

Respected Sir/Madam,

I, Vookanti Venkata Krishna Reddy, PPA No. 349, connected to the 33/11 KV Vilasagar Sub-Station, Sircilla Sub-Division, respectfully submit my strong objections to the proposal filed by the State DISCOMs seeking to reduce the pre-fixed levelized tariff from ₹3.13/kWh to ₹2.98/kWh under the PM-KUSUM Scheme.

I further submit that, considering the substantial increase in project costs and financial burden since the tariff was determined, the tariff deserves an upward revision rather than a reduction.

Objections and Submissions

1. Tariff Based on Outdated Cost Assumptions

The tariff of ₹3.13/kWh was determined based on benchmark capital costs and market conditions prevailing in January 2021. Since then, there has been a significant increase in the cost of solar modules, mounting structures, electrical equipment, labour, transportation, financing, insurance, and other project-related expenses. The existing tariff itself has become inadequate to sustain project viability, and any further reduction would impose severe financial hardship on project developers.

2. GST Reduction Alone Does Not Justify Tariff Reduction

The proposal to reduce the tariff is based solely on the reduction of GST from 12% to 5%. However, GST represents only a small component of the overall project cost. The limited savings resulting from this tax reduction cannot reasonably justify a reduction of 15 paise per unit, particularly when all other project costs have increased substantially over the years.

3. Tariff Was Finalized Under a Legally Binding PPA

The tariff of ₹3.13/kWh was mutually negotiated, agreed upon, and incorporated into the executed Power Purchase Agreement (PPA). The PPA is a legally binding contract, and the agreed tariff constitutes one of its fundamental commercial terms. The DISCOMs cannot unilaterally reopen or alter the agreed tariff after execution of the PPA, as doing so would violate the sanctity of the contract and established legal principles governing contractual obligations.

4. GST Reduction Was Already in Effect Before Execution of the PPA

The reduction in GST from 12% to 5% came into force prior to the execution of the PPA. Accordingly:

- The prevailing GST structure was fully factored into the project cost estimates, financial calculations, bidding process, and tariff negotiations.
- The agreed tariff of ₹3.13/kWh already reflected the benefit arising from the reduced GST.
- Therefore, the same GST reduction cannot now be relied upon as a fresh ground to reduce the tariff.

5. "Change in Law" Provisions Are Not Applicable

The "Change in Law" provisions under the applicable regulatory framework are intended to address legislative or fiscal changes that occur after the execution of a contract. Since the GST reduction occurred prior to the execution of the PPA, it cannot be treated as a subsequent Change in Law warranting revision of the agreed tariff. Any attempt to apply such provisions retrospectively is legally untenable.

6. Reduction in Tariff Will Seriously Affect Project Viability

The tariff of ₹3.13/kWh formed the basis for financial closure, bank financing, loan repayment schedules, debt-equity structuring, and investment decisions. Any post-execution reduction in tariff would significantly reduce project revenues, adversely affect repayment obligations, disturb the financial viability of the project, and cause severe economic hardship to project developers who invested based on the agreed tariff.

7. Revision of Benchmark Capacity Utilization Factor (CUF)

The existing benchmark Capacity Utilization Factor (CUF) of 18% does not reflect the actual performance capability of modern solar power plants. Advancements in solar module efficiency, inverter technology, project design, and the favourable solar irradiation conditions in Telangana enable these projects to achieve substantially higher energy generation.

It is therefore respectfully requested that the benchmark CUF be revised from 18% to at least 23%. Such a revision would more accurately reflect actual project performance, improve project viability, strengthen financial sustainability, enable farmers and developers to meet their financial commitments, maximize renewable energy generation, and support the State's clean energy and Net-Zero objectives.

Relief Sought

In view of the facts and submissions made above, I most respectfully pray that the Hon'ble Commission may be pleased to:

1. Reject the proposal filed by the State DISCOMs seeking to reduce the agreed tariff from ₹3.13/kWh to ₹2.98/kWh.
2. Revise and enhance the tariff from ₹3.13/kWh to ₹3.30/kWh, considering the substantial increase in project costs since 2021 and to ensure the long-term financial viability of PM-KUSUM solar projects.
3. Revise the benchmark Capacity Utilization Factor (CUF) from 18% to at least 23% to reflect the actual generation potential of modern PM-KUSUM solar projects.
4. Pass such other order(s) as this Hon'ble Commission may deem fit and proper in the interest of justice, equity, and the promotion of renewable energy.

Yours faithfully,

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