

The Commission Secretary,
Telangana Electricity Regulatory Commission (TGERC),
Vidyut Niyamtran Bhavan,
GTS Colony, Kalyan Nagar,
Hyderabad – 500045.

Respected Sir,

I respectfully submit these objections as an individual Solar Power Generator (SPG) under the PM-KUSUM Component-A Scheme in response to the Application filed by the Telangana DISCOMs seeking reduction of the tariff from ₹3.13/kWh to ₹2.98/kWh.

I am representative for the below PPA 286/2025-2026/Madhavaram Indira, under PM-KUSUM Component-A Scheme, projects are being under construction in Ramannapet mandal yadadiri Bhuvanagiri nagar district.

PPA No: 286/2025-2026 - Madhavaram Indira

We request you to kindly reject the application filled by TG DISCOM's due to following objection

1. Tariff determined in 2021 is much lower for the current expenditure and project cost below is the explanation for the same

The tariff of ₹3.13/kWh was determined using assumptions applicable during 2020-21. Over the last five years, almost every major cost component has increased significantly due to inflation, changes in taxation and import policies, escalation in commodity prices and higher financing costs. Therefore, the tariff determined in 2021 cannot reasonably be treated as representative of the actual cost of projects presently under implementation.

2. Mandatory increase in DC capacity requirement

While determining the tariff in I.A. No. 4 in O.P. No. 24 of 2020, the Hon'ble Commission considered a project configuration based on approximately *1.1 MW DC capacity for every 1 MW AC capacity*.

However, under the implementation guidelines presently followed for PM-KUSUM Component-A projects in Telangana, developers are effectively required to install *1.2 MW DC capacity for every 1 MW AC* to achieve the prescribed generation obligations and performance standards.

This additional 100 kW DC capacity per MW AC requires significant additional investment towards:

- * Additional solar PV modules;
- * Mounting structures;
- * DC cables and connectors;
- * Earthing systems;
- * Installation and commissioning;
- * Transportation and handling.

Thus, the present projects involve substantially higher capital investment than what was assumed while determining the tariff in 2021.

3. GST reduction alone cannot justify tariff reduction

The entire proposal of the DISCOMs appears to rely mainly upon the reduction of GST from 12% to 5%.

Further, when the Hon'ble Commission originally determined the tariff at ₹3.13/kWh, the applicable GST on solar projects was *5%*. The subsequent increase to 12% and later restoration to 5% merely returned the tax position to what existed when the tariff was originally determined. Therefore, no enduring tax benefit has accrued that would justify reduction of tariff.

4 Increase in Interest During Construction (IDC)

Project implementation timelines and loan disbursement schedules have resulted in considerable Interest During Construction.

In my own project, the loan was disbursed only in February 2026 and I have already incurred approximately *₹6,00,000* towards IDC. These financing costs were not contemplated while determining the tariff in 2021.

5. Rising Operation and Maintenance costs

Although the tariff remains fixed throughout the PPA period:

- * O&M expenses continue to increase;
- * Spare parts have become costlier;
- * Labour charges continue to rise;
- * Equipment replacement costs have increased substantially.

These recurring cost escalations adversely affect long-term project viability.

6. Small PM-KUSUM developers cannot be equated with utility-scale developers

PM-KUSUM Component-A projects are decentralized renewable energy projects implemented by farmers and rural entrepreneurs.

Unlike large utility-scale developers, PM-KUSUM developers:

- * do not benefit from economies of scale;
- * have limited access to low-cost finance;
- * bear higher per-MW execution costs;
- * face greater financing constraints.

Accordingly, tariff reduction would disproportionately affect small developers.

7. Public interest served by PM-KUSUM projects

PM-KUSUM Component-A projects generate substantial public benefits including:

- * Reduction of technical losses;
- * Generation near agricultural load centres;
- * Reduced transmission investment;
- * Improved rural power supply;
- * Additional income to farmers;
- * Renewable Purchase Obligation compliance;
- * Reduction in thermal generation dependence;
- * Contribution towards national renewable energy targets.

These public benefits deserve regulatory encouragement rather than tariff reduction.

8. Tariff requires fresh cost-based determination

Considering the cumulative increase in capital cost, financing expenses, inflation, IDC and O&M costs, the existing tariff of ₹3.13/kWh itself appears inadequate for ensuring reasonable project viability.

If the Hon'ble Commission considers reopening the tariff, it is respectfully submitted that the tariff should be determined afresh based on prevailing capital costs and financing parameters, which would warrant an upward revision rather than any reduction.

We request Hon'ble Commission considers the following

In view of the foregoing submissions, I most respectfully pray that the Hon'ble Commission may be pleased to:

- a) Reject the proposal of TGDISCOMs seeking reduction of tariff from ₹3.13/kWh to ₹2.98/kWh;
- b) Continue the existing tariff of ₹3.13/kWh without any reduction;
- c) In the alternative, if the Commission considers reopening the tariff, undertake a fresh cost-based determination taking into account the prevailing capital costs, financing costs, inflation and actual project economics, which would justify an upward revision;

I respectfully submit that I am a proud participant in the Hon'ble Prime Minister's vision of expanding clean and decentralized renewable energy under the PM-KUSUM Scheme and in Telangana's commitment towards sustainable development. I have invested my family's resources and undertaken substantial financial obligations for the establishment of this project. I therefore humbly request the Hon'ble Commission to protect the interests of genuine farmers and small renewable energy developers by rejecting the proposed tariff reduction and ensuring that the objectives of the PM-KUSUM Scheme are achieved.

*Yours faithfully,

Thanking You,

With Regards,
Madhavaram Vijay
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