Representation to TGERC

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

Subject

Submission of Objections to the Proposed Downward Revision of the Pre-Fixed Levelized Tariff under PM-KUSUM Component-A

Reference

Public Notice dated 23 June 2026 in I.A. No. 4 in O.P. No. 24 of 2020

Respected Sir/Madam,

I respectfully submit this representation as a prospective Solar Power Generator (SPG) under the PM-KUSUM Component-A Scheme in response to the above Public Notice inviting objections and suggestions on the proposal to revise the pre-fixed levelized tariff from ₹3.13/kWh to ₹2.98/kWh.

At the outset, I express my sincere appreciation to the Hon'ble Commission for providing stakeholders an opportunity to place their views on the proposed tariff revision.

After carefully examining the proposal, I respectfully submit that the proposed downward revision of the tariff may not fully reflect the prevailing financial and technical realities associated with PM-KUSUM Component-A projects. While the reduction in GST is undoubtedly a positive development, it represents only one element of the overall project cost. Since the tariff was determined in January 2021, several other cost components have experienced significant escalation, substantially offsetting the benefit arising from the GST reduction.

With utmost respect, I place the following submissions before the Hon'ble Commission for its kind consideration.

SUBMISSIONS

1. The Proposed Downward Revision May Not Fully Reflect the Overall Project Economics

- GST constitutes only one component of the overall project cost.
- The benefit arising from GST reduction is limited to specific project components.
- Overall project economics are influenced by several financial and technical factors.
- GST reduction in isolation may not adequately represent the present-day cost of implementing PM-KUSUM Component-A projects.

2. Significant Escalation in Project Costs Since 2021

- Land development and site preparation
- Boundary fencing
- Internal roads and drainage
- Transformers and HT equipment
- Switchgear and electrical balance of system
- Power cables
- Evacuation infrastructure
- Labour and installation
- Transportation and logistics
- Insurance
- Security arrangements
- Annual Operation & Maintenance expenses

3. Increase in Financing Costs

- Higher lending rates
- Increased promoter contribution requirements
- More stringent lending conditions
- Higher collateral requirements
- Increased debt servicing obligations

4. PM-KUSUM Projects Have Distinct Characteristics

- Decentralized in nature
- Located in rural and dispersed areas
- Smaller in installed capacity
- Dependent upon dedicated evacuation infrastructure
- Comparatively higher per-MW implementation costs

5. Broader Benefits of PM-KUSUM Projects

- Enhancing farmer income
- Promoting decentralized renewable energy
- Reducing feeder-level technical losses

- Strengthening rural power infrastructure
- Supporting Renewable Purchase Obligation (RPO) compliance
- Providing stable, clean energy over the long term

6. Importance of Regulatory Stability

- The tariff approved in 2021 has served as the basis for investment planning and financial arrangements.
- A stable and predictable regulatory framework supports stakeholder confidence and successful implementation of PM-KUSUM.

PRAYER

1. **Not to accept the proposed downward revision of the pre-fixed levelized tariff from ₹3.13/kWh to ₹2.98/kWh.**
2. **Continue the existing tariff of ₹3.13/kWh for projects under PM-KUSUM Component-A.**
3. Take into consideration the cumulative impact of increased project costs, financing costs, infrastructure costs and operation & maintenance expenses.
4. If considered appropriate, kindly consider an appropriate upward revision of the tariff to ensure long-term financial sustainability of PM-KUSUM Component-A projects.
5. Provide stakeholders an opportunity to present their submissions during the scheduled public hearing.

Annexure-I: Indicative Comparison of Project Cost Escalation (2021 vs. 2026)

Cost Component	2021	2026	Indicative Increase
Land development & site preparation	₹4–5 lakh/MW	₹7–10 lakh/MW	50–100%
Boundary fencing	₹3–4 lakh/MW	₹5–7 lakh/MW	50–75%
Transformers & HT equipment	₹10–12 lakh/MW	₹15–20 lakh/MW	40–70%
HT evacuation infrastructure	₹8–10 lakh/MW	₹12–18 lakh/MW	50–80%
Labour & installation	₹6–8 lakh/MW	₹10–15 lakh/MW	60–90%
Annual O&M	₹4–5 lakh/MW/yr	₹6–8 lakh/MW/yr	40–60%

Note: The above figures are indicative industry benchmarks intended to illustrate the broad trend in project cost escalation since 2021.

Thanking You.

Yours faithfully,

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