

OBJECTIONS FILED BY THE OBJECTOR HEREIN

1. It is submitted that the Objector herein is a company incorporated under the provisions of the Companies Act, 2013. The Objector had submitted two applications vide Nos.TG/PM-KUSUM-A/24-25/01271 and TG/PM-KUSUM-A/24-25/01279 under the PM-Kusum Component-A Scheme in the State of Telangana with the Petitioner for a capacity of 2 MW each. The same fructified into two executed PPAs, being KUSUM-A Solar PPA No.22/2025-26 dated 14.08.2025 and KUSUM-A Solar PPA No.24/2025-26 dated 14.08.2025 (collectively referred to as the "PPAs"). The Objector has since set up its solar power projects at Lingal Village, Lingal Mandal, Nagarkurnool District. The Objector's name is reflected at Sl.Nos.22 and 24 of Annexure-A of the present application.
2. It is submitted that the present application filed by the Distribution Licensees seeks the downward revision of the levelized tariff of Rs.3.13/kWh fixed by this Hon'ble Commission, vide its Order dated 02.01.2021 in O.P.No.24 of 2020 for all grid-connected solar power projects to be undertaken as part of the PM-Kusum (Component-A) Scheme within the State, i.e., for Ground Mounted, Grid Connected Solar Power plants from 500kW to 2

For NESUGA POWER PRIVATE LIMITED



DIRECTOR

MW. The sole ground on which the relief of downward revision is being sought is that the GST rates on Solar PV modules had been reduced from 12% to 5% in terms of the 56th GST Council Meeting from September, 2025, and that the same amounts to a change in law.

3. It is submitted at the outset that the averment that the change in GST rates from 12% to 5% amounts to a change in law resulting in monetary benefit to the solar power generator, is completely misplaced and erroneous in the present facts and circumstances, as further detailed hereunder:
4. It is submitted that this Hon'ble Commission, vide its Order dated 02.01.2021 in O.P.No.24 of 2020 had fixed the levelized tariff as Rs.3.13/kwh based on the following normative parameters:

Parameter	Unit	Proposed Norm
Useful life	Years	25
Capital Cost per MW* (including dedicated line)	Rs. Crore	3.60
Salvage value	%	10%
Debt	%	70%
Equity	%	30%
O&M expenses per MW for 1st year	Rs. Crore	0.045
Annual escalation for O&M expenses	%	4.04%
Depreciation rate		
1-12 years	%	5.83%

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13th year onwards	%	1.54%
Loan tenure	Years	12
Interest on long-term loan	%	10.00%
Working capital components	-	▪ O&M expenses for 1 month; ▪ Maintenance spares @ 15% of O&M expenses; ▪ Receivables for 2 months.
Interest on working capital	%	11.00%
Rate of Return on Equity	%	14.00%
Income Tax	-	Income tax paid by the Generator on the income derived from the power project shall be reimbursed by the Distribution Licensee(s) on submission of challans of payment of Tax to the Income Tax Department.
Discount Factor		
Capacity Utilisation Factor		
Auxiliary consumption % 0.75%	%	0.75%

**Land value is not part of capital cost*

5. It is submitted that the Petitioners' averment that the reduction of GST from 12% to 5% on solar PV modules amounts to change in law is relevant only to the capital cost of Rs.3.60 crores/MW. The said capital cost was determined on the basis of the MNRE's office memorandum dated 21.07.2020 determining benchmark costs for grid connected rooftop solar PV systems (>100 to 500 kW) for FY 2020-21 as Rs.36 per Watt, i.e., Rs.3.60 Crore/MW.

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6. It is submitted that solar PV modules were first brought within the ambit of GST vide Corrigendum GSR 867(E) dated 12.07.2017 to Notification No.1/Central Tax (Rate) dated 28.06.2017, which inserted the entry "*Photo voltaic cells, whether or not assembled in modules or made up into panels*" at Sl.No.234(h) of Schedule-I at a CGST rate of 2.5%, i.e., an overall GST rate of 5%.
7. It is submitted that vide Notification No.24/2018-Central Tax (Rate) dated 31.12.2018, the following explanation in relation to composite supply and service was added to Sl.No.234 of Schedule-I:

Explanation: If the goods specified in this entry are supplied, by a supplier, along with supplies of other goods and services, one of which being a taxable service specified in the entry at S. No. 38 of the Table mentioned in the notification No. 11/2017-Central Tax (Rate), dated 28th June, 2017 [G.S.R. 690(E)], the value of supply of goods for the purposes of this entry shall be deemed as seventy per cent. of the gross consideration charged for all such supplies, and the remaining thirty per cent. of the gross consideration charged shall be deemed as value of the said taxable service."

The composite service at Sl.No.38 of notification No. 11/2017-Central Tax (Rate) as amended by Notification No. 27/2018-Central Tax (Rate) dated 31.12.2018, was "*Service by way of construction or engineering or installation or other technical services, provided in relation of setting up of following, - (a) Bio-gas plant (b) Solar power based devices (c) Solar power*

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generating system (d) Wind mills, Wind Operated Electricity Generator (WOEG) (e) Waste to energy plants / devices (f) Ocean waves/tidal waves energy devices/plants” taxed at 9% CGST, i.e., a total GST of 18%.

8. It is submitted that vide Notification No. 8/2021-Central Tax (Rate) dated 30.09.2021, Sl.No.234 was omitted entirely from Schedule-I of Notification No.1/Central Tax (Rate) and was added as Sl.No.201A of Schedule-II, taxable at 6% CGST, i.e., total GST of 12%.
9. It is submitted that vide Notification No. 9/2025-Central Tax (Rate) dated 17.09.2025, Notification No.1/Central Tax (Rate) was superseded and new schedules were introduced. Solar PV Cells are found at Sl.No.437 of Schedule-I taxed at 2.5% CGST, i.e., a total of 5% GST. As such, the rate of GST prevailing between July, 2017 to 30.09.2021 was effectively restored for solar PV Cells.
10. It is submitted that the MNRE's office memorandum dated 21.07.2020, based on which the capital cost was adopted by this Hon'ble Commission, as well as this Hon'ble Commission's Order dated 02.01.2021 in O.P.No.24 of 2020, were both passed at a time when the GST on solar PV modules was 5%. Now that the very

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same 5% rate has been restored, there is no change in law whatsoever from the date of the either of the above-mentioned office memorandum/order. As such, the Petitioners' averment that the change in GST to 5% on PV modules has reduced the investment required for establishing the solar power plants is patently factually incorrect. The same does not amount to a change in law, but rather, a restoration of the rate of tax as it stood on the date of the Order dated 02.01.2021 in O.P.No.24 of 2020.

11. It is further submitted that in fact, there has been a significant increase in costs associated with setting up of a solar power plant since 02.01.2021 which include the following:
- a. Increase in price of steel and aluminum and fabrication required in civil works
 - b. Imposition of Basic Customs Duty from 01.04.2022 of 25% for unassembled PV cells and 40% for solar PV modules
 - c. Increase in price of copper, affecting transformer and electrical cabling cost
 - d. Currency depreciation from INR 73.1/USD to INR 94.39/USD
 - e. RBI Repo rate increase from 4% to 5.25%, i.e., an increase of 125 bps which has increased financing cost

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12. It is therefore submitted that the change in GST brought about after the 56th GST Council Meeting is not a change in law providing any benefit to either of the parties in the present facts and circumstances and is merely a restoration of the position as it stood on the date that the levelized tariff of Rs.3.13/kWh was determined.
13. It is submitted that the existence of a material change in law which results in any monetary benefit/loss to either party is sine qua non and a constitutive fact required for the present application to be maintainable. In the absence of such a change in law which results in any monetary benefit/loss in the present case, the application seeking a downward revision of tariff is not maintainable, and is liable to be dismissed.
14. It is submitted without prejudice to the above, the notice dated 23.06.2026 states that the Discoms have proposed a tariff of Rs.2.98/kWh, however the petition neither refers to such a number nor provides any calculations which imply such a tariff. As such, the Objector is not aware as to how the tariff of Rs.2.98/kWh has

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been arrived at. However, without providing the basis for such a tariff rate, the present petition ought not to be entertained.

15. It is submitted that further without prejudice to the above, this Hon'ble Commission vide its Order dated 22.04.2025 in O.P.No.32 of 2025 at Para No.73 had decided not to change the tariff structure after considering *inter-alia* the increase in rate of GST from 5% to 12% with effect from 30.09.2021. The relevant extracts of the said order as under:

"64. Another stakeholder has mentioned about significant changes which impacted project costs since 02-01-2021, such as INR depreciation (from Rs.73.2/USD in Jan 2021 to Rs. 86.8/USD currently), steep fluctuations in module prices and shipping costs post-COVID, rising interest rates and financing challenges. As of October 2021, the GST rate on solar modules and related components was increased from 5% to 12%, imposition of Approved list of Module Manufacturers by MNRE and import duty changes. Hence, the tariff fixed in early 2021 is no longer reflective of the current market realities and is therefore not appropriate basis for inviting fresh EoIs. A revised and updated tariff determination exercise is essential to ensure that the scheme remains attractive and bankable for prospective farmers, Self Help Groups (SHGs), and developers. Moreover, considering the sunset clause for KUSUM Component-A ending in March 2026, the current approach imposes an impractical timeline. It poses a significant execution risk for stakeholders, especially when tariff certainty is lacking and project planning must accommodate upcoming monsoon seasons and global procurement uncertainties. A timely revision of the tariff structure will not only improve project

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viability but also enhances the scheme's implementation success within the remaining timeframe.

[...]

68. The TGDIscom in the petition has submitted that the solar power generated under this initiative will be purchased by TGDIsCOMs at a prefixed Levelized tariff as approved by the Commission at Rs.3.13/kWh in its order dated 02.01.2021. However, a fresh acceptance will be obtained from the Commission by the TGDIsCOMs towards tariff determination.

[...]

72. This Commission is conscious of the fact that the scheme has been developed in order to encourage small farmers to become entrepreneurs. They will get integrated into the system of electricity production and help for integration of renewable energy. The farmers who have come forward to generate electricity required to spend huge money towards investment for establishment of plant but also for erecting the transmission lines from the point of generation to the Substation and also require to spend money to engage technicians, pay interest to banks towards the loan borrowed for investment etc.

73. The Commission has determined prefixed levelized tariff at Rs. 3.13/kWh in order dated 02.01.2021 in O.P. No. 24 of 2020. The implementing agency has invited EoIs on the basis of the prefixed levelized tariff at Rs. 3.13/kWh. The applicants must have given their Expression of Interest to install solar plant as they will get Rs 3.13/kWh. If at this stage this Commission alters the tariff it may upset either of the parties. Therefore, the Commission deems it fit not to revise the tariff at this stage and as of now the prefixed levelized tariff of Rs.3.13 /kWh stands continued."

For NESUGA POWER PRIVATE LIMITED

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DIRECTOR

As such, when this Hon'ble Commission had held that tariff would not be increased on the basis of an increase in GST, the contrary position cannot be sought by the Petitioners at this stage.

The tariff determined by this Hon'ble Commission represents a regulatory framework founded upon benchmark technical and financial assumptions prevailing at the time of tariff determination. Any proposal to reopen that tariff must therefore demonstrate that those underlying assumptions have materially changed in a manner that justifies revision of the levelized tariff as a whole, and not merely one isolated cost component.

16. It is submitted that the Objector has submitted its bid at Rs.3.13/kWh based on the levelized tariff determined by this Hon'ble Commission, as stated in the bids invited by TGREDCO, and as accepted by the Petitioners in the PPA. The Objector has determined the economic and financial viability of the project on the basis of such tariff. If the tariff is now reduced, the project will become financially unviable and it will no longer be possible for the Objector to continue with the Project.

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17. It is further submitted that the Petitioners have completely misconstrued the restitutionary nature of a Change in Law provision, which is strictly limited to the preservation of economic equilibrium as on the date of determination of tariff. As the restoration of GST from 12% to 5% merely negated the increase from 5% to 12%, the baseline assumptions that the tariff was based on, qua the GST rate, stands restored. As such, there is no scope or reason to revise the tariff due to the restoration of GST from 12% to 5%.
18. The Objector craves leave of this Hon'ble Commission to file any additional objections or documents, if necessitated, and to present its objections in person or through its counsel during the public hearing scheduled on 08.07.2026.
19. For the foregoing objections, facts and circumstances, it is most respectfully prayed that this Hon'ble Commission may be pleased to dismiss the present application, and to pass any such other order/s in the facts and circumstances of the case as this Hon'ble Commission may deem just and equitable.

For NESUGA POWER PRIVATE LIMITED

Date: 29.06.2026
Place: Hyderabad.


OBJECTOR

DIRECTOR