RENEWABLE ENERGY-FOCUSED INFRASTRUCTURE DEBT FUND (RIDF)

Renewable Energy Focused Infrastructure Debt Fund (RIDF) is structured as a next-generation financing instrument that will change the risk perception of domestic and foreign institutional investors, enable the availability of affordable finance for project developers, and aid clean energy development.

In India, Infrastructure Debt Funds (IDF’s) are regulated by the central bank i.e. Reserve Bank of India (RBI). IDF’s potential to leverage the equity and catalyze finance (by 3X to 8X of equity), makes it a unique refinancing instrument.

India’s first Renewable Energy Infrastructure Debt Fund (RIDF) aims to address the fundamental challenges in infrastructure financing and catalyze investments in the Renewable Energy sector in India. The RIDF is designed as a perpetual financing instrument with an initial target to mobilize USD 300 million in green Renewable Energy (RE) projects.

Rationale

India has set an ambitious target to reach 450 GW of installed renewable energy capacity by 2030.

Currently, ~94 GW of renewable energy projects are installed in India and 84 GW are in pipeline which would need USD 60 billion capital infusion for operationalization. The current bank lending norms for RE projects lead to asset-liability mismatch for commercial banks. Hence, refinancing of operational RE projects would be critical to enable access to finance for greenfield RE projects which are either planned or are in pipeline. Infrastructure Debt Funds (IDFs) are one of the preferred instruments for refinancing large scale Reprojects.

Addressing fundamental challenges in infrastructure financing and catalyzing investments through RIDF for accelerated deployment of operational Renewable Energy to support India’s transition towards a low carbon economy.

Key Highlights

- PTC India Financial Services will sponsor the RIDF with 30 to 49% equity share.
- RIDF with a start-up equity of USD 41 Million and debt mobilization of ~USD 260 Million.
- Diverse projects portfolio with 85% share from renewable energy.
- Refinancing of ~500 MW RE Projects with target credit rating of ‘AA’ or higher for the projects.
- Business plan offers healthy equity returns with investment IRR of 18%.

Objective

Outcomes

- Create markets for renewable energy refinancing
- Mobilizing finance to leverage RIDF equity
- Access to cheaper debt for small and mid-cap RE developers
- Sustainable market lending behavior of Commercial Banks

Potential Impacts of RIDF

- Reducing ~750,000 tonnes of CO2 per annum
- Generating ~3000 direct jobs
- Investment of ~USD 300 million for RE infrastructure development
- ~500MW greenfield RE projects & 1000 million units of Renewable electricity per annum
- 1 NO POVERTY
- 3 GOOD HEALTH AND WELL-BEING
- 7 AFFORDABLE AND CLEAN ENERGY
Global Green Growth Institute, headquartered in Seoul, Republic of Korea, is a treaty-based international intergovernmental organization dedicated to supporting and promoting strong, inclusive, and sustainable economic growth in developing countries and emerging economies.

About GGGI

PTC India Financial Services Ltd (PFS) registered as an NBFC provides financing solutions to companies with projects in power sector.

Global Green Growth Institute (GGGI) has partnered with PTC Financial Services to establish RIDF in India.

Contact

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