

To
The Commission Secretary,
Telangana Electricity Regulatory Commission,
Vidyuth Niyamtran Bhavan, G.T.S Colony,
Kalyan Nagar, Hyderabad – 500045

Subject: Objection to the Proposed Revision of PM-KUSUM Component-A Tariff

Reff: LOA No-TGREDCO/KUSUM/Comp A/2025/1234 Dt: 25-06-2025
LOA No-TGREDCO/KUSUM/Comp A/2025/1236 Dt: 25-06-2025
1. PPA No-258 DATE-04-07-2025
2. PPA No-277 DATE-04-07-2025

Respected Sir/Madam

This is in response to the subject cited above and the notice issued by the Hon’ble commission inviting objections to the petition filed by TGDISCOM for reducing the Pre fixed tariff determined by the commission from Rs.3.13/-KWH to Rs.2.98/-KWH.

In this regard we respectfully submit that we have entered into Power purchase Agreements (PPA) with TGSPDCL for implementation of 4MW Solar Power Plant at Moosapet Village, Mahaboob Nagar District.

The justification for the proposed tariff reduction appears to be based solely on the reduction of GST on solar photovoltaic modules from 12% to 5%. However, a solar power project consists of several other critical components in addition to PV modules.

The Balance of System (BOS), which includes module mounting structures, inverters, transformers, switchgear, HT and LT cables, SCADA systems, communication systems, civil works, transmission infrastructure, evacuation facilities, and other associated equipment, constitutes more than 60% of the total project cost. Most of these BOS components continue to attract GST at 18%, and there has been no corresponding reduction in their tax incidence.

Therefore, the benefit arising from the GST reduction on PV modules is limited to only a portion of the overall project cost and cannot be considered representative of the entire project expenditure. The proposed tariff reduction assumes that the GST benefit applies uniformly across the project, which is not the case.

Also the Solar Projects which are barely viable with the present tariff of Rs.3.13/KWH shall become totally unviable if the tariff rate is reduced.

Also kindly note that the present tariff does not provide any annual escalation mechanism despite continuing inflation and increasing operational costs. In such circumstances, a further reduction in tariff would adversely affect the long term viability of the Solar Projects.

Further, project developers continue to face increasing costs related to land development, transmission line construction, statutory approvals, right-of-way clearances, financing costs, labor, logistics, and operation & maintenance activities. These cost escalations substantially offset marginal savings, if any, resulting from the GST reduction on solar modules. Also kindly note that one time GST Rate reduction should not automatically become 25 years tariff reduction.

In view of the above, revising the tariff downward solely on the basis of GST reduction on PV modules does not accurately reflect the actual cost structure of a solar power project. It is therefore requested that the Hon'ble Commission retain the existing tariff and protect the financial viability of projects developed under the PM-KUSUM Scheme.

Thanking You

Yours Faithfully

Salguti Rajitha Reddy

Salguti VishnuVardhan Reddy