

COURT-1

IN THE APPELLATE TRIBUNAL FOR ELECTRICITY  
(Appellate Jurisdiction)

OP No. 1 OF 2025 & IA No. 1403 OF 2025 & IA No. 1404 OF 2025 & IA  
No. 1532 OF 2025 & IA No. 1610 OF 2025 & IA No. 1747 OF 2025

**Dated: 9th December, 2025**

Present : Hon`ble Mr. Justice Ramesh Ranganathan, Chairperson  
Hon`ble Mr. Ajay Talegaonkar, Technical Member (Electricity)

In the matter of:

In Suo-Motu action under Section 121 of the EA ..... Petitioner(s)  
Versus

Forum of Regulators & Ors. .... Respondent(s)

Counsel on record for the Petitioner(s) : Anushree Bardhan  
Shikha Ohri  
for App. 1

Counsel on record for the Respondent(s) : Poorva Saigal  
Shubham Arya  
Pallavi Saigal  
Reeha Singh  
Rishabh Saxena  
Harshvardhan Singh  
Shirin Gupta  
for Res. 1

C.K. Rai  
Shiva Singh  
Anuradha Roy  
Vinay Kumar Gupta  
for Res. 2

C.K. Rai  
for Res. 3

Anand K. Ganesan  
Swapna Seshadri  
Utkarsh Singh  
Sneha Singh Baghel  
for Res. 4

M. T. George  
for Res. 5

Sahil Chandra  
for Res. 6

Ravi Kishore  
for Res. 7

Rutwik Panda  
Anshu Malik  
for Res. 8

Gargi Kumar  
for Res. 9

Dhananjay Baijal  
for Res. 10

Pratibhanu Singh Kharola  
for Res. 11

Sethu Ramalingam  
S. Shivshankari  
for Res. 12

Pradeep Misra  
for Res. 13

C.K. Rai  
Shiva Singh  
Anuradha Roy  
Vinay Kumar Gupta  
for Res. 14

Somanadri Goud Katam  
for Res. 15

Shlok Chandra  
for Res. 16

Suparna Srivastava  
for Res. 17

Mandakini Ghosh  
for Res. 18

Gaichangpou Gangmei  
Arjun D Singh

Yimyanger Longkumer  
Maitreya Mahaley  
for Res. 19

Aishwarya Subramani  
Harsha V Rao  
Anand K. Ganesan  
for Res. 20

Suriti Chowdhary  
Anuj Bhawe  
Abiha Zaidi  
Pritam Raman Giriya  
for Res. 21

Mandakini Ghosh  
for Res. 22

Anish Roy  
for Res. 23

Farrukh Rasheed  
for Res. 24

Rohini Prasad  
for Res. 25

Sriram Krishna  
Anupama Dhurve  
for Res. 26

Shri Venkatesh  
Suhael Buttan  
Nihal Bhardwaj  
Abhishek Nangia  
Kartikay Trivedi  
Surbhi Kapoor  
Shivam Kumar  
Punyam Bhutani  
Nikunj Bhatnagar  
Tarang Saraogi  
Ananya Dutta  
Shryeshth Ramesh Sharma  
Kanika Chugh  
Priya Dhankar  
Mohit Mansharamani  
Mohit Gupta  
Indu Uttara  
Harsh Vardhan

Vedant Choudhary  
Adarsh Singh  
Drishti Rathi  
Ashutosh Kumar Srivastava  
Akash Lamba  
Siddharth Nigotia  
Vineet Kumar  
Manu Tiwari  
Kunal Veer Chopra  
Tanishka Khatana  
Aashwyn Singh  
Aniket Kanhaua  
Manav Bhatia  
for Res. 27

C.K. Rai  
Anuradha Roy  
Vinay Kumar Gupta  
Shiva Singh  
for Res. 28

Surabhi Pandey  
for Res. 29

Abiha Zaidi  
Suriti Chowdhary  
Pritam Raman Giriya  
Anuj Bhawe  
for Res. 30

Vishrov Mukerjee  
Janmali Gopal Rao Manikala  
Nishtha Kumar  
Yashaswi Kant  
Pratyush Singh  
Damodar Solanki  
Priyanka Vyas  
Juhi Senguttuvan  
Anumeha Smiti  
Garima Adlakha  
Sai Snigdha Nittala  
Snehal Upadhyay  
for Res. 31

Amit Kapur  
Anupam Varma  
Rahul Kinra  
Aditya Gupta  
Aditya Ajay

Girdhar Gopal Khattar  
Isnain Muzamil  
Adamya Ojha  
Yash Srivastava  
Vaibhav Sharma  
for Res. 32

Amit Kapur  
Anupam Varma  
Rahul Kinra  
Aditya Gupta  
Aditya Ajay  
Girdhar Gopal Khattar  
Isnain Muzamil  
Adamya Ojha  
Yash Srivastava  
Vaibhav Sharma  
for Res. 33

Shri Venkatesh  
Shryeshth Ramesh Sharma  
Kanika Chugh  
Ashutosh Kumar Srivastava  
Suhael Buttan  
Nihal Bhardwaj  
Surbhi Kapoor  
Adarsh Singh  
Siddharth Nigotia  
Manu Tiwari  
Abhishek Nangia  
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Mohit Mansharamani  
Akash Lamba  
Shivam Kumar  
Kartikay Trivedi  
Aashwyn Singh  
Mohit Gupta  
Harsh Vardhan  
Aniket Kanhaa  
Ananya Dutta  
Indu Uttara  
Priya Dhankar  
Vineet Kumar  
Tanishka Khatana  
Nikunj Bhatnagar  
Kunal Veer Chopra  
Punyam Bhutani  
Vedant Choudhary  
Tarang Saraogi

Manav Bhatia  
Drishti Rathi  
for Res. 34

Shri Venkatesh  
Shryeshth Ramesh Sharma  
Kanika Chugh  
Ashutosh Kumar Srivastava  
Suhael Buttan  
Nihal Bhardwaj  
Surbhi Kapoor  
Adarsh Singh  
Siddharth Nigotia  
Manu Tiwari  
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Mohit Mansharamani  
Akash Lamba  
Shivam Kumar  
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Aashwyn Singh  
Mohit Gupta  
Harsh Vardhan  
Aniket Kanhaui  
Ananya Dutta  
Indu Uttara  
Priya Dhankar  
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Nikunj Bhatnagar  
Kunal Veer Chopra  
Punyam Bhutani  
Vedant Choudhary  
Tarang Saraogi  
Manav Bhatia  
Drishti Rathi  
for Res. 35

Shri Venkatesh  
Shryeshth Ramesh Sharma  
Kanika Chugh  
Ashutosh Kumar Srivastava  
Suhael Buttan  
Nihal Bhardwaj  
Surbhi Kapoor  
Adarsh Singh  
Siddharth Nigotia  
Manu Tiwari  
Abhishek Nangia  
Mohit Mansharamani

Shivam Kumar  
Akash Lamba  
Kartikay Trivedi  
Aashwyn Singh  
Mohit Gupta  
Harsh Vardhan  
Aniket Kanhausa  
Ananya Dutta  
Indu Uttara  
Priya Dhankar  
Vineet Kumar  
Tanishka Khatana  
Nikunj Bhatnagar  
Kunal Veer Chopra  
Punyam Bhutani  
Vedant Choudhary  
Tarang Saraogi  
Manav Bhatia  
Drishti Rathi  
for Res. 36

Shri Venkatesh  
Shryeshth Ramesh Sharma  
Kanika Chugh  
Ashutosh Kumar Srivastava  
Suhael Buttan  
Nihal Bhardwaj  
Surbhi Kapoor  
Adarsh Singh  
Siddharth Nigotia  
Manu Tiwari  
Abhishek Nangia  
Mohit Mansharamani  
Shivam Kumar  
Akash Lamba  
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Mohit Gupta  
Harsh Vardhan  
Aniket Kanhausa  
Ananya Dutta  
Indu Uttara  
Priya Dhankar  
Vineet Kumar  
Tanishka Khatana  
Nikunj Bhatnagar  
Kunal Veer Chopra  
Punyam Bhutani  
Vedant Choudhary

Tarang Saraogi  
Manav Bhatia  
Drishti Rath  
for Res. 37

S. Vallinayagam  
for Res. 38

## **ORDER**

### **1. TAMIL NADU ELECTRICITY REGULATORY COMMISSION (TNERC): R-12.**

Pursuant to the directions issued in the order dated 02.12.2025, the Secretary, TNERC is personally present before this Tribunal. An additional affidavit is also filed by him with respect to the two issues highlighted in the order dated 02.12.2025.

The first issue relates to carrying cost on the unliquidated regulatory assets. We had, in our earlier order dated 02.12.2025, observed that the justification put forth by TNERC, for not providing carrying cost, was that the entire loss of the distribution licensee was being borne by the Govt of Tamil Nadu; the order of the Supreme Court dated 06.08.2025 obligated the TNERC to compute carrying cost on the unliquidated regulatory assets as on 01.04.2024; and the question whether the State Govt. had wiped out the losses of the distribution utility was wholly extraneous to such an exercise, which the TNERC was obligated to undertake and did not absolve them of their obligation to compute carrying cost and recover carrying cost till the regulatory assets, as on 01.04.2024, were liquidated in its entirety.

In the affidavit dated 06.12.2025, a provisional road-map is furnished for recovery of the unliquidated regulatory asset along with carrying cost at an assumed rate of 10% per annum by way of tariff revision in the MYT order for period commencing from FY 2027-28 to FY 2030-31, if the Govt of Tamil Nadu does not keep its commitment for

funding the process. As noted in our earlier order dated 01.12.2025, while Section 65 of the Electricity Act enables the State Govt to provide subsidy, the Regulatory Commission is not absolved of its obligations to compute carrying cost, on the unliquidated regulatory assets, on the specious plea that the Govt of Tamil Nadu is funding the entire losses of the utility. Other than Section 65 of the Electricity Act which enables the State Govt. to provide subsidy, that too in advance, there is no other provision in the Electricity Act, which requires the Commission (an independent Regulator) to refrain from discharging its statutory obligations of determining tariff and liquidating the regulatory assets along with carrying cost, on the premise that the State Government is bearing the losses of the utility (a company wholly owned by it).

While the provisional road-map, detailed in the affidavit now filed by the Secretary of the TNERC, provides for carrying cost at an assumed rate of 10% per annum, the order of the Supreme Court dated 28.10.2025 required the existing regulatory assets to be liquidated within a maximum of 7 years as provided in Rule 23 of the Electricity Amendment Rules 2024. The 3<sup>rd</sup> Proviso to Rule 23 of the Electricity Rules 2005, as amended on 11.01.2024, stipulates that any gap between the approved annual revenue requirement and the estimated annual revenue from the approved tariff existing on the date of notification of these Rules, along with carrying cost at the base rate of late payment surcharge as specified in the Electricity (late payment surcharge and related matters) Rules 2022, as amended from time to time, shall be liquidated in a maximum of 7 number of equal yearly instalments starting in the next financial year.

In other words, the exercise of liquidation should commence from the financial year after the amendment came into force on 11.01.2024, ie. from the tariff year 2024-25 (from 01.04.2024 onwards) along with

carrying cost. As noted herein above, the entitlement for carrying cost on the unliquidated regulatory asset is specified in the 3<sup>rd</sup> proviso to Rule 23 of the Electricity Rules (compliance of which is mandated by the Order of the Supreme Court dated 28.10.2025), and requires carrying cost, at the base rate of late payment surcharge as specified in the Electricity (late payment surcharge and related matters) Rules 2022, to be provided on the unliquidated regulatory assets, till the regulatory assets as on 01.04.2024 are liquidated in its entirety.

Mr. P. Wilson, Learned Senior Counsel appearing on behalf of the TNERC, would however submit that, while Rule 23 of the Electricity Rules may apply to a private distribution licensee, it would not apply to a State Govt. utility more so a State utility which is completely funded by grants provided by the State Govt. We must express our inability to agree. The 3<sup>rd</sup> proviso to Rule 23 of the Electricity Rules does not make any such distinction. It requires carrying cost to be paid in terms of what is stipulated as the base rate for late payment surcharge under the Electricity (late payment surcharge and related matters) Rule 2022, as amended from time to time, for the unliquidated regulatory assets, be it to a private distribution licensee or to a distribution licensee which is a State Govt utility.

The order of the Supreme Court dated 06.08.2025, as modified by the order dated 28.10.2025, does not also permit any such deviation. The TNERC shall, therefore, compute carrying cost in terms of the directions issued by the Supreme Court in its order dated 28.10.2025, and in terms of the 3<sup>rd</sup> proviso to Rule 23 of the Electricity Rules 2005. They shall file a compliance affidavit in this regard by the next date of hearing.

In so far as appointment of an auditor is concerned, the affidavit filed by the Secretary of the TNERC states that, if the deputation of the audit party on the recommendation of the Accountant General is not done on or before 16.12.2025, the TNERC undertakes to float a notice inviting tender from eligible Chartered Accountants/auditing firms with pan India presence for conducting the intensive audit, and complete the exercise of appointment of the auditor by the 3<sup>rd</sup> week of January, 2026. Since the Commission has itself stipulated the deadline as 16.12.2025 (which is just a week from today), it would suffice to direct the TNERC to file an affidavit, before the next date of hearing regarding compliance with the directions of the Supreme Court with respect to appointment of an auditor to conduct the intensive audit.

The presence of the Secretary of the Commission is dispensed with.

Let the matter be listed on **16.01.2026**.

## **2. JHARKAND STATE ELECTRICITY REGULATORY COMMISSION (JSERC): R-25**

Let the matter be listed on **11.12.2025**.

Ajay Talegaonkar  
Technical Member (Electricity)

Justice Ramesh Ranganathan  
Chairperson

sk/mkj