

Hyderabad,

Dated : 24th June, 2026

To

The Commission Secretary
Telangana Electricity Regulatory Commission
Vidyuth Niyantran Bhavan
G.T.S. Colony, Kalyan Nagar,
HYDERABAD – 500045

Dear Sir,

Sub: Objections to the petition filed by TGSPDCL seeking revision of the Pre-fixed levelized tariff of Rs 3.13/kwh to Rs 2.98/kwh

Ref: Public Notice inviting objections/suggestions on the proposal for revision of pre-fixed levelized tariff.

Respected Sir,

I am a Solar Power Generator (SPG) selected under the **PM-KUSUM Component-A Scheme** and hereby submit the following objections to the proposal for reduction of the pre-fixed levelized tariff from **Rs.3.13/kWh to Rs.2.98/kWh**.

At the outset, it is submitted that the existing pre-fixed levelized tariff of **Rs.3.13/kWh** was **determined during the year 2021** based on the prevailing market conditions, capital costs, financing costs, statutory levies and other assumptions applicable at that point of time. The proposal to reduce the tariff solely on account of reduction of GST from 12% to 5% does not adequately reflect the overall economics and viability of PM-KUSUM Component-A projects.

1. GST Reduction Represents Only a Small Component of Project Cost

While GST on certain solar project components has been reduced from 12% to 5%, the benefit arising from such reduction is limited and one-time in nature.

The proposed reduction of tariff by 15 paise per unit would have a recurring adverse impact throughout the project life, whereas GST reduction provides only a limited upfront benefit during project implementation.

2. Significant Increase in Capital Costs Since 2021

Since the fixation of tariff in 2021, solar project developers have witnessed substantial increases in:

- Land Development Costs.
- Cost of fencing, internal roads, drainage system and site preparation expenses
- Prices of transformers, HT equipments, Switchgear, Cables.
- Evacuation and interconnection expenses.
- Insurance and statutory compliance costs.

The increase in these costs has substantially eroded the benefit, if any, arising from GST reduction.

3. Increase in Interest Rates and Cost of Borrowings

PM-KUSUM Component-A projects are predominantly debt-funded projects. Since 2021, lending rates have increased significantly, resulting in higher debt servicing obligations and reduced project returns.

The financial assumptions prevailing at the time of tariff determination in 2021 are no longer valid. Therefore, tariff reduction is not justified.

4. PM-KUSUM Scheme Objectives Require Investor Confidence

PM-KUSUM is a flagship programme of the Government of India aimed at promoting decentralized renewable energy generation and augmenting farmers' income.

Reduction of tariff after project selection and investment decisions would adversely affect investor confidence and may discourage participation in future renewable energy programmes.

5. Existing Tariff of Rs.3.13/kWh Itself Requires Revision

The tariff of Rs.3.13/kWh was determined more than five years ago. Since then, inflationary pressures have substantially increased:

- Operation and maintenance expenses.
- Manpower costs.
- Security expenses.
- Insurance premiums.
- Administrative and statutory compliance costs.

6. The risk associated with the project execution, operation, maintenance and generation performance is entirely rests with the developer.

7. While the tariff remains fixed throughout the period of PPA of 25 years, Operation & Maintenance costs continue to increase every year.

8. Due to rising replacement costs and theft risks, Insurance premium and security costs have increased considerably.

9. Reduction of tariff will adversely affect project viability and discourages future participation under the Scheme.

10. Any attempt to reduce the tariff will defeat the prime objective of PM-KUSUM scheme to enhance the incomes of the farming community.

Therefore, instead of reducing the tariff, there is a strong case for reviewing and enhancing the tariff to reflect present-day economic realities.

11. Need to Consider Actual Ground-Level Economics

PM-KUSUM Component-A projects are generally smaller decentralized projects where economies of scale available to large utility-scale projects are not achievable. Consequently, per MW project costs are relatively higher and require adequate tariff support to ensure long-term sustainability.

Prayer

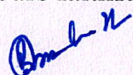
In view of the above submissions, it is respectfully prayed that the Hon'ble Commission may:

1. Reject the proposal for reduction of the pre-fixed levelized tariff from Rs.3.13/kWh to Rs.2.98/kWh;
2. Undertake a comprehensive review of the prevailing project costs and financing costs applicable to PM-KUSUM Component-A projects;
3. Consider an appropriate enhancement of the existing tariff of Rs.3.13/kWh in view of inflation, increased borrowing costs and escalation in project development and operating expenses since 2021; and
4. Pass such other orders as deemed fit and proper in the interest of ensuring the viability and sustainability of PM-KUSUM Component-A Solar Power Projects in Telangana.

I request the Hon'ble Commission to kindly consider these while deciding the case.

Thanking you.

Yours faithfully,



BOMPALLY MANOHAR RAO
Solar Power Generator (SPG)