BEFORE THE TELANGANA ELECTRICITY REGULATORY COMMISSION, HYDERABAD

I.A. No. 4 of 2026 in O.P. No. 24 of 2020

Objections / Comments / Suggestions On behalf of Santosh Rao Balguri

May it please the Hon'ble Commission:

1. These objections are filed in response to the public notice dated **23.06.2026** inviting objections to the Interlocutory Application filed by **TGSPDCL**, on behalf of all Distribution Licensees, seeking reduction of the levelized tariff for PM-KUSUM Component-A Solar Projects from **₹3.13/kWh to ₹2.98/kWh** on the ground of reduction in GST from **12% to 5%**.

2. The Association represents farmers, developers and stakeholders who participated in the PM-KUSUM Scheme based on the tariff of **₹3.13/kWh** determined by this Hon'ble Commission in **O.P. No.24 of 2020** vide Order dated **02.01.2021**.

3. The petition proceeds on an erroneous premise by considering only the reduction in GST while ignoring substantial increases in capital cost, financing cost, labour, steel, aluminium, transformers, cables, transportation, insurance, statutory compliances, interest rates, operation & maintenance expenses and other project costs since 2021.

4. Tariff determination under Sections 61 and 62 of the Electricity Act, 2003 is a comprehensive exercise based on overall project economics, including capital cost, debt-equity ratio, return on equity, depreciation, financing cost, working capital, O&M expenses, CUF, project life, taxes and other commercial parameters. GST is only one component and cannot be the sole basis for revising tariff.

5. When GST on solar equipment was increased from **5% to 12%**, no corresponding upward revision of tariff was granted. The present selective invocation of the Change in Law principle only when it benefits Distribution Licensees is arbitrary, discriminatory and contrary to settled regulatory principles.

6. Farmers and developers invested substantial amounts, secured institutional finance, executed PPAs and undertook irreversible commercial commitments relying upon the Commission-approved tariff. Financial institutions also sanctioned loans based on the approved tariff.

7. The proposed reduction in tariff without considering the overall increase in project cost would adversely affect project viability, investor confidence, lender confidence and the objectives of the PM-KUSUM Scheme, which is intended to enhance farmers' income and promote decentralized renewable energy.

8. The petition is unsupported by any comprehensive cost study, financial analysis or expert report demonstrating reduction in the overall cost of generation. Mere reduction in GST does not establish reduction in project cost or improvement in project economics.

9. Reopening tariff by isolating one parameter would undermine regulatory certainty and create instability in long-term renewable energy investments.

Prayer

In view of the above, it is respectfully prayed that this Hon'ble Commission may be pleased to:

a) **Dismiss the Interlocutory Application** seeking reduction of tariff from **₹3.13/kWh to ₹2.98/kWh**;

OR

b) Without prejudice, if the Commission considers revisiting the tariff under the Change in Law principle, undertake a **comprehensive reassessment of all project cost components**, including capital cost, financing cost, inflation, interest rates, O&M expenses and prevailing market conditions, instead of considering GST alone.

Any other order deemed fit and proper in the interests of justice may also be passed.

Hyderabad
27.06.2026

Santosh Rao Balguri

(President/Secretary)