

Project Summary for Public Disclosure

Project Overview	
Project Name	REC Renewable Energy Sector Development Project
Country	India
Sector	Clean Energy and Sustainable Development
Approval Date (by the Board)	14 October 2019
Total Project Cost	USD 426.83 million
Loan Amount	USD 300 million
Borrower	India
Implementation Agency	REC Limited

I. Introduction

India today still relies heavily on thermal power, which accounts for 63% of the total installed generation capacity as of May 2019. The high concentration of thermal power generation has led to air pollution, carbon emissions, depletion of natural resources, and health problems of the affected population. To improve the energy mix, Government of India has announced an ambitious plan to achieve 175 GW of renewable energy capacity by FY2022, taking advantage of its large potential for power generation from renewable energy. India's potential for power generation from renewable energy is significant and is estimated at 900 GW, including 750 GW of solar energy. Cost of power generation from renewable energy is currently on par with that from thermal power in India. In this context, REC Limited, as a primary financing provider to India's power sector, is increasing its portfolio in renewable sector. The REC Renewable Energy Sector Development Project, with NDB's financing to REC Limited, is designed to support Government of India's initiative in renewable energy and sustainable development.

II. Project Description

The NDB loan proceeds to REC will be used to finance construction of renewable energy power plants and associated evacuation transmission lines (sub-projects). Eligible expenditures will include goods, works and services.

III. Environmental and Social Aspects

The positive impacts of the Project include: (i) reduced coal consumption of about 488,292 tons annually; (ii) reduced carbon emission of about 986,667 tons annually and a considerable amount of other hazardous emissions including SO₂, NO_x, etc; (iii) increased transmission capacity for evacuation of renewable energy; (iv) increased power generation capacity from renewable energy sources with electricity generation of about 1,600 GWh annually; (v) enhanced energy mix and greener footprint of India's power sector.

The Project is Category "FI-B" in line with NDB's Environment and Social Framework (ESF) as funding will be to a FI, and proposed renewable energy projects including power evacuation infrastructure will have moderate adverse E&S impacts that would be site-specific and mostly reversible. All sub-projects will have project appraisal, screening, and supervision in line with policies of REC and will be required to comply with the Indian E&S regulations.

IV. Financials

The total cost of the Project is estimated to be USD 426.83 million. NDB will finance USD 300 million. The remaining balance will be financed by counterpart funds.

Financier	Amount (USD million)
New Development Bank	300
Counterpart Funds	126.83

V. Implementation

The Project is to be implemented over two years. REC will be the Project Implementation Agency. Procurement will be conducted in compliance with the national law and regulations, and meet the core principles of NDB's policy.