



EAAS MODEL SERVICE AGREEMENT

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The Ministry of New and Renewable Energy (**MNRE**) issued an office memorandum on 23rd July 2026, introducing the Model Service Agreement for “Electrolyser as a Service” (**EAAS**). This model agreement outlines industry standards for risk allocation, performance guarantees, and division of responsibilities. It aims to improve the ease of doing business and streamline the contract negotiations between green hydrogen project developers and the consumers.

Under the model agreement, the Service Provider designs, constructs, owns, operates, and maintains an electrolytic hydrogen plant (**H2 Plant**) on a Build, Own, and Operate basis at the site provided by the Service Recipient. The Service Provider retains exclusive ownership, title, and operational control over the H2 Plant, with no tenancy or hire-purchase or financing or deferred sale rights created in favour of the Service Recipient. The Service Provider must secure necessary insurance for the H2 Plant. The Service Provider is also permitted to encumber the H2 Plant for financing purposes.

In return, the Service Recipient pays monthly consideration covering product supply and the plant's O&M charges. This consideration can escalate annually based on the consumer price index for industrial workers published by the Department of Labour. The Service Recipient must provide milestone-based security deposits and payment security via a revolving letter of credit.

The Service Recipient is responsible for providing the site, managing civil works, maintaining green hydrogen certification, and providing utilities like water, power, nitrogen, sewerage and storage facilities. The Service Provider is responsible for the deployment and supervision of requisite personnel at the site, and ensuring compliance with employment laws. The Service Recipient cannot transfer or lease the site without the Service Provider's prior written consent.

The standard contract term is 15 years from the commencement date and is extendable by mutual consent. If commissioning is delayed for reasons not caused by the Service Provider, it is treated as deemed commissioned, triggering the Service Recipient's payment obligations. Additionally, the Service Provider must pass a performance guarantee test within 60 days of procurement of PESO license, failing which monthly payments stand suspended.

Force majeure events automatically extend the contract term for specific durations, though the payment obligation of the Service Recipient is suspended to the extent of reduction of supply/ interruption in services.

The Service Provider's engagement for O&M is irrevocable. The Service Recipient is prohibited from hiring any third party. If the agreement is terminated due to reasons attributable to the Service Recipient, the recipient must pay the remaining balance charges/ a specified portion thereof to the Service Provider.

Analysis indicates that the model leans in favour of the Service Provider. It features a one-sided limitation of liability in favour of the Service Provider. It does not specifically address the issue of losses that may be suffered by the Service Recipient in its downstream contracts on account of breaches by the Service Provider.

That said, the model agreement being non-binding in nature, does offer a valuable benchmark which market participants can customize based on their risk appetite and project specific requirements. Ultimately, it supports the National Green Hydrogen Mission's goal of making India a global green hydrogen hub and achieving net-zero emissions by 2070. By shifting massive upfront capex for setting up electrolyser plant into manageable opex, the EAAS model can fundamentally improve green hydrogen project economics.