BEFORE THE TELANGANA ELECTRICITY REGULATORY COMMISSION (TGERC)

Vidyut Niyantran Bhavan, G.T.S. Colony, Kalyan Nagar, Hyderabad – 500 045

I.A. No. 4 in O.P. No. 24 of 2020

IN THE MATTER OF:

Petition filed by TGSPDCL on behalf of TGDISCOMs seeking revision of the pre-fixed levelized tariff from Rs. 3.13/kWh to Rs. 2.98/kWh for Solar Power Generators (SPGs) under PM-KUSUM Component-A Scheme, purportedly invoking the Change in Law clause on the ground of reduction of GST from 12% to 5%.

WRITTEN OBJECTIONS AND COUNTER-STATEMENT FILED BY THE RESPONDENT / OBJECTOR

NAME OF OBJECTOR: Sri Pothuri Sivasankara Naidu (Solar Power Generator / SPG)

S/o: Sri P. Muni Reddy

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PPA No.: KUSUM-A Solar PPA No. 11/2025-26, dated 08.06.2025

PROJECT: 1 MW Grid-Connected Solar PV Power Project at Chandapalli Village, Motakonduru Mandal, Yadadri Bhuvanagiri District, Telangana

DISCOM: Southern Power Distribution Company of Telangana Limited (TGSPDCL)

The above-named Objector, being a Solar Power Generator (SPG) holding a duly executed Power Purchase Agreement with TGSPDCL under the PM-KUSUM Component-A Scheme, most respectfully submits the following comprehensive Written Objections and Counter-Statement to the petition filed by TGSPDCL seeking downward revision of the pre-fixed levelized tariff from Rs. 3.13/kWh to Rs. 2.98/kWh. These Objections are filed in response to the Public Notice dated 23.06.2026 issued by this Hon'ble Commission inviting stakeholder objections.

PART I: PRELIMINARY FACTS AND BACKGROUND

1. This Hon'ble Commission, after due deliberation and comprehensive computation, determined the pre-fixed levelized tariff of Rs. 3.13/kWh vide Order dated 02.01.2021 in O.P. No. 24 of 2020, for Solar Power Generators (SPGs) under Component-A of the PM-KUSUM Scheme. This tariff was determined after full and specific consideration of all applicable tax structures, financial parameters (including a capital cost benchmark of Rs. 3.60 Crore/MW, at that time GST 5%), on cost solar components, and regulatory imperatives prevailing at the relevant time.

2. The Objector has executed KUSUM-A Solar PPA No. 11/2025-26 dated 08.06.2025 with TGSPDCL for the supply of 1 MW solar power at a fixed tariff of Rs. 3.13/kWh. This Agreement was entered into by the Objector on the strength of and in specific reliance upon the Tariff Order dated 22.04.2025, the Expression of Interest (EOI) dated 22.01.2025, and the Letter of Award (LOA) No. TGREDCO/KUSUM/Comp A/2025/301 dated 01.05.2025 issued by TGREDCO. Each of these documents unambiguously committed to a fixed tariff of Rs. 3.13/kWh for the full 25-year term of the PPA.

3. The Objector has invested substantial capital — sourced from personal savings, institutional borrowings, and financial arrangements — for the establishment of the 1 MW Solar PV Power Project at Chandapalli Village. The entire financial model, loan repayment schedule, and project viability were computed exclusively on the basis of the assured fixed tariff of Rs. 3.13/kWh for the full 25-year contractual term as stipulated in the PPA. The project is presently at the commissioning stage and the Objector has fulfilled all obligations under the PPA.

4. The Objector has furnished a Performance Bank Guarantee to TGREDCO and has fulfilled all pre-conditions stipulated under the PPA. The Scheduled Commissioning Date (SCOD) is nine (9) months from the date of execution of the PPA. The Objector is implementing the project in good faith and at considerable personal financial risk, having committed all available resources in reliance upon the contractual and regulatory assurances extended by TGSPDCL and TGREDCO.

PART II: SPECIFIC OBJECTIONS

OBJECTION 1: THE TARIFF IS A PRE-FIXED LEVELIZED TARIFF — NOT AMENABLE TO DOWNWARD REVISION

5. Article 9.1.1 of the Power Purchase Agreement expressly and unambiguously stipulates as follows: *"The Tariff payable to the SPG shall be Rs. 3.13 (Rupees Three and Paise Thirteen only) per kWh, at fixed price for the entire term of this Agreement."* This contractual provision is the cornerstone of the present Objections and admits of no ambiguity whatsoever.

6. The tariff of Rs. 3.13/kWh is a pre-fixed levelized tariff, meaning that it was determined after considering all relevant technical, financial, commercial, and

regulatory parameters applicable to the project across its entire life cycle of 25 years. It was specifically designed to remain constant throughout the contractual period, absorbing anticipated variations in capital costs, operation and maintenance expenses, financing costs, and project revenues over the project life. The very nature and purpose of a pre-fixed levelized tariff is to provide certainty, stability, and commercial predictability throughout the contractual period and to remain insulated from year-to-year fluctuations in individual cost components. Any downward revision of such a tariff would be wholly contrary to the concept of a pre-fixed levelized tariff and would defeat the commercial certainty and contractual assurance upon which the Objector made irreversible investments.

7. The phrase "at fixed price for the entire term of this Agreement" in Article 9.1.1 of the PPA constitutes a clear and unequivocal contractual assurance of tariff certainty for the full period of twenty-five (25) years. TGSPDCL ought not to be permitted to invoke Article 13 of the PPA selectively and in a manner inconsistent with the express provisions of Article 9.1.1, so as to reduce a tariff that was expressly agreed to remain fixed for the entire contractual term. Such selective invocation would defeat the contractual intent of the parties and undermine the sanctity of the PPA. Furthermore, TGSPDCL is estopped from approbating and reprobating simultaneously: having represented and contracted that the tariff would remain fixed for the entire term, it cannot now seek to reduce the same by selectively relying upon the Change in Law provisions while disregarding the corresponding contractual guarantee of tariff certainty.

8. The tariff of Rs. 3.13/kWh was determined by this Hon'ble Commission in O.P. No. 24 of 2020 after a comprehensive computation across the entire 25-year project life, incorporating O&M escalation, module degradation factor (0.5% per annum), financial structuring assumptions, return on equity, and all applicable tax parameters. Since the tariff was not determined solely on the basis of GST, it is arithmetically incorrect and legally impermissible to reduce the levelized tariff merely on account of a change in one input tax component, while leaving all other parameters of the original computation undisturbed.

OBJECTION 2: THE CHANGE IN LAW CLAUSE CANNOT BE INVOKED SELECTIVELY — GST REDUCTION IS ONLY ONE ELEMENT AMONG MULTIPLE CHANGES IN LAW

9. Article 13 of the PPA deals with 'Change in Law'. Article 13.1.1 defines 'Change in Law' as any event occurring after the last date of bid submission, including the enactment of a new law, amendment to an existing law, or a change in tax rates. The fundamental purpose of the Change in Law clause is to restore the affected party to the same financial position it would have occupied but for the Change in Law. It is an instrument of restitution — not an instrument of unjust enrichment available exclusively to one party.

10. The Hon'ble Supreme Court of India has consistently held that the object of a Change in Law provision in a Power Purchase Agreement is to restore the affected party to the same economic position as if the Change in Law had not occurred. The principle of restitution requires that both the beneficial and the adverse effects of a Change in Law be considered together, so as to maintain the economic equilibrium originally contemplated by the contracting parties. However, the present petition selectively relies only upon the reduction in GST, while completely ignoring the substantial and corresponding adverse financial impacts suffered by Solar Power Generators, including increases in commodity prices, fuel costs, labour costs, Balance of System (BoS) expenses, and overall project input costs. Such selective application of the Change in Law principle is contrary to its very object and produces an inequitable and distorted assessment of the overall financial impact on the project.

11. The reduction of GST on solar equipment from 12% to 5%, as recommended by the 56th GST Council Meeting (September 2025), results in a reduction in certain capital expenditure components only for those SPGs who had not yet procured their equipment as on the date of such reduction. This benefit does not accrue uniformly to all SPGs. SPGs who had already procured equipment, paid GST at 12%, and incurred full capital expenditure at the prevailing rate receive no corresponding financial benefit from this GST reduction. The Petitioner has not placed before this Hon'ble Commission any project-specific analysis demonstrating that the Objector herein is, in fact, a beneficiary of this GST reduction.

12. The GST reduction affects only the procurement cost of solar modules and inverters, which constitute approximately 50% of the total project cost. It does not affect: (a) land development costs and fencing; (b) civil infrastructure, internal roads, and drainage; (c) HT equipment, switchgear, and cables; (d) transmission and evacuation line costs; (e) O&M costs over the 25-year period; (f) financing costs and interest obligations; (g) SLDC charges; (h) metering and installation costs; or (i) the cost of funds already deployed. A reduction in one input tax component cannot justify a blanket reduction of Rs. 0.15/kWh in the entire levelized tariff applicable for a 25-year period.

13. If TGSPDCL's proposition is accepted — that every reduction in input costs must translate to a corresponding reduction in tariff — then it follows with equal force and logic that every increase in input costs (including inflation in O&M costs, labour wages, replacement components, land lease escalation, module replacement costs, and BoS component prices) must proportionately translate to a tariff increase. TGSPDCL cannot adopt a selective and one-sided interpretation of the Change in Law clause that operates exclusively in its own favour.

OBJECTION 3: INCREASE IN BALANCE OF SYSTEM (BOS) COSTS GROSSLY OUTWEIGHS THE GST BENEFIT — NET TARIFF IMPACT IS ADVERSE TO THE SPG

14. The proposed tariff reduction treats the GST benefit in complete isolation, without accounting for the substantial increase in Balance of System (BoS) costs that has occurred since the original tariff determination in 2021. The following cost increases, which are matters of established market fact and common commercial knowledge, have occurred between 2020-21 and 2025-26:

- Steel (TMT/Structural): Increased from approximately Rs. 45,000–48,000 per ton in 2020-21 to Rs. 54,000–72,000 per ton in 2025-26 — an increase of 20% to 40%.
- Copper (cables and conductors): Increased from approximately Rs. 450–500 per kg in 2020-21 to Rs. 750–900 per kg in 2025-26 — an increase of 60% to 80%.
- Aluminium: Increased from approximately Rs. 160–180 per kg in 2020-21 to Rs. 240–300 per kg in 2025-26 — an increase of 40% to 60%.
- Transformers, HT equipment, and switchgear: Sharp price increases driven by global metal cost escalation and power sector expansion demand.
- Cement: Increased from approximately Rs. 300–320 per bag (50 kg) in 2020-21 to Rs. 380–420 per bag in 2025-26 — an increase of 20% to 30%.
- Diesel and fuel costs: Increased from Rs. 65–70 per litre in 2020-21 to Rs. 90–100 per litre in 2025-26 — an increase of 30% to 40%.
- Labour costs: Increased from approximately Rs. 400–500 per day in 2020-21 to Rs. 700–900 per day in 2025-26 — an increase of 50% to 80%.
- Consumer Price Index (CPI): Increased from approximately 281 in 2020-21 to approximately 395 in 2025-26 — a persistent cumulative inflation of 35% to 40%.

The detailed BoS cost escalation is set out in the table below:

Component	Unit	2020-21 Price (Approx.)	2025-26 Price (Approx.)	% Change	Remarks
Diesel / Fuel	₹/litre	₹65 – ₹70	₹90 – ₹100	+30% to +40%	Global crude price increase
Steel (TMT/Structural)	₹/ton	₹45,000 – ₹48,000	₹54,000 – ₹72,000	+20% to +40%	Post-COVID infrastructure demand
Copper (Cables & Conductors)	₹/kg	₹450 – ₹500	₹750 – ₹900	+60% to +80%	Global demand and supply constraints

Component	Unit	2020-21 Price (Approx.)	2025-26 Price (Approx.)	% Change	Remarks
Aluminium	₹/kg	₹160 – ₹180	₹240 – ₹300	+40% to +60%	Linked to global metal prices
Cement	₹/bag (50 kg)	₹300 – ₹320	₹380 – ₹420	+20% to +30%	Fuel and logistics cost driven
Transformer Oil	₹/litre	₹70 – ₹80	₹100 – ₹130	+40% to +60%	Petroleum-linked; T&D expansion
Labour Cost	₹/day	₹400 – ₹500	₹700 – ₹900	+50% to +80%	Wage escalation linked to CPI
CPI Inflation Index	Index	~281	~395	+35% to +40%	Persistent inflation trend

15. As a result of the above cost increases, the average increase in Balance of System (BoS) cost alone is in excess of 20%, translating to approximately Rs. 0.28 Crore/MW. Against this, the GST reduction benefit amounts to only approximately Rs. 0.12 Crore/MW. Consequently, the revised net project cost works out to approximately Rs. 3.75 Crore/MW, which is substantially higher than the original benchmark capital cost of Rs. 3.60 Crore/MW. The overall financial impact, when assessed holistically, clearly and conclusively demonstrates that there is no justification whatsoever for reducing the tariff from Rs. 3.13/kWh to Rs. 2.98/kWh.

15A. The Petitioner has sought reopening of the agreed tariff solely on the ground that GST on certain solar equipment has been reduced from 12% to 5%, contending that the capital cost of the project has consequently decreased. If the Petitioner is permitted to reopen the capital cost on account of one component of project cost, then the entire project cost necessarily becomes open for examination. The Commission cannot selectively reduce only one cost element while ignoring the substantial increase in the remaining components of the project cost, including Balance of System (BoS), steel, copper, aluminium, cement, transformers, cables, labour, transportation, financing and other indispensable inputs, by reason of which the original benchmark capital cost of Rs.3.60 Crore/MW has substantially increased to nearly Rs.4.00 Crore/MW. Once the capital cost itself has materially increased, there exists no legal, contractual or equitable basis for reducing the tariff merely because one tax component has decreased.

The Change in Law clause is intended to preserve the economic equilibrium of the contract and cannot be invoked selectively for one favourable statutory change while ignoring the overall increase in the capital cost and financial

burden borne by the Solar Power Generator. If the Petitioner's interpretation is accepted, then whenever statutory changes or regulatory measures increase the project cost, the same Change in Law principle must equally operate to restore the generator by permitting a corresponding upward revision of tariff. A contractual provision cannot operate only in favour of one party. Any one-sided application would be arbitrary, contrary to the reciprocal obligations contained in the Power Purchase Agreement, and would defeat the very object of the Change in Law clause.

16. It is a well-settled principle governing the application of Change in Law provisions in Power Purchase Agreements that compensation must cover the actual and total financial impact arising from all statutory and regulatory changes, and not merely on the basis of isolated or partial consideration of a single favourable cost component. In the present case, the substantial escalation in Balance of System (BoS) costs — driven by increases in commodity prices, inflation, labour costs, and other project inputs — has materially and adversely affected the overall project cost. These adverse financial impacts are required to be considered holistically while determining the effect of any Change in Law event, and no tariff revision ought to be ordered on the basis of a single favourable factor in isolation.

17. The governing principle of Change in Law adjudication mandates that developers must be restored to the same financial position as they occupied prior to the Change in Law, taking into account the full and comprehensive cost impact — both beneficial and adverse. Compelling developers to absorb unforeseen and substantial cost increases while simultaneously reducing their contracted tariff on account of a single favourable change produces a manifestly inequitable outcome. The same principle applies with full force in the present matter: a reduction in tariff that ignores BoS cost escalation places an unjust and unwarranted financial burden upon individual farmer-SPGs who have no capacity to absorb such losses.

OBJECTION 4: THE PROPOSED REDUCTION VIOLATES THE DOCTRINE OF LEGITIMATE EXPECTATION

18. The Objector entered into the PPA in June 2025 in pursuance of the LOA issued in May 2025, which was itself issued pursuant to the EOI dated 22.01.2025. All documents in the contractual chain — the EOI, the LOA, and the PPA — contain unambiguous and binding representations that the tariff of Rs. 3.13/kWh shall remain fixed for the full 25-year contractual term. The Doctrine of Legitimate Expectation, as affirmed by the Hon'ble Supreme Court of India in Union of India v. Hindustan Development Corporation, (1994) 3 SCC 499 and Monnet Ispat & Energy Ltd. v. Union of India, (2012) 11 SCC 1, protects a citizen or investor who has altered his position in reliance upon the promise or representation of a public authority. A public authority that has

made a clear and unambiguous representation cannot be permitted to resile therefrom to the detriment of the party who acted upon such representation.

19. The Objector has committed irreversible investments — including acquisition of land, procurement of solar modules and inverters, civil works, and interconnection infrastructure — entirely on the faith of the contractually committed tariff of Rs. 3.13/kWh. The project has reached the commissioning stage on the basis of a financial model premised exclusively upon this tariff. To permit TGSPDCL to seek a reduction in tariff after the PPA has been executed and irreversible investments have been committed is a gross violation of the doctrine of legitimate expectation and would expose the Objector-SPG to irreparable financial loss through no fault of his own.

20. The Objector is a small farmer and rural entrepreneur who does not enjoy the financial resilience or institutional advantages available to large corporate developers. PM-KUSUM projects are inherently decentralised projects with limited economies of scale, requiring assured tariff support to remain commercially viable. Any reduction in the contracted tariff not only destroys the financial model of this project but also sends a deeply adverse signal to all prospective farmer-investors in Government-backed renewable energy schemes, which is directly contrary to the stated policy objectives of the Government of India.

OBJECTION 5: THE PETITION IS LEGALLY INFIRM — NO FINANCIAL COMPUTATION OR ENGINEERING BASIS HAS BEEN PROVIDED FOR RS. 2.98/KWH

21. TGSPDCL has not placed before this Hon'ble Commission any actuarial computation, financial model, or engineering analysis to demonstrate: (a) what specific component of the original Rs. 3.13/kWh tariff was attributable to GST at the rate of 12%; (b) what precise per-unit saving results from the reduction of GST to 5%; (c) how such saving, when levelized over the 25-year project life, translates to exactly Rs. 0.15/kWh reduction; and (d) whether SPGs who have already paid GST at 12% and received no corresponding benefit from the rate reduction are to be treated differently from those who have not yet procured their equipment. In the absence of such data, the proposed revision of Rs. 2.98/kWh is based purely on assumption and not on established fact.

22. It is a well-settled principle of regulatory jurisprudence, consistently affirmed by the Hon'ble Appellate Tribunal for Electricity (APTEL), that a petition for revision of tariff must be supported by cogent, verifiable, and project-specific financial computation. A petition that merely asserts entitlement to tariff reduction on account of a change in one tax rate, without providing detailed actuarial computation of the actual benefit accruing to each category of SPG, cannot be entertained as a matter of regulatory law. The present petition is founded upon an assumption rather than an established financial fact and is liable to be dismissed on this ground alone.

23. Furthermore, Article 13 of the PPA vests the power to determine the quantum and mechanism of any Change in Law compensation in this Hon'ble Commission — not in TGSPDCL unilaterally. TGSPDCL's petition seeking a specific reduction to Rs. 2.98/kWh, unsupported by any financial workings, is on its face liable to be rejected. Even if this Commission is pleased to entertain the petition, it is respectfully submitted that the Commission ought to first direct TGSPDCL to file detailed financial computations — including the actual GST paid or payable by each category of SPG, and the precise net per-unit tariff impact — before passing any order of revision.

OBJECTION 6: THE PROPOSED REDUCTION CAUSES SEVERE FINANCIAL HARDSHIP AND RENDERS THE PROJECT COMMERCIALLY UNVIABLE

24. A reduction of Rs. 0.15/kWh in tariff on a 1 MW project generating approximately 1.664 Million Units (MU) per year — as stipulated in Article 4.3.1 of the PPA for the first ten (10) years — translates to an annual revenue loss of approximately Rs. 2,49,600/- (Rupees Two Lakhs Forty-Nine Thousand Six Hundred only). Over the full 25-year PPA term, this aggregates to a cumulative revenue loss of approximately Rs. 62,40,000/- (Rupees Sixty-Two Lakhs Forty Thousand only). This is a substantial and viability-destroying reduction for an individual farmer-investor who has committed personal savings and borrowed funds for a single 1 MW project.

25. At the existing tariff of Rs. 3.13/kWh, the project operates on a very thin margin of commercial viability, with a projected Internal Rate of Return (IRR) that is barely sufficient to service bank loans and meet minimum O&M obligations over the 25-year period. Any reduction in tariff will push the project into commercial losses, rendering it financially unsustainable. The farmer-SPG will be unable to service institutional loans, meet O&M obligations, or sustain plant operations over the full contractual term. This is not a hypothetical or speculative risk — it is a commercial and financial certainty.

26. Insurance premiums and plant security costs have increased considerably due to rising equipment replacement costs and escalating theft risks. O&M expenses — including module cleaning, inverter servicing, security guard wages, and vegetation management — increase annually while the tariff remains fixed. These escalating O&M costs further erode the already thin margin of viability and compound, year after year, the adverse financial impact of any tariff reduction.

OBJECTION 7: THE PROPOSED TARIFF REDUCTION DEFEATS THE STATED OBJECTIVES OF THE PM-KUSUM SCHEME AND IS CONTRARY TO PUBLIC POLICY

27. PM-KUSUM Component-A was specifically designed to enhance the income of farmers and rural landowners, provide energy and water security to small and marginal farmers, de-dieselise the agricultural sector, and reduce environmental pollution caused by diesel pump sets. (See Whereas Clause A of

the PPA.) Any reduction in the contracted tariff directly undermines these stated public policy objectives and inflicts unacceptable financial hardship upon individual farmers who invested their life savings in reliance upon a Government-backed scheme commitment.

28. PM-KUSUM projects also serve the broader public interest by: (a) providing decentralised solar generation that reduces technical losses and improves feeder-level grid efficiency; (b) reducing the need for expensive transmission infrastructure investment by DISCOMs; (c) enabling Telangana DISCOMs to fulfil their Renewable Purchase Obligation (RPO) targets and avoid regulatory non-compliance costs; and (d) reducing the State's dependence on thermal power, whose procurement costs continue to escalate due to rising coal prices, transportation costs, and environmental compliance obligations. Any order reducing tariff to a level that makes PM-KUSUM projects economically unviable is directly contrary to the State's energy policy and environmental commitments.

29. Farmers chose to participate in this scheme solely because of the assured fixed tariff commitment embedded in the PPA. Altering the tariff after irreversible investments have been committed and at the commissioning stage of the project is fundamentally unfair and would cause irreparable harm to farmer-investors. It would also send a profoundly damaging signal to all prospective farmer-investors in Government-backed renewable energy programmes and undermine the credibility of the regulatory framework itself. This Hon'ble Commission, as the public interest regulator, has a duty to protect the interests of vulnerable farmer-investors and to ensure that commitments made through regulatory orders and executed PPAs are honoured in their entirety.

OBJECTION 8: THE EXPRESS TERMS OF THE PPA SUPERSEDE ANY UNILATERAL REVISION — CONTRACTUAL SANCTITY MUST BE UPHELD

30. Article 1.2.5 of the PPA provides: 'The provisions of the Expression of Interest (EOI) [including all clarifications and/or amendments] / this Agreement shall always prevail over any other documents in case of contradiction.' The PPA is therefore the supreme governing document. Any revision in tariff after execution of the PPA can be validly effected only by mutual written agreement of both parties, as provided under Article 18.1 of the PPA, which states: 'This Agreement may only be amended or supplemented by a written agreement between the Parties.' TGSPDCL cannot unilaterally modify a fundamental term of the PPA through a regulatory petition filed without the knowledge, consent, or agreement of the individual SPG.

30A. The Petitioner has failed to disclose before this Hon'ble Commission any project-wise analysis demonstrating whether individual Solar Power Generators have actually derived any monetary benefit from the reduction in GST. In the absence of such project-specific data, a uniform blanket reduction in tariff across all SPGs would be arbitrary, discriminatory as between those who

benefited from the GST reduction and those who did not, and contrary to the fundamental principles of natural justice and equitable treatment.

31. Article 2.2.1 of the PPA provides that the Agreement shall remain valid for a period of twenty-five (25) years commencing from the Effective Date. Article 9.1.1 expressly stipulates that the tariff of Rs. 3.13/kWh shall be applicable "for the entire term of this Agreement." Any regulatory order reducing the contracted tariff during the subsistence of the PPA, without the consent of the SPG and without a duly established financial and legal basis, would violate the sanctity of the contract, undermine the enforceability of duly executed Power Purchase Agreements, and erode the legitimate expectations of investors who committed substantial capital in reliance upon the contractual assurances extended by TGSPDCL under the PM-KUSUM Scheme.

32. The principle of sanctity of contract and the importance of honouring commitments under Power Purchase Agreements in the energy sector has been repeatedly and firmly affirmed by the Hon'ble Supreme Court of India. In Energy Watchdog v. Central Electricity Regulatory Commission, (2017) 14 SCC 80, the Supreme Court reaffirmed that regulatory authorities, while empowered to determine and revise tariffs, must do so in a manner consistent with the contractual commitments of state utilities and the reasonable expectations of private investors who have committed capital in reliance upon such commitments. This principle applies with full force to the present matter.

OBJECTION 9: THE CHANGE IN LAW CLAUSE, PROPERLY AND HOLISTICALLY APPLIED, ENTITLES SPGS TO AN UPWARD REVISION — NOT A DOWNWARD REVISION

33. Even if this Hon'ble Commission is pleased to undertake a comprehensive Change in Law analysis, the correct and legally justified conclusion — when all changes in law and economic circumstances since 2021 are considered holistically and in their totality — is that SPGs are entitled to an upward revision in tariff and not a downward one. The GST reduction benefit of approximately Rs. 0.12 Crore/MW is more than offset by the BoS cost increase of approximately Rs. 0.28 Crore/MW, yielding a net additional cost burden of approximately Rs. 0.16 Crore/MW on the project. On a levelized basis computed over a 25-year project life at a 19% CUF and 8.5% discount rate — the same parameters adopted by this Hon'ble Commission in the original Tariff Order dated 02.01.2021 — this net additional cost translates to a justified upward revision of approximately Rs. 0.12 to Rs. 0.15/kWh, making the financially viable tariff Rs. 3.25 to Rs. 3.30/kWh, as against the proposed reduction to Rs. 2.98/kWh.

34. The Objector respectfully submits that this Hon'ble Commission may either: (a) reject the petition and maintain the agreed tariff of Rs. 3.13/kWh in accordance with the express terms of the Power Purchase Agreement and the Tariff Order dated 02.01.2021; or, in the alternative, (b) direct a comprehensive, holistic, and project-specific review of all relevant financial and economic

parameters — including the reduction in GST, escalation in Balance of System (BoS) costs, increases in commodity prices, labour cost escalation, inflation, and financing costs — before passing any order of tariff revision. Such a review, if undertaken, must consider both the beneficial and adverse financial impacts arising from all relevant changes in law and market conditions since 2021, so as to determine the true net economic effect upon the project. No order of tariff revision should be passed unless it is supported by complete financial data, project-specific computation, and a holistic assessment demonstrating that such revision is both legally justified and financially equitable.

PART III: LEGAL PRINCIPLES AND JUDICIAL PRECEDENTS

The following well-settled legal principles and judicial precedents support the Objector's position and are respectfully placed before this Hon'ble Commission:

35. Doctrine of Legitimate Expectation: Union of India v. Hindustan Development Corporation, (1994) 3 SCC 499; Monnet Ispat & Energy Ltd. v. Union of India, (2012) 11 SCC 1. A public authority that has made a clear and unambiguous representation to a citizen, upon which the citizen has acted to his detriment by committing irreversible investments, cannot be permitted to resile from such representation. The protection afforded by the doctrine of legitimate expectation is not merely procedural; it operates to prevent substantive injustice to the affected party.

36. Restitutionary Principle in Change in Law: The Hon'ble Supreme Court has consistently held that the object and purpose of Change in Law provisions in Power Purchase Agreements is to restore the affected party to the same economic position as if the Change in Law had not occurred. The principle of restitution requires that compensation should neither confer unjust enrichment upon one party nor impose an unfair financial burden upon the other. Accordingly, the financial impact of both beneficial and adverse consequences arising from a Change in Law event must be considered holistically while determining the appropriate relief or revision.

37. Economic Equilibrium Under Change in Law: The settled principle governing Change in Law adjudication is that the affected party is entitled to restoration of the same economic position it occupied prior to the Change in Law, having regard to all relevant cost impacts arising from the statutory or regulatory change. Any determination under the Change in Law provisions must, therefore, take into account both beneficial and adverse financial consequences so as to maintain the economic equilibrium originally contemplated by the contracting parties. Selective consideration of only those changes that are favourable to the procuring DISCOM, while ignoring corresponding adverse impacts upon the SPG, defeats the very object and purpose of the Change in Law clause.

38. Actual Cost Coverage and Holistic Financial Assessment: It is a well-settled principle governing Change in Law adjudication that compensation must be determined on the basis of the actual and total financial impact arising from all relevant statutory changes, and not on the basis of isolated or partial consideration of a single favourable cost component. Where a Change in Law event produces both beneficial and adverse financial consequences, the regulatory authority is duty-bound to assess the net aggregate effect of all such consequences before determining the quantum of relief or revision. A tariff revision order passed on the basis of a single favourable factor — such as a reduction in GST on one category of equipment — while ignoring substantial adverse cost escalations in Balance of System components, commodity prices, labour costs, and cumulative inflation, does not constitute a proper or complete Change in Law analysis. Such partial and selective analysis results in unjust enrichment of the Petitioner-DISCOM at the direct expense of the individual farmer-Solar Power Generator, who has no capacity to absorb unforeseen project cost increases. Reliance is placed upon the principles enunciated in Paragraphs 14, 15, and 16 above, which are incorporated herein by reference.

39. Prohibition Against Selective Burden on Developers — Equitable Application of Change in Law: It is an equally well-settled principle that Change in Law provisions contained in Power Purchase Agreements must be applied fairly, equitably, and holistically to both contracting parties. A Solar Power Generator or project developer cannot be compelled to absorb unforeseen statutory, regulatory, or market-driven cost increases while only the favourable changes in law are taken into account for the purpose of tariff revision. The very object and purpose of the Change in Law clause is restitutionary in nature — it is designed to restore the affected party to the same economic and financial position it would have occupied had the Change in Law not occurred. It is emphatically not an instrument of selective financial benefit available exclusively to the procuring DISCOM. Where, as in the present case, the adverse financial impacts upon the Solar Power Generator — comprising escalation in steel, copper, aluminium, cement, diesel, labour costs, and cumulative inflation since 2021 — substantially outweigh the benefit derived from GST reduction, the correct and equitable application of the Change in Law clause entitles the Solar Power Generator to an upward revision in tariff and not a downward one. No order of downward tariff revision ought to be passed unless supported by a complete, project-specific, and holistic financial assessment demonstrating a net benefit to the Solar Power Generator after accounting for all adverse cost impacts. Reliance is placed upon the principles enunciated in Paragraphs 16 and 17 above, which are incorporated herein by reference.

40. Financial Computation Required for Tariff Revision: It is a well-recognised principle of regulatory jurisprudence, consistently applied by the Hon'ble Appellate Tribunal for Electricity (APTEL), that a petition for revision of tariff must be supported by cogent, verifiable, and project-specific financial

computation. A petition for tariff revision cannot be entertained, let alone allowed, on the basis of assumptions alone, without detailed actuarial computation of the actual financial impact upon each category of affected stakeholder.

41. Burden of Proof: The burden of establishing entitlement to any revision of tariff rests entirely and exclusively upon the Petitioner. In the absence of complete financial data, independent engineering analysis, and project-specific computation filed before this Hon'ble Commission, no adverse order affecting vested contractual rights and legitimate financial expectations ought to be passed against the Objector or any other SPG.

PART IV: PRAYER

In the light of the foregoing Written Objections, the settled legal principles and judicial precedents cited herein, and in the interests of justice, equity, and the overriding public policy objectives of the PM-KUSUM Scheme, the Objector most respectfully prays that this Hon'ble Commission may be pleased to:

(a) REJECT the petition filed in I.A. No. 4 in O.P. No. 24 of 2020 by TGSPDCL seeking reduction of the pre-fixed levelized tariff from Rs. 3.13/kWh to Rs. 2.98/kWh, on the ground that it is based upon partial, incomplete, and project-non-specific financial analysis and is contrary to settled legal principles;

(b) HOLD AND DECLARE that the pre-fixed levelized tariff of Rs. 3.13/kWh, determined vide Order dated 02.01.2021 in O.P. No. 24 of 2020, shall continue to operate in full force and effect and shall not be revised downwards on the sole ground of GST rate reduction, which constitutes a partial and incomplete Change in Law analysis;

(c) DIRECT that all Power Purchase Agreements already executed between TGDISCOMs and individual Solar Power Generators under the PM-KUSUM Component-A Scheme, including the PPA executed by the Objector herein, shall be honoured and performed at the contracted tariff of Rs. 3.13/kWh for the full term of 25 years from the respective Commercial Operation Dates;

(d) In the alternative and without prejudice to the primary reliefs above, if this Hon'ble Commission is pleased to undertake a tariff revision exercise, DIRECT TGSPDCL to first file before this Commission detailed and project-specific financial computations, including: (i) the actual GST paid or payable by each category of SPG; (ii) net Balance of System (BoS) cost escalation since 2021; (iii) commodity price and inflation data with independent corroboration; and (iv) holistic net tariff impact per kWh for each SPG category — before any order of revision is passed, so that any revision, if ordered, is founded upon complete and accurate data;

(e) Without prejudice to the above, DIRECT the Petitioner to disclose project-wise data establishing whether and to what extent each individual SPG has actually derived monetary benefit from the reduction in GST, prior to any consideration of tariff revision;

(f) PASS such other order or orders as this Hon'ble Commission may deem fit, proper, and necessary in the interests of justice, equity, and the overriding public policy objectives of the PM-KUSUM Scheme; and

(g) AWARD costs of these proceedings against the Petitioner, having regard to the fact that the petition has been filed without project-specific financial data, without project-wise computation of GST benefit, and without any consideration of the corresponding adverse cost impacts upon Solar Power Generators, as this Hon'ble Commission may deem appropriate.

VERIFICATION

I, Sri Pothuri Sivasankara Naidu, S/o Sri P. Muni Reddy, residing at 1-5-9/16, Street No. 8, Greens Hills Colony, Habisguda – 500 007, Hyderabad, Telangana, do hereby verify and state on solemn affirmation that the contents of the foregoing Written Objections are true and correct to the best of my knowledge, information, and belief; that no material fact has been concealed or misrepresented therefrom; and that I am competent and authorised to make this statement.

Verified at Hyderabad on this 30th day of June 2026.

(POTHURI SIVASANKARA NAIDU)
Solar Power Generator / Objector
KUSUM-A PPA No. 11/2025-26
TGSPDCL