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Angus McCrone

Bloomberg New Energy Finance

+44 203 216 4795

amccrone1@bloomberg.net

INDIA SAW RECORD \$10.3bn CLEAN ENERGY INVESTMENT IN 2011

Investment in India out-paces the rest of the world, thanks to the improving cost-competitiveness of wind and solar

New Delhi, London and New York, 2 February 2012 – Clean energy investments in India reached \$10.3bn in 2011, some 52% higher than the \$6.8bn invested in 2010. This was the highest growth figure of any significant economy in the world. There is plenty of room for further expansion - in 2011, India accounted for 4% of global investment in clean energy.

The large growth was driven by a seven-fold increase in funding for grid-connected solar projects: from \$0.6bn in 2010 to \$4.2bn in 2011. Solar almost reached the same level of investments as wind, which totalled \$4.6bn.

Ashish Sethia, head of India research at Bloomberg New Energy Finance, said: “There was concern at the beginning of last year that increasing lending rates might hit investment. Policy measures like the Jawaharlal Nehru National Solar Mission, and renewable energy’s increasing cost competitiveness, have made this a record year.”

Asset financing for utility-scale projects remains the main type of clean energy investment in India, with \$9.5bn in 2011. This is significant as the higher lending rates observed over the past year could have negatively impacted asset finance. Venture capital and private equity investment also made a strong comeback with \$425m invested in 2011, more than four times the 2010 figure. Wind and solar project developers such as Mytrah Energy India and Kiran Energy Solar Power succeeded in doing deals. The only major type of investment that fell in 2011 was equity-raising via the public markets. Only \$201m was raised compared to a record \$735m in 2010 when the Indian stock market was at its all-time high.

The wind sector added a record 2,827MW of capacity in 2011 compared with 2,140MW in 2010. This kept India at the third rank globally in terms of new installations, behind China and the US. Bloomberg New Energy Finance estimates that 2,500MW to 3,200MW of wind capacity could be added in 2012. A substantial increase in grid-connected solar capacity was also observed, up from 18MW in 2010 to an estimated 277MW by end of 2011. In 2012, another 500-750MW of solar projects could be added.

India’s 11th five-year plan, running from April 2007 to March 2012, targeted the addition of 12.4GW of grid-connected renewable energy. According to Bloomberg New Energy Finance, this target will be exceeded, with 14.2GW capacity installed during the period.

Sethia commented: “The surge in installation of renewable energy shows that it is becoming cost competitive and scalable, at a time when India is struggling to meet its targets for conventional power capacity. To carry this momentum forward on renewables, federal and state governments will have to

ensure four things. First, that transmission lines are available for projects; second, that the grid can handle an increased flow of renewable energy; third, that renewable purchase obligations are enforced; and, fourth, that project developers are paid on time for the power they produce."

Michael Liebreich, chief executive of Bloomberg New Energy Finance, said: "India's record performance in 2011, and the momentum it is carrying into 2012, is one of the bright spots in the clean energy firmament. With support mechanisms falling away in the US, the ongoing financial crisis in Europe, and China already going flat out, it is gratifying to see some of the world's other major potential markets coming alive. India is firmly in the lead group and we are seeing interest around the world in being part of what is unfolding there."

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