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

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 the 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.

Objections -

1. The tariff of ₹3.13/kWh was determined based on capital cost and financial assumptions prevailing in January 2021 and no longer reflects present market conditions.

2. The proposal for tariff reduction is based primarily on the reduction of GST from 12% to 5%. GST constitutes only a small portion of the overall project cost and cannot be treated as the sole determinant of tariff revision.

3. The marginal saving arising from GST reduction is substantially outweighed by increases in the costs of modules, structures, transformers, switchgear, cables, evacuation facilities, civil works, transportation, labour, insurance, security, and project financing.

4. Since 2021, inflation has significantly increased the total project cost. Industry estimates indicate that overall project costs have escalated by approximately 25–30%, making the existing tariff itself inadequate.

5. Interest rates and financing costs have increased considerably, resulting in higher debt servicing obligations and affecting project viability.

6. Banks and financial institutions are insisting on higher promoter contributions and stricter lending conditions, increasing the capital burden on developers.

7. PM-KUSUM Component-A projects are small, decentralized rural projects with limited economies of scale. Their cost structure differs significantly from large utility-scale solar parks.

8. Developers under PM-KUSUM bear the complete responsibility for land development, statutory approvals, grid connectivity, project execution, operation, maintenance, insurance, and generation risk throughout the project life.

9. Operation and maintenance expenses continue to rise annually, whereas the tariff remains fixed for the entire PPA period without any escalation.

10. Decentralized solar projects reduce technical losses, improve feeder-level reliability, reduce transmission investment requirements, and provide clean daytime power close to agricultural loads.

11. These projects assist Telangana DISCOMs in meeting Renewable Purchase Obligation (RPO) requirements while providing long-term price certainty through fixed-cost renewable energy for 25 years.

12. Any downward revision of tariff after developers have invested substantial time and resources in planning projects undermines regulatory certainty and investor confidence in Government-sponsored renewable energy programmes.

13. The environmental benefits, reduction in carbon emissions, improvement in energy security, rural employment generation, and enhancement of farmer income are important public benefits that should be considered while determining tariff.

14. Under the Electricity Act, 2003, tariff determination should promote renewable energy development, ensure recovery of prudent costs, provide reasonable returns to investors, and safeguard long-term sustainability of renewable energy projects. A tariff reduction based solely on GST reduction does not adequately reflect these statutory objectives.

15. The proposed reduction may adversely affect project bankability, discourage participation by farmers and small entrepreneurs, delay project commissioning, and impede achievement of Telangana's renewable energy targets.

Prayer -

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

A. Reject the proposal to reduce the PM-KUSUM Component-A tariff from ₹3.13/kWh to ₹2.98/kWh.

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

C. Reassess the present capital cost, financing cost, inflation, operation and maintenance expenditure, and overall project economics and suitably enhance the tariff to **at least ₹4.00/kWh** to ensure financial viability and successful implementation of the scheme.

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

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

Place: Kandagatla

Date: 30/06/2026

Yours faithfully,

Maddha Mahesh