

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

June , 2026

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.

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. Whether the lists contain all the PPAs the DISCOMs entered into with SPGs under PM KUSUM Component A or not is not made clear.**
- 2. 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.**
- 3. As per the GST order referred by the DISCOMs, it is to be made clear whether reduction of GST from 12% to 5% is effective only for all components of solar power projects, including, solar panels, or only for selected components. What are the components the DISCOMs have taken into account for working out the impact of reduction of the GST?**
- 4. Change in law, here, reduction of GST from 12% to 5%, that, too, on a specific component/s, comes into force from the date of coming into force of the PPAs between the DISCOMs and SPGs. If PPAs come into force, after the said revision of**

GST from 12% to 5% took place, change in law cannot, and should not, be implemented with retrospective effect. We request the Hon'ble Commission to make it clear that the clause of change in law in the PPAs would be applicable from the date of their coming into force.

5. When the Hon'ble TGERC gave its order dated 2.1.2021 in OP. No.24 of 2020, if the GST applicable for components of solar power plants was 5% only, it 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. 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. As such, reduction of GST rate subsequently from the enhanced 12% to 5% again with effect from 1.10.2021 should have been considered by the DISCOMs and ERCs, after factoring the impact of the increase in the rate of GST, while determining tariff for solar power under PM KUSUM scheme. 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, reduction of GST from 12% to 5% 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.
6. TGREDCO, while issuing LoA, imposed the condition that supply from solar power plant should be with 2 MW AC that is equivalent to 2.04 MW in DC. As a result, the SPG has to install panels of 400 KW extra for 2 MW AC and incur additional cost. When the Hon'ble Commission determined tariff of Rs.3.13 per unit, there was no specific condition as to how to supply solar power, i.e., with AC or DC.
7. SPGs are saying that TGSPDCL arbitrarily collected supervisory charges from them. Such charges are part and parcel of O&M costs of the DISCOMs 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.

The Hon'ble Commission is requested to examine this issue and give appropriate direction to the DISCOMs.

- 8. 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. Such an irrational and arbitrary imposition of questionable conditions would give scope for the manufacturers and licensed electrical contractors approved by the GoI or GoTS/TGDISCOMs would give scope for their forming into a ring and sell their materials and services for higher prices, thereby imposing avoidable burdens additionally on SPGs under PM KUSUAM component A. Obviously, such factors do not get substantiated and factored in the levelized tariffs. Compared to market trends, whether the prices for which SPGs under the subject scheme have been constrained to purchase required materials from companies and engage services of electrical contractors as selected by the GoI or GoTS/TGDISCOMs, as the case may be, needs to be verified to ascertain whether the SPGs are benefited or overburdened.**
- 9. What steps have been taken by the nodal agency TGRECAP and DISCOMs to help SPGs to get the benefit of relatively lower prices for purchasing materials for their projects and services for installation and O&M and for loans from banks with relatively lower rates of interest? When the GoI/GoTS enlist the said manufacturers or service providers, as the case may be, are they ensuring reasonability of prices for the same by fixing, at least, a maximum limit? 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, may be the last straw on camel's back. Before entering into PPAs with SPGs under PM KUSUAM component A, if the revised GST of 12% was in force, the DISCOMs should have examined whether the tariff of Rs.3.13 was determined by CERC and adopted by TGERC was based on considering the GST of 5% only. If that was the case and if DISCOMs had taken increase of GST from 5% to 12%, they should have considered the impact of such hike and need for revising the tariff for solar power to be supplied by SPGs under PM KUSUM component A and approached the Commission for revision of tariff accordingly. When that was not the case, reduction of GST from 12% to 5% again would not make any difference in considering the tariff of Rs.3.13 per unit**

determined by CERC and adopted by TGERC in 2021 and confirmed by the present Commission in its order dated 22.4.2025. In other words, no additional benefit would not accrue and would not have accrued to the SPGs under PM KUSUM component A when they purchased solar panels and other material components for setting up their solar power plants under the scheme. It is because the rate of applicable GST was, and has been, 5%, when the tariff of Rs.3.13 per unit was determined by the Commissions and when the SPGs purchased the said materials or to be purchased under PPAs. Their bills may be verified and factual position confirmed.

10. The clause of change in law incorporated in the PPAs is binding, and unless parties to the same agree for amending the same and get consent of the Commission, whether the latter can give an order contrary to the said clause unilaterally is a moot point. Moreover, after declaration of CODs of plants, when the rates of GST increase on materials to be purchased for operation and maintenance of the solar power plants, SPGs are entitled to claim the additional amount from the DISCOMs to avoid imposition of such additional burden on them due to changes in the rates of GST and vice versa. Notwithstanding one's sympathy for protecting interests of small SPGs, avoidance of impact of implementation of the clause of change in law in the PPAs is, obviously, intractable legally. In this connection, it may be reminded that, under PM KUSUM component A, the DISCOMs are entitled to get 40 paise per unit or Rs.6.60 lakh per MW per year, whichever is lower, from MNRE for solar power procured from SPGs for a period of five years from COD of the plants. Had that financial support been extended by the GoI, the tariff for solar power under the subject scheme would have been determined by the Commission at a rate higher than what they have determined, thereby increasing the burden of tariffs on the consumers of DISCOMs to that extent. The interest of the consumers of the DISCOMs needs to be taken into consideration. When it comes to giving subsidy by the government, it should be given or passed on to the consumers.
11. Considering the above-mentioned points, among others, we request the Hon'ble Commission to take an appropriate decision on the subject proposals of the DISCOMs.
12. For consents, if any, to be given in future by the Commission to such schemes, for determination of reasonable tariff, the Commission is once again requested to consider market trends and all relevant factors of the day and determine tariffs, with about ten per cent extra over and above the tariffs prevailing in the market to benefit small SPGs only.
13. The Hon'ble Commission gave consent for procurement of 4000 MW under PM KUSUM component A. What is the total capacity of solar power for which the DISCOMs have entered into PPAs so far? Is there any possibility for entering into PPA under this scheme with prospective SPGs for additional capacities during the period of the subject scheme continuing to be in force?

- 14. We also request the Hon'ble Commission to provide us an opportunity to make further submissions during the public hearing through virtual mode, after receiving responses of the DISCOMs to our submissions and studying the same, and provide us a link for the same.**

Thanking you,

Yours sincerely,

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