

**BEFORE THE TELANGANA ELECTRICITY REGULATORY COMMISSION
(TGERC), HYDERABAD**

In the matter of:

Petition No. I.A. No. 4 in O.P. No. 24 of 2020 — filed by Telangana Southern Power Distribution Company Limited (TGSPDCL) seeking reduction of the pre-fixed levelised tariff from Rs. 3.13/kWh to Rs. 2.98/kWh under Component-A of the PM-KUSUM Scheme, pursuant to the Public Notice dated 23.06.2026.

PETITIONER: Telangana Southern Power Distribution Company Limited (TGSPDCL)

OBJECTOR / RESPONDENT:

Name of the SPG / Farmer: Gaddam Narasimha Reddy

Application No.: TG/PM KUSUM-A/24-25/00157

PPA No. and Date: 93/2025-26 dated: 09-06-2025

Capacity (MW): 2 (Two)

Village / Mandal / District: Masaipeta (V), Yadagirigutta (M), Yadadri-Bhuvanagiri (D)

Mobile No.: 9394529936

Email: gnreddy36@gmail.com

SUBJECT: Consolidated Objection Petition filed by the Solar Power Generator (SPG) under Component-A of the PM-KUSUM Scheme against the prayer of TGSPDCL in I.A. No. 4 of 2026 seeking reduction of the pre-fixed levelised tariff from Rs. 3.13/kWh to Rs. 2.98/kWh — filed in response to the Public Notice dated 23.06.2026.

Respected Sir / Madam,

CONSOLIDATED OBJECTION PETITION

A. INTRODUCTION AND LOCUS STANDI

1. The Objector is a Solar Power Generator (SPG) duly registered and operating under Component-A of the Pradhan Mantri Kisan Urja Suraksha evam Utthan Mahabhiyan (PM-KUSUM) Scheme, having executed a Power Purchase Agreement (hereinafter referred to as 'the PPA') with the Petitioner-TGSPDCL as distribution licensee, at the pre-fixed levelised tariff of



Rs. 3.13 per kWh, as determined by this Hon'ble Commission vide Order dated 02.01.2021 passed in O.P. No. 24 of 2020.

2. The Objector has invested his life savings and mobilized institutional finance on the unambiguous and solemn assurance that the tariff of Rs. 3.13/kWh shall remain in force for a period of 25 years from the date of commissioning of the solar plant. The Objector has a direct, subsisting, and legally cognizable interest in the subject matter of I.A. No. 4 of 2026 and accordingly files this Consolidated Objection Petition in response to the Public Notice dated 23.06.2026 issued by this Hon'ble Commission.

3. This Petition consolidates all legal, factual, technical, and constitutional objections to the relief sought by TGSPDCL, and respectfully urges this Hon'ble Commission to reject the same in its entirety.

B. FACTUAL AND REGULATORY BACKGROUND

4. This Hon'ble Commission, in its Order dated 02.01.2021 in O.P. No. 24 of 2020, determined the pre-fixed levelised tariff of Rs. 3.13/kWh for solar power projects under Component-A of the PM-KUSUM Scheme in the State of Telangana. The said tariff was arrived at by adopting the benchmark capital cost of Rs. 3.60 Crore per MW, in accordance with the MNRE Office Memorandum dated 21.07.2020 applicable for FY 2020-21.

5. At the time of the said tariff determination, i.e., during FY 2020-21, the applicable rate of GST on solar photovoltaic modules, cells, and related equipment was 5% (five percent). This factual position is not in dispute.

6. Subsequently, with effect from 01.10.2021, the GST on solar equipment was revised upward to 12% (twelve percent). More recently, the GST on such equipment has been brought back to 5% (five percent). TGSPDCL, in the captioned Interlocutory Application, seeks to use this latest GST reduction as a ground to petition for downward revision of the tariff from Rs. 3.13/kWh to Rs. 2.98/kWh — a reduction of Rs. 0.15/kWh, representing a cut of approximately 4.8% in the Objector's contracted revenue.

7. The Objector strongly contests both the factual foundation and the legal validity of this prayer, for the detailed reasons set out hereinunder.

C. GROUNDS OF OBJECTION

GROUND I: GST REDUCTION CREATES NO NEW COST ADVANTAGE — THE BENCHMARK WAS ALREADY FIXED UNDER A 5% GST REGIME

8. The fundamental premise of TGSPDCL's petition is factually incorrect and proceeds on a demonstrably erroneous assumption. As noted in Paragraphs 12 and 68 of this Hon'ble Commission's Order in O.P. No. 24 of 2020, the benchmark capital cost of Rs. 3.60 Crore/MW was derived from the MNRE Office Memorandum dated 21.07.2020 for FY 2020-21 — a period during which the GST on solar equipment was already 5%.



9. It is therefore a matter of record that the tariff of Rs. 3.13/kWh was never premised upon, calibrated upon, or calculated with reference to a 12% GST structure. The tariff was fixed when GST was 5%; GST then rose to 12%; and has now returned to 5%. This is, in legal and economic terms, a reversion — not a reduction from the baseline contemplated in the tariff order.

10. The GST has merely reverted to the very level that prevailed when the benchmark capital cost was adopted and the tariff was determined. Accordingly, the present change in GST rate yields no new cost advantage to the SPG and provides no factual, legal, or rational basis for any downward revision of the tariff.

11. Any honest and objective review of costs since FY 2020-21 would reveal substantial inflation in the prices of equipment, civil works, structural steel, labour, erection and commissioning charges, financing costs, insurance premiums, and Operation & Maintenance (O&M) expenses. A dispassionate financial analysis would, if anything, justify continuation of the existing tariff or an upward revision — certainly not the proposed cut.

GROUND II: CHANGE IN LAW DOES NOT IPSO FACTO WARRANT TARIFF REDUCTION

12. Even assuming, without conceding, that the GST reduction constitutes a 'Change in Law' event within the meaning of the PPA and the applicable Regulations, a Change in Law does not automatically or ipso facto (by the fact itself) translate into a tariff revision. The determination of any tariff consequence arising from a Change in Law event requires:

- (a) Identification and quantification of the actual financial impact on each project;
- (b) Ascertainment of the actual savings, if any, accruing to each project from the change; and
- (c) Verification of the actual financial consequences at the individual project level.

13. The petition of TGSPDCL proceeds on a hypothetical, assumed, and unverified reduction of approximately 7% in capital cost, without establishing the actual saving for any individual project. Such a broad, sweeping, and unsubstantiated assumption cannot constitute the evidentiary foundation for a tariff order affecting hundreds of SPGs across the State.

14. The prayer of TGSPDCL is, accordingly, premature, speculative, and unsustainable, and ought to be rejected on this ground alone.

GROUND III: BINDING NATURE OF THE POWER PURCHASE AGREEMENT

15. Upon execution of the PPA, the tariff of Rs. 3.13/kWh became an integral part of a binding, legally enforceable, and concluded contract between the Objector and the distribution licensee. A concluded contract can be altered only in strict accordance with its own terms, the provisions of the Electricity Act, 2003, and the Regulations framed thereunder.

16. The relief sought by TGSPDCL amounts to nothing less than a unilateral downward alteration of a concluded contract. Such unilateral alteration is impermissible in law. Neither a statutory

G. Narasimhan Reddy

regulatory authority nor a contracting party can, without express contractual or legislative authority, impose a downward revision on a concluded commercial arrangement that has vested enforceable rights in both parties.

17. This Hon'ble Commission is respectfully invited to hold that the tariff of Rs. 3.13/kWh forms an immutable term of the PPA and cannot be varied by the Petitioner's unilateral application.

GROUND IV: SANCTITY OF CONTRACT

18. The sanctity of contracts is a well-settled and venerable principle of Indian law, grounded in Section 37 and related provisions of the Indian Contract Act, 1872, and reinforced by the jurisprudence of the Hon'ble Supreme Court of India. This Hon'ble Commission, as a quasi-judicial regulatory authority, is bound to give effect to this principle.

19. The contractual rights of the Objector have fully crystallized upon execution of the PPA. The Objector has not merely entered into a contract — he has acted on it, invested his entire savings against it, raised bank finance on the strength of it, and committed 25 years of productive land and capital to it. To disturb these crystallized contractual rights would be to undermine the very foundation of contract-based regulatory governance.

20. This Hon'ble Commission is urged to be especially circumspect (cautious and thorough) before permitting any interference with contractual rights that have already vested and been acted upon — more so in a scheme designed expressly to benefit small and marginal farmers.

GROUND V: GST REDUCTION DID NOT REDUCE THE ENTIRE PROJECT COST

21. The GST reduction invoked by TGSPDCL applies only to certain specified renewable energy goods, namely solar PV modules, cells, and directly related equipment. It does not, in any manner, affect the following substantial components of project cost:

- (a) Land development and site preparation costs;
- (b) Civil works, including foundations, module mounting structures, and cable trenching;
- (c) Transmission line works and HT/LT cable costs;
- (d) Bay extension and interconnection charges;
- (e) Transformer and metering costs;
- (f) Interest During Construction (IDC);
- (g) Bank processing charges, commitment charges, and financial service costs;
- (h) Insurance premiums for the project during construction and operation;
- (i) Labour, supervision, and management costs;
- (j) Security, transportation, and logistics expenses;
- (k) O&M costs and long-term maintenance commitments.



22. The sweeping assumption that the overall capital cost of every PM-KUSUM project has uniformly fallen by Rs. 20 to 25 lakh per MW is wholly unproven, empirically unverified, and cannot be accepted without rigorous, project-specific, audited evidence. The factual basis for the prayer is, therefore, fundamentally deficient.

GROUND VI: PROJECT-WISE VERIFICATION IS MANDATORY — UNIFORM CUT IS ARBITRARY

23. Each SPG under PM-KUSUM Component-A procured solar equipment and executed supply contracts at different points in time — some before the GST notification reducing the rate to 5%, and some after. The actual GST incidence, and accordingly the actual benefit, if any, differs materially from project to project.

24. Applying a single, uniform, across-the-board tariff reduction of Rs. 0.15/kWh to all projects, without a project-wise verification of the actual GST benefit received, is plainly arbitrary and discriminatory. It treats generators who derived no GST benefit (because they procured equipment before the notification) on par with those who may have derived some benefit — thereby treating unequals equally, which is the classic test for unconstitutional arbitrariness.

25. No revision, if at all, can be ordered without a comprehensive, individual, and audited project-wise review of each SPG's actual procurement timeline, GST invoices, and financial statements.

GROUND VII: FINANCIAL CLOSURE AND DEBT SERVICEABILITY

26. The Objector obtained institutional finance from a bank or financial institution on the basis of the revenue stream guaranteed by the PPA at the rate of Rs. 3.13/kWh. The following financial parameters were all computed with reference to this tariff:

- (a) The sanctioned loan amount and disbursement schedule;
- (b) The debt repayment schedule and EMI structure;
- (c) The projected cash flow statements submitted to the bank;
- (d) The Debt Service Coverage Ratio (DSCR) and the Internal Rate of Return (IRR) evaluated by the lending institution.

27. A reduction in the tariff by Rs. 0.15/kWh after financial closure would directly and adversely impair the Objector's ability to service the debt obligations. It would depress the DSCR below the covenant threshold, render the project unviable, and materially increase the risk of default — pushing a law-abiding, participating farmer into financial distress through no fault of his own.

28. This consequence is not merely unjust — it is potentially catastrophic for small and marginal farmers who have staked their agricultural land and personal assets as collateral. This Hon'ble Commission is urged to take cognizance (judicial notice) of this ground as a compelling reason to decline the prayer.



GROUND VIII: LEGITIMATE EXPECTATION

29. The doctrine of legitimate expectation is a well-established principle of administrative law in India, recognized and applied by the Hon'ble Supreme Court in a long line of decisions. It protects a person who has reasonably and in good faith relied upon a representation or promise made by a public authority, to his detriment.

30. The Objector invested in this project on the basis of a clear and unambiguous representation made by the Government through the PM-KUSUM Scheme notification, and confirmed by this Hon'ble Commission through its tariff order in O.P. No. 24 of 2020, as further embodied in the executed PPA. These three sources, together, created a legitimate expectation that the tariff of Rs. 3.13/kWh would subsist for 25 years.

31. The State, acting through TGSPDCL, cannot now resile from (withdraw from) this assurance without compelling legal justification, without affording the Objector an effective opportunity to be heard, and without bearing the burden of demonstrating that the public interest in the proposed change outweighs the manifest prejudice to the Objector.

GROUND IX: PROMISSORY ESTOPPEL

32. The doctrine of promissory estoppel (the principle by which a party is legally barred from going back on its promise if the other party has relied on it to their detriment) squarely applies on the facts of this case. The Government of India, the Government of Telangana, and the distribution licensee TGSPDCL, through the PM-KUSUM Scheme, the tariff order, and the executed PPA, induced the Objector to make an irreversible investment commitment of substantial magnitude.

33. The Objector, having acted upon these representations by investing his savings, raising debt, constructing and commissioning the solar plant, and supplying power under the PPA, is unequivocally entitled to the protection of the doctrine of promissory estoppel. The Government and TGSPDCL are estopped (legally precluded) from withdrawing the economic basis of the project to the prejudice of the Objector.

34. This legal protection cannot be defeated merely by the passage of a GST notification that, as demonstrated above, does not even constitute a genuine cost reduction over the original tariff baseline.

GROUND X: VIOLATION OF ARTICLE 14 — EQUALITY BEFORE LAW

35. Article 14 of the Constitution of India guarantees equality before law and prohibits arbitrary discrimination. The Hon'ble Supreme Court has repeatedly held that an action or order that treats unequals equally, without intelligible differentia (a clear, rational distinguishing criterion), violates Article 14 and is liable to be struck down as unconstitutional.

36. In the present case, there exists a manifest and material difference between two categories of SPGs:



(a) SPGs who procured solar modules and associated equipment before the date of the GST notification reducing the rate to 5% — who derived no benefit whatsoever from the said notification; and

(b) SPGs who procured equipment after the said notification — who may have derived some limited benefit.

37. The prayer of TGSPDCL, seeking a uniform and undifferentiated reduction in the tariff of all SPGs, treats both categories identically, ignoring this critical material distinction. Such a blanket reduction is arbitrary, unreasonable, and violative of Article 14 of the Constitution of India.

GROUND XI: PROPOSED REDUCTION IS CONTRARY TO THE OBJECTIVES OF THE PM-KUSUM SCHEME

38. The PM-KUSUM Scheme was conceived, designed, and implemented with the following explicit and well-articulated policy objectives:

(a) To enhance and supplement the income of farmers by enabling them to generate and sell solar power;

(b) To promote decentralized renewable energy generation in the agricultural sector; and

(c) To improve energy security and reduce dependence on centralized power generation.

39. A tariff reduction that substantially and materially diminishes the income of participating farmers directly and irreconcilably contradicts these stated policy objectives. Such a reduction ought not to be ordered, except upon clear and unambiguous statutory authority and cogent, verifiable, project-specific evidence — neither of which exists in the present case.

40. This Hon'ble Commission, as the guardian of the regulatory framework, is respectfully urged to ensure that its orders promote rather than undermine the welfare objectives of the scheme, and that the farmer-generators who have reposed their trust in the regulatory system are not left prejudiced.

D. SUMMARY OF OBJECTIONS

For the sake of clarity and convenience, the objections raised hereinabove may be summarised as follows:

1. The GST was already 5% when the tariff of Rs. 3.13/kWh was determined — there is no new cost advantage, and therefore no factual basis for revision.

2. A Change in Law does not ipso facto warrant tariff revision; actual, project-level impact must be established.

3. The PPA is a binding contract and the tariff cannot be unilaterally altered.

4. The sanctity of contracts is a foundational principle and the Objector's rights have fully crystallized.

5. GST reduction affects only certain equipment — it does not reduce the overall project cost uniformly.



6. Individual project-wise verification is mandatory before any revision; a blanket cut is arbitrary.
7. Tariff reduction after financial closure impairs debt serviceability and threatens project viability.
8. The doctrine of legitimate expectation protects the Objector from unilateral policy reversal.
9. The doctrine of promissory estoppel precludes TGSPDCL from withdrawing the economic foundation of the project.
10. A uniform cut on all projects violates Article 14 of the Constitution by treating unequals equally.
11. The proposed reduction directly defeats the welfare objectives of the PM-KUSUM Scheme.

E. PRAYER

In view of the foregoing submissions, and in the interest of justice, equity, and good conscience, the Objector most respectfully prays that this Hon'ble Commission may be pleased to:

- (a) REJECT the petition filed by TGSPDCL in I.A. No. 4 in O.P. No. 24 of 2020 in its entirety;
- (b) HOLD AND DECLARE that the pre-fixed levelised tariff of Rs. 3.13/kWh, as determined vide Order dated 02.01.2021 in O.P. No. 24 of 2020, shall continue to be in force for the full tenure of the PPA, i.e., for 25 years from the date of commissioning of each project;
- (c) DIRECT that no revision of the tariff under PM-KUSUM Component-A shall be ordered without a comprehensive, project-wise, and audited review of each generator's actual procurement, GST liability, and financial position;
- (d) PROTECT the contractual rights, legitimate expectations, and financial interests of farmer-generators who have invested their savings and raised debt on the faith of the regulatory order and the PPA; and
- (e) PASS such other and further orders as this Hon'ble Commission may deem just, equitable, and proper in the circumstances of the case.



Respectfully submitted,



Name of the SPG / Farmer: Gaddam Narasimha Reddy

Application No.: TG/PM KUSUM-A/24-25/00157

PPA No. and Date: 93/2025-26 dated: 09-06-2025

Place: Hyderabad

Date: 30-06-2026

VERIFICATION

I, Gaddam Narasimha Reddy, Solar Power Generator under PM-KUSUM Component-A, do hereby verify and declare that the contents of this Consolidated Objection Petition are true and correct to the best of my knowledge, information, and belief, and that nothing material has been concealed therefrom.

Verified at Hyderabad on this 30th day of July 2026.



Deponent / Objector