

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 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**. Instead of reducing the tariff, I humbly request the Hon'ble Commission to revise and enhance the tariff to **at least ₹4.00/kWh**, considering the present market conditions and the financial realities of implementing PM-KUSUM projects.

My objections are as follows:

**1. Tariff Based on Outdated 2021 Cost Assumptions**

The existing tariff of ₹3.13/kWh was determined in January 2021. Since then, inflation and market conditions have changed drastically. The tariff no longer reflects the actual capital and operating costs of establishing a solar project in 2026.

**2. GST Reduction Alone Cannot Determine Tariff**

The proposed reduction is based solely on the reduction of GST from 12% to 5%. GST constitutes only a small portion of the total project cost. Tariff determination should consider the complete project cost and not a single tax component.

**3. Massive Increase in Project Cost Since 2021**

Prices of solar structures, transformers, HT equipment, cables, conductors, fencing, civil works, labour, transportation and installation have increased substantially during the last five years, more than offsetting any GST savings.

**4. Increased Bank Interest and Financing Cost**

Developers are now paying higher interest rates and are required to contribute higher margin money. Banks have become stricter in financing renewable energy projects, increasing the financial burden on farmers and small investors.

**5. Tariff Reduction Will Make Projects Financially Unviable**

A reduction of **₹0.15 per unit** will result in an estimated loss of approximately **₹60 lakh per MW over the 25-year PPA period**, severely affecting project viability, loan repayment capacity and long-term sustainability.

**6. PM-KUSUM is a Farmer Welfare Scheme**

The primary objective of PM-KUSUM is to improve farmers' income and promote decentralized renewable energy. Tariff reduction directly contradicts the objectives of the scheme by reducing the income of participating farmers and rural entrepreneurs.

**7. Investor Confidence Must Be Protected**

Many developers have already invested significant amounts towards land, surveys, approvals, consultancy, application fees, bank processing charges and project development based on the approved tariff. Any downward revision after such

investments undermines regulatory certainty and investor confidence.

## **8. Decentralized Solar Provides Long-Term Benefits to DISCOMs**

PM-KUSUM projects reduce transmission losses, improve feeder reliability, reduce dependence on costly thermal power, strengthen rural power supply and help DISCOMs meet Renewable Purchase Obligation (RPO) targets. These long-term benefits should be recognized in tariff determination.

## **9. Inflation and Cost Escalation Far Exceed GST Savings**

While GST reduction provides only a limited one-time saving, cumulative inflation, increased financing costs, higher insurance premiums, increased operation and maintenance expenses and rising material costs have increased total project costs by more than 25–30% since 2021.

## **10. Tariff Enhancement is Necessary for Sustainable Renewable Energy Development**

Considering the present economic conditions, increased project costs, higher financing expenses and the need to encourage farmers and private participation in renewable energy, the Hon'ble Commission is requested to enhance the tariff to **₹4.00/kWh** instead of reducing it. Such a revision will ensure financial viability, timely project implementation, greater investor confidence and successful achievement of Telangana's renewable energy goals.

## **Prayer**

In view of the above submissions, I most respectfully pray that the Hon'ble Commission may kindly:

1. Reject the proposal to reduce the tariff from **₹3.13/kWh to ₹2.98/kWh**.
2. Continue the existing tariff of **₹3.13/kWh** until a comprehensive cost review is undertaken.
3. Revise and enhance the tariff to **₹4.00/kWh** considering present-day project costs and inflation.
4. Protect the interests of farmers, small investors and renewable energy developers under the PM-KUSUM Scheme.
5. Ensure regulatory certainty and promote sustainable renewable energy development in Telangana.

I sincerely request the Hon'ble Commission to consider this representation in the interest of farmer welfare, renewable energy promotion, investor confidence and the successful implementation of PM-KUSUM Component-A in Telangana.

**Thanking You.**

**Yours faithfully,**

**jyothsna ishfaq**

PM-KUSUM Solar Project farmer

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