

Primary Agricultural Co-Operative Society Ltd., Nandimedaram

(Regd. No. 166/TQ), Mdl. Dharmaram, Dist. Peddapalli(Telangana State) - 505 416.

ప్రాథమిక వ్యవసాయ సహకార సంఘం లిమిటెడ్, నందిమేడారం

మం॥ ధర్మారం, జి॥ పెద్దపల్లి(తెలంగాణ)-505 416.

Person Incharge



Secretary

తేది 30.06.2026

From

The Secretary,

Primary Agricultural Cooperative Society Ltd., Nandimedaram.

To,

The Commission Secretary,

Telangana Electricity Regulatory Commission (TGERC),

Vidyut Niyamtran Bhavan, GTS Colony, Kalyan Nagar,

Hyderabad – 500045.

Sub: Objections against the proposed reduction of PM-KUSUM Component-A tariff from ₹3.13/kWh to ₹2.98/kWh – Request for rejection of petition – Submitted by PACS, Nandimedaram – Reg.

Ref: I.A. No. 4 in O.P. No. 24 of 2020 – Public Notice dated 23.06.2026

Respected Sir,

The **Primary Agricultural Cooperative Society Ltd., Nandimedaram**, representing farmer members and rural stakeholders, hereby submits its **strong objections** to the Interlocutory Application filed by TGDISCOMs seeking reduction of the pre-fixed levelized tariff from **₹3.13/kWh to ₹2.98/kWh** under Component-A of the PM-KUSUM Scheme.

At the outset, the Society **strongly opposes the proposed tariff reduction** and submits that the same is **unjustified, detrimental to rural cooperative institutions, and liable to be rejected**.

1. Adverse Impact on Financial Sustainability of PACS

The Society and its members have undertaken solar power projects based on the assured tariff of ₹3.13/kWh. These projects involve:

- Substantial capital investment
- Institutional borrowings and loan liabilities
- Long-term financial commitments

Any reduction in tariff at this stage will:

- Disturb financial projections
- Affect loan servicing capacity
- Lead to financial instability of cooperative institutions

2. Inadequate Justification under “Change in Law”

The proposed reduction citing GST revision is not tenable, as:

- The marginal benefit of GST reduction is outweighed by **significant increase in capital costs**
- Prices of solar modules, inverters, steel, and other materials have **substantially escalated**
- “Change in Law” provisions are intended to **protect developers**, not reduce their returns

3. High Cost of Financing for Cooperative Sector

Unlike large developers, PACS:

- Depend on **commercial bank financing at higher interest rates**
- Do not have access to low-cost institutional or international funding

The reduced tariff will:

- Erode repayment capacity
- Increase financial burden on cooperative institutions
- Affect creditworthiness of PACS

4. Escalation in O&M and Rural Infrastructure Costs

Solar projects established in rural areas incur:

- High land development and site preparation costs
- Expenses for grid connectivity and infrastructure
- Recurring O&M costs including water, labour, and security

These costs have increased considerably and are not reflected in the proposed tariff.

5. Violation of Regulatory Certainty

The tariff of ₹3.13/kWh was a **pre-determined levelized tariff**, forming the basis for investment decisions. Any revision:

- Undermines **regulatory stability and certainty**
- Negatively impacts investor confidence
- Discourages participation of cooperative institutions in renewable energy projects

6. Against the Objectives of PM-KUSUM Scheme

The PM-KUSUM scheme aims to:

- Strengthen rural economy
- Provide sustainable income to farmers
- Promote decentralized renewable energy

The proposed tariff reduction:

- Adversely affects farmer income
- Discourages cooperative participation
- Undermines the objectives of the scheme

Prayer

In view of the above, the Society humbly requests the Hon'ble Commission to:

1. **Reject the petition filed by TGDISCOMs** for reduction of tariff to ₹2.98/kWh;
2. **Retain the existing tariff of ₹3.13/kWh** for all approved and ongoing projects; and
3. **Consider upward revision of tariff**, if deemed appropriate, taking into account prevailing market conditions, cost escalation, and financial realities of rural cooperative institutions.

Conclusion

The proposed tariff reduction is detrimental to the interests of PACS and farmer stakeholders. It is therefore requested that the Hon'ble Commission take a considerate view and **safeguard the viability of cooperative solar projects by rejecting the proposed reduction.**

Yours faithfully,

R. Mellem

Secretary

PACS Ltd., Nandimedaram.

Primary Agricultural Cooperative Society
Ltd., Nandimedaram