

From:
Billa Harsha Vardhan Reddy
R/o Ippalapally village
Keshampet Mandal
Rangareddy Dist
Hyderabad.

Date: 29-6-2026

To
The Hon'ble Chairman and Members,
Telangana Electricity Regulatory Commission (TGERC),
Hyderabad, Telangana.

Subject: Petition for Revision and Enhancement of PM-KUSUM Solar Power
Tariff Fixed at per Unit

Sir/Madam,

I, Billa Harsha Vardhan Reddy, resident of Keshampet Mandal, Ranga Reddy District, Telangana, am a Solar Power Generator (SPG) under the PM-KUSUM Scheme vide PPA No. 04/2025-26 dated 08-6-2025 with Southern Power Distribution Company of Telangana Limited.

I respectfully submit this petition seeking revision of the tariff fixed for solar power generation under the Pradhan Mantri Kisan Urja Suraksha evam Utthaan Mahabhiyan (PM-KUSUM) Scheme, and in particular opposing the reduction of the said tariff now under contemplation.

The Power Purchase Agreement (PPA) was executed at a flat tariff of ₹3.13 per unit for a period of 25 years. The said tariff was determined in January 2021 and was, even at the time of execution, based on cost parameters that were approximately five years old. I have executed the PPA in good faith, on the bona fide premise that the project cost envisaged at the time of execution would substantially hold good through the implementation of the project.

Subsequent to the execution of the PPA, however, there has been a substantial and unforeseen escalation in project costs, attributable to a sharp rise in the market prices of materials, components, and labour. In consequence, the contracted tariff has become inadequate to yield the return on investment originally projected as the basis for the project's viability, and no longer affords a reasonable return to the



farmers participating in the PM-KUSUM Scheme. The said tariff therefore warrants urgent review.

The reduction in the rate of Goods and Services Tax with effect from 22.09.2025 yields a notional saving of approximately ₹40,00,000 in respect of a 2 MW project. This benefit, however, stands wholly absorbed by the contemporaneous escalation in material costs, with the result that the project derives no net relief therefrom.

As the PPA contains no provision for any cost-overrun-linked revision of tariff, such escalation in construction cost falls entirely upon the SPG and imperils the financial viability of the project, exposing the SPGs to the risk of default on the project loans availed from the Banks.

Since the execution of the PPA, the cost of solar modules has increased by more than 15%, the cost of steel, a critical project component by approximately 12%, cables by approximately 15%, and logistics by approximately 20%. This abnormal escalation is largely attributable to the ongoing conflict in the Middle East, a development wholly unforeseeable, and incapable of being anticipated, at the time of bidding for the project.

The net change in the Net Present Value (NPV) of the total receivables of a 2 MW project, consequent upon the contemplated revision of tariff from ₹3.13/kWh to ₹2.98/kWh, is in the order of ₹58 lakh, while the project cost has already overrun by approximately ₹30 lakh, notwithstanding the benefit of the reduction in the rate of GST from 12% to 5%.

The contemplated reduction in tariff would gravely prejudice the viability of the project. The project is already under implementation, and the quantum of loan sanctioned by the Banks has been fixed by reference to the initial project cost. The farmers are thereby compelled to absorb the additional burden arising from the escalation in material costs by way of enhanced equity contribution, which is onerous and unsustainable. The very object of the PM-KUSUM-A Scheme namely, the provision of a recurring and assured income to farmers stands defeated if the farmer is simultaneously saddled with increased costs and subjected to a reduced tariff.



The PM-KUSUM Scheme was conceived and launched with the avowed objects of augmenting farmers' incomes, promoting renewable energy, and encouraging decentralised power generation. The subsisting tariff of ₹3.13 per unit neither reflects prevailing market conditions nor secures the financial viability of the project, and any further reduction thereof would be wholly destructive of the Scheme's purpose.

It is respectfully submitted that the fixation of a flat tariff, intended to operate uniformly over a term of 25 years without any mechanism for periodic or cost-linked revision, is unscientific, inequitable, and contrary to the principles of fairness and natural justice, in that it requires the generator to bear, in perpetuity, the entire risk of cost escalation occurring over the life of the project.

Prayer

In view of the facts and circumstances aforesaid, I most humbly pray that this Hon'ble Commission may be pleased to:

- (a) refrain from effecting the contemplated reduction of the PM-KUSUM tariff from ₹3.13 per unit to ₹2.98 per unit;
- (b) review the subsisting PM-KUSUM tariff of ₹3.13 per unit and revise the same upwards, appropriately, so as to reflect the abnormal and unforeseen escalation in the cost of materials since the date of its determination; and
- (c) pass such orders as this Hon'ble Commission may deem just and proper in the facts and circumstances of the case.

Yours faithfully



BILLA HARSHA VARDHAN REDDY