

To

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

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. Rather than reducing the tariff, the Commission should consider enhancement of the tariff to at least ₹4.00/kWh considering the unprecedented increase in project costs, financing costs, and implementation challenges since January 2021.

Strong Objections

1. The tariff of ₹3.13/kWh was determined in January 2021 based on assumptions prevailing more than five years ago.
2. The proposal considers only GST reduction while ignoring all other cost escalations.
3. GST reduction from 12% to 5% affects only a small portion of total project cost.
4. The proposed reduction of 15 paise per unit is disproportionate to actual GST savings.
5. Inflation has increased project costs substantially since 2021.
6. Steel prices used in mounting structures and transmission infrastructure have increased significantly.
7. Aluminium and copper prices used in cables and conductors have increased considerably.
8. Transformer, switchgear, protection equipment and HT infrastructure costs have increased substantially.
9. Labour costs have increased due to inflation and shortage of skilled manpower.
10. Transportation and logistics costs have increased due to higher fuel prices.
11. Land development expenses including leveling, fencing, internal roads and drainage have increased substantially.
12. Solar project insurance premiums have increased considerably.
13. Security and asset protection costs have increased due to rising theft and vandalism risks.
14. Interest rates and borrowing costs have increased, leading to higher loan repayment burdens.
15. Banks are demanding higher margin money contributions, adversely affecting project economics.
16. Processing fees, legal charges, consultancy charges and compliance expenses have increased significantly.
17. PM-KUSUM developers are mostly farmers and small investors and cannot absorb such tariff reductions.
18. Unlike utility-scale projects, PM-KUSUM projects do not enjoy large-scale procurement advantages.
19. PM-KUSUM projects provide decentralized generation directly benefiting rural areas.
20. Decentralized solar generation reduces transmission losses and improves grid efficiency.
21. PM-KUSUM projects reduce dependence on expensive thermal generation.

22. Coal-based power tariffs continue to increase while solar provides fixed-cost energy for 25 years.
23. PM-KUSUM projects help DISCOMs meet Renewable Purchase Obligation (RPO) targets.
24. Reduction in tariff will negatively affect project bankability and loan approvals.
25. The proposed reduction may lead to project cancellations and delays.
26. Developers have already invested substantial amounts in land acquisition, surveys, approvals and project preparation.
27. Many applicants have already paid application fees, EMD amounts and processing charges.
28. Any downward revision after investments have been committed violates the principle of regulatory certainty.
29. Such revisions create uncertainty and discourage future investments in Telangana.
30. Investor confidence in government-backed renewable energy schemes will be adversely affected.
31. PM-KUSUM projects support national energy security and reduce fossil fuel dependence.
32. Environmental benefits and carbon emission reduction have not been adequately valued in tariff determination.
33. Solar projects contribute significantly to climate change mitigation and sustainable development goals.
34. Telangana is experiencing increasing electricity demand and daytime solar generation helps meet agricultural load efficiently.
35. Reduction of tariff may make numerous sanctioned projects financially unviable.
36. O&M expenses continue to increase every year while tariff remains fixed throughout the PPA period.
37. Module degradation over time reduces generation while fixed costs continue.
38. Revenue reduction directly impacts DSCR and loan servicing capability.
39. A reduction of ₹0.15/kWh causes approximately ₹60 lakh loss per MW over the 25-year PPA period.
40. For a 2 MW PM-KUSUM project, the cumulative loss exceeds ₹1.20 crore over the PPA period.
41. Such losses are unsustainable for small and medium investors.
42. The PM-KUSUM Scheme was launched to support farmers and rural entrepreneurs; tariff reduction defeats this objective.
43. The proposed reduction provides negligible benefit to DISCOMs but causes severe hardship to project developers.
44. The long-term public benefits of decentralized solar generation far outweigh the marginal savings from tariff reduction.
45. Instead of reduction, tariff enhancement is justified considering overall cost escalation exceeding 25–30% since 2021.

Prayer

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, rural entrepreneurs and renewable energy developers participating under PM-KUSUM Component-A Scheme.**
- E. Maintain regulatory certainty and investor confidence in Telangana's renewable energy sector.**

I sincerely request the Hon'ble Commission to consider these submissions in the interest of renewable energy development, farmer welfare, investor confidence and successful implementation of PM-KUSUM in Telangana.

Thanking You,

Yours faithfully,

Jyothsna Ishfaq

EPC – Jagtial

PM-KUSUM Stakeholder & Project Developer

Mobile: 9866575315

Email: ishfaqali09@gmail.com