

To
The Secretary,
Telangana Electricity Regulatory Commission (TGERC),
Hyderabad.

Subject: Objections to the Proposed Reduction of PM-KUSUM Tariff from ₹3.13/kWh to ₹2.98/kWh

The proposal to reduce the PM-KUSUM tariff appears to rely on the reduction in GST on solar panels and modules. However, this reasoning is not factually or economically justified. The tariff of ₹3.13/kWh for PM-KUSUM Component-A was approved by the Hon'ble Commission in **Order No. 24 of 2020 dated 02.01.2021.

At the time this tariff was determined, the GST on solar panels and modules was 5% subsequently, the GST rate was increased from 5% to 12% with effect from 1 October 2021, increasing the cost of project implementation later, the GST was reduced back to 5% in September 2025.

Therefore, the present GST rate has merely returned to the same level that existed when the ₹3.13/kWh tariff was originally fixed. It has not created any additional cost advantage compared to the original tariff determination. Hence, the reduction of GST cannot be cited as a valid reason for reducing the approved tariff.

More importantly, while GST has returned to its original level, almost every other cost involved in establishing and operating a solar project has increased substantially since 2021, including:

- * Civil works and foundation costs.
- * Mounting structures and steel prices.
- * Inverters and electrical equipment.
- * Transformers and switchgear.
- * Cables and transmission materials.
- * Labour and skilled manpower charges.
- * Transportation and logistics costs.
- * Insurance premiums.
- * Interest rates and financing costs.
- * Operation and maintenance (O&M) expenses.
- * Security and site maintenance costs.
- * Statutory approvals, compliance, and miscellaneous expenses.

Many of these costs have increased by 50% to 100% or more over the past five years, and some project components have nearly doubled in price. Consequently, the overall project cost today is significantly higher than when the tariff of ₹3.13/kWh was approved.

Therefore, relying solely on the restoration of the GST rate to 5% while ignoring the substantial increase in all other project costs would not reflect the true economics of PM-KUSUM projects. Rather than justifying a tariff reduction, the overall cost environment supports retaining the existing tariff of ₹3.13/kWh.

This is a strong factual and logical point because it demonstrates that the GST argument does not withstand scrutiny when viewed in the context of the tariff's original approval and the actual increase in project costs.

We respectfully pray that the Hon'ble Commission may kindly consider the above submissions while finalizing the tariff.

Yours faithfully,

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