

BEFORE THE TELANGANA ELECTRICITY REGULATORY COMMISSION

Hyderabad

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

IN THE MATTER OF:

Revision of pre-fixed levelized tariff under Component-A of PM-KUSUM Scheme

WRITTEN OBJECTIONS / PETITION

BY:

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Power Purchase agreement holder with TGNPDCL bearing PPA 115/2025-26 dated 13.06.2025

1. INTRODUCTION

1.1 The present Petition is being filed in response to the Public Notice dated 23.06.2026 issued by the Hon'ble Commission inviting objections to the proposed revision of tariff from ₹3.13/kWh to ₹2.98/kWh.

1.2 The Petitioner respectfully submits that the proposed tariff reduction is **arbitrary, incomplete, and contrary to settled legal principles**, as it considers only the reduction in GST while ignoring significant increases in overall project cost.

2. FACTUAL BACKGROUND

2.1 The Hon'ble Commission determined a pre-fixed levelized tariff of **₹3.13/kWh** for PM-KUSUM Component-A solar projects.

2.2 The tariff was computed based on normative assumptions including:

- Capital cost: ₹3.60 Cr/MW
- Applicable GST regime (Modules/Inverters: 12%, BoP: 18%)
- Other financial and technical parameters

2.3 Based on the above tariff:

- PPAs were executed
- Financial closures were undertaken

2.4 Subsequently, DISCOMs have proposed tariff reduction to ₹2.98/kWh based solely on GST reduction.

3. ISSUES FOR CONSIDERATION

3.1 Whether tariff can be reduced by considering **only GST reduction**

3.2 Whether increase in **Balance of System (BoS) costs and capital expenditure** can be ignored

3.3 Whether such revision complies with:

- Change in Law jurisprudence
- Tariff certainty principles
- Objectives of PM-KUSUM Scheme

4. GROUNDS

4.1 Violation of “Change in Law” Principle

4.1.1 It is a settled principle that Change in Law must be applied on a **restitutionary basis**, restoring parties to the same economic position.

4.1.2 The Hon’ble Supreme Court in *GMR Warora Energy Ltd. v. CERC (2023)* held:

Compensation must restore affected parties to the same economic position as if the change had not occurred.

4.1.3 Similarly, in *Adani Power Rajasthan Ltd. vs DISCOMs (2025)*, the Hon’ble Supreme Court reaffirmed:

Change in Law relief must ensure restoration of economic equilibrium.

4.1.4 In the present case:

- GST reduction → considered
- Cost escalation → ignored

4.1.5 Such selective treatment violates the doctrine of **restitution**.

4.2 Holistic Cost Impact Must Be Considered

4.2.1 The Hon’ble Supreme Court has consistently held that Change in Law includes all statutory and economic impacts affecting cost.

4.2.2 In *WBSEDCL v. Adhunik Power (2026)*, it was held:

Compensation must cover actual additional cost burden due to statutory changes.
[\[scconline.com\]](https://scconline.com)

4.2.3 In the present case, the following cost increases have occurred:

- Steel prices
- Copper & aluminium costs
- Solar glass related duties
- Logistics and fuel escalation
- Cement prices and labour prices

4.2.4 These increases directly impact:

- Balance of System costs
- Overall capital cost

4.2.5 Without considering these, tariff revision is **factually incorrect and incomplete**.

4.3 APTEL: Selective Burden on Developers is Inequitable

4.3.1 In *ACME Solar Case (APTEL, 2025)*, it was held:

Change in Law must restore developers to the same financial position, including full cost impact. [\[luminality.in\]](https://luminality.in)

4.3.2 In *Entry Tax Case (APTEL, 2026)*, the Tribunal observed:

Forcing developers to absorb unforeseen costs is inequitable. [\[casemine.com\]](https://casemine.com)

4.3.3 The same principle applies here:

- Ignoring BoS cost escalation
- Reducing tariff solely due to GST

→ Results in **unfair financial burden**.

4.4 Tariff Certainty and Sanctity of PPA

4.4.1 Tariff of ₹3.13/kWh formed the basis of:

- Project investment decisions
- Financial closures

4.4.2 Post-facto reduction:

- Undermines **contractual certainty**
 - Violates investor confidence
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4.5 Defeats Objective of PM-KUSUM Scheme

4.5.1 The scheme aims to:

- Promote farmer participation
- Ensure decentralized solar growth

4.5.2 Reduced tariff:

- Weakens project viability
- Discourages farmer investment

5. FINANCIAL IMPACT ANALYSIS

5.1 GST Reduction Impact

- Module share: ~50%
- GST reduction: 12% → 5%

Benefit:

≈ ₹0.12 Cr/MW reduction

5.2 Increase in BoS Cost

Component	Unit	2020 Price (Approx.)	2026 Price (Approx.)	% Change	Remarks
Diesel / Fuel	₹ / litre	₹65 – ₹70	₹90 – ₹100	+30% to +40%	Driven by global crude price increase
Steel (TMT/Structural)	₹ / ton	₹45,000 – ₹48,000	₹54,000 – ₹72,000	+20% to +40%	Sharp rise post-COVID and infra demand
Copper	₹ / kg	₹450 – ₹500	₹750 – ₹900	+60% to +80%	High global demand and supply constraints
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 & logistics cost driven
Transformer Oil	₹ / litre	₹70 – ₹80	₹100 – ₹130	+40% to +60%	Petroleum linked + T&D expansion demand
Labour Cost	₹ / day	₹400 – ₹500	₹700 – ₹900	+50% to +80%	Wage escalation linked to CPI & labour index
Inflation (CPI Index)	Index	~281	~395	+35% to +40%	Persistent inflation trend

Average Increase in the balance of the plant cost is above 20% which translates to

≈ ₹0.28 Cr/MW

5.3 Net Capital Cost

Item	Value
Original cost	₹3.60 Cr
GST benefit	-₹0.12 Cr
Cost increase	+₹0.25 Cr
Revised cost	₹3.75 Cr/MW

5.4 Tariff Impact

- Net increase ≈ 4.5%
- Tariff impact ≈ +₹0.12-0.15/kWh

Viable tariff ≈ ₹3.25 – ₹3.30/kWh

5.5 Conclusion

- Proposed tariff: ₹2.98/kWh
 - Actual justified tariff: higher than ₹3.13
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6. FINAL SUBMISSIONS

6.1 The proposal is based on **partial analysis**, ignoring significant cost increases

6.2 It violates:

- Restitution principle
- Judicial precedents
- Tariff certainty

6.3 It results in:

- Financial stress for developers
- Reduced participation from farmers

7. PRAYER

The Petitioner respectfully prays that this Hon'ble Commission may:

A. Primary Relief

Reject the proposed reduction of tariff to ₹2.98/kWh

B. Alternative Relief

Undertake comprehensive cost review considering:

- GST reduction
- BoS cost escalation
- Duties and commodity price increase

C. Further Relief

- Maintain tariff at ₹3.13/kWh, OR
- Revise upward based on actual costs