

To,

Date: 30 June 2026

The Commission Secretary
Telangana Electricity Regulatory Commission (TGERC)
Vidyuth Niyamtran Bhavan
Hyderabad – 500004
Email: secy-tgerc@telangana.gov.in

Subject: Submission of objections to the proposed downward revision of pre-fixed levelized tariff under PM-KUSUM Component-A

Reference: I.A. No. 4 in O.P. No. 24 of 2020 and Public Notice dated 23 June 2026 issued by the Hon'ble Commission

Respected Sir/Madam,

I respectfully submit this representation in response to the Public Notice dated **23 June 2026** issued in the above-referenced matter, pursuant to the petition filed by TGSPDCL/TGNPDCL seeking a downward revision of the pre-fixed levelized tariff applicable to Solar Power Generators under PM-KUSUM Component-A from **₹3.13/kWh to ₹2.98/kWh**, primarily on the ground of reduction in GST under the purported "Change in Law" provisions.

At the outset, I most respectfully submit that the proposed reduction is neither technically justified nor financially sustainable. The approved tariff of **₹3.13/kWh** was determined after due regulatory consideration of capital cost, financing parameters, operating expenses, project risks, and long-term viability. A selective reduction based only on one isolated cost component, without considering the cumulative escalation in other project inputs, would be inequitable and contrary to the principles of fair tariff determination.

Accordingly, the proposed reduction deserves to be rejected and the existing approved tariff of **₹3.13/kWh** deserves to be retained without any downward revision.

1. Tariff Determination is a Holistic Regulatory Exercise and Cannot Be Reopened Selectively

The tariff of ₹3.13/kWh was determined through a holistic regulatory framework incorporating:

- Capital cost benchmarks
- Financing assumptions and interest rates
- Operation & maintenance costs
- Equity returns
- Project risks and lifecycle considerations

The tariff was determined **ex-ante for a 25-year operating period** to provide regulatory certainty, ensure project bankability, and encourage participation by farmers and developers. Reopening the tariff only on the basis of GST reduction, without simultaneously reassessing all other cost parameters, would distort the regulatory basis on which the tariff was originally approved.

2. GST Reduction Alone Does Not Reflect the Actual Cost Environment

It is acknowledged that GST on certain solar power equipment has been reduced from 12% to 5%. However, the actual benefit of this reduction is limited and does not represent the overall cost movement experienced by Solar Power Generators after the original tariff determination. Since 2021, the sector has witnessed significant escalation in module prices, steel and mounting structures, cables, electrical equipment, logistics, labour, land-related costs, and financing costs.

3. Comparative Cost Analysis (Annexure Summary)

A fair and balanced assessment clearly establishes that the limited savings arising from GST reduction are substantially outweighed by broader cost escalations across key project components:

A. GST Impact

- Estimated overall capital cost reduction: **~5%–6%**

B. Cost Escalation (Post-2021)

- Modules: **+10% to +25%**
- Structures (Steel): **+20% to +40%**
- Cables & Electricals: **+15% to +30%**
- EPC & Labour: **+10% to +20%**
- Financing Costs: **+2% to +4%**

C. Net Impact

- Overall project cost impact: **Increase of ~10% to 18%**
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Key Technical and Financial Conclusion

The net impact on project economics is adverse. The marginal GST-related benefit, if any, is insufficient to offset the material increase in overall project costs. Therefore, reducing the tariff from **₹3.13/kWh to ₹2.98/kWh** would be inconsistent with the prevailing cost realities and would impair the financial viability of the projects.

4. Sanctity of Pre-Fixed Tariff and Legitimate Expectations Must Be Protected

- The PM-KUSUM tariff framework was designed to provide **predictability, long-term revenue visibility, and confidence to investors and farmer participants**
 - Developers and farmer stakeholders have made investment decisions and commercial commitments based on the approved tariff of **₹3.13/kWh**
 - Any post-facto downward revision would **erode investor confidence, weaken regulatory certainty, and adversely affect the implementation of decentralized renewable energy projects**
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5. Selective Invocation of “Change in Law” is Unfair and Asymmetric

The principle of “Change in Law”, if invoked, must be applied in a fair, comprehensive, and balanced manner. It cannot be selectively applied only to capture a perceived reduction in one cost component while disregarding substantial adverse cost movements in several other components.

- On a **holistic and balanced basis**
- Accounting for both positive and adverse cost impacts

A selective downward revision would create an unsustainable regulatory precedent and would amount to an asymmetric adjustment against Solar Power Generators, contrary to the principles of equity, reasonableness, and regulatory certainty.

6. Proposed Reduction Would Adversely Affect Farmers and the Objectives of PM-KUSUM

PM-KUSUM is a **farmer-centric initiative** intended to:

- Enhance rural income
- Enable decentralized solar generation

Any reduction in tariff at this stage would have the following adverse consequences:

- Directly reduce the expected revenue and earnings of farmer-linked Solar Power Generators
 - Weaken project viability and impair the ability of generators to service debt and meet operational obligations
 - Discourage future participation in decentralized renewable energy initiatives and undermine the intended objectives of PM-KUSUM
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Prayer / Request

In view of the foregoing facts, submissions, and the adverse financial implications of the proposed revision, I most respectfully request the Hon’ble Commission to kindly:

- **Reject the proposal of TGSPDCL/TGNPDCL to reduce the pre-fixed levelized tariff from ₹3.13/kWh to ₹2.98/kWh**
 - **Retain the approved tariff of ₹3.13/kWh for Solar Power Generators covered under O.P. No. 24 of 2020**
 - **Protect regulatory certainty, investor confidence, and the sanctity of pre-fixed tariff commitments**
 - **Recognize that GST reduction alone does not justify any downward tariff revision when the overall project cost environment has materially increased**
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I further request the Hon'ble Commission to kindly provide me an opportunity to present these submissions during the scheduled public hearing and to place any additional supporting documents or clarifications, if required.

Thanking you and requesting your kind consideration.

Yours sincerely,

Rangoju Shami kumar

SPG (PPA No 428 /2025-26)