

BEFORE THE TELANGANA ELECTRICITY REGULATORY COMMISSION (TGERC)

At Hyderabad

In the Matter of:

Objections/Suggestions to the Petition filed by TGNPDCL on behalf of Telangana DISCOMs for the proposed tariff revision from ₹3.13 / kWh to ₹2.98 / kWh under the "Change in Law" clause for Solar Power Generators (SPGs) under Component-A of the PM-KUSUM Scheme.

Objector Details:

Sri Myana Ravikanth

Solar Power Generator (1.0 MW Project)

Project Details: PPA 12, Interconnection: 11KV Bay of the 33/11 KV Valmidi Substation, Valmidi Village, Palakurthy Mandal, Jangaon District.

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To,

The Commission Secretary,

Telangana Electricity Regulatory Commission,

Vidyut Niyantran Bhavan, GTS Colony,

Kalyan Nagar, Hyderabad – 500045.

Subject: Submission of Objections against the proposed reduction of KUSUM Component-A Tariff from ₹3.13 / kWh to ₹2.98 / kWh for a 1 MW Project.

Respected Sir/Madam,

I, Myana Ravikanth, am an independent Solar Power Generator under Component-A of the PM-KUSUM scheme. I have executed a valid Power Purchase Agreement (PPA 12) with the DISCOM (TGNPDCL) for a 1.0 MW grid-connected solar PV power plant connected to the 33/11 KV Valmidi Substation, situated in Valmidi Village, Palakurthy Mandal, Jangaon District.

I am writing to formally submit my stringent objections to the petition filed by the DISCOMs seeking to reduce the finalized tariff to ₹2.98 / kWh. The entire framework of the existing PPA and this new petition heavily favors the DISCOMs while penalizing small-scale agricultural farmers and local entrepreneurs. I urge the Commission to reject this reduction based on the following grounds:

1. No Automatic Provision in the PPA for Arbitrary Tariff Adjustments

There is absolutely no explicit, unilateral clause within our signed PPA that permits an automatic downward revision of the tariff solely because of a macro-level GST reduction on independent components. The tariff of ₹3.13 / kWh was signed as a long-term, fixed regulatory assurance to cover overall project costs. The DISCOMs cannot selectively invoke the "Change in Law" clause to strip away the marginal profitability of small-scale rural developers.

Commission's Existing Tariff (Rs. 3.13/Kwhr) was determined based on Benchmark capital Cost adopted during 5% GST Regime
The Hon’ble Commission, while determining the benchmark capital cost and has categorically observed:
MNRE vide Office Memorandum dated 21.07.2020 determined benchmark cost for grid connected Solar PV systems for FY 2020-21 as Rs.36 per Watt, equivalent to Rs. 3.60 Crores/MW. Therefore, the commission finds it prudent to consider the capital cost of Rs. 3.60 Crores /Mw as per “O.P.No.24 of 2020 dated 02.01.2021”.

During FY 2020-21, GST applicable on solar equipment was 5%. The benchmark cost of ₹3.60 Crores/MW was already established under a 5% GST regime. Therefore, the tariff of ₹3.13/kWh was never determined on the basis of a 12% GST structure. Consequently, reduction of tariff on the premise that GST has now reverted from 12% to 5% is factually incorrect.

Restoration of GST to 5% Does Not Create Any New Cost Advantage

The GST rate applicable to solar equipment was:

5% up to 30.09.2021,

12% from 01.10.2021,

Subsequently reduced again to 5%.

Therefore, the present GST regime is substantially identical to the tax regime that existed when the Commission originally adopted the benchmark capital cost of Rs. 3.60 Crores/MW and determined the tariff framework.

Consequently, there is no factual or legal basis to contend that the benchmark cost should be reduced below ₹3.60 Crores/MW merely because GST has reduced from 12% to 5% recently or reverted to the same level that prevailed at the time of determination of benchmark cost

2. Misleading GST Calculations vs. True Capital Expenses & Tariff Revenue Losses

The DISCOMs' petition exaggerates the savings from the 56th GST Council meeting (which reduced GST on solar modules/cells from 12% to 5%).

The Actual GST Reduction on Panels: The 7% drop in GST applies only to the ex-factory cost of the raw PV modules. For a 1.0 MW plant, the panel cost is approximately ₹2.2 Crores. A 7% tax reduction translates to a one-time capital saving of roughly ₹15.4 Lakhs.

The Compounded Tariff Loss: A tariff reduction of ₹0.15 per unit (from ₹3.13 to ₹2.98) on a 1.0 MW plant—assuming a standard annual generation of 16,00,000 units—results in a revenue loss of ₹2.4 Lakhs every single year. Over the 25-year tenure of the PPA, the total revenue loss amounts to ₹60 Lakhs.

The Unfair Trade-off: The DISCOMs are attempting to penalize the developer with a ₹60 Lakh lifelong revenue loss in exchange for a theoretical, upfront module tax saving of just ₹15.4 Lakhs. This calculation is mathematically flawed and economically destructive for the project.

3. Hyper-Inflation of Essential Raw Materials (2021 to 2026)

While the DISCOMs focus micro-analytically on the GST drop of one component, they completely ignore the massive, unprecedented rise in the market prices of all other core infrastructural materials between the years 2021 and 2026:

Structural Steel: Essential for solar mounting structures and fencing, steel prices have seen massive inflationary hikes over the last 5 years.

Copper Wires & Copper Transformers: The global cost of copper has skyrocketed, drastically inflating the procurement cost of the internal plant cabling and the mandatory evacuation transformers.

Silver Paste: Industrial silver used in the manufacturing of high-efficiency solar cells has experienced continuous price spikes. The minimal tax saving on panels is completely swallowed by the immense escalation in these physical material costs.

4. Discriminatory Billing and Payment Terms (One-Sided Favoritism)

The asymmetric nature of the PPA heavily favors the DISCOMs:

The Rebate Trap: If the developer submits a bill, the DISCOM demands a strict 1% rebate if they clear the payment within 10 days.

No Late Payment Penalty/Interest: Conversely, when the DISCOM delays payments for months on end—which is standard operational reality—there are no strict, equivalent penal clauses or automatic interest payments credited to the farmer/developer. This creates an unviable cash-flow environment.

5. High Performance Mandate with Draconian Generation Penalties

The PPA imposes an extremely rigid generation structure on a small-scale 1.0 MW plant under the revised 21% Capacity Utilization Factor (CUF):

The Fixed Generation Floor: The project is strictly mandated to produce a minimum of 16.65 Lakh units yearly.

Zero Incentive for Outperformance: If the developer optimizes the plant and produces more than the target generation, the DISCOM absorbs the excess energy but provides no extra payment or premium for it.

Heavy Penalty for Underproduction: Conversely, if generation drops below the mandated 16.65 Lakh units due to weather anomalies, local grid outages, or transformer failures on the DISCOM's side, the developer is slammed with a financial penalty.

Cutting the tariff while keeping such a punishing, one-sided performance penalty structure live is a recipe for project failure.

6. The Carbon Credit Exploitation: A Direct Loss to Farmers

As a solar power generator, this 1.0 MW project produces clean, green energy that directly mitigates carbon emissions. However, under the current framework, the valuable Carbon Credits and Environmental Attributes generated by our fields are taken over and sold by the DISCOMs to meet their own targets or generate green premiums. This represents a direct financial loss to the rural farmers and landholders who put up the capital risk, while the DISCOM enjoys the financial and regulatory rewards.

Prayer to the Honorable Commission

The entire PPA framework is heavily skewed in favor of the DISCOMs, leaving the local farmer to absorb all market, inflation, and execution risks. In light of these facts.

I humbly pray that the Honorable Commission may be pleased to:

Completely reject the DISCOMs' petition to lower the KUSUM Component-A tariff to ₹2.98 / kWh.

Uphold the legally bound tariff of ₹3.13 / kWh to ensure the project does not default on its banking/debt liabilities.

Review the one-sided clauses concerning late payment interest, the zero-payout for excess generation, and carbon credit allocations to protect small-scale agricultural power producers.

I request the Commission to take these points on record and grant me the opportunity to voice these concerns during the Public Hearing on July 8, 2026.

Thanking you.
Yours faithfully,