STAR WIRE (INDIA) VIDYUT PVT. LTD.

The Secretary,
Central Electricity Regulatory Commission (CERC),
3rd & 4th Floor, Chanderlok Building,
36, Janpath, New Delhi – 110001

Subject: Submission of Comments/Suggestions on Draft Discussion Paper for Determination of Generic Tariff for Renewable Energy Sources for FY 2026-27 – Regarding Revision of Normative Biomass Fuel Cost

Respected Sir,

With reference to the Draft Discussion Paper issued by the Hon'ble Central Electricity Regulatory Commission (CERC) for determination of generic tariff for Renewable Energy Sources for FY 2026-27, we hereby submit our comments and suggestions regarding the proposed normative biomass fuel cost.

At the outset, we appreciate the efforts of the Hon'ble Commission in undertaking the tariff determination exercise for renewable energy projects. However, we respectfully submit that the proposed normative biomass fuel cost does not adequately represent the prevailing market conditions and the actual landed cost incurred by biomass-based generating stations operating in Haryana and Rajasthan.

The Hon'ble Commission has proposed a biomass fuel cost of ₹4,852/MT for Haryana for FY 2026-27 by applying the normative escalation factor applicable under the existing methodology. However, the actual escalation in biomass procurement cost during the last financial year has been substantially higher due to continuous increase in diesel prices, transportation charges, statutory labour wages, agricultural machinery hiring charges, baling expenses, storage costs, inflation and increased competition for biomass fuel. The existing approach of applying a uniform escalation factor does not adequately capture the actual market conditions affecting biomass procurement.

During FY 2025-26 and FY 2026-27, diesel prices have increased significantly, directly impacting the complete biomass supply chain. Diesel is a major input for tractors, balers, loaders and transportation vehicles used for collection of agricultural residue from fields, movement to aggregation centres and transportation to the generating station. In Haryana, diesel prices have increased from around ₹88 per litre during FY 2025-26 to approximately ₹95–96 per litre during FY 2026-27, resulting in an increase of approximately ₹7–8 per litre. This approximately 10% increase has directly resulted in escalation of freight rates, tractor hiring charges, vehicle maintenance costs, tyre expenses, lubricant costs and other logistics expenses.

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The impact of diesel price escalation is even higher in Rajasthan due to the geographical spread of biomass resources and longer transportation distances. Unlike Haryana, where biomass availability is relatively concentrated in agricultural regions, Rajasthan biomass generators are required to procure fuel from distant locations due to scattered availability of agricultural residue. The higher transportation radius, increased fuel handling requirements and additional storage challenges result in higher landed biomass cost in Rajasthan. Therefore, Rajasthan biomass projects require separate consideration and should not be equated with Haryana while determining normative fuel cost.

Further, biomass procurement is a highly labour-intensive activity involving collection, segregation, baling, loading, unloading, stacking and storage of agricultural residue. The revision of statutory minimum wages has resulted in substantial increase in labour expenditure. In Haryana, the minimum wages applicable from 1 April 2026 have increased to approximately ₹15,220.71 per month for unskilled workers, ₹16,780.74 per month for semi-skilled workers, ₹18,500.81 per month for skilled workers and ₹19,425.85 per month for highly skilled workers. Similar revisions in minimum wages have also taken place in Rajasthan. These statutory increases have directly increased biomass handling and procurement costs.

The cost of agricultural operations has also increased considerably in both Haryana and Rajasthan. Tractor, trolley, baler and loader hiring charges have increased due to higher diesel consumption, increased maintenance expenses, higher spare part prices, tyres, lubricants and operator charges. Baling contractors have revised their rates due to increased operating costs, manpower expenses and machinery maintenance costs. Loading and unloading charges have also increased due to higher labour wages and shortage of manpower during harvesting seasons.

The demand for biomass has increased substantially due to growth of biomass pellet manufacturing units, Compressed Bio-Gas (CBG) projects, industrial boilers and biomass co-firing requirements in thermal power plants. The increased competition for agricultural residue has resulted in significant escalation in biomass market prices. Biomass-based generating stations are therefore required to procure fuel at substantially higher rates to ensure uninterrupted generation.

Further, biomass being a seasonal fuel requires advance procurement and storage during harvesting periods. Generators are required to maintain adequate inventory throughout the year, resulting in additional expenditure towards storage land, covered storage facilities, fire protection arrangements, security, repeated handling, moisture protection and inventory losses.

For STAR WIRE (INDIA) VIRYAT PVT. LTD.

Director

These costs are particularly higher in Rajasthan due to climatic conditions and longer storage requirements.

Considering the above factors, the proposed biomass fuel cost does not reflect the realistic landed cost of biomass at the generating station. The following fuel cost levels are suggested for FY 2026-27:

State	Suggested Fuel Cost	
Haryana	5337	₹/MT
Rajasthan	4659	₹/MT

The above suggested fuel costs have been derived considering the actual escalation in diesel prices, transportation expenses, labour costs, agricultural machinery charges, storage expenses and prevailing biomass market conditions.

Further, instead of applying a fixed escalation factor, it is suggested that the Commission may adopt a fuel cost escalation mechanism linked with actual cost drivers. The suggested escalation methodology may consider:

- Diesel Price Index – 60% weightage;
- Labour Wage/CPI Index – 40% weightage;

Alternatively, considering the continuous increase in biomass procurement costs, an annual escalation factor of minimum 8-10% per annum may be considered for biomass fuel cost determination.

A realistic determination of biomass fuel cost is essential for ensuring the financial viability of existing biomass power projects and for achieving the renewable energy objectives of the Government of India. The proposed normative fuel cost should therefore reflect actual market conditions rather than only applying a general escalation factor.

For STAR WIRE (INDIA) VIDYUT PVT. LTD.

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In view of the above, we respectfully request the Hon'ble Commission to kindly reconsider the proposed biomass fuel cost for FY 2026-27 and suitably revise the same by considering state-specific conditions of Haryana and Rajasthan along with actual cost escalation factors affecting biomass procurement.

Thanking you,

Yours faithfully,

For Star Wire India Vidyut Pvt Ltd

FOR STAR WIRE (INDIA) VIDYUT PVT. LTD.

Director

Varun Todi
Director