

**Memorandum of Understanding**

**between**

**the Federal Ministry for Economic Cooperation and Development  
of the Federal Republic of Germany**

**and**

**the Ministry of New and Renewable Energy  
of the Republic of India**

**on**

**Indo-German Development Cooperation  
regarding  
the Indo-German Solar Energy Partnership**

The Government of the Republic of India and the Government of the Federal Republic of Germany (hereinafter referred to as the "Parties") share a long standing, trustful and successful development cooperation. Sustainable energy is a major focus of this bilateral cooperation. The Parties share the policy to extend the role of renewable energies in their national energy strategies and recognize that the development of solar power generation plays a pivotal role in this regard.

The Government of the Republic of India has given a strong impetus to the development of the domestic solar energy sector by launching the Jawaharlal Nehru National Solar Mission Scheme (JNNSM). Lately the Government of the Republic of India took the decision to increase the goal of this mission to 100 Gigawatts of solar energy by the year 2022.

The Federal Republic of Germany is also in the process of implementing its "Energiewende" (energy transition) that has already seen a strong growth of renewable energies in Germany. By the year 2022 the Federal Republic of Germany plans to generate 35% of its electricity from renewable energies. By the year 2050 a further increase up to 80% is planned.

To lead by example, the Parties founded the Renewables Club in 2013 with eight other pioneering countries united by the goal to transform their energy systems towards using more renewable energies.

Aiming to expand their bilateral development cooperation in the field of renewable energy the Parties express their intention to foster the increased use of solar energy in India through technical as well as financial cooperation. This Indo-German Solar Partnership is envisaged to rest on three pillars: The major pillar shall be (i) cooperation in the field of solar rooftops. The other two pillars shall be (ii) the development of solar parks or solar zones (if possible in close proximity to the Green Energy Corridors financed by KfW under Indo-German Financial Cooperation) and (iii) solar off-grid applications to improve the access to clean and sustainable energy.

To effectively materialise the bilateral cooperation in the field of renewable energy as envisaged here-in-before, the Parties have reached the following understanding:

#### **ARTICLE 1**

##### **FINANCING**

Indo-German Financial Cooperation can play a crucial role in financing the necessary measures of this Indo-German Solar Partnership. In this regard the Federal Republic of Germany expresses its willingness to consider providing concessional loans in the range of 1 billion Euros over the next 5 years through Kreditanstalt für Wiederaufbau (KfW). The exact commitments of the concessional loans shall be finalized during the annual negotiations between the Department of Economic Affairs (DEA), Ministry of Finance of the Republic of India and the Federal Ministry for Economic Cooperation and Development (BMZ) of the Federal Republic of Germany under the Indo-German Bilateral Development Cooperation. Under the Indo-German Financial Cooperation, the procurement of all goods and services to be financed for this Indo-German Solar Partnership follows the procurement guidelines of KfW and is not limited to German or Indian companies and products. Consultant services to prepare the individual investment projects under this Indo-German Solar Partnership may be financed from a special grant fund of the German Government. Consultant services to implement the investment projects have to be financed from the loans.

#### **ARTICLE 2**

##### **UTILISATION OF FUND**

For the solar rooftop and the off-grid pillar of this Indo-German Solar Partnership, the Indian government – due to the high developmental and market transforming impact of these pillars – will consider giving subsidies or a guarantee frame to the implementing agencies to reduce the currency hedging costs. The funds of KfW will also be utilized for providing soft loans to the end-users through partner banks.

### **ARTICLE 3**

#### **COMPONENTS**

Indo-German Technical Cooperation is expected to focus its activities within the Indo-German Solar Energy Partnership mainly on the solar rooftop pillar based on the pioneering initiatives, activities, and learnings of Germany in the field of catalysing and expanding solar power generation on industrial, commercial and residential rooftops, as well as integration of a large number of distributed solar photovoltaic systems into the grid. The field of large scale PV systems – as well ground and roof mounted – including required storage, demand side and transmission solutions, may be addressed as well within the field of Technical Cooperation of the Indo-German Solar Energy Partnership. This technical assistance may include capacity building and assistance in setting technical standards and codes, advising on the required administrative and legal framework, building operational expertise, managing grid integration as well as grid stability, development of market and policy designs and respective business models through “Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) GmbH” and “Physikalisch-Technische Bundesanstalt (PTB)”. Since solar systems will have significant inter-linkages with public society at large, the development, incorporation and enforcement of quality, safety, and reliability standards into the program design will be an essential component of this Partnership.

### **ARTICLE 4**

#### **COORDINATION AND FOLLOW UP**

The negotiations based on this Memorandum of Understanding will take place between DEA and BMZ. The nodal points for the necessary consultations and actions shall on the Indian Side be the Joint Secretary (Solar Division), MNRE, as well as the Joint Secretary (Bilateral Cooperation), DEA, and on the German Side the Head of Division (India, South Asia), BMZ. The nodal points should meet as and when required to give final shape to this Memorandum of Understanding and for necessary monitoring and oversight. Under the Indo-German Energy Forum (IGEF) the dialogue of Parties concerning the Indo-German Solar Partnership is planned to be further institutionalised, e.g. by establishing a specific task force or sub-group.

**ARTICLE 5**

**COMMENCEMENT**

The Cooperation under this Memorandum of Understanding will commence from the date of its signing.

This Memorandum of Understanding is signed on the occasion of the 3<sup>rd</sup> Indo-German Government Consultations in New Delhi, by the duly authorized representatives of the Parties on **Monday, 5th of October, 2015 at New Delhi** in the presence of Shri Narendra Modi, Hon'ble Prime Minister, Government of the Republic of India and Her Excellency Dr. Angela Merkel, Chancellor of the Federal Republic of Germany.

**For the**

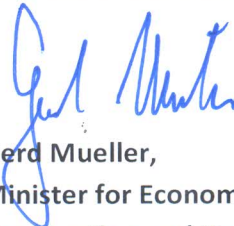
**Government of the  
Republic of India**



**Piyush Goyal,  
Minister of State (Independent Charge)  
for Power, Coal and New and Renewable  
Energy**

**For the**

**Government of the Federal  
Republic of Germany**



**Gerd Mueller,  
Minister for Economic  
Cooperation and Development**