

MAHARASHTRA ELECTRICITY REGULATORY COMMISSION

SKV Law Offices Secures Urgent Stay Against Bank Guarantee Encashment Before MERC

April 28, 2026, New Delhi: SKV Law Offices successfully represented Tata Power Renewable Energy Limited (“TPREL”) before the Maharashtra Electricity Regulatory Commission (“MERC”), securing urgent interim relief restraining Maharashtra State Electricity Distribution Company Limited (“MSEDCL”) from invoking the Performance Bank Guarantee, pending final adjudication of TPREL’s petition.

Background

TPREL holds a Power Purchase Agreement (“PPA”) with MSEDCL for the supply of 200 MW of solar power. While a portion of the project had already been successfully commissioned, force majeure events beyond TPREL’s control caused delays in commissioning the balance capacity. TPREL accordingly filed a petition before MERC seeking an extension of the Scheduled Commercial Operation Date (“SCoD”) and other consequential reliefs. Anticipating coercive action from MSEDCL, TPREL had also filed IA Nos. 67 and 68 of 2026 seeking urgent listing and interim relief against coercive action.

The Threat of Encashment

In the meantime, MSEDCL issued a letter/notice to invoke the Performance Bank Guarantee, citing delay in the commissioning of the project. The invocation of a bank guarantee of this magnitude would have caused immediate and irreversible financial harm to TPREL, undermining the very reliefs sought in the petition.

Swift Action by SKV Law Offices

Recognising the urgency of the situation, SKV Law Offices swiftly mentioned the matter before the Commission, demonstrating the Firm’s agility in responding to time-critical regulatory situations.

MSEDCL opposed the request for interim relief, contending that a bank guarantee is a separate and independent contract that ought not to be interfered with. SKV Law Offices, on behalf of TPREL, rejoined that the circumstances met the high threshold required for such relief, namely, the presence of egregious fraud and special equities, given that the invocation reflected a conscious and deliberate attempt to unjustly enrich MSEDCL at TPREL’s expense.

Interim Relief Granted

By its order dated 28 April 2026, MERC directed that MSEDCL shall not take any coercive action against TPREL in the interim.

Significance of the Relief

A stay against the encashment of a bank guarantee is widely recognised as one of the most exceptional and difficult reliefs to obtain in commercial and regulatory proceedings. Courts and tribunals have consistently held that bank guarantees are autonomous contracts, separate from the underlying transaction, and must ordinarily be honoured without interference.

Relief is granted in such cases only upon clear demonstration of egregious fraud or special equities, a threshold that was successfully established in this matter. The order reinforces the importance of protecting developers from coercive financial action where a genuine regulatory dispute is pending adjudication.

Team

Mr. Shri Venkatesh, Founding Partner, assisted by Mr. Suhael Buttan, Partner, Ms. Priya Dhankhar, Associate Partner, and Ms. Drishti Rathi, Associate, of SKV Law Offices, appeared for Tata Power Renewable Energy Limited.

FOR FURTHER INFORMATION PLEASE CONTACT

Kanika Chugh

MANAGING PARTNER

Kanika.chugh@skvlawoffices.com