

To,

Date: 24 June 2026

The Commission Secretary
Telangana Electricity Regulatory Commission (TGERC)
Vidyuth Niyamtran Bhavan
Hyderabad – 500004
Email: secy-tgerc@telangana.gov.in

Subject: Submission of objections to the proposed downward revision of pre-fixed levelized tariff under PM-KUSUM Component-A

Reference: I.A. No. 4 in O.P. No. 24 of 2020 and Public Notice dated 23 June 2026 issued by the Hon'ble Commission

Respected Sir/Madam,

I respectfully submit this letter in response to the Public Notice dated **23 June 2026** issued in the above-referenced matter, regarding the petition filed by TGSPDCL/TGNPDCL proposing reduction of the pre-fixed levelized tariff for Solar Power Generators under PM-KUSUM Component-A from **₹3.13/kWh to ₹2.98/kWh**, citing reduction in GST as a "Change in Law".

After detailed technical and financial evaluation, I humbly submit that the **proposed tariff revision is not justified** and that the **approved tariff of ₹3.13/kWh should be retained in full**. My submissions are set out below for the kind consideration of the Hon'ble Commission.

1. Tariff Determination is a Comprehensive Regulatory Exercise

The tariff of ₹3.13/kWh was determined through a holistic regulatory framework incorporating:

- Capital cost benchmarks
- Financing assumptions and interest rates
- Operation & maintenance costs
- Equity returns
- Project risks and lifecycle considerations

The tariff was established **ex-ante for a 25-year horizon** to ensure stability, bankability, and investor participation. Revising the tariff based on a single parameter (GST) without reassessing all factors undermines the integrity of the original determination.

2. GST Reduction Alone Does Not Reflect Actual Cost Conditions

While GST has reduced from 12% to 5%, this benefit is limited in scope and does not represent the overall cost environment. Since the issuance of the tariff order in 2021, there have been **significant cost escalations across multiple critical components**.

3. Comparative Cost Analysis (Annexure Summary)

A structured assessment clearly demonstrates that GST-related savings are materially outweighed by broader cost increases:

A. GST Impact

- Estimated overall capital cost reduction: **~5%–6%**

B. Cost Escalation (Post-2021)

- Modules: **+10% to +25%**
- Structures (Steel): **+20% to +40%**
- Cables & Electricals: **+15% to +30%**
- EPC & Labour: **+10% to +20%**
- Financing Costs: **+2% to +4%**

C. Net Impact

- Overall project cost impact: **Increase of ~10% to 18%**
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Key Technical Conclusion

The marginal benefit of GST reduction is substantially outweighed by multi-factor cost escalation. On a net basis, project costs have increased, and therefore, any tariff reduction is not supported by the underlying economics.

4. Sanctity of Pre-Fixed Tariff and Contractual Commitments

- The tariff framework under PM-KUSUM was designed to provide **predictability and long-term revenue visibility**
 - Developers, including farmer stakeholders, have committed investments based on the approved tariff
 - Any post-facto downward revision would **erode investor confidence and weaken regulatory credibility**
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5. Misapplication of “Change in Law”

The “Change in Law” provision must be applied:

- On a **holistic and balanced basis**
- Accounting for both positive and adverse cost impacts

Applying it selectively to reduce tariff, without recognizing cost increases, creates an **unsustainable and asymmetric regulatory precedent**.

6. Impact on Farmers and Scheme Objectives

PM-KUSUM is a **farmer-centric initiative** intended to:

- Enhance rural income
- Enable decentralized solar generation

A tariff reduction would:

- Directly impact farmer earnings
 - Reduce project viability
 - Discourage participation in future renewable initiatives
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Prayer / Request

In view of the above facts and submissions, I humbly request the Hon’ble Commission to kindly:

- **Reject the proposal to reduce the tariff from ₹3.13/kWh to ₹2.98/kWh**
 - **Retain the approved tariff of ₹3.13/kWh for all projects under O.P. No. 24 of 2020**
 - **Uphold regulatory certainty and the sanctity of contractual commitments**
 - Recognize that **GST reduction alone does not justify tariff revision**
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I also request the Hon’ble Commission to kindly provide me an opportunity to present these submissions during the scheduled public hearing.

Thanking you.

Yours sincerely,

Ashok Reddy Depa

SPG (PPA No 15 /2025-26)

