

To,
The Honorable Commission,
Telangana State Electricity Regulatory Commission

Sub: Opposition to the proposed revision of prefixed levelized tariff from Rs. 3.13/kWh to Rs. 2.98/kWh for Solar Power Generators (SPGs) under Component-A of PMKUSUM Scheme – TGNPDCL-I.A. No. 4 in O.P. No. 24 of 2020

Respected Sir/Madam,

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

- 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

- 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.

Yours faithfully,
Kosuna Venkata Narasimha Reddy PPA NO 97 Jangom District

Sent from my iPhone