PRGFEE Guarantee claim



PARTIAL RISK Guarantee Fund For Energy Efficiency (PRGFEE)

FIRST LOSS



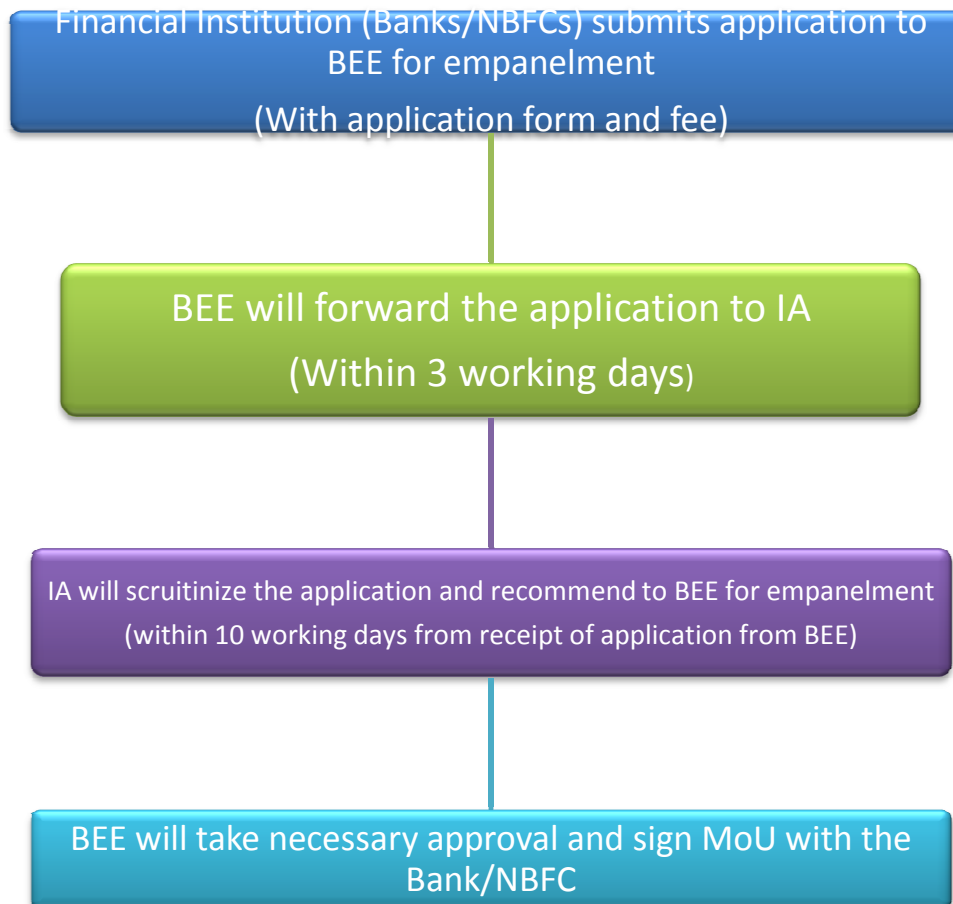
PARTIAL RISK Guarantee Fund For Energy Efficiency (PRGFEE)

FIRST LOSS - ILLUSTRATION

A.	Loan Amount	Rs. 100 Lakh	Rs. 100 Lakh	Rs. 100 Lakh
B.	Actual Disbursed Loan Amount	Rs. 80 Lakh	Rs. 80 Lakh	Rs. 80 Lakh
C.	PRGFEE Guarantee Limit (in percentage)	40% of B	50% of B	10% of B
D.	PRGFEE Guarantee Limit (amount)	Rs. 32 Lakh	Rs. 40Lakh	Rs. 8Lakh
E.	Outstanding Principal Loan Amount at the time of declaration of NPA	Rs. 3.2 Lakh	Rs. 20 Lakh	Rs. 45 Lakh
F.	Calculation of Claim Amount under PRGFEE Guarantee under first Loss. (10% of D)	Rs. 3.2 Lakh	Rs.4 Lakh	Rs.0.8 Lakh
G.	Liability for remaining outstanding amount as covered under PRGFEE. $C*(E-F)$	0	Rs.8 Lakh	Rs.4.42Lakh
Total Loss claim Under PRGFEE		Rs. 3.2 Lakh	Rs. 12Lakh	Rs.5.22Lakh

PARTIAL RISK Guarantee Fund For Energy Efficiency (PRGFEE)

Empanelment Process of PFIs



EMPANELMENT OF PFIs

- During various stakeholders meetings for PRGFEE following financial institutions have shown interest in empanelment with BEE for PRGFEE:
 - Yes Bank
 - State Bank of India and its associate banks
 - Oriental Bank of Commerce
 - United Bank of India
 - SIDBI
 - South Indian Bank
 - Indian Overseas Bank
 - Indian Bank
 - IFCI
 - Bank of Maharashtra
 - IIFCL
 - Tata Caps
 - ICICI Bank
- On 3rd October 2015, Yes Bank has signed a charter with BEE for PRGFEE, which will be followed by signing a formal MoU with BEE.

Thank you