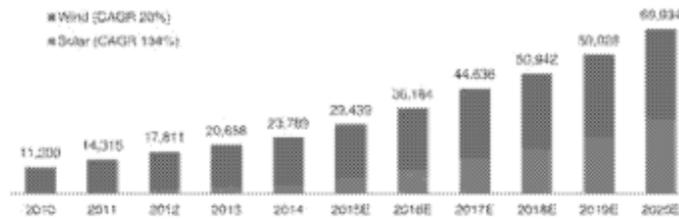

Table of Contents

The cumulative installed capacity of solar energy in India grew from 82 MW in 2010 to 3,259 MW by 2014, or a CAGR of 151%. The cumulative installed capacity of wind energy in India grew from 11 GW in 2010 to 21 GW by 2014, or a CAGR of 17%. The following chart reflects actual and projected growth in India's cumulative solar and wind energy generation capacity from 2010 to 2020.

India cumulative solar and wind energy generation capacity (in MW), 2010–2020



Source: Bloomberg New Energy Finance

Key drivers of renewable energy growth in India

India's overall demand for energy has increased significantly over the last several years due to the increase in its population, rapid industrialization and improvements in living standards. During the same period, the Indian government has increased its focus on developing renewable power generation to diversify the range of sources used in energy generation and to reduce greenhouse gas emissions. During the period from 2007 to 2012, a total of 18 GW of renewable energy generating capacity was installed in India, which significantly exceeded the 11 GW that were commissioned and planned by the Indian government during this period. India's National Action Plan on Climate Change establishes a goal to generate 15% of its electricity from renewable energy sources, other than hydro-electric power, by 2019. India has also announced its goal of reducing the country's greenhouse gas emissions by between 20% and 25% from 2005 levels by 2020.

We expect, based on our industry experience, that solar and wind power are well positioned to fulfill this expected growth in renewable energy generating capacity. Similarly, we expect solar and wind energy technology to increasingly become cost competitive with grid-supplied electricity.

Historically, the solar market has been augmented by off-grid applications, but on-grid installations have increased in recent years due to increasing price competitiveness and the adoption of new policies and incentives. In 2009, the Indian government launched its flagship solar initiative known as Jawaharlal Nehru National Solar Mission, or the "National Solar Mission," to rapidly scale up the development of grid-connected, utility-scale solar projects. The National Solar Mission establishes a target of 20 GW of installed solar energy generation capacity by 2022, or approximately 3% of its total energy generating capacity. However, the Indian Government plans to increase the target to 100 GW by 2022, with a targeted capacity addition of 1 GW annually. India's Ministry of Power has proposed an amendment to the Electricity Act 2003 that would require State Electricity Regulatory Commissions to purchase 8% of their power generation from solar resources by March 2019, a goal that may require as much as 70 GW of new capacity additions. Various state and local initiatives are also driving the continued development of the solar energy market in India. The Indian state of Gujarat alone is planning installations of 10 GW of solar energy capacity by 2022.