

Telangana Southern Power Distribution Company Limited (TGSPDCL)

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Telangana Northern Power Distribution Company Limited (TGNPDCL)

Responses to Objections / Suggestions

On

**TGDISCOMs seeking revision of the prefixed levelized tariff for the Solar Power Generators (SPGs)
under Component-A of PMKUSUM Scheme**

S.No.	Summary of Objections / Suggestions	Response of the Licensee
	1. Response to queries by the following Stakeholders a) Sri. Naima Begum (S.No. 1) b) Sri. Jyothsna Ishfaq (S.No. 2) c) Sri. Chandra Shekar Meela (S.No. 5) d) Sri. Gujja Suchitra (S.No. 10) e) Sri. Gopal Nimmala (S.No. 11) f) Sri. Sairam Reddy Pasham (S.No. 12) g) Sri. Ramagiri Satyanarayana Rao (S.No. 13) h) Sri. Akshanthala Sriharsha (S.No. 16) i) Sri. Anugu Satyavathi (S.No. 17) j) Sri. Saroja Shekhar (S.No. 19) k) Sri. Thirupathireddy madhireddy (S.No. 21) l) Sri. D Shailaja (S.No. 25) m) Sri. K. Durga Prasad (S.No. 26) n) Sri. Kalluri Reddy (S.No. 27) o) Sri. Katta Jyothi (S.No. 27) p) Sri. Mahesh Peddigari (S.No. 30) q) Sri. P Narsimha Reddy (S.No. 33) r) Sri. Ramesh (S.No. 34) s) Sri. Surender Bandari (S.No. 38) t) Sri. A. Hanumanthu (S.No. 40) u) Sri. Dasari Muralidhar Reddy (S.No. 48)	

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	v) Sri. NR Reddy (S.No. 50) w) Sri. Bollu Yugender Reddy (S.No. 72) x) Sri. Garlapati Shobha Rani (S.No. 78) y) Sri. Palle Ramadevi (S.No. 93) z) Sri. Akshanthala Tejaswi. (S.No. 134) aa) Sri. P Sathya Narayan Reddy (S.No. 157) bb) Sri. Kavitha Bireddy (S.No. 158) cc) Sri. M Suresh Reddy (S.No. 160) dd) Sri. Suresh (S.No. 161) ee) Sri. Panduranga Reddy (S.No. 162) ff) Sri. Bandari Upender Yadav (S.No. 188) gg) Sri V. Naveen Kumar (S.No. 195) hh) Sri Ch. Vidya Sagar Rao (S.No. 197) ii) Sri. Bandari Prasanna Laxmi (S.No. 206) jj) Sri. B Padma (S.No. 211) kk) Sri. Kuntla Goverdhan Reddy (S.No. 223) ll) Sri. Ramagiri (S.No. 224) mm) Sri. Malreddy Prabhakar Reddy (S.No. 227) nn) Sri. Samala Malla Reddy (S.No. 232) oo) Sri. Dandanayakula Prakash Rao (S.No. 234) pp) Sri. Dandanayakula Laxman Rao (S.No. 236) qq) Sri. R Venkat Ramana Reddy (S.No. 242)	

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	rr) Sri. Thotakua Naveen Yadav (S.No. 245) ss) Sri. Thotakua Praveen Yadav (S.No. 246) tt) Sri. Andem Rajitha (S.No. 212) uu) Sri. Mathukumilli Surya (S.No. vv)	
	1. The tariff of 3.13/kWh was determined based on cost assumptions prevailing in 2021 and does not reflect present-day market realities. 2. The proposed reduction is based solely on GST reduction from 12% to 5%, whereas GST constitutes only a small component of total project cost. 3. The benefit arising from GST reduction is marginal and cannot justify a tariff reduction of 15 paise per unit. 4. Solar project economics should be evaluated based on total project cost and lifecycle viability rather than a single tax component. 5. Since 2021, inflation has significantly increased the cost of materials, labour, transportation, and services. 6. Land development costs, fencing, internal roads, drainage systems, and site preparation expenses have increased substantially. 7. The prices of transformers, HT equipment, switchgear, cables, and evacuation infrastructure have risen sharply over the last five years. 8. Financial institutions are demanding higher margin money contributions, increasing the capital burden on developers.	TGDISCOMs submit that In O.P. No. 24 of 2020, this Hon'ble Commission determined a levelized tariff of Rs. 3.13/kWh, as per prevailing capital costs. In 2025, the TGDISCOMs approached this Hon'ble Commission seeking revision of the said tariff, submitting that, owing to the advancement of technology during the period 2021 to 2025, the cost of solar PV modules had declined while their efficiency had correspondingly improved. The TGDISCOMs, however, expressly undertook to abide by and adhere to such tariff as may be determined by this Hon'ble Commission. TGDISCOMs respectfully submit that this Hon'ble Commission, vide its Order in O.P. No. 32 of 2025, approved and adopted the tariff of Rs. 3.13/kWh for procurement of 4,000 MW under the PM-KUSUM Scheme. Accordingly, TGDISCOMs have accepted and signed PPAs with developers at the rate determined by the Hon'ble Commission. Subsequent to the tariff order, the reduction in GST on renewable energy devices with effect from 22.09.2025 constitutes a "Change in Law" event under the relevant provisions of the Power Purchase Agreements. The Central

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	9. Interest rates on project loans have increased, resulting in higher debt servicing obligations. 10. Small farmers and rural entrepreneurs participating under PM-KUSUM do not enjoy the financial advantages available to large corporate developers. 11. PM-KUSUM projects are decentralized projects with limited economies of scale and therefore require higher tariff support. 12. The entire risk of project execution, operation, maintenance, and generation performance is borne by the developer. 13. O&M expenses continue to increase every year, while the tariff remains fixed throughout the PPA period. 14. Insurance premiums and security costs have increased considerably due to rising replacement costs and theft risks. 15. Solar projects under PM-KUSUM contribute directly to rural development and farmer income enhancement. 16. Decentralized solar generation reduces technical losses and improves feeder-level efficiency. 17. PM-KUSUM projects reduce the need for expensive transmission infrastructure and associated investments by DISCOMs. 18. These projects help Telangana DISCOMs meet Renewable Purchase Obligation (RPO) targets and avoid future compliance costs.	Electricity Regulatory Commission, in its suo motu Order dated 04.11.2025 in Petition No. 13/SM/2025, has also recognized the said GST reduction as a Change in Law event in accordance with the PPA provisions. The benefit arising from the reduction in GST shall be passed on to the consumers through the Change in Law mechanism, thereby ensuring that the benefit reaches the consumers while the financial viability of the projects is not adversely impacted.

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	19. Thermal power procurement costs continue to rise due to increasing coal, transportation, and environmental compliance expenses, whereas PM-KUSUM provides fixed-cost clean energy for 25 years. 20. Reduction of tariff will adversely affect project bankability and may discourage future participation under PM-KUSUM. 21. Regulatory certainty is essential for investor confidence. Any downward revision after developers have planned investments creates uncertainty and undermines confidence in government-backed schemes. 22. The environmental benefits, carbon emission reduction, energy security benefits, and social benefits of decentralized solar generation have not been adequately factored into tariff determination. 23. Telangana is facing increasing electricity demand and PM-KUSUM projects provide affordable daytime power close to agricultural loads. 24. Reduction in tariff may render many approved projects financially unviable and delay achievement of renewable energy targets. 25. The Commission may kindly note that while GST reduction provides only a limited saving, cumulative inflation and financing cost escalation since 2021 have increased project costs by more than 25-30%. In view of the above facts and circumstances, I humbly request the Hon'ble Commission to: A. Reject the proposal to reduce the tariff from B.13/kWh to ~2.98/kWh. B. Continue the existing tariff of B .13/kWh without any reduction.	

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	C. Consider revising and enhancing the tariff to at least ~4.00/kWh to reflect current project costs and ensure financial viability. D. Protect the interests of farmers, small investors, and renewable energy developers participating under PM-KUSUM Component-A Scheme.	
2.	Response to query by Sri. Jyothsna Ishfaq (S.No. 2)	
	1. The tariff of Rs. 3.13/kWh was determined in January 2021 based on assumptions prevailing more than five years ago. 2. The proposal considers only GST reduction while ignoring all other cost escalations. 3. GST reduction from 12% to 5% affects only a small portion of total project cost. 4. The proposed reduction of 15 paise per unit is disproportionate to actual GST savings. 5. Inflation has increased project costs substantially since 2021. 6. Steel prices used in mounting structures and transmission infrastructure have increased significantly. 7. Aluminium and copper prices used in cables and conductors have increased considerably. 8. Transformer, switchgear, protection equipment and HT infrastructure costs have increased substantially. 9. Labour costs have increased due to inflation and shortage of skilled manpower. 10. Transportation and logistics costs have increased due to higher fuel prices. 11. Land development expenses including leveling, fencing, internal roads and drainage have increased substantially. 12. Solar project insurance premiums have increased considerably. 13. Security and asset protection costs have increased due to rising theft and vandalism risks. 14. Interest rates and borrowing costs have increased, leading to higher loan repayment burdens. 15. Banks are demanding higher margin money contributions, adversely affecting	TGDISCOMs submit that In O.P. No. 24 of 2020, this Hon'ble Commission determined a levlised tariff of Rs. 3.13/kWh, as per prevailing capital costs. In 2025, the TGDISCOMs approached this Hon'ble Commission seeking revision of the said tariff, submitting that, owing to the advancement of technology during the period 2021 to 2025, the cost of solar PV modules had declined while their efficiency had correspondingly improved. The TGDISCOMs, however, expressly undertook to abide by and adhere to such tariff as may be determined by this Hon'ble Commission. TGDISCOMs respectfully submit that this Hon'ble Commission, vide its Order in O.P. No. 32 of 2025, approved and adopted the tariff of Rs. 3.13/kWh for procurement of 4,000 MW under the PM-KUSUM Scheme. Accordingly, TGDISCOMs have accepted and signed PPAs with developers at the rate determined by the Hon'ble Commission. Subsequent to the tariff order, the reduction in GST on renewable energy devices with effect from 22.09.2025 constitutes a "Change in Law" event under the relevant

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	project economics. 16. Processing fees, legal charges, consultancy charges and compliance expenses have increased significantly. 17. PM-KUSUM developers are mostly farmers and small investors and cannot absorb such tariff reductions. 18. Unlike utility-scale projects, PM-KUSUM projects do not enjoy large-scale procurement advantages. 19. PM-KUSUM projects provide decentralized generation directly benefiting rural areas. 20. Decentralized solar generation reduces transmission losses and improves grid efficiency. 21. PM-KUSUM projects reduce dependence on expensive thermal generation. 22. Coal-based power tariffs continue to increase while solar provides fixed-cost energy for 25 years. 23. PM-KUSUM projects help DISCOMs meet Renewable Purchase Obligation (RPO) targets. 24. Reduction in tariff will negatively affect project bankability and loan approvals. 25. The proposed reduction may lead to project cancellations and delays. 26. Developers have already invested substantial amounts in land acquisition, surveys, approvals and project preparation. 27. Many applicants have already paid application fees, EMD amounts and processing charges. 28. Any downward revision after investments have been committed violates the principle of regulatory certainty. 29. Such revisions create uncertainty and discourage future investments in Telangana. 30. Investor confidence in government-backed renewable energy schemes will be adversely affected. 31. PM-KUSUM projects support national energy security and reduce fossil fuel dependence. 32. Environmental benefits and carbon emission reduction have not been adequately valued in tariff determination. 33. Solar projects contribute significantly to climate change mitigation and	provisions of the Power Purchase Agreements. The Central Electricity Regulatory Commission, in its suo motu Order dated 04.11.2025 in Petition No. 13/SM/2025, has also recognized the said GST reduction as a Change in Law event in accordance with the PPA provisions. The benefit arising from the reduction in GST shall be passed on to the consumers through the Change in Law mechanism, thereby ensuring that the benefit reaches the consumers while the financial viability of the projects is not adversely impacted.

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	sustainable development goals. 34. Telangana is experiencing increasing electricity demand and daytime solar generation helps meet agricultural load efficiently. 35. Reduction of tariff may make numerous sanctioned projects financially unviable. 36. O&M expenses continue to increase every year while tariff remains fixed throughout the PPA period. 37. Module degradation over time reduces generation while fixed costs continue. 38. Revenue reduction directly impacts DSCR and loan servicing capability. 39. A reduction of Rs.15/kWh causes approximately Rs. 60 lakh loss per MW over the 25-year PPA period. 40. For a 2 MW PM-KUSUM project, the cumulative loss exceeds Rs. 1.20 crore over the PPA period. 41. Such losses are unsustainable for small and medium investors. 42. The PM-KUSUM Scheme was launched to support farmers and rural entrepreneurs; tariff reduction defeats this objective. 43. The proposed reduction provides negligible benefit to DISCOMs but causes severe hardship to project developers. 44. The long-term public benefits of decentralized solar generation far outweigh the marginal savings from tariff reduction. 45. Instead of reduction, tariff enhancement is justified considering overall cost escalation exceeding 25-30% since 2021.	
3.	Response to query by Sri. Gadugoyyala Mani Teja & Sri. Gadugoyyala Lakshmi (S.No. 3)	
	I, Gadugoyyala Mani Teja, along with Gadugoyyala Lakshmi, holding PPA Nos. 017 (1 MW) and 018 (1 MW) with TGNPDCL, would like to submit our strong objection against the proposed reduction of tariff from ₹3.13/kWh to ₹2.98/kWh for Solar Power Generators under PM-KUSUM Component-A. We have come forward and invested in this project based on the approved tariff of ₹3.13/kWh as per the PPA agreement. The entire financial planning, investment decisions, loan commitments, and project execution were made	TGDISCOMs submit that In O.P. No. 24 of 2020, this Hon'ble Commission determined a levelled tariff of Rs. 3.13/kWh, as per prevailing capital costs. In 2025, the TGDISCOMs approached this Hon'ble Commission seeking revision of the said tariff, submitting that, owing to the advancement of technology during the period 2021 to 2025, the cost of solar PV modules had declined while their efficiency had

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	considering the assured tariff agreed under the PPA. The proposed reduction of tariff by TGNPDCL/TGDISCOMs will directly affect the viability of our project and will create a serious financial burden on farmers who have trusted the government scheme and invested their resources. At present, the project is expected to operate only on a no-profit, no-loss basis considering the existing tariff of ₹3.13/kWh. Any reduction in tariff will push the project into losses and make it difficult to sustain operations. We strongly state that farmers participated in this scheme only because of the fixed tariff commitment under the PPA. Changing the tariff after significant investment and at the commissioning stage is unfair and against the confidence placed by farmers in the government-backed renewable energy program. Our project has already reached the commissioning stage, and we have fulfilled our responsibilities based on the terms and conditions agreed upon. If TGNPDCL proceeds with reducing the tariff, we will be forced to reconsider our participation and withdraw from the project. We reserve our right to seek appropriate legal remedies, including claiming compensation for the financial losses caused due to such a unilateral change after project execution. We respectfully request TGERC and TGNPDCL to consider the difficulties faced by farmers and protect the sanctity of the PPA agreement. Government institutions should encourage farmers participating in renewable energy schemes rather than create uncertainty and financial hardship after they have invested based on approved terms. Therefore, we request the Commission to reject the proposal for tariff reduction from ₹3.13/kWh to ₹2.98/kWh and continue the originally approved tariff of ₹3.13/kWh as per the PPA agreement.	correspondingly improved. The TGDISCOMs, however, expressly undertook to abide by and adhere to such tariff as may be determined by this Hon'ble Commission. TGDISCOMs respectfully submit that this Hon'ble Commission, vide its Order in O.P. No. 32 of 2025, approved and adopted the tariff of Rs. 3.13/kWh for procurement of 4,000 MW under the PM-KUSUM Scheme. Accordingly, TGDISCOMs have accepted and signed PPAs with developers at the rate determined by the Hon'ble Commission. Subsequent to the tariff order, the reduction in GST on renewable energy devices with effect from 22.09.2025 constitutes a "Change in Law" event under the relevant provisions of the Power Purchase Agreements. The Central Electricity Regulatory Commission, in its suo motu Order dated 04.11.2025 in Petition No. 13/SM/2025, has also recognized the said GST reduction as a Change in Law event in accordance with the PPA provisions. The benefit arising from the reduction in GST shall be passed on to the consumers through the Change in Law mechanism, thereby ensuring that the benefit reaches the consumers while the financial viability of the projects is not adversely impacted.
4.	Response to query by Sri. P.Haritha Reddy (S.No. 4)	

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	we would like to bring to your kind notice that the G.S.T Council meeting held at New Delhi on September 22nd 2025, duly reducing the applicable GST Rates from 12% to 5% based on This TGSPCL is seeking revision of pre fixed tariff of Rs.3.13/kwh to Rs.2.98/kwh. As we have given, advance for the procurement of the material on 28th July, and full payment was given in August 2025. Subsequently the total material was delivered to our site by pt week of September prior to the G.S.T Council meeting held on 22nd sept 2025. As evidence we will produce the bills before your good self. Now keeping in view of the above mentioned facts, we request your good self to stop the revision of the prefixed rate and allow us with the same tariff of Rs.3.13/kwh as agreed upon earlier.	TGDISCOMs respectfully submit that this Hon'ble Commission, vide its Order in O.P. No. 32 of 2025, approved and adopted the tariff of Rs. 3.13/kWh for procurement of 4,000 MW under the PM-KUSUM Scheme. Accordingly, TGDISCOMs have accepted and signed PPAs with developers at the rate determined by the Hon'ble Commission. Subsequent to the tariff order, the reduction in GST on renewable energy devices with effect from 22.09.2025 constitutes a "Change in Law" event under the relevant provisions of the Power Purchase Agreements. The Central Electricity Regulatory Commission, in its suo motu Order dated 04.11.2025 in Petition No. 13/SM/2025, has also recognized the said GST reduction as a Change in Law event in accordance with the PPA provisions. In view of the above, this petition is an attempt to pass on the benefits to the consumers while ensuring that the financial viability of the projects are not adversely impacted.
5.	Response to query by Sri. Sudhakar Reddy Gogula (S.No. 6)	
	With reference to the public notice issued by the Hon'ble Telangana Electricity Regulatory Commission inviting objections and suggestions in the above matter, we respectfully submit that the proposed reduction of PM-KUSUM tariff from ₹3.13/kWh to ₹2.98/kWh may kindly not be considered, as the existing tariff remains necessary for sustaining farmer-owned solar projects established under the PMKUSUM Scheme. While the proposal appears to be based primarily on the reduction in GST rates applicable to solar components, the actual field realities experienced by farmers	TGDISCOMs respectfully submit that this Hon'ble Commission, vide its Order in O.P. No. 32 of 2025, approved and adopted the tariff of Rs. 3.13/kWh for procurement of 4,000 MW under the PM-KUSUM Scheme. Accordingly, TGDISCOMs have accepted and signed PPAs with developers at the rate determined by the Hon'ble Commission.

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	indicate that overall project economics have not improved proportionately. Labour costs, transportation charges, logistics expenses, insurance premiums, financing costs, maintenance expenditure, security arrangements, and compliance-related costs have increased significantly over the years, offsetting any perceived benefit arising from GST reductions. Further, PM-KUSUM farmers continue to face substantial operational risks including scheduled and unscheduled shutdowns, feeder interruptions, evacuation constraints, transformer failures, line faults, and other grid-related interruptions, all of which directly affect energy generation and revenue realization. In rural areas, transmission and distribution infrastructure is also vulnerable to accidental damage caused by tractors, harvesting machinery, livestock movement, road works, storms, and other external factors, resulting in generation losses for which farmers receive no compensation. It is also submitted that PM-KUSUM projects are established with a long-term investment horizon and farmers have committed their lands and resources based upon the tariff framework approved by the Hon'ble Commission. The principle of regulatory certainty and legitimate expectation warrants that the economic basis on which farmers participated in the Scheme should not be weakened after investments have been committed. Importantly, PM-KUSUM is not merely a power procurement programme but a farmer income support and rural development initiative intended to create stable supplementary income for agricultural families while promoting decentralized renewable energy generation. The tariff therefore deserves consideration not only from the perspective of procurement cost but also from the standpoint of farmer welfare, rural economic sustainability, and achievement of national renewable energy objectives. It may also be noted that PM-KUSUM tariffs do not provide any annual escalation mechanism despite continuing inflation and increasing operational costs. In such circumstances, a further reduction in tariff would disproportionately impact participating farmers and adversely affect the long-term viability of the Scheme.	

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	Accordingly, it is respectfully requested that the Hon'ble Commission may kindly consider retaining the existing tariff of ₹3.13/kWh in the larger interests of farmer welfare, renewable energy promotion, rural development, investment confidence, and the successful implementation of the PM-KUSUM Scheme in Telangana.	
6.	Response to query by Sri. Vanampalli Santoshi (S.No. 7)	
	1. The tariff of Rs.3.13/kWh was approved by the Hon'ble Commission and formed the basis for investment and financing decisions. 2. Project costs increased significantly due to escalation in module, copper, steel, electrical equipment, logistics, and financing costs. 3. GST reduction alone does not offset overall project cost increases. 4. Banks sanctioned loans based on the approved tariff of Rs.3.13/kWh. 5. Reducing tariff after investment would adversely affect investor confidence. 6. Existing PPAs should continue at Rs.3.13/kWh. 7. Considering increased project costs, tariff enhancement to Rs.3.45/kWh may also be considered. 8. The project commissioning was delayed by approximately 30 days due to delays in execution of the Escrow Agreement by TSPDCL, which was beyond the control of the Solar Power Generator (SPG). This delay resulted in additional interest during construction, increased overhead costs, and financial burden on the developer. Therefore, it would be unjust and inequitable to reduce the tariff when project costs have already escalated due to factors outside the control of the SPG. Prayer 1. Reject the proposal to reduce tariff from Rs.3.13/kWh to Rs.2.98/kWh. 2. Continue the approved tariff of Rs.3.13/kWh for existing PPAs. 3. Protect the financial viability of PM-KUSUM solar projects.	TGDISCOMs respectfully submit that this Hon'ble Commission, vide its Order in O.P. No. 32 of 2025, approved and adopted the tariff of Rs. 3.13/kWh for procurement of 4,000 MW under the PM-KUSUM Scheme. Accordingly, TGDISCOMs have accepted and signed PPAs with developers at the rate determined by the Hon'ble Commission. Subsequent to the tariff order, the reduction in GST on renewable energy devices with effect from 22.09.2025 constitutes a "Change in Law" event under the relevant provisions of the Power Purchase Agreements. The Central Electricity Regulatory Commission, in its suo motu Order dated 04.11.2025 in Petition No. 13/SM/2025, has also recognized the said GST reduction as a Change in Law event in accordance with the PPA provisions. In view of the above, this petition is an attempt to pass on the benefits to the consumers while ensuring that the financial viability of the projects are not adversely impacted.
	We respectfully submit this representation seeking retention of the tariff of Rs. 3.13 per kWh applicable to our solar power project and request the Hon'ble Commission not to reduce the tariff to Rs. 2.98 per kWh. The project was conceived, financed, and implemented based on the tariff framework and financial assumptions prevailing at the time of investment. However, during project execution, the actual capital expenditure incurred was	

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	approximately 30% higher than the original project estimate due to substantial increases in the cost of solar modules, mounting structures, electrical equipment, transmission infrastructure, civil works, labour, transportation, statutory approvals, and financing costs. The project has been financed through a combination of promoter equity and institutional debt. The higher capital expenditure has resulted in increased debt obligations, higher interest burden, and extended payback periods. The approved tariff of Rs. 3.13 per kWh is essential to maintain the financial viability of the project and ensure timely servicing of debt and operational commitments. A reduction of tariff to Rs. 2.98 per kWh would adversely impact the project's cash flows, debt servicing capability, and expected return on investment. Such a reduction would significantly affect the economic sustainability of the project and may discourage future investments in the renewable energy sector, which is critical for achieving the State's renewable energy objectives. Further, the project commissioning was delayed by approximately 30 days due to delays in execution and finalization of the Escrow Agreement with TSPDCL, which was beyond our control. The delay in completion of the Escrow Agreement impacted the fulfillment of certain procedural requirements and consequently affected the project timeline. During this period, the developer continued to incur additional interest during construction (IDC), financing charges, overhead expenses, and other project-related costs, resulting in a further increase in the overall project cost. The delay was not attributable to any lapse on the part of the project developer and therefore should not result in any adverse financial impact on the project. In view of the above facts and circumstances, we humbly request the Hon'ble Commission to kindly consider the substantial escalation in project cost and retain the existing tariff of Rs. 3.13 per kWh for our solar power project. This will enable the project to remain financially sustainable and continue contributing to clean energy generation in the State.	

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7.	Response to query by Sri Munugala Lailtha Sindhu & Sri. B Venkatesh (S.No. 8)	
	We, the undersigned Solar Power Generators (SPGs) commissione under the PM-KUSUM Component-A Scheme in Telangana, respectfully submit this representation regarding the proposal to revise the tariff of ₹3.13/kWh fixed by TGERC vide its Order dated 02.01.2021. At the outset, we submit that the tariff of ₹3.13/kWh formed the fundamental basis on which developers invested in the scheme, executed Power Purchase Agreements (PPAs), obtained financial closure from banks, procured land, and established solar power projects. Any downward revision of tariff after commissioning would severely impact the financial viability of the projects and defeat the legitimate expectations created by the regulatory framework. Tariff of ₹3.13/kWh formed the basis of investment decisions. The tariff approved by TGERC was accepted by all stakeholders and incorporated into the PPAs executed between SPGs and DISCOMs. Based on this tariff: 1. Developers participated in the scheme and invested substantial capital. 2. Financial institutions sanctioned loans considering the assured tariff of ₹3.13/kWh. 3. Project viability and debt servicing calculations were prepared on the approved tariff. 4. Long-term financial commitments were undertaken by SPGs relying upon regulatory certainty. 5. Any reduction in tariff after project commissioning would adversely affect the sanctity of PPAs and investor confidence in renewable energy projects. Significant increase in project cost compared to assumptions considered in the 2021 Tariff Order, The capital cost assumptions considered in the tariff determination process during 2021 no longer reflect actual project expenditure incurred during implementation. The following cost escalations have been experienced: 1. Increase in module prices. 2. Increase in steel and structural material costs.	TGDISCOMs respectfully submit that this Hon'ble Commission, vide its Order in O.P. No. 32 of 2025, approved and adopted the tariff of Rs. 3.13/kWh for procurement of 4,000 MW under the PM-KUSUM Scheme. Accordingly, TGDISCOMs have accepted and signed PPAs with developers at the rate determined by the Hon'ble Commission. Subsequent to the tariff order, the reduction in GST on renewable energy devices with effect from 22.09.2025 constitutes a "Change in Law" event under the relevant provisions of the Power Purchase Agreements. The Central Electricity Regulatory Commission, in its suo motu Order dated 04.11.2025 in Petition No. 13/SM/2025, has also recognized the said GST reduction as a Change in Law event in accordance with the PPA provisions. In view of the above, this petition is an attempt to pass on the benefits to the consumers while ensuring that the financial viability of the projects are not adversely impacted.

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	3. Increase in cable and electrical equipment costs. 4. Increase in transformer and switchgear prices. 5. Increase in transportation and logistics costs. 6. Increase in labour and civil construction costs. Overall project costs have increased substantially compared to the assumptions adopted while determining the tariff in 2021. Therefore, there is no reason for reducing the tariff; rather, actual project economics indicate the need for a review towards enhancement.	
	GST Regime Applicable to Renewable Energy Projects - TIMELINE It is respectfully submitted that under the GST framework applicable to Solar PV and other specified Renewable Energy Projects, the Government of India introduced a special valuation mechanism through Notification No. 24/2018-Central Tax (Rate) dated 31.12.2018, effective from 01.01.2019. By virtue of the said notification, where renewable energy devices are supplied along with associated services under a composite EPC contract, 70% of the gross contract value is deemed to be the value of goods and 30% the value of services. Since renewable energy goods attracted GST at 5% and services attracted GST at 18%, the effective composite GST incidence worked out to 8.90% of the contract value. Subsequently, the Central Board of Indirect Taxes and Customs (CBIC), through Circular No. 163/19/2021-GST dated 06.10.2021, clarified that the aforesaid 70:30 valuation principle was applicable to specified Renewable Energy Projects and further extended the same methodology for the period from 01.07.2017 to 31.12.2018 for purposes of tax determination. Goods & Services Tax Council Thereafter, pursuant to the recommendations of the 45th GST Council Meeting, the Government of India issued Notification No. 08/2021-Central Tax (Rate) dated 30.09.2021 and the corresponding Notification No. 08/2021-Integrated Tax (Rate) dated 30.09.2021, both effective from 01.10.2021, whereby the GST rate on renewable energy devices, including solar power-based devices and photovoltaic modules, was increased from 5% to 12%. While the 70:30 valuation mechanism remained unchanged, the increase in the GST rate on the goods portion resulted in the effective composite GST incidence rising from 8.90% to 13.80% (70% × 12% + 30% × 18%). Thus, the effective GST burden of 13.80% came into force only from 01.10.2021, whereas the applicable effective GST burden for the period	The market conditions have evolved, including reduction in GST and notable decline in capital costs, especially solar modules. Further, recent solar tariffs discovered through competitive bidding have shown consistent year-on-year decline, indicating reduction in overall project costs. TGDISCOMs submit that, this petition is an attempt to pass on the benefits to the consumers while ensuring that the financial viability of the projects are not adversely impacted.

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	prior thereto was 8.90%. Accordingly, any tariff determination, benchmark capital cost computation, bid evaluation, or project viability assessment undertaken prior to 01.10.2021 could only have been based upon the then-prevailing GST regime carrying an effective composite GST incidence of 8.90%, and not the subsequently enhanced effective incidence of 13.80% introduced from 01.10.2021. <table border="1"> <thead> <tr> <th colspan="3">Timeline for Annexure</th></tr> <tr> <th>Date.</th><th>Notification / Circular</th><th>Effect</th></tr> </thead> <tbody> <tr> <td>01.07.2017</td><td>GST introduced</td><td>Renewable energy devices taxed at 5%</td></tr> <tr> <td>31.12.2018.</td><td>Notification No. 24/2018-CT(R)</td><td>Introduced 70:30 valuation mechanism</td></tr> <tr> <td>01.01.2019</td><td>Effective date of Notification 24/2018.</td><td>Effective composite GST became 8.90%</td></tr> <tr> <td>02.01.2021</td><td>TGERC -OPN0 24 OF 2020, Dated 02.02.2021</td><td>rate per unit fixed at 3.13/unit at 8.90% GST</td></tr> <tr> <td>30.09.2021.</td><td>Notification No. 08/2021-CT(R) & 08/2021-IT(R)</td><td>GST on renewable energy goods increased from 5% to 12%</td></tr> <tr> <td>01.10.2021</td><td>Effective date of Notification 08/2021.</td><td>Effective composite GST became 13.80%</td></tr> <tr> <td>06.10.2021.</td><td>CBIC Circular No. 163/19/2021-GST.</td><td>Clarified applicability of the 70:30 mechanism for Renewable Energy Projects</td></tr> <tr> <td>22.04.2025</td><td>TGERC O.P. NO 32 OF 2025 Dated 22.04.25</td><td>Petitioners Tgspdc and Tgnpdcl - rate revision not entertained as per points 72 and 73 explained</td></tr> </tbody> </table> In short it is to prove that the GST while fixing the rate at 3.13/unit on 2/1/2021 was 8.90% composite and has increased in the month of October 2021 to 13.8%. There was no mention of “change in law” by the same DISCOMS when the TGERC order was passed on 22/4/2025 but instead the petitioners wanted reduction of rate further. At present the GST is back to 8.90% composite from 13.8% on 22.09.2025. HENCE THE POINT OF CHANGE IN LAW DOSE NOT RISE. POINTS TO CONSIDER TO REVISE THE RATE UPWARDS IF ANY -	Timeline for Annexure			Date.	Notification / Circular	Effect	01.07.2017	GST introduced	Renewable energy devices taxed at 5%	31.12.2018.	Notification No. 24/2018-CT(R)	Introduced 70:30 valuation mechanism	01.01.2019	Effective date of Notification 24/2018.	Effective composite GST became 8.90%	02.01.2021	TGERC -OPN0 24 OF 2020, Dated 02.02.2021	rate per unit fixed at 3.13/unit at 8.90% GST	30.09.2021.	Notification No. 08/2021-CT(R) & 08/2021-IT(R)	GST on renewable energy goods increased from 5% to 12%	01.10.2021	Effective date of Notification 08/2021.	Effective composite GST became 13.80%	06.10.2021.	CBIC Circular No. 163/19/2021-GST.	Clarified applicability of the 70:30 mechanism for Renewable Energy Projects	22.04.2025	TGERC O.P. NO 32 OF 2025 Dated 22.04.25	Petitioners Tgspdc and Tgnpdcl - rate revision not entertained as per points 72 and 73 explained	
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	1. Impact of inflation and escalation in operating expenses. 2. Since the issuance of the tariff order, inflation has significantly increased the cost of:	It is submitted that the increase in expenses relating to maintenance, security, insurance, manpower, spare parts, and statutory compliances are normal business and operational																														

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	3. Preventive and corrective maintenance. 4. Security arrangements. 5. Spare parts and replacement equipment. 6. Insurance premiums. 7. Statutory compliance expenses. 8. Skilled manpower costs. The operation and maintenance expenditure currently incurred by SPGs is considerably higher than the values considered in the original tariff calculations.	considerations and do not outweigh the significant reduction in upfront project costs that has improved the overall economics of solar power projects. Accordingly, TGDISCOMs respectfully submit that the this petition is an attempt to pass on the benefits to the consumers while ensuring that the financial viability of the projects are not adversely impacted.
	2. Ground-level implementation challenges not considered in tariff calculations - During implementation, developers faced several challenges which were not envisaged during tariff determination, including: Delays in approvals and permissions. Difficulties in obtaining evacuation infrastructure. Coordination issues with multiple agencies. Delays associated with first-time implementation of PM-KUSUM projects in Telangana. Additional expenses incurred for compliance with local requirements and utility conditions. These costs were unavoidable and directly increased project expenditure.	TGDISCOMs respectfully submit that the challenges relating to project implementation, including delays in approvals, evacuation arrangements, coordination with various agencies, compliance requirements, and issues associated with initial implementation of the PM-KUSUM Scheme, are project-specific circumstances and form part of the normal execution risks associated with infrastructure projects. Accordingly, TGDISCOMs respectfully submit that project-specific implementation challenges cannot be a basis for retaining the existing tariff.
	3. Grid outages and failures reduce generation despite plant availability A major issue faced by SPGs is the occurrence of grid failures and outages during solar generation hours. Although the generating plant remains available, energy injection is restricted due to: Grid interruptions. Feeder outages. Maintenance shutdowns. Utility-side operational constraints. These events result in loss of generation for reasons entirely beyond the control of SPGs. However, the resulting reduction in annual energy generation adversely impacts CUF calculations and project revenues.	TGDISCOMs respectfully submit that grid outages, feeder interruptions, maintenance shutdowns, and other utility-side operational constraints are already addressed under the provisions of the PPA. The PPA specifically provides relief mechanisms, including generation compensation in cases of grid unavailability and eligible backdown events, subject to fulfillment of the prescribed conditions.
	4. Existing CUF penalty provisions are excessively burdensome - As per the PPA provisions, if the annual Capacity Utilization Factor (CUF) falls below the	The CUF provisions and associated compensation mechanism are contractual terms mutually agreed upon by the parties

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	stipulated level during the first ten years, the developer becomes liable for penalties. This provision places an unreasonable burden on SPGs because of : Grid failures are beyond the control of developers. Curtailment and outages directly affect annual generation. Weather variations impact generation performance. Utility-side interruptions are not considered while assessing CUF. We therefore request that the CUF-linked penalty provisions be withdrawn or suitably modified to exclude periods affected by grid outages, curtailment, and utility-side interruptions.	under the PPA and are uniformly applicable to all projects under the scheme. The prescribed CUF requirements are based on reasonable performance expectations of solar power projects and form part of the agreed project obligations.
	5. Increased manpower requirements for maintaining CUF compliance to avoid penalties and maintain the required CUF levels, developers are compelled to deploy qualified technical personnel for continuous monitoring of: Grid availability. Protection systems. Transformers. Metering systems. Communication systems. In practical terms, maintaining a qualified Electrical Engineer and supporting technical staff at the project site has become essential. This alone increases annual operation and maintenance expenditure by approximately ₹4,00,000 per year, which is nearly double the O&M assumptions considered during tariff determination in 2021.	TGDISCOMs respectfully submit that the requirement for deployment of technical personnel, monitoring of grid interface systems, maintenance of transformers, metering, systems, and compliance with operational standards are part of the normal operation and maintenance obligations of the SPG under the PPA.
	6. Loan repayment assumptions differ significantly from tariff calculations Financial institutions have sanctioned loans based on project-specific repayment schedules. In many cases: Loan tenures are approximately 7 years. Repayment obligations are front-loaded. Debt servicing calculations are based on the approved tariff of ₹3.13/kWh. The assumptions of longer repayment periods used in generic tariff modelling do not reflect actual financing arrangements adopted by banks for these projects. Any reduction in tariff would severely affect debt servicing capability and could lead to financial stress for SPGs.	The financing arrangements, loan tenure, repayment schedules, and debt servicing obligations are project-specific commercial decisions arrived at between the developers and their respective lenders. Tariff determination cannot be based on individual financing structures but is required to be undertaken based on normative cost parameters, overall project economics, and prevailing market conditions.
	7. Reduced compensation for energy loss during grid unavailability the existing compensation mechanism for off-grid periods provides payment at only 50% of the PPA tariff. This results in substantial revenue loss for developers despite	TGDISCOMs respectfully submit that the compensation mechanism for generation loss arising due to grid unavailability

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	maintaining plant readiness and availability. Considering that the cause of such losses is often external to the developer, The existing compensation mechanism requires reconsideration.	and backdown is already provided for under the PPA and forms part of the agreed contractual framework between the parties. The PPA specifies the methodology and extent of compensation applicable in such circumstances, balancing the interests of both the SPGs and the Distribution Licensees.
	8. Request for revision of CUF benchmark Considering advancements in technology and actual operating conditions, we request that the benchmark CUF be revised to 23% and corresponding generation expectations be rationalized. At the same time, any penalty provisions linked to CUF should be removed or adjusted to account for: Grid outages, Curtailment, Utility-side interruptions, and Force majeure conditions.	TGDISCOMs respectfully submit that the CUF benchmark and associated performance obligations are contractual provisions mutually agreed upon by the parties under the PPA and are uniformly applicable to all projects under the PM-KUSUM Scheme. The prescribed CUF requirements have been established based on reasonable performance expectations and form part of the agreed terms and conditions of the PPA.
	9. Prayer In view of the above facts and circumstances, we respectfully request TGERC to: 1. Reject any proposal for reduction of the approved tariff of ₹3.13/kWh and Maintain the tariff as provided in the executed PPAs. 2. Consider revision of tariff parameters in light of increased capital and operating costs. 3. Remove or suitably modify CUF penalty provisions. 4. Exclude grid outages and utility-side interruptions while calculating CUF. 5. Reconsider compensation mechanisms for generation losses arising from grid unavailability. 6. Review project economics considering actual financing conditions and inflationary impacts. 7. Take necessary steps to ensure long-term sustainability of PM-KUSUM Component-A projects and protect investments already made by SPGs. We trust that the Hon'ble Commission and MNRE will consider the genuine concerns of Solar Power Generators and take an equitable decision in the interest of renewable energy development and investor confidence.	TGDISCOMs humbly requests the Hon'ble Commission may consider the reduction in project costs, including reductions in GST and major capital cost components, and determine the applicable tariff under the PM-KUSUM Scheme in accordance with regulatory principles and prevailing market conditions, while balancing the interests of both consumers and project developers.
8.	Response to query by Sri. Gondi Rajani	
	I respectfully submit the following objections to the proposal for reduction of the pre-fixed levelized tariff from Rs. 3.13/kWh to Rs. 2.98/kWh. The tariff of Rs. 3.13/kWh was the basis on which farmers and developers	TGDISCOMs respectfully submit that the tariff was determined based on the cost parameters and market conditions prevailing at the relevant time. Subsequently, there has been a reduction

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	invested substantial amounts in establishing solar power projects. The cost of project implementation, including solar modules, inverters, transmission infrastructure, financing costs, land development, operation and maintenance expenses, has increased like copper, aluminium, oils and transportation, significantly due to war. Reduction of tariff at this stage will adversely affect project viability and financial sustainability, particularly for small and medium farmers like us. Many beneficiaries i.e., SPGs have obtained loans from banks based on the existing tariff. Any reduction will impact loan repayment capacity and may lead to financial hardship. PM-KUSUM was introduced to encourage decentralized renewable energy generation and provide additional income to farmers. Tariff reduction would defeat the objectives of the scheme. The proposed reduction is contrary to the legitimate expectations of beneficiaries who participated relying on the tariff already approved by the Commission. Therefore, I humbly request the Hon'ble Commission to: a) Reject the proposal for reduction of tariff from Rs. 3.13/kWh to Rs. 2.98/kWh; and b) Continue the existing tariff of Rs. 3.13/kWh for all projects sanctioned under PM-KUSUM Component-A. I request the Hon'ble Commission to consider these objections in the interest of farmers and renewable energy development in Telangana.	in significant decline in major capital cost components, particularly solar module prices, resulting in improved project economics and warranting a review of the tariff. The contention regarding increase in project costs due to escalation in certain materials, transportation, financing, and other expenses relates to project-specific circumstances. Tariff determination, however, is based on normative cost parameters and overall market trends rather than individual project costs or financing arrangements. Accordingly, TGDISCOMs submit that this petition is an attempt to pass on the benefits to the consumers while ensuring that the financial viability of the projects are not adversely impacted.
9.	Response to query by Sri. Vulpala Sandeep Reddy (S.No. 49)	
	We respectfully request the revision of the current tariff under PM-KUSUM Component-A from ₹3.13 per kWh to ₹5.00 per kWh. Since the tariff was determined, there has been a substantial increase in the cost of key project components, including: - Solar PV modules - Mounting structures (steel) - Inverters - Transformers and switchgear - Cables and electrical balance-of-system materials - Civil works and transportation - Land development and installation costs	TGDISCOMs respectfully submit that this Hon'ble Commission, vide its Order in O.P. No. 32 of 2025, approved and adopted the tariff of Rs. 3.13/kWh for procurement of 4,000 MW under the PM-KUSUM Scheme. Accordingly, TGDISCOMs have accepted and signed PPAs with developers at the rate determined by the Hon'ble Commission. Subsequent to the tariff order, the reduction in GST on renewable energy devices with effect from 22.09.2025 constitutes a "Change in Law" event under the relevant

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	- Interest rates and financing costs - Operations and maintenance expenses These cost escalations have significantly increased the capital cost of solar power projects, making the existing tariff of ₹3.13/kWh financially not very viable. As a result, many developers are unable to achieve reasonable returns, leading to delays and reduced participation in the PMKUSUM scheme. Revising the tariff to ₹5.00 per kWh would: - Restore project financial viability. - Support the timely implementation of PM-KUSUM Component-A projects. - Help achieve renewable energy and farmer-income enhancement objectives. We therefore request the Government and the appropriate regulatory authorities to review the prevailing tariff based on current market conditions and Approve a revised tariff of ₹5.00 per unit. We look forward to your kind consideration and positive action.	provisions of the Power Purchase Agreements. The Central Electricity Regulatory Commission, in its suo motu Order dated 04.11.2025 in Petition No. 13/SM/2025, has also recognized the said GST reduction as a Change in Law event in accordance with the PPA provisions. The change in GST has a reducing impact on the capital requirement for setting up solar plants. Further, the technology maturity of solar projects, scale of implementation has resulted in decreased capital for solar plants which can also be seen from the reducing solar tariffs in the last 5 years. In view of the above, this petition is an attempt to pass on the benefits to the consumers while ensuring that the financial viability of the projects are not adversely impacted.
10.	Response to query by a) Sri. Vulpala Sandeep Reddy (S.No. 14) b) Sri. Ganumukkala Subramanyam (Part i) (S.No. 15)	
	My project is under the stage of Commissioning. The State Bank Of India sanctioned a loan of Rs.6.5 Crores for 2 MW considering tariff of Rs.3.13/kwh. With the revision of Tariff the project is not at all viable due the following reasons: 1. Over the years the project cost per MW has increased due to increase in Panel cost. 2. The HT / LT cable cost has increased due to an increase in all metal costs - copper and Aluminum 3. The structure cost has increased due to increase in Iron cost and also increase in Diesel cost for Transportation 4. The Transformer cost also increased due to price rise in Copper and Aluminum.	TGDISCOMs submits as under: The tariff determination is based on overall market trends and normative costs, not individual project expenses. TGDISCOMs respectfully submit that the tariff determined under the KUSUM scheme does not adequately reflect the prevailing market conditions. In recent years, factors such as reductions in solar module prices driven by economies of scale

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	5. The Transmission line cost taken by ERC is Rs.10 Lakhs (earlier for tariff calculation), whereas the Estimate given by TGSPDCL for 3.5 KM distance is Rs.64 Lakhs, which does not include the Bay Extension cost. 6. The labour cost has increased over a period. 7. The O&M cost has increased due to manpower / material/ spare parts cost. With all the above reasons, infact the Tariff has to be increased by ERC. We strongly oppose a reduction in Tariff from Rs.3.13/kwh and request to increase the Tariff based on the present Cost of the Solar Project, considering all actual costs.	and increased domestic manufacturing capacity have resulted in a notable decline in the capital cost of solar projects. Accordingly, TGDISCOMs requested Hon'ble commission to aligned with present market realities and the benefit to be passed on to consumers.
11.	Response to query by Sri. Ganumukkala Subramanyam (Part ii) (S.No. 15)	
	In the Power Purchase Agreement (PPA) between us, the unit price is clearly mentioned as ₹3.13. Once the PPA is in place, unilaterally reducing the unit price to ₹2.98 contrary to the norms and guidelines already in place is not only unfair but also not legal. It is true that GST has been reduced to 5% on some solar devices. But at the same time solar equipment, other raw materials, transportation costs, labor wages, finance costs and other construction costs have increased significantly. So the reduction in GST did not reduce the cost of the project. In fact the overall cost has increased. The following table gives the cost increase over a period, when the present tariff of ₹3.13 is fixed in 2021 to present level.	TGDISCOMs respectfully submit that the tariff of ₹3.13 per unit was determined and accepted by developers based on the prevailing capital cost and project assumptions at that time, ensuring adequate returns over the project life. Subsequently, there have been favorable changes in cost parameters, including reduction in GST rates and a decline in capital costs, particularly solar modules, resulting in improved project economics. In this context, the present petition seeks to ensure that such accrued benefits are equitably passed on to end consumers through an appropriate tariff revision without adversely impacting the financial viability of the project.

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	Cost difference of various components of Solar Plant when compared to 2021 and 2026 <table><tr><th></th><th></th><th></th><th colspan="2">Year 2021</th><th colspan="2">Year 2026</th><th></th></tr><tr><th>Sl.No</th><th>Major Components of Solar Plants</th><th>Unit</th><th>Range</th><th>Avg</th><th>Range</th><th>Avg</th><th>% increase</th></tr><tr><td>1</td><td>GST on Solar Panels</td><td>%</td><td></td><td>5</td><td></td><td>5</td><td>0.0</td></tr><tr><td>2</td><td>Steel - for Structure</td><td>Rs./Ton</td><td>55000 - 65000</td><td>60000</td><td>70000 - 80000</td><td>75000</td><td>25.0</td></tr><tr><td>3</td><td>Copper</td><td>Rs/Kg</td><td></td><td>360</td><td></td><td>1300</td><td>261.1</td></tr><tr><td>4</td><td>Aluminium</td><td>Rs/kg</td><td>160 -170</td><td>165</td><td>400-450</td><td>425</td><td>157.6</td></tr><tr><td>5</td><td>Cost of Diesel</td><td>Rs/lit</td><td></td><td>73</td><td></td><td>105</td><td>43.8</td></tr><tr><td>6</td><td>Transmission line including bay extn</td><td>Rs./KM</td><td></td><td>500000</td><td></td><td>1000000</td><td>100.0</td></tr><tr><td>7</td><td>US Dollar Cost</td><td>Rs/\$</td><td></td><td>75</td><td></td><td>95</td><td>26.7</td></tr></table> Based on the unit price of ₹3.13 mentioned in the PPA, the beneficiaries invested and took bank loans to set up the projects. Reducing the tariff now will seriously damage the financial viability of the project. Therefore, we humbly request ERC to appoint a technical committee and increase the existing tariff from the existing ₹3.13 per unit to a higher level, considering the present cost of the solar project.				Year 2021		Year 2026			Sl.No	Major Components of Solar Plants	Unit	Range	Avg	Range	Avg	% increase	1	GST on Solar Panels	%		5		5	0.0	2	Steel - for Structure	Rs./Ton	55000 - 65000	60000	70000 - 80000	75000	25.0	3	Copper	Rs/Kg		360		1300	261.1	4	Aluminium	Rs/kg	160 -170	165	400-450	425	157.6	5	Cost of Diesel	Rs/lit		73		105	43.8	6	Transmission line including bay extn	Rs./KM		500000		1000000	100.0	7	US Dollar Cost	Rs/\$		75		95	26.7	
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12.	Response to query by Sri. Mubeen sultan (S.No. 18)																																																																									
	- Firstly due to the war raw material prices have gone up more than the difference in GST and hence many project got delayed or stuck because of that - The GST is mainly reduced on panel which is i agree a major expense for the project but the service GST is still to be applied. - If we calculate the difference in rate: The cost of a 2MW project without GST is approximately 6.15 crores and the difference in GST is about 7.5 % on	TGDISCOMs submit that while the war did lead to an increase in raw material prices, the impact was momentary and has stabilized. Tariff determination is based on overall market trends and normative costs, not individual project-specific calculations. The reduction in GST on modules (a major cost component) along with declining solar module prices due to economies of scale and increased domestic manufacturing, has led to a net																																																																								

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	panels and less on other things and average GST is reduced by about 6.5% i.e., 6.15x6.5 % is roughly 37 lacs. - Where as 15 paise on 3.6 million units a year is 5.4 lacs/ year and x25 years is 1.35 crores which does not justify the reduction - Also if prices which have gone up ,would you have increased the price so please do not reduce the price	reduction in capital costs. Further, the comparison between GST savings and long-term tariff impact is not appropriate, as tariff is determined considering multiple factors such as capital cost, financing, and O&M expenses etc.,. Accordingly, TGDISCOMs submits that the tariff should reflect current market realities, and the benefit of reduced costs should be passed on to consumers.
13.	Response to query by Sri. Myana Ravikanth (S.No. 20)	
	1. No Automatic Provision in the PPA for Arbitrary Tariff Adjustments There is absolutely no explicit, unilateral clause within our signed PPA that permits an automatic downward revision of the tariff solely because of a macro-level GST reduction on independent components. The tariff of <3 .13 / kWh was signed as a long-term, fixed regulatory assurance to cover overall project costs. The DISCOMs cannot selectively invoke the "Change in Law" clause to strip away the marginal profitability of small-scale rural developers. Commission's Existing Tariff (Rs. 3.13/Kwh) was determined based on Benchmark capital Cost adopted during 5% GST Regime The Hon'ble Commission, while determining the benchmark capital cost and has categorically observed: MNRE vide Office Memorandum dated 21.07.2020 determined benchmark cost for grid connected Solar PV systems for FY 2020-21 as Rs.36 per Watt, equivalent to Rs. 3.60 Crores/MW. Therefore, the commission finds it prudent to consider the capital cost of Rs. 3.60 Crores /MW as per "O.P.No.24 of2020 dated 02.01.2021". During FY 2020-21, GST applicable on solar equipment was 5%. The benchmark cost 3.60 Crores/MW was already established under a 5% GST regime. Therefore, the tariff of <3 .13/kWh was	1. TGDISCOMs respectfully submit that the present petition is not seeking any arbitrary or unilateral revision of tariff. The PPAs executed b/w DISCOM and developers contain a "Change in Law" provision in clause 13.1.1.e mentions as under <i>"any change in the rates of any Taxes including any duties and cess or Introduction of any new tax made applicable for setting up the power project and supply of power from the Power project by the SPG Which have a direct effect on the Project."</i> The above provision enables adjustments where there is a

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	never determined on the basis of a 12% GST structure. Consequently, reduction of tariff on the premise that GST has now reverted from 12% to 5% is factually incorrect. Restoration of GST to 5% Does Not Create Any New Cost Advantage. The GST rate applicable to solar equipment was: 5% up to 30.09.2021, 12% from 01.10.2021, Subsequently reduced again to 5%. Therefore, the present GST regime is substantially identical to the tax regime that existed when the Commission originally adopted the benchmark capital cost of Rs. 3.60 Crores/MW and determined the tariff framework. Consequently, there is no factual or legal basis to contend that the benchmark cost should be reduced below <3.60 Crores/MW merely because GST has reduced from 12% to 5% recently or reverted to the same level that prevailed at the time of determination of benchmark cost. 2. Misleading GST Calculations vs. True Capital Expenses & Tariff Revenue Losses The DISCOMs' petition exaggerates the savings from the 56th GST Council meeting (which reduced GST on solar modules/cells from 12% to 5%). The Actual GST Reduction on Panels: The 7% drop in GST applies only to the ex-factory cost of the raw PV modules. For a 1.0 MW plant, the panel cost is approximately <2.2 Crores. A 7% tax reduction translates to a one-time capital saving of roughly 15.4 Lakhs. The Compounded Tariff Loss: A tariff reduction of <0.15 per unit (from ~3.13 to <2.98) on a 1.0 MW plant-assuming a standard annual generation of 16,00,000 units-results in a revenue loss of <2.4 Lakhs every single year. Over the 25-year tenure of the PPA, the total revenue loss amounts to 60 Lakhs. The Unfair Trade-off: The DISCOMs are attempting to penalize the developer with a <60 Lakh lifelong revenue loss in exchange for a theoretical, upfront module tax saving of just < 15.4 Lakhs. This calculation is mathematically flawed and economically destructive for the project.	material impact on project cost. Further, the present petition is placed before the Hon'ble Commission for a review, to ensure that tariffs remain aligned with prevailing market conditions. 2. The objection focuses only on projected revenue loss arising from tariff revision, without adequately considering the corresponding reduction in capital costs. The reduction in GST is one aspect. However, overall project costs particularly solar module prices have declined due to economies of scale, improved technology, and increased domestic manufacturing. These reductions result in lower upfront capital investment, which directly improves project viability. Therefore, it is not appropriate to compare lifetime revenue impact in isolation, without accounting for the parallel reduction in capital cost and improved project economics. Tariff alignment must necessarily consider the net effect of cost reductions, ensuring that resultant benefits are

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	3. Hyper-Inflation of Essential Raw Materials (2021 to 2026): While the DISCOMs focus micro-analytically on the GST drop of one component, they completely ignore the massive, unprecedented rise in the market prices of all other core infrastructural materials between the years 2021 and 2026: Structural Steel: Essential for solar mounting structures and fencing, steel prices have seen massive inflationary hikes over the last 5 years. Copper Wires & Copper Transformers: The global cost of copper has skyrocketed, drastically inflating the procurement cost of the internal plant cabling and the mandatory evacuation transformers. Silver Paste: Industrial silver used in the manufacturing of high-efficiency solar cells has experienced continuous price spikes. The minimal tax saving on panels is completely swallowed by the immense escalation in these physical material costs. 4. Discriminatory Billing and Payment Terms (One-Sided Favoritism): The asymmetric nature of the PPA heavily favors the DISCOMs: The Rebate Trap: If the developer submits a bill, the DISCOM demands a strict 1 % rebate if they clear the payment within 10 days. No Late Payment Penalty/Interest: Conversely, when the DISCOM delays payments for months on end-which is standard operational reality-there are no strict, equivalent penal clauses or automatic interest payments credited to the farmer/developer. This creates an unviable cash-flow environment. 5. High Performance Mandate with Draconian Generation Penalties The PPA imposes an extremely rigid generation structure on a small-scale 1.0 MW plant under the revised 21 % Capacity Utilization Factor (CUF):	equitably passed on to consumers. 3. While some material costs have increased, this does not reflect the overall scenario. A major cost component, solar modules, has reduced significantly and GST reduction, which combinedly outweighs these increases. Also, recent solar tariffs discovered through competitive bidding have been reducing year after year, which clearly shows that overall project costs have come down. 4. TGDISCOMs submits that the PPA already includes a provision addressing payment delays by DISCOM. As per the 11.4 Late Payment Surcharge clause in PPA 11.4.1 <i>"In the event of delay in payment of a Monthly Bill by TGSPDCL beyond thirty (30) days of its Due Date, a Late Payment Surcharge shall be payable to the SPG at the rate of 1.25% per month on the outstanding amount calculated on a day to day basis. The Late Payment Surcharge shall be claimed by the SPG through the Supplementary Bill."</i> 5. The CUF and generation norms are part of the agreed

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	The Fixed Generation Floor: The project is strictly mandated to produce a minimum of 16.65 Lakh units yearly. Zero Incentive for Outperformance: If the developer optimizes the plant and produces more than the target generation, the DISCOM absorbs the excess energy but provides no extra payment or premium for it. Heavy Penalty for Underproduction: Conversely, if generation drops below the mandated 16.65 Lakh units due to weather anomalies, local grid outages, or transformer failures on the DISCOM's side, the developer is slammed with a financial penalty. Cutting the tariff while keeping such a punishing, one-sided performance penalty structure live is a recipe for project failure. 6. The Carbon Credit Exploitation: A Direct Loss to Farmers As a solar power generator, this 1.0 MW project produces clean, green energy that directly mitigates carbon emissions. However, under the current framework, the valuable Carbon Credits and Environmental Attributes generated by our fields are taken over and sold by the DISCOMs to meet their own targets or generate green premiums. This represents a direct financial loss to the rural farmers and landholders who put up the capital risk, while the DISCOM enjoys the financial and regulatory rewards. Prayer to the Honorable Commission The entire PPA framework is heavily skewed in favor of the DISCOMs, leaving the local farmer to absorb all market, inflation, and execution risks. In light of these facts. I humbly pray that the Honorable Commission may be pleased to: Completely reject the DISCOMs' petition to lower the KUSUM Component-A tariff to <2.98 /kWh. Uphold the legally bound tariff of <3.13 / kWh to ensure the project does not default on its banking/debt liabilities. Review the one-sided clauses concerning late payment interest, the zero-payout for excess generation, and carbon credit allocations to protect small-scale agricultural power producers.	provisions in the PPA and are based on reasonable expectations for solar projects. These provisions are uniformly applied across all developers 6. The allocation of carbon credit claims is clearly defined in clause 10.1 Sharing of Clean Development Mechanism (CDM) Benefits of PPA agreed between the developer and DISCOMs. Such provisions are part of the scheme, keeping in view regulatory requirements and DISCOM obligations, including meeting renewable targets. The same has been factored into the tariff structure and hence form part of the agreed arrangement. The present petition does not propose any change to these provisions. In view of the above, TGDISCOMs humbly request the Hon'ble Commission that, this petition is an attempt to pass on the benefits to the consumers while ensuring that the financial viability of the projects are not adversely impacted.

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14.	Response to query by Sri. Ashok Reddy Depa (S.No. 22)	
	1. Tariff Determination is a Comprehensive Regulatory Exercise 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 established ex-ante for a 25-year horizon to ensure stability, bankability, and investor participation. Revising the tariff based on a single parameter (GST) without reassessing all factors undermines the integrity of the original determination. 2. GST Reduction Alone Does Not Reflect Actual Cost Conditions While GST has reduced from 12% to 5%, this benefit is limited in scope and does not represent the overall cost environment. Since the issuance of the tariff order in 2021, there have been significant cost escalations across multiple critical components. 3. Comparative Cost Analysis (Annexure Summary) A structured assessment clearly demonstrates that GST-related savings are	1. TGDISCOMs respectfully submit that the tariff of ₹3.13/kWh was determined earlier based on the prevailing capital cost, financing assumptions, and project risks, ensuring reasonable returns to developers. While this provided stability, it is also within the terms and conditions of PPA under “Change in Law” provision and regulatory scope of the Hon’ble Commission to revisit tariffs when there is a material shift in cost conditions. 2. TGDISCOMs submit that, subsequent to tariff determination, there has been a reduction in GST rates and a broader decline in capital costs, especially in solar modules. As a result, developers are currently realizing higher returns than originally envisaged. Accordingly, the present petition seeks to ensure that such accrued financial benefits are equitably passed on to end consumers, in line with regulatory principles. 3. While some material costs have increased, this does not

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	materially outweighed by broader cost increases: 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% Key Technical Conclusion The marginal benefit of GST reduction is substantially outweighed by multi-factor cost escalation. On a net basis, project costs have increased, and therefore, any tariff reduction is not supported by the underlying economics. 4. Sanctity of Pre-Fixed Tariff and Contractual Commitments • The tariff framework under PM-KUSUM was designed to provide predictability and long-term revenue visibility • Developers, including farmer stakeholders, have committed investments based on the approved tariff • Any post-facto downward revision would erode investor confidence and weaken regulatory credibility 5. Misapplication of “Change in Law” The “Change in Law” provision must be applied: • On a holistic and balanced basis • Accounting for both positive and adverse cost impacts Applying it selectively to reduce tariff, without recognizing cost increases, creates	reflect the overall scenario. A major cost component, solar modules, has reduced significantly and GST reduction, which combinedly outweighs these increases. Also, recent solar tariffs discovered through competitive bidding have been reducing year after year, which clearly shows that overall project costs have come down. 4. While tariff certainty is important, it must be balanced with the need to ensure that tariffs remain fair and reflective of current market conditions. A revision in line with cost reductions supports regulatory prudence and consumer interest, without compromising project viability. 5. TGDISCOMs submit that the PPAs executed b/w DISCOM and developers contain a “Change in Law” provision in clause 13.1.1.e mentions as under

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	an unsustainable and asymmetric regulatory precedent. 6. Impact on Farmers and Scheme Objectives PM-KUSUM is a farmer-centric initiative intended to: • Enhance rural income • Enable decentralized solar generation A tariff reduction would: • Directly impact farmer earnings • Reduce project viability • Discourage participation in future renewable initiatives Prayer / Request In view of the above facts and submissions, I humbly request the Hon'ble Commission to kindly: • Reject the proposal to reduce the tariff from ₹3.13/kWh to ₹2.98/kWh • Retain the approved tariff of ₹3.13/kWh for all projects under O.P. No. 24 of 2020 • Uphold regulatory certainty and the sanctity of contractual commitments • Recognize that GST reduction alone does not justify tariff revision	<i>“any change in the rates of any Taxes including any duties and cess or Introduction of any new tax made applicable for setting up the power project and supply of power from the Power project by the SPG Which have a direct effect on the Project.”</i> The above provision enables adjustments where there is a material impact on project cost. 6. TGDISCOMs submit that the proposed revision is based on updated cost conditions, including reduction in GST and overall capital costs, which has improved project returns beyond original projections. The revision aims to align tariffs with current cost realities, while ensuring project viability, fair sharing of additional gains with consumers, and achievement of scheme objectives.
15.	Response to query by Sri. Bacchu Arjun Chakravarthy (S.No. 23)	

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	1. Commission's Existing Tariff (Rs. 3.13/Kwhr) was determined based on Benchmark capital Cost adopted during 5% GST Regime The Hon'ble Commission, while determining the benchmark capital cost and has categorically observed: • MNRE vide Office Memorandum dated 21.07.2020 determined benchmark cost for grid connected Solar PV systems for FY 2020-21 as Rs.36 per Watt, equivalent to Rs. 3.60 Crores/MW. Therefore, the commission finds it prudent to consider the capital cost of Rs. 3.60 Crores/MW as per "O.P.No.24 of 2020 dated 02.01.2021". • During FY 2020-21, GST applicable on solar equipment was 5%. The benchmark cost of ₹3.60 Crores/MW was already established under a 5% GST regime. Therefore, the tariff of ₹3.13/kWh was never determined on the basis of a 12% GST structure. • Consequently, reduction of tariff on the premise that GST has now reverted from 12% to 5% is factually incorrect. 2. Restoration of GST to 5% Does Not Create Any New Cost Advantage The GST rate applicable to solar equipment was: • 5% up to 30.09.2021, • 12% from 01.10.2021, • Subsequently reduced again to 5%. Therefore, the present GST regime is substantially identical to the tax regime that existed when the Commission originally adopted the benchmark capital cost of Rs. 3.60 Crores/MW and determined the tariff framework. Consequently, there is no factual or legal basis to contend that the benchmark cost should be reduced below ₹3.60 Crores/MW merely because GST has reduced from 12% to 5% recently or reverted to the same level that prevailed at the time of determination of benchmark cost. 3. Benchmark Cost Is Not Solely a Function of GST The benchmark cost approved by the Commission represents an aggregate project cost comprising: Solar modules, On-Grid Solar Inverters, Module Mounting Structures, Inverter Duty Transformers, Associated Civil Works & Balance of Systems, Power Evacuation Infrastructure, Engineering, Procurement, Construction and Management Costs, Financing, Insurance, Statutory Approvals and	TGDISCOMs submit that In O.P. No. 24 of 2020, this Hon'ble Commission determined a levelled tariff of Rs. 3.13/kWh, as per prevailing capital costs. In 2025, the TGDISCOMs approached this Hon'ble Commission seeking revision of the said tariff, submitting that, owing to the advancement of technology during the period 2021 to 2025, the cost of solar PV modules had declined while their efficiency had correspondingly improved. The TGDISCOMs, however, expressly undertook to abide by and adhere to such tariff as may be determined by this Hon'ble Commission. TGDISCOMs respectfully submit that this Hon'ble Commission, vide its Order in O.P. No. 32 of 2025, approved and adopted the tariff of Rs. 3.13/kWh for procurement of 4,000 MW under the PM-KUSUM Scheme. Accordingly, TGDISCOMs have accepted and signed PPAs with developers at the rate determined by the Hon'ble Commission. Subsequent to the tariff order, the reduction in GST on renewable energy devices with effect from 22.09.2025 constitutes a "Change in Law" event under the relevant provisions of the Power Purchase Agreements. The Central Electricity Regulatory Commission, in its suo motu Order dated

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	contingencies Costs. The benchmark cost was not derived exclusively from GST incidence but from the overall capital expenditure necessary for establishing a grid connected solar power plant. Therefore, selective reliance on GST reduction alone, without considering the substantial increase in equipment prices, labour costs, steel prices, logistics costs, land development costs and financing costs over the intervening years, would be arbitrary and contrary to sound regulatory principles. Hence, GST reduction alone cannot justify reducing the benchmark cost. 4. Regulatory Certainty Must Be Maintained for PM-KUSUM Projects Viability • Hon'ble Commission has consciously adopted a benchmark cost of ₹3.60 Crore/ MW after considering stakeholder comments and the MNRE benchmark cost. • Once such benchmark cost has been determined through a regulatory process, it cannot be selectively revised downward based only on GST parameter while ignoring other cost escalations. • Any reduction would undermine regulatory certainty and adversely affect project viability, financing arrangements and investor confidence under PM-KUSUM Component -A. 5. Principle of Consistency Having adopted the MNRE benchmark capital cost of Rs.3.60 Crores/MW under the prevailing 5% GST regime, the same benchmark cost ought to continue unless a comprehensive cost review is undertaken based on fresh MNRE benchmark Costs or fresh Regulatory exercise for a detailed cost studies. 6. In the Alternative, Tariff Merits Upward Revision Rather Than Reduction Without prejudice to above submissions, it is respect fully submitted that: • Benchmark capital cost of ₹3.60 Crore/MW was adopted in FY 2020-21. • Since then, substantial inflation has occurred in labour, civil works, transmission infrastructure, financing costs and O&M expenses. • Therefore, if a fresh cost review is undertaken; all parameters must be revisited comprehensively. • Such an exercise may justify continuation of the existing tariff or even an upward revision rather than a reduction. Prayer to Hon'ble Chairman, Telangana Electricity Regulatory Commission:	04.11.2025 in Petition No. 13/SM/2025, has also recognized the said GST reduction as a Change in Law event in accordance with the PPA provisions. The benefit arising from the reduction in GST shall be passed on to the consumers through the Change in Law mechanism, thereby ensuring that the benefit reaches the consumers while the financial viability of the projects is not adversely impacted.

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	1. Reject proposal for reduction of tariff (Rs. 3.13/kWh to Rs. 2.98/kWh) 2. Continue to adopt approved benchmark cost Rs.3.60 Crores/MW was originally determined under a 5% GST regime and therefore remains fully applicable and continue the existing tariff of Rs. 3.13/kWh for PMKUSUM Component-A projects, unless revised through a separate comprehensive regulatory exercise. 3. In the alternative, undertake a comprehensive review of all tariff parameters before considering any revision, taking into account inflation, financing costs, O&M costs, evacuation costs and other project expenditures; 4. Pass such other orders as deemed fit in interest of justice and promotion of RE Developers under PM-KUSUM Component -A in Telangana State.	
16.	Response to query by Sri. Bhukya Srinivas (S.No. 24)	
	Under the PM-KUSUM Scheme, the Commission has fixed the tariff at Rs. 3.13 per unit for solar power procured from farmers. While the Commission is considering various aspects to pay this Rs. 3.13 to the farmer, we would like to humbly submit that DISCOMs are purchasing electricity from various other agencies at rates ranging from Rs. 9 to Rs. 10 per unit. Sir, there will be no loss to the Government even if Rs. 5.00 per unit is paid to the farmer under this scheme. We request you to consider the welfare of the farmers. This scheme will be profitable for the Government as well, since farmers generate power during the day and reduce the peak load burden on DISCOMs. Just as workers of Singareni Collieries Limited are given a share in the profits, we request you to treat us farmers in the same manner. We have put in a lot of effort and laid the foundation for the success of this scheme. Therefore, after considering all aspects, we sincerely request you to kindly increase the tariff to Rs. 5.00 per unit for solar power under PM-KUSUM.	DISCOMs submit that tariff determination for solar power projects, including those under PM-KUSUM, is carried out in accordance with established principles, based on project-specific cost framework, which factors in capital cost, operation and maintenance expenses, plant load factor, cost of financing, GST etc., The tariff has been set after considering all key factors to ensure it is reasonable and cost reflective, while safeguarding consumer interests.
17.	Response to query by	
	a) Sri. Kulkarni Pavan Kumar, (S.No. 29) b) Sri. G Jyothi Reddy (S.No. 163)	
	1. Sanctity of Executed PPAs and Regulatory Certainty The tariff of ~3.13/kWh was determined by the Hon'ble Commission through a comprehensive regulatory process and	TGDISCOMs respectfully submit that while the benchmark cost of ₹3.60 Crores/MW was determined wrt capital costs at that

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	formed the basis upon which: • Developers participated in PM-KUSUM Component-A. • PPAs were executed with DISCOMs. • Financial institutions sanctioned loans. • Land was acquired and projects were developed. • Long-term investments were made. The approved tariff was a critical factor in project viability and financing. Any post-commissioning downward revision would adversely affect the sanctity of executed PPAs, undermine investor confidence, and create uncertainty for future renewable energy investments in Telangana. 1. Tariff Determination is a Comprehensive Exercise The tariff of ~3.13/kWh was not determined solely on the basis of GST. The tariff order considered several parameters, including Benchmark capital cost, Debt-equity ratio, Interest on term loans, Return on Equity, Depreciation, Operation and Maintenance expenses, Generation assumptions, Project risks and financing conditions, Useful life of the project. Therefore, revising tariff based on a single component such as GST while ignoring all other cost factors would be contrary to the principles of prudent tariff determination. 2. GST Reduction Alone Does Not Reflect Actual Project Economics The petitioners have relied upon GST reduction as a basis for tariff reduction. However, GST constitutes only one component of the overall project cost. While GST rates applicable to renewable energy equipment have undergone changes over time, the actual project costs incurred by developers during implementation were significantly higher due to multiple economic factors. Therefore, GST reduction in isolation cannot be treated as a sufficient basis for reducing tariff. 4. Significant Increase in Project Costs During Implementation Although the tariff was determined in January 2021, most PM-KUS UM projects were implemented during a substantially different economic environment. Developers experienced significant increases in Solar module prices, Steel and mounting structure costs, Copper and aluminium prices, Cables and electrical equipment, Transformers and switchgear, Labour and EPC costs Transportation and logistics, Insurance expenses, Statutory compliance costs,	time, the present petition is based on GST variation. The current tariff was linked to overall cost assumptions prevailing at that time. Subsequently, market conditions have evolved, including reduction in GST and notable decline in capital costs, especially solar modules. TGDISCOMs submit that while regulatory certainty is important, it must be balanced with the need to ensure tariffs remain fair and reflective of prevailing market conditions. TGDISCOMs submit that while the war did lead to a increase in raw material prices, but the impact was momentary and has subsided. Tariff determination is based on overall market trends and normative costs, not individual project-specific calculations. The reduction in GST on modules (a major cost component) along with declining solar module prices due to economies of scale and increased domestic manufacturing, has led to a net reduction in capital costs.

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	Financing and interest costs. Industry-wide increases experienced during implementation include: • Solar Modules: 10%-25% • Steel Structures: 20%-40% • Electrical Equipment: 15%-30% • Labour & EPC Costs: 10%-20% • Financing Costs: 2%-4% The cumulative impact of these increases substantially outweighs any benefit arising from GST reduction. 5. Global Supply Chain Disruptions, Wars and Shipment Shortages The implementation period witnessed unprecedented global economic disruptions, including: • Post-pandemic supply-chain disruptions. • Russia-Ukraine conflict. • Middle East and Red Sea shipping disruptions. • Container shortages and freight escalation. • Global shortages of solar-grade raw materials. • Volatility in fuel prices. • Fluctuations in foreign exchange rates. • Increase in interest rates and financing costs. These factors directly impacted procurement, transportation and execution of solar power projects. Developers incurred substantially higher costs than those assumed during tariff determination. Therefore, any proposal to reduce tariff by considering only GST while ignoring these adverse factors would result in an incomplete and distorted assessment of actual project economics. 6. Change in Law Cannot Be Applied Selectively The petitioners seek to invoke "Change in Law" only in respect of GST reduction. However, regulatory fairness requires that all material cost variations be considered together. If GST reductions are to be considered, then corresponding increases in Module prices, Steel prices, Electrical equipment costs, Labour costs, Financing costs,	TGDISCOMs submit that the PPAs executed b/w DISCOM and developers contain a "Change in Law" provision in clause 13.1.1.e mentions as under <i>"any change in the rates of any Taxes including any duties and cess or Introduction of any new tax made applicable for setting up the power project and supply of power from the Power project by the SPG Which have a direct effect on the Project."</i> The above provision enables adjustments where there is a material impact on project cost. Change in law is not being applied selectively. Factors such as supply chain disruptions, financing changes, and grid-related issues are sector-wide challenges. However, these do not alter the overall declining trend in solar project costs, as reflected in market-based tariff discovery. TGDISCOMs submit that while the scheme supports farmers, it is also essential to ensure that benefits arising from reduced costs are passed on to consumers. The current petition aims to balance developer returns with consumer interest, while

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	Logistics costs, Insurance and O&M expenses must also be recognized. Selective application of Change in Law principles would be inequitable and contrary to sound regulatory practice. 7. Doctrine of Legitimate Expectation The Solar Power Generators participated in PM-KUSUM Component-A and invested substantial capital based on the legitimate expectation that the tariff approved by the Hon'ble Commission and incorporated into executed PPAs would remain stable throughout the contractual period. Regulatory certainty and predictability are essential foundations for infrastructure investment. Any retrospective downward revision after investments have been made and projects commissioned would seriously prejudice investors who acted upon the regulatory framework established by the State and the Hon'ble Commission. 8. Financing Assumptions and Debt Servicing Obligations Financial institutions sanctioned project loans based on the approved tariff of ~3.13/kWh. Many projects have loan repayment tenures of approximately seven years with significant repayment obligations during the initial years. Any reduction in tariff would: • Adversely impact project cash flows. • Affect debt servicing capability. • Increase financial stress on developers. • Potentially affect repayment obligations to banks. Such consequences were never contemplated at the time of investment. 9. Grid Outages and Curtailment Already Impact Revenue Solar Power Generators continue to face generation losses arising from: • Grid failures. • Feeder outages. • Maintenance shutdowns. • Utility-side interruptions. • Curtailment of generation. These events occur despite full plant availability and are entirely beyond the	continuing to support the scheme objectives.

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	control of developers. Consequently, actual project revenues are already lower than projected levels, making any further tariff reduction unjustified. 10. Impact on Farmers and PM-KUSUM Objectives PM-KUSUM Component-A is a farmer-centric initiative intended to: • Enhance farmer income. • Promote decentralized solar generation. • Encourage renewable energy development in rural areas. Reduction of tariff after project commissioning would: • Directly affect farmer earnings. • Reduce project viability. • Discourage future participation. • Undermine confidence in Government-backed renewable energy programmes. Such an outcome would be contrary to the objectives of PM-KUSUM. 11. Without Prejudice Submission on Reopening of Tariff Without prejudice to the above submissions, it is respectfully submitted that if the Hon'ble Commission considers reopening tariff determination on account of alleged Change in Law, then such exercise must necessarily consider all cost variations affecting project economics and not merely GST. A comprehensive review should include Increase in module prices, steel, aluminium and copper prices, transformer and switchgear costs, logistics and transportation costs, labour and EPC costs, interest rates and financing costs, O&M expenditure, Impact of global conflicts and supply-chain disruptions, Revenue losses caused by grid outages and curtailment Such a holistic assessment would demonstrate that overall project economics do not support any reduction in tariff and may in fact justify retention or enhancement of the existing tariff. Prayer In view of the facts and circumstances stated above, it is respectfully prayed that the Hon'ble Commission may be pleased to: 1. Reject and dismiss the proposal of TGSPDCL and TGNPDCL seeking	

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	reduction of tariff from ~3.13/kWh to ~2.98/kWh. 2. Retain and protect the approved tariff of ~3.13/kWh as incorporated in the executed Power Purchase Agreements under PM-KUSUM Component-A. 3. Uphold the sanctity of contracts, regulatory certainty and the legitimate expectations of Solar Power Generators. 4. Hold that GST reduction alone does not justify tariff revision without considering all other cost escalations and economic factors affecting project implementation. 5. Recognize the substantial increase in project costs arising from inflation, material price escalation, financing costs, labour costs, logistics expenses, supply-chain disruptions and global conflicts. 6. Pass such other order(s) as may be deemed fit in the interest of justice, equity, renewable energy development, farmer welfare and investor confidence.	