Renewable Energy Developers Association of Karnataka

Ref. No: REDAK/BNG/2026-27/ 17 Date: 21.07.2026

To,
The Secretary,
CENTRAL ELECTRICITY REGULATORY COMMISSION
6th, 7th & 8th Floors, Tower B, World Trade Centre,
Nauroji Nagar, New Delhi- 110029
Tele No.: 011- 26189709, Fax:011-20904365

Dear Sir,

Sub: Determination of levellised generic tariff for the third year of Control Period (FY 2026-27) under Regulation 8 of the Central Electricity Regulatory Commission (Terms and Conditions for Tariff determination from Renewable Energy Sources) Regulations, 2024.

Ref: No. RA-14026(11)/4/2023-CERC Dated: 03.07.2026

With reference to the above, we, **Renewable Energy Developers Association of Karnataka,** is a Group of Renewable Energy Generators engaged in the business of power generation.

We are submitting our comments/ suggestions/ objections are as below.

1. Regarding Tarif Fixation, The Central Financial Assistance (CFA) proposed by MNRE is intended to be passed on to the consumer. There is no incentive for the developers for the risk and initiative taken for the project development. On the contrary in case of non receipt of subsidy or short payment of royalty for whatever reason, the promoter will in turn incur loss, for short receipt of subsidy for no fault of his, and for reasons beyond his control. While the policy paper for CFA , as per the MNRE the CFA is proposed *"to reduce the tariff of SHP generated electricity, making it more competitive and affordable to DISCOMs/States Government, ultimately benefiting consumers"*.

2. In this regard your kind attention may be drawn to the Generation based incentive at 50 paise of generated energy subject to a cap amount, was made available to wind projects in early 2010. This incentive was purely a reward for the developer and it was not to be passed on to the consumer or DISCOM.

3. **To get the MNRE subsidy, following eligibilities are to be fulfilled and it will take more time. Hydropower Projects can't be completed within the time limit due to site condition, remote area, forest & Transmission corridor issue.**

For Renewable Energy Developers Association of Karnataka.

Authorised Signatory

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- The projects must be allotted through a transparent and competitive bidding process to the Project developers.
- In cases where competitive bidding is attempted but does not produce successful outcomes, the project may be allotted to the Government Sector entity/department on a nomination basis.
- To be eligible under the scheme, the project must have obtained following clearances/NOC (as applicable):
- Forest Clearance (FC)
- Techno-economic clearance from the state/UT Government or its designated agency.
- NOC from the State/UT Pollution Control Board (SPCB).
- NOC from Fisheries Department.
- Grid Connectivity Approval from the State Transmission Utility (STU).
- NOC from local bodies / Gram Panchayat.
- NOC from irrigation Department wherever applicable.
- Wildlife Clearance wherever applicable.
- Any other NoC and clearances as specified by the concerned State Government/UTs/ Central Government.

4. In Karnataka, Hydropower Project allotment are done for 30 years.

5. The project implementation may get delayed, or capacity achieved may be less than estimated capacity, or project may not achieve intended generation for whatsoever the reason, resulting in short receipt of CFA as per the Policy guidelines.

6. The developer puts in lot of efforts and carry project risk in developing the project.

7. The project developer shall not be used as a conduit to pass on 100% of the subsidy to the DISCOM, while collecting the subsidy is left to the risk of the developer.

8. In Karnataka, as per KERC guidelines for more than 20 years, when CDM mechanism started, the Sharing of Clean Development Mechanism (CDM) is as follows:
   - 1st Year 100% for developer,
   - In the 2nd year 90% for developer & 10% for DISCOM, which shall be progressively increased by 10% every year till it reaches 50%.

9. In view of the above, we earnestly suggest the following:
   a. The tariff shall be fixed for projects separately
      (i) with CFA
      (ii) and without considering CFA.

   b. The reduced tariff as determined in para above shall be effective from the month following the actual disbursement of full CFA

   c. The CFA/ subsidy shall be shared between the developers and the tariff in the ratio of 50:50. Ie., Only 50% of the subsidy shall be considered for set off

against capital cost of the project. Balance 50% shall go to the term loan account and shall be set off against the last of their instalments payable as per MNRE guidelines.

d. Since in Karnataka and other states, the projects are being given out for 30 years only, depreciation shall be considered only for 30 years, and tariffs to be determined. KERC is following this, Policy.

e. A provision may have to be made for a percentage of the capital cost for lumpsum provision for major capital expenditure, aggregating to atleast 10% of the capital cost at the end of 20 years, to keep the project running efficiently. It may spent in the last 10 years subject to project operating condition.

f. In Karnataka, KERC is determining the tariff considering project life of 30 years but the PPA tariff will be revised downwards to 85% of the previous tariff, at the time of renewing the PPA at the end of 20 years. All PPAs in Karnataka are facing this difficulty without any way out.

g. Since the O&M costs are spiralling, due to higher inflation rate than envisaged, the margin left out for the developers are dropping and in case of projects of PPA of 40 years, tariff is resulting in negative surplus after 30 years of operation. This issue needs to be addressed after 30 years of operation, by review of tariff.

10. In Karnataka, there is no Policy for Feed-in tariff for the last 10 years. This needs to be recommended to use CERC recommended Tariff.

Thanking you,

Sincerely.
For **Renewable Energy Developers Association of Karnataka.**

For Renewable Energy Developers Association of Karnataka.

Raghuraj Gujjar.
Vice President.

Authorised Signatory