

**CASE UPDATE****SKV Secures Interim Relief in Telangana Power Sector Deviation Charge Dispute**

In a significant development for stakeholders in the power sector, the High Court for the State of Telangana has granted interim relief to a power generator represented by **SKV Law Offices**, reaffirming parity with prior judicial directions on the levy of periphery deviation charges, which is a regulatory mechanism that has been the subject of extensive litigation across the sector.

**Background and Context**

The controversy pertains to periphery deviation charges imposed on generating companies and distribution licensees for deviations in power drawal or injection from scheduled quantities in the grid. These charges, introduced under deviation settlement regulations, have triggered multiple challenges before the Telangana High Court. In *W.P. No. 21978 of 2024* and batch, the High Court had, by order dated 02.09.2024, directed the petitioners to deposit 50% of the impugned amount, granting protection from coercive recovery. Subsequently, the Supreme Court of India, in *SLP (C) No. 58253 of 2024* (order dated 31.01.2025; also secured by SKV Law Offices), modified the deposit requirement to 25%, balancing the equities between the utilities and the regulator.

**SKV's Submissions and Court's Observations**

When *W.P. No. 29991 of 2025* came up for hearing on **October 6, 2025**, SKV Law Offices, appearing for the petitioner, submitted that the present case was squarely covered by the earlier batch of matters. The firm sought identical interim protection and requested that the writ petition be tagged with *W.P. No. 21978 of 2024* for consistent adjudication.

Recognising the parity of issues, the Division Bench directed that the petitioner be extended the **same interim protection** as in the earlier batch. The Court also directed the respondents to file counter affidavits within four weeks and listed the matter for joint consideration with the connected petitions.

**Adjustment of Excess Deposits – Relief Secured**

A crucial issue highlighted by SKV concerned the **adjustment of excess payments** made under the earlier High Court orders. The petitioner had previously deposited 50% of the deviation charges in compliance with interim directions before the Supreme Court's modification to 25%.

Relying on the Supreme Court's order dated 26.06.2025 in *SLP (C) Diary No. 33798 of 2025*, SKV sought clarity that any amount paid in excess of 25% be allowed as **adjustment toward future liabilities**. The High Court accepted this submission and expressly held that petitioners who had deposited 50% earlier were entitled to seek adjustment of the **excess 25%**, ensuring uniformity with the apex court's directions.

**Implications for the Power Sector**

This interim relief underscores the judiciary's consistent approach in balancing regulatory enforcement with commercial viability for power sector participants. By affirming parity and permitting adjustment of excess deposits, the Telangana High Court has provided significant **financial relief and operational certainty** to generating companies and distribution licensees pending final adjudication.

The matter will now be heard along with the larger batch of petitions involving the **validity, computation, and recovery** of periphery deviation charges; issues that are expected to influence similar disputes across other jurisdictions as well.

*Neo Solren was represented before the Telangana High Court by Shri Venkatesh; Founding Partner, Priya Dhankhar; Counsel, Manav Bhatia; Associate from the SKV Law Offices team.*