

COURT-1

IN THE APPELLATE TRIBUNAL FOR ELECTRICITY
(Appellate Jurisdiction)

APL No. 75 OF 2025 & IA No. 157 OF 2025 & IA No. 193 OF 2025

Dated: 6th May, 2026

Present : Hon`ble Ms. Seema Gupta, Officiating Chairperson
Hon`ble Mr. Virender Bhat, Judicial Member

In the matter of:

Shree Renuka Sugars Limited Appellant(s)
Versus
Karnataka Electricity Regulatory Commission & Ors. Respondent(s)

Counsel on record for the Appellant(s) : Prerna Priyadarshini
Kush Chaturvedi
Syed Faraz Alam
Atharva Gaur
Aayushman Aggarwal
Shaurya Gupta for App. 1

Counsel on record for the Respondent(s) : for Res. 1

Sumana Naganand
Garima Jain
Tushar Kanti Mohindroo
Nidhi Gupta
Arnav Khanna
Vismaya Simha for Res. 2 to 6

ORDER

IA NO.157 OF 2025
(For interim relief)

Mr. Buddy A Ranganadhan, learned senior counsel appearing on behalf of the Appellant has drawn our attention to Govt. order dated

16.10.2023 passed by Govt. of Karnataka under Section 11 of the Electricity Act, 2003 whereby it has been stated that ESCOMs shall pay tariff to the generators at the rate of Rs.4.86 per unit provisionally subject to approval of the same by the Commission. When the Discoms approached the Commission for approval of the said tariff by way of various petitions i.e.- O.P. No. 29 of 2023 & batch, the impugned order was passed by the Commission whereby the Commission fixed the weighted average rate for market rate of Rs.4.85 per unit purportedly to offset the adverse financial impact of the generators caused by the direction issued under Section 11(1) of the Electricity Act, 2003. The Commission has also directed the deduction of trading margin and other expenses of 10 paise per unit thereby reducing the actual tariff payable to the generators to Rs.4.75 per unit.

It is the submission of the learned senior counsel for the Appellant that the mandate for the Commission was only to approve the tariff fixed by the Govt. under Section 11(1) of the Electricity Act, 2003., in terms of the Govt. Order dated 16.10.2023 and the Commission ought not to have fixed the tariff much lower than that fixed in the said Govt. order. He has also drawn our attention to Section 11(2) to canvass that any order passed thereunder must be to the benefit of the generators to offset adverse financial impact upon them and not to their prejudice.

Learned senior counsel would further submit that the impugned order passed by the Commission is prima facie perverse and cannot be sustained and urged us to stay its operation till the appeal is finally heard. He would also submit that the prayer of the ESCOMs too before the Commission was to fix tariff @ Rs.4.86 per unit.

Learned senior counsel appearing for ESCOMs would refute the submission of the appellant's counsel. He submitted that it was not obligatory upon by the Commission to approve the tariff fixed by the Govt. vide order dated 16.10.2023 and the Commission was free to assess & determine tariff afresh without being influenced by the State Govt. Order. Learned Senior Counsel further submits that the contentions raised on behalf of the appellants in this appeal are contrary to the order dated 23.07.2024 passed by Karnataka High Court in W.P. No.1509 of 2024. He has taken us through the said order passed by Karnataka High Court.

We are prima facie unable to countenance the submissions made on behalf of the ESCOMs. It is for the reason that once the Govt. had fixed tariff of Rs.4.86 per unit in the order dated 16.10.2023 which was to be approved by the Commission and once the ESCOMs also had prayed before the Commission for tariff @ Rs.4.86 per unit, it was not open to the Commission to fix a tariff which is lower than the said tariff. This is clearly to the pre-judice of the generators and thus, in contravention the provision under Section 11(2) of the Electricity Act, 2003 which is extracted herein below :-

“The Appropriate Commission may offset the adverse financial impact of the directions referred to in sub-section (1) on any generating company in such manner as it considers appropriate”.

It is evident that while fixing the tariff in the impugned order, the Commission was dutybound to offset the adverse financial impact or

prejudice caused to the generators by the Govt. order and hence, ought not to have determined tariff which is much lower than was sought for by the ESCOMs and lower than the tariff which was fixed by the Govt. in the order dated 16.10.2023.

Be that as it may, the issue requires a detailed discussion and deliberation.

However, in view of the above discussion, we are prima facie of the opinion that the impugned order needs to be stayed. Accordingly, we stay the operation of the impugned order till the disposal of the instant appeal. Accordingly, the generators would not be liable to refund any amount to the ESCOMs during the pendency of the instant appeal, as directed by the Commission in the impugned order.

At the request of the learned senior counsel for the ESCOMs, we may make it clear that we are staying the impugned order only qua the appellant in the present appeal.

We also add that the observations hereinabove are limited to the disposal of the instant interim application and shall not, in any manner, affect the final decision in the Appeal.

With these directions, IA is disposed of.

IA NO.193 OF 2025
(*For impleadment/intervention*)

Learned senior counsel for the Appellant submits that nothing survives in this application. The IA stands disposed of accordingly.

APL No. 75 OF 2025

Learned senior counsel for the parties submit that pleadings are complete, Registry to verify the same and let this Appeal be included in the ***'List of Finals of Court I'*** to be taken up from there, in its turn.

Virender Bhat
Judicial Member

Seema Gupta
Officiating Chairperson

Pr/kns