

TO
The Hon’ble Secretary,
Telangana State Electricity Regulatory Commission (TGERC)
Hyderabad, Telangana

Subject: Objections to the Proposal for Reduction of Tariff from ₹3.13/kWh to ₹2.98/kWh under PM-KUSUM Scheme

Respected Sir/Madam,

We respectfully submit this representation in response to the public notice issued by the Hon’ble Commission proposing reduction of the tariff under the PM-KUSUM Scheme from ₹3.13/kWh to ₹2.98/kWh on the basis of restoration of GST on solar equipment to 5%.

At the outset, it is submitted that the GST rate on solar equipment was 5% prior to 2021, subsequently increased to 12%, and now restored to 5%. Therefore, this does not constitute a fresh fiscal benefit but merely reinstates the earlier tax regime. Hence, reduction of tariff on this sole ground is neither justified nor legally sustainable.

We submit the following objections:

1. Sanctity of Power Purchase Agreement (PPA):

The tariff of ₹3.13/kWh is contractually agreed under executed PPAs. As per settled legal principles, a concluded contract cannot be altered unilaterally.

Reference: Hon’ble Supreme Court in Energy Watchdog v. CERC (2017) upheld sanctity of contractual terms.
Regulatory Principle: Tariff once discovered/adopted under Section 63 of the Electricity Act, 2003 cannot be modified arbitrarily.

2. Violation of Section 63 of Electricity Act, 2003:

Tariff under PM-KUSUM is determined through a competitive or administrative framework and adopted by the Commission. Any post-facto revision of tariff for executed PPAs violates:

Section 63 (Tariff by Competitive Bidding)
Principle of regulatory certainty

3. Increase in Capital and Project Costs:

Despite GST normalization, there has been substantial escalation in:

Module prices (due to global supply constraints)
Steel, inverter, and BOS costs
Interest rates and financing costs
Labour and logistics

Thus, overall project cost has increased, not decreased.

4. Doctrine of Legitimate Expectation:

Developers and farmers invested based on the assured tariff of ₹3.13/kWh.

Reference: Doctrine recognized in Indian administrative law
Any adverse revision undermines investor confidence and violates legitimate expectations

5. Prohibition of Retrospective Adverse Action:

Reducing tariff for already executed PPAs amounts to retrospective alteration of vested rights.

Reference: Hon’ble APTEL judgments consistently hold that tariff orders cannot operate retrospectively to the detriment of generators

6. Financial Viability and Banking Exposure:

Projects have been financed based on projected cash flows at ₹3.13/kWh.

Tariff reduction will lead to:

Debt servicing issues

Potential NPAs

Financial stress for farmers and small developers

7. Contradiction to Objectives of PM-KUSUM Scheme:

The scheme aims to:

Enhance farmers’ income

Promote decentralized renewable energy

Tariff reduction at this stage will defeat both objectives.

8. Precedents from Other States:

Other State Commissions have revised tariffs upward considering rising costs.

Example: Odisha Electricity Regulatory Commission (OERC) revised tariff from ~₹3.08/kWh to ~₹4.40/kWh considering viability

9. Impact on Investor Confidence:

Any unilateral revision will:

Create regulatory uncertainty

Discourage future participation in renewable energy programs

Affect state’s investment climate

PRAYER:

In light of the above, we respectfully request the Hon’ble Commission to:

- a) Withdraw the proposal for tariff reduction from ₹3.13/kWh to ₹2.98/kWh for already executed PPAs;
- b) Maintain the existing tariff of ₹3.13/kWh in the interest of contractual sanctity and financial viability;
- c) Alternatively, undertake a comprehensive cost review and consider upward revision of tariff in line with current market conditions;
- d) Pass such other order(s) as deemed fit in the interest of justice, equity, and fair play.

We request the Hon’ble Commission to consider this submission sympathetically and protect the interests of farmers and small renewable energy developers.

Thanking you,

Yours faithfully,

Name: J.Baswareddy

PPA Holder No.: 54

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Date: 29/06/2026

Copy To:
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Hon’ble Chief Minister, Telangana
Chief Secretary, Telangana
Special Chief Secretary (Energy)
CMD, TGSPDCL
CMD, TGREDCO