

Date : 29-06-2026

**To
The Secretary
Telangana Electricity Regulatory Commission
Sy. No.145-P, Vidyut Niyantran Bhavan
Kalyan Nagar, GTS Colony, Hyderabad**

Respected sir,

Sub : Submission of objections and suggestions in I.A.No. 4 in O.P. No. 24 of 2020 filed by TGDISCOMs, seeking revision of the pre-fixed levelized tariff of Rs/3.13/kWh determined under O.P. No. 24 of 2020 dated 02.01.2021 for the Solar Power Generators (SPGs) issued by the Hon'ble TGERC under Component-A of the PM-KUSUM Scheme, consequent to the change in applicable GST rates as recommended by the 56th Meeting of the GST Council held at New Delhi in September 2025-Reg.

With reference to the public notice dated 23.6.2026, inviting objections and suggestions on the subject issue, we are submitting the following points for the consideration of the Hon'ble Commission:

- 1. In the subject application, TGDISCOMs have requested the Hon'ble Commission to reduce the tariff determined by the latter in its order dated 2.1.2021 in O.P.No.24 of 2020 from Rs.3.13 per unit of solar power to be purchased by them from solar power generators under PM KUSUM component A with whom the DISCOMs had power purchase agreements for a period of 25 years from the date declaration of commercial operation date. They have sought downward revision of the tariff on the ground that "the 56th Meeting of the. GST Council held at New Delhi in September 2025 recommended a reduction in the GST rate from 12% to 5% on Solar PV Modules, Solar Cells, and associated renewable energy components, with the same being notified by the Ministry of Finance, Government of India." They have also enclosed lists of SPGs with whom they had entered into long-term PPAs. Though our solar power project is not included in the lists of SPGs submitted by SPDCL to the Hon'ble Commission, the DISCOM has issued the subject notice to us through e mail.**

2. I have (SPG) invested substantial capital — sourced from personal savings, institutional borrowings, and financial arrangements — for the establishment of the 2 MW(AC) Solar PV Power Project at Paleannaram 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 SPG has fulfilled all obligations under the PPA.
3. TGDISCOMs have worked out the revised levelized tariff to Rs.2.98 per unit. However, they have not submitted details of how they have worked out the revised tariff.
4. As per the GST order referred by the DISCOMs, it is to submit that reduction of GST from 12% to 5% is effective only for solar panels, and there is no reduction of the said tax to all other components of solar power plants.
5. The PPA was signed by SPDCL and me on 31.12.2025. The said GST order came into force on 22nd September, 2025. It is submitted that, once the SPDCL knowingly entered into the PPA dated 31-12-2025 after the GST reduction, the agreed tariff becomes binding and the SPDCL ordinarily cannot reopen the tariff merely because it later realizes that the GST had already been reduced. It is submitted that, the Government is bound by the doctrine of **sanctity of contract** and **pacta sunt servanda** (agreements must be honoured). A concluded commercial contract cannot ordinarily be rewritten by one party unilaterally.
6. It is submitted that once a commercial contract is entered into by the parties irrespective of whether government or private parties, the same must be interpreted according to the terms fixed and they should not rewrite and bargain between parties.
7. A concluded contract / enforceable contract was already executed by the SPDCL on 31-12-2025. Knowingly that, the GST on some of the components of solar power production was reduced from 12% to 5% w.e.f. 22-09-2025. Having executed enforceable contract, contrary to the “*consensus ad idom*” between the parties, it is not open to the SPDCL to impose additional conditions.
8. The Hon’ble supreme court in case of **Nabha Power Ltd. v. Punjab State Power Corporation Ltd.** categorically held that, the commercial contracts can be interpreted in terms of existing terms and conditions. Neither of the parties do not have any rights for unilateral novation, which is outside the scope of Sec 62 of the Contract Act. In case of **Energy Watchdog v. Central Electricity Regulatory**

Commission, the Hon'ble. supreme court dealt at length "change in law" Clause can be invoked based on the relevant cut-off date. In case of **South East Asia Marine Engineering & Constructions Ltd. (SEAMEC) v. Oil India Ltd.** It is held that Commercial contracts should be interpreted to give effect to the parties' bargain and commercial intention.

9. It is settled law that the contracting parties cannot approbate and reprobate and cannot enforce unilateral novation of the agreement /contracts on the simple ground that, it is in a dominant status. In **Central Inland Fisheries case** the apex court has categorically held, a concluded contract is a concluded contract and only a concluded contract can be enforced and cannot be asked for revision of the contract when the contract itself doesn't contemplate such revision or novation.
10. The SPDCL is also estopped from bringing the change to the existing concluded contract assuming power under the regulations which it doesn't possess and such revision would be without jurisdiction.
11. **The Change** in law depends entirely upon the contractual clause and the relevant cut-off date mentioned in the PPA agreement and any change in law existing before the contractual cut-off date cannot ordinarily be treated as change in law.
12. It is submitted that, the change in Law provisions operate strictly according to the contract and statutory framework within the PPA agreement.
13. When the Hon'ble TGERC gave its order dated 2.1.2021 in OP. No.24 of 2020, the GST applicable for components of solar power plants was 5% only, which must have been taken into account by the Hon'ble CERC in determining the capital cost per MW of solar power plants at that time and the same was adopted by the Hon'ble TGERC. As such, reduction of GST rate subsequently from the enhanced 5% to 12% again does not give us any additional benefit whatsoever, since the tariff fixed by the Hon'ble Commission in 2021 and determined by it in its order dated 22.4.2025 in OP No.32 of 2025 was also Rs.3.13 per unit. Increase in the rate of GST from 5% to 12% came into force from 1.10.2021. Nevertheless, the impact of that increase has not been considered by ERCs and DISCOMs subsequently relating to schemes like PM KUSUM. In other words, when Hon'ble TGERC had issued its order dated 22.4.2025 in OP No.32 of 2025, the impact of revision of GST from 5% to 12% after issuance of order dated 2.1.2021 by the Commission should have been taken into account and tariff for solar power under PM KUSUM component A also should have been revised.

However, the Hon'ble Commission had determined the same tariff of Rs.3.13 per unit in its order as determined by CERC and adopted by TGERC in the year 2021 when the said rate of GST was 5% only. As such, enhance of GST from 5% to 12% with effect from 1.10.2021 does not give any additional benefit whatsoever to SPGs under PM KUSUM and such other schemes. Had the Hon'ble Commission revised the tariff upwards from Rs.3.13 per unit, considering the then prevailing rate of GST of 12%, while issuing its order dated 22.4.2025, there would have been justification in seeking revision of the tariff downwards, with reduction of GST coming down to 5%, as is being sought by the DISCOMs in the subject application. Therefore, we request the Hon'ble Commission to reject the prayer of the DISCOMs for reduction of the tariff under the subject scheme.

14. In its order dated 2.1.2021 in OP No.24 of 2020, Hon'ble TGERC stated that "12. Ministry of New and Renewable Energy (MNRE) vide its office memorandum dated 21.07.2020 determined benchmark cost for grid connected rooftop solar PV systems (>100 to to 500 KW) for FY 2020-2 as Rs.36 per Watt which works out to Rs.3.60 Crore/MW. The Commission has taken note of capital cost considered by other ERCs and finds the benchmark cost of MNRE more appropriate to refer to. Therefore, the Commission finds it prudent to consider the capital cost of Rs.3.60 Crore/MW." **For FY 2025-26m MNRE benchmark cost for grid-connected rooftop solar plants is Rs.50 per watt (Rs.50,000/kw) for first 2 kw and Rs 45 per watt (Rs.45,000.kw) for additional capacity."**
15. In its order dated 22.4.2025 in OP No.32 of 2025, the Hon'ble Commission directed that "the Commission is conscious of the fact that under KUSUM Component-A most of the small farmers have come forward to become entrepreneurs and if the project is not economically viable, they get discouraged. Therefore, while advising the TGDISCOMs to consider this aspect sympathetically, this Commission is not in a position to intervene since the CUF percentage determined by this Commission earlier is reflected in the draft PPA. The Commission directs the TGDISCOMs to study the issue immediately and if really the concerns of the stakeholders are correct, the TGDISCOMs shall come forward with an amendment to the PPA to reduce the CUF to mutually agreeable realistic level." **REDCO, in the DPR allowed for SPGs, stipulated that for 2 MWAC capacity of 2.4 MW DC capacity to be erected. As a result, the SPG has to install panels of 400 KW extra for 2 MW AC and incur additional cost of 20% which was not considered while determining capital cost and tariff.**
16. TGSPDCL arbitrarily collected Rs.5.52 lakh towards supervisory charges for our plant. Such charges are part and parcel of O&M costs of the DISCOM which are being included in its aggregate revenue requirement and also in the

retail supply tariffs to all categories of consumers as determined by the Hon'ble Commission and are being collected from the consumers. SPG is not a consumer of SPDCL; SPG is a supplier of power to the DISCOM and party to the PPA. There is no provision for collection of supervisory charges from developers of power plants with whom the DISCOM had PPAs and no such charges are being collected from such developers. This issue was already brought to the notice of the Hon'ble Commission in the public hearing held earlier and decision of the latter is awaited.

17. Under the guidelines issued by the MNRE, Government of India, SPGs are obligated to purchase all components of solar power plants under PM KUSUM Component A from the approved list of model and manufacturers with effect from 1st April, 2024 and the same applies for the installation and commissioning of the solar power plants, as is reiterated and incorporated in the letter of award (clause 3 (v) issued by TGRECDAP. Similarly, it is made mandatory to SPG that “the work of installation and commissioning of solar plant, including Operation & maintenance of solar power project shall be carried out by SPG by availing services of registered licensed electrical contractor approved by Govt. Of Telangana/TGDISCOMS” (clause 3(vi) of LoA). Such arbitrary conditions are depriving developers of solar power plants under PM KUSUM Component A of the opportunity of considering the market conditions and selecting manufacturers and service providers, who offer the lowest prices, for purchase of required materials and O&M services for setting up and running their solar power plants, thereby imposing avoidable burdens additionally on developers of solar power plants like us. When developers of solar power plants are already bearing such avoidable burdens, reduction of tariff from Rs.3.13 to 2.98 per unit, as proposed by TGSPDCL, would be the last straw on camel's back.
18. With raging inflation and increasing prices of materials and costs of services, abnormally, developers of Solar power plants will continue to bear additional burdens during the period of 25 years of PPA.
19. For the above-mentioned reasons, among others, we request the Hon'ble Commission to reject the proposal of TGDISCOMs and continue the tariff of Rs.3.13 per unit to be paid by the DISCOMs for solar power to be supplied by SPGs under PM KUSUM Component A.

20. We also request the Hon'ble Commission to provide us an opportunity to make further submissions during the public hearing, after receiving responses of SPDCL to our submissions and studying the same.

Thanking you,

Yours sincerely,

NAME OF SPG : Sri KONIJETI VENU

PPA No.: KUSUM-A Solar PPA No. 591/2025-26, dated 31-12-2025

PROJECT: 2 MW of Power from Grid-Connected Solar PV Power Project at Paleannaram Village, Chilkur Mandal, Suryapet District, Telangana