

To
The Hon'ble Telangana Electricity Regulatory Commission (TGERC)

Subject: Objections to the Proposal for Reduction of Tariff from ₹3.13/kWh to ₹2.98/kWh for Existing PM-KUSUM Component-A Projects

Respected Sir/Madam,

I, **Mara Lalitha**, a Solar Power Generator (SPG) under **PM-KUSUM Component-A**, respectfully submit the following objections to the proposal seeking reduction of the approved tariff from **₹3.13/kWh to ₹2.98/kWh**.

Project Details

- **PPA No.:** 205
- **Capacity:** 2 MW AC Solar Power Plant
- **Village:** Argul
- **Mandal:** Jakranpally
- **District:** Nizamabad, Telangana
- **DISCOM:** TGNPDCL

Objections

1. Tariff Approved Through Due Regulatory Process

The tariff of **₹3.13/kWh** was duly approved by the Hon'ble Commission after following the prescribed regulatory process. This approved tariff formed the foundation for investment decisions, financial closure, loan sanctions, and execution of the project. Any retrospective reduction in the tariff would seriously affect the financial viability of projects established in good faith based on the Commission's approval.

2. Substantial Escalation in Project Costs

Since the execution of the Power Purchase Agreement (PPA), the overall cost of establishing the project has increased significantly due to various factors, including:

- Increase in the prices of solar PV modules.
- Escalation in the cost of copper, steel, aluminium, cables, transformers, and other electrical equipment.
- Supply chain disruptions arising from international conflicts and global market uncertainties.
- Increased transportation and logistics costs.
- Higher interest rates and financing costs, resulting in an increased debt burden.

These factors have considerably raised the capital cost of the project compared to the assumptions prevailing at the time of tariff determination.

3. GST Reduction Does Not Offset Overall Cost Escalation

Although GST on certain solar components has been reduced, the benefit derived from such reduction is marginal when compared to the substantial increase in material prices, construction costs, financing expenses, and other project-related expenditures. Therefore, the GST reduction cannot be treated as sufficient justification for reducing the approved tariff.

4. Adverse Impact on Financial Viability and Bankability

Financial institutions sanctioned project loans based on the approved tariff of **₹3.13/kWh** and the projected cash flows arising therefrom. Any reduction in tariff after project implementation would adversely impact debt servicing capability, weaken project bankability, and impose severe financial stress on developers.

5. Protection of Legitimate Expectations of Investors

Developers have invested substantial amounts in these projects based on the tariff approved by the Hon'ble Commission. Revising the tariff downward after such investments have been made would undermine investor confidence and create regulatory uncertainty, which may adversely affect future investments in the renewable energy sector in Telangana.

6. Continuation of the Approved Tariff

Considering the significant increase in project costs, financial commitments already undertaken, and the legitimate expectations of developers, it is respectfully submitted that the approved tariff of **₹3.13/kWh** should continue to apply to all existing PPAs executed under PM-KUSUM Component-A.

Prayer

In view of the facts and circumstances stated above, I most respectfully pray that the Hon'ble Commission may be pleased to:

1. Reject the proposal for reduction of the tariff from **₹3.13/kWh to ₹2.98/kWh** in respect of existing PM-KUSUM Component-A projects.
2. Continue the approved tariff of **₹3.13/kWh** for all existing Power Purchase Agreements executed under PM-KUSUM Component-A.
3. Take into consideration the substantial escalation in project costs and safeguard the financial viability of Solar Power Generators by ensuring regulatory certainty and protecting the sanctity of executed PPAs.

I shall remain grateful for your kind consideration.

Thanking you.

Yours faithfully,

Mara Lalitha

Solar Power Generator (SPG)

PPA No. 205

PM-KUSUM Component-A

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