

Respect Sir/Madam,

I respectfully submit this representation as a Solar Power Generator (SPG) under PM-KUSUM Component-A.

I have established my solar power project after investing substantial personal resources and arranging institutional finance solely on the basis of the tariff determined by this Hon'ble Commission and the Power Purchase Agreement executed with the Distribution Licensee.

The proposed reduction of tariff is legally unsustainable, financially detrimental and contrary to the very objectives of the PM-KUSUM Scheme.

My detailed submissions are as follows.

I. Tariff Determination Was Based on Existing GST Structure

The tariff of ₹3.13/kWh was determined after considering the benchmark capital cost prevailing during FY 2020-21.

At that time, GST applicable on eligible solar equipment was already 5%.

Therefore, the present GST reduction merely restores the same tax structure that already existed while determining the benchmark tariff.

No fresh financial advantage has arisen that can legally justify reduction of tariff.

Consequently, the very foundation of the proposed tariff reduction is factually incorrect.

II. Overall Project Cost Has Increased Significantly

The proposal wrongly assumes that reduction in GST automatically results in reduction of overall project cost.

In reality, project expenditure consists of numerous components including:

- Land development
- Civil works
- Foundations
- Steel structures
- Solar mounting structures
- Internal roads
- Labour charges
- Transportation
- Power transformer
- Metering equipment
- Transmission line
- Evacuation infrastructure
- Bay extension

- Insurance
- Bank processing charges
- Interest During Construction (IDC)
- Security arrangements
- Operation & Maintenance
- Inflation affecting all construction materials

Most of these costs have increased substantially since 2021.

Therefore, no reasonable conclusion can be drawn that overall project cost has decreased.

III. Financial Closure Has Already Been Achieved

Financial institutions evaluated the project exclusively on the basis of the approved tariff of ₹3.13/kWh.

Loan sanction, projected cash flow, repayment schedule, Debt Service Coverage Ratio (DSCR), Internal Rate of Return (IRR), and project viability were all determined using the approved tariff.

Any reduction after financial closure would fundamentally alter the economics of the project and adversely affect repayment capacity.

Such a change may even expose farmers to loan defaults despite no fault on their part.

IV. Binding Nature of Executed Power Purchase Agreement

The executed Power Purchase Agreement constitutes a valid and legally enforceable contract.

The tariff forms one of its essential contractual terms.

After execution, neither contracting party should be permitted to alter the agreed commercial consideration unilaterally.

Such alteration would undermine certainty and commercial confidence.

V. Sanctity of Contract

Contractual certainty forms the foundation of commercial transactions.

Farmers entered into long-term investments relying upon Government policy, Commission Orders and executed contractual commitments.

If tariff is reduced after execution of contracts, confidence in future Government-backed renewable energy programmes will be severely damaged.

VI. Legitimate Expectation

The Government, through PM-KUSUM, invited farmers to establish renewable energy projects.

The Commission determined the tariff.

The Distribution Licensee executed the PPA.

Banks sanctioned loans.

Farmers invested crores of rupees.

These cumulative actions created a legitimate expectation that the approved tariff would remain available throughout the contractual period.

Changing that expectation after investments have already been made would be manifestly unfair.

VII. Promissory Estoppel

The entire investment decision was induced by Government policy and regulatory assurances.

Farmers altered their financial position relying upon those representations.

Once citizens have acted upon such promises and incurred irreversible financial obligations, the underlying economic basis should not subsequently be withdrawn to their prejudice.

VIII. Uniform Tariff Reduction Is Arbitrary

Every solar project differs with respect to:

- Procurement dates
- Equipment prices
- Financing cost
- Transportation expenses
- Construction schedule
- Vendor quotations
- Interest burden

Therefore, assuming an identical capital cost reduction across every project is arbitrary and unsupported by actual evidence.

Any determination without project-wise verification would be fundamentally unfair.

IX. Equality and Fairness

Projects established under entirely different commercial conditions cannot reasonably be treated as identical.

Uniform reduction without examining actual facts would ignore material differences among individual projects.

Regulatory decisions should always be based upon actual evidence rather than assumptions.

X. Objectives of PM-KUSUM

The PM-KUSUM Scheme was introduced primarily to:

- Enhance farmers' income.
- Promote decentralized renewable energy.
- Encourage long-term rural investment.
- Improve energy security.

Reducing tariff after investments have already been made directly undermines these objectives.

Instead of encouraging participation, it discourages future investment by farmers.

XI. Public Interest

Renewable energy investments require regulatory certainty.

Banks finance projects only because approved tariffs remain predictable.

If tariffs are altered after execution of contracts, investor confidence, banking confidence and future renewable investments will suffer.

Maintaining contractual certainty is therefore in larger public interest.

XII. Prayer

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

1. Reject the proposal seeking reduction of the pre-fixed tariff from ₹3.13/kWh to ₹2.98/kWh.
2. Continue the existing tariff of ₹3.13/kWh for all executed PM-KUSUM Component-A projects.
3. Take into consideration the substantial increase in actual project costs while deciding the matter.
4. Protect the legitimate expectations of farmers who have already invested based on the approved tariff.
5. Pass such further order(s) as may be deemed fit in the interest of justice, equity and public interest.

Yours Faithfully

Name : AKULA CHINNA GANGARAM

Application No. :

PPA No. : 114/2025

Capacity : 1 MW

Village : Muchkur

Mandal: Bheemgal

District : Nizamabad

Mobile No. : 9010661512

Date :30/06/2026