

CASE UPDATE**Supreme Court Grants Interim Relief to Association of Power Producer & Other Thermal Power Producers in Challenge to NGT Order on Coal Sourcing Flexibility**

In a significant development, the Hon'ble Supreme Court on 01.09.2025, has granted interim stay on the National Green Tribunal's (NGT) judgement which quashed the key policy Office Memorandums (OMs) dated 11.11.2020 along with the amendments issued by Ministry of Environment Forest and Climate Change (MoEF&CC) that allowed thermal power plants (TPPs) flexibility in sourcing coal. The order passed in Civil Appeal Diary No. 40193/2025 secured by the Association of Power Producers (APP) on behalf of TPPs marks a critical intervention aimed at safeguarding energy security in the country.

Background

The case arises from a series of Office Memorandums issued by the MoEF&CC beginning with the OM dated 11.11.2020, and subsequent amendments dated 06.12.2023 and 07.01.2025. These OMs provided TPPs with operational flexibility to modify their coal sourcing, domestic-to-domestic, domestic-to-imported, and vice versa, without seeking a fresh Environmental Clearance (EC). This was with the condition that strict environmental safeguards were followed.

However, on 28.04.2025, NGT Southern Zone, Chennai, quashed these OMs, terming them ultra vires the Environment Impact Assessment Notification, 2006. The Tribunal held that any change in coal source constituted a material change requiring prior EC, regardless of whether pollution levels increased or remained neutral.

This decision triggered immediate concern within the power sector, as it threatened operational continuity, coal stock maintenance, and the ability to meet peak demand and Power Purchase Agreement (PPA) obligations.

Supreme Court Intervention

Challenging the NGT's ruling, multiple stakeholders, including the Association of Power Producers approached the Supreme Court. The Court noted that policy instruments impacting nationwide power operations cannot be invalidated without affording stakeholders an opportunity to present their case. Accordingly, the Hon'ble Supreme

Court was pleased to stay the NGT Judgement.

Implications

The Supreme Court's interim relief provides critical operational certainty to power producers at a time of surging demand and tight supply chains. By staying the NGT Judgement and allowing the continued application of the OMs energy security is maintained, regulatory clarity is restored and the interest of the consumer is protected.

The matter will now proceed to a detailed hearing before the Supreme Court. Until a final judgment is rendered, the interim relief ensures uninterrupted implementation of the coal-sourcing framework, preserving stability across the sector.

Click [here](#) to read the order.

Association of Power Producers was represented before the Hon'ble Supreme Court by Adv. Shryeshth R. Sharma (Senior Partner), Abhishek Nangia (Senior Associate) and Vedant Choudhary (Associate) from the SKV Law Offices team.