

To
The Secretary,
Telangana Electricity Regulatory Commission (TGERC)
Hyderabad.

Subject: Objections to the Proposed Reduction of PM-KUSUM Tariff from ₹3.13/kWh to ₹2.98/kWh – Impact on Farmers and Project Viability

Respected Sir,

I am a farmer and beneficiary under the PM-KUSUM Scheme, and I respectfully submit my objections to the proposal seeking reduction of the tariff from ₹3.13/kWh to ₹2.98/kWh.

The PM-KUSUM Scheme was introduced with the objective of providing farmers with a stable and sustainable source of income while promoting renewable energy generation. Like many other farmers, I participated in this scheme based on the tariff approved by the Hon'ble Commission and the assurance provided through the Power Purchase Agreement executed with TGSPDCL.

The approved tariff of ₹3.13/kWh was the foundation on which every important decision relating to the project was made. Based on this tariff, we invested our savings, arranged finances, borrowed from banks, committed our land, and completed the project with the expectation that the approved tariff would remain unchanged throughout the term of the Power Purchase Agreement.

The proposed reduction in tariff, after the execution of the PPA and completion of the project, is deeply concerning. Farmers cannot go back and renegotiate the prices already paid for solar modules, transformers, inverters, steel, aluminium, copper, cables, labour, transportation or civil works. Likewise, banks will not revise the terms of loans already sanctioned based on the approved tariff.

The project has already been established at the actual costs prevailing during implementation, which were significantly higher than those prevailing when the tariff was determined in 2021. During execution, we absorbed increases in module prices, inverter costs due to exchange rate fluctuations, transformer costs, cable costs, labour charges, transportation expenses and financing costs, including additional Interest During Construction arising from delays beyond our control.

Despite these increases, we continued with the project because we relied upon the tariff approved by the Hon'ble Commission. We accepted the risks associated with market fluctuations and honoured our commitments. It is therefore difficult to understand why, after the project has been completed and investments have become irreversible, only one factor—the reduction in GST on solar modules—is proposed to be considered for reducing the tariff.

If the project economics are to be revisited, then fairness demands that all factors affecting project cost be considered. It would be unjust to recognise only one element that may have reduced costs while completely disregarding the much larger increases in the costs of steel, aluminium, copper, transformers, electrical equipment, labour, transportation, financing and other essential components of the project.

More importantly, the proposed reduction raises a serious issue of fairness and trust. Farmers participated in the PM-KUSUM Scheme because they believed that the commitments made under the scheme, including the tariff approved by the Hon'ble Commission, would provide certainty and enable them to recover their investment over the life of the project. Changing the tariff after investments have already been made alters the financial basis on which farmers entered the scheme and places an unforeseen burden on them.

The bank loans obtained for these projects were sanctioned based on the projected revenue from the approved tariff of ₹3.13/kWh. The repayment schedules, cash flow projections and financial viability of the projects were assessed on this basis. Any reduction in tariff would directly affect our ability to service these loans and would reduce the already modest returns expected from the project.

The PM-KUSUM Scheme was conceived as a farmer-centric initiative to enhance rural income and encourage clean energy generation. A retrospective reduction in tariff would undermine these objectives and create uncertainty for farmers who have invested in good faith. It would also send a discouraging signal to other farmers considering participation in future renewable energy programmes.

The confidence of farmers in government-backed schemes depends upon the stability and predictability of regulatory decisions. If tariffs approved by the Hon'ble Commission can be reduced after PPAs have been executed and projects have been completed, it may discourage participation in future initiatives and weaken the credibility of such programmes.

I therefore humbly request the Hon'ble Commission to:

1. Reject the proposal to reduce the approved tariff from ₹3.13/kWh to ₹2.98/kWh.
2. Protect the interests of farmers who have invested in reliance on the Commission's tariff order and executed Power Purchase Agreements.
3. Ensure that the financial viability of PM-KUSUM projects is preserved.
4. Uphold the principles of fairness, regulatory certainty and the legitimate expectations of farmers participating in government-sponsored renewable energy schemes.
5. Continue the approved tariff of ₹3.13/kWh for the duration of the executed Power Purchase Agreements.

I respectfully request that these objections be taken on record and duly considered during the public hearing.

Thanking you.

Yours faithfully,

V. Raja Rajeswari
PM-KUSUM Beneficiary Farmer