

Manda Akshay Reddy

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Contact No:7989206445

Date: 29th June 2026

To,

The Commission Secretary,

Telangana Electricity Regulatory Commission (TGERC),

Vidyuth Niyantran Bhavan, G.T.S Colony,

Kalyan Nagar, Hyderabad – 500045.

Email: secy-tgerc@telangana.gov.in

Subject: Objection / Comments on the Proposed Revision of Pre-fixed Levelized Tariff from Rs. 3.13/kWh to Rs. 2.98/kWh under PM-KUSUM Component-A – I.A. No. 4 in O.P. No. 24 of 2020.

Reference: Public Notice issued by TGERC dated 23.06.2026 in I.A. No. 4 in O.P. No. 24 of 2020.

Honourable Commission Secretary,

I, the undersigned Solar Power Generator(s) (SPGs), are operating/developing solar power projects under Component-A of the PM-KUSUM Scheme in the State of Telangana, and we are bound by the Power Purchase Agreements (PPAs) executed with the TGDISCOMs at the pre-fixed levelized tariff of Rs. 3.13/kWh, as determined by this Hon'ble Commission vide its Order dated 02.01.2021 in O.P. No. 24 of 2020.

We write this letter in response to the Public Notice dated 23.06.2026, wherein TGSPDCL, on behalf of TGDISCOMs, has filed a petition seeking a downward revision of the pre-fixed levelized tariff from Rs. 3.13/kWh to Rs. 2.98/kWh, citing the reduction in GST rate on solar modules from 12% to 5% as recommended by the 56th GST Council meeting held in New Delhi in September 2025.

We hereby register our strong objection to the proposed tariff reduction and respectfully submit the following detailed representations for the kind consideration of this Hon'ble Commission:

I. The Change-in-Law Principle Must Be Applied Holistically, Not Selectively

The petition filed by TGSPDCL invokes the 'change in law' clause solely on the basis of the reduction in GST applicable to solar photovoltaic modules. While we acknowledge that the GST rate on solar modules has been reduced from 12% to 5%, we respectfully submit that the application of the change-in-law provision cannot be selective or one-sided. If the DISCOMs seek to revise the tariff downward on account of a GST reduction on one component, then the same principle of change-in-law must equally account for the significant increases in GST and material costs on all other components of a solar power project.

The pre-fixed tariff of Rs. 3.13/kWh was determined by this Hon'ble Commission after due consideration of all project cost components, including civil works, transformers, cables, mounting structures, switchgear, inverters, labour, and associated infrastructure. A change-in-law analysis must consider the net impact on total project cost, not merely the impact on one isolated item.

II. Significant Increase in Cost of All Other Project Components

Since the date of the PPA and the original tariff determination, the prices of virtually every other component required for installation of a solar power plant have escalated substantially. The following factual position is placed on record:

1. **Transformers:** The price of distribution and power transformers has increased by approximately 30% to 40% due to steep rise in the cost of copper, silicon steel, and transformer oil. All these inputs and the transformer itself attract GST at 18%.
2. **Cables and Conductors (HT/LT/DC):** Copper and aluminium cable prices have increased by 25% to 40% due to global commodity price escalation. GST on cables is 18%.
3. **Mounting Structures (GI/MS):** Steel and galvanised iron mounting structures have witnessed a price rise of 20% to 35%. GST on structural steel is 18%.
4. **Switchgear, MCCBs, ACDBs, DCDBs, and Control Panels:** Prices of switchgear and electrical panels have increased by 20% to 30%. GST on all electrical equipment including switchgear is 18%.
5. **Civil Works, Fencing, and Site Development:** Costs of cement, bricks, aggregates, and other civil materials have increased significantly, with GST on construction services and materials are 18%.
6. **Fasteners, Nuts, Bolts, and Hardware:** Even small hardware items such as nuts, bolts, clamps, and fasteners attract 18% GST, and their procurement cost has increased by 20% to 30% due to steel price inflation.
7. **Labour, Transportation, and Site Supervision Charges:** Labour costs in Telangana have risen substantially on account of government-mandated minimum wage revisions, increased demand for skilled workers, and rising fuel costs affecting transportation. Works contract services attract GST at 18%.

It is therefore respectfully submitted that the overall project cost has increased by a net minimum of 20% to 35% when compared to the cost base prevalent at the time of PPA execution. The minor reduction in GST on solar modules alone does not and cannot offset these pervasive cost escalations.

III. Net GST Impact Is Adverse to the Generator – Not Favourable

The petition argues that the GST reduction from 12% to 5% on solar modules represents a cost saving that justifies a Rs. 0.15/kWh reduction in tariff. However, this argument fails to account for the following:

8. Solar modules constitute only a portion of the total project cost. Balance of System (BoS) components, civil infrastructure, electrical works, O&M, and financing costs constitute a significant share of total project expenditure.
9. Virtually all BoS components, works, services, and consumables attract GST at 18%, which is higher than even the pre-revision GST rate of 12% on modules.
10. As an SPG selling electricity to DISCOMs, we are not eligible to claim full input tax credit (ITC) on all our purchases. The GST paid on BoS and civil components often becomes an irrecoverable cost embedded in the project, thereby further eroding viability.

A holistic and fair application of the change-in-law analysis would clearly demonstrate that the net GST impact on SPGs is negative (i.e., project costs have increased in net terms), and any downward revision of tariff on this basis is unjustified in law and in fact.

IV. Financial Viability and Investment Security Are at Stake

The PM-KUSUM scheme was launched by the Government of India with the stated objective of solarising agricultural feeders, providing additional income to farmers, and promoting decentralised renewable energy. SPGs have committed investments in land acquisition, equipment procurement, civil construction, grid connectivity, and financing, on the basis of the PPA tariff of Rs. 3.13/kWh.

Any retrospective or mid-project downward revision of the contracted tariff would:

11. Render the projects financially unviable, as loan repayments, equity returns, and O&M costs have been structured around Rs. 3.13/kWh.
12. Constitute a breach of the sanctity of the signed PPA, undermining investor confidence in the regulatory framework of the State.
13. Set a damaging precedent that tariff revisions can be made downward mid-project on

selective grounds, which would discourage future investment in renewable energy in Telangana.

V. Prayer and Request

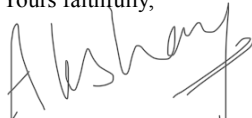
In light of the foregoing, we most respectfully urge this Hon'ble Commission to:

14. Reject the petition filed by TGSPDCL/TGDISCOMs seeking reduction of the pre-fixed levelized tariff from Rs. 3.13/kWh to Rs. 2.98/kWh.
15. Direct that any change-in-law analysis must be conducted comprehensively, taking into account all cost components and their GST implications, and not merely a single favourable item.
16. Grant us the opportunity to present our case in person at the Public Hearing scheduled on 08.07.2026 before the Court Hall of TGERC, Vidyuth Niyantran Bhavan, GTS Colony, Hyderabad.

We trust that this Hon'ble Commission, in its wisdom, will consider the interests of all stakeholders including the Solar Power Generators who have invested in good faith, and will ensure that the regulatory framework continues to provide a level playing field and honour the commitments made through the executed PPAs.

Thanking you,

Yours faithfully,



[Authorised Signatory]

Name: M Akshay Reddy

PPA No:134/2025-26

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