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SBEL/TS/04

Date: 18th April 2025

To
The Commission Secretary/TGERC,
Vidyut Niyantran Bhavan, Sy.No.145-P, G.T.S. Colony,
Kalyan Nagar, Hyderabad 500 045. Email id: secy@tserc.gov.in

Dear Sir,

Subject: Updated Submission Post Public Hearing – Additional Views on Petition filed by TGDISCOMs for Procurement of 4000 MW (including 1000 MW for Women SHGs under INDIRA MAHILA SHAKTI Scheme) and Draft Model PPA under Component-A of PM-KUSUM Scheme (OP No. 32/2025)

Ref: SBEL/TS/02 dated 16th April 2025 and SBEL/TS/03 dated 17th April 2025

At the kind invitation of the Hon'ble Commission, I had the privilege of presenting our written submissions and additional views in person during the Public Hearing held today on the above matter. I am grateful for the opportunity and for the Hon'ble Chairman's advice to place these supplementary points in writing.

I. Tariff Justification Based on RERC Benchmark (March 2025)

During the hearing, a query was raised regarding whether the tariff determined in 2011 would be higher or lower if recalculated based on today's costs.

We wish to humbly submit the following:

- The Rajasthan Electricity Regulatory Commission (RERC) has recently issued a tariff order on 25.03.2025, fixing the tariff at Rs. 3.04/unit for PM-KUSUM projects.
- Rajasthan, however, has significantly higher solar radiation (5.5 to 6.2 kWh/m2/day) compared to Telangana's 5.0 to 5.5 kWh/m2/day.
- Based on a 10% irradiation adjustment, a fair tariff for Telangana would be: **Rs. 3.04 + 10% = Rs. 3.34/unit**, which is **higher** than the currently proposed Rs. 3.13/unit.
- **This supports our earlier request to revise the tariff upward for Telangana.**

II. Farmer Payback Period & Scheme Attractiveness

- Even with the Rs. 3.13 tariff, our calculations show that farmers face a payback period of 14-15 years on their solar investments. Given that PM-KUSUM Component-A does not offer upfront subsidies to farmers, this long payback period is not attractive enough to encourage wide participation.

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III. Clarification: PM-KUSUM Component-A vs Component-C

To aid policy clarity, we present the following comparative analysis:

Aspect	Component-A	Component-C
Land	Farmer's private land	Government-leased land
Modules	ALMM (Indian modules; cells can be imported)	DCR (modules & cells made in India)
Generation	Higher (3-5% more due to higher-efficiency ALMM modules)	Lower generation due to lower-efficiency DCR modules
Subsidy	No subsidy to farmers	Subsidy of Rs. 1.05 Cr/MW from MNRE
Tariff Bidding	Not required	Competitive bidding (at district level, pooled capacity)
Scale	Small (0.5 to 2 MW)	Large (50 to 200 MW per bid package)
Beneficiaries	Direct farmer developers	Large developers; not a farmer-oriented scheme
Project Cost	Lower	Higher
DCR Cost Impact	Not applicable	Rs. 1.23 Cr/MW higher (incl. GST)

Observation: PM-KUSUM-C is not aligned with the ethos of farmer-centric development. Component-A is more equitable, economical, and efficient in terms of land use, costs, and distributed benefits.

Moreover, as per MNRE "*Amendment ALMM Order for implementation of ALMM for Solar Cells*" Ref. No. 283/59/2024-GRID SOLAR Dt. 9th December, 2024, from June 1, 2026, all solar PV modules used in projects – including government-backed schemes, net-metering projects, and open access renewable energy initiatives – will be required to source their solar cells from ALMM List-II.

With the current higher prices of DCR modules, we expect the capital cost for all solar projects including PM KUSUM Component A are expected to go up and the tariff's would accordingly be higher than the current rates.

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IV. Project Timeline Pressure & Cost Escalation Risk

- The December 2025 deadline for commissioning leaves farmers with only a short window for implementation. The upcoming four-month monsoon season (June-September) further restricts effective working time to 3 months.
- This compressed timeline could:
  - Severely strain local and national supply chains for modules, inverters, structures, transformers, labour, civil works, etc.
  - Lead to cost escalation across components.
- **Request:** In light of both the short implementation window and the MNRE's upcoming DCR mandate (from June 1, 2026), we urge the Hon'ble Commission to **expedite tariff ratification** to enable timely project execution.

V. Divergence of Draft TGDISCOM PPA from MNRE Guidelines – Requests for Alignment

We respectfully submit that several clauses in the draft PPA proposed by TGDISCOMs appear to diverge from the original intent and structure laid out by MNRE under its PM-KUSUM Scheme guidelines dated 22nd July 2019. These deviations may inadvertently increase procedural complexity or financial burden for farmer-based solar generators. We submit the following observations for the Hon'ble Commission's kind consideration:

A. Clause 7.3.2 – Remote Monitoring System (RMS) Requirement

"Remote Monitoring System (RMS) shall have to be made by the SPG for submission of data regularly for the entire period of the PPA... to TGDISCOM / SLDC / TGREDCO / MNRE."

- RMS on a 11 kV line serving small (0.5–2 MW) farmer projects is neither cost-effective nor necessary.
- Existing metering systems and central MNRE data portals already provide sufficient performance tracking.

Request: Kindly consider deletion of this clause or make it optional for small-scale developers.

B. CUF Mandate and Associated Penalties in Draft PPA

MNRE Guidelines (Ref. F.No.32/645/2017-SPV Division dated 22nd July 2019), under Clause (f) of Section A, state:
"The Renewable Power Generator (RPG) is required to achieve a minimum CUF of 15% on an annual basis during the PPA period."

However, the draft PPA issued by TGDISCOMs mandates:

- Clause 4.3.2: CUF of 19% with only +10% excess allowed for the first 10 years.
- Clause 4.3.3: Pro-rata limits in Year 1; relaxation only for grid non-availability.
- Clause 4.3.4: 25% penalty on PPA tariff for shortfall in CUF.

These clauses contradict MNRE guidelines and impose overly stringent expectations that are not aligned with actual performance patterns of small farmer-owned plants.

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Request:

- Revise CUF obligation to 15%, as prescribed by MNRE.
- Remove penalties for under-generation or excess generation.
- Encourage farmer participation by keeping provisions flexible, in line with national policy.

C. Clause (d) of MNRE Guidelines – Substation Sharing for Multiple Developers

MNRE guidelines also allow:
"In case more than one bidder is awarded projects to be connected to the same substation, they shall be permitted to coordinate with each other for setting up common transmission line... with the approval of DISCOM."

Many farmers raised this query during TGREDCO's orientation sessions, but no circular or written clarification has been issued by TGDISCOMs to date.

Request: TGREDCO and TGDISCOMs may kindly be advised to publish FAQs and implementation guidelines clarifying coordination mechanisms, line-sharing arrangements, and approvals on their portals.

D. Overall Request for Harmonization

To promote inclusive participation and ease of doing business, we urge the Hon'ble Commission to:

- Align Telangana's PPA structure with MNRE's notified guidelines.
- Minimize deviations that could discourage farmer-led decentralised solar development.
- Ensure transparency and consistency in communication through circulars and digital platforms.

VI. Request for Monthly Coordination Committee to Support Farmer-SPGs

While we deeply appreciate the Telangana Government's initiative in launching this scheme and empowering farmers to become first-time renewable energy entrepreneurs, we would like to highlight a practical challenge:

- Many of these farmer-SPGs may lack the prior exposure, knowledge, or institutional familiarity to approach senior officials such as the CMDs of DISCOMs or the VCMD of TGREDCO to resolve operational hurdles.
- With only 0.5 MW to 2 MW capacity projects and tight implementation timelines, even small delays in clearances, approvals, or technical support can impact viability and confidence.

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Request:
We respectfully urge the Hon'ble Commission to advise **TGREDCO to constitute a Coordination Committee** comprising:

- Senior officials from TGREDCO and TGDISCOMs
- Representatives from **Telangana Solar Energy Association (TSEA)**
- Representatives from **Federation of Telangana Chambers of Commerce & Industry (FTCCI)**
- Other relevant stakeholders as deemed fit

We further request that this **Coordination Committee convene at least once a month** to:

- Review field-level issues raised by SPGs/farmers
- Facilitate timely redressal of implementation bottlenecks
- Ensure alignment between policy intent and on-ground execution

This Coordination Committee would serve as a vital support mechanism for farmer-SPGs and small developers.

It would reinforce the state's vision of inclusive, decentralized, and participatory solar development under PM-KUSUM.

VII. Closing Remarks

We once again thank the Hon'ble Commission for enabling stakeholder participation and for considering these additional points as part of the final decision-making process.

Warm regards,

K. Srinivas
CEO, SolarBull Energy LLP
Co-Chair – Energy Committee, FTCCI
Jt. Secretary – Telangana Solar Energy Association (TSEA)