To

The Commission Secretary,
Telangana Electricity Regulatory Commission (TGERC),
Vidyut Niyantran Bhavan,
GTS Colony, Kalyan Nagar,
Hyderabad – 500045.

Subject: Objections to the proposed reduction of PM-KUSUM Component-A tariff from ₹3.13/kWh to ₹2.98/kWh and request for tariff enhancement.

Respected Sir,

I respectfully submit this representation as a stakeholder and prospective Solar Power Generator (SPG) under PM-KUSUM Component-A Scheme.

I strongly oppose the proposal to reduce the pre-fixed levelized tariff from ₹3.13/kWh to ₹2.98/kWh. On the contrary, the tariff requires upward revision considering the substantial increase in project costs and financial burden since the tariff was determined in January 2021.

My objections and submissions are as follows:

1. The tariff of ₹3.13/kWh was determined based on cost assumptions prevailing in 2021 and does not reflect present-day market realities.

2. The proposed reduction is based solely on GST reduction from 12% to 5%, whereas GST constitutes only a small component of total project cost.

3. The benefit arising from GST reduction is marginal and cannot justify a tariff reduction of 15 paise per unit.

4. Solar project economics should be evaluated based on total project cost and lifecycle viability rather than a single tax component.

5. Since 2021, inflation has significantly increased the cost of materials, labour, transportation, and services.

6. Land development costs, fencing, internal roads, drainage systems, and site preparation expenses have increased substantially.

7. The prices of transformers, HT equipment, switchgear, cables, and evacuation infrastructure have risen sharply over the last five years.

8. Financial institutions are demanding higher margin money contributions, increasing the capital burden on developers.

9. Interest rates on project loans have increased, resulting in higher debt servicing obligations.

10. Small farmers and rural entrepreneurs participating under PM-KUSUM do not enjoy the financial advantages available to large corporate developers.

11. PM-KUSUM projects are decentralized projects with limited economies of scale and therefore require higher tariff support.

12. The entire risk of project execution, operation, maintenance, and generation performance is borne by the developer.

13. O&M expenses continue to increase every year, while the tariff remains fixed throughout the PPA period.

14. Insurance premiums and security costs have increased considerably due to rising replacement costs and theft risks.

15. Solar projects under PM-KUSUM contribute directly to rural development and farmer income enhancement.

16. Decentralized solar generation reduces technical losses and improves feeder-level efficiency.

17. PM-KUSUM projects reduce the need for expensive transmission infrastructure and associated investments by DISCOMs.

18. These projects help Telangana DISCOMs meet Renewable Purchase Obligation (RPO) targets and avoid future compliance costs.

19. Thermal power procurement costs continue to rise due to increasing coal, transportation, and environmental compliance expenses, whereas PM-KUSUM provides fixed-cost clean energy for 25 years.

20. Reduction of tariff will adversely affect project bankability and may discourage future participation under PM-KUSUM.

21. Regulatory certainty is essential for investor confidence. Any downward revision after developers have planned investments creates uncertainty and undermines confidence in government-backed schemes.

22. The environmental benefits, carbon emission reduction, energy security benefits, and social benefits of decentralized solar generation have not been adequately factored into tariff determination.

23. Telangana is facing increasing electricity demand and PM-KUSUM projects provide affordable daytime power close to agricultural loads.

24. Reduction in tariff may render many approved projects financially unviable and delay achievement of renewable energy targets.

25. The Commission may kindly note that while GST reduction provides only a limited saving, cumulative inflation and financing cost escalation since 2021 have increased project costs by more than 25–30%.

In view of the above facts and circumstances, I humbly request the Hon'ble Commission to:

A. Reject the proposal to reduce the tariff from ₹3.13/kWh to ₹2.98/kWh.

B. Continue the existing tariff of ₹3.13/kWh without any reduction.

C. Consider revising and enhancing the tariff to at least ₹4.00/kWh to reflect current project costs and ensure financial viability.

D. Protect the interests of farmers, small investors, and renewable energy developers participating under PM-KUSUM Component-A Scheme.

I sincerely request the Hon'ble Commission to consider the above submissions in the interest of renewable energy development, farmer welfare, investor confidence, and long-term sustainability of PM-KUSUM projects in Telangana.

Thanking you.

Yours faithfully,
A.Hanumanth