

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 a) Sri. Devara Gopal Reddy (S.No. 151) b) Sri. Busanagari Venkata Laxmi (S.No. 152) c) Sri. Patlolla Sudarshan Reddy (S.No. 153)	
	With reference to the public notice issued by the Hon'ble Telangana Electricity Regulatory Commission inviting objections and suggestions in the above matter, we respectfully submit that the proposed reduction of PM-KUSUM tariff from ₹3.13/kWh to ₹2.98/kWh may kindly not be considered, as the existing tariff remains necessary for sustaining farmer-owned solar projects established under the PM-KUSUM Scheme. While the proposal appears to be based primarily on the reduction in GST rates applicable to solar components, the actual field realities experienced by farmers indicate that overall project economics have not improved proportionately. Labour costs, transportation charges, logistics expenses, insurance premiums, financing costs, maintenance expenditure, security arrangements, and compliance-related costs have increased significantly over the years, offsetting any perceived benefit arising from GST reductions. Further, PM-KUSUM farmers continue to face substantial operational risks including scheduled and unscheduled shutdowns, feeder interruptions, evacuation constraints, transformer failures, line faults, and other grid-related interruptions, all of which directly affect energy generation and revenue realization. In rural areas, transmission and distribution infrastructure is also vulnerable to accidental damage caused by tractors, harvesting machinery, livestock movement, road works, storms, and other external factors, resulting in generation losses for which farmers receive no compensation. It is also submitted that PM-KUSUM projects are established with a long-term investment horizon and farmers have committed their lands and resources based upon the tariff framework approved by the Hon'ble Commission. The principle of regulatory certainty and legitimate expectation warrants that the economic basis on which farmers participated in the Scheme should not be weakened after investments have been committed. Importantly, PM-KUSUM is not merely a power procurement programme but a farmer income support and rural	TGDISCOMs submit that the issues relating to labour costs, transportation expenses, insurance, financing arrangements, maintenance expenditure, security costs, operational risks, outages, grid disturbances, evacuation constraints, and other project-related challenges are project-specific and operational considerations. Tariff determination is required to be based on normative cost parameters, prevailing market conditions, and applicable regulatory provisions rather than the circumstances of individual projects TGDISCOMs further submit that while PM-KUSUM is an important scheme for promoting decentralized solar generation and enhancing farmer participation in the renewable energy sector, tariff determination is required to balance the interests of both project developers and consumers. The present petition has been filed within the framework of the PPA provisions relating to Change in Law, with the objective of ensuring that the benefits arising from reduction in project costs are appropriately passed on to consumers.

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	development initiative intended to create stable supplementary income for agricultural families while promoting decentralized renewable energy generation. The tariff therefore deserves consideration not only from the perspective of procurement cost but also from the standpoint of farmer welfare, rural economic sustainability, and achievement of national renewable energy objectives. It may also be noted that PM-KUSUM tariffs do not provide any annual escalation mechanism despite continuing inflation and increasing operational costs. In such circumstances, a further reduction in tariff would disproportionately impact participating farmers and adversely affect the long-term viability of the Scheme. Accordingly, it is respectfully requested that the Hon'ble Commission may kindly consider retaining the existing tariff of ₹3.13/kWh in the larger interests of farmer welfare, renewable energy promotion, rural development, investment confidence, and the successful implementation of the PM-KUSUM Scheme in Telangana.	
2	Response to query by a) Sri. Allam Soujanya (S.No. 154) b) Sri. Jitender Singh Solanki (S.No. 156) c) Sri. Loka Sampath Reddy (S.No. 159) d) Sri. C Naresh (S.No. 165) e) Sri. Nomula Andalu (S.No. 166) f) Sri. Nomula Anjaiah (S.No. 167) g) Sri. Mattapally Anitha (S.No. 173) h) Sri. B. Srinivasulu Reddy (S.No. 184) i) Sri. Peesari.Nandini Reddy (S.No. 219) j) Sri. B. Ashwini (S.No. 220) k) Sri. M. Venkata Ranga Reddy (S.No. 247) l) Sri. Shekhar Rathod (S.No. 248)	

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	1. Tariff determined in 2021 no longer reflects present-day project costs The tariff of ₹3.13/kWh was determined using assumptions applicable during 2020-21. Over the last five years, almost every major cost component has increased significantly due to inflation, changes in taxation and import policies, escalation in commodity prices and higher financing costs. Therefore, the tariff determined in 2021 cannot reasonably be treated as representative of the actual cost of projects presently under implementation. 2. Mandatory increase in DC capacity requirement While determining the tariff in I.A. No. 4 in O.P. No. 24 of 2020, the Hon'ble Commission considered a project configuration based on approximately 1.1 MW DC capacity for every 1 MW AC capacity. However, under the implementation guidelines presently followed for PM-KUSUM Component-A projects in Telangana, developers are effectively required to install 1.2 MW DC capacity for every 1 MW AC to achieve the prescribed generation obligations and performance standards. This additional 100 kW DC capacity per MW AC requires significant additional investment towards: Additional solar PV modules; Mounting structures; DC cables and connectors; Earthing systems; Installation and commissioning; Transportation and handling. Thus, the present projects involve substantially higher capital investment than what was assumed while determining the tariff in 2021. The Interlocutory Application filed by the DISCOMs completely ignores this important cost escalation. 3. GST reduction alone cannot justify tariff reduction The entire proposal of the DISCOMs appears to rely mainly upon the reduction of GST from 12% to	1 & 4. The capital cost adopted is comparative with costs observed in recently implemented 1 MW solar projects under Government-supported schemes such as the Indira Mahila Shakti Scheme and other decentralized solar projects of similar capacity. 2. The increased declared capacity will be beneficial to the developers since the generation from the plants thereby revenue to developers would increase. 3 TGDISCOMs respectfully submit that the reduction of GST from 12% to 5% directly impacts the procurement cost of

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	5%. This reasoning is fundamentally flawed because: GST represents only one element of the total project cost. Almost every other component of project cost has increased substantially. Tariff determination must consider overall project economics rather than a single tax component. Further, when the Hon'ble Commission originally determined the tariff at 3.13/kWh, the applicable GST on solar projects was 5%. The subsequent increase to 12% and later restoration to 5% merely returned the tax position to what existed when the tariff was originally determined. Therefore, no enduring tax benefit has accrued that would justify reduction of tariff. 4. Significant increase in capital expenditure Since 2021, project costs have increased substantially on account of: 40% Basic Customs Duty on imported solar modules; 25% Basic Customs Duty on imported solar cells; - Increase of approximately 38-42% in copper prices; - Around 41% increase in structural steel prices; - Higher inverter prices due to semiconductor shortages; • Increase in transformer, switchgear, HT equipment and cable prices; • Escalation in transportation and logistics costs; - Increase in labour and civil construction costs; - Higher expenditure on land development including fencing, roads, drainage and site levelling. The cumulative increase in project cost substantially exceeds any notional benefit arising from GST reduction. 5. Increase in Interest During Construction (IDC) Project implementation timelines and loan disbursement schedules have resulted in considerable Interest During Construction. In my own project, the loan was disbursed only in February 2026 and I have already incurred approximately 6,00,000 towards IDC. These financing costs were not contemplated while determining the tariff in 2021. 6. Higher financing burden Developers are presently required to meet significantly stricter financing conditions, including:	solar modules, inverters, structures, cables and other major equipment constituting a substantial portion of the overall project cost. The benefit arising from GST reduction is therefore significant and materially affects the project capital cost. Recognizing this impact, the Central Electricity Regulatory Commission (CERC), through its suo motu Order dated 04.11.2025, categorically held that the reduction in GST on renewable energy devices constitutes a Change in Law event and that the resulting benefits are required to be passed on to procurers and consumers 5. TGDISCOMs respectfully submit that Interest During Construction is project-specific and depends upon factors such as financing arrangements, project execution timelines, lender requirements, and individual implementation decisions. 6. TGDISCOMs respectfully submit that financing

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	Higher promoter contribution; Higher margin money; Stricter collateral requirements; Increased lending rates. These factors have materially increased the financial burden on small developers participating under PM-KUSUM. 7. Economic value of land The tariff determination did not adequately account for the opportunity cost and economic value of privately owned agricultural land dedicated exclusively for establishment of PM-KUSUM solar plants. Such land remains unavailable for agricultural use throughout the 25-year project period and therefore represents a significant investment by the developer. 8. Rising Operation and Maintenance costs Although the tariff remains fixed throughout the PPA period: O&M expenses continue to increase; Spare parts have become costlier; • Labour charges continue to rise; Equipment replacement costs have increased substantially. These recurring cost escalations adversely affect long-term project viability. 9. Increase in insurance and security expenses Insurance premiums have increased due to higher replacement values of plant and machinery. I have personally paid ₹81,000 towards insurance premium to Bajaj Allianz General Insurance Company Limited on 19.06.2026. Similarly, expenditure towards security arrangements has increased owing to growing risks of theft and vandalism.	arrangements, lending rates, debt servicing obligations, and loan structures are project-specific commercial decisions between developers and their lenders. Tariff determination is based on normative financing assumptions and regulatory principles rather than individual financing arrangements adopted by specific developers. 7. TGDISCOMs respectfully submit that the value, ownership, lease arrangement, and opportunity cost of land are project-specific commercial considerations 8. The present petition only seeks recognition of benefits arising from the reduction in procurement cost of renewable energy equipment and associated project components. O&M expenses determined by the commission remains the same 9. TGDISCOMs respectfully submit that insurance premiums and security-related expenditure are operational expenses which vary based on project location, insurance coverage obtained, risk profile, and commercial choices of individual developers.

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	10. Small PM-KUSUM developers cannot be equated with utility-scale developers PM-KUSUM Component-A projects are decentralized renewable energy projects implemented by farmers and rural entrepreneurs. Unlike large utility-scale developers, PM-KUSUM developers: do not benefit from economies of scale; have limited access to low-cost finance; bear higher per-MW execution costs; face greater financing constraints. Accordingly, tariff reduction would disproportionately affect small developers. 11. Public interest served by PM-KUSUM projects PM-KUSUM Component-A projects generate substantial public benefits including: Reduction of technical losses; Generation near agricultural load centres; Reduced transmission investment; Improved rural power supply; Additional income to farmers; Renewable Purchase Obligation compliance; Reduction in thermal generation dependence; Contribution towards national renewable energy targets. These public benefits deserve regulatory encouragement rather than tariff reduction. 12. Regulatory certainty and legitimate expectation Developers have invested substantial financial resources based upon the tariff determined by the Hon'ble Commission and have entered into long-term PPAs relying upon the prevailing regulatory framework. Reduction of tariff after investments have commenced would adversely affect: investor confidence; project bankability;	10. TGDISCOMs respectfully submit that the present proposal does not rely on capital cost benchmarks applicable to large utility-scale solar projects. The calculations adopted in the present petition, as well as in the suo motu proceedings initiated by regulatory authorities, are based on capital costs pertaining to decentralized solar projects comparable to PM-KUSUM Component-A installations 11. TGDISCOMs fully recognize the contribution of PM-KUSUM projects towards renewable energy promotion, reduction of transmission losses, rural income generation, RPO compliance, and strengthening of decentralized power generation. The present petition seeks to balance the interests of project developers and electricity consumers by ensuring that benefits accruing from GST reduction are appropriately reflected without affecting project viability. 12. The PPAs executed between the parties specifically contemplate adjustments arising from statutory changes affecting project costs. Therefore, implementation of the Change in Law provisions cannot be construed as a departure from regulatory certainty or legitimate expectations; rather, it

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	debt servicing capability; financial viability. Regulatory certainty and legitimate expectation are fundamental principles governing infrastructure investments and should be preserved. 13. Tariff requires fresh cost-based determination Considering the cumulative increase in capital cost, financing expenses, inflation, IDC and O&M costs, the existing tariff of 3.13/kWh itself appears inadequate for ensuring reasonable project viability. If the Hon'ble Commission considers reopening the tariff, it is respectfully submitted that the tariff should be determined afresh based on prevailing capital costs and financing parameters, which would warrant an upward revision rather than any reduction. Prayer In view of the foregoing submissions, I most respectfully pray that the Hon'ble Commission may be pleased to: a) Reject the proposal of TGDISCOMS seeking reduction of tariff from 3.13/kWh to ₹2.98/kWh; b) Continue the existing tariff of 3.13/kWh without any reduction; c) In the alternative, if the Commission considers reopening the tariff, undertake a fresh cost-based determination taking into account the prevailing capital costs, financing costs, inflation and actual project economics, which would justify an upward revision; d) Pass such other order or orders as the Hon'ble Commission may deem fit in the interests of justice, equity and the successful implementation of the PM-KUSUM Component-A Scheme. I respectfully submit that I am a proud participant in the Hon'ble Prime Minister's vision of expanding clean and decentralized renewable energy under the PM-KUSUM Scheme and in Telangana's commitment towards sustainable development. I have invested my family's resources and undertaken substantial financial obligations for establishment of this project. I therefore humbly request the Hon'ble Commission to protect the interests of	constitutes enforcement of the contractual framework agreed between the parties 13. Since the capital costs taken for tariff determination is comparative with similar scale projects executed in the state, there is no such requirement for fresh cost based determination

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	genuine farmers and small renewable energy developers by rejecting the proposed tariff reduction and ensuring that the objectives of the PM- KUSUM Scheme are achieved.	
4	Response to query by Sri. Baddam Yamuna (S.No. 155)	
	I Baddam Yamuna Bearing PPA No. 138, Nizambad Dist. Respectfully submit this representation as a stakeholder and prospective SPG under PM KUSUM Component A Scheme	NA
5	Response to query by Sri. Billa Harsha Vardhan Reddy (S.No. 164)	
	I respectfully submit this petition seeking revision of the tariff fixed for solar power generation under the Pradhan Mantri Kisan Urja Suraksha evam Utthaan Mahabhiyan (PM-KUSUM) Scheme, and in particular opposing the reduction of the said tariff now under contemplation. The Power Purchase Agreement (PPA) was executed at a flat tariff of 3.13 per unit for a period of 25 years. The said tariff was determined in January 2021 and was, even at the time of execution, based on cost parameters that were approximately five years old. I have executed the PPA in good faith, on the bona fide premise that the project cost envisaged at the time of execution would substantially hold good through the implementation of the project. Subsequent to the execution of the PPA, however, there has been a substantial and unforeseen escalation in project costs, attributable to a sharp rise in the market prices of materials, components, and labour. In consequence, the contracted tariff has become inadequate to yield the return on investment originally projected as the basis for the project's viability, and no longer affords a reasonable return to the farmers participating in the PM-KUSUM Scheme. The said tariff therefore warrants urgent review. The reduction in the rate of Goods and Services Tax with effect from 22.09.2025 yields a notional saving of approximately 40,00,000 in respect of a 2	The capital cost adopted is broadly comparable with costs observed in recently implemented 1 MW solar projects under Government-supported schemes such as the Indira Mahila Shakti Scheme and other decentralized solar projects of similar capacity. TGDISCOMs respectfully submit that the reduction of GST from 12% to 5% directly impacts the procurement cost of solar modules, inverters, structures, cables and other major equipment constituting a substantial portion of the overall project cost. The proposed tariff revision is intended solely to reflect the reduction in project capital cost arising from the reduction in GST on renewable energy equipment In other words, the proposed tariff revision is only a reflection of the corresponding reduction in capital expenditure attributable to GST reduction. Since the project cost itself

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	MW project. This benefit, however, stands wholly absorbed by the contemporaneous escalation in material costs, with the result that the project derives no net relief therefrom. As the PPA contains no provision for any cost-overflow-linked revision of tariff, such escalation in construction cost falls entirely upon the SPG and imperils the financial viability of the project, exposing the SPGs to the risk of default on the project loans availed from the Banks. Since the execution of the PPA, the cost of solar modules has increased by more than 15%, the cost of steel, a critical project component by approximately 12%, cables by approximately 15%, and logistics by approximately 20%. This abnormal escalation is largely attributable to the ongoing conflict in the Middle East, a development wholly unforeseeable, and incapable of being anticipated, at the time of bidding for the project. The net change in the Net Present Value (NPV) of the total receivables of a 2 MW project, consequent upon the contemplated revision of tariff from 3.13/kWh to 2.98/kWh, is in the order of ₹58 lakh, while the project cost has already overrun by approximately 30 lakh, notwithstanding the benefit of the reduction in the rate of GST from 12% to 5%. The contemplated reduction in tariff would gravely prejudice the viability of the project. The project is already under implementation, and the quantum of loan sanctioned by the Banks has been fixed by reference to the initial project cost. The farmers are thereby compelled to absorb the additional burden arising from the escalation in material costs by way of enhanced equity contribution, which is onerous and unsustainable. The very object of the PM-KUSUM-A Scheme namely, the provision of a recurring and assured income to farmers stands defeated if the farmer is simultaneously saddled with increased costs and subjected to a reduced tariff. The PM-KUSUM Scheme was conceived and launched with the avowed objects of augmenting farmers' incomes, promoting renewable energy, and	stands reduced to that extent, the financial parameters of the project, including expected returns, debt servicing capability, and overall project viability, remain substantially unaffected. The developer continues to be placed in the same economic position

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	encouraging decentralised power generation. The subsisting tariff of ₹3.13 per unit neither reflects prevailing market conditions nor secures the financial viability of the project, and any further reduction thereof would be wholly destructive of the Scheme's purpose. It is respectfully submitted that the fixation of a flat tariff, intended to operate uniformly over a term of 25 years without any mechanism for periodic or cost-linked revision, is unscientific, inequitable, and contrary to the principles of fairness and natural justice, in that it requires the generator to bear, in perpetuity, the entire risk of cost escalation occurring over the life of the project. Prayer In view of the facts and circumstances aforesaid, I most humbly pray that this Hon'ble Commission may be pleased to: (a) refrain from effecting the contemplated reduction of the PM-KUSUM tariff from 3.13 per unit to 2.98 per unit; (b) review the subsisting PM-KUSUM tariff of 3.13 per unit and revise the same upwards, appropriately, so as to reflect the abnormal and unforeseen escalation in the cost of materials since the date of its determination; and (c) pass such orders as this Hon'ble Commission may deem just and proper in the facts and circumstances of the case.	
6	Response to query by Sri. Danda Muralidhar Reddy (S.No. 168)	
	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. With utmost respect, I place the following submissions before the Hon'ble Commission for its kind consideration. SUBMISSIONS	1 While GST may constitute only one component of the

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	1. The Proposed Downward Revision May Not Fully Reflect the Overall Project Economics • OST constitutes only one component of the overall project cost. • The benefit arising from OST 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 Con1portent-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 system • Power cables • Evacuation infrastructure • Labour and installation • Transportation and logistics • Insurance • Security arrangements • Annual Operation & Maintenance expenses 3. Increase in Financing Costs • Higher lending rates • Increased promoter contribution requirements • More stringent lending conditions • Higher collateral requirements	overall project cost, it is applicable on major project components such as solar modules, mounting structures, inverters, cables, and other equipment that collectively account for a significant portion of the project capital cost. Accordingly, the reduction in GST results in a direct and measurable reduction in project cost. Further, CERC, UPERC and TNERC have recognized that GST reduction results in a reduction in capital cost and that the benefit arising therefrom should be appropriately reflected in tariff or passed on to consumers. 2 TGDSCOMs respectfully submit that the capital cost adopted in the present petition has been derived after considering the costs of recently implemented decentralized solar projects of comparable capacity and configuration, including Government-supported 1 MW solar projects under schemes such as the Indira Mahila Shakti Scheme. Hence, the capital cost considered is reflective of contemporary market realities and cannot be regarded as based on outdated assumptions. 3. TGDSCOMs submit that lending rates, promoter contribution requirements, collateral conditions, margin money requirements, and financing structures vary from developer to developer and are matters of commercial arrangement between the project developer and its lenders. The applicable tariff under the PM-KUSUM scheme was

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	- Increased debt servicing obligations 4. PM-KUSUM Projects Have Distinct Characteristics - Decentralized in nature - Located <i>in</i> 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 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 confidence and successful implementation of PM-KUSUM. PRAYER 1. Not to accept the proposed downward revision of the pre-fixed levelized tariff from Rs. 3.13/kWh to Rs. 2.98/kWh. 2. Continue the existing tariff of Rs. 3.13/kWh for projects under PM-KUSUM Component-A. 3. Take into consideration the cumulative impact of increased project costs, financing costs, infrastructure costs and operation & maintenance expenses. 4. If considered appropriate, kindly consider an appropriate upward revision of the tariff to ensure long-term financial sustainability of PM-KUSUM Component-A projects. 5. Provide stakeholders an opportunity to present their submissions during the scheduled public hearing.	determined after considering normative financing parameters 4. . TGDISCOMs respectfully submit that the present proposal does not rely on capital cost benchmarks applicable to large utility-scale solar projects. The calculations adopted in the present petition, as well as in the suo motu proceedings initiated by regulatory authorities, are based on capital costs pertaining to decentralized solar projects 5. TGDISCOMs fully acknowledge that PM-KUSUM contributes significantly towards enhancement of farmer income, decentralized renewable energy development, rural economic growth, reduction of technical losses and achievement of renewable energy targets. 6. The PPAs executed under the PM-KUSUM scheme expressly contemplate adjustments arising from Change in Law events. Therefore, considering the impact of GST reduction in accordance with the Change in Law provisions is fully consistent with regulatory certainty and contractual sanctity. Further, the proposed revision does not reopen the tariff determination exercise nor alter the fundamental contractual framework. It merely gives effect to the benefit arising from a statutory reduction in GST, consistent with the approach adopted by CERC, UPERC and TNERC
7	Response to query by Sri. Salguti Rajitha Reddy and Salguti Vishnu Vardhan Reddy (S.No. 169)	

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	This is in response to the subject cited above and the notice issued by the Hon'ble commission inviting objections to the petition filed by TGDISCOM for reducing the Pre fixed tariff determined by the commission from Rs.3.13/-KWH to Rs.2.98/-KWH. In this regard we respectfully submit that we have entered into Power purchase Agreements (PPA) with TGSPDCL for implementation of 4MW Solar Power Plant at Moosapet Village, Mahaboob Nagar District. The justification for the proposed tariff reduction appears to be based solely on the reduction of GST on solar photovoltaic modules from 12% to 5%. However, a solar power project consists of several other critical components in addition to PV modules. The Balance of System (BOS), which includes module mounting structures, inverters, transformers, switchgear, HT and LT cables, SCADA systems, communication systems, civil works, transmission infrastructure, evacuation facilities, and other associated equipment, constitutes more than 60% of the total project cost. Most of these BOS components continue to attract GST at 18%, and there has been no corresponding reduction in their tax incidence. Therefore, the benefit arising from the GST reduction on PV modules is limited to only a portion of the overall project cost and cannot be considered representative of the entire project expenditure. The proposed tariff reduction assumes that the GST benefit applies uniformly across the project, which is not the case. Also the Solar Projects which are barely viable with the present tariff of Rs.3.13/KWH shall become totally unviable if the tariff rate is reduced. Also kindly note that the present tariff does not provide any annual escalation mechanism despite continuing inflation and increasing operational costs. In such circumstances, a further reduction in tariff would adversely affect the long term viability of the Solar Projects. Further, project developers continue to face increasing costs related to land development, transmission line construction, statutory approvals, right-of-way	TGDISCOMs respectfully submit that this Hon'ble Commission, vide its Order in O.P. No. 32 of 2025, approved and adopted the tariff of Rs. 3.13/kWh for procurement of 4,000 MW under the PM-KUSUM Scheme. Accordingly, TGDISCOMs have accepted and signed PPAs with developers at the rate determined by the Hon'ble Commission. Subsequent to the tariff order, the reduction in GST on renewable energy devices with effect from 22.09.2025 constitutes a "Change in Law" event under the relevant provisions of the Power Purchase Agreements. The Central Electricity Regulatory Commission, in its suo motu Order dated 04.11.2025 in Petition No. 13/SM/2025, has also recognized the said GST reduction as a Change in Law event in accordance with the PPA provisions. The benefit arising from the reduction in GST shall be passed on to the consumers through the Change in Law mechanism, thereby ensuring that the benefit reaches the consumers while the financial viability of the projects is not adversely impacted.

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	clearances, financing costs, labor, logistics, and operation & maintenance activities. These cost escalations substantially offset marginal savings, if any, resulting from the GST reduction on solar modules. Also kindly note that one time GST Rate reduction should not automatically become 25 years tariff reduction. In view of the above, revising the tariff downward solely on the basis of GST reduction on PV modules does not accurately reflect the actual cost structure of a solar power project. It is therefore requested that the Hon'ble Commission retain the existing tariff and protect the financial viability of projects developed under the PM-KUSUM Scheme.	
8	Response to query by a) Sri. Karra Ranjith Reddy (S.No. 170) b) Sri. Aruna Bhookya (S.No. 189)	
	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 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 3.13/kWh was determined based on cost assumptions prevailing in 2021 and does not reflect present-day market realities. 2. The proposed reduction is based solely on the GST reduction from 12% to 5%, whereas GST constitutes only a small component of total project cost. 3. The benefit arising from GST reduction is marginal and cannot justify a tariff reduction of 15 paise per unit. The Hon'ble Commission be pleased to reject the proposal filed by the State DISCOMS seeking a reduction in the tariff from Rs. 3.13/kWh to 2.98/kWh, as the proposal is contractually unsustainable, legally flawed, and contrary to the executed Power Purchase Agreement (PPA). For the following, among others, reasons:	TGDISCOMs respectfully submit that the petition is filed to pass on the benefits arising from the reduction in GST 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. TGDISCOMs submit that In O.P. No. 24 of 2020, this Hon'ble Commission determined a levelled tariff of Rs. 3.13/kWh, as per prevailing capital costs. In 2025, the TGDISCOMs approached this Hon'ble Commission seeking revision of the said tariff, submitting that, owing to the advancement of technology during the period 2021 to 2025, the cost of solar PV modules had declined while their efficiency had correspondingly improved. The TGDISCOMs, however, expressly undertook to abide by and adhere to such tariff as may be determined by this Hon'ble Commission.

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	1. The current tariff of 3.13/kWh was mutually agreed upon, finalized, and locked by both parties within the legally binding PPA. 2. The DISCOM seeks a downward revision to 2.98/kWh by citing a benchmark capital cost reduction (to 3.60 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 into consideration before the execution of the 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. DISCOMs 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 3.13/kWh rate. e) Revision of Capacity Utilization Factor (CUF): The present benchmark Capacity Utilization Factor (CUF) of 18% does not reflect the actual generation potential of modern solar power plants. With advancements in solar module efficiency, inverter technology, improved project design, and the favourable solar irradiation conditions in Telangana, these projects are capable of achieving higher energy generation. Therefore, we respectfully request the Hon'ble Commission to revise the benchmark CUF from 18% to at least 23%. Such a revision would improve project viability, enable farmers to meet their financial obligations, maximize renewable energy generation from existing infrastructure, and support the State's clean energy and Net-Zero goals. Relief Sought:	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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	- Direct the DISCOMS to withdraw their proposal for reducing the agreed tariff to 2.98/kWh. - We respectfully request the Honourable Commission to revise and enhance the tariff from 3.13/kWh to ₹3.30/kWh so as to compensate for the increased project costs and ensure the viability of the projects while continuing to support the State's renewable energy objectives. - Revise the benchmark Capacity Utilization Factor (CUF) from 18% to at least 23% to reflect the actual generation potential of PM-KUSUM solar projects and improve their long-term financial sustainability. - Pass any other order that this Hon'ble Commission deems fit in the interest of equality and justice.	
9	Response to query by a) Sri. Vaidhya Jitender (S.No. 171) b) Sri. Vaidhya Shobha (S.No. 172) c) Sri. Satish Krishna Gopishetty (S.No. 174) d) Sri. Vittal reddy gari kishan Reddy (S.No. 191)	
	I am a Solar Power Generator (SPG) under Component-A of the PM-KUSUM Scheme, having executed a Power Purchase Agreement with the distribution licensee at the pre-fixed levelised tariff of Rs. 3.13/kWh determined by this Hon'ble Commission vide Order dated 02.01.2021 in O.P. No. 24 of 2020. Having seen the captioned Public Notice, I submit my objection to the proposed reduction of the tariff to Rs. 2.98/kWh on the following ground(s): Ground: GST Reduction Creates No New Cost Advantage - the Benchmark Was Already Fixed Under a 5% GST Regime The very premise of the petition is factually incorrect. This Hon'ble Commission fixed the benchmark capital cost of Rs. 3.60 Crore/MW by adopting the MNRE Office Memorandum dated 21.07.2020 for FY 2020-21 (Paras 12 and 68 of the Order in O.P. No. 24 of 2020). During FY 2020-21 the GST on solar equipment	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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	was already 5%. The tariff of Rs. 3.13/kWh was therefore never built on a 12% GST structure. GST was 5% up to 30.09.2021, 12% from 01.10.2021, and has now been reduced again to 5% - i.e. it has merely reverted to the very level that prevailed when the benchmark was adopted. The present 'change' therefore yields no new cost advantage and gives no factual or legal basis for any reduction. Given the inflation in equipment, steel, labour, civil works, financing and O&M costs since FY 2020-21, an honest review would justify continuation of the existing tariff or an upward revision - certainly not a cut. It is respectfully prayed that this Hon'ble Commission may be pleased to reject the petition of TGNPDCL in I.A. No. 4 in O.P. No. 24 of 2020 and to continue the existing pre-fixed levelised tariff of Rs. 3.13/kWh for PM-KUSUM Component-A projects, and to pass such further orders as may be just and proper.	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.
10	Response to query by Sri. T Vamsi Mohan (S.No. 175)	
	My name is T. Vamsi Mohan, and I am a Solar Power Generator (SPG) with PPA No. 574/ 2025 2026, participating under the PM-KUSUM Component-A Scheme from Peddagundavelly Village, Dubbak Mandal, Siddipet District., and I respectfully submit this response to the Notice issued by the Hon'ble Telangana Electricity Regulatory Commission inviting objections and comments on the Petition seeking revision of the approved levelized tariff from 3.13/kWh to 2.98/kWh under PM-KUSUM Component-A. At the outset, I respectfully and unequivocally oppose the proposed reduction in the approved tariff. As a participant under the PM-KUSUM Component-A Scheme based on the tariff determined by this Hon'ble Commission, I accepted the tariff of ₹3.13/kWh in good faith and planned my project accordingly. The approved tariff became the basis for obtaining bank finance, investing my own capital, executing EPC contracts, placing purchase orders for major equipment and commencing construction. My project is now in the final stages of execution, and substantial financial commitments have already been made based on the tariff approved by this Hon'ble Commission.	The submissions relating to project financing, execution of EPC contracts, procurement of equipment, investment commitments, project implementation costs, and reliance on the approved tariff are project-specific circumstances and commercial decisions undertaken by individual developers. Tariff determination, however, is based on normative cost parameters and overall market trends rather than individual project costs or financing arrangements. TGDISCOMs further submit that while certain project cost components may have witnessed increases during specific periods, there has also been a significant decline in major capital cost components, particularly solar modules, along with the reduction in GST rates. Accordingly, the present petition seeks to align the tariff to ensure that the benefits arising from

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	The Petitioner seeks reduction of the tariff primarily on account of the reduction in GST from 12% to 5% pursuant to the recommendations of the 56th GST Council Meeting and the subsequent notification issued by the Government, which is unjust and unfair. The tariff of 3.13/kWh approved by this Hon'ble Commission was determined to be adopted from the MNRE Office Memorandum dated 21.07.2020 together with the financial assumptions prevailing at that point in time. The benchmark cost adopted by the Commission was originally prepared under a GST regime of 5%. The effective GST applicable to specified renewable energy devices was increased from 5% to 12% on the recommendations of the 45th GST Council Meeting, effective 1 October 2021. Despite the increase in GST and the resulting increase in project costs, no revision of tariff or corresponding relief was considered at that stage. The Distribution Licensees voluntarily executed the Power Purchase Agreements with full knowledge of the prevailing GST structure. The subsequent reduction of GST from 12% back to 5% in September 2025 on recommendations of the 56th GST Council Meeting, merely restored the tax position that existed when the original benchmark cost was formulated. Therefore, the 2025 GST reduction cannot, by itself, justify reopening the tariff determined by this Hon'ble Commission. During the implementation of my project, I have experienced substantial increases in the cost of several critical project components including solar modules, module mounting structures, structural steel, transformers, HT and LT cables, switchgear, copper, aluminium, civil construction materials, labour, transportation and logistics. Similarly, fluctuations in fuel prices have increased transportation costs, have increased financing costs and incurred interest during construction. These increases have materially affected the economics of project implementation. In addition to cost escalation, I and other SPGs have faced supply-chain disruptions, longer procurement timelines for critical electrical equipment, fluctuations in international prices and geopolitical developments with the Iran-US conflict affecting global and local logistics. These factors collectively along with inflation have resulted in increased project costs and delays in execution. Despite all these factors, I continued implementing my project based	reduced in GST are appropriately passed on to consumers. Accordingly, TGDISCOMs respectfully submit that the present petition has been filed within the applicable contractual obligations, and the applicable tariff may be determined by the Hon'ble Commission in accordance with the provisions of the PPA, and regulatory principles while balancing the interests of both consumers and project developers.

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	on the approved tariff because I relied upon the regulatory certainty provided by the tariff determined by this Hon'ble Commission. I also respectfully submit that PM-KUSUM was introduced with the objective of encouraging private investment in decentralized renewable energy generation through a stable and predictable regulatory framework. SPGs participated in the Scheme because they trusted the tariff determined by this Hon'ble Commission and arranged long-term finance accordingly. Any reduction in the approved tariff after execution of Power Purchase Agreements and after substantial implementation of projects would adversely affect the confidence of existing SPGs, financial institutions and future investors in Government-backed renewable energy programmes. In view of the above facts and circumstances, I respectfully request this Hon'ble Commission to reject the proposed reduction of the approved tariff from ₹3.13/kWh to 2.98/kWh and permit the tariff approved under the executed Power Purchase Agreement to continue unchanged in the interest of fairness, regulatory certainty, investor confidence and the successful implementation of our projects under the PM-KUSUM Scheme.	
11	Response to query by Sri. Kanmanthareddy Rajani (S.No. 176)	
	1. STRONG OPPOSITION TO THE PROPOSED TARIFF REDUCTION We categorically and strongly oppose this proposed reduction in the pre-fixed levelized tariff. The tariff of Rs. 3.13/kWh was determined by this Hon'ble Commission through a considered order dated 02.01.2021, factoring in all relevant economic parameters at the time. Any downward revision at this stage is unjust, arbitrary, and detrimental to the interests of small solar power generators who have already committed significant capital investments in reliance on the assured tariff. 2. GST REDUCTION IS NOT A VALID GROUND FOR TARIFF REVISION The sole ground cited for this proposed reduction is the change in applicable GST rates from 12% to 5%, as recommended by the 56th GST Council meeting held in	1. TGDISCOMs respectfully submit that the present petition does not seek any arbitrary or unilateral revision of tariff. The petition has been filed in view of the reduction in GST rates. Accordingly, the proposed revision seeks to align the tariff with GST reduction while ensuring that project viability is not impacted. 2. TGDISCOMs respectfully submit that the present petition is based on the reduction in GST rates. The proposal considers the overall reduction in project costs, including

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	New Delhi in September 2025. We submit that GST reduction is not a fair or legitimate basis for reducing the pre-fixed levelized tariff for the following reasons: a) The pre-fixed levelized tariff is a comprehensive, long-term determined rate that was never solely pegged to the prevailing GST rate at the time of determination. It was arrived at after accounting for a holistic set of financial, operational, and economic factors. b) Any benefit arising from a GST reduction, if at all applicable, should rightfully accrue to the SPG as relief against already elevated operational costs not be passed on as a tariff cut to the DISCOMs. c) The change in law clause under which this petition has been filed is intended to protect parties from adverse legal/regulatory changes, not to be used as a mechanism to reduce generator revenues when one specific tax component changes. 3. ALL INPUT COSTS AND PRICES ARE ON THE RISE Contrary to the premise of the petition, the economic reality faced by SPGs today is one of escalating costs across the board: a) The cost of solar modules, inverters, and other critical equipment has seen significant price increases driven by global supply chain disruptions and inflationary pressures. b) Operation and Maintenance (O&M) costs have risen substantially due to increased labour costs, spare parts pricing, and transportation costs. c) Land lease charges and insurance premiums have also increased considerably over the past few years. d) The general rate of inflation has eroded the real value of the existing tariff of Rs. 3.13/kWh, which has remained static since 2021. In this context, a reduction in tariff would be deeply unjust and would render several SPG projects financially unviable, threatening the very objectives of the PM-KUSUM Scheme. 4. PRAYER FOR UPWARD REVISION OF TARIFF	favourable changes in major capital cost components. Further, 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. 3. TGDISCOMs submit that while certain project cost components may have witnessed increases during specific periods, tariff determination is based on overall market trends and normative cost parameters rather than individual project-specific expenditures. The significant reduction in major capital cost components, particularly solar modules, along with reduction in GST rates, has resulted in improved project economics.

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	In light of the above, we respectfully urge this Hon'ble Commission to: a) Reject the petition filed by TGSPDCL/TGDISCOMs for a downward revision of the pre-fixed levelized tariff. b) Instead, consider an upward revision of the pre-fixed levelized tariff to adequately reflect the current ground realities of rising input costs, inflationary pressures, and the overall increase in the cost of solar power generation. c) Conduct a comprehensive review of the tariff structure, taking into account the actual cost escalations faced by SPGs since 2021, before arriving at any revised tariff determination. 5. REQUEST FOR PARTICIPATION IN PUBLIC HEARING We request that we be permitted to present our case in person at the Public Hearing scheduled on 08.07.2026 at 11:00 AM at the Court Hall of TGERC, Vidyuth Niyamtran Bhavan, GTS Colony, Hyderabad. We trust that this Hon'ble Commission will give due weight to the concerns of SPGs and pass a just and equitable order in the matter.	
12	Response to query by Sri. S.Jayarami Reddy (S.No. 177)	
	I, the undersigned Solar Power Generator (SPG) under the PM-KUSUM Component-A Scheme in Telangana, respectfully submit this representation regarding the proposal to revise the tariff of ₹3.13/kWh fixed by TGERC. At the outset, we submit that the tariff of ₹3.13/kWh formed the fundamental basis on which developers invested in the scheme, executed Power Purchase Agreements (PPAs), obtained financial closure from banks, procured land, and established solar power projects. The PPAs were executed in June and July and the GST was reduced in September. Some SPGs(including us) bought the solar panels before the GST was reduced and our plant is already synchronised and exporting the power to grid. So any downward revision of tariff at this point would severely impact the financial viability of the project and defeat the legitimate expectations created by the regulatory framework. Significant increase in project cost compared to assumptions considered in the 2021 Tariff Order. The capital cost assumptions considered in the	TGDISCOMs respectfully submit that the procurement of solar modules, execution of PPAs, achievement of COD, financing arrangements, and investment commitments undertaken by individual SPGs are project-specific circumstances. In cases where SPGs contend that solar modules or other major equipment were procured prior to the reduction in GST rates, the impact thereof and the relief, if any, admissible shall be subject to the consideration and determination of the Hon'ble Commission based on the facts and merits of the individual case. TGDISCOMs further submit that while certain project cost components and operating expenses may have witnessed

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	tariff determination process no longer reflect actual project expenditure incurred during implementation. The following cost escalations have been experienced: 1. Increase in module prices. 2. Increase in steel and structural material costs. 3. Increase in cable and electrical equipment costs. 4. Increase in transformer and switchgear prices. 5. Increase in transportation and logistics costs. 6. Increase in labour and civil construction costs. Overall project costs have increased substantially compared to the assumptions adopted while determining the tariff in 2021. Therefore, there is no reason for reducing the tariff; rather, actual project economics indicate the need for a review towards enhancement. POINTS TO CONSIDER TO REVISE THE RATE UPWARDS IF ANY - 1. Impact of inflation and escalation in operating expenses. 2. Since the issuance of the tariff order, inflation has significantly increased the cost of: 3. Preventive and corrective maintenance. 4. Security arrangements. 5. Spare parts and replacement equipment. 6. Insurance premiums. 7. Statutory compliance expenses. 8. Skilled manpower costs. 9. Solar Panels were purchased before the GST was reduced to 5% Ground-level implementation challenges not considered in tariff calculations. During implementation, developers faced several challenges which were not envisaged during tariff determination, including: Delays in approvals and permissions. Delay in providing COD and billing start date after the successful synchronization and injection of power to TGSPDCL grid. Difficulties in obtaining evacuation infrastructure. Coordination issues with multiple agencies. Delays associated with first-time implementation of PM-KUSUM projects in	increases during implementation, tariff determination is based on normative cost parameters and overall market trends rather than individual project-specific expenditures. The present petition has been filed considering the reduction in GST rates in project cost parameters, particularly the decline in major capital cost components, which have improved overall project economics. With regard to implementation challenges, approval delays, evacuation-related issues, synchronization, COD declarations, billing commencement, and other project-specific execution matters, the same are distinct from the issue under consideration in the present petition. Similarly, grid outages, feeder interruptions, maintenance shutdowns, and utility-side constraints are governed by the provisions of the PPA and applicable regulations. Accordingly, TGDSCOMs respectfully submit that the present petition seeks to ensure that tariffs remain aligned with prevailing market conditions and that the benefits arising from reduced GST are appropriately passed on to consumers, while the impact of project-specific circumstances, if any, are in the purview of the Hon'ble Commission based on the facts of each case.

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	Telangana. Additional expenses incurred for compliance with local requirements and utility conditions. These costs were unavoidable and directly increased project expenditure. Grid outages and failures reduce generation despite plant availability. A major issue faced by SPGs is the occurrence of grid failures and outages during solar generation hours. Although the generating plant remains available, energy injection is restricted due to: Grid interruptions. Feeder outages. Maintenance shutdowns. Utility-side operational constraints. These events result in loss of generation for reasons entirely beyond the control of SPGs. Our humble request to take necessary steps to ensure long-term sustainability of PM-KUSUM Component-A projects and protect investments already made by SPGs. We trust that the Hon'ble Commission and MNRE will consider the genuine concerns of Solar Power Generators and take an equitable decision in the interest of renewable energy development and investor confidence.	
13	Response to query by a) Sri. Dodda Srujan Reddy (S.No. 179) b) Sri. Lankala Vijaykumar (S.No. 183) c) Sri. Lankala Sainath Reddy (S.No. 187) d) Sri. Balla Ravindranath (S.No. 190) e) Sri. Mokurala Krishna (S.No. 196) f) Sri Venkesteswara Solar Energy Power Generator (S.No. 214)	

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	I most respectfully request the Hon'ble Commission to reject the proposed tariff reduction and, instead, consider an upward revision of the tariff in view of the present economic realities. My objections are as follows: 1. Assurance of Fixed Tariff for 25 Years Before execution of the Power Purchase Agreement (PPA), awareness meetings were conducted by officials of TGREDCO and the DISCOMs. During these meetings, all participating farmers were categorically assured that the tariff of 3.13 per unit would remain fixed for the entire 25-year PPA period. Pamphlets confirming this assurance were also distributed to the farmers. Based on this assurance, we invested substantial amounts and entered into the PPA. Any reduction at this stage would defeat the legitimate expectations created by the authorities. 2. Significant Increase in Overall Project Cost While GST represents only a minor component, the overall cost of establishing solar power projects has increased substantially. The prices of solar modules, mounting structures, transformers, cables, steel, civil works, labour, transportation, and other infrastructure have all risen significantly. Accordingly, financial institutions have sanctioned loans based on current project costs, which is 9.30crores for a 2 MW project. Reducing the tariff would severely affect the financial viability of the project and make repayment of bank loans extremely difficult. 3. Land Value Has Not Been Considered The value of our own agricultural land, which has been dedicated for the establishment of the solar power plant, was not considered while determining the project cost and tariff. Since the land is a valuable capital contribution made by the farmer, we respectfully request the Hon'ble Commission to consider this factor and direct the DISCOMS to suitably enhance the tariff. 4. Legal and Regulatory Principles The Hon'ble Supreme Court, various High Courts, and several State Electricity Regulatory Commissions have consistently emphasized the importance of	1. TGDISCOMs respectfully submit that the tariff of ₹3.13/kWh was determined by the Hon'ble Commission. The present petition has been filed within the applicable contractual and regulatory framework in view of reduction in GST rates. Accordingly, the determination of the applicable tariff remains within the jurisdiction of the Hon'ble Commission. 2. TGDISCOMs respectfully submit that while certain project cost components may have witnessed increases during implementation, tariff determination is based on normative cost parameters and overall market trends rather than individual project-specific costs, loan sanctions, or financing arrangements. Further, the reduction in GST rates have contributed to improved project economics. 3. TGDISCOMs respectfully submit that the tariff determined by the Hon'ble Commission is based on approved normative parameters applicable uniformly to all projects. Therefore, project-specific land value cannot form the basis for tariff revision. 4. TGDISCOMs respectfully submit that the PPAs executed between DISCOMs and SPGs contain provisions relating to "Change in Law" and operate within the applicable

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	honoring executed Power Purchase Agreements and maintaining regulatory certainty. Retrospective reduction of tariff after execution of PPAs adversely affects investor confidence, project viability, and the credibility of Government-supported renewable energy programmes. 5. Protection of PM-KUSUM Objectives The PM-KUSUM Scheme was introduced to provide farmers with a stable and long-term source of income while promoting clean and renewable energy. Farmers participating in this scheme have invested their lands, financial resources, and borrowed capital based on Government assurances. A reduction in tariff would not only jeopardize individual projects but also discourage future participation in renewable energy initiatives. We are proud partners in the vision of Hon'ble Prime Minister Shri Narendra Modi for the development of Green Energy in India and contributors to the Net-Zero goals of the Government of Telangana. We continue to support the State DISCOMs by supplying reliable, clean, and decentralized solar power. Prayer In view of the above facts and circumstances, I most respectfully pray that the Hon'ble Commission may kindly: 1. Reject the proposal to reduce the tariff from Rs. 3.13/kWh to Rs. 2.98/kWh. 2. Continue the existing tariff of Rs. 3.13/kWh without any reduction. 3. Our land has completely gone into this project, and we were promised Rs. 3.13 for the entire 25 years. However, in reality, even Rs. 3.13 would fall short for the maintenance of the project. Therefore, it would be more appropriate if the tariff is increased to Rs. 4 per unit. 4. Protect the legitimate interests of PM-KUSUM farmers and uphold the sanctity of the commitments made at the time of execution of the PPA. I shall remain grateful for your kind consideration.	regulatory framework. The present petition has been filed in accordance with these provisions and seeks consideration of the impact by the Hon'ble Commission. 5. TGDISCOMs respectfully submit that while PM-KUSUM aims to support farmers and promote decentralized renewable energy generation, tariff determination is required to balance the interests of developers and consumers. The present petition seeks to ensure that tariffs remain aligned with appropriately passing on the benefits arising to the consumers.
14	Response to query by a) Sri. Katpalli Deepika Reddy (S.No. 180)	

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	b) Sri. Katpally Narender Reddy (S.No. 182)	
	1. Tariff determined through a regulatory process The tariff of 3.13/kWh was approved by the Hon'ble Commission and formed the basis for investment decisions, financial closure, and project execution. Any retrospective reduction would adversely affect the financial viability of projects already established based on the approved tariff. 2. Significant increase in project costs Since issuance of the PPA, project costs have substantially increased due to: * Increase in solar module prices. * Increase in copper, steel, aluminium, and electrical equipment costs. * Supply-chain disruptions caused by international conflicts and global market conditions. * Higher transportation and logistics expenses. * Increased interest burden on project loans. 3. GST reduction benefit does not represent total project cost While GST on certain solar components has been reduced, overall project costs have increased substantially. The GST reduction alone does not offset the escalation in material, financing, and construction costs incurred by developers. 4. Impact on bankability Banks sanctioned loans based on the approved tariff of ₹3.13/kWh. Any reduction in tariff after project implementation may affect debt servicing capability and create financial stress for project developers.	1. TGDISCOMs respectfully submit that the tariff of ₹3.13/kWh was determined by the Hon'ble Commission. The present petition has been filed within the applicable contractual and regulatory framework in view of reduction in GST rates. Accordingly, the determination of the applicable tariff remains within the jurisdiction of the Hon'ble Commission. 2. TGDISCOMs respectfully submit that while certain project cost components may have witnessed increases during implementation, tariff determination is based on normative cost parameters and overall market trends rather than individual project-specific costs, loan sanctions, or financing arrangements. Further, the reduction in GST rates have contributed to improved project economics. 3. TGDISCOMs submit that the present petition is based on reduction in GST rates. The proposal considers the overall reduction in project costs and favourable developments in key project cost components, and seeks to ensure that the benefits arising therefrom are appropriately passed on to consumers. 4. TGDISCOMs respectfully submit that financing arrangements, lending rates, debt servicing obligations, and loan structures are project-specific commercial decisions between developers and their lenders. Tariff

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	5. Legitimate expectation of investors Developers invested crores of rupees relying on the tariff approved by the Commission. Revising the tariff downward after investments have been made would adversely impact investor confidence in renewable energy projects in Telangana. 6. Request for continuation of existing tariff Considering the increase in project costs and the commitments already undertaken by SPGs, the tariff of ₹3.13/kWh should be continued for all existing PPAs executed under PM-KUSUM Component-A. Prayer In view of the facts stated above, I humbly request the Hon'ble Commission. 1. Reject the proposal for reduction of tariff from ₹3.13/kWh to 2.98/kWh for existing PM-KUSUM Component-A projects. 2. Continue the approved tariff of ₹3.13/kWh for all existing PPAs. 3. Consider the substantial increase in project costs and protect the financial viability of solar power generators. Thanking you.	determination is based on normative financing assumptions and regulatory principles rather than individual financing arrangements adopted by specific developers. 5. TGDISCOMs respectfully submit that the PPAs executed between DISCOMs and SPGs contain provisions relating to “Change in Law” and operate within the applicable regulatory framework. The present petition has been filed in accordance with the provisions under PPA. 6. TGDISCOMs respectfully submit that the present petition seeks to align the tariff while ensuring that the benefits arising from reduced project costs are appropriately passed on to consumers and that the financial viability of projects is not impacted.
15	Response to query by Junnuthula Raji Reddy (S.No. 181)	
	We hereby submit our strong objection to the above-mentioned petition filed by TGDISCOMs seeking a downward revision of the prefixed levelized tariff. Our grounds of opposition are as follows: 1. TARIFF DETERMINATION CANNOT BE BASED SOLELY ON GST REDUCTION:	1. TGDISCOMs respectfully submit that the present petition is based on the reduction in GST rates. The proposal takes

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	The proposed reduction is premised entirely on the GST rate revision from 12% to 5% as recommended by the 56th GST Council Meeting held at New Delhi in September 2025. A tariff is a composite financial instrument and must be evaluated holistically, taking into account all input cost components - not a single tax parameter in isolation. Selectively applying only, the benefit of GST reduction while ignoring cost escalations on other fronts is arbitrary, unjust, and contrary to the spirit of the change-in-law clause itself. 2. SIGNIFICANT INCREASE IN PROJECT COSTS DUE TO GLOBAL CONFLICTS: 'Ongoing geopolitical conflicts and supply chain disruptions worldwide have caused a steep and sustained increase in the cost of critical project components, including: - Solar PV panel costs - Module mounting structures - Transformers and electrical equipment - Transportation and logistics charges - Civil and erection labour costs These cost escalations far outweigh any savings arising from the GST rate reduction, making a downward tariff revision economically unsound and unjustifiable. 3. RISING BANK INTEREST RATES THREATEN PROJECT VIABILITY: The current macroeconomic environment indicates a trend of rising bank interest rates, which directly increases the cost of debt financing for solar projects. A reduced tariff of Rs. 2.98/kWh, combined with higher financing costs, will render the projects financially unviable for farmers and small landholders. This contradicts the very objective of the PMKUSUM Scheme, which aims to empower farmers through sustainable and financially viable solar energy generation. 4. REQUEST FOR UPWARD REVISION OF TARIFF TO Rs.3.35/kWh:	into consideration of favourable developments in major capital cost components, particularly solar modules, which have resulted in improved project economics. Accordingly, the tariff seeks to align the tariff and ensure that the benefits arising from reduced project costs are appropriately passed on to consumers. 2. TGDISCOMs submit that while certain project cost components may have witnessed temporary increases due to global market conditions and supply chain disruptions, tariff determination is based on overall market trends and normative cost parameters rather than individual project-specific cost variations. The overall project economics are required to be considered holistically, including reductions in GST rates and major capital cost components. 3. TGDISCOMs respectfully submit that financing arrangements, lending rates, debt servicing obligations, and loan structures are project-specific commercial decisions between developers and their lenders. Tariff determination is based on normative financing assumptions and regulatory principles rather than individual financing arrangements adopted by specific developers.

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	In view of the above, we respectfully urge the Hon'ble Commission to not only reject the proposed downward revision but to undertake a comprehensive cost-benefit review. Considering the actual increase in all input costs, we request that the prefixed levelized tariff be revised upward from Rs. 3.13/kwh to Rs. 3.35/kwh to ensure fair and equitable returns for Solar Power Generators. 5. FARMER WELFARE AND SCHEME SUSTAINABILITY AT RISK: Farmers who have invested in or are planning to invest under PMKUSUM Component-A are dependent on assured tariff income for loan repayments and operational sustainability. Any reduction in tariff will not only impose a financial burden on participating farmers but may also deter future participation, thereby undermining the national renewable energy goals. In light of the above, we strongly urge the Hon'ble Commission to dismiss the petition filed by TGDISCOMs and consider a fair revision that accurately reflects the ground realities of project economics. We request an opportunity to present our detailed cost analysis before the Commission if required.	4. TGDISCOMs respectfully submit that the request for enhancement of tariff is not justified in view of the reduction in GST rates and favourable developments in project cost parameters. The present petition seeks alignment of tariff with prevailing market conditions. 5. TGDISCOMs submit that PM-KUSUM aims to promote decentralized renewable energy generation and support farmer participation. However, tariff determination is required to balance the interests of both project developers and electricity consumers. Accordingly, the present petition seeks to ensure that the benefits arising from GST reduction are appropriately shared with consumers while maintaining the financial viability of the projects.
16	Response to query by Primary Agricultural Cooperative Society, Choppadandi (S.No. 192)	
	The Primary Agricultural Cooperative Society Ltd., Choppadandi, representing farmer members and rural stakeholders, hereby submits its strong objections to the Interlocutory Application filed by TGDISCOMs seeking reduction of the pre-fixed levelized tariff from ₹3.13/kWh to ₹2.98/kWh under Component-A of the PM-KUSUM Scheme. At the outset, the Society strongly opposes the proposed tariff reduction and submits that the same is unjustified, detrimental to rural cooperative institutions, and liable to be rejected. 1. Adverse Impact on Financial Sustainability of PACS The Society and its members have undertaken solar power projects based on the assured tariff of ₹3.13/kWh. These projects involve:	1. TGDISCOMs respectfully submit that the investments made, financing arrangements, loan liabilities, and financial

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	• Substantial capital investment • Institutional borrowings and loan liabilities • Long-term financial commitments Any reduction in tariff at this stage will: • Disturb financial projections • Affect loan servicing capacity • Lead to financial instability of cooperative institutions 2. Inadequate Justification under “Change in Law” The proposed reduction citing GST revision is not tenable, as: • The marginal benefit of GST reduction is outweighed by significant increase in capital costs • Prices of solar modules, inverters, steel, and other materials have substantially escalated • “Change in Law” provisions are intended to protect developers, not reduce their returns 3. High Cost of Financing for Cooperative Sector Unlike large developers, PACS: • Depend on commercial bank financing at higher interest rates • Do not have access to low-cost institutional or international funding The reduced tariff will: • Erode repayment capacity • Increase financial burden on cooperative institutions • Affect creditworthiness of PACS 4. Escalation in O&M and Rural Infrastructure Costs Solar projects established in rural areas incur: • High land development and site preparation costs • Expenses for grid connectivity and infrastructure • Recurring O&M costs including water, labour, and security These costs have increased considerably and are not reflected in the proposed tariff.	projections of PACS and individual developers are project-specific commercial considerations. Tariff determination is undertaken based on normative cost parameters and prevailing market conditions rather than individual financing structures or repayment obligations. 2. TGDISCOMs respectfully submit that the present petition has been filed in view of the reduction in GST rates. Further, the PPAs contain provisions relating to “Change in Law”, including changes in taxes and duties having a direct impact on project costs. 3. TGDISCOMs submit that lending rates, debt servicing obligations, financing arrangements, and availability of credit are project-specific matters between borrowers and financial institutions. Tariff determination is based on normative financing parameters and not on individual borrowing costs of specific entities or institutions. 4. TGDISCOMs respectfully submit that while certain O&M and infrastructure-related costs may have witnessed increases, such costs cannot be viewed in isolation without considering the reduction in GST rates and favourable developments in major capital cost components, particularly solar modules.

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	5. Violation of Regulatory Certainty The tariff of ₹3.13/kWh was a pre-determined levelized tariff, forming the basis for investment decisions. Any revision: • Undermines regulatory stability and certainty • Negatively impacts investor confidence • Discourages participation of cooperative institutions in renewable energy projects 6. Against the Objectives of PM-KUSUM Scheme The PM-KUSUM scheme aims to: • Strengthen rural economy • Provide sustainable income to farmers • Promote decentralized renewable energy The proposed tariff reduction: • Adversely affects farmer income • Discourages cooperative participation • Undermines the objectives of the scheme Prayer In view of the above, the Society humbly requests the Hon'ble Commission to: 1. Reject the petition filed by TGDISCOMs for reduction of tariff to ₹2.98/kWh; 2. Retain the existing tariff of ₹3.13/kWh for all approved and ongoing projects; and 3. Consider upward revision of tariff, if deemed appropriate, taking into account prevailing market conditions, cost escalation, and financial realities of rural cooperative institutions. Conclusion The proposed tariff reduction is detrimental to the interests of PACS and farmer stakeholders. It is therefore requested that the Hon'ble Commission take a considerate view and safeguard the viability of cooperative solar projects by rejecting the proposed reduction.	5. TGDISCOMs respectfully submit that the PPAs executed between DISCOMs and SPGs operate within the PPA and contain provisions relating to "Change in Law". The present petition has been filed in accordance with the provisions of the PPA. 6. TGDISCOMs respectfully submit that PM-KUSUM aims to promote decentralized renewable energy generation and support farmer participation. At the same time, tariff determination is required to balance the interests of generators and consumers. The present petition seeks to align the tariff and ensure that the benefits arising from reduced GST are appropriately passed on to consumers while maintaining project viability.
17	Response to query by M/s Prudhvi Power Projects (S.No. 193)	

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	At the outset, we respectfully submit that the existing tariff of ~3.13/kWh was determined after considering the prevailing project economics and has formed the basis on which numerous farmers across Telangana invested substantial financial resources for establishing decentralized solar power plants under the PM-KUSUM Scheme. These investments were made by pledging agricultural lands, arranging institutional finance, and committing long-term resources based on the tariff approved by the Hon'ble Commission. The proposed reduction appears to be based primarily on the reduction in GST applicable to certain solar equipment. However, the overall project economics cannot be assessed by considering GST alone. While there has been some reduction in GST, almost every other component of project cost has increased significantly over the years. Since the implementation of the Scheme, there has been a steep increase in labour wages, transportation charges, logistics costs, insurance premiums, interest on loans, operation and maintenance expenses, security arrangements, statutory compliance costs, replacement of electrical equipment, and various incidental expenditures. Further, the ongoing global geopolitical conflicts and supply-chain disruptions have resulted in increased prices of electrical equipment, cables, transformers, steel structures, electronic components, and spare parts. These increases have substantially offset any financial benefit arising from GST reductions. Further, PM-KUSUM Solar Power Generators continue to face several operational challenges beyond their control, including: • Scheduled and unscheduled feeder shutdowns. • Transformer failures. • Grid outages and transmission interruptions. • Evacuation constraints. • Voltage fluctuations and line faults. • Maintenance shutdowns by DISCOMs. • Delays in restoration of supply after faults. In addition, rural transmission infrastructure frequently suffers accidental damage due to tractors, harvesters, agricultural machinery, livestock movement, road widening works, heavy rains, cyclones, thunderstorms, and other natural or	TGDISCOMs respectfully submit that the tariff was determined based on the cost parameters and market conditions prevailing at the relevant time. Subsequently, there has been a reduction in significant decline in major capital cost components, particularly solar module prices, resulting in improved project economics and warranting a review of the tariff. The contention regarding increase in project costs due to escalation in certain materials, transportation, financing, and other expenses relates to project-specific circumstances. Tariff determination, however, is based on normative cost parameters and overall market trends rather than individual project costs or financing arrangements. It is submitted that the increase in expenses relating to maintenance, security, insurance, manpower, spare parts, and statutory compliances are normal business and operational considerations and do not outweigh the significant reduction in upfront project costs that has improved the overall economics of solar power projects. Further, recent solar tariffs discovered through competitive bidding have shown consistent year-on-year decline, indicating reduction in overall project costs. TGDISCOMs submit that, this petition is an attempt to pass on the benefits to the consumers while ensuring that the financial

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	human-induced causes. Such interruptions result in significant generation losses and corresponding loss of revenue to the farmers without any compensatory mechanism. It is also pertinent to submit that PM-KUSUM projects do not enjoy any annual tariff escalation despite continuous inflation and rising operational costs. Consequently, the real value of the tariff diminishes every year while operating expenses continue to increase. In these circumstances, reducing the tariff would impose an additional financial burden on farmers and adversely affect the long-term viability of the projects. The PM-KUSUM Scheme is not merely a power procurement programme. It is a flagship initiative of the Government of India aimed at providing assured supplementary income to farmers, promoting decentralized renewable energy generation, improving rural livelihoods, reducing dependence on conventional energy sources, and strengthening the rural economy. Therefore, tariff determination should consider these larger policy objectives in addition to procurement cost alone. The Hon'ble Commission has consistently upheld the principles of regulatory certainty and investor confidence. Farmers participated in the Scheme based on the tariff approved by the Commission and had a legitimate expectation that the approved tariff would provide stable returns over the project period. Any reduction after investments have already been made would weaken confidence in Government-sponsored renewable energy programmes and discourage future investments in decentralized clean energy projects. It is further submitted that the proposed reduction of ~0.15 per unit may appear nominal from the perspective of the procuring utilities; however, over the 25-year project Life, it would result in a substantial reduction in farmers' income. The cumulative loss to thousands of PM-KUSUM beneficiaries would far outweigh the limited financial benefit that may accrue to the DISCOMs. It is also relevant to note that farmers continue to bear the risks associated with operation and maintenance, equipment failures, security of installations, natural calamities, and generation Losses arising from grid-related issues, while receiving no additional compensation for such risks. The present tariff only provides a reasonable opportunity to recover investment and sustain project	viability of the projects are not adversely impacted.

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	operations.	
18	Response to query by Sri. Katla Jayendar (S.No. 194)	
	As per the public notice issued by the Telangana Electricity Regulatory Commission (TGERC), we humbly submit our objections to the proposal to reduce the unit tariff from <3.13 to <2.98 citing a reduction in GST. The unit price is clearly specified as <3.13 in the Power Purchase Agreement (PPA) executed between us. Once a PPA comes into effect, unilaterally reducing the unit price to <2.98, contrary to the existing rules and guidelines, is not only unjust but also legally untenable. It is true that the GST on certain solar equipment has been reduced to 5%. However, at the same time, the costs of solar equipment, other raw materials, transportation, labor wages, finance costs, and other construction expenses have increased significantly. To illustrate this steep escalation in expenses, please take the following price increases from 2021 to the present into consideration: Copper: The price was approximately <360 /kg in 2021; today it has increased to <1 ,300 /kg. Aluminum: The price was <170 / kg in 2021; today it is approximately <450 / kg. Transmission Line (with Bay Extension): The cost per kilometer was <5,00,000 in 2021; today it has surged to <10,00,000. Steel (for Solar Construction): The price was <70,000 per ton in 2021; in the current year, it stands at <1,40,000 per ton. Silver (used in Solar Panels): The price was <60,000 in 2021; it is now approximately <2,45,000. Foreign Exchange Rate: The overall construction cost of a solar plant is heavily dependent on the US Dollar. The USD exchange rate was <74 in 2021, whereas it is approximately <94 today.	TGDISCOMs respectfully submit that the tariff of ₹3.13/kWh was determined earlier based on the prevailing capital cost, financing assumptions, and project risks, ensuring reasonable returns to developers. While this provided stability, it is also within the terms and conditions of PPA under “Change in Law” provision and regulatory scope of the Hon’ble Commission to revisit tariffs when there is a material shift in cost conditions. TGDISCOMs submit that, subsequent to tariff determination, there has been a reduction in GST rates and a broader decline in capital costs, especially in solar modules. As a result, developers are currently realizing higher returns than originally envisaged. Accordingly, the present petition seeks to ensure that such accrued financial benefits are equitably passed on to end consumers, in line with regulatory principles. While some material costs have increased, this does not reflect the overall scenario. A major cost component, solar modules, has reduced significantly and GST reduction, which combinedly outweighs these increases. Also, recent solar tariffs discovered through competitive bidding have been reducing year after year, which clearly shows that overall project costs have come down. While tariff certainty is important, it must be balanced with the need to ensure that tariffs remain fair and reflective of current

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	Therefore, the reduction in GST has not decreased the project cost; in reality, the overall expenditure has drastically increased. Beneficiaries have made investments, taken bank loans, and established these projects based on the <3.13 unit price mentioned in the PPA. Reducing the tariff now will severely damage the financial viability of the projects and cause grave injustice to the beneficiaries. Taking the current project costs into consideration, we humbly request you to increase the tariff from the existing <3.13 per unit rather than decreasing it.	market conditions. A revision in line with cost reductions supports regulatory prudence and consumer interest, without compromising project viability. TGDISCOMs submit that the PPAs executed b/w DISCOM and developers contain a “Change in Law” provision in clause 13.1.1.e mentions as under <i>“any change in the rates of any Taxes including any duties and cess or Introduction of any new tax made applicable for setting up the power project and supply of power from the Power project by the SPG Which have a direct effect on the Project.”</i> The above provision enables adjustments where there is a material impact on project cost. TGDISCOMs submit that the proposed revision is based on updated cost conditions, including reduction in GST and overall capital costs, which has improved project returns beyond original projections. The revision aims to align tariffs with current cost realities, while ensuring project viability, fair sharing of additional gains with consumers, and achievement of scheme objectives.
19	Response to query by a. Sri. Peddolla Sriram Reddy (S.No. 198) b. Sri. B. Sudharshan Reddy (S.No. 217)	
	1.The objector participated in PM-KUSUM and planned the project based on the tariff approved by this Hon'ble Commission. Project implementation, loan arrangements and investment decisions were undertaken relying upon the existing tariff framework.	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

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	2. At the time of original tariff determination during 2021, the applicable GST on solar equipment was 5%. At present also, the GST applicable has effectively returned to the same level. Therefore, reduction in GST does not create any new financial advantage compared to the original tariff assumptions. 3. While GST may presently be at the same level as considered earlier, the overall project cost has increased substantially over the years. The cost of major project materials including modules, structures, electrical equipment, cables, transformers, erection activities and associated infrastructure has increased approximately by 25% to 30%. 4. A considerable amount of time has been lost in obtaining loan approvals from banks and financial institutions. Farmers faced repeated procedural requirements, technical scrutiny and financial compliance before sanction of loans. 5. In addition to financing delays, substantial time and expenditure were incurred for obtaining Right of Way (ROW) clearances and completion of evacuation line works between the Solar Power Generator and Sub-station. 6. Many project developers and farmers were required to spend significant additional amounts for ROW settlements, permissions, line completion and associated field-level execution. 7. Operation and Maintenance (O&M) expenditure assumed at the time of tariff determination no longer reflects practical conditions. O&M expenses including security, vegetation clearing, inverter servicing, preventive maintenance, insurance, manpower and periodic replacement costs have increased by approximately 25% to 30%. 8. Therefore, any perceived benefit arising from present GST conditions is substantially offset by increased EPC costs, O&M expenditure, financing costs, implementation delays and operational expenses.	determined by the Hon'ble Commission. Subsequent to the tariff order, the reduction in GST on renewable energy devices with effect from 22.09.2025 constitutes a "Change in Law" event under the relevant provisions of the Power Purchase Agreements. The Central Electricity Regulatory Commission, in its suo motu Order dated 04.11.2025 in Petition No. 13/SM/2025, has also recognized the said GST reduction as a Change in Law event in accordance with the PPA provisions. The benefit arising from the reduction in GST shall be passed on to the consumers through the Change in Law mechanism, thereby ensuring that the benefit reaches the consumers while the financial viability of the projects is not adversely impacted.

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	9. Most of the projects have already obtained bank sanctions based on the approved tariff of 23.13/kWh and corresponding projected cash flows. 10. If tariff is reduced at this stage: (a) loan repayment schedules may become unviable; (b) banks may insist upon additional margin contribution; (c) sanctioned loan amounts may be reassessed or reduced; (d) debt servicing capability of farmers may be adversely affected. 11. Farmers have already invested substantial time and financial resources and have undertaken contractual and financing obligations. Any reduction after such commitments would create serious financial hardship. 12. Synchronisation, operation and long-term maintenance of solar plants have become increasingly challenging due to increase in implementation and recurring expenditure. 13. Further, PM-KUSUM projects are based on Distributed Energy Resources (DER), which provide multiple long-term benefits to DISCOMS including: (a) reduction in transmission losses; (b) localised generation and improved grid support; (c) reduced requirement of large transmission infrastructure; (d) supply closer to agricultural load centres; and (e) improvement in overall energy security and system efficiency. 14. Therefore, PM-KUSUM projects create long-term operational and economic benefits for DISCOMS in addition to supporting farmers. 15. Reduction of tariff at this stage may discourage future participation by farmers and adversely affect implementation of decentralized renewable energy programmes. PRAYER	

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	In view of the above submissions, it is respectfully prayed that this Hon'ble Commission may be pleased to: a) Reject the proposal seeking reduction of tariff from 3.13/kWh to 2.98/kWh; b) Continue the existing pre-fixed levelized tariff under PM-KUSUM Component-A; c) Consider actual implementation challenges, increased EPC cost, O&M escalation, financing delays and ROW-related expenditure incurred by farmers; d) Protect financial viability of already sanctioned and ongoing projects; and e) Pass such other order(s) as deemed fit and proper in the interest of justice.	
20	Response to query by a) Sri. Bokka Sunil Reddy (S.No. 199) b) Sri Bokka Kavitha Reddy (S.No. 202)	
	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 an upward revision considering the substantial increase in project costs and financial burden since the tariff was determined in January 2021. Therefore, I request you to consider all these factors and increase the levelized tariff.	TGDISCOMs submit that the present petition has been filed in view of the reduction in GST rates. Further, the PPAs contain provisions relating to "Change in Law", including changes in taxes and duties having a direct impact on project costs. In view of above, the present petition seeks to align the tariff and ensure that the benefits arising from reduced GST are appropriately passed on to consumers while maintaining project viability
21	Response to query by a) Sri. V. Subbaiah Choudary (S.No. 200) b) Sri. Mathukumilli Surya (S.No. 252)	
	We respectfully submit the following objections to the proposal seeking reduction of the tariff applicable to PM-KUSUM Solar Power Projects from 3.13/kWh to 2.98/kWh.	TGDISCOMs respectfully submit that the present petition is based on the reduction in GST rates. The proposal has been made considering the overall project economics, including reduction in GST rates and decline in major capital cost

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	The tariff of 3.13/kWh was determined by the Hon'ble Commission through its Order dated 02.01.2021 after considering the prevailing project economics and capital cost assumptions. Acting upon the said tariff determination, we executed KUSUM-A PPAs Nos. 145/2025-26 dated 20.06.2025 with TGSPDCL and proceeded with the implementation of our 2 MW (AC) Solar Power Project. The entire project-including procurement of equipment, execution of contracts, financial closure, bank borrowings, construction and commissioning-was undertaken based on the approved tariff of 3.13/kWh. The executed Power Purchase Agreement is founded upon this tariff, and all commercial and financial decisions were taken in good faith relying on the Commission's determination. The present petition seeks to reduce the tariff solely on the basis of GST-related changes in solar module prices. With utmost respect, this approach is technically, economically and regulatorily unsustainable. Tariff determination for a solar power project is based on the overall capital cost of the project together with financing assumptions, debt-equity ratio, return on equity, depreciation, operation and maintenance expenses and plant performance. GST applicable to solar modules represents only one element of the project cost and cannot be viewed in isolation. Further, solar modules constitute only about 45% of the total capital cost of a PM-KUSUM solar project. The remaining project cost comprises mounting structures, inverters, transformers, HT equipment, AC and DC cables, aluminium conductors, switchgear, civil works, evacuation infrastructure, labour, transportation and financing costs. Since the tariff was determined in 2021, the actual cost of establishing solar projects has increased substantially due to inflation, supply chain disruptions and global market conditions. During project implementation, we experienced significant increases in: • Solar module prices (approximately 2-3/Wp during the procurement period); • Inverter prices due to appreciation of the US Dollar; • Steel, aluminium and copper prices; • Transformer and transformer oil costs;	components, particularly solar modules. TGDISCOMs further submit that tariff determination is based on normative cost parameters and overall market trends rather than individual project-specific expenditures, financing arrangements, procurement schedules, EPC contracts, loan obligations, or commercial commitments. While certain project cost components may have witnessed increases during implementation, the overall project economics are required to be assessed holistically, considering both cost escalations and reductions in major cost elements. 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 within the applicable contractual and regulatory framework and seeks consideration of the impact of such changes by the Hon'ble Commission. TGDISCOMs respectfully submit that the issues relating to financing, debt servicing, cash flow projections, and commercial viability are project specific and Tariff determination is based on overall market scenario, which has been considered by Hon'ble commission while determining tariffs. Further, if any developer contends that the benefit of GST reduction was not available due to prior procurement commitments or project-specific circumstances, the same may be considered by the Hon'ble Commission based on the facts and merits of the individual case.

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	Switchgear and electrical equipment costs; • AC/DC cables and 11 kV conductor costs; • Labour and transportation costs; and • Interest During Construction due to delays in procurement and project execution. These increases have had a far greater impact on the overall project cost than any savings arising from GST changes on solar modules. If the Commission is of the view that project economics should be revisited due to changes in one component of the capital cost, then principles of fairness, equity and sound tariff determination require that all cost variations—both increases and decreases-be considered comprehensively. A selective review that recognizes only GST-related savings while ignoring substantial increases in other project components is neither balanced nor economically justified. We also respectfully submit that the PPAs have already been executed based on the approved tariff of 3.13/kWh. The tariff forms the commercial foundation of the contractual relationship between the generators and TGSPDCL. Revising the tariff after execution of the PPAs would fundamentally alter the financial assumptions on which the projects were conceived, financed and implemented. Banks and financial institutions sanctioned project loans based on the approved tariff of 3.13/kWh and the revenue projections under the executed PPAs. Debt servicing, cash flow projections, repayment schedules, Debt Service Coverage Ratio (DSCR) and project viability were all evaluated on this basis. The projects were not financed on the assumption of a tariff of ₹2.98/kWh. Any reduction in tariff at this stage would adversely affect project viability and place an unexpected financial burden on farmers and project developers who have already invested substantial capital. More importantly, revising the tariff after farmers have acted upon the Commission's order creates regulatory uncertainty and undermines the legitimate expectations of stakeholders. The success of government-backed renewable	Accordingly, TGDISCOMs respectfully submit that the present petition seeks to align the tariff with prevailing market conditions and ensure that the benefits arising from reduced project costs are appropriately passed on to consumers while maintaining the financial viability of the projects.

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	energy programmes depends upon confidence that tariffs determined by the Commission and incorporated into executed PPAs will remain stable. Retrospective alteration of project economics would adversely affect investor confidence and discourage future participation in renewable energy initiatives. The PM-KUSUM Scheme was introduced to provide assured and sustainable income to farmers while promoting decentralized renewable energy generation. The proposed tariff reduction, if accepted, would defeat these objectives by reducing project viability after investments have already become irreversible. In view of the above, we respectfully request the Hon'ble Commission to: 1. Reject the proposal to reduce the PM-KUSUM tariff from 3.13/kWh to 2.98/kWh. 2. Uphold the sanctity of the executed Power Purchase Agreements. 3. Protect the legitimate expectations of farmers and project developers who invested based on the Commission's approved tariff. 4. Hold that any review of project economics, if considered necessary, must take into account the complete capital cost of the project and not merely the GST applicable to one component. 5. Pass such further orders as the Hon'ble Commission may deem fit in the interests of justice, equity and the successful implementation of the PM-KUSUM Scheme. We sincerely request that these objections be taken on record and duly considered during the public hearing.	