

BEFORE THE HON'BLE TELANGANA ELECTRICITY REGULATORY COMMISSION (TGERC),
HYDERABAD

I.A. No. 4 of 2026

IN

O.P. No. 24 of 2020

OBJECTIONS / WRITTEN SUBMISSIONS

FILED BY

HS EVALUATIONS

(Technical Consultancy and Project Evaluation Services)

To,

The Commission Secretary,

Telangana Electricity Regulatory Commission (TGERC),

Hyderabad.

Sub: Submission of Objections against proposed revision of pre-fixed levelized tariff from ₹3.13/kWh to ₹2.98/kWh for Solar Power Generators under PM-KUSUM Component-A – Reg.

Respected Sir,

HS Evaluations respectfully submits the following objections before this Hon'ble Commission based upon practical implementation experience, technical evaluation, project execution observations and operating conditions prevailing in PM-KUSUM solar projects.

I. PRELIMINARY SUBMISSIONS

1. The present proposal seeking reduction of tariff from ₹3.13/kWh to ₹2.98/kWh appears to primarily rely upon GST considerations and does not adequately reflect actual field-level implementation conditions and prevailing project economics.
2. Tariff determination under long-term renewable energy projects should consider overall project viability including capital expenditure, financing constraints, execution delays, operating expenditure and long-term system benefits.
3. It is respectfully submitted that reduction of tariff solely based upon a single cost parameter would not appropriately represent actual implementation realities experienced by project developers and farmers.

II. GST POSITION DOES NOT CREATE ADDITIONAL BENEFIT

4. At the time of tariff determination during 2021, GST applicable to solar equipment was approximately 5%.
5. Presently, the GST position has effectively returned to substantially the same level and therefore does not create any extraordinary financial advantage when compared to assumptions originally considered for tariff determination.
6. Accordingly, GST alone cannot constitute sufficient justification for reduction of tariff.

III. ACTUAL PROJECT COST HAS INCREASED SIGNIFICANTLY

7. Based on market assessment due to recent US Iran war affect and practical execution experience, overall project cost has increased materially across multiple components.

A. Evacuation Line and Transmission Infrastructure

8. Evacuation and line construction costs have increased approximately by 20%–25% due to:
 - ROW settlements;
 - increase in aluminium conductor prices;
 - increase in accessories and erection costs;
 - transportation and execution expenditure.

B. Cable Cost Escalation

9. LT, HT and DC cable costs have increased approximately by 25%–30%.

C. Transformer and Metering Equipment

10. Cost of procurement of:
 - Power Transformers;
 - Instrument Transformers;
 - CT/PT equipment;
 - Metering systems and accessories

has increased approximately by 25%–30%.

D. Electrical Panels and Protection Equipment

11. Cost of:
 - ACB;
 - MCCB;
 - VCB;
 - LT Panels;

- Bus Bars;
- Protection and control systems

has increased approximately by 25%–30%.

E. Structures and Civil Works

12. Structure fabrication and mounting systems have increased approximately by 20%–25%.
13. Cement, civil materials, labour and associated site infrastructure costs have increased approximately by 20%–25%.
14. In practical implementation, additional land development and land levelling expenditure has become unavoidable and typically ranges approximately between ₹15 Lakhs to ₹20 Lakhs depending upon site conditions.

F. Inverter Cost

15. Inverter procurement and associated system integration costs have also increased compared to assumptions prevailing during tariff determination.

IV. PROJECT EXECUTION DELAYS AND FINANCING IMPACT

16. Significant project implementation delays have occurred due to:
 - prolonged loan sanction timelines;
 - extensive banking documentation;
 - delayed financial closure;
 - ROW approvals;
 - evacuation line completion challenges.
17. These delays have increased carrying cost and overall capital requirement.
18. Most projects have already obtained financing and bank sanctions considering the approved tariff of ₹3.13/kWh.
19. Reduction in tariff at this stage may result in:
 - deterioration in repayment capability;
 - increased financial burden;
 - reassessment of sanctioned loan amounts;
 - requirement of additional promoter contribution.

V. OPERATION & MAINTENANCE (O&M) COST HAS INCREASED SUBSTANTIALLY

20. The O&M expenditure considered under earlier assumptions no longer reflects actual operating conditions.
21. Based on field implementation and operational experience, annual O&M expenditure has increased from approximately:

**₹4.50 Lakhs per MW per annum
to
₹7.00 Lakhs per MW per annum.**

22. Major annual recurring O&M expenditure includes:

Particular	Annual Cost per MW
Power Quality Test (PQT) and other tests	₹1.50 Lakhs
Power Bills / Auxiliary Consumption	₹1.20 Lakhs
Preventive and Breakdown Maintenance	₹1.00–1.20 Lakhs
Security and Site Supervision	₹1.00–1.20 Lakhs
Vegetation Management and Routine Maintenance	₹0.50–0.70 Lakhs
Insurance and Statutory Compliance	₹0.50–0.80 Lakhs
Module Cleaning, Consumables and Labour	₹0.50–0.80 Lakhs

Total Estimated Annual O&M Cost: Approximately ₹7.00 Lakhs per MW

23. Accordingly, any perceived GST-related benefit is substantially offset by increased O&M expenditure and recurring operational costs.

VI. LONG-TERM TECHNICAL BENEFITS TO DISCOMs

24. PM-KUSUM projects function as Distributed Energy Resources (DER) and provide substantial technical and operational benefits to DISCOMs.

25. Solar plants already commissioned and synchronized with the grid contribute by:

- a. reducing loading and operational stress on Sub-station Transformers;
- b. reducing technical losses in the distribution network;
- c. generating power closer to agricultural demand centres;
- d. improving feeder performance and local voltage profile;
- e. reducing requirement for future transformer augmentation;
- f. reducing peak loading burden during daytime operation;
- g. improving overall network utilization and reliability.

26. Therefore, PM-KUSUM projects create long-term infrastructure and operational value to DISCOMs in addition to supporting renewable energy objectives.

VII. PRAYER

In view of the above submissions, HS Evaluations respectfully prays that this Hon'ble Commission may be pleased to:

- a) Reject the proposal seeking reduction of tariff from ₹3.13/kWh to ₹2.98/kWh;
- b) Continue the existing pre-fixed levelized tariff applicable under PM-KUSUM Component-A;
- c) Consider actual EPC escalation, financing delays, increased O&M expenditure and implementation challenges;
- d) Consider the long-term technical and operational benefits already being delivered to DISCOMs; and
- e) Pass such other order(s) as this Hon'ble Commission may deem fit and proper in the interest of justice.

Thanking You Sir.

For HS Evaluations



Proprietor.