

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 query by Sri. Somireddy Yugendar Reddy (S.No. 101)	
	1. The tariff of Rs. 3.13/kWh was determined based on capital cost and financial assumptions prevailing in January 2021 and no longer reflects present market conditions. 2. The proposal for tariff reduction is based primarily on the reduction of GST from 12% to 5%. GST constitutes only a small portion of the overall project cost and cannot be treated as the sole determinant of tariff revision. 3. The marginal saving arising from GST reduction is substantially outweighed by increases in the costs of modules, structures, transformers, switchgear, cables, evacuation facilities, civil works, transportation, labour, insurance, security, and project financing. 4. Since 2021, inflation has significantly increased the total project cost. Industry estimates indicate that overall project costs have escalated by approximately 25-30%, making the existing tariff itself inadequate. 5. Interest rates and financing costs have increased considerably, resulting in higher debt servicing obligations and affecting project viability. 6. Banks and financial institutions are insisting on higher promoter contributions and stricter lending conditions, increasing the capital burden on developers. 7. PM-KUSUM Component-A projects are small, decentralized rural projects with limited economies of scale. Their cost structure differs significantly from large utility-scale solar parks. 8. Developers under PM-KUSUM bear the complete responsibility for land development, statutory approvals, grid connectivity, project execution, operation, maintenance, insurance, and generation risk throughout the project life.	TGDISCOMs submit that In O.P. No. 24 of 2020, this Hon'ble Commission determined a levellised 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 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.

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	9. Operation and maintenance expenses continue to rise annually, whereas the tariff remains fixed for the entire PPA period without any escalation. 10. Decentralized solar projects reduce technical losses, improve feeder-level reliability, reduce transmission investment requirements, and provide clean daytime power close to agricultural loads. 11. These projects assist Telangana DISCOMs in meeting Renewable Purchase Obligation (RPO) requirements while providing long-term price certainty through fixed-cost renewable energy for 25 years. 12. Any downward revision of tariff after developers have invested substantial time and resources in planning projects undermines regulatory certainty and investor confidence in Government-sponsored renewable energy programmes. 13. The environmental benefits, reduction in carbon emissions, improvement in energy security, rural employment generation, and enhancement of farmer income are important public benefits that should be considered while determining tariff. 14. Under the Electricity Act, 2003, tariff determination should promote renewable energy development, ensure recovery of prudent costs, provide reasonable returns to investors, and safeguard long-term sustainability of renewable energy projects. A tariff reduction based solely on GST reduction does not adequately reflect these statutory objectives. 15. The proposed reduction may adversely affect project bankability, discourage participation by farmers and small entrepreneurs, delay project commissioning, and impede achievement of Telangana's renewable energy targets. Prayer: In view of the above facts and circumstances, I respectfully request the Hon'ble Commission to:	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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	A. Reject the proposal to reduce the PM-KUSUM Component-A tariff from ~3.13/kWh to 2.98/kWh. B. Continue the existing tariff Rs. 3.13/kWh without any reduction. C. Reassess the present capital cost, financing cost, inflation, operation and maintenance expenditure, and overall project economics and suitably enhance the tariff to at least Rs. 4.00/kWh to ensure financial viability and successful implementation of the scheme. D. Protect the legitimate interests of farmers, small investors, and renewable energy developers participating under PM-KUSUM Component-A.	
2.	Response to query by Sri. Uppu NVN Girish (S.No. 104)	
	I strongly oppose the reduction of dropping the tariff from ~3.13 to <2.98 mentioning the reduction in GST rates specifically. I want to bring it to your kind notice that the decision of t3 .13 per unit was finalised during January 2021. Later from 01st Oct 2021 to 21st Sep 2025, it has been increased to 12%, while the rate per unit remain the same. Currently the GST rates are 5% from 22nd Sep 2025 onwards. It is unethical and illogical to reduce the unit rate from t3.13 to <2.98 citing the reduction of GST rates specifically, after knowing the above facts. Knowing the facts of Iran - Iraq war, the silver and copper rates were increased which in turn increased the panel rates and electricity wire rates for which the unit rate has to be increased by 0.15 paisa per unit which is need of this hour for PM	TGDISCOMs respectfully submit that, 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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	Kusum solar plant farmers.	
3.	Response to query by Sri. Usha Alla (S.No. 105)	
	The project is not viable at this price. Setting up the project requires high initial costs, and there will be ongoing maintenance issues. As far as I am concerned, this is not correct.	TGDISCOMs respectfully submit that, 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 change in GST leads to a reduction in the capital requirement for setting up solar plants providing cost advantage. 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.
4.	Response to query by Sri. Venkat N.K.K (S.No. 108)	
	A. The Original Tariff Was Determined When GST Was 5% No Basis for Reduction 7. The fundamental premise of the Petitioners' application is flawed. The pre-fixed levelized tariff of Rs. 3.13/kWh was determined by the Commission in January 2021 when the GST rate on solar modules was 5%, not 12%. 8. The MNRE Benchmark Cost of Rs. 3.60 Crore/MW considered by the Commission in the January 2021 Order was based on prevailing market	A. 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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	conditions as of July 2020 (MNRE Office Memorandum dated 21.07.2020), when the GST rate was 5%. 9. The increase in GST from 5% to 12% occurred only in October 2021—after the tariff determination. The SPGs who participated in the PM-KUSUM Scheme subsequent to October 2021 absorbed this additional GST burden without seeking any tariff revision from the Commission. 10. Now that the GST has been restored to the original 5% rate, the Petitioners cannot claim a "Change in Law" benefit to reduce the tariff. The restoration merely returns the position to what it was when the tariff was originally determined. B. The 2025 Order Is Ratification, Not Re-determination of Tariff 11. The Petitioners' reliance on the Order dated 22.04.2025 in O.P. No. 32 of 2025 is misconceived. A careful reading of that Order reveals: • The Commission was considering consent for procurement of 4000 MW and approval of the Model PPA • The Commission specifically declined to revise the tariff (Paragraph 73) • The Commission merely continued the existing pre-fixed levelized tariff of Rs. 3.13/kWh 12. The 2025 Order cannot be treated as a fresh tariff determination that would reset the baseline for "Change in Law" calculations. The baseline for any Change in Law analysis must be the original tariff determination Order dated 02.01.2021. 13. At Paragraph 71 of the 2025 Order, the Commission observed: "This Commission is conscious of the fact that the levelized tariff has been fixed by this Commission at the rate of Rs. 3.13/kWh on 02.01.2021." This clearly	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. B. TGDISCOMs humbly submits that, the Hon'ble Commission, in its Order dated 22.04.2025 in O.P. No. 32 of 2025, approved procurement under the PM-KUSUM Scheme and adopted the tariff of ₹3.13/kWh already determined by the Hon'ble Commission. The present petition does not seek to alter the tariff determination date but has been filed in view of subsequent changes in project cost parameters, including reduction in GST rates and other favourable market developments affecting project costs. Accordingly, the applicability and impact of such changes are required to be examined within the provisions of the PPA and the applicable regulatory framework. C. The PPAs executed between DISCOMs and developers contain provisions relating to "Change in Law", and the present petition has been filed within the applicable contractual and regulatory framework for consideration of the Hon'ble Commission. Accordingly, TGDISCOMs respectfully submit, 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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	establishes that the tariff determination date remains January 2021. C. Change in Law Provisions Do Not Support the Petition 14. The "Change in Law" mechanism in power purchase agreements is designed to compensate generators for increased costs due to changes in law occurring after the date of bid submission or PPA execution. It is a pass-through mechanism to protect generators from unforeseen regulatory changes. 15. The Change in Law provisions cannot be invoked by the Procurer (TSDiscoms) to reduce the tariff when: • The law is merely reverting to the original position • The original tariff was determined under the very same legal framework now being restored • No additional benefit has accrued to the generators 16. If the Petitioners' logic were accepted, it would result in unjust enrichment of the Procurers at the cost of generators. D. Significant Cost Escalations Since 2021 Offset Any Potential GST Benefit 17. Even assuming arguendo that the GST reduction could be a basis for tariff revision, the Petitioners have failed to account for the substantial cost escalations (which were highlighted in detail by me during my submissions dated:10-04-2025) that have occurred since January 2021, including: (i) Currency Depreciation • INR/USD in January 2021: approximately Rs. 73.2/USD	D. 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. Currently owing to the advancement of technology, the cost of solar PV modules had declined while their efficiency had correspondingly improved. E. TGDISCOMs submit that the participation of SPGs under the PM-KUSUM Scheme, including obtaining bank finance, entering into loan agreements, and making investment commitments, was undertaken as per PPA, which includes the provisions relating to "Change in Law" under the PPA. The financing arrangements, revenue projections, loan repayment obligations, and financial models referred to by the objectors are project-specific commercial considerations and cannot form the basis. Further, the present petition does not seek any unilateral modification of the PPA but has been filed in view of reduction in GST rates. Accordingly, the applicability and impact of such changes are subject to the consideration and determination of the Hon'ble Commission in accordance with the provisions of the PPA.

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	• INR/USD in 2025-26: approximately Rs. 86-88/USD • Depreciation of approximately 18-20%, significantly impacting the cost of imported components (ii) Module Price Volatility • Post-COVID supply chain disruptions • Global silicon shortage • Anti-dumping and safeguard duties • ALMM (Approved List of Models and Manufacturers) compliance requirements (iii) Interest Rate Increases • The Commission assumed interest on long-term loan at 10% in 2021 • Actual lending rates have been significantly higher, with many banks quoting 11%+ with CGTMSE charges (iv) Inflation • General inflation over the 4–5-year period. • Escalation in labor costs, transportation, and auxiliary materials 18. The stakeholders during the public hearing in O.P. No. 32 of 2025 had specifically raised these concerns. At Paragraph 64, stakeholders submitted: "...significant changes which impacted project costs since 02-01-2021, such as INR depreciation (from Rs.73.2/USD in Jan 2021 to Rs. 86.8/USD currently),	F. TGDISCOMs submit that the Hon'ble Commission, in its Order dated 22.04.2025 in O.P. No. 32 of 2025, considered various stakeholder submissions regarding revision of the prefixed levelized tariff and decided to continue the tariff of ₹3.13/kWh at that stage. The present petition has been filed subsequently in view of reduction in GST rates. Accordingly, the issues raised in the present proceedings are required to be examined on their own merits within the applicable provisions of the PPA. G. TGDISCOMs respectfully submit that the PPAs executed between DISCOMs and developers contain provisions relating to "Change in Law", including changes in taxes and duties having a direct impact on project costs. The present petition has been filed in view of the reduction in GST rates. Accordingly, the applicability and impact of any Change in Law event are required to be considered in accordance with the provisions of the PPA. H. TGDISCOMs respectfully submit that PM-KUSUM is an important scheme aimed at promoting decentralized solar generation and enhancing farmer participation in renewable energy. However, tariff determination is required to balance the interests of project developers and consumers. The projected revenue impact and payback period referred to by the objector are based on project-specific assumptions and financial models. The present petition has been filed in view of the reduction in GST rates

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	steep fluctuations in module prices and shipping costs post-COVID, rising interest rates and financing challenges." 19. If any tariff revision exercise is to be undertaken, it must comprehensively account for all cost changes, not selectively pick one factor (GST reduction) that benefits the Procurers while ignoring all factors that have increased costs for generators. E. Principles of Promissory Estoppel and Legitimate Expectation 20. The SPGs who participated in the PM-KUSUM Scheme did so based on the pre-fixed levelized tariff of Rs. 3.13/kWh as a known and certain return on their investment for 25 years. 21. Many SPGs, particularly small farmers and SHGs who are the primary beneficiaries of this Scheme, have: • Obtained bank financing based on revenue projections at Rs. 3.13/kWh • Executed loan agreements with EMI obligations • Made irrevocable investment decisions 22. Any reduction in tariff would: • Violate the legitimate expectations of the SPGs • Render their financial models unviable • Potentially lead to loan defaults • Defeat the very purpose of the PM-KUSUM Scheme, which aims to benefit farmers	and other favourable developments in project cost parameters, with the objective of aligning tariffs with prevailing market conditions and ensuring that the benefits arising from reduced project costs are appropriately passed on to consumers while continuing to support the objectives of the PM-KUSUM Scheme.

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	23. The doctrine of promissory estoppel prevents the authorities from going back on representations based on which parties have altered their positions to their detriment. F. The Commission Has Already Rejected Tariff Revision 24. During the proceedings in O.P. No. 32 of 2025, multiple stakeholders requested tariff revision—some seeking increase, others seeking decrease. The Commission, after considering all submissions, explicitly held at Paragraph 73: "This Commission is confronted with diametrically opposite views from the stakeholders, one for increasing the prefixed levelized tariff from Rs.3.13/kWh and the other to decrease it..." "Therefore, the Commission deems it fit not to revise the tariff at this stage and as of now the prefixed levelized tariff of Rs.3.13/kWh stands continued." 25. The principle of res judicata or at minimum issue estoppel applies. The question of tariff revision has been considered and decided by the Commission as recently as April 2025. The Petitioners cannot re-agitate the same issue merely on a different pretext. G. Cherry-Picking of Change in Law Events Is Impermissible 26. If the Petitioners wish to invoke Change in Law provisions for the GST reduction, they must also account for: • The GST increase from 5% to 12% in October 2021 (which would have warranted tariff increase for projects commissioned thereafter) • Basic Customs Duty (BCD) of 40% on solar modules and 25% on solar cells imposed from April 2022	

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	• Various other regulatory changes affecting project costs 27. The Petitioners cannot selectively invoke Change in Law only when it benefits them while ignoring all other changes that would warrant tariff increase. H. Impact on Scheme Objectives 28. The PM-KUSUM Scheme was specifically designed to: • Enhance income of farmers • Promote decentralized solar power generation • Support agricultural sustainability • Benefit SHGs and small entrepreneurs 29. At Paragraph 72 of the 2025 Order, the Commission observed: "This Commission is conscious of the fact that the scheme has been developed in order to encourage small farmers to become entrepreneurs." 30. Reducing the tariff from Rs. 3.13/kWh to Rs. 2.98/kWh (a reduction of Rs. 0.15/kWh or approximately 4.8%) would: • Reduce annual revenue for a 1 MW plant by approximately Rs. 2.5 Lakh • Over 25 years, reduce total revenue by approximately Rs. 62.5 Lakh per MW • Make the already challenging payback period (noted as 14-15 years by stakeholders) even longer • Discourage farmer participation in the Scheme	

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	IV. LEGAL SUBMISSIONS A. Section 61 of the Electricity Act, 2003 31. Section 61 of the Electricity Act, 2003 requires the Commission to be guided by principles including: • Safeguarding consumers' interest and recovery of cost of electricity in a reasonable manner • Factors which would encourage competition, efficiency, economical use of resources, good performance and optimum investments 32. Retroactively reducing tariffs for committed projects would: • Discourage future investments in the renewable energy sector • Undermine investor confidence • Be contrary to the principles of Section 61 B. Regulatory Certainty and Sanctity of Determinations 33. Tariff determinations by regulatory commissions must carry sanctity and finality. Frequent revisions or retroactive changes would: • Create regulatory uncertainty • Increase risk perception for investors • Ultimately increase the cost of capital and tariffs in future projects 34. The Hon'ble Supreme Court has repeatedly emphasized the importance of	

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	regulatory certainty in the power sector.	
	Response to query by Sri. M. Venugopala Rao (S.No. 109)	
	1. In the subject application, TGDISCOMs have requested the Hon'ble Commission to reduce the tariff determined by the latter in its order dated 2.1.2021 in O.P.No.24 of 2020 from Rs.3.13 per unit of solar power to be purchased by them from solar power generators under PM KUSUM component A with whom the DISCOMs had power purchase agreements for a period of 25 years from the date declaration of commercial operation date. They have sought downward revision of the tariff on the ground that "the 56th Meeting of the. GST Council held at New Delhi in September 2025 recommended a reduction in the GST rate from 12% to 5% on Solar PV Modules, Solar Cells, and associated renewable energy components, with the same being notified by the Ministry of Finance, Government of India." They have also enclosed lists of SPGs with whom they had entered into long-term PPAs. Whether the lists contain all the PPAs the DISCOMs entered into with SPGs under PM KUSUM Component A or not is not made clear.	
	2. TGDISCOMs have worked out the revised levelized tariff to Rs.2.98 per unit. However, they have not submitted details of how they have worked out the revised tariff.	Additional information has been submitted to Hon'ble Commission.
	3. As per the GST order referred by the DISCOMs, it is to be made clear whether reduction of GST from 12% to 5% is effective only for all components of solar power projects, including, solar panels, or only for selected components. What are the components the DISCOMs have taken into account for working out the impact of reduction of the GST?	As per the GST order, the reduction of 12% to 5% is applicable to all components of the solar power generator. This would be applicable to 70% of the gross value of the project cost.
	4. Change in law, here, reduction of GST from 12% to 5%, that, too, on a specific component/s, comes into force from the date of coming into force of the PPAs between the DISCOMs and SPGs. If PPAs come into force, after the said revision of GST from 12% to 5% took place, change in law cannot, and should not, be implemented with retrospective effect. We request the Hon'ble Commission to make it clear that the clause of change in law in the PPAs would be applicable from the date of their coming into force.	TGDISCOMs submit that the PPAs executed by the 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</i>

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		<i>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> TGDISCOMs submit that 1,156 nos of PPAs have been signed totaling 1,797 MW have been signed. Revision should be applicable for all the above PPAs.
	5. When the Hon’ble TGERC gave its order dated 2.1.2021 in OP. No.24 of 2020, if the GST applicable for components of solar power plants was 5% only, it must have been taken into account by the Hon’ble CERC in determining the capital cost per MW of solar power plants at that time and the same was adopted by the Hon’ble TGERC. Increase in the rate of GST from 5% to 12% came into force from 1.10.2021. Nevertheless, the impact of that increase has not been considered by ERCs and DISCOMs subsequently relating to schemes like PM KUSUM. As such, reduction of GST rate subsequently from the enhanced 12% to 5% again with effect from 1.10.2021 should have been considered by the DISCOMs and ERCs, after factoring the impact of the increase in the rate of GST, while determining tariff for solar power under PM KUSUM scheme. In other words, when Hon’ble TGERC had issued its order dated 22.4.2025 in OP No.32 of 2025, the impact of revision of GST from 5% to 12% after issuance of order dated 2.1.2021 by the Commission should have been taken into account and tariff for solar power under PM KUSUM component A also should have been revised. However, the Hon’ble Commission had determined the same tariff of Rs.3.13 per unit in its order as determined by CERC and adopted by TGERC in the year 2021 when the said rate of GST was 5% only. As such, reduction of GST from 12% to 5% with effect from 1.10.2021 does not give any additional benefit whatsoever to SPGs under PM KUSUM and such other schemes. Had the Hon’ble Commission revised the tariff upwards from Rs.3.13 per unit, considering the then prevailing rate of GST of 12%, while issuing its order dated 22.4.2025, there would have been justification in seeking revision of the tariff downwards, with reduction of GST coming down to 5%, as is being sought by the DISCOMs in the subject application. Therefore, we request the Hon’ble Commission to reject the prayer	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

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	of the DISCOMs for reduction of the tariff under the subject scheme.	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
	6. TGREDCO, while issuing LoA, imposed the condition that supply from solar power plant should be with 2 MW AC that is equivalent to 2.04 MW in DC. As a result, the SPG has to install panels of 400 KW extra for 2 MW AC and incur additional cost. When the Hon'ble Commission determined tariff of Rs.3.13 per unit, there was no specific condition as to how to supply solar power, i.e., with AC or DC.	The licensee submits that tariff of INR 3.13/unit is applicable for AC power delivered, and this is a standard practice. The facility of oversizing DC side is a benefit available to the solar power developers to improve the project cashflows.
	7. SPGs are saying that TGSPDCL arbitrarily collected supervisory charges from them. Such charges are part and parcel of O&M costs of the DISCOMs which are being included in its aggregate revenue requirement and also in the retail supply tariffs to all categories of consumers as determined by the Hon'ble Commission and are being collected from the consumers. SPG is not a consumer of SPDCL; SPG is a supplier of power to the DISCOM and party to the PPA. There is no provision for collection of supervisory charges from developers of power plants with whom the DISCOM had PPAs and no such charges are being collected from such developers. The Hon'ble Commission is requested to examine this issue and give appropriate direction to the DISCOMs.	Licensee submits that supervision charges are collected as per the clause 5.1 of the PPA - Clause 5.1: SPG should ensure to obtain the estimate of cost for arranging the Interconnection facilities for power evacuation at the Voltage of Delivery from TGSPDCL. The SPG has to bear the entire cost of the Interconnection facilities as per the approved estimate made by TGSPDCL and construct the

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		interconnection facilities for power evacuation duly paying supervision charges to the TGSPDCL. Hence, the supervision charges collected are not arbitrary. Further such supervision charges collected would be categorized under non-tariff income of the licensee. This effectively reduces the tariff burden on consumers.
	8. Under the guidelines issued by the MNRE, Government of India, SPGs are obligated to purchase all components of solar power plants under PM KUSUM Component A from the approved list of model and manufacturers with effect from 1st April, 2024 and the same applies for the installation and commissioning of the solar power plants, as is reiterated and incorporated in the letter of award (clause 3 (v) issued by TGRECDAP. Similarly, it is made mandatory to SPG that “the work of installation and commissioning of solar plant, including Operation & maintenance of solar power project shall be carried out by SPG by availing services of registered licensed electrical contractor approved by Govt. of Telangana/TGDISCOMS” (clause 3(vi) of LoA). Such arbitrary conditions are depriving developers of solar power plants under PM KUSUM Component A of the opportunity of considering the market conditions and selecting manufacturers and service providers, who offer the lowest prices, for purchase of required materials and O&M services for setting up and running their solar power plants, thereby imposing avoidable burdens additionally on developers of solar power plants. Such an irrational and arbitrary imposition of questionable conditions would give scope for the manufacturers and licensed electrical contractors approved by the GoI or GoTS/TGDISCOMs would give scope for their forming into a ring and sell their materials and services for higher prices, thereby imposing avoidable burdens additionally on SPGs under PM KUSUAM component A. Obviously, such factors do not get substantiated and factored in the levelized tariffs. Compared to market trends, whether the prices for which SPGs under the	The licensee submits that the registered and licensed electrical contractors ensure that the works carried out are complying with the regulations/ codes mandated by the authorities. This will ensure safety, legal compliance, quality workmanship, and long-term cost effectiveness. Hence, the above requirement enhances the safety as well as the workmanship quality. This is a win-win situation both for developers, discoms and all the consumers in the state.

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	subject scheme have been constrained to purchase required materials from companies and engage services of electrical contractors as selected by the Gol or GoTS/TGDISCOMs, as the case may be, needs to be verified to ascertain whether the SPGs are benefited or overburdened.	
	9. What steps have been taken by the nodal agency TGRECAP and DISCOMs to help SPGs to get the benefit of relatively lower prices for purchasing materials for their projects and services for installation and O&M and for loans from banks with relatively lower rates of interest? When the Gol/GoTS enlist the said manufacturers or service providers, as the case may be, are they ensuring reasonability of prices for the same by fixing, at least, a maximum limit? When developers of solar power plants are already bearing such avoidable burdens, reduction of tariff from Rs.3.13 to 2.98 per unit, as proposed by TGSPDCL, may be the last straw on camel's back. Before entering into PPAs with SPGs under PM KUSUAM component A, if the revised GST of 12% was in force, the DISCOMs should have examined whether the tariff of Rs.3.13 was determined by CERC and adopted by TGERC was based on considering the GST of 5% only. If that was the case and if DISCOMs had taken increase of GST from 5% to 12%, they should have considered the impact of such hike and need for revising the tariff for solar power to be supplied by SPGs under PM KUSUM component A and approached the Commission for revision of tariff accordingly. When that was not the case, reduction of GST from 12% to 5% again would not make any difference in considering the tariff of Rs.3.13 per unit determined by CERC and adopted by TGERC in 2021 and confirmed by the present Commission in its order dated 22.4.2025. In other words, no additional benefit would not accrue and would not have accrued to the SPGs under PM KUSUM component A when they purchased solar panels and other material components for setting up their solar power plants under the scheme. It is because the rate of applicable GST was, and has been, 5%, when the tariff of Rs.3.13 per unit was determined by the Commissions and when the SPGs purchased the said materials or to be purchased under PPAs. Their bills may be verified and factual position confirmed.	TGDISCOMs respectfully submit that procurement of equipment, selection of vendors, availing of financing, and execution of project works are matters within the domain of the respective SPGs, lenders, and implementing agencies. The present petition is not concerned with procurement mechanisms or financing arrangements but is limited to the impact of changes in project cost parameters on tariff. Subsequently, there has been a reduction in GST rates and other favourable developments in project cost parameters which have a bearing on project economics. Insofar as the objector contends that the benefit of GST reduction was not actually available to a particular SPG due to procurement timing, market conditions, or pricing practices of suppliers, the same is a project-specific issue and may be examined by the Hon'ble Commission on the basis of the facts and evidence placed before it. Accordingly, TGDISCOMs respectfully submit that the present petition seeks consideration of the overall impact of reduced project costs due to GST reduction and appropriate alignment of tariff with prevailing market conditions in accordance with the applicable regulatory framework and consumer interest.
	10. The clause of change in law incorporated in the PPAs is binding, and unless parties to the same agree for amending the same and get consent of the Commission, whether the latter can give an order contrary to the said clause	TGDISCOMs respectfully submit that the PPAs executed between DISCOMs and SPGs contain provisions relating to

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	unilaterally is a moot point. Moreover, after declaration of CODs of plants, when the rates of GST increase on materials to be purchased for operation and maintenance of the solar power plants, SPGs are entitled to claim the additional amount from the DISCOMs to avoid imposition of such additional burden on them due to changes in the rates of GST and vice versa. Notwithstanding one's sympathy for protecting interests of small SPGs, avoidance of impact of implementation of the clause of change in law in the PPAs is, obviously, intractable legally. In this connection, it may be reminded that, under PM KUSUM component A, the DISCOMs are entitled to get 40 paise per unit or Rs.6.60 lakh per MW per year, whichever is lower, from MNRE for solar power procured from SPGs for a period of five years from COD of the plants. Had that financial support been extended by the GoI, the tariff for solar power under the subject scheme would have been determined by the Commission at a rate higher than what they have determined, thereby increasing the burden of tariffs on the consumers of DISCOMs to that extent. The interest of the consumers of the DISCOMs needs to be taken into consideration. When it comes to giving subsidy by the government, it should be given or passed on to the consumers. 11. Considering the above-mentioned points, among others, we request the Hon'ble Commission to take an appropriate decision on the subject proposals of the DISCOMs. 12. For consents, if any, to be given in future by the Commission to such schemes, for determination of reasonable tariff, the Commission is once again requested to consider market trends and all relevant factors of the day and determine tariffs, with about ten per cent extra over and above the tariffs prevailing in the market to benefit small SPGs only. 13. The Hon'ble Commission gave consent for procurement of 4000 MW under PM KUSUM component A. What is the total capacity of solar power for which the DISCOMs have entered into PPAs so far? Is there any possibility for entering into PPA under this scheme with prospective SPGs for additional capacities during the period of the subject scheme continuing to be in force?	"Change in Law" and the applicability and impact of such provisions are subject to the terms of the PPA. The present petition has been filed in accordance with the applicable contractual obligations as per PPA for consideration of the impact of reduction in GST rates. TGDISCOMs further submit that consumer interest is an important consideration in tariff determination, and any benefits arising from reduction in are required to be appropriately passed on to consumers in accordance with regulatory provisions. With regard to issues relating to future tariff determination, admissibility of subsidies, project capacities, and procurement under PM-KUSUM, the same are policy matters to be considered by the Hon'ble Commission and the concerned nodal agencies in accordance with the applicable scheme guidelines and regulatory framework.

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	Response to query by Sri. Bhasker Goud M (S.No. 112)	
	tariff 3.13pais to 2.98 pais reduceding it seems for reducing u sended the proposal but 3.13 pais is there in ppa only we did agreement now 2.98 paisa means its very hard to take it we are trouble please return t his proposal, for this we saled some agriculture land also so ple.ase you can give it as 3.13 pais only. why are you reducing when we did ppa agreement 3.13paisa was there in that agreement.for this project we saled some agriculture land we are trouble so please dont reduce rate its my request sir.	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.
	Response to query by Dr. Padma (S.No. 113)	
	1. Assurance of Fixed Tariff: Prior to signing the Power Purchase Agreement (PPA), during the farmer awareness meetings, officials from TG REDCO and the DISCOMs collectively assured all farmers that the tariff rate would remain fixed at 3.13 per unit for a period of 25 years. The officials also distributed pamphlets to the farmers confirming the same. 2. No Change in GST Rate: The GST rate on the day the tariff was finalized was 5%, and even today, the GST rate remains at 5%. Since there is no change in the GST rate, it has no bearing on our tariff, and therefore	Licensee would like to submit that Clause 13.1.2 (e) of PPA clearly mentions <i>“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>
5.	Response to query by a. Sri. Thuppari Venkatalaxmi (S.No. 114) b. Sri. Thungala Srinivas (S.No. 115) c. Sri. T.Vajramma (S.No. 124) d. Sri. T.Krishna (S.No. 125)	

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	1. Assurance of Fixed Tariff: Prior to signing the Power Purchase Agreement (PPA), during the farmer awareness meetings, officials from TG REDCO and the DISCOMs collectively assured all farmers that the tariff rate would remain fixed at ₹3.13 per unit for a period of 25 years. The officials also distributed pamphlets to the farmers confirming the same. 2. No Change in GST Rate: The GST rate on the day the tariff was finalized was 5%, and even today, the GST rate remains at 5%. Since there is no change in the GST rate, it has no bearing on our tariff, and therefore, the tariff should not be altered. 3. Increase in Overall Project Costs: GST is only a minor component of the total project expenditure. Meanwhile, all other construction and development costs have significantly increased. Based on these escalated costs, we have secured bank loans by estimating the project cost for a 2 MW plant at ₹7.7 crores to ₹9 crores. We humbly request the Honorable Members of the Commission to take this actual expenditure into consideration. 4. Exclusion of Land Value: The value of our own land was not factored into the project cost while determining the tariff. We request the benevolent Commission to consider the land value and direct the DISCOMs to increase our tariff rate accordingly. 5. Legal Precedents Against Tariff Reduction: The Supreme Court, various High Courts, and other State ERCs have previously rejected proposals for retrospective tariff reductions. Therefore, on behalf of all the participating farmers, we pray that instead of reducing the tariff, the rate should be increased to support and protect us. Sir, we, the PM-KUSUM farmers, are proud partners in our Honorable Prime Minister's vision for India's Green Energy Development, as well as active contributors to our Honorable Chief Minister's Net-Zero emission development	1. Licensee would like to submit that Clause 13.1.2 (e) of PPA clearly mentions <i>“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> 2. For the allotted capacity of 4000MW under PM Kusum, commission instructed discoms to adopt the tariff ₹3.13/unit in 2025. Subsequently, the GST revision order has resulted in reduction in overall capital cost. 3& 4. 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. 5. Hon'ble Tamil Nadu Electricity Regulatory Commission, in M.P. No. 33 of 2025 dated 06.11.2025, pertaining to procurement under PM-KUSUM Component-A, took note of the reduction in GST and the consequent reduction in capital cost of solar projects and approved a revised ceiling tariff considering the expected benefits arising from GST reduction.

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	goals for our state. Therefore, we earnestly request you to protect our interests by not reducing the tariff.	Hon'ble Uttar Pradesh Electricity Regulatory Commission, in Petition No. 75/SM/2026 dated 23.06.2026, took suo motu cognizance of the reduction in GST from 12% to 5%, declared the same as a Change in Law event under the applicable PPAs, and directed assessment of the financial impact with a view to passing the benefit to the procurer and ultimately to the consumers
6.	Response to query by Sri. Reddy sravanya (S.No. 118)	
	1. Before execution of the PPA, TGREDCO and DISCOM officials assured all farmers during awareness meetings that the tariff of ~3.13/kWh would remain fixed for 25 years. Based on this assurance, we invested in the project. 2. At the time the tariff was determined, the GST rate was 5%, and even today it remains 5%. Therefore, there is no valid basis for reducing the tariff on account of GST. 3. GST is only one component of the total project cost. The costs of steel, transformers, cables, electrical equipment, civil works, labour, transportation and finance have increased substantially. As a result, the present cost of a 2 MW project has increased to around U .30- ~7.70 crore. and bank loans have already been sanctioned based on these revised costs. 4. The value of our own agricultural land has not been considered while determining the project cost. This investment should also be taken into account. 5. Reducing the tariff after execution of the PPA would severely affect farmers who invested based on the Government's assurance. Therefore, I humbly request the Hon'ble Commission to reject the proposed tariff reduction and continue the existing tariff. I also request the Commission to consider an appropriate	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

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	enhancement of the tariff considering the increased project costs.	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 impacted.
7.	Response to query by Sri. Mogullapalli Sravani (S.No. 120)	
	The Power Purchase Agreement (PPA) executed between the parties clearly specifies the unit tariff as 3.13. Once the PPA has come into force, it is neither fair nor legally justified to unilaterally reduce the agreed tariff to 2.98 in violation of the existing terms and applicable guidelines. It is true that the GST on certain solar equipment has been reduced to 5%. However, at the same time, the prices of solar equipment, other raw materials, transportation, labour, financing, and various construction-related expenses have increased significantly. Therefore, the reduction in GST has not resulted in any reduction in the overall project cost; on the contrary, the total project cost has increased. The beneficiaries invested in these projects and availed bank loans based on the tariff of 3.13 per unit specified in the PPA. Any reduction in the tariff at this stage would severely affect the financial viability of the projects and cause undue hardship and financial loss to the beneficiaries.	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> 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

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	In view of the above, we humbly request the Hon'ble Commission to consider the current project costs and retain the existing tariff of 3.13 per unit. In fact, considering the substantial increase in project costs, the Commission may kindly consider an appropriate upward revision of the tariff instead of reducing it.	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 impacted.
	Response to query by a. Sri. Chada Ashok Kumar (S.No. 121) b. Sri. Chada Hanumandlu (S.No. 122)	
	The Power Purchase Agreement (PPA) signed between us clearly stipulates the unit price as <3.13. It is unjust and legally untenable to unilaterally reduce this tariff after the PPA has come into force, as it contradicts the existing terms and guidelines. While it is true that the GST on certain solar equipment has been reduced to 5%, the associated costs-such as the price of solar components, raw materials, transportation, labor wages, finance costs, and other construction expenses-have increased significantly. Consequently, the project cost has not decreased; in reality, the overall expenditure has risen substantially. To illustrate the cost escalation, please consider the following price comparisons (2021 vs. 2026): Steel: Increased from ~<6,000 to ~<7,500 per ton. Copper: Increased from ~<165 to ~<425 per kg. Aluminum: Increased from ~<165 to ~<450 per kg. Diesel: Increased from ~<73 to ~<105 per liter. USD Exchange Rate: Increased from ~<75 to ~<95 (impacting project costs). Furthermore, the Telangana Government, as part of the "Praja Palana" initiatives, promoted the unit price at <3.13. Based on this commitment, we, as beneficiaries,	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> 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 for solar projects. This can also be seen from the decreasing solar tariffs in the recent 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 impacted.

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	made investments and secured bank loans to establish these projects. Reducing the tariff now will severely impact the financial viability of our projects and cause immense hardship to the beneficiaries. In light of the increased project costs, I humbly request you to reject the proposal to reduce the tariff and instead consider increasing the rate from <3.13 to <3.25 per unit to ensure the project's sustainability.	
	Response to query by Sri. P. Chaitanya Reddy (S.No. 123)	
	After carefully examining the proposal, I respectfully submit that the proposed downward revision of the tariff may not fully reflect the prevailing financial and technical realities associated with PM-KUSUM Component-A projects. While the reduction in GST is undoubtedly a positive development, it represents only one element of the overall project cost. Since the tariff was determined in January 2021, several other cost components have experienced significant escalation, substantially offsetting the benefit arising from the GST reduction. 1. The Proposed Downward Revision May Not Fully Reflect the Overall Project Economics • GST constitutes only one component of the overall project cost. • The benefit arising from GST reduction is limited to specific project components. • Overall project economics are influenced by several financial and technical factors. • GST reduction in isolation may not adequately represent the present-day cost of implementing PM-KUSUM Component-A projects. 2. Significant Escalation in Project Costs Since 2021 Land development and site preparation, Boundary fencing, Internal roads and drainage, Transformers and HT equipment, Switchgear and electrical balance of	TGDISCOMs submit that the revision in GST rates has a material bearing on the capital cost requirements of solar projects. Further, recent favorable developments in key cost parameters, including the reduction in GST rates and the decline in capital costs particularly the cost of solar modules have significantly improved the overall economics of solar power projects. The impact of these developments is also reflected in the downward trend in discovered solar tariffs over the past few years. 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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	system, Power cables, Evacuation infrastructure, Labour and installation, Transportation and logistics, Insurance, Security arrangements and Annual Operation & Maintenance expenses 3. Increase in Financing Costs Higher lending rates, Increased promoter contribution requirements, More stringent lending conditions, Higher collateral requirements, Increased debt servicing obligations 4. PM-KUSUM Projects Have Distinct Characteristics • Decentralized in nature • Located in rural and dispersed areas • Smaller in installed capacity • Dependent upon dedicated evacuation infrastructure • Comparatively higher per-MW implementation costs 5. Broader Benefits of PM-KUSUM Projects • Enhancing farmer income • Promoting decentralized renewable energy • Reducing feeder-level technical losses • Strengthening rural power infrastructure • Supporting Renewable Purchase Obligation (RPO) compliance • Providing stable, clean energy over the long term 6. Importance of Regulatory Stability • The tariff approved in 2021 has served as the basis for investment planning and financial arrangements. • A stable and predictable regulatory framework supports stakeholder	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 impacted.

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	confidence and successful implementation of PM-KUSUM.	
	Response to query by a. Sri. Mothe Devi (S.No. 126) b. Sri. Veeresham D (S.No. 128)	
	While your petition is premised entirely on the reduction of GST from 12% to 5% by the GST Council, it selectively isolates a single tax parameter. In doing so, it completely ignores the staggering 28% to 30% cumulative macroeconomic inflation (India CPI) that has driven up general project overheads, labor, and transport since 2021. It further ignores massive geopolitical disruptions and regulatory tax hikes that have heavily penalized my project's economics and capital outlays over the last five years As an farmer heavily invested in the state's renewable energy goals, I highlight the following critical realities regarding my project: 1. The 2021 Baseline vs. Tax Realities: When the Hon'ble TSERC fixed the tariff at Rs. 3.13/kWh vide its order dated January 2, 2021, it was done under a specific tax framework. The subsequent GST correction back to 5% merely restores the baseline equity intended when the scheme was originally conceptualized by MNRE. It cannot be extracted in isolation to penalize independent developers like myself. 2. Comprehensive Cost Escalation & Regulatory Impact Matrix (2021 vs. 2026) To contrast your selective claims, I provide below the quantified financial and tax realities directly impacting my project's capital expenditure:	TGDISCOMS would like to submit that the reduction of GST on renewable energy devices from 12% to 5% represents a direct reduction in capital expenditure and constitutes a significant change in a key cost parameter affecting solar project economics as solar modules constitute a major portion of the overall project cost. Further, the solar sector has witnessed substantial reductions in major capital cost components, particularly solar modules and associated equipment, owing to technological advancements, increased manufacturing capacity, competitive procurement practices and economies of scale. The declining trend in solar tariffs discovered across the country is reflective of these improvements in project economics. While certain commodities may have experienced temporary price fluctuations due to geopolitical developments and market conditions, tariff determination is required to consider the overall project cost structure rather than isolated cost components. The reduction in module prices, technological improvements, increased efficiencies and GST rationalization have collectively reduced the overall cost of solar power generation. Further, the benefits arising from reduced capital costs directly

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	Category	Parameter / Material Asset	2021 Baseline Status	2026 Current Status	Net Trend & Quantified Change	Financial & Project Impact	lower the borrowing requirement and thereby partially offset the impact of any increase in financing costs. The benefit arising from the reduction in GST shall be passed on to the consumers, thereby ensuring that the benefit reaches the consumers while the financial viability of the projects is not impacted.
	Regulatory & Taxes	Goods & Services Tax (GST)	12% GST framework	5% GST framework	▼ Down 7%	Minor accounting relief, completely wiped out by all other asset inflation listed below.	
		Basic Customs Duty (BCD) on Non-DCR Components	0% Duty on imported modules/cells	40% BCD on Modules 25% BCD on Cells	▲ Up 40% / 25%	Massive "Change in Law" cost spike. Because my project strictly utilizes Non-DCR components, this regulatory duty imposition fundamentally inflates my core capital expenditure, making a downward revision financially ruinous.	
	Core Solar Equipment	Solar Inverters	Rs. 3,200 / kW	Rs. 4,400 / kW	▲ Up 37.5%	Driven heavily by severe global semiconductor shortages and steep logistics constraints.	
		DC Cables & Transformers (Copper)	~Rs. 610 / kg base copper rate	~Rs. 860 / kg current market rate	▲ Up 38% to 42%	Ongoing geopolitical conflicts and a global scarcity of sulphuric acid heavily restricted copper processing, exponentially driving up my cost for DC cables and distribution transformers.	
	Balance of Plant (BoP)	Transformer Oil	~Rs. 54 / Liter base rate	~Rs. 83 / Liter current market rate	▲ Up 52% to 55%	Geopolitical tensions have heavily inflated the price of crude-linked oils, further compounding the procurement cost of my distribution transformers.	
		Switchgear & Heavy Electrical Yard Equipment	Normal manufacturing cycles	Factory production constraints	▲ Multi-tier Production Cost Rise	A severe shortage of essential industrial gases restricted manufacturing output, forcing a steep rise in the cost of all critical heavy electrical equipment.	
		AC Cables & 11kV Conductors	Domestic aluminum baseline	Imported chemical constraints	▲ Sharp Raw Material Spike	Disrupted supply chains for imported chemical materials severely hindered domestic aluminum smelting, driving up my power evacuation line costs.	
		Module Mounting Structures (Steel)	Rs. 55,000 / Ton	Rs. 78,000 / Ton	▲ Up 41%	Crushing structural cost increase for the entire physical layout footprint of my solar plant.	
	Soft Costs	Interest During Construction (IDC)	Standard execution timeline financing	Accumulated IDC over prolonged delays	▲ Compounding Financing Penalty	Regulatory and systemic grid connectivity delays beyond my control have extended project timelines, accumulating heavy IDC and destroying my project's bankability and Debt Service Coverage Ratio (DSCR) at lower tariffs.	
	A single-parameter change simply cannot balance the real-world weight of a 28%						

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	to 30% macroeconomic inflation rate alongside these crushing raw material and customs duty hikes. Reducing the tariff at this stage would make it impossible for an independent project like mine to survive financially. I am sharing these detailed cost realities with the Hon'ble TSERC so the true ground constraints of small-scale rural projects are fully understood.	
	Response to query by Sri. Gurappagari Varalaxmi (S.No. 129)	
8.	PM-KUSUM was introduced by the Government of India and promoted by the Government of Telangana as a farmer welfare scheme, assuring farmers of a stable income for 25 years while promoting renewable energy. Believing this assurance, many farmers, including myself, invested substantial time in arranging finances and availed long-term bank loans. Mobilizing such investment is extremely difficult for an ordinary farmer. Therefore, any reduction in tariff at this stage would seriously affect the confidence and financial security of farmers who trusted this scheme. The proposal is based mainly on the reduction of GST from 12% to 5% on certain solar equipment. However, a solar power project includes several major cost components such as steel, transformers, HT electrical equipment, GSS equipment, cables, civil works, transportation, labour and financing costs, many of which still attract GST between 12% and 18%. Moreover, inflation, rising interest rates and increased material, labour and transportation costs have significantly increased the overall project cost. Today, the cost of establishing a 2 MW AC solar power plant is around ₹7.50 - 8	TGDISCOMs intend to promote development of decentralized Renewable energy through PM KUSUM. But, 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 reduction in GST has a decremental effect on the capital requirement for solar plants. Further, recent favorable developments in key cost parameters, including the reduction

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	crore, while banks finance only in-between tS.60- 6.20 crore, leaving farmers to arrange a substantial margin amount on their own. Even with the existing tariff of t3.13/kWh, recovering the investment and repaying loans is already challenging. Further, the GST reduction provides only a one-time benefit, whereas the proposed reduction of t0.15 per unit would reduce farmers' income throughout the 25-year PPA period, resulting in a cumulative financial loss far exceeding the one-time GST benefit. Therefore, considering only the GST reduction without evaluating the overall project economics would not be fair. In fact, the present-day cost of setting up solar projects is significantly higher than when the tariff of ~3.13/kWh was determined. If current capital costs, financing conditions, and interest burdens are properly considered, there is a genuine need to revisit project viability in today's context, rather than reducing the tariff.	in GST rates and the decline in capital costs particularly the cost of solar modules have significantly improved the overall economics of solar power projects. This benefit is proposed to 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 impacted.
	Response to query by Sri. J Baswareddy (S.No. 128)	
9.	1. Sanctity of Power Purchase Agreement (PPA): The tariff of 3.13/kWh is contractually agreed under executed PPAs. As per settled legal principles, a concluded contract cannot be altered unilaterally. Reference: Hon'ble Supreme Court in Energy Watchdog v. CERC (2017) upheld sanctity of contractual terms. Regulatory Principle: Tariff once discovered/adopted under Section 63 of the Electricity Act, 2003 cannot be modified arbitrarily. 2. Violation of Section 63 of Electricity Act, 2003: Tariff under PM-KUSUM is determined through a competitive or administrative	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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	framework and adopted by the Commission. Any postfacto revision of tariff for executed PPAs violates: Section 63 (Tariff by Competitive Bidding) Principle of regulatory certainty 3. Increase in Capital and Project Costs: Despite GST normalization, there has been substantial escalation in: Module prices (due to global supply constraints) Steel, inverter, and BOS costs, Interest rates and financing costs, Labour and logistics. Thus, overall project cost has increased, not decreased. 4. Doctrine of Legitimate Expectation: Developers and farmers invested based on the assured tariff of 3 .13/kWh. Reference: Doctrine recognized in Indian administrative law. Any adverse revision undermines investor confidence and violates legitimate expectations. 5. Prohibition of Retrospective Adverse Action: Reducing tariff for already executed PPAs amounts to retrospective alteration of vested rights. Reference: Hon'ble APTEL judgments consistently hold that tariff orders cannot operate retrospectively to the detriment of generators 6. Financial Viability and Banking Exposure: Projects have been financed based on projected cash flows at t3.13/kWh. Tariff reduction will lead to: Debt servicing issues, Potential NPAs and Financial stress for farmers and small developers 7. Contradiction to Objectives of PM-KUSUM Scheme: The scheme aims to: Enhance farmers' income	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 impacted. 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> and the said proposal is in alignment with terms of PPA

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	Promote decentralized renewable energy Tariff reduction at this stage will defeat both objectives. 8. Precedents from Other States: Other State Commissions have revised tariffs upward considering rising costs. Example: Odisha Electricity Regulatory Commission (OERC) revised tariff from - 3.08/kWh to -N.40/kWh considering viability 9. Impact on Investor Confidence: Any unilateral revision will: Create regulatory uncertainty Discourage future participation in renewable energy programs Affect state's investment climate	
	Response to query by Sri. Soodini Laxma Reddy (S.No. 136)	
10.	We submit that the proposed reduction is neither legally nor contractually sustainable for the following reasons: 1. The tariff of ₹3.13 per kWh was finalised through the due bidding process and incorporated into the executed PPA after obtaining all necessary approvals. The PPA is a legally binding contract between both parties. 2. The reduction in GST on solar modules does not automatically entitle the procurer to revise the agreed tariff. 3. Project developers have already made investments, arranged finance, and proceeded with project implementation based on the agreed tariff of ~₹3.13 per unit. Any retrospective reduction in tariff would seriously affect the financial	TGDISCOMs submit that the revision in GST rates has a material bearing on the capital cost requirements of solar projects. Further, recent favorable developments in key cost parameters, including the reduction in GST rates and the decline in capital costs particularly the cost of solar modules have significantly improved the overall economics of solar power projects. The impact of these developments is also reflected in the downward trend in discovered solar tariffs over the past few years. 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

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	viability of the projects and undermine investor confidence. 4. The sanctity of the executed PPA must be preserved. Once the tariff is contractually agreed and the PPA is executed, it cannot be altered unilaterally except in accordance with the provisions contained in the agreement and applicable law. In view of the above, we earnestly request the Government to direct the Telangana DISCOMs to honour the executed PPAs and continue the tariff of ₹3.13 per kWh without any reduction. We hope the Government will uphold the contractual commitments under the PM-KUSUM Component-A Scheme and protect the legitimate interests of project developers.	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 impacted. 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> and the said proposal is in alignment with terms of PPA

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	Response to query by Sri. Thota Rajendar (S.No. 137)	
11.	I request the Commission to continue the existing tariff of Rs.3.13/k:Wh. If possible, the tariff may kindly be enhanced considering the steep increase in the prices of solar equipment, construction materials, labour, maintenance, transportation and other project-related expenses. Farmers are already under heavy financial burden and many of us have taken loans to establish these projects. A reduction in tariff will further increase our financial hardship and affect the viability of the projects. Therefore, I humbly request the Hon'ble Commission to reject the proposed tariff reduction and retain the existing tariff, or consider an appropriate increase in the interest of farmers and renewable energy development.	TGDISCOMs submit that the revision in GST rates has a material bearing on the capital cost requirements of solar projects. Further, recent favorable developments in key cost parameters, including the reduction in GST rates and the decline in capital costs particularly the cost of solar modules have significantly improved the overall economics of solar power projects. The impact of these developments is also reflected in the downward trend in discovered solar tariffs over the past few years. 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,

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		thereby ensuring that the benefit reaches the consumers while the financial viability of the projects is not impacted.
	Response to query by Sri. Vangala Sarala Reddy & Vangala Vinaysheel Reddy (S.No. 139)	
12.	The petition filed by the TGDISCOMs in regard to the payment to the SPGs under the scheme PM-KUSUM for reduction of payment to SPGs from Rs. 3.13/kWh to Rs.2.98kWh, which is contrary to the PPAs signed by the SPGs. The rate fixed by the Commission is the same for the next 25 years. Where as the SPGs maintenance cost will go up substantially, considering labour payments in relation with cost of inflation. Any reduction in the unit price adversely affect the SPGs. This will go a long way to help the farmer in meeting the future costs. We are also facing lot of issues with financing bankers in according sanctions for the scheme. Margins/ securities demanded by the financial institutions varying banker to banker. I am one of the allottee of 2MW and my son also of 2 MW, we have made substantial progress in implementing the Solar units, hopefully to synchronise the units with TGNPDCL in stipulated time. I request the authorities to safeguard the interest of the farmers considering maintenance cost of the units in coming 25 years. I strongly denounce the move of reduction of the unit price as contemplated by the TGDISCOMs.	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> 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 for solar projects. This can also be seen from the decreasing solar tariffs in recent 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 impacted.
	Response to query by Sri. Kothur Gopal Reddy (S.No. 142)	

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13.	The Power Purchase Agreement (PPA) entered into between us clearly specifies the unit tariff as ~J.13. Once the PPA has been executed and is in force, reducing the agreed tariff to n.98 unilaterally is not only unfair but also against the agreed terms and applicable guidelines. It is true that the GST rate on certain solar equipment has been reduced to 5%. However, during the same period, the costs of solar equipment, raw materials, transportation, labour, financing, and other project development expenses have increased significantly. Therefore, the overall project cost has not reduced due to the GST change; rather, the total cost of setting up the projects has increased. The beneficiaries invested in these projects and arranged bank loans based on the unit tariff of ~3.13 mentioned in the PPA. Any reduction in the tariff at this stage will seriously affect the financial viability of the projects and cause significant hardship to the beneficiaries. Therefore, considering the current project costs, we humbly request that the tariff of ~3.13 per unit agreed under the PPA be retained and revised upward appropriately to reflect the actual expenses.	TGDISCOMs respectfully submit that the present Petition is limited to seeking the pass through of benefits accruing from the reduction in GST applicable to renewable energy devices and solar project components. Subsequent to the issuance of the Tariff Order, the reduction in GST on renewable energy devices with effect from 22.09.2025 has resulted in a corresponding reduction in the capital cost requirement of solar power projects. Further, favourable developments in other cost parameters, including reductions in capital costs arising from economies of scale and large-scale deployment of solar capacity, have improved the overall viability and economics of solar projects. The effect of these developments is evident from the declining trend in discovered solar tariffs over recent years. In view of the above, TGDISCOMs, through the present Petition, seek a review of the applicable tariffs to appropriately reflect the reduction in project costs and to ensure that the resultant benefits are passed on to end consumers.
	Response to query by Sri. Gadhe Ravindhar Reddy (S.No. 143)	
14.	With reference to the public notice issued by the Telangana Electricity Regulatory Commission (TGERC), we hereby respectfully submit our objections to the	TGDISCOMs respectfully submit that the PPAs executed b/w DISCOM and developers contain a "Change in Law" provision

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	proposal to reduce the unit tariff from <3.13 to <2.98, citing the reduction in GST as the reason. The Power Purchase Agreement (PPA) executed between us clearly specifies the unit price as <3.13. Once the PPA has come into effect, unilaterally reducing the unit price to <2.98-contrary to existing regulations and guidelines-is not only unfair but also legally untenable. While it is true that the GST on certain solar equipment was reduced to 5%, the costs of solar equipment, other raw materials, transportation, labor wages, finance charges, and other construction expenses have risen significantly during the same period. Consequently, the project cost has not decreased due to the GST reduction; in fact, the overall cost has increased. Beneficiaries established these projects by making investments and securing bank loans based on the unit price of 3.13 stipulated in the PPA. Reducing the tariff now would severely undermine the financial viability of the projects and cause injustice to the beneficiaries. Therefore, we humbly request that the tariff of <3.13 per unit be increased, taking into account the actual project costs.	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> 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 for solar projects. This can also be seen from the decreasing solar tariffs in the recent 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 impacted.
	Response to query by Sri. Nagineni Venkat Kishan Rao (S.No. 144)	
15.	I strongly oppose the proposal to reduce the pre-fixed levelized tariff from 3.13/kWh to 2.98/kWh. On the contrary, the tariff requires upward revision	TGDISCOMs submit that the revision in GST rates has a material bearing on the capital cost requirements of solar projects. Further, recent favorable developments in key cost

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	considering the substantial increase in project costs and financial burden since the tariff was determined in January 2021. My objections and submissions are as follows: 1. The tariff of t3.13/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 paisa per unit. The Odisha Example: In Odisha, DISCOMs (TPCODL, TPWODL, etc.) initially had a low approved tariff of 3.08/kWh, resulting in zero progress. Due to poor response, they recently had to push discovered tariffs up to 4.40/kWh via competitive bidding just to make the projects viable for farmers, despite national tax reductions. The Hon'ble Commission be pleased to reject the proposal filed by the State Discoms seeking a reduction in the tariff from t3.13/kWh to t2.98/kWh, as the proposal is contractually unsustainable, legally flawed, and contrary to the executed Power Purchase Agreement (PPA). For the following, among others, reasons: 1. The current tariff of t3.13/kWh was mutually agreed upon, finalized, and locked by both parties within the legally binding PPA. 2. The Discom seeks a downward revision to t2.98/kWh by citing a benchmark	parameters, including the reduction in GST rates and the decline in capital costs particularly the cost of solar modules have significantly improved the overall economics of solar power projects. The impact of these developments is also reflected in the downward trend in discovered solar tariffs over the past few years. 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, thereby ensuring that the benefit reaches the consumers while the financial viability of the projects is not impacted. Further, TGDISCOMs submit that the PPAs executed b/w

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	capital cost reduction (to t3.60 Crore/MW) due to a Goods and Services Tax (GST) rate cut from 12% to 5% under the PM-KUSUM scheme. 3. The reduction in the GST rate occurred prior to the execution of the PPA which was already taken in to consideration before execution of PPA. 4. a) The GST rate reduction was already in effect before the signing of the PPA. The impact of this tax structure was fully factored into the financial calculations, project bidding, and final negotiations by both parties at the time of executing the PPA. b) A PPA is a legally binding contract. Discerns cannot unilaterally reopen or alter agreed-upon commercial terms, including tariffs, based on historical regulatory changes that occurred prior to the contract date. c) A 'Change in Law' clause under regulatory frameworks protects parties from unforeseen, subsequent legislative or tax alterations occurring after the contract execution. It cannot be invoked retroactively for tax amendments enacted before the PPA was signed. d) Altering the tariff post-facto upsets the financial closure, debt-equity ratios, and viability of the solar power project. This acts to the severe economic detriment of the generator who relied on the promised t3.13/kWh rate.	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>
	Response to query by Sri. M Akshay Reddy (S.No. 145)	
16.	I. The Change-in-Law Principle Must Be Applied Holistically, Not Selectively The petition filed by TGSPDCL invokes the 'change in law' clause solely on the	The reduction of GST on renewable energy devices from 12% to 5% represents a direct reduction in capital expenditure and

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	basis of the reduction in GST applicable to solar photovoltaic modules. While we acknowledge that the GST rate on solar modules has been reduced from 12% to 5%, we respectfully submit that the application of the change-in-law provision cannot be selective or one-sided. If the DISCOMs seek to revise the tariff downward on account of a GST reduction on one component, then the same principle of change-in law must equally account for the significant increases in GST and material costs on all other components of a solar power project. The pre-fixed tariff of Rs. 3.13/kWh was determined by this Hon'ble Commission after due consideration of all project cost components, including civil works, transformers, cables, mounting structures, switchgear, inverters, labour, and associated infrastructure. A change-in-law analysis must consider the net impact on total project cost, not merely the impact on one isolated item. II. Significant Increase in Cost of All Other Project Components Since the date of the PPA and the original tariff determination, the prices of virtually every other component required for installation of a solar power plant have escalated substantially. The following factual position is placed on record: 1. Transformers: Price of distribution and power transformers has increased by approximately 30% to 40% due to steep rise in the cost of copper, silicon steel, and transformer oil. All these inputs and transformer itself attract GST at 18%. 2. Cables and Conductors (HT/LT/DC): Copper and aluminium cable prices have increased by 25% to 40% due to global commodity price escalation. GST on cables is 18%.	constitutes a significant change in a key cost parameter affecting solar project economics as solar modules constitute a significant portion of the total capital requirement. Further, the solar sector has witnessed substantial reductions in major capital cost components, particularly solar modules and associated equipment, owing to technological advancements, increased manufacturing capacity, competitive procurement practices and economies of scale. The declining trend in solar tariffs discovered across the country is reflective of these improvements in project economics. The benefit arising from the reduction in GST shall be passed on to the consumers, thereby ensuring that the benefit reaches the consumers while the financial viability of the projects is not impacted. Further, 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>

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	3. Mounting Structures (GI/MS): Steel and galvanised iron mounting structures have witnessed a price rise of 20% to 35%. GST on structural steel is 18%. 4. Switchgear, MCCBs, ACDBs, DCDBs, and Control Panels: Prices of switchgear and electrical panels have increased by 20% to 30%. GST on all electrical equipment including switchgear is 18%. 5. Civil Works, Fencing, and Site Development: Costs of cement, bricks, aggregates, and other civil materials have increased significantly, with GST on construction services and materials are 18%. 6. Fasteners, Nuts, Bolts, and Hardware: Even small hardware items such as nuts, bolts, clamps, and fasteners attract 18% GST, and their procurement cost has increased by 20% to 30% due to steel price inflation. 7. Labour, Transportation, and Site Supervision Charges: Labour costs in Telangana have risen substantially on account of government-mandated minimum wage revisions, increased demand for skilled workers, and rising fuel costs affecting transportation. Works contract services attract GST at 18%. It is therefore respectfully submitted that the overall project cost has increased by a net minimum of 20% to 35% when compared to the cost base prevalent at the time of PPA execution. The minor reduction in GST on solar modules alone does not and cannot offset these pervasive cost escalations. III. Net GST Impact Is Adverse to the Generator – Not Favourable The petition argues that the GST reduction from 12% to 5% on solar modules represents a cost saving that justifies a Rs. 0.15/kWh reduction in tariff.	

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	However, this argument fails to account for the following: 8. Solar modules constitute only a portion of the total project cost. Balance of System (BoS) components, civil infrastructure, electrical works, O&M, and financing costs constitute a significant share of total project expenditure. 9. Virtually all BoS components, works, services, and consumables attract GST at 18%, which is higher than even the pre-revision GST rate of 12% on modules. 10. As an SPG selling electricity to DISCOMs, we are not eligible to claim full input tax credit (ITC) on all our purchases. The GST paid on BoS and civil components often becomes an irrecoverable cost embedded in the project, thereby further eroding viability. A holistic and fair application of the change-in-law analysis would clearly demonstrate that the net GST impact on SPGs is negative (i.e., project costs have increased in net terms), and any downward revision of tariff on this basis is unjustified in law and in fact. IV. Financial Viability and Investment Security Are at Stake The PM-KUSUM scheme was launched by the Government of India with the stated objective of solarising agricultural feeders, providing additional income to farmers, and promoting decentralized renewable energy. SPGs have committed investments in land acquisition, equipment procurement, civil construction, grid connectivity, and financing, on the basis of the PPA tariff of Rs. 3.13/kWh. Any retrospective or mid-project downward revision of the contracted tariff	

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	would: 11. Render the projects financially unviable, as loan repayments, equity returns, and O&M costs have been structured around Rs. 3.13/kWh. 12. Constitute a breach of the sanctity of the signed PPA, undermining investor confidence in the regulatory framework of the State. 13. Set a damaging precedent that tariff revisions can be made downward mid-project on selective grounds, which would discourage future investment in renewable energy in Telangana.	
	Response to query by a. Sri. Uppalapati Srikanth (S.No. 146) b. Sri. Uppalapati Subbarao (S.No. 148) c. Sri. Uppalapati Gayathri (S.No. 149) d. Sri. Uppalapati Swarnalatha (S.No. 150)	
	1. Tariff determined on outdated assumptions The tariff of ~3.13/kWh was determined in January 2021 based on capital costs, financing assumptions and market conditions prevailing at that time. Those assumptions no longer reflect current project economics. 2. GST reduction alone cannot determine tariff The proposed reduction appears to rely primarily on the reduction of GST from 12% to 5%. However, GST constitutes only one component of total project cost. During the same period, costs of: Steel, Copper, Aluminium, Electrical cables, Transformers, Switchgear, HT equipment, Civil works, Labour, Transportation,	The reduction of GST on renewable energy devices from 12% to 5% represents a direct reduction in capital expenditure and constitutes a significant change in a key cost parameter affecting solar project economics. Further, the solar sector has witnessed substantial reductions in major capital cost components, particularly solar modules and associated equipment, owing to technological advancements, increased manufacturing capacity, competitive procurement practices and economies of scale. The declining trend in solar tariffs discovered across the country is reflective

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	Land development have all increased substantially. Therefore, the overall project cost has increased despite the GST reduction. 3. Increase in prices due to recent geopolitical developments Recent geopolitical tensions in the Middle East, including the Iran-Israel conflict, have significantly affected global commodity markets. Prices of copper, aluminium, steel and electrical equipment have increased, resulting in higher procurement costs for solar projects. Since electrical cables, transformers and evacuation systems depend heavily on these commodities, project costs have increased further. 4. Increase in financing costs Compared to 2021, • Interest rates have increased. • Banks insist on higher margin money. • Loan processing has become more stringent. Consequently, the cost of finance has increased substantially. 5. First implementation of PM-KUSUM in Telangana caused unavoidable delays PM-KUSUM Component-A is being implemented for the first time in Telangana. Developers experienced delays due to procedural requirements, approvals, financing processes and implementation activities during the initial rollout of the scheme. Further, delays in loan processing and disbursement by banks, together with implementation-related timelines involving TGREDCO and other authorities, extended the construction period.	of these improvements in project economics. While certain commodities may have experienced temporary price fluctuations due to geopolitical developments and market conditions, tariff determination is required to consider the overall project cost structure rather than isolated cost components. The reduction in module prices, technological improvements, increased efficiencies and GST rationalization have collectively reduced the overall cost of solar power generation. Further, the benefits arising from reduced capital costs directly lower the borrowing requirement and thereby partially offset the impact of any increase in financing costs. The benefit arising from the reduction in GST shall be passed on to the consumers, thereby ensuring that the benefit reaches the consumers while the financial viability of the projects is not impacted. It is also pertinent to note that other states' ERCs are also taking up tariff reduction considering GST changes. Hon'ble Tamil Nadu Electricity Regulatory Commission, in M.P. No. 33 of 2025 dated 06.11.2025, pertaining to procurement under PM-KUSUM Component-A, took note of the reduction in GST and the consequent reduction in capital cost of solar projects

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	Despite these delays being beyond the control of developers, banks commenced charging interest immediately upon loan disbursement. Accordingly, developers incurred substantial Interest During Construction (IDC) without any corresponding revenue generation. This additional financing burden has significantly increased the effective project cost. It would therefore be inequitable to reduce the tariff while ignoring these unavoidable financial impacts. 6. PM-KUSUM projects differ from utility-scale solar projects PM-KUSUM projects are implemented mainly by farmers and small entrepreneurs. Unlike large developers, • no economies of scale exist, • procurement costs are higher, • financing is more expensive, • developers personally bear construction and operational risks. Accordingly, tariff determination should recognize these inherent differences. 7. Tariff comparison with other States Several States have approved tariffs higher than the proposed tariff in Telangana for PM-KUSUM Component-A or similar decentralized solar projects. State	and approved a revised ceiling tariff considering the expected benefits arising from GST reduction. Hon'ble Uttar Pradesh Electricity Regulatory Commission, in Petition No. 75/SM/2026 dated 23.06.2026, took suo motu cognizance of the reduction in GST from 12% to 5%, declared the same as a Change in Law event under the applicable PPAs, and directed assessment of the financial impact with a view to passing the benefit to the procurer and ultimately to the consumers

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	State	Tariff (₹/kWh)	
	Assam	3.30	
	Rajasthan	3.14	
	Telangana (Existing)	3.13	
	Madhya Pradesh	3.07	
	Jharkhand	3.09	
	Telangana (Proposed)	2.98	
	The proposed tariff would place Telangana among the lowest tariff States despite higher current project costs. 8. Reduction will affect project viability Reduction in tariff will: • reduce project bankability, • reduce Debt Service Coverage Ratio, • reduce investor confidence, • discourage farmer participation, • delay renewable energy capacity addition. Banks evaluate projects based on cash flows. Lower tariff directly reduces loan eligibility.		

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	9. Public interest PM-KUSUM projects: • reduce feeder losses, • supply daytime agricultural power, • reduce dependence on thermal power, • assist DISCOMs in meeting Renewable Purchase Obligations, • promote farmer income, • contribute towards clean energy and climate goals. These public benefits justify a viable tariff. 10. Principle of Regulatory Certainty Developers applied under the scheme based on the notified tariff. They have already: • invested money, • obtained loans, • executed PPAs, • commenced implementation. Reduction of tariff after developers have committed investments creates regulatory uncertainty and adversely affects confidence in Government-backed renewable energy programmes.	