

Respected Sir/Madam,

I, **G. Naresh Kumar**, submit this representation in my personal capacity as a successful developer under the PM-KUSUM Component-A Scheme. Through this email, I wish to place my strongest objections to the petition filed by the DISCOMs seeking to reduce the tariff from **₹3.13/kWh to ₹2.98/kWh** for projects already awarded and covered under executed Power Purchase Agreements (PPAs).

At the outset, I respectfully submit that the proposed tariff reduction is arbitrary, unjust, and contrary to the commitments made by the Government agencies and the DISCOMs during the bidding process. The tariff of **₹3.13 per kWh** was the very basis on which developers participated in the tender, accepted the Letter of Award (LoA), executed the Power Purchase Agreement (PPA), achieved financial closure, availed bank loans, and invested substantial capital towards implementation of the projects.

Today, my project is at an advanced stage of execution and is expected to be commissioned shortly. Every investment made—including expenditure on land development, solar modules, inverters, transformers, module mounting structures, cables, switchgear, civil works and grid infrastructure—has been undertaken entirely on the strength of the agreed tariff of **₹3.13/kWh**. Financial institutions have sanctioned loans after assessing the project's viability based on this tariff. Any reduction at this stage will fundamentally alter the economics of the project, jeopardize debt servicing, and seriously threaten its financial sustainability.

It is respectfully submitted that the tariff of **₹3.13/kWh** was originally determined considering an estimated project cost of approximately **₹3.60 Crores per MW**. However, owing to unprecedented inflation and global economic developments, the actual project cost has now escalated to approximately **₹4.00–4.20 Crores per MW**, representing an increase of nearly **15–20%** over the original assumptions.

This increase has not occurred due to any fault or inefficiency on the part of developers. It has been driven by several unavoidable external factors, including:

- Significant increase in the prices of **copper**, directly affecting transformers, cables, switchgear and other electrical equipment.
- Sharp increase in **silver** prices, an essential raw material used in photovoltaic cell manufacturing, resulting in higher solar module prices.
- Increase in the cost of **structural steel, galvanised steel and aluminium**, substantially raising the cost of module mounting structures and fabrication.
- Depreciation of the Indian Rupee against the US Dollar, which has significantly increased the landed cost of imported solar equipment and electrical components.
- Escalation in freight, logistics, insurance and transportation costs.
- Continuing geopolitical conflicts and global supply chain disruptions that have created inflationary pressures across the renewable energy sector.

Despite these extraordinary cost escalations, developers have not approached the Hon'ble Commission seeking any enhancement of the tariff. Instead, we have absorbed these additional costs entirely at our own risk and continued executing the projects in good faith, demonstrating our commitment to the successful implementation of the PM-KUSUM Scheme and the renewable energy goals of the State.

The increase in project cost from approximately **₹3.60 Crores per MW** to **₹4.00–4.20 Crores per MW** has already placed an enormous financial burden on developers. Under these circumstances, the proposed reduction of the tariff

from **₹3.13/kWh to ₹2.98/kWh** would make many projects financially unviable. The reduction of **₹0.15 per unit** may appear small, but over the 25-year tenure of the PPA it would translate into a loss of several crores of rupees in project revenue. Such a reduction would severely impair debt servicing, reduce cash flows below sustainable levels, adversely affect operation and maintenance of the plants, and increase the risk of loan defaults.

It is therefore deeply concerning that while developers have silently absorbed an increase of nearly **₹40–60 lakhs per MW** in project costs without seeking any relief, the procuring utilities are now seeking to reduce the agreed tariff after developers have already invested substantial capital. Such an approach is manifestly unfair and contrary to the principles of equity and natural justice.

Further, the official information published by **TGREDCO** clearly represented that the tariff discovered under the PM-KUSUM Component-A Scheme would remain applicable for the entire **25-year** duration of the Power Purchase Agreement. This assurance was relied upon by developers, investors and lending institutions while making significant financial commitments. The proposal to alter the tariff after execution of the PPA defeats this legitimate expectation and undermines confidence in Government-backed renewable energy programmes.

The executed Letter of Award and the Power Purchase Agreement constitute legally binding contracts. The tariff agreed therein is one of the fundamental commercial terms of the contract. Once developers have altered their position by making irreversible investments and availing institutional finance, the tariff cannot be unilaterally revised without violating the sanctity of contractual obligations and the principles of fairness that govern public procurement.

If retrospective revisions of agreed tariffs are permitted after projects have reached the commissioning stage, it will create uncertainty across the renewable energy sector and discourage future investment in Telangana. Such actions will adversely affect the confidence of banks, financial institutions, investors and developers in Government procurement processes.

I therefore most respectfully request the Hon'ble Commission to appreciate that the present market conditions, characterised by substantial increases in capital costs, actually justify protection of the originally agreed tariff. Developers have already accepted reduced returns by absorbing unprecedented cost escalations. Any further reduction in tariff would render projects commercially unsustainable and defeat the very objectives of the PM-KUSUM Scheme.

In view of the above facts and circumstances, I most respectfully pray that the Hon'ble Commission may be pleased to:

1. Reject the petition filed by the DISCOMs seeking reduction of the tariff from **₹3.13/kWh to ₹2.98/kWh**.
2. Direct the DISCOMs to honour the tariff of **₹3.13/kWh** as agreed under the Letter of Award and the executed Power Purchase Agreement.
3. Uphold the sanctity of executed contracts and protect the legitimate expectations of developers who have invested substantial capital based on the approved tariff.
4. Safeguard the confidence of investors, financial institutions and renewable energy developers in the State of Telangana by ensuring that contractual commitments are respected.
5. Pass such further order or orders as may be deemed fit and proper in the interest of justice, equity and the successful implementation of the PM-KUSUM Component-A Scheme.

I humbly request the Hon'ble Commission to protect the interests of genuine developers who have invested their life savings, borrowed funds from financial institutions, and worked diligently to implement this important national renewable energy programme in good faith. A retrospective reduction of the agreed tariff at this stage would not only jeopardize individual projects but would also send an adverse signal to the renewable energy sector as a whole.

Thank you for your kind consideration.

Yours faithfully,

G. Naresh Kumar

PM-KUSUM Component-A Solar Power Generator.

