

## CENTRAL ELECTRICITY REGULATORY COMMISSION

# SKV Law Offices Secures Rs. 650.89 Crore Interim Relief for TPCL in Mundra Section 11(2) Remand Proceedings before CERC

**April 30, 2026, New Delhi:** The Central Electricity Regulatory Commission (“CERC”) has passed its computation order dated 29.04.2026 in Petition No. 179/MP/2023 (On Remand), determining Tata Power Company Limited’s (“TPCL”) entitlement to interim relief at **Rs. 650.89 Crore** for the period from 16.04.2023 to 10.03.2025. The order brings to a close the interim relief chapter of a multi-forum litigation spanning CERC, APTEL and the Supreme Court of India, and marks a significant milestone in TPCL’s ongoing Section 11(2) proceedings.

## Background

During the domestic coal shortage of 2022–2023, the Ministry of Power issued directions under Section 11(1) of the Electricity Act, 2003, requiring generating stations, including TPCL’s Mundra Ultra Mega Power Project (formerly Coastal Gujarat Power Limited), to generate and supply electricity using imported coal in public interest. The Energy Charge Rate (ECR) notified under these directions was substantially lower than TPCL’s actual cost of generation using imported coal, resulting in a sustained and material adverse financial impact on the generator operating under statutory compulsion.

TPCL approached CERC by filing Petition No. 179/MP/2023 under Section 11(2) read with Section 79 of the Electricity Act, seeking determination of the adverse financial impact and interim financial relief pending final adjudication. The Respondents include the distribution licensees of Gujarat (GUVNL), Punjab (PSP-

CL), Maharashtra (MSEDCL), Rajasthan (AVVNL, JVVNL, JdVVNL) and Haryana (UHBVNL, DHBVNL), as well as the Union of India through the Ministry of Power.

## CERC’s Interim Order · 10.03.2025

After a detailed examination of each component of the ECR — including the FOB price of blended imported coal, GCV considerations, ocean freight and insurance, port and fuel handling charges, and taxes and duties — CERC passed its Interim Order dated 10.03.2025, granting TPCL interim relief.

The relief was structured as 50% of the differential ECR on account of the FOB price of coal between TPCL’s computation (per the methodology in CERC’s earlier order dated 03.01.2023 in Petition No. 128/MP/2022) and the rate determined by the MoP-appointed Committee. CERC further directed transportation charges and coal handling charges to be allowed as per the PPA, after adjustment for amounts already recovered at the Committee rate.

## APTEL Judgment · 31.10.2025

Multiple procurers — GUVNL, PSPCL and the Rajasthan Discoms — challenged the Interim Order before APTEL. By its judgment dated 31.10.2025 in Appeal Nos. 122, 129 and 169 of 2025, APTEL:

- Upheld CERC’s jurisdiction to grant interim relief under Section 94(2) in proceedings under Section 11(2);
- Declined to interfere with the interim relief granted by CERC, noting that the FOB price effectively adopted by

CERC (USD 84.90/MT) was in fact lower than even GUVNL's own computation of the FOB price (USD 85.37/MT);

- Identified a limited patent error in the treatment of 7 CFR-basis shipments in November 2023 that had been incorrectly treated at their CFR value rather than converted to FOB; and
- Passed an order of limited remand directing CERC to recompute TPCL's entitlement strictly in accordance with the methodology in the Interim Order, after hearing parties, without reopening the merits. APTEL also directed TPCL to furnish unconditional bank guarantees for the entire recomputed amount, with the Respondents required to make payment within two weeks of receipt of the guarantees.

### **Supreme Court · 16.01.2026**

GUVNL and PSPCL challenged the APTEL judgment before the Supreme Court of India. The Supreme Court dismissed both Civil Appeals on 16.01.2026, declining to interfere with the APTEL judgment. The interim recovery mechanism, together with the safeguards of bank guarantees and carrying cost undertakings, was accordingly allowed to continue pending final adjudication before CERC.

### **Remand Proceedings & CERC's Computation Order · 29.04.2026**

Pursuant to the APTEL remand, CERC heard detailed submissions from both sides on the methodology for computation. The central disputes in the remand proceedings were:

- Whether CFR/CIF-procured coal should be converted to FOB price (as argued by the Respondents) or whether the CIF price should be taken directly (as argued by TPCL relying on the 03.01.2023 order);
- What freight and insurance rate should be used for such conversion — the Clarkson / S&P Platts / Argus index, or the PPA freight rate; and
- The overall methodology for computing TPCL's monthly entitlement in terms of the Interim Order.

#### **ISSUE I — FOB VS. CFR/CIF BASIS**

CERC held that the Interim Order's reference to the FOB price, and not the CFR/CIF price, governs the computation. Since the Section 11(1) directions impacted the FOB price of imported coal only — with other components such as freight, insurance and handling charges governed by the PPA — the CFR/CIF price of coal must be converted to FOB basis for the purpose of computing the interim relief.

#### **ISSUE II — FREIGHT AND INSURANCE FOR CONVERSION**

CERC held that the freight and insurance charges to be adjusted from the CFR/CIF price for deriving FOB should be the quoted freight and insurance rate as per the PPA applicable to the year under consideration, and not any external freight index. This approach avoids the distortion that would arise from the large variation observed across freight indices.

#### **ISSUE III — METHODOLOGY FOR MONTHLY ENTITLEMENT**

CERC laid down the complete methodology for working out the monthly entitlement:

- The FOB Price for each shipment is determined as the lower of the actual FOB price (or the CFR/CIF price less quoted freight/insurance per the PPA, as applicable) and the corresponding HBA(HPB) Index price for the relevant GCV;
- The admissible interim FOB price is then arrived at as the Committee's FOB price (adjusted pro-rata for actual GCV) plus 50% of the positive difference between the actual FOB price and the Committee's price, i.e.,  $P3 + (P1 - P3)/2$ ;
- The CIF price is computed by adding back quoted freight and insurance per the PPA to the admissible FOB price;
- The Landed Price of Coal is worked out by adding port handling charges and applicable taxes and duties to the CIF price;
- The Energy Charge Rate (ECR<sub>i</sub>) is computed using the standard formula applied to the Landed Price of Coal and the operational parameters determined in the Interim Order; and
- The net monthly entitlement is  $(ECR_i - ECR_c) \times \text{Scheduled Energy}$ , after excluding the mining profit considered by the Committee.

## Mining Profit

On mining profit, CERC adopted an equitable approach: the mining profit as computed by TPCL is taken as the base, and 50% of the differential between TPCL's and GUVNL's mining profit figures is additionally deducted, mirroring the treatment adopted for the FOB price differential, with the final determination deferred to the main order.

## Outcome

Applying this methodology across the entire period from 16.04.2023 to 10.03.2025, CERC computed the total entitlement of interim relief at **Rs. 650.89 Crore** — marginally lower than TPCL's own billed amount of Rs. 676.50 Crore, primarily because TPCL had applied the 50% haircut to the entire differential ECR (including freight, handling charges, and taxes and duties) rather than to the FOB price component alone as intended by the Interim Order.

The difference is therefore largely a function of methodology, and APTEL itself had noted the restrained and equitable nature of TPCL's claim. TPCL is directed to furnish unconditional bank guarantees from a scheduled bank for the entire computed amount, along with undertakings to pay carrying cost to each Respondent for the period from receipt of payment until final disposal of the main petition. The main Section 11(2) petition remains pending before CERC for final adjudication, where issues of mining profit, coal premium and other deferred components will be conclusively determined.

## Representation

SKV Law Offices represented TPCL throughout these proceedings before CERC, led by Shri Venkatesh (Founding Partner), assisted by Shryeshth Ramesh Sharma (Senior Partner), Ashutosh K. Srivastava (Partner), Aashwyn Singh (Senior Associate) and Devishi Gupta (Associate).

FOR FURTHER INFORMATION PLEASE CONTACT

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