



ROUNDTABLE ON ESTABLISHING A STATE ENERGY CONSERVATION FUND IN KERALA

HOTEL MASCOT, THIRUVANANTHAPURAM, INDIA
18 JULY 2008

ANNOUNCEMENT

Background: The Energy Conservation Act (2001), Section 16 (1-3) mandates all States to establish a State Energy Conservation Fund for purposes of promoting efficient use of energy and its conservation within the State. The Government of Kerala has initiated steps to establish such a fund, and the Energy Management Centre, Kerala (EMC-K) has been designated as the state nodal agency under the Act to coordinate the various activities. The objectives and scope of the Fund are likely to include:

- Support the financing of specific energy efficiency (EE) projects using a variety of options such as debt financing, equity financing, and credit or risk guarantees to financial institutions.
- Contribute to the development of the EE market in Kerala by financing projects with private sector implementation through energy service delivery organizations (such as ESCOs).
- Develop and demonstrate model financial transactions for EE projects.
- Develop typical financing agreements that can be used by the private sector.
- Build the capacity of local financial institutions in EE project transactions to increase their knowledge, interest and capability for financing such projects.

In May 2008, the US Agency for International Development's ECO-Asia Clean Development and Climate Program, with funding from Asia-Pacific Partnership for Clean Development and Climate, entered into a partnership agreement with the Energy Management Centre, Department of Power, Government of Kerala to support the State in its efforts to create a State Energy Conservation Fund. Joint activities envisioned under this partnership include: rapid assessment of market potential for energy efficiency investments and priority sectors, development of options for financial structuring, fund management and administration, criteria for selection of investment opportunities and projects, and preliminary development of a pipeline of investment projects. The purpose of this roundtable is to bring together key stakeholders from the Government of Kerala, commercial banks, project developers, energy efficiency service providers, and donors, to review the objectives and scope of the Fund and the market assessment results. The workshop will focus on obtaining a consensus on the general purpose and structure of the Fund and on the guidelines for its use.