



**ARUNACHAL PRADESH STATE ELECTRICITY
REGULATORY COMMISSION**

Order on Petition

for

True Up for FY 2024-25,

APR for FY 2025-26,

ARR & Tariff for FY 2026-27

For

Department of Power,

Government of Arunachal Pradesh

Issued on 31-03-2026

Arunachal Pradesh State Electricity Regulatory Commission

अरुणाचल प्रदेश राज्य विद्युत नियामक आयोग

2nd floor, O.T. BUILDING, T.T. MARG, NITI VIHAR

MARKET ITANAGAR-791111

Website: www.apserc.nic.in

THIS SPACE IS INTENTIONALLY LEFT BLANK



Arunachal Pradesh State Electricity Regulatory Commission (APSERC)

Itanagar, Arunachal Pradesh

Petition No.: TP -10 of 2025

In the matter of:

Approval of ARR for True up of FY 2024-25, APR for FY 2025-26 and ARR & Tariff for FY 2026-27.

In the matter

Department of Power, Government of Arunachal Pradesh (APDOP) ----- **Petitioner**

CORAM:

Shri R. K. Joshi, Chairperson

Shri Nich Rika, Member (Law)

ORDER

(Passed on 31st March, 2026)

1. The Commission in exercise of the powers vested in it under Section 62(1)(d) read with Section 62(3) and Section 64 (3)(a) of the Electricity Act, 2003 and APSERC (Multi Year Tariff) Regulations, 2018 & APSERC (Multi Year Tariff) Regulations, 2024 and other enabling provisions in this regard, issues this order, determining the True up for FY25, APR for FY 26, ARR & Retail Tariff for FY27 for supply of electricity by the Department of Power, Arunachal Pradesh (APDOP) to the consumers of electricity in the state of Arunachal Pradesh.
2. The MYT Regulations, 2018 and 2024 state that the Distribution Licensee shall file the tariff petition for a FY, complete in all respects, along with requisite fee as prescribed in the APSERC (Fees) Regulations, 2025 and amendments thereof on or before 30th November of the preceding year. Hence, the tariff petition for the FY 2026-27 has to be filed by the Licensee on or before 30/11/2025. APDOP filed the Petition before the Commission on 26/11/2025. The Commission after initial scrutiny admitted the petition on 02/12/2025.
3. This order consists of ten chapters that includes detailed analysis of the True up of FY 2024-25, APR for FY 2025-26 & ARR & Retail Supply Tariff Rates for FY 2026-27.



Secretary

State Electricity Regulatory Commission
Arunachal Pradesh

4. While issuing the order on petitions the Commission has taken into consideration of the following:
 - (a) Audited accounts of FY 2024-25 which have been verified by M/s Gadly Shaw and Associates.
 - (b) Provisions of APSERC (Multi Year Tariff) Regulations,2018.
 - (c) Provisions of APSERC (Multi Year Tariff) Regulations,2024
 - (d) Multiyear Tariff Order dated 26.03.2025
 - (e) Documents and information submitted by the Petitioner.
5. The Commission directs the licensee to publish the order in three leading newspapers, in English having wide circulation in the State within 7 days of the issue of this Tariff Order. The publication shall include a general description of the tariff and its effect on the various classes of consumers. Further, the Commission directs the Licensee to take all necessary steps for implementation of this order so that the energy bills are prepared accordingly, strictly in terms of the approved tariff and tariff schedule approved by the Commission.
6. The directives contained in the Chapter-10 should be strictly adhered to and compliance thereof, as desired by the Commission must be placed before it within the stipulated time by APDOP.
7. This retail tariff order shall be effective from 01/04/2026 and shall remain in force till 31/03/2027, unless amended or revised.

Date: 31/03/2026

Place: Itanagar

**Sd/-
Shri Nich Rika,
Member (Law)**

**Sd/-
Shri R. K. Joshi
Chairperson**


Secretary

Table of Contents

CHAPTER 1: INTRODUCTION	1
1.1. ARUNACHAL PRADESH STATE ELECTRICITY REGULATORY COMMISSION	1
1.2. FUNCTIONS OF THE STATE COMMISSION	1
1.3. ARUNACHAL PRADESH - GEOGRAPHICAL REALITY	2
1.4. ARUNACHAL PRADESH DEPARTMENT OF POWER	2
1.5. ADMISSION OF PETITION AND HEARING PROCESS	2
1.6. PUBLIC RESPONSE TO THE TARIFF PETITION:	3
1.7. LAYOUT OF THE ORDER.....	3
CHAPTER 2: SUMMARY OF THE PETITION.....	5
2.1 POWER SUPPLY POSITION	5
2.2 SUMMARY OF THE PETITION: AGGREGATE REVENUE REQUIREMENT	8
2.3 TARIFF- EXISTING VS PROPOSED FOR FY 2026-27	8
2.4 PRAYER OF PETITIONER	9
CHAPTER 3: PUBLIC CONSULTATION PROCESS.....	10
3.1 PUBLIC HEARING	10
CHAPTER 4: TRUE UP OF FY25 & APR FOR FY 2026.....	61
4.1 NUMBER OF CONSUMERS AND SALES	61
PETITIONERS SUBMISSION	61
COMMISSIONS ANALYSIS.....	64
4.2 POWER PROCUREMENT QUANTUM AND COST.....	68
PETITIONERS SUBMISSION	68
COMMISSIONS ANALYSIS.....	71
A) INTER & INTRA-STATE TRANSMISSION CHARGES ALONG WITH NERLDC FEES AND OTHER CHARGES-	
COMMISSION'S ANALYSIS	78
4.3 LOSSES: AT&C LOSS	79
PETITIONERS SUBMISSION	79
COMMISSIONS ANALYSIS.....	80
4.4 ENERGY REQUIREMENT AND AVAILABILITY.....	85
PETITIONERS SUBMISSION	85
COMMISSIONS ANALYSIS.....	85
4.5 OPERATIONS AND MAINTENANCE (O&M) EXPENSES	87
PETITIONERS SUBMISSION	87
COMMISSIONS ANALYSIS.....	88
4.6 DEPRECIATION	92
PETITIONERS SUBMISSION	92
COMMISSIONS ANALYSIS.....	92
4.7 INTEREST ON LOAN AND FINANCE CHARGES	92
PETITIONERS SUBMISSION	92
COMMISSIONS ANALYSIS.....	93
4.8 INTEREST ON WORKING CAPITAL.....	93
PETITIONERS SUBMISSION	93
COMMISSIONS ANALYSIS.....	93
4.9 RETURN ON EQUITY	93
PETITIONERS SUBMISSION	93
COMMISSIONS ANALYSIS.....	93
4.10 PROVISIONS FOR BAD AND DOUBTFUL DEBTS	93
PETITIONERS SUBMISSION	93
COMMISSIONS ANALYSIS.....	94
4.11 RENEWABLE PURCHASE OBLIGATION	94
PETITIONERS SUBMISSION	94

COMMISSIONS ANALYSIS.....	94
4.12 ANNUAL LICENSE FEE AND TARIFF APPLICATION FEE FOR DEEMED DISTRIBUTION LICENSEE – COMMISSION'S ANALYSIS.....	95
4.13 NON-TARIFF INCOME	95
PETITIONERS SUBMISSION	95
COMMISSIONS ANALYSIS.....	96
4.14 REVENUE FROM SALE.....	96
PETITIONERS SUBMISSION	96
COMMISSIONS ANALYSIS.....	96
4.15 ARR FOR FY 2024-25 & FY 2025-26 AND REVENUE GAP.....	98
PETITIONERS SUBMISSION	98
COMMISSIONS ANALYSIS.....	98
CHAPTER 5: ANALYSIS OF ARR FOR FY2026-27	101
5.1 NUMBER OF CONSUMERS AND SALES	101
PETITIONERS SUBMISSION	101
COMMISSIONS ANALYSIS.....	104
5.2 LOSSES: AT&C LOSS	105
PETITIONERS SUBMISSION	105
COMMISSIONS ANALYSIS.....	106
5.3 POWER PROCUREMENT QUANTUM AND COST FOR FY 2026-27	106
PETITIONERS SUBMISSION	106
COMMISSIONS ANALYSIS.....	109
5.4 ENERGY REQUIREMENT AND AVAILABILITY	112
PETITIONERS SUBMISSION	112
COMMISSIONS ANALYSIS.....	113
5.5 OPERATION AND MAINTENANCE (O&M) EXPENSES.....	114
PETITIONERS SUBMISSION	114
COMMISSIONS ANALYSIS.....	115
5.6 DEPRECIATION	117
PETITIONERS SUBMISSION	117
COMMISSIONS ANALYSIS.....	118
5.7 INTEREST ON LOAN AND FINANCE CHARGES	118
PETITIONERS SUBMISSION	118
COMMISSIONS ANALYSIS.....	118
5.8 INTEREST ON WORKING CAPITAL.....	118
PETITIONERS SUBMISSION	118
COMMISSIONS ANALYSIS.....	119
5.9 RETURN ON EQUITY	119
PETITIONERS SUBMISSION	119
COMMISSIONS ANALYSIS.....	119
5.10 PROVISIONS FOR BAD AND DOUBTFUL DEBTS	119
PETITIONERS SUBMISSION	119
COMMISSIONS ANALYSIS.....	119
5.11 RENEWABLE PURCHASE OBLIGATION	119
5.12 ANNUAL LICENSE FEE AND TARIFF APPLICATION FEE	120
PETITIONERS SUBMISSION	120
COMMISSIONS ANALYSIS.....	120
5.13 NON-TARIFF INCOME	120
PETITIONERS SUBMISSION	120
COMMISSIONS ANALYSIS.....	121
5.14 REVENUE FROM SALE OF POWER.....	121
PETITIONERS SUBMISSION	121
COMMISSIONS ANALYSIS.....	121
5.15 ARR FOR FY 2026-27	122
PETITIONERS SUBMISSION	122

COMMISSIONS ANALYSIS.....	123
CHAPTER 6: TARIFF FOR FY2026-27	124
6.1 RETAIL TARIFF PROPOSAL FOR FY 2026-27	124
PETITIONERS SUBMISSION	124
COMMISSIONS ANALYSIS.....	128
6.2 REVENUE FROM TARIFF	132
6.3 INTRODUCTION OF GREEN TARIFF.....	135
6.4 TARIFF FOR EV CHARGING STATION	137
6.5 TIME OF THE DAY TARIFF	139
6.6 CROSS SUBSIDY	140
CHAPTER 7: DETERMINATION OF WHEELING CHARGES.....	142
7.1 WHEELING CHARGES	142
CHAPTER 8: TARIFF DESIGN AND TARIFF PHILOSOPHY	144
8.1 TARIFF PHILOSOPHY	144
8.2 TARIFF CATEGORIES	146
8.3 TARIFF RATES	147
CHAPTER 9: COMPLIANCE OF EARLIER DIRECTIVES.....	149
CHAPTER 10: DIRECTIVES	154
10.1 REDUCTION OF AT&C LOSSES	154
10.2 METERING OF UNMETERED CONNECTION AND REPLACEMENT OF FAULTY METERS.....	154
10.3 LOAD FORECASTING AND POWER PROCUREMENT PLANNING	154
10.4 CONSUMER CATEGORY RATIONALIZATION.....	154
10.5 SECURITY DEPOSIT AND INTEREST ADJUSTMENT.....	154
10.6 STRENGTHENING BILLING AND COLLECTION EFFICIENCY.....	155
10.7 ACCIDENT REPORTING AND COMPLIANCE.....	155
SCHEDULE – I: TARIFF SCHEDULE	156
CATEGORY -1: NON- COMMERCIAL CONSUMERS (DOMESTIC).....	156
CATEGORY -2 COMMERCIAL CONSUMERS (NON-INDUSTRIAL)	156
CATEGORY - 3 PUBLIC LIGHTING AND WATER SUPPLY CONSUMERS	157
CATEGORY - 4 AGRICULTURAL CONSUMERS.....	157
CATEGORY - 5 INDUSTRIAL CONSUMERS.....	158
CATEGORY - 6 BULK MIXED CONSUMERS.....	158
CATEGORY - 7 TEMPORARY CONSUMERS.....	159
SCHEDULE – II: MISCELLANEOUS CHARGES.....	160
SCHEDULE – III: GENERAL CONDITIONS OF SUPPLY.....	164
ANNEXURE I PUBLICATION OF ABRIDGED FORM OF THE PETITION BY THE PETITIONER	166
ANNEXURE-II PUBLIC NOTICE ON THE PETITION BY THE COMMISSION.....	167
ANNEXURE-III LIST OF ATTENDEES IN THE PUBLIC HEARING DATED 23.01.2026.....	168
ANNEXURE IV RPO COMPLIANCE STATUS FOR FY 2024-25.....	169
ANNEXURE V SUBMISSION OF PUBLIC COMMENTS & REPLY OF PETITIONER	194
ANNEXURE VI DETAILS OF GRANT RECEIVED FROM GOAP FOR FY 2024-25	261

List of Tables

Table 1 Details of Newspaper for publication of abridged form of Petition by the Petitioner	3
Table 2: Aggregate Revenue Requirement, Income and Revenue Gap in Existing tariff - Petitioner's Submission (₹ in Cr).....	8
Table 3: Proposed Tariff for FY 2026-27 - Petitioner's Submission (₹ in Cr).....	9
Table 4 Number of consumer & Sales (MU) as submitted by the Petitioner for FY 2024-25	61
Table 5 Number of Consumers as estimated by the Petitioner for FY 2025-26.....	62
Table 6 Energy Sale (MU) within the state for FY2025-26 as estimated by the Petitioner	63
Table 7 Consumer & Sales in actuals from FY 2019 to FY 2025 of the Petitioner.....	65
Table 8 Number of Consumers(Nos) & Sales (MU) as approved by the Commission for FY 2024-25	66
Table 9 CAGR computed by the Commission considering last 5 years actual value.....	67
Table 10 No of Consumers & Sales(MU) approved by the Commission for FY 2025-26	68
Table 11 Sources of Power from Central Generating Station as submitted by the Petitioner	69
Table 12 Sources of Power within the state as submitted by the Petitioner	69
Table 13 Details of Power received from other sources as submitted by the Petitioner	70
Table 14 Total Power received by Petitioner from all sources	71
Table 15 Other charges as submitted by the Petitioner(Rs.Cr)	71
Table 16 Analysis of Power procured and free power received by the Petitioner (MU) for FY25(actuals)	72
Table 17 Power Purchase Quantum (MU) and Cost(Rs.Cr) incurred by Petitioner for FY25(actuals)	73
Table 18 Power Purchase Quantum (MU) and Cost (Rs. Cr) as approved by the Commission for FY25	75
Table 19 Power Purchase Quantum(MU) & Cost(Rs.Cr) as approved by the Commission for FY26... ..	77
Table 20 Transmission charges and other charges approved by the Commission (Rs.Cr)	78
Table 21 AT&C loss projection as submitted by the Petitioner	79
Table 22 Revised RDSS loss trajectory as submitted by the Petitioner	80
Table 23 Unmetered Connection as per Energy Audit report for FY 2024-25 submitted by the Petitioner	83
Table 24 Status of Unmetered Connection as submitted during 8 th SAC Meeting by the Petitioner	83
Table 25 Approved AT&C loss trajectory for FY 2024-25 & FY 2025-26.....	85
Table 26 Net Energy Input Calculation as submitted by the Petitioner.....	85
Table 27 Approved Net Input Energy for FY 2024-25 & FY 2025-26.....	86
Table 28 Total number of employees as submitted by the Petitioner	87
Table 29 O&M expenses as submitted by the Petitioner	87
Table 30 O&M expenses as submitted by the Petitioner as actuals (Rs.Cr)	90
Table 31 Weightage of each component wrt total O&M Expense (%).....	91
Table 32 O&M Expense per consumer of the Petitioner (Rs/Consumer)	91
Table 33 O&M expense as approved by the Commission for FY25 & FY26(Rs.Cr).....	92
Table 34 RPO Trajectory from FY 2024-25 to FY 2029-30.....	94
Table 35 Non-Tariff Income as submitted by the Petitioner(Rs.Cr)	95
Table 36 Revenue from sale of power within the state at existing tariff submitted by the Petitioner ...	96
Table 37 Revenue from sale of power outside the state submitted by the Petitioner	96
Table 38 Revenue from Sales within the state as approved by the Commission	97
Table 39 Revenue from Sales outside the state as approved by the Commission	97
Table 40 ARR & Revenue Gap as submitted by the Petitioner for FY 2024-25 & FY 2025-26.....	98
Table 41 ARR & Revenue Gap as approved by the Commission for FY 2024-25 & FY2025-26.....	99
Table 42 No of Consumers projected by the Petitioner for FY 2026-27.....	101
Table 43 Sales (MU) projected by the Petitioner for FY 2026-27	102
Table 44 Number of Consumers and Sales approved by the Commission for FY 2026-27	104

Table 45 AT&C(%) loss projected by the Petitioner for FY 2026-27.....	105
Table 46 Approved AT&C Loss by the Commission for FY 2026-27.....	106
Table 47 Power Purchase Quantum & Cost from CGS projected by the Petitioner for FY 27.....	107
Table 48 State Sector Generation (MU) & Cost Projected (Rs.Cr)by the Petitioner for FY 2026-27.	108
Table 49 Details of Power sources projected by the Petitioner from other sources for FY2026-27.....	108
Table 50 Other Charges projected by the Petitioner for FY 2026-27(Rs.Cr).....	108
Table 51 Power Purchase Cost & Quantum approved by the Commission for FY 2026-27.....	111
Table 52 Inter&Intra State transmission charges along with NERLDC/NERPC and other charges approved by the Commission for FY 2026-27.....	112
Table 53 Net Energy (MU) Input Projected by the Petitioner for FY 2026-27.....	113
Table 54 Approved Net Input Energy (MU) for FY 2026-27.....	114
Table 55 Number of Employees Projected by the Petitioner for FY 2026-27.....	115
Table 56 O&M expense projected by the Petitioner for FY 2026-27.....	115
Table 57 O&M Expenses approved by the Commission for FY 2025-26 to FY 2029-30(Rs.Cr).....	117
Table 58 Annual License fee & Tariff Application Fee as submitted by the Petitioner (Rs.Cr).....	120
Table 59 Annual License fee & Tariff Application Fee approved by the Commission (Rs.Cr).....	120
Table 60 Non-Tariff Income submitted by the Petitioner for FY 2026-27.....	120
Table 61 Non-Tariff Income approved by the Commission for FY 2025-26 to FY 2029-30(Rs.Cr)....	121
Table 62 Revenue from sale of power submitted by the Petitioner.....	121
Table 63 Revenue from Sale of Power approved by the Commission for FY 2026-27.....	121
Table 64 ARR & Revenue Gap as submitted by the Petitioner for FY 2026-27(Rs.Cr).....	122
Table 65 ARR approved by the Commission for FY 2026-27.....	123
Table 66 Full Cost Tariff for FY 2026-27- Petitioner's Submission.....	124
Table 67 Revenue at full cost Tariff submitted by the Petitioner for FY 2026-27(Rs.Cr).....	124
Table 68 Government Grant for FY 2026-27 - Petitioner's Submission (Rs.Cr).....	125
Table 69 : Full Cost Tariff, Grant and Proposed Tariff FY 2026-27 - Petitioner's Submission (Rs.Cr).....	126
Table 70 Existing Tariff and Proposed Tariff FY 2026-27- Petitioner's Submission - (in Rs/kWh) .	127
Table 71 Gap for FY 2026-27 by the Commission.....	128
Table 72 Approved Gap between ACoS & Average Revenue Realized by the Commission from FY 2017-18 to FY 2022-23.....	128
Table 73 Employee cost wrt ARR for adjoining states.....	129
Table 74 Tariff approved by the Commission for FY 2026-27.....	131
Table 75 Revised Tariff and projected revenue for the Petitioner for FY 2026-27(Rs.Cr).....	132
Table 76 Revenue at existing Tariff Vs Revenue at ACOS & Gap to be funded as Govt grant.....	133
Table 77 Tariff for EV charging station approved by the Commission for FY 2026-27.....	139
Table 78 Allocation of expenses for Wire Business from the approved ARR for FY 2026-27(Rs.Cr)143	
Table 79: Approved Wheeling Charges for FY 2026-27.....	143
Table 80: Existing Tariff, Proposed Tariff and Approved Tariff FY 2026-27.....	147
Table 81 Compliance status of directives issued by the Commission in earlier orders.....	149

List of Abbreviations used

AGBPP	Assam Gas Based Power Plant
AGTCCPP	Agartala Gas Thermal Combine Cycle Power Plant
APDOP	Arunachal Pradesh Department of Power
APSERC	Arunachal Pradesh State Electricity Regulatory Commission
Ar.PSLDC	Arunachal Pradesh State Load Despatch Centre
ARR	Aggregate Revenue Requirement
AT&C	Aggregate Technical and Commercial
BPL	Below Poverty Line
CAGR	Compound Annual Growth Rate
DG	Diesel Generating
DHPD	Department of Hydro Power Development
FY	Financial Year
GoAP	Government of Arunachal Pradesh
HEP	Hydro Electric Project
HT	High Tension
KJP	Kutir Jyoti Program
kV	Kilo Volt
kW	Kilo Watt
LT	Low Tension
MU	Million Unit
MW	Mega Watt
NLDC	National Load Dispatch Centre
NHPC	National Hydro Power Corporation
NTPC	National Thermal Power Corporation
NEEPCO	North Eastern Electric Power Corporation
NERLDC	North Eastern Regional Load Dispatch Centre
NERPC	North Eastern Regional Power Committee
O&M	Operation and Maintenance
OTPC	ONGC Tripura Power Company
PGCIL	Power Grid Corporation of India Ltd
RDSS	Revamped Distribution Sector Scheme
RLDC	Regional Load Dispatch Centre
R&M	Repair and Maintenance
SHEP	Small Hydro Electric Project
SPSU	SPSU State Public Sector Undertaking
T&D	T&D Transmission and Distribution
TP&MZ	Transmission Planning and Monitoring Zone.GoAP


Secretary

Chapter 1: Introduction

1.1. Arunachal Pradesh State Electricity Regulatory Commission

In exercise of the powers conferred by the Electricity Act, 2003, (hereinafter referred to as “Act”) the Government of Arunachal Pradesh constituted the Electricity Regulatory Commission for the State of Arunachal Pradesh to be known as “**Arunachal Pradesh State Electricity Regulatory Commission**” as notified on 07.05.2010 (hereinafter referred to as “Commission”).

The **Arunachal Pradesh State Electricity Regulatory Commission** has been functioning with effect from 02.03.2011 with the objective and purpose for which the Commission has been established i.e., to discharge its functions as per Section 86 of the Act.

1.2. Functions of the State Commission

Section 86 of the Act, provides as follows: -

“86. Functions of State Commission. -

(1) *The Commission shall discharge the following functions, namely: -*

(a) *determine the tariff for generation, supply, transmission and wheeling of electricity, wholesale, bulk or retail, as the case may be, within the State;*

Provided that where open access has been permitted to a category of consumers under section 42, the State Commission shall determine only the wheeling charges and surcharge thereon, if any, for the said category of consumers;

(b) *regulate Electricity purchase and procurement process of distribution licensees including the price at which electricity shall be procured from the generating companies or licensees or from other sources through agreements for purchase of power for distribution and supply within the State;*

(c) *facilitate Intra-State transmission and wheeling of electricity;*

(d) *issue licenses to persons seeking to act as transmission licensees, distribution licensees and electricity traders with respect to their operations within the State;*

(e) *promote co-generation and generation of electricity from renewable sources of energy by providing suitable measures for connectivity with the grid and sale of electricity to any person, and also specify, for purchase of electricity from such sources, a percentage of the total consumption of electricity in the area of a distribution licensee;*

(f) *adjudicate upon the disputes between the licensees and generating companies; and to refer any dispute for arbitration;*

(g) *levy fee for the purpose of this Act;*

(h) *Specify State Grid Code consistent with the Grid Code specified under Clause of sub-section (1) of Section 79;*

(i) *specify or enforce standards with respect to quality, continuity and reliability of service by licensees;*

(j) *fix the trading margin in the intra-State trading of electricity, if considered, necessary;*

(k) *discharge such other functions as may be assigned to it under this Act.*

(2) *The State Commission shall advise the State Government on all or any of the following matters, namely: -*

Secretary

- (i) *promotion of competition, efficiency and economy in activities of the electricity industry;*
 - (ii) *promotion of investment in electricity industry;*
 - (iii) *reorganization and restructuring of electricity industry in the State;*
 - (iv) *matters concerning generation, transmission, distribution and trading of electricity or any other matter referred to the State Commission by State Government.*
- (3) *The State Commission shall ensure transparency while exercising its powers and discharging its functions.*
- (4) *In discharge of its functions, the State Commission shall be guided by the National Electricity Policy, National Electricity Plan and Tariff Policy published under section 3."*

1.3. Arunachal Pradesh - Geographical Reality

The total area of the State of Arunachal Pradesh is 83,743 sq. km. The state is situated in the extreme north-east of India and is bounded by independent countries on three sides and by Assam and Nagaland states on one side. There are Bhutan, China and Myanmar on the west, north and east of this state, respectively, and the Indian states Assam and Nagaland on the south. The State is having a population of around 13.83 lakh (2011 census). Its capital, Itanagar is about 380 km from Guwahati, the capital of Assam.

1.4. Arunachal Pradesh Department of Power

Arunachal Pradesh Department of Power (APDOP) (hereinafter referred to as 'Petitioner') is a deemed licensee in terms of Section 14 of the Act. It being an integrated utility is responsible for transmission and distribution of electricity in the State of Arunachal Pradesh and for trading of electricity. It is responsible for power supply in the State of Arunachal Pradesh. The Arunachal Pradesh Department of Power (DoP, AP) was created in 1992 by separating from the Arunachal Pradesh Public Works Department (APPWD). At that time, the entire power management including generations, transmissions, and distributions was the responsibility of the DoP,AP. In the year 2004, a Department of Hydro Power Development (DHPD) was created by bifurcating from the DoP, AP and thereby separating the generation from the purview of the DoP,AP.

1.5. Admission of Petition and Hearing Process

As per the provisions of the APERC (Multi Year Tariff) Regulations, 2018, as well as APERC (Multi Year Tariff) Regulations, 2024 the Distribution Licensee is required to file the tariff petition on or before 30th November of each year for fixing the tariff for the next financial year. APDOP filed the tariff petition on 29/11/2025 and after scrutiny of the petition it was admitted by the Commission on 02/12/2025 and has been assigned as Petition no TP-10 of 2025.

The Petitioner has filed the petition for approval of True up for FY 2024-25, APR for FY 2025-26 and ARR and Tariff Proposal for FY 2026-27.

On admitting Tariff petition of APDOP, the Commission directed APDOP to publish the summary of its petition and proposed tariff in three local newspapers in abridged form and manner as approved in accordance with Section 64(2) of the Act, to invite comments/ objections from the stakeholders.

The copies of the petition and other related documents were made available to consumers and other interested parties at a nominal price in the office of the Chief Engineer (Com) cum CEI, Vidyut Bhawan, Zero Point Tinali, Department of Power, Itanagar, 791111. A copy of the petition was made available on the website of APDOP (www.power.arunachal.gov.in) and also on the website of the Commission (www.apserc.nic.in) in downloadable format.

The abridged version of the petition was published by APDOP in three local newspapers on 24.12.2025, as shown in the table below, inviting objections/suggestions from stakeholders. A period of 21 days was provided for the submission of comments/suggestions.

Table 1 Details of Newspaper for publication of abridged form of Petition by the Petitioner

S.No	Name of the Newspaper	Date of Publication
1	The Arunachal Times	24.12.2025
2	The Arunachal Pioneer	24.12.2025
3	The Arunachal A	24.12.2025

1.6. Public Response to the Tariff Petition:

Accordingly, through the public notice, comments/suggestion were invited from the stakeholders/public on the petition on or before 12/01/2026. Several comments and objections has been received during the period which has been elaborated in Chapter 3 of this order.

In order to ensure transparency in the process of determination of Tariff and ARR as envisaged in Act, a public hearing was called by the Commission by publishing Public Notice in the three newspapers on 15.01.2026. The Public Notice was also uploaded on Commission's website (copy is enclosed as **Annexure II**). Various stakeholders submitted their comments and had also attended the hearing both physically and virtually during the hearing scheduled on 23rd January 2026 at the Commission's office in Itanagar, details of which has been elaborated in Chapter 3 of this order.

1.7. Layout of the Order

This order is organized into ten chapters:

- a. **Chapter 1** provides a brief about APERC, APDOP, some of the details about the tariff setting process, the admission process of petition and about the Hearing.
- b. **Chapter 2** provides details about the summary of the petition submitted by APDOP for the True Up of FY 2024-25, APR for FY 2025-26 & ARR & Tariff Proposal for FY 2026-27.
- c. **Chapter 3** provides details of comments received from stakeholders, reply from APDOP and Commissions observations.
- d. **Chapter 4** provides analysis of True up for FY 2024-25 & APR for FY 2025-26 and Commissions approval.
- e. **Chapter 5** provides analysis of ARR for FY 2026-27 along with Commissions approval.
- f. **Chapter 6** provides analysis and approval of Commission for Tariff for FY 2026-27.
- g. **Chapter 7** provides details about wheeling charges approved by the Commission for FY 2026-27.
- h. **Chapter 8** deals with tariff philosophy and tariff design along with approved tariff categories and tariff rates for FY 2026-27.
- i. **Chapter 9** deals with Compliance status of earlier directive.
- j. **Chapter 10** deals with new directives issued by the Commission.



Augusta

Chapter 2: Summary of the Petition

2.1 Power Supply Position

APDOP meets the energy demand of its Consumers by getting power from different sources which are shown below:

2.1.1 Power Supply scenario during FY2024-25, FY 2025-26 & FY 2026-27.

- 1) **Power from CGS** - APDOP has a firm allocation of Power from CGS of 294.07 MW. The Petitioner has submitted that around 820.10 MU were procured in FY 2024-25 and 495.18 MU of free units were received as actual during the same period. APDOP has projected the same quantum of energy for the remaining years i.e. FY 2025-26 & FY 2026-27 to be received from Central Generating Stations as per the allocated capacities. It also purchases power through open market to meet its requirement in the State particularly, during peak hours and lean hydro season and sells surplus power from allocated energy outside the State during the peak hydro season.
- 2) **Power from DHPD** – Department of Hydro Power Development (DHPD) has an installed capacity of 81.54 MW consisting of different capacities located in different locations of Arunachal Pradesh. The Petitioner has submitted that they have received about 61.25 MU during FY 2024-25 as actual and has projected the same quantum of energy for the remaining years. The Petitioner has further stated that as DHPD is also under the Arunachal Pradesh Government (AP) and hence, APDOP does not pay the cost of power to DHPD and hence be treated as **Free Power**.
- 3) **Power from HPDCL** - Arunachal Pradesh Hydro Power Development Corporation Limited (HPDCL) is a State Public Sector Undertaking and has commissioned a 3 MW small hydropower project at Zemithang of Tawang district of Arunachal Pradesh over the Sumbachu River and started commercial operation in the year 2020-21. The Petitioner has received about 5.23 MU as actual in FY 2024-25 and has projected the same quantum of energy for the remaining years of FY 26 & FY27.
- 4) **Power from Dikshi SHP** - Dikshi SHP is a small hydropower project of 24 MW in Rupa of West Kameng District developed by Devi Energy Pvt. Ltd, an Independ-


Secretary

ent Power Producer (IPP). This project was commissioned in year 2019 and declared COD on 19.09.2019. The Petitioner entered into a PPA with Devi Energy Pvt. Ltd. for purchasing the entire power generated from this project. APDOP purchased power to the tune of 85.06 MU and free power of 9.45 MU in FY 2024-25, in actuals and has projected the same quantum of energy for the remaining years of FY 26 & FY27.

- 5) **Power from Khantang SHP:** Khantang SHP is a small hydropower project with an installed capacity of 7.5 MW located at Khantang Nallah, Seru village, Tawang District, developed by M/s Kangteng Hydro Power Pvt Ltd, an Independent Power Producer (IPP). This project was commissioned in the year 2024 and declared Date of Commercial Operation (COD) on 08 May 2024. The DoP, AP entered into a Power Purchase Agreement (PPA) with M/s Kangteng Hydro Power Pvt Ltd for purchasing the entire power generated from this project over and above the 12.6% (8% free power plus the offer of 4.6% additional free power) Free Power Share to the State from the power generated after the moratorium period of 2 (two) years from the date of COD. The Petitioner has purchased power to the tune of 30.99 MU in actuals for the year FY 2024-25 and has projected the same for FY 26 & FY27 respectively.
- 6) **Power from APEDA -** The Arunachal Pradesh Energy Development Agency (APEDA) is under the Ministry of Power, Government of Arunachal Pradesh, which is responsible for the development of Non-Conventional Energy in the state. APEDA has developed various capacities of Solar Power plants across the state with an installed capacity of 4.188 MW. The Petitioner has received 0.49 MU as actuals in FY 2024-25 and has projected the same quantum of energy for the remaining years. Further the energy received from the Solar Power Plants, is utilized to partially meet up the annual Solar Renewable Power Purchase Obligation (RPO) of the state.
- 7) **Power from Open Market –** During exigencies, the Petitioner has purchased power from Real-Time Market (RTM) or Day Ahead Market (DAM) from IEX to meet the energy requirement of the state. The Petitioner has purchased 42.61 MU in FY 2024-25 as actuals to meet power shortages, and has projected the same quantum to be purchased for the remaining years.

Secretary

- 8) **Banking:** - The Petitioner is also engaged in banking of energy during the high hydro season and takes back during the lean hydro season @ 5% above in case of forward banking and sometimes APDOP takes energy in advance from the party and returns to them @ 5% above as and when power is available. As such, there is no financial implication for this activity. The energy imported via Banking was 71.52 MU in FY 2024-25 as per actuals and the Petitioner has projected an increment of 5% YoY for the remaining years.
- 9) **Diesel Generation (DG) Sets:** - DG sets have been used purely as a temporary arrangement to meet any energy requirement in case of non-availability of power from other sources. The energy generated through DG set during FY 2024-25 was 0.31MU and the Petitioner has projected the same for the remaining years i.e. FY 2025-26 & FY 2026-27.

2.1.2 Power Sale scenario for FY 2024-25, FY2025-26 & FY 2026-27.

- 1) **Energy Sale Forecast within the State:** For the period FY 2024-25 the Petitioner has submitted an actual sale of 728.18 MU. The Petitioner has computed a 5-year CAGR and has escalated the same to arrive at the projected sale of 856.52 MU & 1013.40MU respectively for FY 2025-26 & FY 2026-27 respectively.
- 2) **Energy Sale Forecast outside the State through Power Exchange, bilateral contracts and banking:** The Petitioner is selling surplus power outside the state through Power Exchange or under bilateral contracts or engaged in banking of energy during the high hydro season and taking back during the lean hydro season. The Petitioner has submitted actual values for FY 2024-25 as 281.52MU(IEX), 62.98(Bilateral) and 20.16MU (Banking export) respectively. The Petitioner has projected a year on year reduction of 7.5% from the actual value of FY 2024-25 for sale through exchange and bilateral respectively i.e. 260.41MU(IEX) & 58.25MU(Bilateral) for FY 2025-26 & 240.88MU(IEX) & 53.88MU(Bilateral) for FY 2026-27. 2024-25 to FY 2029-30 respectively.
- 3) **Deviation Export:** The Petitioner has considered a sale through deviation export of a value of 14.66MU as per actuals for FY 2024-25 and has projected with an escalation of 5% for FY 2025-26 & FY 2026-27 respectively i.e. 15.40MU & 16.17MU.


Secretary

- 4) **Power Purchase Estimation:** The Petitioner has submitted that for the FY 2024-25 it has incurred a power purchase cost of Rs 502.30Cr. The Petitioner has considered an increment of 5% on the per unit rate and has escalated the power purchase cost for tied up stations and has considered a power purchase cost of Rs.525.98 Cr and Rs.550.83 for FY 2025-26 & FY2026-27 respectively. Accordingly, the Petitioner has requested the Commission to approve the power purchase cost.

2.2 Summary of the Petition: Aggregate Revenue Requirement

The ARR and revenue gap as submitted by the Petitioner is shown in Table below.:

Table 2: Aggregate Revenue Requirement, Revenue & Gap in Existing tariff - Petitioner's Submission (₹ in Cr)

S. No.	Particulars	FY 24	FY 26	FY 27
		(Actuals) True Up	(Estimated) APR	(Projected) ARR
1	Return on Equity Capital	0.00	0.00	0.00
2	Interest on Loan Capital	0.00	0.00	0.00
3	Depreciation	0.00	0.00	0.00
4	Power Purchase Expenses	502.30	525.98	550.83
5	Interstate Transmission Charges	82.16	86.08	90.29
6	Intrastate Transmission Charges	11.45	11.45	11.45
7	Fees and charges of NERLDC / NERPC	1.19	1.26	1.32
8	O&M expenses	448.11	456.02	477.13
9	Interest on working Capital	0.00	0.00	0.00
10	Provision for bad and doubtful debt	0.00	0.00	0.00
11	Annual License Fee	0.00	0.00	0.05
12	Tariff Filing Fee	0.00	0.00	0.075
13	Total Revenue Requirement	1045.21	1080.78	1131.15
14	Other income (non-tariff)	83.77	112.91	133.50
15	Net Revenue Requirement (13-14)	961.44	967.87	997.65
16	Revenue from Existing Tariff	277.68	374.30	442.53
17	Revenue from Sale of Surplus Power	141.05	129.62	119.90
18	Revenue gap (15-16-17)	542.71	463.96	435.22
19	Energy Sale within the state (MU)	728.18	856.62	1013.40
20	Average Cost of Supply (ACS) (13-14-17/19*10)(Rs/Kwh)	11.27	9.79	8.66
21	Average Revenue Realized(ARR)(16/19*10)(Rs/kWh)	3.81	4.37	4.37
22	ACOS-ARR(Rs/kWh)(20-21)	7.45	5.42	4.29

The Petitioner has requested the Commission to approve the Aggregate Revenue Requirement for FY 2024-25, FY 2025-26, FY 2026-27 as referred in the above table. The Petitioner has also stated that the revenue gap for the respective years shall be funded by State Government as a grant.

2.3 Tariff- Existing Vs Proposed for FY 2026-27

With the aforesaid expected grant from Government, the Petitioner has proposed the following tariff for FY 2026-27.


Secretary

Table 3: Proposed Tariff for FY 2026-27 - Petitioner's Submission (₹ in Cr)

S no	Category of Consumers	Existing Tariff (Rs/ kWh)	Proposed Tariff (Rs/ kWh)
1	Non-Commercial (Domestic)	1 - Phase, 230 Volt	4.40
2		3 - Phase, 400 Volt	4.40
3		1 - Phase, 230 Volt KJP and BPL connections	3.00
4		3 - Phase, 11 kV	3.80
5		3 - Phase, 33 kV	3.65
6	Commercial(non-industrial)	1 - Phase, 230 Volt	5.65
7		3 - Phase, 400 Volt	5.65
8		3 - Phase, 11 kV	4.85
9		3 - Phase, 33 kV	4.65
10	Public Lighting and Water Supply	1 - Phase, 230 Volt	5.75
11		3 - Phase, 400 Volt	5.75
12		3 - Phase, 11 kV	4.85
13		3 - Phase, 33 kV	4.65
14	Agricultural	1 - Phase, 230 Volt	3.50
15		3 - Phase, 400 Volt	3.50
16		3 - Phase, 11 kV	3.15
17		3 - Phase, 33 kV	3.05
18	Industrial	1 - Phase, 230 Volt	4.95
19		3 - Phase, 400 Volt	4.95
20		3 - Phase, 11 kV	4.50
21		3 - Phase, 33 kV	4.15
22		3- Phase, 132 kV	4.00
23	Bulk Mixed	3 - Phase, 11 kV	4.40
24		3 - Phase, 33 kV	4.05
25		3- Phase, 132 kV	3.90
26	Temporary Consumers	9.00	9.00

Accordingly, the Petitioner has requested the Commission to approve the Proposed Tariff for the FY 2026-27.

2.4 Prayer of Petitioner

The Petitioner, has made the following prayers-

1. To admit this petition for approval of True Up for FY25, APR for FY26 & Approval of ARR for FY 2026-27.
2. To approve the proposed retail tariff for FY 2026-27.
3. To grant any other relief as the Commission may consider appropriate.
4. To pass any other order as the Commission may deem fit and appropriate under the circumstances of the case and in the interest of justice.
5. The Petitioner craves leave of the Commission to allow further submissions, additions, and alterations to this petition as may be necessary from time to time.

Chapter 3: Public Consultation Process

3.1 Public Hearing

A public hearing was held by the Commission at its conference room on 23rd January 2026 to provide stakeholders with an additional opportunity to submit their comments and suggestions on the petition. The detailed submissions of the stakeholders, along with the Petitioner's replies and the Commission's views thereon, are elaborated in the section below.

While the Commission has duly considered all the objections and suggestions received from stakeholders, only the major issues raised in the Petition and during the course of the Public Hearing have been grouped and addressed issue-wise in this Chapter. Further, the detailed submissions of Prasam Alloycraft Industries LLP, Power Foundation of India, Arunachal Chamber of Commerce & Industries & reply of Petitioner have been annexed to this Order as Annexure-V.

I. Observation from Arunachal Chamber of Commerce & Industries (ACC&I)

a) **Issue 1:**

ACC&I stated that the total number of consumers, as per the data provided, stands at **3,13,070 (Page 6)** and the projected consumer base for FY 2026-27, based on the Compound Annual Growth Rate, is **3,29,638 (Page 9)**. However, no bifurcation has been provided between **prepaid and post-paid consumers**. The same may kindly be furnished for the sake of clarity and completeness of the data

Reply from Petitioner:

DoP, AP submits that the consumer projections have been made based on historical trends and the approved methodology under the MYT framework. The bifurcation between prepaid and post-paid consumers shall be furnished to the Hon'ble Commission, if so directed. It is further submitted that, upon completion of the RDSS Project, all consumers shall be provided with smart prepaid/prepaid meters.

Commissions view:

The Commission is of the view that it has already initiated **Suo Motu Case No. 01 of 2026** taking into consideration the details of unmetered connections in the State, and the matter shall be deliberated during the course of the proceedings.

b) Issue 2:

ACC&I further reiterated the issue of interest-bearing Security Deposits collected from various categories of consumers and the interest accrued thereon since FY 2012–13, which has still not been adjusted against the energy bills of consumers. Despite clear directives issued by the Hon'ble Commission, the matter has not been addressed in its true spirit by the distribution licensee, resulting in widespread dissatisfaction among consumers. This issue has been repeatedly raised in various meetings, including the recent State Advisory Committee (SAC) meeting.

Reply from Petitioner:

The issue relating to security deposits and interest thereon has been taken note of. DOP, AP submits that the matter involves legacy data reconciliation, system integration and procedural examination and is being examined in accordance with applicable provisions of Electricity Act 2003 and APSERC Supply Code. DoP, AP is addressing the matter in a systematic and phased manner, keeping in view consumer interest and regulatory directions. In this regard, necessary directions have been issued to incorporate the said provision in the billing software vide Letter No. CE(COM)/Tariff/31/2025-26/4644 dated 25-01-2026, copy enclosed.

Commissions view:

The Commission notes that on multiple occasions it had directed the APDOP to furnish details regarding the security deposits collected from consumers and the interest accrued thereon. However, APDOP has failed to submit the requisite information in this regard. Further, APDOP has not provided any definite timeline for resolving the issue, which appears to have become a prolonged and unresolved matter. The Commission also recalls that subsequent to the State Advisory Committee (SAC) meeting held in October 2025, APDOP was specifically directed to furnish the details of security deposits. However, complete information from all divisions is still awaited. The Commission has taken serious note of this matter and hereby directs APDOP to submit a clear timeline for the resolution of the issue relating to security deposits within one month from the date of issuance of this Order.

c) Issue 3:

ACC&I has further stated that it is observed that the estimated power received for FY 2025–26 is shown as 1,664.76 MU (Page 22), while the projection for FY 2026–27 is 1,662.80 MU. In this context, it is pertinent to highlight that the Lower Subansiri Hydro Electric Project has already been commissioned and is operating successfully. However,

the energy share from this project—both free power and allocated share—has not been reflected in the said table. Without accounting for this energy, the projection does not present a comprehensive picture and may not reflect the actual or likely energy scenario for FY 2025–26 and FY 2026–27. This omission may also have implications during the truing-up exercise by the Hon'ble APERC. It is therefore requested that the energy contribution from the Lower Subansiri Project be duly incorporated in the energy balance.

Reply from Petitioner:

DoP, AP submits that power availability and energy accounting are based on actual drawal, allocation schedules, and operational status during the relevant period. The contribution from projects such as Lower Subansiri HEP, including free power and allocated share, shall be appropriately reflected based on actual availability and confirmed allocation, and the same will be duly considered at the time of True-up, in accordance with the APERC MYT Regulations, 2024.

Commissions view:

The Commission has noted the submission of the Petitioner however as per actual drawl data from REA the Commission has considered the actual drawl of the Petitioner from the Lower Subansiri HEP since the COD of the two units.

d) Issue 4:

It is also observed that incentives for bulk power consumer industries have not been provided in the Tariff Petition, as envisaged under the **APERC Supply Code, 2024 (Clause 2.7, Page 11)**. In this regard, it is humbly suggested that a **2% incentive** may be extended to industries that consistently maintain a high-power factor, as this would contribute to improved system efficiency.

Reply from Petitioner:

The submission regarding provision of incentive to bulk power consumer industries maintaining a very good power factor is noted. In this regard, it is submitted that the Industries Department, Government of Arunachal Pradesh, is already extending various incentives and subsidies to industrial consumers under the prevailing Industrial Policy. The matter relating to additional tariff-based incentive for maintaining higher power factor may be examined separately in accordance with the applicable provisions of the APERC Supply Code, 2024 and relevant Tariff Regulations.

Commission's view:

The Commission has referred to APSERC (Supply Code) Regulations 2024 wherein provision of power factor rebate is present however the Commission vide order dated 26/07/2024 had directed APDOP to forward proposal to the Commission in the next tariff petition however same is still not complied. The relevant extract from the order and APDOP reply is given below for reference:

"10. Introduction of Rebates the Petitioner is directed to come up with a proposal for introduction / revision of rebates / incentives to the consumers such as Power Factor Incentive, Load Factor Incentive, Prompt Payment Incentive, Advance Payment Incentive, Online Payment Rebate etc., as applicable, and submit the same to the Commission with the next tariff petition."

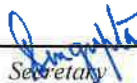
Reply from Petitioner: The proposal for incentives & rebates is being slated to be taken up with the (AMISP) to be in built in the billing system. The process is still on."

e) Issue 5:

We have previously expressed our concerns and suggested alternative remedies within the scope of the Supply Code regarding the phasing of the Security Deposit, which would be advantageous for both the Department of Power and industrial consumers. We humbly request that our suggestions be given due consideration in the larger interest of industrial consumers. Further, we submit that the power to sanction load may be vested with the Commercial Wing for more effective monitoring. Additionally, the authority for execution of agreements may also be assigned to the Commercial Zone, keeping in view administrative efficiency and consumer interest.

Reply from Petitioner:

The matter pertains to regulatory provisions under the Supply Code. DoP, AP shall abide by any direction issued by the Hon'ble Commission in this regard. It is submitted that vide order No. PWRS/E-31/2010/2859-72 dated 06/02/2020 the Government of Arunachal Pradesh has already reorganized the Department of Power and vested all commercial functions with the Commercial Zone under the Chief Engineer(Commercial)-cum-Chief Electrical Inspector. As per the said Order, matters relating to commercial operations, including sanction of new electricity connections above 50 kW of connected load and other revenue and consumer-related functions, are already within the jurisdiction and responsibility of the Commercial


Secretary

Zone. Accordingly, the suggestion stands addressed under the existing administrative arrangement.

Commission view:

The Commission has noted the submission of the Petitioner.

II. Observations from Prasam Alloycraft Industries LLP

a) Issue 1:

The computations in MS Excel format is not available for our comments. This Hon'ble Commission is requested to direct the Petitioner to provide the Formats in MS Excel with appropriate formulae and linkages, to enable the stakeholders to analyse the Petition properly. The Objector also prays for another opportunity to submit additional comments post reviewing the calculations. The Audited Accounts for FY 2024-25 is also not available for our comments. This Hon'ble Commission is requested to direct the Petitioner to provide the copy of the Audited Accounts for proper analysis.

Reply from Petitioner:

The Annual Audited Accounts, Formats and all Annexures were duly submitted to the Hon'ble Commission in triplicate along with the True-up Petition. Soft copies were also furnished. Further, the Annual Audited Accounts are available on the official web portal of the Department of Power, Arunachal Pradesh (DoP, AP). Accordingly, the contention regarding non-availability of records does not survive.

Commission View:

The Commission has noted the submission of the Petitioner.

b) Issue 2:

True up FY 2024-25

Power Purchase Quantum.

It is observed that the Petitioner has procured additional power of 295.79 MU from the value approved by the Hon'ble Commission in the Tariff Order dated 26-03-2025 whereas, the total power sales is 33.44 MU lower than the power sales approved by the Hon'ble Commission. This indicates that the actual distribution losses are much higher as compared to normative losses allowed by this Hon'ble Commission. Hence, it is humbly requested that the power purchase quantum may be allowed considering the normative loss levels approved by this

Hon'ble Commission and be limited to 1327.56 MU in proportion to the power procurement allowed for the total sales as approved by the Hon'ble Commission in the Tariff Order dated 26-03-2025.

Table 1: Computation of Power Purchase Quantum for FY 2024-25 (MU)

Particulars	Approved in the Tariff Order dated 26-03-2025	Actual	Deviation
Total Sales	1140.95	1107.50	33.44
Total Power Purchase	1367.66	1663.45	-297.79
Power Purchase to be limited	1327.56		

Reply from Petitioner:

It is respectfully submitted that the figures reflected in the True-up Petition represent actual power purchase and sales during FY 2024-25. The quantum approved in the Tariff Order dated 26.03.2025 was based on projections. True-up, by its very nature, is a reconciliation of approved projections with audited actuals. Power procurement is undertaken based on actual system requirements and statutory obligation to ensure reliable and continuous supply. It cannot be retrospectively restricted solely on normative loss assumptions without considering:

- Seasonal and diurnal demand variation;
- Grid reliability requirements;
- Operational constraints and real-time scheduling conditions

Commission View:

The Commission view has been deliberated in the True Up section of this order.

c) Issue 3:

Power Purchase Cost

The Petitioner, in the True-up Petition for FY 2024-25, has claimed a total power purchase cost of Rs.502.30 Crore based on the Audited Accounts, against Rs.418.74 Crore approved by the Hon'ble Commission in the Tariff Order dated 26.03.2025, resulting in an increase of Rs.83.56 Crore. The Petitioner has sought allowance of the increased power purchase cost primarily on the basis of actual expenditure incurred during the year. However, the Petition does not provide a comprehensive source-wise reconciliation of power purchase quantum and cost explaining the reasons for the increase over the approved level. While power purchase cost is generally treated as a pass-through item, such cost is subject to prudence check,

particularly when there is a significant variation from the approved level. In the absence of detailed justification, reconciliation and supporting information for the increase in power purchase cost (excluding the deviation cost proposed to be examined separately), the prudence of the additional power purchase cost cannot be fully ascertained. Further, considering the proposal to limit the quantum of power purchase, the revised power purchase cost to be allowed is as follows:

Table 2: Computation of Power Purchase Cost for FY 2024-25 (Rs. Crore)

Particulars	Approved in the Tariff Order dated 26-03-2025	Actual	Deviation
Cost of Power Purchase	418.74	502.30	-83.57
Actual APPC (Rs/kWh)		3.02	
Revised Power Purchase Cost		400.87	

Reply from Petitioner:

The Power purchase cost constitutes the largest component of ARR and varies based on the actual demand supply conditions.

Commission View:

The Commissions view has been deliberated in the True Up section of this order.

d) Issue 4:

Power Purchase from other source

The Petitioner, in its True-up Petition for FY 2024-25, has submitted that the actual power purchase from other sources is 155.37 MU, resulting in a deviation of 41.25 MU from the approved level. The Petitioner has further claimed a power purchase cost of Rs.28.83 Crore in respect of the said deviation. Based on the figures submitted by the Petitioner, the per unit cost of power corresponding to the deviated quantum works out to approximately Rs.6.99 per kWh, as shown below:

Table 3: Computation of Power Purchase Cost of Deviation for FY 2024-25

Particulars	Unit	Value
Deviation(DSM) in Power Purchase	MU	41.25
Deviation (DSM) in Power Purchase Cost	Rs. In Crore	28.83
Per unit cost	Rs/kWh	6.99


Secretary

It is observed that the per unit cost of the DSM power purchase is higher than the average power purchase cost. The Hon'ble Commission may therefore direct the Petitioner to submit source-wise details and allow the additional power purchase cost only after prudence check. It is requested that such high-power purchase cost may not be allowed and passed through to the consumers.

Reply from Petitioner:

Deviation drawl is not a planned source of procurement. Such instances arise due to real-time grid dynamics and operational exigencies to maintain uninterrupted supply. The Petitioner has taken proactive steps to reduce deviation import:

- FY 2023-24: 98.18 MU
- FY 2024-25: 41.25 MD

This reflects a reduction of approximately 58%, demonstrating improved grid discipline.

The per-unit cost of Rs. 6.99/kWh reflects prevailing DSM market rates. Further, the resultant revenue gap is fully covered through State Government Grant, and no additional burden is passed on to consumers. The Hon'ble Commission may therefore consider the deviation cost of Rs. 28.83 Crore under prudence check.

Commission View:

The Commission view has been deliberated in the True Up section of this order.

e) Issue 5:

Employee Expenses

The Petitioner, in its True-up Petition for FY 2024-25, has Actual employee expenses of Rs.394.08 Crore, as per the Audited Accounts, as against Rs. 356.16 Crore approved by the Hon'ble Commission in the Tariff Order dated 26.03.2025, resulting in a deviation of Rs. 37.92 Crore, i.e. an increase of about 10.65%. Mere incurrence of higher expenditure cannot be considered sufficient for allowance. The Petitioner has not submitted any justification in terms of increase in manpower, pay revision, or productivity improvement to support the said increase. In the absence of such justification, the prudence of the additional employee expense of Rs.37.92 Crore cannot be ascertained. The Hon'ble Commission may therefore consider allowing employee expenses only up to the level approved in the Tariff Order, or allow the same only after prudence check.



Secretary

Table 4: Employee Expenses for FY 2024-25 (Rs. Crore)

Particulars	Approved in the Tariff Order dated 26-03-2025	Actual	Deviation
Employee Expenses	356.16	394.08	-37.92

Reply from Petitioner:

Employee expenses of Rs. 394.08 Crore represent audited actual expenditure. The increase over FY 2023-24 is marginal, indicating no abnormal escalation in establishment costs. Approved figures were projection-based; True-up reflects audited actuals in compliance with MYT Regulations. The Hon'ble Commission may examine the same under prudence check and allow the actual expenditure.

Commission View:

The Commission view has been deliberated in the True Up section of this order.

f) Issue 6

Repair and Maintenance(R&M)

The Petitioner, in the True-up Petition for FY 2024-25, has claimed R&M expenses of Rs.41.95 Crore based on the Audited Accounts, as against Rs.40.15 Crore approved by the Hon'ble Commission in the Tariff Order dated 26.03.2025, resulting in a deviation of Rs. 1.80 Crore. The Petitioner has stated that the R&M expenditure has been incurred as part of routine operation and maintenance activities. However, no item-wise or asset-wise details have been submitted to explain the increase over the approved level, nor has the Petitioner demonstrated how the additional expenditure has contributed to system improvement, reliability enhancement, or efficiency gains. R&M expenses being controllable in nature, allowance of higher expenditure requires justification beyond mere actual incurrence. In the absence of supporting details and justification for the deviation, the prudence of the additional R&M expenditure of Rs. 1.80 Crore cannot be ascertained, and the Hon'ble Commission may consider allowing R&M expenses only up to the approved level, or allow the excess amount subject to prudence check.

Table 5: R&M expenses for FY 2024-25 (Rs. Crore)

Particulars	Approved in the Tariff Order dated 26-03-2025	Actual	Deviation
R&M expenses	40.15	41.95	-1.80

Reply from Petitioner:

R&M expenses are incurred to maintain system reliability and network stability. The variation from approved levels is marginal and represents audited actual expenditure. Given the nature of distribution operations, minor variations are inevitable and justified.

Commission View:

The Commission view has been deliberated in the True Up section of this order.

g) Issue 7:

Administrative and General Expense

The Petitioner, in the True-up Petition for FY 2024-25, has claimed A&G expenses of Rs.12.08 Crore based on the Audited Accounts, as against Rs.9.52 Crore approved by this Hon'ble Commission in the Tariff Order dated 26.03 2025, resulting in a deviation of Rs.2.56 Crore. The Petitioner has not provided a detailed break-up of A&G expenses explaining the reasons for the increase over the approved level, nor has any justification been furnished to demonstrate that the additional expenditure was unavoidable or efficiency-linked. A&G expenses are controllable in nature, and mere incurrence of higher expenditure does not warrant automatic allowance under True-up. Further, in the absence of clarity on whether any portion of the A&G expenses pertains to capital-related activities, the prudence of treating the entire amount as revenue expenditure cannot be ascertained. The Hon'ble Commission may therefore consider allowing A&G expenses only up to the approved level.

Table 6: A&G expenses for FY 2024-25 (Rs. Crore)

Particulars	Approved in the Tariff Order dated 26-03-2025	Actual	Deviation
A&G expenses	9.52	12.08	- 2.56

Reply from Petitioner:

A&G expenses represent routine operational expenditure and are based on audited accounts. The Hon'ble Commission may examine the same under prudence check and allow the actual expenditure in accordance with MYT principles.

Commission View:

The Commission view has been deliberated in the True Up section of this order.



Annual Performance Review for FY 2025-26

h) Issue 8:

Power Purchase Quantum

It is observed that the Petitioner has estimated additional power of 296.20 MU from the value approved by the Hon'ble Commission in the Tariff Order dated 26-03-2025 whereas, the total power sales is only 29.50 MU higher than the power sales approved by the Hon'ble Commission. This indicates that the actual distribution losses are much higher as compared to normative losses allowed by the Commission. Hence, it is humbly requested that the power purchase quantum may be allowed considering the normative loss levels approved by the Commission and the power purchase quantum be limited to 1401.11 MU in proportion to the power procurement allowed for the total sales as approved by the Hon'ble Commission in the Tariff Order dated 26-03-2025.

Table 7: Computation of Power Purchase Quantum for FY 2025-26 (MU)

Particulars	Approved in the Tariff Order dated 26-03-2025	Estimated	Deviation
Total Sales	1236.17	1265.57	-29.40
Total Power Purchase	1368.56	1664.76	296.20
Power Purchase to be limited	1401.11		

Reply from Petitioner:

APR figures are estimates based on prevailing operational conditions. Power procurement and O&M expenses are driven by system requirements and reliability considerations, not merely sales growth. All estimates remain subject to final True-up based on audited actuals.

Commission View:

The Commission view has been deliberated in the APR section of this order.

i) Issue 9:

Power Purchase Cost

As per the APR Petition for FY 2025-26, the power purchase cost approved by the Hon'ble Commission in the Tariff Order dated 26.03.2025 is Rs. 437.74 Crore, whereas the estimated power purchase cost for FY 2025-26 is Rs. 525.98 Crore, resulting in a deviation of Rs. 88.24 Crore. The increase is primarily attributable to higher procurement from central generating

stations and deviation power. Further, the Petitioner has requested an increase in the power procurement cost by a factor of 5%, which is very high considering that the cost of hydro generation reduce over the years and the cost of thermal generation does not increase at the rate of 5%. Since power purchase constitutes a major component of the ARR, the deviation warrants examination to assess whether the procurement strategy aligns with approved assumptions and cost optimisation principles. Further, considering the revised power procurement proposed, the revised power purchase cost proposed is as below:

Table 8: Computation of Power Purchase Cost for FY 2025-26 Rs. Crore)

Particulars	Approved in the Tariff Order dated 26-03-2025	Estimated	Deviation
Cost of Power Purchase	437.74	525.98	-88.24
APPC Proposed (Rs./kWh)		3.16	

Reply from Petitioner: APR figures are estimates based on prevailing operational conditions. Power procurement and O&M expenses are driven by system requirements and reliability considerations, not merely sales growth. All estimates remain subject to final True-up based on audited actuals.

Commission View: The Commission view has been deliberated in the APR section of this order.

j) Issue 10

Operation & Maintenance (O&M) Expenses

As per the APR for FY 2025-26, the Operation & Maintenance (O&M) expenses, comprising Employee Expenses, Repair & Maintenance (R&M) Expenses, and Administrative & General (A&G) Expenses, have been reviewed against the levels approved by this Hon'ble Commission in the Tariff Order for FY 2025-26. It is observed that the total O&M expenses approved at Rs. 439.55 Crore have increased to an estimated Rs. 456.02 Crore, resulting in a net deviation of Rs. 16.47 Crore. The increase in O&M expenses is primarily on account of higher employee expenses and A&G expenses, partly offset by a reduction in R&M expenses. Since O&M expenses are largely controllable in nature, the deviation reflected in the APR warrants examination to assess the efficiency of operations and the necessity of increased expenditure. Therefore, it is prayed that this deviation may not be passed through in tariff.


Secretary

Table 9: Computation of Power Purchase Cost for FY 2025-26 (Rs. Crore)

Particulars	Approved in the Tariff Order dated 26-03-2025	Estimated	Deviation
Employee Expenses	387.70	404.69	-16.99
R&M Expenses	41.91	38.81	3.10
A&G Expenses	9.94	12.52	-2.58
Total O&M Expenses	439.55	456.02	-16.47

Reply from Petitioner: APR figures are estimates based on prevailing operational conditions. Power procurement and O&M expenses are driven by system requirements and reliability considerations, not merely sales growth. All estimates remain subject to final True-up based on audited actuals.

Commission View: The Commission view has been deliberated in the APR section of this order.

Aggregate Revenue Requirement for FY 2026-27

k) Issue 11

Sales Quantum

It is observed that the power sales quantum within the State has increased from 673.41 MU in FY 2023-24 to 728.18 MU (~8% increase) in FY 2024-25. Whereas, the Petitioner has projected an energy sale of 856.62 MU (~18% increase) for FY 2025-26 and to 1013.40 MU (-18% increase) for FY 2026-27, which appears to be highly unlikely. Hence, the Hon'ble Commission is requested to approve the sales within the State based on a more prudent approach.

Reply from Petitioner: ARR projections are prepared based on:

- Historical trends
- Seasonal load patterns
- Demand growth
- Operational realities

These projections are not final determinations and are subject to prudence check and subsequent True-up.

Commission View: The Commission view has been deliberated in the ARR section of this order.



l) Issue 11

Power Purchase Quantum

It is observed that the Petitioner has proposed to procure additional power of 292.03 MU from the value approved by the Hon'ble Commission in the Tariff Order dated 26-03-2025 whereas, the total power sales is only 155.10 MU higher than the power sales approved by the Hon'ble Commission. This indicates that the actual distribution losses are much higher as compared to normative losses allowed by the Commission. Hence, it is humbly requested that the power purchase quantum may be allowed considering the normative loss levels approved by the Commission and be limited to 1541.66 MU in proportion to the power procurement allowed for the total sales as approved by the Hon'ble Commission in the Tariff Order dated 26-03-2025. Further, the power procurement may be reduced considering the highly inflated sales proposed by the Petitioner as discussed above.

Table 10: Computation of Power Purchase Quantum for FY 2026-27 (MU)

Particulars	Approved in the Tariff Order dated 26-03-2025	Actual	Deviation
Total Sales	1244.12	1399.22	-155.10
Total Power Purchase	1370.77	1662.80	-292.03
Power Purchase to be limited		1541.66	

Reply from Petitioner: ARR projections are prepared based on:

- Historical trends
- Seasonal load patterns
- Demand growth
- Operational realities

These projections are not final determinations and are subject to prudence check and subsequent True-up.

Commission View: The Commission view has been deliberated in the ARR section of this order.

m) Issue 12

Power Purchase Cost

The Petitioner, in the ARR Petition for FY 2026-27, has projected a total power purchase cost of Rs. 550.83 Crore, as against Rs. 455.54 Crore approved by the Hon'ble Commission in the Tariff Order dated 26.03.2025, resulting in a net increase of Rs. 95.29 crore.

Table 11: Power Purchase Cost Comparison for FY 2026-27 (Rs. Crore)

Particulars	Approved in Tariff Order (26.03.2025)	Projection	Deviation
NEEPCO	170.96	205.96	-35.00
NTPC (Farakka, Kahalgaon, Lalchar, BGTIP)	178.39	191.88	-13.49
NHPC	7.93	11.65	-3.72
OTPC	44.80	41.90	2.90
Deviation Charges	0.00	28.83	-28.83
Reactive Charges	0.00	0.02	-0.02
Devi Energies	34.26	49.27	-15.01
Kangteng Hydro Power Pvt L.td	9.85	11.43	-1.58
DHPD	8.06	0.00	8.06
HPDCAPL	1.29	1.69	-0.40
APPCPL	0.00	7.16	-7.16
Misc. Expenses	0.00	1.05	-1.05
Total Power Purchase Cost	455.54	550.83	-95.29

It is observed that the entire increase of Rs. 95.29 crore in the projected power purchase cost arises primarily due to:

- Introduction of Deviation Charges amounting to Rs. 28.83 crore, whereas no deviation cost was approved in the Tariff Order.
- Significant increase in cost projections from NEEPCO (additional Rs. 35.00 crore) and NTPC Stations (additional Rs.13.49 crore)
- Higher allocation towards Devi Energies (additional Rs. 15.01 crore) and new power procurement from APPCPL (additional Rs. 7.16 crore).

Accordingly, it is humbly submitted that this Hon'ble Commission may :

- disallow or suitably restrict the projected deviation-related power purchase cost.
- Reconsider the escalation factor of 5% considered by the Petitioner for arriving at the power purchase cost as the same is very high.
- Rationalise the overall power purchase cost projection for FY 2026-27, by benchmarking it against the approved Tariff Order, True up FY 2024-25 and APR FY 2025-26 considering our discussion in the above sections.

Reply from Petitioner: ARR projections are prepared based on:

- Historical trends



- Seasonal load patterns
- Demand growth
- Operational realities

These projections are not final determinations and are subject to prudence check and subsequent True-up.

Commissions View: The Commission view has been deliberated in the ARR section of this order.

n) Issue 13

Operation and Maintenance Expenses

The Petitioner, in the ARR Petition for FY 2026-27, has projected Operation and Maintenance (O&M) expenses of Rs. 477.13 crore, as against Rs. 465.10 crore approved by this Hon'ble Commission in the Tariff Order dated 20.03.2025, resulting in a net increase of Rs. 12.03 crore.

Table 12: Operation & Maintenance Cost for FY 2026-27 (Rs. in Crore)

Particulars	Approved in Tariff Order (26.03.2025)	Projected	Deviation
Employee Expenses	410.24	423.43	-13.19
A&G Expenses	10.51	13.10	-2.59
R&M Expenses	44.35	40.60	3.75
Total O&M Expenses	465.10	477.13	-12.03

It is observed that the increase of Rs. 12.03 crore in total O&M expenses is mainly attributable to higher projections under Employee Expenses and A&G Expenses, while R&M expenses have actually been projected lower than the approved level.

➤ **Employee Expenses**

The Petitioner has projected Employee Expenses of Rs. 423.43 crore, which is Rs. 13.19 crore higher than the amount approved by the Hon'ble Commission. The ARR Petition indicates that the employee cost has been escalated based on inflation indices (CPI and WPI). However, it is observed that:

- The number of employees remains unchanged, and
- No specific justification has been provided for the quantum of increase beyond index-based escalation.


Secretary

Employee expenses being controllable in nature, mere application of escalation factors cannot be the sole basis for approval, unless supported by productivity improvement, efficiency gains, or statutory revisions. In the absence of such justification, the projected increase requires prudence check.

➤ **Administrative & General (A&G) Expenses.**

The Petitioner has projected A&G expenses of Rs. 13.10 crore, which is Rs. 2.59 crore higher than the approved level. A&G expenses are also controllable costs, and the ARR Petition does not clearly demonstrate the necessity for such increase, nor does it provide a detailed break-up linking the increase to unavoidable or statutory expenditure,

➤ **Repair & Maintenance (R&M) Expenses**

Interestingly, the R&M expenses have been projected at Rs. 40.60 crore, which is Rs.3.75 crore lower than the amount approved by the Hon'ble Commission. This reduction indicates that the Petitioner itself expects scope for cost optimisation under controllable heads, which further strengthens the need for similar prudence in employee and A&G expenses.

O&M expenses constitute controllable components of the ARR, and therefore are subject to efficiency, norms, prudence check, and cost optimisation principles. While the overall increase in O&M expenses appears modest, the upward revision in Employee and A&G expenses has not been adequately justified with reference to operational necessity or efficiency improvements.

Accordingly, it is respectfully submitted that this Hon'ble Commission may:

- Scrutinise and rationalise the projected Employee and A&G expenses for FY 2026-27 based on the prudence check of the values considered for FY 2024-25 and FY 2025-26, and
- Restrict the O&M expenses to the level approved in the Tariff Order, or such lower level as deemed reasonable, based on prudence check.

Reply from Petitioner: ARR projections are prepared based on:

- Historical trends
- Seasonal load patterns
- Demand growth



• Operational realities

These projections are not final determinations and are subject to prudence check and subsequent True-up.

Commissions View: The Commission view has been deliberated in the ARR section of this order.

o) Issue 14

Revenue

The Petitioner has under-estimated the revenue to be earned from sales outside the State. It is observed that the Petitioner has considered the sales of 16.17 MU sales outside the State under deviation at Rs. 0.00/kWh, which necessarily means that there is no income from the sale of 16 MU. The Hon'ble Commission is requested to consider the income from such sales as it cannot be sold at no cost.

Reply from Petitioner: ARR projections are prepared based on:

- Historical trends
- Seasonal load patterns
- Demand growth
- Operational realities

These projections are not final determinations and are subject to prudence check and subsequent True-up.

Commissions View: The Commission view has been deliberated in the ARR section of this order.

p) Issue 15

AT&C Losses

The Petitioner, in the ARR Petition for FY 2026-27, has projected AT&C losses of 18.04%, as against the AT&C loss level of 15.00% approved by the Hon'ble Commission for FY 2026-27. The projected AT&C loss level is based on the Petitioner's assumed improvement in distribution losses and collection efficiency.

Table 13: AT&C Loss (in %)

Financial Year	AT&C Loss Approved (%)	AT&C Loss (%)
FY 2024-25	22.00	39.76
FY 2025-26	18.00	29.56
FY 2026-27	15.00	18.04

It is observed that the actual AT&C loss achieved in FY 2024-25 is significantly higher than the level approved by the Hon'ble Commission, indicating substantial under-achievement of the loss-reduction targets. Similarly, the estimated AT&C loss for FY 2025-26 as per the APR continues to remain much above the approved level, reflecting persistent inefficiencies in the distribution system. Against this background, the projection of AT&C losses at 18.04% for FY 2026-27, though lower than the estimated level for FY 2025-26, is still higher than the approved target of 15.00%. The ARR Petition does not provide adequate justification or a detailed action plan demonstrating how such a sharp reduction in AT&C losses would be achieved within a short time frame, especially in view of the significant gap observed in recent years.

AT&C losses being a key controllable parameter, optimistic projections without adequate substantiation have a direct bearing on energy sales, revenue projections, and the proposed ARR. Acceptance of such projections may lead to under-recovery of costs and large adjustments at the time of True-up, thereby impacting consumers.

In view of the above, it is respectfully submitted that the Hon'ble Commission may critically examine the projected AT&C loss level for FY 2026-27, and restrict the AT&C loss approved by the Commission.

Reply from Petitioner: The projected AT&C losses are realistic considering:

- Difficult terrain and geographical conditions
- Scattered consumer base
- Infrastructure limitations

RDSS implementation is under implementation and is expected to progressively reduce losses.

Commissions View: The Commission view has been deliberated in the ARR section of this order.

q) Issue 15

Compliance of Directives:

The summary of the directives of the Hon'ble Commission and its compliance as submitted by the Petitioner is as below:

Table 14: Summary of Directive Compliance

S.No	Directive	Compliance
1	Efficient utilization of Free Energy *GOAP should think to establish a dedicated cell on managing and accounting such free power from these upcoming projects.	A proposal shall be initiated to establish a "Dedicated

	<ul style="list-style-type: none"> *Develop strategies and implement mechanisms to channelize free energy. *Maximize economic financial returns and reduces the overall power purchase cost. * Submit regular reports on the progress of these initiatives. *maintain an online surplus energy accounting mechanism 	Planning & Trading Cell (DPTC)"
2	<p>Forecasting tool or agencies</p> <ul style="list-style-type: none"> * Establish a proper forecasting tool or engage specialized agencies to assist in this process. * Balance in-state demand with available energy resources * Submit a detailed plan on the development or engagement of the forecasting tool or agency. 	The Department shall initiate steps to engage an appropriate consultant
3	<p>Finalizing Fixed Asset Register</p> <ul style="list-style-type: none"> * Take immediate action to finalize the Fixed Asset Register *FAR to be comprehensive, updated, and in compliance with accounting standards and regulatory requirements. 	Initiated using data from all field divisions.
4	<p>Recategorization of Consumer Classification</p> <ul style="list-style-type: none"> * Ensure review and see that consumers are accurately categorized based on their electricity usage patterns and load requirements. * Classification should reflect the type of usage and capacity, and ensure that each consumer is placed in the appropriate category * Annual review of the consumer classification should be carried out to ensure that all consumers are accurately categorized 	Shall form an internal committee to review consumer existing categories under the Supply Code
5	<p>T&D Losses & Conducting Energy Audit</p> <ul style="list-style-type: none"> * Conduct a comprehensive energy audit to assess losses accurately in the power distribution system 	Report attached. Procurement installation of missing feeder meters are being planned through the Revamped Distribution Sector Scheme (RDSS).
6	<p>Consumer Security Deposit</p> <ul style="list-style-type: none"> * Submit a comprehensive compliance report on the status of security deposits collected from consumers. 	Compiling data on security deposits across all consumer categories from divisions State-wide.
7	<p>Renewable Purchase Obligation</p> <ul style="list-style-type: none"> * Comply with the specified trajectory for the period FY 2025-26 to FY 2029-30 and real quarterly progress on RPO fulfilment 	Department is taking initiative to meet the RPO target. Quarterly RPO Compliance Reports has submitted been APERC for all quarters of FY 2024-25

From the above submissions, it can be observed that none of the directives have been complied completely by the Petitioner and it is also observed that in most of the directives, the Petitioner is yet to take any steps towards compliance of the directives. Hence, it is humbly requested that the Hon'ble Commission direct the Petitioner to take up compliance of Directives more seriously.

Reply from Petitioner: Compliance with directives is an ongoing process. As a State Government Department, certain measures require administrative approvals and budgetary

allocations. The Petitioner remains fully committed to regulatory compliance and IS taking necessary steps in accordance with implementation timelines.

Commissions View: The Commission view has been deliberated in the Compliance of earlier directives status section of this order.

r) Issue No 16

Tariff Proposed

On a comparison of the Tariff approved by the Hon'ble Commission for FY 2025-26 and the Tariff proposed by the Petitioner for FY 2026-27 along with the details of Sales, Average Cost of Supply (ACOS) (in Rs./kWh), Average Billing Rate (ABR) (in Rs./kWh), Gap/ Grant to be provided by GoAP (in Rs./kWh) in Rs.Cr is as below:

Table 15: Comparison of Tariff and Grant for FY 2025-26 and FY 2026-27

Category	ACOS (Rs./kWh)		ABR/Tariff (Rs./kWh)		Govt. Grant (Rs./kWh)		Approved Sales (MU)		Grant (Rs. Crore)	
	2025-26(Appr)	2026-27(prop)	2025-26(Appr)	2026-27(prop)	2025-26(Appr)	2026-27(prop)	2025-26(Appr)	2026-27(prop)	2025-26(Appr)	2026-27(prop)
3-Phase, 11kV	9.00	8.66	4.50	4.50	4.50	4.16	25.23	21.09	11.35	8.78
3-Phase, 33kV	9.00	8.66	4.15	4.15	4.85	4.51	49.27	43.45	23.89	19.60
3-Phase 132KV	9.00	8.66	4.00	4.00	5.00	4.66	292.07	382.77	145.98	178.42

From the above table, it can be observed that all the consumers of the State of Arunachal Pradesh are subsidized by GoAP. Further, the HT Industrial Tariff for FY 2026-27 is proposed to remain unchanged by the Petitioner. However, it is observed that the Average Cost of Supply has reduced from Rs. 9.00/kWh as approved by the Hon'ble Commission for FY 2025-26 to Rs. 8.66/kWh for FY 2026-27, which shall further reduce based on the prudence check by the Hon'ble Commission. Hence, it is proposed that the subsidy that may be saved due to reduction in ACoS may be utilized to promote Ferro-Alloy Industries an Arunachal Pradesh by introducing a separate category at a subsidized Tariff.

[Signature]
Secretary

Proposal for a separate Ferro-alloy Tariff

It is proposed that in order to create a distinct cost-reflective tariff category that recognizes the high load factor and grid-stabilizing nature of Ferro-Alloy plants, moving away from generic industrial billing, a separate category be introduced for Ferro-Alloy consumers.

Advantages of the Ferro-Alloy Industry

Ferro-alloys (e.g., Ferro-Manganese, Silico-Manganese, Ferro-Chrome) are the "backbone" of the steel industry. Their benefits to the state and national economy include:

- **Essential Value Addition:** They are indispensable for deoxidizing and alloying in steel production. Without a robust local ferro-alloy sector, the "National Steel Policy" goal of 300 MTPA capacity cannot be met.
- **Foreign Exchange Earnings:** India is a leading exporter of ferro-alloys. Competitive power rates allow domestic units to compete with China and South Africa in the global market.
- **Grid Stability (Technical Advantage):** Unlike other industries with fluctuating loads, ferro-alloy furnaces operate with a flat load curve and high load factor (often >85%). This provides a steady "base load" for DISCOMs, reducing the need for expensive peaking power plants.
- **Employment & Industrial Clusters:** These units typically foster downstream industrial ecosystems, providing direct and indirect employment in underdeveloped mineral-rich regions.

Analysis of Ferro-Alloy/Energy Intensive Industrial Tariff in India

An analysis of the Ferro-Alloy and Energy Intensive Industries recognized across various States of India are summarized below:

Table 16: Tariff Comparison for EIT Ferro-Alloy/Energy Intensive Industries (FY 2025-26)

State	EHT Industries Tariff	EHT Ferro-Alloy/Energy Intensive Tariff	Difference (Rs/kWh)
Chhattisgarh	FC:Rs.375/kVA/mon EC: Rs. 6.80/kVAh	FC:Rs.375/kVA/mon EC: Rs. 6.25/kVAh	0.55
Andhra Pradesh	FC: Rs. 475/kVA/mon EC: Rs.6.75/kVAh (Peak). Rs.4.60/kVAh(off-peak). Rs.5.40kVAh (Normal)	FC: Rs. 475/kVA/mon EC: Rs. 4.90/kVAh	-0.65

Secretary

Telangana	FC: Rs. 475/kVA/mon EC: Rs. 7.15/kVAh	FC: Rs. 475/kVA/mon EC:Rs.4.90/kVAh	0.50
Odisha	FC Rs. 250VA/mon EC: Rs.5.80/kWh	20% energy rebate when Plf above 85% 15% energy rebate when 75%<PLF<85% 10% energy rebate when 65%<PLF<75% *Applicable for the entire consumption	1.16(20%)
			0.87(15%)
			0.58(10%)
1.16 (20%)			
Meghalaya	FC:Rs.500/kVA/mon EC:Rs.8.87/kVAh	FC:Rs.500/kVA/mon EC:Rs.5.83/kVAh	3.04

From the above table, it can be observed that the tariff for Ferro Alloys/ Energy Intensive Industries have been kept at lower level as compared to other HT Industries. In light of the above discussions, the Hon'ble Commission is requested to introduce a new Tariff Category for HT/ EHT Ferro-Alloys with a lower Tariff as compared to HT/EHT Industrial tariff. This will attract industry to the state and generate employment. On the whole, offering attractive and competitive tariffs will lead to more economic development on the state, further, such incentives should be offered for a fixed time period to ensure regulatory certainty in the state.

It is respectfully submitted that this Hon'ble Commission has the power and authority to create a separate category for ferro-alloys consumers under Section 62 of the Electricity Act, 2003. Relevant extracts of the section is as below:

"Section 62. (Determination of tariff): (1) The Appropriate Commission shall determine the tariff in accordance with the provisions of this Act for

3)The Appropriate Commission shall not, while determining the tariff under this Act show undue preference to any consumer of electricity but may differentiate according to the consumer's load factor, power factor, voltage, total consumption of electricity during any specified period or the time at which the supply is required or the geographical position of any area, the nature of supply and the purpose for which the supply is required."

Reply from Petitioner: The Industries Department, Government of Arunachal Pradesh, already provides various incentives under the prevailing Industrial Policy.

Creation of a separate Ferro-Alloy tariff category would:

- Further widen the revenue gap;
- Increase dependence on Government Grant;
- Disturb tariff balance across categories.

The present tariff for the Industrial category is already substantially lower than the actual Cost of Supply and is sustained only due to Government support. While the stakeholder has indicated an Average Cost of Supply (ACS) of approximately Rs.8.66-9.00 per kWh, the approved tariff for HT Industrial consumers (132 kV) is only Rs.4.00per kWh, thereby reflecting a significant revenue gap. Industrial consumption presently accounts for 206.07 MD (approximately 30%) out of the total 728.18 MD consumption. With additional ferrous units expected to be commissioned, this share may increase to 40--45%. Given that the existing industrial tariff (Rs.4.00 per kWh at 132 kV) is already highly competitive and substantially below the cost of supply. Introduction of a separate Ferro-Alloy category at a lower tariff would further widen the revenue gap and impose an additional burden on the State Government.

Commissions View: The Commission has carefully examined the submission made by *Prasam Alloycraft Industries LLP* regarding the creation of a separate tariff category for Ferro Alloy industries. In this regard, the Commission notes that under Section 62(3) of the Electricity Act, 2003, the Appropriate Commission may differentiate tariff based on factors such as the consumer's load factor, power factor, voltage, total consumption of electricity, time at which the supply is required, geographical position, nature of supply, and the purpose for which electricity is required.

The Commission further observes that the existing consumer category classification presently followed by the Petitioner does not fully reflect the actual classification of consumers in the State. In this context, the Commission had earlier issued directives to the Petitioner to undertake a comprehensive reclassification of consumer categories in order to ensure proper categorization and rationalization of tariffs. However, the Petitioner has not complied with the said directive till date.

In view of the above, the Commission is of the view that the issue of creating a separate tariff category for Ferro Alloy industries can be examined only after the Petitioner submits a revised and rationalized consumer category classification in compliance with the directives issued by the Commission. Accordingly, the Petitioner is once again directed to submit the proposal for

reclassification of consumer categories along with detailed justification and consumer-wise data, for consideration of the Commission in subsequent tariff proceedings.

III. Observations from Power Foundation of India

a) Issue 1:

Unavailability of audited accounts. Annexures & formats

A thorough search of the APSERC online portal (including the petition website page, case documents section, and associated links) reveals that the critical documents such as Audited Accounts, Formats and Annexures have not been uploaded or made publicly accessible, and comment has been sought on the True-up Petition. This is despite the fact that the petition itself cites them and rely on their contents. The absence of documents severally affects the due diligence of the Department of Power, Arunachal Pradesh (DoP, AP) performance thus undermining the power of Hon'ble Commission and violation of the of APSERC Conduct of Business Regulations, 2011, the extract of regulation is below:

" 13. 5. The petition shall be accompanied by such documents, supporting data and statements, as are relevant to the matters in issue in the petition."

PFI notes that DoP, AP have filed the said True-Up Petition under APSERC (Multi Year Tariff) Regulations, 2024 (hereinafter referred to as "APSERC Tariff Regulations 2024"). Regulation 2.6 (2) stipulates that Truing up Expenses and Revenue shall be based on the Audited Accounts. Regulation 2.6 (3) of APSERC Tariff Regulations 2024 specifies that the Distribution Licensee shall submit Financial accounts of the year under True-up to the Commission and Regulation 1.3 (87) has defined Regulatory Accounts. Relevant extract of the Regulations are as follows

"2.6.(2) Provided further that the information for the previous year shall be based on audited accounts and in case audited accounts for previous year are not available, audited accounts for the immediately preceding previous year should be filed along with un-audited accounts for the previous year"

"2.6.(3) True Up: a comparison of the audited performance of the applicant for the previous financial year with the approved forecast for such previous financial year, subject to the prudence check including pass through of impact of uncontrollable items. This includes categorisation of variations in performance with reference to approved

forecast into factors within the control of the applicant (controllable items) and those caused by factors beyond the control of the applicant (un-controllable items). Provided such categorization of the controllable and uncontrollable items shall be done in accordance with Regulation 2.7 of these Regulations. Provided that final accounts will be submitted at the time of submission of True up Petition of the Generation Company, Transmission Licensee, Distribution Licensee or SLDC”

“1.3 (87) "Regulatory Accounts" means the regulatory accounts, duly audited by the auditor of the Utility containing all the financial and non-financial information of the Utility, including the filled-up formats appended to these regulations and cover the activities which includes without limitation the Statutory Accounts prepared under Companies Act, 2013 or any other law applicable to the Utility;”

Further, Regulation 3.1 of APSERC Tariff Regulations 2024 specify that DISCOM need to submit complete information for determination of ARR & Tariff including the Tariff Formats, which shall also form part of the Tariff application and stipulates that Audited Accounts needs to be submitted.

Further also, Regulation 3.2 of APSERC Tariff Regulations 2024 specify that DISCOMs need to put all details of the Petition on its website of Admission Order of Tariff Petition along with **downloadable spreadsheet formats** as follows:

“3.2. Publication of Tariff Application (1) The applicant shall, within seven (7) days after registration of the application, publish the tariff petition in such abridged form and manner as may be specified and approved by the Commission, in at least two (2) daily newspapers, having wide circulation in the area of supply inviting objections/ suggestions within the specified date (21 days from publication) from general public and stake holders. (2) The applicant shall submit within fifteen (15) days of publication of the notice, copies of the newspapers wherein the notice has been published, supported by an affidavit to such effect. (3) The applicant shall make available a hard copy of the complete application, to any interested party, at such locations and at such rates as may be stipulated by the Commission. (4) Provided further that the applicant shall also put up on its website, in downloadable spreadsheet format showing detailed computations, the application made to the Commission along with all regulatory filings, information, particulars and documents in the manner so stipulated by the Commission: (5) Provided further that the web-link to the information mentioned in the second proviso above shall be easily accessible, archived for downloading and shall be prominently

displayed on the applicant's website"

However, PFI observes that there is non-compliance of APSERC Tariff Regulations 2024. There is a mandate in the said Regulations to submit Audited Accounts and Tariff formats for FY 2024-25 by DoP, AP and upload the same on their respective websites and even on APSERC website along with the True-Up Petition for FY 2024-25. PFI have tried reaching out the official landline contact number on the web portal, but the call was not received, hence no response could be recorded.

Till date PFI did not find Tariff Formats and Audited Accounts for FY 2024-25 uploaded on the website of DoP, AP or APSERC. The same screenshot of the website is attached at Appendix-1.

In view of above, it is submitted that non-availability of Audited Accounts in public domain related to the True-up Petition filed by DoP, AP for FY 2024-25 is a serious non-compliance of the Regulatory provisions, defeats the purpose of seeking stakeholders' comments / suggestions on the said Petition and leads to no transparency of the public consultation process.

PFI submits before Hon'ble APSERC to take appropriate action under Section 142 of the Electricity Act 2003 against DoP, AP for non-compliance of directions stipulated in APSERC (Multi Year Tariff) Regulations, 2024 and make available in public domain the Audited Accounts for FY 2024-25 of DoP, AP. It is therefore requested that the Hon'ble Commission to allow at least two (2) weeks' time-period to stakeholders to submit comments / suggestions on FY 2024-25 True-up Petition of DoP, AP after availability of its audited accounts in the public domain (APSERC website).

In view of above, PFI request the Hon'ble Commission to direct DISCOM to re-submit the Petition along with the supporting documents like Audited Accounts, Formats and Annexures and if not done so then penalize the DISCOM under Section 142 of the Electricity Act, 2003.

Reply from Petitioner: It is respectfully submitted that the Annual Audited Accounts, Tariff Formats and Annexures for FY 2024-25 were submitted to the Hon'ble Commission in triplicate along with the True-up Petition. Soft copies were also furnished. Further, the audited accounts have been uploaded on the official website of the Department of Power Arunachal Pradesh (DoP, AP). The True-up exercise has been undertaken strictly in accordance with

Regulations 2.6 and 3.1 of the APSERC MYT Regulations, 2024. All claims are based on audited financial statements. Accordingly, the allegation of non-compliance is denied.

Commission view: The Commission noted the submission of PFI and the Petitioner.

b) Issue 2:

Higher Distribution Loss

DoP, AP has claimed actual Distribution Loss as 39.76% for FY 2024-25 against the approved target of 21.21% by the Hon'ble Commission. It is observed that the Hon'ble Commission vide its Tariff Order dated 26/03/2025 has approved the Distribution Loss for FY 2024-25, the comparison of approved and actual is as follows:

Particulars	Target by Commission	Claimed by DoP, AP
Distribution Loss	21.21%	39.76%
Collection Efficiency	99.00%	100%
AT&C Loss	22.00%	39.76%

It is also noted that the DISCOM is able to achieve a collection efficiency of 100% owing to grants provided by the State Government to bridge the Revenue Gap created pertaining to loss in revenue collection due to difficult terrain for supply of power and collection of bills. Further, it is observed that Hon'ble Commission has directed DISCOM to reduce the AT&C loss and submit a roadmap highlighting the necessary steps taken to in order to achieve reduction in AT&C loss. The relevant extracts of Tariff order of FY 2023-24 are as follows:

"1. Since the Revenue Gap created by the Petitioner (which could have been reduced by improving the efficiency as per committed AT&C loss as well as controlling unwarranted UI procurement), is mitigated by the State Government through grants, the tried-up Revenue Gap shall not pass through and reflect in the next tariff petition. The inefficiency of the distribution licensee cannot be covered by the Grants from public money and concern officials of APDOP should be answerable for it.

2. Despite many flagship Schemes specially designed for reduction of AT&C losses in past and present, the AT&C losses consistently remained above 50%, and it even rose upto 61.93% in the FY2018-19. Matter needs serious introspection to plug the losses and conduct diagnostic exercise at individual feeder / transformer / subdivision / division / circle and zonal level. Commission hereby direct the APDOP, to conduct such exercise and submit results to Commission before next petition. Commission also directs APDOP to bring down the AT&C losses as per the trajectory issued by the MoP with due consultation with APDOP itself."

It is evident from the above paras that the DISCOM has not complied with the Hon'ble Commission direction and also not complied the loss targets as set under RDSS. Further, DISCOM has claimed transmission loss as 3.65% (average of monthly transmission loss of

FY 2024-25) in Table 10 of the Petition, but DISCOM while computing the energy balance in Table 12 (A) has considered transmission loss as 5.84%. PFI requests the Hon'ble Commission to consider the distribution loss as approved by the Commission and Transmission Loss as 3.65%.

Accordingly, PFI has recomputed the energy balance, which is as follows:

Particular AP	Claimed by DoP,	Proposed by PFI
Energy sold (MU)	728	728
Distribution Loss (%)	39.76%	21.21%
Input Energy at DISCOM periphery (MU)	1,209	924
Transmission Loss (%)	5.84%	3.65%
Input Energy (MU)	1,284	959

It is observed that, owing to DoP, AP inability to effectively control system losses, the utility was required to procure an additional 325 MU (1284-959) of energy, the burden of same should not be passed on to the consumers. It is pertinent to state that, the Government of India has approved the RDSS to support DISCOMs in improving their operational efficiencies. One of the components on which RDSS Scheme focuses is Loss Reduction. Under this part, infrastructure strengthening works will include Aerial Bunch cables and HVDS for loss reduction, replacement of HT/LT lines as required, construction of new/upgradation of substations, etc. is to be done. The sanctioned funds under RDSS for Loss reduction is Rs. 788 Cr.1 (Source: RDSS portal) and physical progress as on date is only 20%. Hon'ble Commission may direct DISCOM to utilize such fund and reduce the Distribution losses.

In view of above, PFI proposes the Hon'ble Commission to direct DISCOM to submit the action plan to reduce the Distribution losses in line with the targets set under RDSS.

Reply from Petitioner:

The actual Distribution Loss of 39.76% represents audited operational performance for FY2024-25. The approved loss trajectory is projection-based, whereas True-up reflects actuals subject to prudence check. The State's difficult terrain, dispersed load centres, and infrastructure constraints significantly impact loss levels. The total Transmission Loss is 75.40 MU on the 1,091.34 MU of Energy Injected from the Grid amounting to 6.90%. Transmission loss of 6.90% comprises:



- 3.65% Inter-State loss (as per Grid Controller of India); and
- 3.25% Intra-State loss (as approved by the Hon'ble Commission).

The Department is implementing RDSS schemes for loss reduction, including:

- Network strengthening
- Feeder metering
- Smart metering
- Infrastructure upgradation

Loss reduction is an ongoing process and improvements will progressively reflect in future filings.

Commission View:

The Commission has deliberated its view in relevant section of this order.

c) Issue 3:

Power Purchase Cost (Deviation UI)

DoP, AP has considered 41.25 MU through deviations (Table 2.3 of the Petition) as part of Power Purchase Quantum and corresponding Rs. 28.83 Cr. as Power Procurement cost. It is observed that the Hon'ble Commission has not allowed the same in Tariff order dated 26/03/2025 and stated that energy received from UI/Deviation is not a source of power procurement. The Commission has authority to not consider the UI charges and penalize the DISCOM if they find out the UI purchase is not done in economic and judicious manner. The relevant extract from the APTEL order in the matter concerning PSPCL (erstwhile PSEB), as referenced in Appeal No 7, 24 & 122 of 2011, provides the regulatory basis for such action. This authority stems from the Commission's mandate to ensure prudent power procurement practices, grid discipline, and protection of consumer interests under the provisions of PSERC MYT Regulations are as follows:

“19 (2).

At this frequency the Board is not expected to overdraw. Regulation 19(2) allows UI charges if power is purchased through UI mechanism in a judicious and economic manner. Such disallowance was on the basis of the decision of the Forum of Regulators dated 1.8.2009 and according to the appellant, it should be only from that date and not for the entire tariff year 2009-10.”


Secretary

Moreover, the Commission has explicitly specified that the Deviation is not a source of power procurement. The relevant extract from the True-Up Order FY 2023-24 is as follows:

"3.2.7The Commission has also not considered energy received from UI/Deviation as it is not a source of power procurement....."

PFI submits that such charges should not be considered, as these charges are a commercial mechanism for grid discipline and such charges must not be passed on to consumers. In view of above, PFI requests the Hon'ble Commission to not consider the Rs. 29 Cr. toward deviation charges. The same may be borne by the Govt. of Arunachal Pradesh in the form of subsidy.

Reply from Petitioner:

Deviation drawl is not by choice and is not a planned source of procurement; it occurs due to unavoidable grid dynamics and real-time operational constraints. The deviation quantum has been reduced significantly from 98.18 MD (FY 2023-24) to 41.25 MD (FY 2024-25), reflecting improved grid discipline. The deviation cost is fully covered by the State Government through Grant, ensuring no additional burden on consumers. The Hon'ble Commission is requested to consider the same under prudence check and approve the deviation.

Commission View: The Commission has deliberated it in relevant section of this order.

d) Issue 4:

Power Purchase against High Distribution Loss

PFI in above para has computed the excess Power Purchase Quantum of 316 MU against the higher distribution losses. Accordingly, the excess Power Purchase cost corresponding to the excess quantum should not be passed on to the consumers. The same should be reduced from the Power Purchase cost as claimed by DoP, AP. PFI has removed Power Purchase Cost corresponding to 325 MU by considering the average Power Purchase Cost of Rs. 2.92/kWh (Rs. 473 Cr./ 1622 MU) as claimed by DISCOM.

Particulars	Claimed by DoP, AP	Proposed by PFI
Power Purchase Quantum (MU)	1,284	1,284
Power Purchase Cost (Rs. Cr.)	502	473
Avg. Power Purchase Cost (Rs/kWh)	3.91	3.69

Accordingly, PFI requests the Hon'ble Commission to reduce the Power Purchase Cost by Rs. 120 Cr. In view of above, PFI requests the Hon'ble Commission to consider the Power Purchase Cost of Rs. 353 Cr. for FY 2024-25, the balance may be borne by the Govt. of Arunachal Pradesh in the form of subsidy.

Rs.Cr

Particulars	Claimed by DoP, AP	Proposed by PFI	Difference
Power Purchase Cost	502	353	(149)
Less UI charges		29	
Less: Against higher Distribution Loss		120	

Reply from the Petitioner:

Power procurement is undertaken to ensure uninterrupted supply in compliance with statutory obligations under the Electricity Act, 2003. The revenue gap arising therefrom is entirely covered through State Government Grant, ensuring no additional financial impact on consumers. Reduction of approved power purchase on notional recomputation basis may adversely affect system reliability. The claimed figures are audited actuals and subject to prudence examination.

Commission View:

The Commission has dealt with it in relevant section of this order.

e) Issue 5:

Free Power

It is submitted that approximately 30% of the total power procurement of DoP, AP comes from free power allocated from Central and State Generating Stations. The details of the approved quantum vis-à-vis actual procurement of free power during the FY 2024-25 is as follows:

Parameters	Free Power from Central Plants	Free Power from State Plants	Total (MU)
Approved by the Hon'ble Commission	510	7	518
Actual procured by DoP, AP	495	9	505
Deviation (MU)	(15)	2	(13)

Due to the under-scheduling of allocated free power, DoP, AP was constrained to procure 13 MU from the other sources of power. Further, it is also noted that DISCOM has not provided

the reason of not procuring free power as projected by the Hon'ble Commission. PFI further observes that DoP, AP has not submitted monthly reports certified by Arunachal Pradesh SLDC that Merit Order Despatch principle has been followed in true spirit while scheduling the Power from various Generating Stations. Therefore, it is requested to Hon'ble Commission to direct DoP, AP to submit the details along with certification from SLDC that MoD has been followed in true letter and spirit.

Reply from Petitioner:

Free power entitlement is percentage-based on actual hydro generation, which varies due to climatic conditions. The quantum of free power is beyond the control of DoP, AP. There has been no intentional under-scheduling. Merit Order Dispatch principles are followed in coordination with SLDC. SLDC certified records if so directed by the Commission shall be duly furnished.

Commission view:

The Commission has discussed it in details in relevant section of this order.

f) Issue 6:

Renewable Purchase Obligations

PFI notes that DoP, AP has not submitted any detailed information regarding its source-wise Renewable Purchase, RPO compliance and shortfall if any, as part of the present petition. The absence of such details prevents meaningful examination of statutory compliance with the applicable RPO Regulations. Further, with respect to Hon'ble Commission RPO trajectory, it is submitted that energy transition is the need of the hour and in order to achieve the Country's target of 500 GW of RE by 2030 and Net Zero by 2070, it is important that every designated consumer including DISCOM should procure Renewable Energy at least equivalent to meet the yearly RPO Targets. In last few years the share of Renewable Energy has increased significantly which resulted in the concern of grid stability due to intermittent nature of RE and raised the challenges of providing Round the Clock power at affordable prices. To overcome these concerns, Renewable Energy Implementing Agencies like SECI have evolved from plain Vanilla tenders (procuring only Solar or wind energy) to the new age Tenders like RTC or FDRE (Firm & Dispatchable Renewable Energy) Tenders assuring providing round the clock power or peak power through Renewable plus storage combination. The intent of National RPO target is to provide firm and dispatchable renewable energy by providing power

through Solar, Wind, Hydro, other Renewable Energy sources and Energy Storage. Further to save the transmission loss and charges, it is also important to have Distributed Renewable Energy to meet the load at the injecting point.

The prime motive of RPO is to increase share of Renewable energy in the total consumption and in order to promote different sources MoP have come up with technology wise targets. Further, considering the cost and transmission congestion, MoP introduced Distributed Renewable Energy (DRE) Target which include renewable projects upto 10 MW. The prime objective of the introducing DRE is to promote the local available RE and to save the related Transmission network cost, charges and Loss. The Renewable Energy (Solar & Wind) are mostly dominated in 6-7 States like Gujarat, Rajasthan, Tamil Nadu, Andhra Pradesh, etc., due to higher solar irradiance and wind density resulting higher CUF and higher power generation. However, to transmit that energy to the State like Arunachal Pradesh, DISCOMs need to pay ISTS charges and to develop InSTS network, but in case the renewable energy is within the State, DISCOMs does not need to pay ISTS charges which is in the range of 50-70 paisa/kWh and transmission losses, resulting reduction in power procurement cost. PFI has analyzed that the positive impact of higher CUF get nearly nullified considering impact of interstate transmission system and intra-state transmission system losses. Thus, PFI requests the Hon'ble Commission and DISCOM to promote DRE in the State.

It is evident from the above paras that every source is important to provide round the clock power and have minimum impact on grid.

In view of above, PFI requests the Hon'ble Commission to direct DoP, AP to submit comprehensive and verified details of its RPO compliance for FY 2024-25, and if there is a shortfall and impose penalty on non-compliance of RPO targets as per buyout price of Rs. 245/MWh proposed by Hon'ble CERC vide its suo-moto Order 22/10/2025.

Reply from Petitioner:

The RPO compliance statement for FY 2024-25 has been submitted to the Hon'ble Commission on a quarterly basis for each quarter. D32-D34. Noted. There is no shortfall in RPO compliance for FY 2024-25.

Commission view:

The Commission has discussed it in relevant section of this order.



g) Issue 7:

Compensation on injury, death and damage

PFI notes that DISCOM claim the expenses booked on Compensation on injury, death & damage as part of O&M expenses. PFI observes that Section 57 (2) and Section 59 (1) of the Electricity Act 2003 focus on two key points i.e., Compensation and Furnishing Case-wise information. Relevant sections are as follows:

“Section 57. (Consumer Protection: Standards of performance of licensee):

(1) The Appropriate Commission may, after consultation with the licensees and persons likely to be affected, specify standards of performance of a licensee or a class of licensees.

(2) If a licensee fails to meet the standards specified under sub-section (1), without prejudice against any penalty which may be imposed or prosecution be initiated, he shall be liable to pay such compensation to the person affected as may be determined by the Appropriate Commission:

Provided that before determination of compensation, the concerned licensee shall be given a reasonable opportunity of being heard.

*...
Section 59. (Information with respect to levels of performance):*

(1) Every licensee shall, within the period specified by the Appropriate Commission, furnish to the Commission the following information, namely:-

(a) the level of performance achieved under sub-section (1) of the section 57;

(b) the number of cases in which compensation was made under subsection (2) of section 57 and the aggregate amount of the compensation.”

Conjoint reading of Section 57 & Section 59 leads to the conclusion that DISCOMs need to submit case-by-case details to the Commission and the Commission will determine the compensation only after going through the merits of each case.

Further, Hon'ble APTEL vide its Judgment² dated 27/09/2012 in Appeal No.141 of 2012 provided clarification of Section 57(2) stating that SERCs will determine compensation on a case-by-case basis after analyzing the failure in meeting standard of performance and other details, relevant extract from said judgement is as follows:

“Section 57(2) provides for a case-by-case determination of compensation. Such compensation has to be paid to the affected person. This will make it clear that the State Commission will have to determine on the basis of allegation that a particular standard of performance had been violated, as to how and what extent the person has been affected due to such violation.”

It is pertinent to note that all penalties and compensation payable by the DISCOM to any party for failure to meet any Standards of Performance or for damages, as a consequence of the orders of the Commission, Courts, Consumer Grievance Redressal Forum, and Ombudsman, etc., should not be allowed to be recovered through the Aggregate Revenue Requirement.

Secretary

In view of above, PFI proposes the Hon'ble Commission to direct DISCOM to submit case-by-case reason of accident and allow pass through of compensation only in cases where the reason is not attributable to the DISCOM.

Reply from Petitioner:

No compensation expenses were incurred in 2024-25.

Commission view:

The Commission has noted the submissions made by PFI as well as the response of the Petitioner in this regard. In addition to the legal provisions under the Electricity Act, 2003 referred to by PFI, the Commission would like to highlight that it has also notified the APERC (Compensation to Victims of Electrical Accidents) Regulations, 2026, which was published in the Gazette Notification dated 12th January 2026. In view of the above, the Petitioner is hereby directed to strictly adhere to the procedures prescribed under the said Regulations in cases relating to victims of electrical accidents.

h) Issue 8:

Summary of DoP, AP, True up FY 2024-25

As stipulated above, summary of PFI Comments on True-up of FY 2024-25 for DoP, AP is as follows, Hon'ble Commission is requested to kindly consider the same.

Sr. No	Particulars	Claimed by DISCOM	Proposed by PFI	Diff
1	Sales	728	728	0
2	Distribution Loss	39.76%	21.21%	(18.55%)
3	Transmission Loss	5.87%	3.65%	(2.22%)
4	Collection Efficiency	100%	100%	0
5	Power Purchase Cost	502	353	(149)
5a	Less: Power Purchase Cost over normative Distribution Loss	-	120	-
5b	Less: UI Charges	-	29	-
6	Transmission Charges	95	95	0
7	Operation & Maintenance Expenses	448	448	0
7a	Employee Expenses	394	394	0
7b	Administrative & General (A&G) Expenses	12	12	0
7c	Repair & Maintenance (R&M) Expenses	42	42	0
8	Aggregate Revenue Requirement	1045	896	(149)
9	Non-Tariff Income	84	84	0
10	Net ARR	961	813	(149)

Sr. No	Particulars	Claimed by DISCOM	Proposed by PFI	Diff
11	Revenue from Sale of Power	419	419	0
12	Revenue grant from GoAP	543	543	0
13	Revenue (Gap)/Surplus	0	149	149

As above, PFI requests the Hon'ble Commission to consider the submissions made by PFI and as part of the Prudence Check. In view of above, it is noted that GoAP had release subsidy of Rs. 543 Cr. to the DISCOM but GoAP should also bear the inefficiency of Rs. 149 Cr. as computed by PFI. Thus, the total subsidy to be disbursed to DoP, AP will be Rs. 692 Cr. (543+149). However, it is also noted that DoP, AP has recovered revenue of Rs. 419 Cr. from tariff from the consumers of Arunachal Pradesh, so cumulating both leads to revenue recovered of Rs. 1111 Cr. (692+419). The inefficiencies may not be passed on the consumers and thus the tariff relief of Rs. 149 Cr. (1111-962) should be passed on to the consumers of Arunachal Pradesh with carrying cost in the ARR of FY 2026-27.

Reply from Petitioner:

The True-up Petition has been filed in accordance with:

- APERC MYT Regulations, 2024;
- Electricity Act, 2003; and
- Directions of the Hon'ble Commission.

All claims are based on audited actuals and are subject to prudence check.

Commission View:

The Commission has deliberated its view in the True up section of this order.

i) Issue 9:

For ARR Petition FY 2026-27

Monthly Demand, Power Quantum & Power Purchase Cost Projection

Power Purchase Cost accounts for 70-80% of the ARR of any DISCOM and therefore DISCOM as well as the Commission focus on optimizing the same which resulted into introduction of Merit Order Despatch principle and Resource Adequacy planning. Further, the Indian Power Sector is very dynamic and changing frequently with increase in renewable energy share resulting crash of short-term prices at Power exchange during the solar hours,

Green Energy Open Access, tremendous growth in Rooftop solar/PM-Surya Ghar, deployment of Energy storage, etc. have impacted the process of demand projection and accordingly the power procurement. This mandates DISCOMs to cover such factors while projecting the sales and corresponding power procurement while filing the Tariff Petitions after considering hourly or at least monthly energy balance and monthly power purchase quantum and cost, which has not been observed in the case of DoP, AP Tariff Petition, wherein it has been noticed that State like Madhya Pradesh and Andhra Pradesh, the Tariff Petition include the projection of Power Purchase Quantum and Cost on monthly format basis and they also submit details related to MoD even in the projection part, the relevant pages from the Petitions are attached as Appendix 2 & 3.

Further, it is also observed that DISCOM has completed the Power Purchase Cost section in 3-4 pages only without submitting the basic details like assumptions considered for projecting plant-wise quantum like Capacity, DISCOM share, PLF, Minimum Technical Limit, annual overhauling/maintenance schedule, past generation trend, CERC/Commission Order for projecting Fixed Charges, etc. like other DISCOMs submit with the Petitions.

Hence, it is requested to the Hon`ble Commission to direct DISCOMs to resubmit such details to the Commission and the same may be approved after prudence check of the details submitted by the DISCOMs.

Reply from Petitioner:

Projections are based on:

- Historical consumption trends,
- Seasonal demand patterns,
- Reliability requirements.

All projections are subject to regulatory scrutiny and subsequent True-up.

Commission view:

The Commission has deliberated its view on the relevant issue in the True up section of this order.

j) Issue 10:

Distribution Loss projection

DoP, AP has projected the Distribution Loss of 18.04% & Collection Efficiency as 100% considering the vast geographical area. However, it is observed that Hon`ble Commission


Secretary

has approved Distribution Loss of 14.14% & Collection Efficiency as 99% vide its Tariff Order date 26/03/2025. The summary is as follows:

Particulars	Projected by DoP, AP	Approved by Hon'ble Commission
Distribution Loss	18.04%	14.14%
Collection Efficiency	100.00%	99.00%
AT&C Loss	18.04%	15.00%

It is also noted that DoP, AP has been implementing Loss reduction work and Smart metering work under the Ministry of Power flagship scheme RDSS. In view of Hon'ble Commission target and undergoing work under RDSS, PFI requests the Hon'ble Commission to consider Distribution Loss as 14.14%. Accordingly, PFI requests the Commission to reduce the excess Power Purchase Quantum of 58 MU corresponding to higher AT&C losses (14.14%-18.04%)

Particulars	Projected by DoP, AP	Proposed by PFI	Difference
Distribution Loss	0.1804	0.1414	(3.90%)

Accordingly, PFI has recomputed the energy balance of DoP, AP as follows:

Particulars	Projected by DoP, AP	Proposed by PFI
Energy Sold (MU)	1013	1013
Distribution Loss (%)	18.04%	14.14%
Energy at DISCOM periphery (MU)	1236	1180
Transmission loss (%)	3.15%	3.15%
Input Energy (MU)	1277	1219

The excess Cost corresponding to above mentioned excess Power Purchase Quantum was reduced from the total Power Purchase Cost at an average Power Purchase Cost per unit.

Reply from Petitioner:

It is submitted that the distribution loss projected for FY 2026-27 has been determined based on realistic assessment of operational conditions, past performance trends and ongoing infrastructure constraints. While the Hon'ble Commission had approved a lower distribution loss trajectory in the Tariff order dated 26.03.2025 such approval was based on projected parameters and expected improvements.

Commission view: The Commission has deliberated its view on the relevant issue in the True up section of this order.


Secretary

k) Issue 11:

Additional Revenue from True Up

PFI in the True-up section has computed the surplus Revenue collected by DoP, AP as Rs. 149 Cr. and the benefit of the same should be passed on to the consumers of Arunachal Pradesh after considering the carrying cost. As per Clause 2.6 (5) of APSERC MYT Regulations, 2024, the carrying cost for the trued-up amount (positive or negative) at interest rate equivalent to the normative interest rate of three hundred (300) basis points above the average State Bank of India MCLR (One Year Tenor) prevalent during the true-up year.

Accordingly, PFI has computed the carrying cost as follows:

Particulars	Proposed by PFI
Surplus Revenue (Rs. Cr.)	149
SBI MCLR rate 1 year (Avg. MCLR rate during FY 2024-25) (%)	8.9%
Carrying cost considered (%)	11.9%
Total Revenue (Rs. Cr.)	186

Accordingly, PFI requests the Hon'ble Commission to consider the additional revenue of Rs. 186 as part of ARR for FY 2026-27.

Particulars	Projected by DoP, AP	Proposed by PFI	Difference
Revenue from sale of Power(Rs.Cr)	443	629	186

Reply from Petitioner:

There is no real surplus revenue. The structural gap between Cost of Supply and Average Revenue Realised is covered by the State Government through Grant. Grant support cannot be construed as surplus revenue for pass-through adjustment.

Commission View:

The Commission is of the view that since the Petitioner operates as a Department under the State Government and its expenditure is budgetary approved by the Government of Arunachal Pradesh, with the revenue gap being fully funded through grants from the State Government without any burden being passed on to consumers, the question of revenue surplus does not arise in the present case. However, the Commission notes that there remain significant operational inefficiencies on the part of the DISCOM. These include shortcomings in accurate load forecasting and scheduling of power, the persistent inability to reduce loss levels—largely attributable to the prevalence of unmetered connections—and weak revenue collection mechanisms. The Commission is of the view that meaningful improvements in these areas

could substantially enhance the financial condition of the Petitioner and reduce the extent of financial support required from the State Government. Such reduction in grant support could enable the State Government to allocate resources to other priority areas of development.

I) Issue 12:

Power purchase cost projection

DoP, AP has considered an escalation of 5% on power purchase cost of FY 2024-25 for all generating stations.

It is submitted that the Central Government, vide MoF Notification No.9/2025- Central Tax (Rate) dated 17/09/2025, has increased the GST rate on coal from 5% to 18%; and vide Notification No. 2/2025-Compensation Cess (Rate) dated 17/09/2025, has abolished the Compensation Cess of Rs. 400/MT, with effect from 22/09/2025. The abolition of the Compensation Cess and the increase in the GST rate on coal have impact on the cost of coal to be procured by the generating companies. Hon'ble CERC vide its suo-moto order dated 1/10/2025, has mentioned that changes due to GOI notifications dated 17/09/2025, squarely fall within the ambit of a change in law event and will be applicable to all PPAs having a composite scheme and covered under Section 63 of the Act, except in case of the generating companies having captive coal mines.

It is expected that rationalisation of GST rates on coal from 5% to 18% and removal of compensation cess of Rs. 400 per ton, will reduce the cost of generation for coal based power generators. Further, Ministry of Coal estimated that impact of the new reform on coal pricing and the power sector is a substantial reduction in overall tax burden, with coal grades G6 to G17 seeing decreases in the range of Rs. 13.40 per tonne to Rs. 329.61 per tonne. For the power sector, the average reduction is estimated to be around Rs. 260 per tonne, translating into a cut of 17-18 paise per kWh in the cost of generation.

Therefore, it will not be prudent to escalate the ARR of FY 2026-27 and allow upfront loading in Tariff, due to increased Power Purchase Cost, for the consumers of Arunachal Pradesh.

In view of above, PFI request to the Hon'ble Commission to consider Power Purchase Cost for FY 2026-27 as submitted by DoP, AP for FY 2024-25 without any escalation. Accordingly, PFI has recomputed the Power Purchase cost for FY 2026-27 considering no escalation in the cost of power procured from thermal power plant and by reducing the UI charges, as follows:



(Rs.Cr)

Source of Power	Projected by DoP, AP	Proposed by PFI
NEEPCO	205.96	205.96
NTPC	191.88	174.04
NHPC	11.65	11.65
OTPC	41.9	41.9
Deviation	28.83	0
Reactive	0.02	0.02
Devi Energies	49.27	49.27
Kangteng Hydro	11.43	11.43
DHPD	0	0
HPDCAPL	1.69	1.69
APPCPL	7.16	7.16
Mis. exp.	1.05	0
Total	550.84	503.12

PFI in True-up section has requested the Hon'ble Commission to not consider the UI charges as it is penal in nature and cannot be passed on to the consumers. Further, DoP, AP has considered Misc. charges of Rs. 1.05 Cr., PFI request the Hon'ble Commission to not consider the same as it leads to upfront loading on tariff and may be considered at the time of True-up after prudence check.

PFI in above para as recomputed the energy balance for DoP, AP for FY 2026-27 and requested to the Hon'ble Commission to reduce the excess power from the Power Purchase Quantum and Power Purchase Cost.

Particulars	Excess Power Purchase Quantum (MU)	Average Power Purchase Cost (Rs./kWh)	Power Purchase Cost (Rs. Cr.)
Power Purchase Cost against excess Distribution Loss	58	4.09	24

Therefore, PFI has recomputed the Power Purchase Cost for FY 2026-27 considering no escalation in Energy Charge Rate, reducing UI, Misc. expenses and excess quantum against higher Distribution Loss. Accordingly, PFI requests the Hon'ble Commission to consider Power Purchase Cost as Rs. 479 Cr. Further, any difference in actual and allowed Power Purchase Cost will be automatically factored in Fuel and Power Purchase Adjustment Surcharge (FPPAS) mechanism socialize it to the consumers of Arunachal Pradesh. The balance should be borne by the Govt. of Arunachal Pradesh in the form of subsidy.

(Rs.Cr)

Particulars	Projected by DoP, AP	Proposed by PFI	Difference
Power Purchase Cost	551	479	-71
Less: UI Charges		29	
Less: Escalation in Energy Charge Rate		18	
Less: Misc. Exp.		1	
Less: Higher Distribution Loss		24	

Reply from Petitioner:

Power Purchase Cost projections are based on realistic assumptions and prevailing regulatory framework. Any Change in Law impact will be treated in accordance with applicable CERC/APSERC provisions. All projections remain subject to prudence check.

Commission View:

The Commission has deliberated its view on the relevant issue in the ARR section of this order.

m) Issue 13:**O&M expenses**

DoP, AP has claimed O&M Expenses as Rs. 477 Cr. against the Hon'ble Commission projected O&M Expenses as Rs. 465 Cr. by considering inflation on actual expenses of last 3 years. It is observed that the Hon'ble Commission in its Tariff Order dated 26/03/2025 has projected the O&M expenses for DoP, AP as per Clause 4.10 of APSERC MYT Regulations 2024, wherein Hon'ble Commission has escalated the A&G expenses and R&M expenses by escalation factor.

It is observed that DoP, AP has not provided the details of escalation factor considered for computing O&M expenses for FY 2026-27. In view of this, PFI requests the Hon'ble Commission to consider the O&M Expenses as approved by the Commission in its Tariff Order dated 26/03/2025 as Rs. 465 Cr., the balance may be borne by the Govt. of Arunachal Pradesh in the form of subsidy.

Particulars	Projected by DoP, AP	Proposed by PFI	Difference
O&M Expenses	477	465	(12)

Reply from Petitioner:

The O&M and other expenditure projections are based on past actual expenses and reflect realistic operational expenditure.



Secretary

Commission View:

The Commission has deliberated its view on the relevant issue in the ARR section of this order.

n) Issue 14:

Summary of DoP, AP ARR& Tariff Petition for FY 2026-27

As stipulated above, summary of PFI Comments on ARR of FY 2026-27 for DoP, AP is as follows, Hon'ble Commission is requested to kindly consider the same.

Sr. No.	Particulars	Claimed by DISCOM	Proposed by PFI	Difference
1	Sales	1013	1013	0
2	Distribution Loss			
2a	Less: Distribution Loss not in line with the Commission trajectory	0.1804	0.15	(3.04%)
3	Transmission Loss	0.0315	0.0315	0%
4	Power Purchase Cost	551	479	(71)
4a	Less: Power Purchase Cost over normative Distribution Loss		18	
4b	Less: UI Charges		29	
4c	Less: Misc. expenses		1	
4d	Less: High Distribution loss		24	
5	Transmission Charges	103	103	0
6	Operation & Maintenance Expenses	477	465	(12)
6a	Employee Expenses	423	410	(13)
6b	Administrative & General (A&G) Expenses	13	11	(3)
6c	Repair & Maintenance (R&M) Expenses	41	44	4
7	Aggregate Revenue Requirement	1131	1048	(83)
8	Non-Tariff Income	134	134	0
9	Net ARR	998	914	(83)
10	Revenue from Sale of Power including Surplus Revenue from FY 2024-25 True-up	443	629	186
11	Revenue from Sale of Power Outside the State	120	120	0
12	Revenue (Gap)/Surplus	(435)	(166)	270

In view of above, it is observed that DoP, AP has Revenue Gap of Rs. 166 Cr. instead of projected Revenue Gap of Rs. 435 Cr. PFI requests the Hon'ble Commission to kindly consider the same. Further, the Govt. of Arunachal Pradesh should provide additional subsidy of Rs. 270 Cr., on account of higher claims of DoP, AP as tabulated above, over and above the subsidy decided by Govt. of Arunachal Pradesh for FY 2026-27.


Secretary

Reply from Petitioner:

The ARR and Tariff Petition have been prepared strictly in accordance with the MYT Regulations, 2024, the Electricity Act, 2003, and the principles adopted by the Hon'ble Commission in its Tariff Orders, including the Order dated 26.03.2025.

Commission View:

The Commission has deliberated on the issue in relevant section of this order.

o) Issue 15:

Bifurcation of DISCOM ARR into Wheeling & Retail Business

In order to implement the provisions of Electricity Act, 2003 related to competition and Open Access as per Section 42 and the provisions of the proposed Electricity (Amendment) Bill, 2025 mandating de-regulation of the consumers above 1 MW and parallel licensing within same area through shared network, there is a urgent need of filling separate Petition for Wheeling and Retail by DISCOMs which is being already followed by DISCOMs of Andhra Pradesh & Telangana (Appendix- 4 & 5). Such filling of Petition should be transparently and accurately linked to the Audited Accounts.

In view of above, PFI requests the Hon'ble Commission to direct DISCOM to submit separate Petition for Wheeling and Retail Business along with break-up of businesswise expenses and income in Audited Accounts.

Reply from Petitioner:

The bifurcation of Wheeling Business and Retails Supply Business has already been duly provided in ARR.

Commission View:

The Commission has noted the submission of the Petitioner and has deliberated it in details in relevant section of this order.

p) Issue 16:

Energy Storage

India's evolving energy storage policy framework underscores its commitment to enhancing grid flexibility and supporting renewable energy integration. Since 2019, a robust regulatory ecosystem has been crafted to support energy storage deployment through national initiatives



around technical standards, legal frameworks, transmission charges, Resource Adequacy (RA) planning, market mechanisms, and financial incentives, as well as state-level initiatives. In a significant regulatory development, the MoP clarified Legal Status to ESS on January 29, 2022. The order identifies Energy Storage Systems (ESS) as an essential component of the power system under the Electricity Act of 2003, permitting ESS to function as a standalone or integrated element within generation, transmission, or distribution networks. The ESS can be operated by various entities, and standalone ESS projects can be licensed independently and granted connectivity under specific rules, encouraging broader ESS applications and ownership models.

The Waiver of Inter-State Transmission System (ISTS) Charges for solar, wind (onshore and offshore), and green hydrogen projects was mandated by the Ministry of Power (MoP) on November 23, 2021, with subsequent amendments in November 2021, December 2022, May 2023, June 2023 & June 2025. The relevant extract is as follows:

- “
- a) *ISTS charges waiver for Hydro PSP Projects for which the construction work has been awarded on or before 30th June 2028 shall be 100%.*
 - b) *ISTS charges waiver for co-located Battery Energy Storage System (BESS) Projects commissioned on or before 30th June, 2028 shall be 100%, if the power from such BESS projects is consumed outside of the state, where such BESS project is commissioned.*
Provided that a BESS project shall be considered as co-located, if the BESS and RE projects are connected at the same ISTS sub-station.
 - c) *There will not be any ISTS charges waiver for Hydro PSP Projects, for which the construction work awarded after 30th June, 2028 and for co-located BESS commissioned after 30th June, 2028.*
 - d) *For BESS projects which are not co-located, the ISTS charges waiver shall be as per the extant orders issued by the Ministry of Power and CERC Regulations.”*

The Central Electricity Authority (CEA) on 28/06/2023, has established RA planning guidelines at both national and state levels, an important step forward, and has recently come up with state-wise RA reports with up to 5-year or 10-year RA projections. The CEA Resource Adequacy guidelines also outline a framework for incorporating ESS in RA planning.

Recent national and state government policies have begun to lay a foundation that will support ESS deployment and its integration into RA planning and procurement, electricity markets, and system operations.


Secretary

Standalone and co-located ESS can play an important role in meeting RA requirements under India's emerging RA framework. Going forward, state-level RA frameworks need to be closely aligned with long-term planning and resource procurement processes to support cohesive implementation.

In view of the above, PFI submits that Energy Storage is an effective tool for Energy arbitrage for DISCOMs in optimization of their Power Purchase Cost. For instance, in BESS, Batteries can be charged in the off-peak hours and can be discharged in Peak hours, thus, avoiding reliance of DISCOMs on high-cost short term Power from markets or not scheduling the high-cost Power Plants. With steep reduction in Battery prices and active participation by various companies, DISCOM necessitates to also consider Energy Storage as part of their Power Procurement Planning in line with Resource Adequacy Planning formulated by CEA for Arunachal Pradesh.

Reply from Petitioner:

The Petitioner has stated that Energy storage requirements. If any shall be undertaken in accordance with regulatory approval and prudence principles.

Commission View:

The Commission has noted the submission of PFI & Petitioner.

q) Issue 17:

PM Surya Ghar-Muft Bijli Yojana and Demand Side Management

PM Surya Ghar: Muft Bijli Yojana, the world's largest domestic rooftop solar initiative, is transforming India's energy landscape with a bold vision to supply solar power to one crore households by March 2027. By March 2025, installations under the scheme are expected to exceed 10 lakhs, with the numbers doubling to 20 lakhs by October 2025, reaching 40 lakhs by March 2026, and ultimately achieving the target of one crore by March 2027. The scheme is projected to add 30 GW of solar capacity through rooftop installations in the residential sector, significantly contributing to India's renewable energy goals.

Through this rooftop solar scheme many domestic consumers will have Net metering connections which will have a sizeable impact on the domestic category sales.

However, in the Tariff Petition for ARR of FY 2026-27, it is noted that none of the DISCOMs have submitted any proposal related to PM Surya Ghar – Muft Bijli Yojna.


Secretary

Further, it is observed that the DISCOMs have also not submitted any proposal related to Demand Side Management (DSM) initiatives. DSM is a strategic approach to energy conservation that seeks to manage consumer demand for energy rather than simply supply it. It is a coordinated set of activities and programs undertaken by electric utilities, developers, government agencies, and end-use customers to ensure that electric power service can be delivered to consumers at the lowest cost consistent with reliable supply. DSM also seeks to promote energy conservation and peak load reduction through voluntary or mandatory actions taken by the above-mentioned participants.

In view of above, PFI submits that Sales forecast for DISCOMs in ARR of FY 2026-27 may be done considering the impact of PM Surya Ghar – Muft Bijli Yojna and Demand Side Management (DSM) initiatives.

Reply from Petitioner:

The Petitioner has noted the submission of PFI.

Commission View:

The Commission has noted the submissions of the PFI and the Petitioner and is of the considered view that the Petitioner needs to undertake a detailed assessment and explore the implementation of the PM Surya Ghar: Muft Bijli Yojana, duly factoring in the prevailing geographical conditions of the State and take appropriate steps for effective rollout of the scheme, as its implementation is expected to benefits, including reduction in power purchase cost, improvement in AT&C losses, and facilitation of demand side management within the State.

r) Issue 18:

GFA or NFA approach for Return on Equity

Under Section 181 of the Electricity Act, 2003, SERC has been defined specific function to frame Regulations. Sub-Section (1) of Section 181 stipulates that “*The State Commission may, by notification make regulations consistent with this Act and the rules generally to carry out the provisions of this Act.*”

Section 61 of the Electricity Act, 2003, pertains specifically to framework of Tariff Regulations by appropriate Commission. Sub-Section (d) of Section 61 stipulates that while framing Tariff Regulations, appropriate Commission may be guided by various factors including “*safeguarding of consumers' interest and at the same time, recovery of the cost of electricity in a reasonable manner;*”


Secretary

Taking an ideal case of Transformer, whose useful life is 25 years. Based on such useful life, Depreciation is first calculated for 12 years which is linked to 70% of loan repayment. Balance Depreciation till 90% is segregated over balance useful life of 25 years.

As mandated u/s 61 (d), stipulated above, there has to be recovery of cost of Electricity in a reasonable manner. Beneficiaries pay for the cost of electricity till 25 years. Initially, Capital Cost is split into 70 : 30 :: Debt : Equity which is being currently dealt as follows :

• **For 1st 12 years** (ref: Regulation 4.8 of APSERC Tariff Regulations, 2018)

o Loan Repayment equivalent to 70% of Capital Cost, is being linked to Depreciation and it's Interest portion is allowed as separate line item in Fixed Cost.

o Return on Equity is allowed yearly on 30% of Capital Cost without depreciating the equity base since, depreciation is being linked to Debt component.

“(3) The repayment for the year during the tariff period from FY 2019-20 to FY 2021-22 shall be deemed to be equal to the depreciation allowed for that year.

(4) Notwithstanding any moratorium period availed by the Generating Company or the Transmission Licensee or the Distribution Licensee, as the case may be, the repayment of loan shall be considered from the first year of commercial operation of the project and shall be equal to the annual depreciation allowed.”

• **Balance Useful Life of 13 years**

o Loan has been fully repaid whose principal payment was linked to Depreciation i.e., asset has now been 70% Depreciated.

o Depreciation is still allowed as an expense in Fixed Cost till 25 years but Equity Base is not reduced.

Till 100% Loan repayment, which translates to recovery of 70% of Capital Cost, Depreciation used to reduce the Loan Base by linking with loan repayment but once loan is fully repaid Depreciation is still allowed as an expense in Annual Fixed Charges and RoE is allowed on total Equity Base which is same as that on Year 1.

So, a utility, after 12 years (when loan has been fully repaid) receives Depreciation in Fixed Charges and also RoE on full Equity Base. Rather, after 12 years, RoE should be allowed on Net Fixed Asset basis and Equity Base should be reduced by Depreciation since Depreciation is allowed as an expense even after 12 years recovered from consumers.

Other SERCs where NFA approach is adopted

Andhra Pradesh Electricity Regulatory Commission, Delhi Electricity Regulatory

Commission.

CERC Order dtd. 13/08/2021 – NFA Approach for Emission Control System

Hon'ble CERC in it's Order dtd. 13/08/2021 related to determination of Compensation on account of installation of Emission Control System has considered NFA approach as follows:

"36. We have considered all the suggestions and comments of the stakeholders. However, the Commission notes that the approach of net fixed assets and cost of capital employed suggested in the draft Suo-Motu order satisfies the principle of economic restitution. The Commission is aware of the concerns and financial position of the generating companies. However, compensation for change in law cannot be a mechanism to improve their financial position. Accordingly, the proposed approach of servicing investment through cost of capital employed is appropriate, being consistent with the principle of economic restitution."

CERC Order dtd. 30/07/2016 – NFA Approach for BTPS

Hon'ble CERC in it's Order dtd. 30/07/2016 related to Truing up of Fixed Cost of 705 MW of BTPS (3 x 95 + 2 x 210) for the period from 1/4/2009 to 31/03/2014, had decided NFA approach post repayment of loan, tabulated as follows:

"63. The respondent, BRPL has requested the Commission to direct the petitioner to furnish the actual Corporate tax paid against the BTPS duly audited and certified by the Auditors. In response the petitioner has submitted that the Commission has already upheld the contention of the Petitioner, and therefore, this is a settled matter. As per methodology under NFA approach, return would be provided on constant equity component till the loans are fully paid and once the loans are fully repaid subsequent depreciation recovery would be utilized towards notional reduction in equity. In other words, return on equity would be calculated on reducing equity base once the loan is fully repaid notionally. The net equity worked out on cash basis as on 1.4.2009 is ₹17946.58 lakh whereas ₹17848.20 lakh has been considered by the petitioner for purpose of tariff. The grossing up of the base rate has been done with respect to the actual tax rate applicable to the petitioner for the years 2009-10, 2010-11, 2011-12, 2012-13 and 2013-14. Accordingly, return on equity has been worked out on the normative net equity as on 1.4.2009 after accounting for the admitted actual additional capital expenditure for the period 2009-14 as above. Return on Equity has been computed as under:-


Secretary

	2009-10	2010-11	2011-12	2012-13	2013-14
Opening notional equity	17923.71	15699.11	13873.71	14063.84	12386.63
Addition due to Additional Capitalisation	14.65	174.78	781.73	279.06	25.00
Repayment of Equity (balance of depreciation after repayment of loan)	2239.25	2000.18	591.80	1976.27	2448.21
Closing Equity	15699.11	13873.71	14063.84	12366.63	9643.42
Average Equity	16811.41	14786.41	13968.77	13215.23	11155.02
Return on Equity (Base Rate) (%)	15.50	15.50	15.50	15.50	15.50
Tax rate (%)	33.990	33.218	32.445	32.445	33.990
Rate of Return on Equity (Pre Tax) (%)	23.481	23.210	22.944	22.944	23.481
Return on Equity (Pre Tax)	3947.48	3431.93	3204.98	3032.10	2619.31

In view of above, it is noted that since beneficiaries are required to pay for the useful value of the assets in operation, therefore NFA approach would be in tandem with Section 61 (d) of the Act.

GFA approach leads DISCOMs to earn return on depreciated assets. Therefore, the capital cost may be divided in the ratio of loans and equity and the loan amount may be reduced to the extent of depreciation accrued. Once the loan is fully repaid, further depreciation must reduce the Equity component as still depreciation is allowed to be recovered in Fixed Cost even after full repayment of loan.

Working Methodology of GFA and proposed NFA Approach is Annexed herewith as Appendix-6 (only RoE, IoL and Depreciation), wherein it may be noted that from 20th Year onwards Equity Base is reduced, after repayment of Loan, through Depreciation. Cumulative RoE till 25 years is Rs. 105.60 Cr. whereas under NFA approach is Rs. 95.71 Cr.

In view of above, PFI requests the Hon'ble Commission to direct DISCOMs to submit the details in line of Regulation.

Reply from Petitioner:

No return on Equity has been claimed, being a State Government Department. Accordingly the issue relating to adoption of GFA/NFA methodology does not arise.

Commission View:

The Commission has noted the submission of PFI and Petitioner.

■ ■ ■



Secretary

Chapter 4: True up of FY25 & APR for FY 2026

4.1 Number of Consumers and Sales

Petitioners Submission

4.1.1 The Petitioner in its True Up Petition for FY 2024-25 has submitted actual number of consumer and sales for the year under different categories as defined below:

- i. Domestic
- ii. Commercial
- iii. Industrial
- iv. Public Lighting and water Supply
- v. Agriculture
- vi. Bulk Mixed, and
- vii. Temporary

4.1.2 The Petitioner, for the APR of FY 2025–26, has projected the energy sales and number of consumers based on the Compound Annual Growth Rate (CAGR) of the preceding five years, in accordance with the provisions of the MYT Regulation. The details of no of consumer and sales as submitted by the Petitioner for FY25 & FY26 is given in the tables below:

Table 4 Number of consumer & Sales (MU) as submitted by the Petitioner for FY 2024-25

S.No	Consumer Category	FY 2024-25 (Actuals)	
		Consumers	Sales(MU)
A	HT & EHT Category		
1	Non-Commercial Consumers (Domestic)		
	AC 50Hz,3-Phase, 11KV	123	9.38
	AC 50Hz,3-Phase, 33KV	5	4.06
2	Commercial Consumers (Non-Industrial)		
	AC 50Hz,3-Phase, 11KV	496	23.77
	AC 50Hz,3-Phase, 33KV	17	0.23
3	Public Lighting and Water Supply Consumers		
	AC 50Hz,3-Phase, 11KV	11	3.26
	AC 50Hz,3-Phase, 33KV	0	0.00
4	Agricultural Consumers		
	AC 50Hz,3-Phase, 11KV	5	0.02
	AC 50Hz,3-Phase, 33KV	0	0.00
5	Industrial Consumers		
	AC 50Hz,3-Phase, 11KV	96	18.53
	AC 50Hz,3-Phase, 33KV	33	37.46
	AC 50Hz,3-Phase, 132 KV	4	230.92
6	Bulk Mixed Consumers		
	AC 50Hz,3-Phase, 11KV	226	28.59
	AC 50Hz,3-Phase, 33KV	16	13.42

	AC 50Hz,3-Phase, 132 KV	1	0.00
B	Low Voltage Category		
1	Non-Commercial Consumers (Domestic)		
	AC 50Hz,1-Phase, 230 Volt	206829	183.08
	AC 50Hz,3-Phase, 400 Volt	3883	36.25
	KJP & BPL connection AC 50Hz,1-Phase, 230 Volt	62798	36.23
2	Commercial Consumers (Non-Industrial)		
	AC 50Hz,1-Phase, 230 Volt	33127	51.51
	AC 50Hz,3-Phase, 400 Volt	3493	37.91
3	Public Lighting and Water Supply Consumers		
	AC 50Hz,1-Phase, 230 Volt	917	4.40
	AC 50Hz,3-Phase, 400 Volt	304	5.37
4	Agricultural Consumers		
	AC 50Hz,1-Phase, 230 Volt	8	0.02
	AC 50Hz,3-Phase, 400 Volt	12	0.07
5	Industrial Consumers		
	AC 50Hz,1-Phase, 230 Volt	65	0.93
	AC 50Hz,3-Phase, 400 Volt	193	1.91
6	Temporary Consumer		
	LT/HT	408	0.87
	Total	313070	728.18

Table 5 Number of Consumers as estimated by the Petitioner for FY 2025-26

S.No	Consumer Category	FY21 (I)	FY22 (II)	FY23 (III)	FY24 (IV)	FY25 (V)	CAGR (%)	FY25 (Estimated)
A	HT & EHT Category							
1	Non-Commercial Consumers (Domestic)							
	AC 50Hz,3-Phase, 11KV	96	109	121	128	123	6.39%	131
	AC 50Hz,3-Phase, 33KV	4	4	4	4	5	5.74%	5
2	Commercial Consumers (Non-Industrial)							
	AC 50Hz,3-Phase, 11KV	244	276	372	460	496	19.41%	592
	AC 50Hz,3-Phase, 33KV	6	11	13	14	17	29.74%	22
3	Public Lighting and Water Supply Consumers							
	AC 50Hz,3-Phase, 11KV	20	21	9	12	11	0.00%	11
	AC 50Hz,3-Phase, 33KV	0	0	0	0	0	0.00%	0
4	Agricultural Consumers							
	AC 50Hz,3-Phase, 11KV	0	5	5	5	5	0.00%	5
	AC 50Hz,3-Phase, 33KV	0	0	0	0	0	0.00%	0
5	Industrial Consumers							
	AC 50Hz,3-Phase, 11KV	62	65	76	85	96	11.55%	107
	AC 50Hz,3-Phase, 33KV	27	26	31	33	33	5.14%	35
	AC 50Hz,3-Phase, 132 KV	3	3	3	3	4	7.46%	4
6	Bulk Mixed Consumers							
	AC 50Hz,3-Phase, 11KV	159	138	173	210	226	9.19%	247
	AC 50Hz,3-Phase, 33KV	13	32	15	14	16	5.33%	17

	AC 50Hz,3-Phase, 132 KV	1	1	1	1	1	0.00%	1
B	Low Voltage Category							
1	Non Commercial Consumers (Domestic)							
	AC 50Hz,1-Phase, 230 Volt	188148	195620	197129	198192	206829	2.39%	211782
	AC 50Hz,3-Phase, 400 Volt	2844	3197	3538	3582	3883	8.10%	4197
	KJP & BPL connection AC 50Hz,1-Phase, 230 Volt	66058	64369	63085	61791	62798	0.00%	62798
2	Commercial Consumers (Non-Industrial)							
	AC 50Hz,1-Phase, 230 Volt	26034	27594	29675	30960	33127	6.21%	35184
	AC 50Hz,3-Phase, 400 Volt	2073	2344	2486	3016	3493	13.93%	3980
3	Public Lighting and Water Supply Consumers							
	AC 50Hz,1-Phase, 230 Volt	1118	1198	948	864	917	0.00%	917
	AC 50Hz,3-Phase, 400 Volt	185	235	239	271	304	13.22%	344
4	Agricultural Consumers							
	AC 50Hz,1-Phase, 230 Volt	4	6	8	10	8	18.92%	10
	AC 50Hz,3-Phase, 400 Volt	13	13	7	8	12	0.00%	12
5	Industrial Consumers							
	AC 50Hz,1-Phase, 230 Volt	48	80	75	65	65	7.87%	70
	AC 50Hz,3-Phase, 400 Volt	173	162	169	178	193	2.77%	198
6	Temporary Consumer							
	LT/HT	194	240	265	358	408	20.42%	491
	Total	287527	295749	298447	300264	313070		321161

Table 6 Energy Sale (MU) within the state for FY2025-26 as estimated by the Petitioner

S.No	Consumer Category	FY21 (I)	FY22 (II)	FY23 (III)	FY24 (IV)	FY25 (V)	CAGR (%)	FY26 (Estimated)
A	HT & EHT Category							
1	Non-Commercial Consumers (Domestic)							
	AC 50Hz,3-Phase, 11KV	4.48	5.33	8.18	7.78	9.38	20.30%	11.28
	AC 50Hz,3-Phase, 33KV	3.86	3.92	4.40	3.76	4.06	1.31%	4.12
2	Commercial Consumers (Non-Industrial)							
	AC 50Hz,3-Phase, 11KV	10.34	11.97	17.18	17.53	23.77	23.13%	29.27
	AC 50Hz,3-Phase, 33KV	0.28	0.33	0.27	0.13	0.23	0.00%	0.23
3	Public Lighting and Water Supply Consumers							
	AC 50Hz,3-Phase, 11KV	3.72	3.00	3.26	3.22	3.26	0.00%	3.26
	AC 50Hz,3-Phase, 33KV	0.62	0.00	0.00	0.00	0.00	0.00%	0.00
4	Agricultural Consumers							
	AC 50Hz,3-Phase, 11KV	0.19	0.00	0.01	0.02	0.02	0.00%	0.02
	AC 50Hz,3-Phase, 33KV	0.34	0.00	0.00	0.00	0.00	0.00%	0.00
5	Industrial Consumers							
	AC 50Hz,3-Phase, 11KV	14.30	18.71	20.17	20.92	18.53	6.69%	19.77
	AC 50Hz,3-Phase, 33KV	27.85	32.27	38.00	37.15	37.46	7.69%	40.34
	AC 50Hz,3-Phase, 132 KV	84.05	157.83	158.52	222.91	230.92	28.75%	297.30
6	Bulk Mixed Consumers							
	AC 50Hz,3-Phase, 11KV	16.38	16.70	18.51	24.52	28.59	14.95%	32.87

	AC 50Hz,3-Phase, 33KV	8.18	9.14	9.01	13.14	13.42	13.15%	15.18
	AC 50Hz,3-Phase, 132 KV	1.49	0	0	0.00	0.00	0.00%	0.00
B	Low Voltage Category							
1	Non-Commercial Consumers (Domestic)							
	AC 50Hz,1-Phase, 230 Volt	131.11	145.19	165.04	167.27	183.08	8.71%	199.01
	AC 50Hz,3-Phase, 400 Volt	22.21	25.34	26.41	30.48	36.25	13.03%	40.97
	KJP & BPL connection AC 50Hz,1-Phase, 230 Volt	25.72	28.00	32.63	33.81	36.23	8.95%	39.47
2	Commercial Consumers (Non-Industrial)							
	AC 50Hz,1-Phase, 230 Volt	25.43	30.35	41.31	44.65	51.51	19.30%	61.45
	AC 50Hz,3-Phase, 400 Volt	17.67	21.73	29.54	35.98	37.91	21.03%	45.89
3	Public Lighting and Water Supply Consumers							
	AC 50Hz,1-Phase, 230 Volt	2.45	2.620	3.15	3.42	4.40	15.77%	5.09
	AC 50Hz,3-Phase, 400 Volt	2.53	2.380	2.56	3.19	5.37	20.72%	6.48
4	Agricultural Consumers							
	AC 50Hz,1-Phase, 230 Volt	0.18	0.010	0.009	0.02	0.02	0.00%	0.02
	AC 50Hz,3-Phase, 400 Volt	0.06	0.050	0.037	0.04	0.07	3.89%	0.07
5	Industrial Consumers							
	AC 50Hz,1-Phase, 230 Volt	0.34	1.630	0.498	0.91	0.93	28.81%	1.19
	AC 50Hz,3-Phase, 400 Volt	0.98	1.260	1.917	1.68	1.91	18.19%	2.25
6	Temporary Consumer							
	LT/HT	0.37	0.480	1.489	0.87	0.87	23.68%	1.08
	Total							856.62

Commissions Analysis

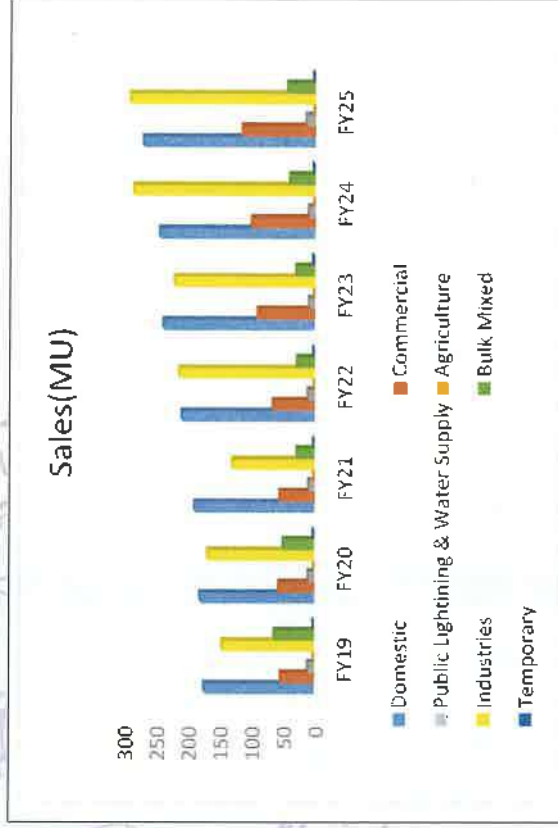
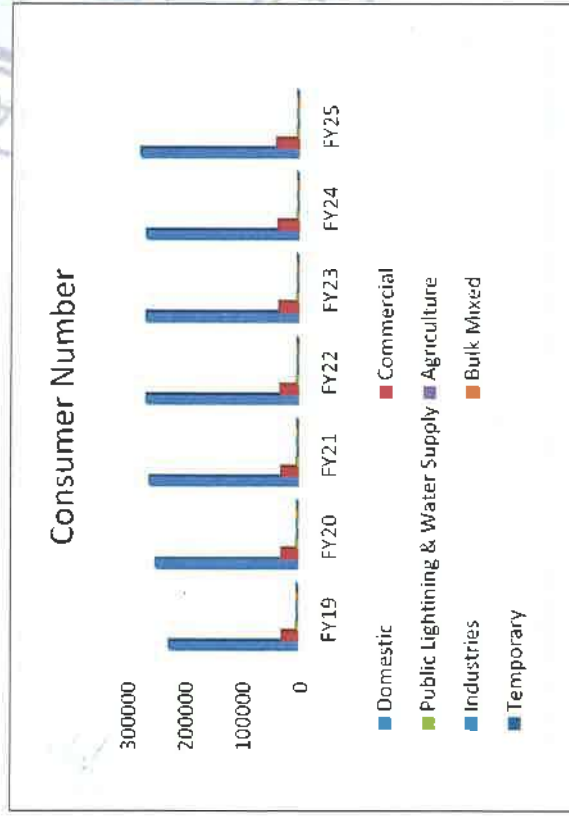
- 4.1.3 The Commission had carried out an overall growth trend across the consumers and sales of the Petitioner from FY19 to FY 25 based on actual values and has observed that the total number of consumers increased from 2,49,859 in FY19 to 3,13,070 in FY25, representing an overall growth of about 25%. This growth has been largely driven by the domestic category, which consistently accounts for the largest share of consumers (around 85–87%). The commercial category has also shown notable growth in consumer numbers, indicating expansion in business and service activities. Other categories such as industrial, bulk mixed, and temporary connections remain relatively small in number but has shown gradual increase over time.
- 4.1.4 The Commission also analysed that the total sales increased from 437.79 MU in FY19 to 728.19 MU in FY25, reflecting an overall growth of about 66%. The industrial category, despite having a very small number of consumers, contributes significantly to total sales due to its high consumption per connection. The domestic sector also contributes substantially to sales because of the large number of consumers, while the commercial sector has shown steady growth in both consumers and sales. The graphical representation is as given below:



Secretary

Table 7 Consumer & Sales in actuals from FY 2019 to FY 2025 of the Petitioner

Category	FY19		FY20		FY21		FY22		FY23		FY24		FY25	
	No	MUs	No	MUs	No	MUs	No	MUs	No	MUs	No	MUs	No	MUs
Domestic	222116	171.88	245884	178.44	257150	187.374	263299	207.78	263877	236.66	263697	243.1	273638	269
Commercial	25827	51.81	27227	54.63	28357	53.715	30225	64.38	32546	88.3	34450	98.29	37133	113.42
Public Lightning & Water Supply	1336	8.71	1411	8.34	1323	8.34	1454	9.315	1196	8	1147	8.97	1232	13.03
Agriculture	20	0.01	20	0.02	18	0.773	19	0.06	20	0.06	23	0.08	25	0.11
Industries	317	143.68	296	166.92	313	127.513	336	211.7	354	219.11	364	283.6	391	289.75
Bulk Mixed	156	61.56	172	47.31	173	26.05	171	25.84	189	27.52	225	37.66	243	42.01
Temporary	87	0.14	90	0.24	194	0.372	240	0.48	265	1.49	358	0.87	408	0.87
Total	249859	437.79	275100	455.9	287528	404.137	295744	519.56	298447	581.14	300264	672.5	313070	728.19



[Signature]
Secretary

4.1.5 Overall, the trend indicates that while the consumer base expansion is primarily driven by domestic connections, the growth in electricity demand is largely influenced by industrial and commercial consumption, highlighting their importance in future demand growth and system planning.

4.1.6 The Commission has noted that the Petitioner has submitted the actual number of consumers and energy sales for FY 2024-25, which are consistent with the audited accounts. For projecting the number of consumers and sales, the Commission has applied the Compound Annual Growth Rate (CAGR) over the past five years based on actual data from the corresponding years. Accordingly, the Commission has escalated the actual energy sales for FY 2024-25 using the growth rate derived from the five-year CAGR and has approved the number of consumers and sales for FY 2025-26. The approved figures for consumers and sales for FY 2024-25 and FY 2025-26 are provided in the table below:

Table 8 Number of Consumers(Nos) & Sales (MU) as approved by the Commission for FY 2024-25

S.No	Consumer Category	FY 2024-25(Actuals)	
		Consumers	Sales(MU)
A	HT & EHT Category		
1	Non-Commercial Consumers (Domestic)		
	AC 50Hz,3-Phase, 11KV	123	9.38
	AC 50Hz,3-Phase, 33KV	5	4.06
2	Commercial Consumers (Non-Industrial)		
	AC 50Hz,3-Phase, 11KV	496	23.77
	AC 50Hz,3-Phase, 33KV	17	0.23
3	Public Lighting and Water Supply Consumers		
	AC 50Hz,3-Phase, 11KV	11	3.26
	AC 50Hz,3-Phase, 33KV	0	0.00
4	Agricultural Consumers		
	AC 50Hz,3-Phase, 11KV	5	0.02
	AC 50Hz,3-Phase, 33KV	0	0.00
5	Industrial Consumers		
	AC 50Hz,3-Phase, 11KV	96	18.53
	AC 50Hz,3-Phase, 33KV	33	37.46
	AC 50Hz,3-Phase, 132 KV	4	230.92
6	Bulk Mixed Consumers		
	AC 50Hz,3-Phase, 11KV	226	28.59
	AC 50Hz,3-Phase, 33KV	16	13.42
	AC 50Hz,3-Phase, 132 KV	1	0.00
B	Low Voltage Category		
1	Non-Commercial Consumers (Domestic)		
	AC 50Hz,1-Phase, 230 Volt	206829	183.08
	AC 50Hz,3-Phase, 400 Volt	3883	36.25
	KJP & BPL connection AC 50Hz,1-Phase, 230 Volt	62798	36.23
2	Commercial Consumers (Non-Industrial)		
	AC 50Hz,1-Phase, 230 Volt	33127	51.51
	AC 50Hz,3-Phase, 400 Volt	3493	37.91
3	Public Lighting and Water Supply Consumers		
	AC 50Hz,1-Phase, 230 Volt	917	4.40
	AC 50Hz,3-Phase, 400 Volt	304	5.37
4	Agricultural Consumers		

Secretary

	AC 50Hz,1-Phase, 230 Volt	8	0.02
	AC 50Hz,3-Phase, 400 Volt	12	0.07
5	Industrial Consumers		
	AC 50Hz,1-Phase, 230 Volt	65	0.93
	AC 50Hz,3-Phase, 400 Volt	193	1.91
6	Temporary Consumer		
	LT/HT	408	0.87
	Total	313070	728.19

Table 9 CAGR computed by the Commission considering last 5 years actual value

S.No	Particulars	CAGR(last 5 years)	
		No of consumers	Sales(MU)
	HT & EHT Category		
	Non Commercial Consumers (Domestic)		
	AC 50Hz,3-Phase, 11KV	6.39%	20.29%
	AC 50Hz,3-Phase, 33KV	5.74%	1.27%
	Commercial Consumers (Non-Industrial)		
	AC 50Hz,3-Phase, 11KV	19.41%	23.13%
	AC 50Hz,3-Phase, 33KV	29.74%	0.00%
	Public Lighting & Water Supply Consumers		
	AC 50Hz,3-Phase, 11KV	0.00%	0.00%
	AC 50Hz,3-Phase, 33KV	0.00%	0.00%
	Agricultural Consumers		
	AC 50Hz,3-Phase, 11KV	0.00%	0.00%
	AC 50Hz,3-Phase, 33KV	0.00%	0.00%
	Industrial Consumers		
	AC 50Hz,3-Phase, 11KV	11.55%	6.69%
	AC 50Hz,3-Phase, 33KV	5.14%	7.69%
	AC 50Hz,3-Phase, 132 KV	7.46%	28.75%
	Bulk Mixed Consumers		
	AC 50Hz,3-Phase, 11KV	11.55%	14.94%
	AC 50Hz,3-Phase, 33KV	5.14%	13.17%
	AC 50Hz,3-Phase, 132 KV	7.46%	0.00%
	Low Voltage Category		
	Non Commercial Consumers (Domestic)		
	AC 50Hz,1-Phase, 230 Volt	2.39%	8.71%
	AC 50Hz,3-Phase, 400 Volt	8.10%	13.03%
	KJP & BPL connection	0.00%	8.95%
	Commercial Consumers (Non-Industrial)		
	AC 50Hz,1-Phase, 230 Volt	6.21%	19.30%
	AC 50Hz,3-Phase, 400 Volt	13.93%	21.03%
	Public Lighting & Water Supply Consumers		
	AC 50Hz,1-Phase, 230 Volt	0.00%	15.80%
	AC 50Hz,3-Phase, 400 Volt	13.22%	20.73%
	Agricultural Consumers		
	AC 50Hz,1-Phase, 230 Volt	18.92%	0.00%
	AC 50Hz,3-Phase, 400 Volt	0.00%	3.50%
	Industrial Consumers		
	AC 50Hz,1-Phase, 230 Volt	7.87%	28.98%
	AC 50Hz,3-Phase, 400 Volt	2.77%	18.25%
	Temporary Consumer		
	LT/HT	20.42%	23.66%


Secretary

Table 10 No of Consumers & Sales(MU) approved by the Commission for FY 2025-26

S.No	Consumer Category	FY2025-26(Projected)	
		Consumers	Sales(MU)
A	HT & EHT Category		
1	Non Commercial Consumers (Domestic)		
	AC 50Hz,3-Phase, 11KV	131	11.28
	AC 50Hz,3-Phase, 33KV	5	4.88
2	Commercial Consumers (Non-Industrial)		
	AC 50Hz,3-Phase, 11KV	592	29.27
	AC 50Hz,3-Phase, 33KV	22	0.22
3	Public Lighting and Water Supply Consumers		
	AC 50Hz,3-Phase, 11KV	11	3.26
	AC 50Hz,3-Phase, 33KV	0	0
4	Agricultural Consumers		
	AC 50Hz,3-Phase, 11KV	5	0.02
	AC 50Hz,3-Phase, 33KV	0	0
5	Industrial Consumers		
	AC 50Hz,3-Phase, 11KV	107	19.77
	AC 50Hz,3-Phase, 33KV	35	40.34
	AC 50Hz,3-Phase, 132 KV	4	297.30
6	Bulk Mixed Consumers		
	AC 50Hz,3-Phase, 11KV	247	32.86
	AC 50Hz,3-Phase, 33KV	17	15.43
	AC 50Hz,3-Phase, 132 KV	1	0.00
B	Low Voltage Category		
1	Non Commercial Consumers (Domestic)		
	AC 50Hz,1-Phase, 230 Volt	211782	199.02
	AC 50Hz,3-Phase, 400 Volt	4197	40.97
	KJP & BPL connection AC 50Hz,1-Phase, 230 Volt	62798	39.47
2	Commercial Consumers (Non-Industrial)		
	AC 50Hz,1-Phase, 230 Volt	35184	61.45
	AC 50Hz,3-Phase, 400 Volt	3980	45.88
3	Public Lighting and Water Supply Consumers		
	AC 50Hz,1-Phase, 230 Volt	917	5.10
	AC 50Hz,3-Phase, 400 Volt	344	6.48
4	Agricultural Consumers		
	AC 50Hz,1-Phase, 230 Volt	10	0.02
	AC 50Hz,3-Phase, 400 Volt	12	0.07
5	Industrial Consumers		
	AC 50Hz,1-Phase, 230 Volt	70	1.20
	AC 50Hz,3-Phase, 400 Volt	198	2.26
6	Temporary Consumer		
	LT/HT	491	0.87
	Total	321161	857.43

4.2 Power Procurement Quantum and Cost

Petitioners Submission

4.2.1 The Petitioner has stated that power is procured from various sources to meet the state's demand, with any surplus sold outside the state. The Petitioner has submitted the actual power purchase quantum (MU) and power purchase cost (Rs.Cr) for FY 2024-25. For FY 2025-26, the Petitioner has considered the same quantum as received in FY 2024-25 but has escalated

the cost by 5%. The details of the quantum of power purchased from various sources, both within and outside the state, along with the associated costs, are provided below.

a) Central Sector Generating Stations Allocation

The major power requirement is met by power allocation from Central Sector Generating Stations. The Petitioner has submitted that the overall allocation from the Central Generating Station to Arunachal Pradesh is 294.07MW. The details of allocation of the central generating station along with actual energy received and associated cost for FY 2024-25 and projected for FY 2025-26 as submitted by the Petitioner is given in the table below:

Table 11 Sources of Power from Central Generating Station as submitted by the Petitioner

Source of Power (Station wise)	Installed Capacity (MW)	APDOP share % (As on Sep'25)	APDOP share (MW)	Energy Received (MU)		Power Purchase Cost(Rs.Cr)		
				FY 25 (Actual)	FY 26 (Projected)	FY 25 (Actual)	FY 26 (Projected)	
LOKTAK	NHPC	105	4.94	5.19	34.14	34.14	10.56	11.09
KOPILI-I	NEEPCO	200	5.19	10.4	30.02	30.02	186.81	196.15
KOPILI-II	NEEPCO	23	5.99	1.38	9.95	9.95		
KHANDONG	NEEPCO	46	4.19	1.93	0.00	0.00		
Panyor Lower	NEEPCO	405	6.46	26.16	67.75	67.75		
Free Energy Panyor L	NEEPCO		12	48.6	125.81	125.81		
DOYANG	NEEPCO	75	6.85	5.14	14.21	14.21		
PARE	NEEPCO	110	5.87	6.46	25.76	25.76		
Free Energy Pare	NEEPCO		12	14.3	45.05	45.05		
KAMENG	NEEPCO	600	1.83	10.98	70.18	70.18		
Free Energy Kameng	NEEPCO		12	72	324.32	324.32		
AGBPP	NEEPCO	291	5.69	16.56	105.28	105.28	38.01	39.91
AGTCCPP	NEEPCO	135	6.7	9.0	42.85	42.85		
PALATANA	OTPCL	726.6	3.03	22.02	112.52	112.52	174.04	182.74
BgTPP	NTPC	750	5.13	38.48	260.70	260.70		
FARAKKA	NTPC	1600	0.19	3.04	21.52	21.52		
KAHALGAON	NTPC	840	0.19	1.60	11.44	11.44		
TALCHAR	NTPC	1000	0.19	1.90	13.78	13.78		
Total				294.07	1315.29	1315.29	409.42	429.89

b) Power from sources within the State

The Petitioner also procures power from generators operating within the state and purchases the entire power generated by them. The details of these plants are provided in the table below:

Table 12 Sources of Power within the state as submitted by the Petitioner

S.No	Name of Project	Installed Capacity	Energy Received(MU)		Power Purchase Cost(Rs.Cr)	
			FY25(Actuals)	FY26 (Projected)	FY25 (Actuals)	FY26 (Projected)
1	DHPD	81.54MW	61.25	61.25	-	-

Secretary

2	Sumbachu HEP	3MW	5.23	5.23	1.53	1.61
3	Dikshi HEP	24MW	85.06	85.06	44.69	46.93
	Free Energy Dikshi		9.45	9.45	-	-
4	Khanteng HEP	7.5MW	30.99	30.99	10.36	10.88
5	Solar	4.188MW	0.49	0.49	-	-
6	Diesel Generation	-	0.31	0.31	-	-
	Total		192.79	192.79	56.58	59.42

The Petitioner has further stated that since DHPD and APEDA operate under the same State Government (AP), APDOP does not incur any cost for the power received from them and has therefore requested the Commission to consider it as free power. Additionally, the Petitioner has mentioned that the power received from APEDA is utilized to meet solar RPO compliance.

c) Power from other sources

The Petitioner has further submitted that during exigencies power is purchased from the market and also banking of energy is done during the high hydro season and same is taken back during the lean hydro season. DG sets are also kept in standby and UI transaction for past period has also been submitted. The Petitioner has stated that it never purchases power deliberately through deviation but the deviation of power does occur due to various reasons. DoP, AP schedules its power drawal based on immediate past trend consumption and on the declared capacity of the generators; however, unexpected changes often lead to deviations. Run-of-river hydro projects like Panyor Lower, Pare, and Kameng revise their declared capacity at times, causing DoP, AP to deviate from the original schedule very often, leading to drawal of power in excess of the scheduled power. Apart from this, sometimes industrial unit sudden breakdowns or sudden starts lead to deviation, and sometimes transmission line breakdowns also cause deviation. DoP, AP tries its best to avoid deviations, but they happen. In projecting the deviation for FY 2025–26, the Petitioner has assumed a 5% reduction from the actuals of FY2024–25. The details of the sources are given in the table below:

Table 13 Details of Power received from other sources as submitted by the Petitioner

S.No	Source of Power	Energy Received(MU)		Cost (Rs.Cr)	
		FY25(Actuals)	FY26(Projected)	FY25(Actuals)	FY26(Projected)
1	Deviation	41.25	39.18	28.83	28.83
2	IEX Purchase	42.61	42.61	6.49	6.82
3	Banking(Import)	71.52	74.89	-	-
	Total	155.37	156.08	35.52	35.65

d) Total Power received

APDOP does not own any Generating Stations. The power required to cater to the needs of the state is met up by purchasing power from the Central Generating Stations, Independent

Power Producers (IPP), Free power received from the hydro generating stations located in the state, Generation from DHPD, APEDA, and Banking. The total energy received by APDOP in FY 2024-25(Actual) and FY 2025-26(Projected) from different sources is shown in the table below:

Table 14 Total Power(MU) received by Petitioner from all sources

Source	Unit	FY 25(Actuals)	FY26(Projected)
Central Sector Allocation	MU	1315.29	1315.29
State Generation (IPP + Own)	MU	192.79	192.79
From Other Sources	MU	155.37	156.08
Total	MU	1663.45	1664.76

e) Other charges associated with Power Purchase

The Petitioner has submitted the interstate and intrastate transmission charges along with NERLDC charges and other expenses as per actuals for FY 2024-25. For the FY 2025-26 the Petitioner has estimated amount and has submitted accordingly. The details of cost associated is given in the table below:

Table 15 Other charges as submitted by the Petitioner(Rs.Cr)

Particulars	FY 25(Actuals)	FY26(Projected)
NERLDC Fee & charges	1.19	1.25
NERPC board fund	0.00	0.01
CTUIL(Transmission charges)	72.38	76.00
PGCIL	1.99	1.90
APDCL	7.79	8.18
Devi Energies	11.45	11.45
Reactive charges	0.02	-
Miscellaneous	0.96	-
Total	95.78	98.79

The Petitioner has requested the Commission to approve the power purchase expense along with other charges as referred above for FY25 & FY26 respectively.

Commissions Analysis

4.2.3 The Commission has observed that for FY25 the Petitioner has procured power from all tied-up generating stations without considering a Merit Order Dispatch (MOD) schedule based on the cost of power. The Commission also notes that the Petitioner does not utilize any forecasting tool to adequately analyse its power procurement requirements based on the projected sales, which is essential for ensuring efficient utilization of power. In its earlier order, the Commission had directed the Petitioner to establish an appropriate


Secretary

forecasting mechanism or engage suitable agencies for its power procurement planning. However, the Petitioner has yet to comply with the said direction.

- 4.2.4 The Commission is also aware that, at present, the demand forecasting for the State is being carried out by Ar.PSLDC primarily based on historical data, with limited inputs from the DISCOM. Such forecasting, without adequate participation and data inputs from the DISCOM, may not accurately reflect the actual demand projections and procurement requirements of the utility. Hence, the Commission reiterates the importance of establishing a proper forecasting mechanism or engaging suitable agencies so that the power procurement process can be carried out in a more efficient and systematic manner.
- 4.2.5 For the True-up of FY25, the Commission has observed that the Petitioner has submitted the actual power purchase quantum (in MU) and cost (in Crore) based on the audited accounts. The Commission has examined the audited data submitted along with the petition and has considered the same in evaluating the power purchase quantum and cost for FY25.
- 4.2.6 The Commission has further observed that the Petitioner has projected the cost of power procured from DHPD and APEDA as nil. However, since the Commission had approved the power purchase cost for DHPD in its earlier orders at a specified rate, the Commission, for the purpose of determining the cost of power procured from DHPD, has considered the rates approved for FY25 and has determined the power purchase cost accordingly.
- 4.2.7 In respect of power procured from APEDA, the Commission has considered only the quantum as submitted by the Petitioner, since the per unit cost of power has not yet been finalized. The same shall be taken into account upon finalization of the applicable tariff.
- 4.2.8 The Commission has also observed that during FY25, the Petitioner, in times of exigency, procured power from IEX, over-drew power from the grid and paid the applicable deviation charges, and also availed banking of power as per its existing banking agreements. The Commission has reviewed the total energy received by the Petitioner from various sources, including the contribution of free power, as detailed below.

Table 16 Analysis of Power procured and free power received by the Petitioner (MU) for FY25(actuals)

Source	Power Procured (MU)	Free Power (MU)
Central Generating Station	1,315.29	495.48
State Generating Station	192.79	9.45
IEX	42.61	-
Deviation	41.25	-
Banking	71.52	-
Total	1,663.45	504.93


Secretary

4.2.9 The Commission has noted that the Petitioner received around 30% of the total power procured as free power for FY 25 (actuals). However, the Petitioner has not effectively incorporated the free power into its procurement schedule and has instead resorted to purchasing expensive power from outside the state/exchanges. The Commission believes that the Petitioner should establish a proper mechanism to better utilize the free power, ensuring that the overall power purchase cost is optimized without compromising the ability to meet demand.

4.2.10 The Commission has assessed the quantum and cost of power procured from all the sources for FY25 as submitted by the Petitioner. The details of the power purchase quantum and the corresponding cost, is shown in the table below.

Table 17 Power Purchase Quantum (MU) and Cost(Rs.Cr) incurred by Petitioner for FY25(actuals)

S.No	Name of Project		Energy (MU)	Total charges (Rs Cr)	Per unit (Rs/kWh)
1	LOKTAK	NHPC	34.15	10.56	3.09
2	KOPILI-I	NHPC	30.02	7.03	2.34
3	KOPILI-II		9.95	2.44	2.45
4	KHANDONG		-	-	-
5	Panyor Lower		67.75	20.62	3.04
	Free Energy Panyor L		125.81	-	-
6	DOYANG	NEEPCO	14.21	10.89	7.66
	PARE		25.76	13.60	5.28
7	Free Energy Pare		45.05	-	-
8	KAMENG		70.18	28.48	4.06
	Free Energy Kameng		324.32	-	-
9	AGBPP		105.28	68.03	6.46
10	AGTCCPP		42.85	25.78	6.02
11	PALATANA	OPTCL	112.52	38.55	3.43
12	BgTPP	NTPC	260.70	146.03	5.60
13	FARAKKA		21.52	8.21	3.82
14	KAHALGAON		11.44	16.79	14.68
15	TALCHAR		13.78	2.86	2.07
16	DHPD	GoAP	61.25	-	1.42
17	HPDCL	SPSU	5.23	1.49	2.84
18	DIKSHI	IPP	85.06	44.66	5.25
	Free Energy Dikshi		9.45	-	-
19	KHANGTANG	IPP	30.99	10.36	3.34
20	SOLAR	APEDA	0.49	-	-
21	Deviation		41.25	28.78	6.98
22	IEX Purchase		42.61	6.49	1.52
23	Banking (Import)		71.52	-	-
24	Supplementary Bills		-	11.78	-
25	Diesel Generation		0.32	-	-
26	Reactive Energy Charges		-	0.02	-
	TOTAL		1,663.45	503.45	

4.2.11 The Commission, from the above table, observes that the Petitioner, instead of exploring the option of procuring cheaper power from the market, has relied on relatively costlier


Secretary

power from its tied-up generating stations such as BGTPP, AGBPP, AGTCCPP, Doyang, Kahalgaon, etc. While the Commission acknowledges that the Petitioner has long-term PPAs with these generating stations and that the base load requirement throughout the day is generally met through thermal power, it is imperative for the Petitioner to explore cost optimization strategies without compromising the availability and reliability of energy supply.

4.2.12 The Commission has verified the above power purchase cost with the audited accounts and found the same to be in consonance with the audited data submitted by the Petitioner. Accordingly, the Commission has approved the power purchase quantum and cost for FY 2024-25.

4.2.13 Further, the Commission acknowledges that in certain circumstances unscheduled drawal may occur due to unforeseen situations and may not always be avoidable. However, such drawal cannot be considered as a source of power procurement. Nevertheless, as per the provisions specified in the **APSERC (MYT) Regulations, 2018**, the Commission has allowed deviation charges to the extent as allowed as referred below.

"4.12 Deviation Settlement(DS) charges/Unscheduled interruption (UI) :

(3) Distribution licensee for its supply business shall make every effort to draw power from the grid in accordance with its drawl schedule. If there is any net DS charge payable on actual for any financial year by the distribution licensee on account of its distribution supply business, then such net payable DS charge will be considered as expenditure subject to maximum 0.5% of the total power purchase cost during that year. However, if there is net DS charge receivable on actual for any financial year by the distribution licensee on account of its distribution supply business, then such amount will be shared between the distribution licensee and its consumer in a ratio of 1:3 during the truing up."

4.2.14 The Commission has also taken note of the submission that the Petitioner utilizes DG sets to meet power demand during exigencies arising from the non-availability of power from other sources. The DG sets are primarily maintained as a standby arrangement. The Commission has, therefore, provisionally allowed such an arrangement. However, the Commission directs the Petitioner to explore cleaner and more economical sources of power, such as solar power with storage facilities, to meet such requirements in a more sustainable manner. The approved power purchase quantum and cost for FY 2024-25 are detailed in the table below.



Table 18 Power Purchase Quantum (MU) and Cost (Rs. Cr) as approved by the Commission for FY25

S.No	Name of Project		Energy (MU)	Total charges (Rs Cr)	Per unit (Rs/kWh)	
1	LOKTAK	NHPC	34.15	10.56	3.09	
2	KOPILI-I	NEEPCO	30.02	7.03	2.34	
3	KOPILI-II		9.95	2.44	2.45	
4	KHANDONG		-	-	-	
5	Panyor Lower		67.75	20.62	3.04	
	Free Energy Panyor L		125.81	-	-	
6	DOYANG		14.21	10.89	7.66	
	PARE		25.46	13.60	5.34	
7	Free Energy Pare		45.35	-	-	
8	KAMENG		70.18	28.48	4.06	
	Free Energy Kameng		324.32	-	-	
9	AGBPP		105.28	68.03	6.46	
10	AGTCCPP		42.68	25.38	5.95	
11	PALATANA		OPTCL	112.52	38.55	3.43
12	BgTPP		NTPC	260.70	157.82	6.05
13	FARAKKA	21.52		8.95	4.16	
14	KAHALGAON	11.44		4.49	3.92	
15	TALCHAR	13.78		3.17	2.30	
16	DHPD	GoAP		61.25	8.70	1.42
17	HPDCL	SPSU	5.23	1.49	2.84	
18	DIKSHI	IPP	85.06	44.66	5.25	
	Free Energy Dikshi		9.45	-	-	
19	KHANGTANG	IPP	30.99	10.36	3.34	
20	SOLAR	APEDA	0.49	-	-	
21	Deviation		41.25	2.41	0.58	
22	IEX Purchase		42.61	6.49	1.52	
23	Banking (Import)		71.52	-	-	
24	Supplementary Bills			11.78		
25	Diesel Generation		0.32	-	-	
26	Reactive Energy Charges			0.02		
	TOTAL		1,663.29	485.47		

4.2.15 For the APR of FY26, the Petitioner has projected the same quantum of power purchase as in FY25 while considering an escalation of 5% in the cost of power from all tied-up central and state generating stations.

4.2.16 The Commission is of the view that the Petitioner has not carried out the projections for the APR FY26 in a reasonable and prudent manner. The Commission observes that, for the purpose of Annual Performance Review (APR), the Petitioner is required to submit actual data for the preceding six months and make projections for the ensuing six months based on such actuals. However, the Commission notes that the Petitioner has not made any meaningful effort to assess and furnish the actual data for the period from April to September for deriving projections for the remaining period. Instead, the Petitioner has merely projected the figures by applying a uniform escalation of 5% over the previous

Secretary

year's audited data, which does not reflect a realistic or prudent estimation. The Commission expresses its concern over this casual approach and hereby directs the Petitioner to ensure submission of accurate, duly verified actual data for the relevant period in future filings, along with reasoned and data-driven projections based on such actuals.

- 4.2.17 The Commission observes that, in the case of State Generating Stations (SGS) such as Devi Energies, Kantang & Sumbachu, the per unit cost of power is fixed for the entire life of the plant and, therefore, there is no requirement to consider any escalation in cost for such stations. Further the Petitioner has started to receive power from Khangdong HEP from July 2025 as reflected in REA data of NERPC however it has not projected the same in APR for FY26. The Commission however has considered the same for projection in APR FY26.
- 4.2.18 For the approval of power purchase quantum (MU) and cost (Crore) for the APR of FY26, the Commission has considered the actual energy drawn by the Petitioner from the Central Generating Stations as per data published in the Regional Energy Accounts (REA) issued by NERPC up to February 2026, along with the bills submitted to the Petitioner from the generating stations up to February 2026. For the projection of March 2026, the Commission has considered the same quantum of energy and corresponding cost as incurred by the Petitioner during February 2026 from the respective Central Generating Stations.
- 4.2.19 The Commission has also acknowledged the fact that Unit-2 and Unit-3 of Subansiri HEP (2000 MW) have been synchronized with the grid and have achieved Commercial Operation Date (COD) on 23.12.2025 and 01.02.2026, respectively. The Petitioner has also started receiving power from the station. However, as per Letter No. CE(Com)/Tariff/31/2025-26/5251-53 dated 27th February 2026 the Petitioner has stated that since the tariff for the plant has not yet been finalized, no bills have been received from the generating station till date.
- 4.2.20 Moreover, the Petitioner has stated that it is presently not receiving any free power from the units of Subansiri, as the Government of Arunachal Pradesh has issued a No Objection Certificate (NOC) vide No. Power-11/1/2025/7652-59 dated Itanagar the 22nd December 2025 authorizing NHPC to sell the State's 12% free power share.
- 4.2.21 In accordance with the submission of the Petitioner, the Commission has not considered any cost at the moment for the two units of Subansiri HEP however same shall be adjusted once the rate is finalized. In this regard, the Commission has considered the actual energy

drawn by the State from these units, as reflected in the REA data, up to February 2026, and the same has been taken into account for the purpose of APR for FY26.

4.2.22 Similarly, for power procured from the State Generating Stations, the Commission has relied upon the actual bills submitted by DEPL, Kangteng and HPDCAPL up to February 2026. For the projection of March 2026, the Commission has considered the same quantum of power procured and the corresponding cost as recorded for February 2026.

4.2.23 The Commission further has not considered any power purchase from IEX for the purpose of projection at this stage. However, same shall be reviewed during the True-up exercise. Further, for deviation schedule the Commission has not considered any quantum or cost for FY26 as of now however same shall be reviewed as per provision in MYT Regulation 2024 during true up process. The power purchase quantum and cost approved by the Commission for FY2025-26 are detailed in the table below however same shall be reviewed during True Up exercise:

Table 19 Power Purchase Quantum (MU) & Cost (Rs.Cr) as approved by the Commission for FY26

S.No	Name of Project		Energy (MU)	Total charges (Rs Cr)	Per unit (Rs/kWh)
1	LOKTAK	NHPC	28.19	9.70	3.44
2	SUBANSIRI	NHPC	7.04	-	-
3	KOPILI-I		44.76	10.52	2.35
4	KOPILI-II		6.88	1.83	2.66
5	KHANDONG		4.77	1.54	3.24
6	Panyor Lower		65.33	20.77	3.18
	Free Energy Panyor L		121.31	-	-
7	DOYANG	NEEPCO	14.94	10.73	7.19
8	PARE		29.46	15.93	5.41
	Free Energy Pare		49.11	-	-
9	KAMENG		107.54	44.49	4.14
	Free Energy Kameng		363.45	-	-
10	AGBPP		96.81	60.67	6.27
11	AGTCCPP		47.23	30.45	6.45
12	PALATANA	OPTCL	113.51	39.71	3.50
13	BgTPP	NTPC	266.43	128.53	4.82
14	FARAKKA		22.94	9.37	4.09
15	KAHALGAON		12.21	4.84	3.96
16	TALCHAR		13.24	3.52	2.66
17	DHPD	GoAP	61.25	7.82	1.28
18	HPDCL	SPSU	3.63	0.74	2.02
	DIKSHI	IPP	79.74	41.85	5.25
19	Free Energy Dikshi		8.59	-	-
20	KHANGTANG	IPP	38.58	16.47	4.27
21	SOLAR	APEDA	0.49	-	-
22	Deviation	-	-	-	-
23	IEX Purchase	-	-	-	-
24	Banking (Import)	-	-	-	-
25	Supplementary Bills	-	-	-	-

26	Diesel Generation	-	-	-	-
27	Reactive Energy Charges	-	-	-	-
	TOTAL		1607.68	459.48	

a) Inter & Intra-State Transmission Charges along with NERLDC Fees and other charges– Commission’s analysis

4.2.24 The Commission has reviewed the audited accounts along with the bills pertaining to CTU, PGCIL and APDCL charges and, based on such verification, has approved the charges for FY 2024-25 as per the actuals. It is further observed that the Petitioner has applied an escalation of 5% on these charges while projecting the same for FY 2025-26, which the Commission has accordingly considered.

4.2.25 Further for the transmission charges of Devi Energies Pvt Ltd the Commission has referred the order dated 11/12/2025 and has considered the charges for FY25 & FY26 accordingly however same shall be reviewed during true up exercise.

4.2.26 The Commission has further observed that the Petitioner has not considered the State Transmission Charges and Ar.PSLDC charges for FY26. The Petitioner has submitted that, since these entities form part of the Department of Power, which is funded by the State Government, the corresponding charges have not been considered separately in the ARR projections.

4.2.27 The Commission has already issued orders determining the Ar. PSLDC charges and State Transmission Charges for the MYT control period FY26 to FY30 vide its orders dated 11.07.2025 and 13.10.2025, respectively. The Commission is of the view that, although these entities are presently functioning under the Department of Power, the operational and financial accountability of each entity is maintained separately, thereby providing a clear distinction between the DISCOM, STU and SLDC. Accordingly, in order to properly assess the actual cost of power and to present a true picture of the cost of supply of the DISCOM, the associated charges are required to be duly accounted for. Hence, the Commission has considered the State Transmission Charges and Ar. PSLDC charges for the purpose of projection under the APR for FY26. The approved interstate and intrastate transmission charges, along with the NERLDC fees and charges for FY 2024-25 and FY 2025-26, are summarized in the table below.

Table 20 Transmission charges and other charges approved by the Commission (Rs.Cr)

Particulars	FY 25(Actuals)	FY26(Projected)
NERLDC Fee & charges	1.19	1.25

Secretary

Particulars	FY 25(Actuals)	FY 26(Projected)
NERPC board fund	0.00	0.01
CTUIL (Transmission charges)	72.38	76.00
PGCIL	1.99	1.9
APDCL	7.79	8.18
Devi Energies Transmission Charges	10.41	10.09
State Transmission Charges (TP&MZ)	0.00	55.01
Ar.PSLDC charges	0.00	5.87
Miscellaneous (LC revalidation)	0.30	0.00
Total	94.06	158.31

4.3 Losses: AT&C Loss

Petitioners Submission

4.3.1 The AT&C loss for True Up of FY2024-25 & APR for FY 2025-26 as submitted by the Petitioner is shown in the table below:

Table 21 AT&C loss projection as submitted by the Petitioner

S No	Particulars	Calculation	FY25 (Actuals)	FY26(Esti- mated)
A	Input Energy (MkWh)	A	1284.13	1255.81
B	Transmission Losses (MkWh)	B	75.40	39.67
C	Net Input Energy (MkWh)	C=A-B	1208.73	1216.14
D	Energy Sold (MkWh)	D	728.18	856.62
E	Revenue from Sale of Energy(Rs. Cr.)	E	361.45	951.16
F	Adjusted Revenue from Sale of Energy on Subsidy Received basis (Rs. Cr.)	F	361.45	951.16
G	Opening Debtors for Sale of Energy (Rs. Cr.)	G	317.19	317.19
H	(i) Closing Debtors for Sale of Energy (Rs. Cr.)	(i)	317.19	317.19
	(ii) Any amount written off during the year directly from(i)	(ii)	-	-
I	Adjusted Closing Debtors for sale of Energy (Rs. Cr.)	H (i+ii)	317.19	317.19
J	Collection Efficiency (%)	FY25- (F+G- I)/E*100	100.00	100.00
		FY26-(E (j)+G- I)/E*100		
K	Units Realized (Mkwh) = [Energy Sold*Collection efficiency]	D*/J/100	728.18	856.62
L	Units Unrealized (Mkwh)= [Net Input Energy-Units Realized]	C-K	480.55	359.52
M	AT&C Losses (%) = [{ Units Unrealized/Net Input Energy}*100]	L/C *100	39.76	29.56

4.3.2 The Petitioner has submitted that due to the scattered load over a vast geographical area, the distribution loss is comparatively high in Arunachal Pradesh. However, many projects are going on under APDOP, whose target is to reduce distribution loss and AT&C Loss as per

trajectories fixed by Government of India. But, because of the slow progress of the projects for the reduction of AT&C losses like RDSS, etc, the AT&C loss reduction in Arunachal Pradesh is not up to the expectation.

4.3.3 The Petitioner has stated that due to the ground reality of AT&C Loss status in Arunachal Pradesh, and in order to be able to maintain the AT&C Loss Trajectory during the implementation period of RDSS, the DoP, AP has proposed a revised AT&C Loss trajectory in consultation with Power Finance Corporation of India Ltd. (PFC), which was recommended by the Distribution Reform Committee (DRC) and submitted to the Monitoring Committee of Ministry of Power, Govt. of India. Now, the revised AT&C Loss trajectory is as shown below:

Table 22 Revised RDSS loss trajectory as submitted by the Petitioner

Year	FY2020-21	FY2021-22	FY2022-23	FY2023-24	FY2024-25
AT&C loss	51.82%	50%	48%	45%	40%

4.3.4 The Petitioner in accordance with the above table has requested the Commission to approve the estimated AT&C loss for FY 2024-25 at 39.76% & 29.56% for FY26 respectively.

Commissions Analysis

4.3.5 The Commission in order dated 30.05.2013 in Petition No. TP 01 of 2013 while approving the tariff for the 2013-14 directed under para 6.2.5 as follows-

“APDOP should prepare a ‘Road Map’ on priority for reduction of AT&C losses indicating the measures proposed to be implemented to achieve the reduction for next three years including the cost involvement and the sources identified for funding.”

Further in Tariff Order dated 31.05.2018 in Petition No. TP 01 of 2018 while approving the tariff for the 2018-19 observed as follows-

*“APDOP neither provided any information to the Commission for reduction of its AT&C losses nor followed the Commission’s direction to segregate the AT&C and Distribution losses. It should **analyse the reasons for high distribution losses** for each segment of its network and should take effective measures to reduce the losses by proper accounting of energy sales at each level, conducting voltage-wise energy audit, by providing meters on all feeders etc. **APDOP needs to take immediate action to arrest pilferage of energy, replacement of defective meters/ stopped meters, electro-mechanical meters with automatic meters.** In addition to above, automatic meters should also be provided to all un-metered connections at the earliest in a time bound manner.*

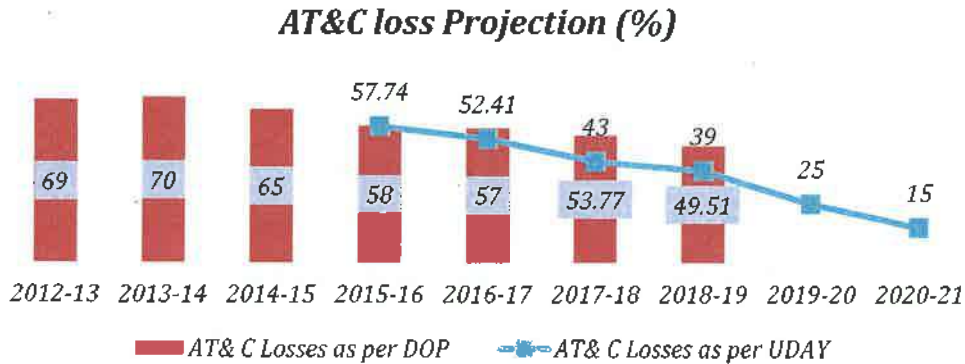
As per the Bipartite MoU UDAY, which was signed by Government of Arunachal Pradesh with GoI on 29-03-2017, it is agreed upon that Government of Arunachal Pradesh will endeavour to reduce its AT&C losses from 57.74% in FY 2015-16 to 15% by FY 2020-21 as per the following trajectory shown in the Table below:

Table 22: AT&C loss level as per UDAY

Year	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21

AT&C Losses	57.74%	52.41%	43%	39%	25%	15%
------------------------	--------	--------	-----	-----	-----	-----

In Figure below, a comparison of AT&C loss levels is made as per actual values submitted by DOP and as per the values of UDAY MoU



The actual value of AT&C losses of 57% for FY 2016-17 and what the DOP has committed in UDAY MOU has a wide variation. The Commission again directed APDOP to put efforts for reducing its AT&C losses so that they can achieve the trajectory that they have submitted to Government of India.

As per Regulation 71 (a) of APSEERC (Terms and Conditions for Determination of Tariff and Formats for Tariff Filing) Regulations -2011, It shall be obligatory on the licensee whose AT&C losses during the previous year are in excess of 30 percent, to project reduction of such losses by a minimum of 3 percent during the year for which a Tariff Application is made. The Commission following APSEERC (MYT) Regulations, 2013 has made a trajectory for AT&C losses as shown below

Year	2016-17	2017-18	2018-19	2019-20	2020-21
AT&C Losses	44%	41%	38%	35%	32%

Therefore, the Commission approves the AT&C losses at 38 % for FY 2018-19”

4.3.6 Further vide order dated 21.02.2024, the Commission had approved the AT&C losses for past period, i.e. FY 2017-18 to FY 2022-23, as given below.

FY	Actual as per AP,DOP(%)	Approved in True-up (%)
2017-18	63.48	41
2018-19	61.93	38
2019-20	33.6	35
2020-21	53.6	32
2021-22	50.70	45(RDSS)
2022-23	56.24	35

4.3.7 Further, the Commission had given the following directives with regard to loss reduction in the said order:

“1. Since the Revenue Gap created by the Petitioner (which could have been reduced by improving the efficiency as per committed AT&C loss as well as controlling unwarranted UI procurement), is mitigated by the State Government through grants, the trued-up Revenue Gap shall not pass through and reflect in the next tariff petition. The inefficiency of the distribution licensee cannot be covered by the Grants from public money and concern officials of APDOP should be answerable for it.

Secretary

2. Despite many flagship Schemes specially designed for **reduction of AT&C losses in past and present, the AT&C losses consistently remained above 50%**, and it even rose upto 61.93% in the FY2018-19. Matter needs serious introspection to plug the losses and conduct diagnostic exercise at individual feeder / transformer / subdivision / division / circle and zonal level. Commission hereby direct the APDOP, to **conduct such exercise and submit results to Commission before next petition. Commission also directs APDOP to bring down the AT&C losses as per the trajectory issued by the MoP with due consultation with APDOP itself.**"

- 4.3.8 It is observed that the distribution losses and the commercial losses are much above loss levels and not much reduction is observed as per provisions of the APSERC MYT Regulations, 2018. The Regulation 10.14 of the aforesaid regulations states the following:

"10.14 Aggregate Technical and Commercial (AT&C) Losses:

The Distribution Licensee shall recover the approved level of AT&C losses arising from the Retail Supply of electricity:

While filing a Tariff Application, the licensee shall provide complete information of the total AT&C Losses during the previous year and that projected for the year for which the application is being made, including the basis on which such losses have been worked out. (Information to be furnished as per the Format of Distribution Licensee in given in Annexure III):

Provided that it shall be obligatory on the licensee whose AT&C losses during the previous year are in excess of 30 percent, to project reduction of such losses by a minimum of 5 percent during the year for which a Tariff Application is made. Any shortfall in the projected level of AT&C losses for such year, in this regard, shall be penalized by an amount equivalent to the cost of the quantum of energy to be lost due to inability of the licensee to plan and achieve reduction of AT&C losses by a minimum of 5 percent from the previous year's level. Such amount shall be calculated at the average over all unit cost of sale of power.

Provided further that failure of a licensee to reduce the AT&C losses during the previous year by 5 percent would be penalized on the same basis as stated against clause (a) above.

Provided also that in the case of a licensee whose AT&C losses during the previous year were less than 30 percent, it would be obligatory for such licensee to reduce such AT&C losses by a minimum of 3 percent only during the year for which a Tariff Application is made. Failure to achieve this level of reduction would be penalized in the same manner as set out in clause (a) above."

- 4.3.9 Further, as per Clause 10.16 of the APSERC (MYT) Regulations, 2024, the AT&C losses to be considered by the Commission shall be aligned with the approved schemes of the Central Government. The relevant extract is reproduced below:

"10.16. Aggregate Technical and Commercial (AT&C) Losses

The Distribution Licensee shall recover the approved level of AT&C losses arising from the Retail Supply of electricity: While filing a Tariff Application, the licensee shall provide complete information of the total AT&C Losses during the previous year and that projection for the year for which the application is being made, including the basis on which such losses have been worked out. (Information to be furnished as per the Format of Distribution Licensee in given in Annexure-III): Provided that the Commission shall consider the losses as approved by Central

Secretary

Government under any such schemes for which grant is available to the Distribution Licensee. However, based on performance, a lower level of loss, in comparison with approved loss under any scheme, can be considered by the Commission. "

4.3.10 The Commission has also referred to the provisions of the APERC (MYT) Regulations, 2018 and APERC (MYT) Regulations, 2024, wherein AT&C losses have been categorized as a controllable parameter. Accordingly, the Petitioner is required to maintain the AT&C loss level within the limits approved by the Commission in alignment with the targets envisaged under the Central Government sponsored schemes. However, it has been observed that the Petitioner has repeatedly failed to achieve the loss levels set by the Commission. Further, the Commission has not observed any significant improvement in the actual loss levels projected by APDOP, which continue to remain around 40%, indicating a considerably high level of losses.

4.3.11 The Commission has also observed that the primary reasons for the high level of losses are largely attributable to unmetered connections, poor billing efficiency, and poor revenue collection as such huge amount of arrears year on year is still accumulated for the Petitioner. The Commission has further referred to the Energy Audit Report for FY 2024-25 as well as the data presented by the Department of Power during the 8th SAC meeting held on 14.10.25, which indicates that a significant number of consumer connections are still unmetered. The details of such unmetered connections are provided below:

Table 23 Unmetered Connection as per Energy Audit report for FY 2024-25 submitted by the Petitioner

Consumer Type	Metered (No)	Unmetered (No)	Total (No)	Total Billed (MU)	Total Input (MU)
Residential	123254	150384	273638	728.160	1244.203
Agricultural	6	19	25		
Commercial/Industrial-LT	24594	12026	36620		
Commercial/Industrial-HT	334	179	513		
Others	905	1369	2274		
Total	149093	163977	313070		

Table 24 Status of Unmetered Connection as submitted during 8th SAC Meeting by the Petitioner

Consumer Type	Metered	Unmetered			Total
		Defective Meter	Without Meter	Sub Total	
Domestic(Non-Commercial)	122706	40884	110455	151339	274045
Commercial(Non-Industrial)	25687	4071	9108	13179	38866
Public Lighting & Water Supply	288	122	958	1080	1368
Agriculture Consumers	7	5	12	17	24
Industrial Consumers	265	44	67	111	376
Bulk Mixed Consumers	105	30	63	93	198
Temporary Consumers	252	68	74	142	394
	149093	45034	119705	164739	313509

- 4.3.12 Accordingly, the Commission, vide Letter No. APSERC/RA-9/1/2025-26/450 dated 17th October 2025, directed the Petitioner to submit the details of unmetered connections along with the reasons for the same. In response, the Petitioner, vide Letter No. CE(Com)/SERC/29/2025-26/4095-4138 dated 19th December 2025 and through subsequent submissions during January 2026, furnished the details of such connections. Upon examination, the Commission observed that most of the connections had been provided to consumers without meters due to non-availability of meters with the Department. Further, in several cases, defective or burnt meters had not been replaced owing to the unavailability of meters.
- 4.3.13 The Commission has taken serious cognizance of the lackadaisical approach of the Petitioner. As per the provisions of Section 55 of the Electricity Act, 2003, Clause 5.1 of the APSERC (Supply Code) Regulations, 2024, and Clause 5 of the Electricity (Rights of Consumers) Rules, 2020, any electricity connection provided to a consumer must be accompanied by a proper meter. Further, in case of a defective meter, the same is required to be replaced within the timeline specified under the relevant provisions. Such practices significantly contribute to the lack of accountability of energy, resulting in revenue losses. In view of the above, the Commission has initiated suo motu proceedings vide Case No. 01 of 2026 and is undertaking the necessary proceedings in the matter.
- 4.3.14 As such, it is observed here that the licensee has failed to submit any concrete report on roadmap for reduction of AT&C losses in light of implementation of flagship scheme such as the 'Revamped Distribution Sector Scheme (RDSS)'. Also, the progress of licensee is far from satisfactory and there is a huge gap between the targeted losses as per RDSS and actual losses. This means that the licensee is incurring high financial loss against due to high distribution losses and commercial losses, as the Commission has been allowing only the normative losses to be passed on to the consumers. The Commission is of the opinion that it is utmost necessary to go into the details of such sub-optimal performance of the licensee and at present feels appropriate to consider the target set under RDSS for AT&C losses.
- 4.3.15 The Commission has also taken note of the submission made by the Petitioner seeking amendments to the RDSS loss trajectory. However, no approval on the same has been granted till date. Therefore, the Commission has considered the loss trajectory approved under RDSS, which was also referred to by the Commission in its Order dated 26.03.2025 while approving the loss trajectory for the respective years. Accordingly, the Commission approves the

following distribution loss trajectory for FY 2024–25 and FY 2025–26, as shown in the table below:

Table 25 Approved AT&C loss trajectory for FY 2024-25 & FY 2025-26

Year	FY 2024-25	FY 2025-26
AT&C Losses	22%	18%
Distribution loss	21.21%*	17.17%*

*Considered collection efficiency of 99%

The Commission has considered the approved AT&C loss level under RDSS for the period and directs the Petitioner to submit loss reduction achievement against targets on quarterly, half yearly and an annual basis.

4.4 Energy Requirement and Availability

Petitioners Submission

4.4.1 Based on the above submissions made and as per AT&C loss considered the Petitioner has considered the Net Energy Input required in the State which is given in the table below:

Table 26 Net Energy Input Calculation as submitted by the Petitioner

Particulars	Calculation	Unit	FY25 (Actuals)	FY26 (Estimated)
Energy Import from Grid	A	MU	1470.66	1471.97
Energy Export Out Side the State	B	MU	379.32	408.95
Energy Injected in State from Grid	C=A-B	MU	1091.34	1063.02
Transmission loss on C	D	MU	75.40	39.67
State Own Generation	E	MU	192.79	192.79
Gross Input Energy (including Export outside the state)	F=A+E	MU	1663.45	1664.76
Input Energy (in the State)	G=C+E	MU	1284.13	1255.81
Net Input Energy (in the State)	H=G-D	MU	1208.73	1216.14

Commissions Analysis

4.4.2 The Commission has analysed the submissions made by the Petitioner for calculating approved energy available for the period under consideration. In the table given below, for the Energy Balance for FY 2024-25 & FY2025-26, the Commission has considered the AT&C losses approved under RDSS for the respective years and based on collection efficiency of 99%, the Distribution losses for the years is being determined. Accordingly, the energy sales have been grossed up to determine the energy requirement within the state.

4.4.3 Further, the State Transmission Loss has been considered at 3.25% for FY 2024-25, in accordance with the Commission's order dated 26.03.2025, and 3.39% for FY 2025-26 as per the order dated 13.10.2025. Additionally, the transmission losses reported by the Grid


Secretary

Controller of India for the Central Transmission Utility (CTU) have also been taken into account. The CTU loss has been derived based on the actual weekly transmission loss data for FY 2024-25, and the average loss during the said period works out to 3.65%. The same has been considered for FY 2025-26, which shall be subject to verification during the true-up process.

4.4.4 Regarding sale of energy outside of state, the Commission had earlier on many occasions directed the Petitioner to submit supporting documents to demonstrate that the petitioner is making profits by selling its surplus power received from its tied up generating stations in the open market. However, no such documents or information has been submitted by the petitioner in this petition as well. The petitioner has considered a certain quantum of power to be sold in the open market while estimating total demand of the state. However, the Commission is of the view that such quantum to be sold in the open market should be limited to the surplus power after meeting domestic requirement from the total availability from tied up sources. Simultaneously, the Petitioner is directed not to pre-determine the quantum of surplus power to be sold out side of the state. Further the petitioner is directed to sell such surplus power if any, through a transparent process and submit the procedure adopted by the petitioner in selling surplus power along with supporting documents as directed by the commission in earlier orders. The net energy approved by the Commission for FY 2024-25 & FY 2025-26 is given in the table below:

Table 27 Approved Net Input Energy for FY 2024-25 & FY 2025-26

Particulars	FY 2024-25	FY2025-26
A. Energy Requirement		
Energy sales within the state as approved for the period (MU)	728.19	857.43
Distribution loss (in %) <i>(Considering approved AT&C loss of 22% and Collection efficiency at 99%)</i>	21.21%	17.17%
Energy Requirement within the state (MU)	882.65	1004.66
State transmission losses (in %)	3.25%	3.39%
Total Energy requirement at State periphery for sale within the State (MU) (A)	911.34	1038.72
B. Energy availability within the State		
DG set (in MU)	0.32	-
DHPD (in MU)	61.25	61.25
HPDCAPL (in MU)	5.23	3.63
DIKSHI (in MU)	85.06	79.74
DIKSHI (Free power) (in MU)	9.45	8.86
Solar/APEDA (in MU)	0.49	0.49
Khangtang (in MU)	30.99	38.58
Total Energy Available within the State (B)	192.79	192.54
C. Energy availability outside the State		
Free power (in MU) (i)	495.48	533.88
Energy available from Central Generating Stations (in MU) (ii)	819.63	881.26
Energy available from outside the State generation at State Periphery (in MU) (i + ii)	1315.12	1415.14

Particulars	FY 2024-25	FY 2025-26
CTU loss	3.65%	3.65%
Energy available from outside the State (Ex-Bus) (in MU) (C)	1267.11	1363.49
D. Total Energy available from all sources (in MU) (B + C)	1459.90	1556.03
Surplus power available (in MU) (D-A)	548.56	517.31

4.5 Operations and Maintenance (O&M) Expenses

Petitioners Submission

4.5.1 The Petitioner has submitted the operation and maintenance cost of FY 2024-25 as per actuals as incurred which is in sync with the audited accounts for FY 2024-25. The break-up of O&M Expense has also been submitted for (1) Employee cost, (2) Repair and Maintenance cost and (3) Administrative and General costs. The Petitioner has submitted that at present there are 1,0029 number of employees as tabulated in the table below:

Table 28 Total number of employees as submitted by the Petitioner

Category of Employees	Previous years (Actuals)				Projected	
	FY21	FY22	FY23	FY24	FY25	FY26
Regular Employees	1,054	1,054	1,054	1,054	1,054	1,054
Work Charged Employees	2,786	2,786	2,786	2,786	2,786	2,786
Casual Employees	6,148	6,148	6,148	6,189	6,189	6,189
Total	9,988	9,988	9,988	10,029	10,029	1,0029

4.5.2 The Petitioner has considered the actual expense as incurred for FY 2024-25 which is audited and same has been submitted accordingly. For FY 2025-26 the estimated cost of Employee Expenses, A&G Expenses and R&M Expenses for the year has been calculated as per clause 4.10 of APERC MYT Regulations 2024. Accordingly, expenses of previous year has been escalated by escalation factor which has been determined by considering 20% weightage to the average yearly inflation derived based on the monthly wholesale price index (WPI) of the past three financial years (FY 2022-23, FY 2023-24 & FY 2024-25) as per the office of Economic Advisor of Government of India and 80% weightage to the average yearly inflation derived based on the monthly Consumer Price Index (CPI) for industrial workers of the past three financial years (FY 2022-23, FY 2023-24 & FY 2024-25) as per the Labour Bureau, Government of India. The details of O&M expense as submitted by the Petitioner for FY 2024-25 & FY 2025-26 are shown in table below:

Table 29 O&M expenses as submitted by the Petitioner

Sl. No.	Particulars	(Actual) FY23	(Actual) FY24	(Actual) FY25	3 Year Average	(Estimated) FY26
1	Employee Expenses	372.93	393.35	394.08	386.79	404.69
2	A&G Expenses	15.11	8.70	12.08	11.96	12.52
3	R&M Expenses	28.96	40.36	41.95	37.09	38.81
4	Total O&M Expenses	417.00	442.41	448.11	435.84	456.02

Secretary

4.5.3 The Petitioner has requested the Commission to approve the O&M expenses as mentioned in the table above.

Commissions Analysis

4.5.4 The Commission has referred to clause 4.10 of both MYT Regulations 2018 and 2024 for computation of O&M expense of the Petitioner for FY 2024-25 & FY 2025-26. The relevant extract for the Regulation is reproduced below:

APSERC(MYT)Regulations 2018:

"4.10 Operation and Maintenance Expenses (O & M):

(1) The O&M for generating company, transmission licensee and SLDC shall be determined as per procedure given in subsequent chapters of these Regulations.

(2) The O&M Expense for the Distribution licensee shall be determined as follows:

(a) The O&M expenses for the first year of the Control Period shall be approved by the Commission taking into account the actual O&M expenses for last five years until Base Year subject to prudence check and any other factors considered appropriate by the Commission.

(b) The O&M expenses for the nth year and also for the year immediately preceding the Control Period, shall be approved based on the formula given below: -

a. $O \& Mn = R\&Mn + EMPn + A\&Gn$

b. Where -

- O & Mn – Operation and Maintenance expense for the nth year;
- EMPn – Employee Costs for the nth year;
- R&Mn – Repair and Maintenance Costs for the nth year;
- A&Gn – Administrative and General Costs for the nth year;

(a) The above components shall be computed in the manner specified below:

$EMPn = (EMPn-1) \times (1+Gn) \times (CPI \text{ inflation})$

$R\&Mn = K \times (GFA \ n-1) \times (WPI \text{ inflation})$ and

$A\&Gn = (A\&Gn-1) \times (WPI \text{ inflation}) + Provision$

Where

- EMPn-1 – Employee Costs for the (n-1)th year;
- A&Gn-1 – Administrative and General Costs for the (n-1)th year;
- Provision: Cost for initiatives or other one-time expenses as proposed by the Distribution Licensee and validated by the Commission.
- 'K' is a constant specified by the Commission in %. Value of K for each year of the control period shall be determined by the Commission in the MYT Tariff order based on licensee's filing, benchmarking of repair and maintenance expenses, approved repair and maintenance expenses vis-a-vis GFA approved by the Commission in past and any other factor considered appropriate by the Commission;
- CPI inflation – is the average increase in the Consumer Price Index (CPI) for immediately preceding three years;
- WPI inflation – is the average increase in the Wholesale Price Index (CPI) for immediately preceding three years;
- GFAn-1 --- Gross Fixed Asset of the transmission licensee for the n-1th year;

Secretary

- G_n is a growth factor for the n th year. Value of G_n shall be determined by the Commission in the MYT tariff order for meeting the additional manpower requirement based on licensee's filings, benchmarking, and any other factor that the Commission feels appropriate."

"APSERC(MYT)Regulation 2024:

4.10. Operation and Maintenance Expenses (O&M)

- (1) The Operation and Maintenance expenses shall be computed in accordance with these Regulations.
- (2) Operation and Maintenance (O&M) expenses shall comprise of the following:
 - (a) Employee (EMP) expenses -salaries, wages, pension contribution and other employee costs.
 - (b) Administrative and General (A&G) expenses including insurance charges if any; and:
 - (c) Repairs and Maintenance (R&M) expenses.
- (3) O&M expenses for the n th Year of the Control Period shall be approved based on the formula given below:

$$O\&M_n = (R\&M_n + EMP_n + A\&G_n) + \text{Terminal Liabilities};$$

(4) Employee Cost

Employee cost shall be computed on employee expenses for previous year escalated by appropriate escalation factor which would be determined by considering 20% weightage to the average yearly inflation derived based on the monthly wholesale price index (WPI) of the respective past three financial years as per the office of Economic Advisor of Government of India and 80% weightage to the average yearly inflation derived based on the monthly Consumer Price Index (CPI) for industrial workers of the respective past three financial years as per the Labour Bureau, Government of India and suitable Growth Factor adjusted by provisions for expenses beyond the control of the Licensee such as recovery/adjustment of terminal benefits, implications of Pay Commission, arrears and Interim Relief, governed by the following formula:

$$EMP_n = (EMP_{n-1}) \times (1 + EF) + \text{Growth Factor}(G) + \text{Provisions}$$

Where, EMP_n – Employee expenses of the Licensee for the n th Year (n can be 1, 2,3,4 or 5);
 EMP_{n-1} – Average Employee expenses for past three years excluding any type of one-time payment, if $n=1$ (first year of control period); Employee expenses for $(n-1)$ th year, otherwise.

EF – is the escalation factor determined based on WPI and CPI growth rate as described above;
Growth Factor (G) - shall be Year-on-Year/CAGR/any escalation factor considered by the licensee for projecting the employee expenses considering future recruitment/retirement plans or requirement of additional manpower;

Provision: Provision for expenses beyond control of the Licensee and expected onetime expenses as specified above.

(5) Repairs and Maintenance (R&M) Expense

Repairs and Maintenance expense shall be calculated on the basis of gross fixed asset (GFA) and K factor escalated by appropriate escalation factor which would be determined by considering 20% weightage to the average yearly inflation derived based on the monthly wholesale price index (WPI) of the respective past three financial years as per the office of Economic Advisor of Government of India and 80% weightage to the average yearly inflation derived based on the monthly Consumer Price Index (CPI) for industrial workers of the respective past three financial years as per the Labour Bureau, Government of India as per the following formula:

$$R\&M_n = (K \times GFA_{n-1}) \times (1 + EF)$$

Where, $R\&M_n$ – Repair and Maintenance expenses of the Licensee for the n th Year;

GFA n- 1 – Gross Fixed Asset of the licensee for the n-1th year;

'K' is a constant specified by the Commission in percentage terms. Value of K for each year of the control period shall be determined by the Commission in the MYT Tariff order based on licensee's filing, repair and maintenance expenses, benchmarking of repair and maintenance expenses, approved repair and maintenance expenses vis-avis GFA approved by the Commission in past and any other factor considered appropriate by the Commission;

EF- is the escalation factor determined based on WPI and CPI growth rate as described above;

(6) Administrative and General Expense

A & G expense shall be computed on actual A&G expenses of previous years escalated by appropriate escalation factor which would be determined by considering 20% weightage to the average yearly inflation derived based on the monthly wholesale price index (WPI) of the respective past three financial years as per the office of Economic Advisor of Government of India and 80% weightage to the average yearly inflation derived based on the monthly Consumer Price Index (CPI) for industrial workers of the respective past three financial years as per the Labour Bureau, Government of India and adjusted by provisions for confirmed initiatives (IT initiatives as proposed by the Licensee and validated by the Commission) or other expected one-time expenses, and shall be governed by following formula:

$$A\&G_n = (A\&G_{n-1}) \times (1 + EF) + Provision$$

Where, *A & Gn*– Administrative and General expenses of the Licensee for the nth Year;
A & Gn- 1– Average Administrative and General expenses for past three years, if n=1; Administrative and General expenses for (n-1)th year, otherwise.

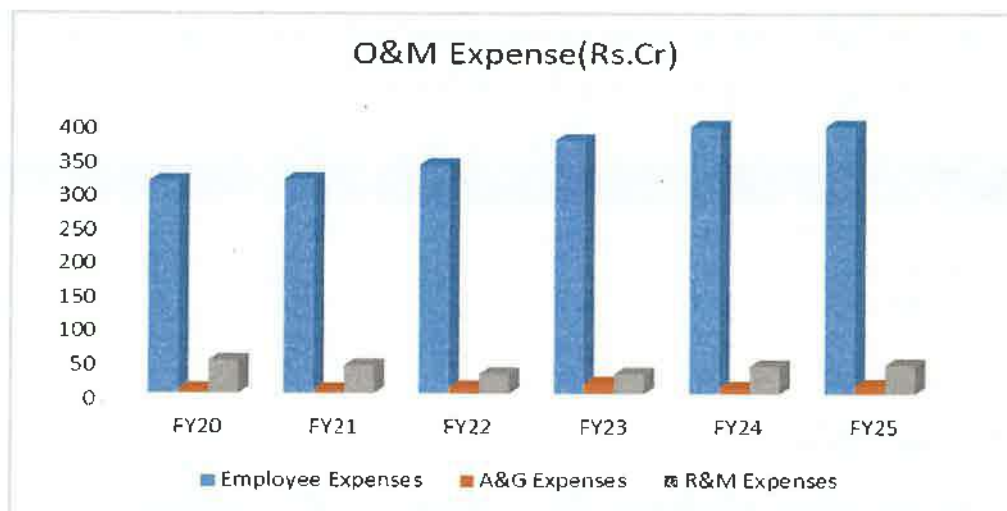
EF- is the escalation factor determined based on WPI and CPI growth rate as described above;
Provision: Cost for initiatives or other one-time expenses as proposed by the Licensee and validated by the Commission.....”

4.5.5 The Commission has analysed the O&M expense as submitted by the Petitioner over the last six years of actuals as audited and submitted by the Petitioner from FY 2019-20 to FY 2024-25 as given below:

Table 30 O&M expenses as submitted by the Petitioner as actuals (Rs.Cr)

S.No	Particulars	FY 20	FY21	FY22	FY23	FY24	FY25
1	Employee Expenses	312.81	315.38	336.88	372.93	393.35	394.08
2	A&G Expenses	5.86	5.46	9.24	15.11	8.7	12.08
3	R&M Expenses	48.18	40.83	28.85	28.96	40.35	41.95
4	Total O&M Expenses	366.85	361.67	374.97	417	442.4	448.11


Secretary



4.5.6 The Commission has also calculated weightage of each component wrt total O&M expense as referred below:

Table 31 Weightage of each component wrt total O&M Expense (%)

Particulars	FY20	FY21	FY22	FY23	FY24	FY25	Average
Employee Exp	85.27%	87.20%	89.84%	89.43%	88.91%	87.94%	88.10%
A&G Expense	1.60%	1.51%	2.46%	3.62%	1.97%	2.70%	2.31%
R&M Expense	13.13%	11.29%	7.69%	6.94%	9.12%	9.36%	9.59%

4.5.7 The Commission observes that employee expenses constitute the major share of the overall O&M expenditure, accounting for around 88% of the total O&M expenses, followed by R&M and A&G expenses. Further, with respect to FY 2024-25, the O&M expenditure as submitted by the Petitioner in the ARR amounts to about 40% of the net ARR, which is considerably high. The Commission has also analysed the O&M expenditure per consumer over the years, as presented in the table below.

Table 32 O&M Expense per consumer of the Petitioner (Rs/Consumer)

Particulars	FY20	FY21	FY22	FY23	FY24	FY25
O&M Expense/Consumer	13335.2	12578.6	12678.9	13972.3	14733.7	14313.4

4.5.8 The Commission is also aware of the fact that the O&M expense in the North Eastern hilly states is a bit higher due to low consumer density, long distribution network and high employee expense however the values of the Petitioner is still on the higher side as compared to other neighbouring state as analysed by the Commission in Chapter 6 of this order. The Petitioner has also not provided any reasons for the high O&M cost but have submitted that they have been audited as per actuals. Hence the Commission has restricted itself to the order

[Signature]
Secretary

dated 26.03.2025 and has approved and allowed the O&M expense for FY 2024-25 & FY 2025-26 accordingly as referred in the table below:

Table 33 O&M expense as approved by the Commission for FY25 & FY26 (Rs.Cr)

S.No	Particulars	FY2024-25	FY2025-26
1	Employee Expense	356.16	387.70
2	R&M Expense	9.52	9.94
3	A&G Expense	40.15	41.91
4	Total	405.83	439.55

4.6 Depreciation

Petitioners Submission

4.6.1 The Petitioner has submitted that the entire asset is under the control of APDOP and created from the grant of the Government of Arunachal Pradesh or the Government of India without any obligation to return. Further, as per the regulatory direction, no depreciation can be claimed on the assets created from subsidies or grants which has no obligation to return. Accordingly, the Petitioner has not claimed any depreciation in their ARR for FY 2024-25 & FY 2025-26.

Commissions Analysis

4.6.2 The Petitioner has not claimed any depreciation as the assets are created from the subsidies or grants of Government of Arunachal Pradesh or Government of India. Further, the Petitioner is managing the affairs of the department on GoAP fund/ grant without borrowing from any source and acquisition of new assets out of such grant. Since no asset has been created by the licensee through its own equity or capital, and the entire funding is done through government grant / aid, no depreciation is allowed for the period. However, Petitioner is directed to create a Fixed Asset Register with details of asset(s) being created through grant / aid and being put to use by the licensee along with the next tariff filing. In line with the submission of the Petitioner the Commission has also not considered any depreciation for FY 2024-25 & FY 2025-26 respectively.

4.7 Interest on Loan and Finance Charges

Petitioners Submission

4.7.1 The Petitioner has submitted that, APDOP functions under the Government of Arunachal Pradesh. All financial matters of APDOP are controlled by the finance department of the Government. Taking loan(s) and its repayment are decided by State Government. Hence, the Petitioner cannot take any kind of loan independently and does not have any access to the loan

and its repayment process even if the loan is taken for funding the projects under APDOP, as its repayment is handled by the Government from its sources. Therefore, the Petitioner has submitted that expenses on interest on the loan may be considered as 'Nil' in their ARR projections for period for FY 2024-25 & FY 2025-26.

Commissions Analysis

4.7.2 In view of the above submissions of the Petitioner, no interest on loan and finance charges are approved for the period.

4.8 Interest on Working Capital

Petitioners Submission

4.8.1 The Petitioner has submitted that working capital for APDOP is provided by the Government of Arunachal Pradesh as a grant on 'as and when required' basis, and therefore no interest on working capital is required to be paid by APDOP. Accordingly, interest on working capital may be considered 'Nil' for the period.

Commissions Analysis

4.8.2 In view of the above submissions of the Petitioner, no interest on interest on working capital is being considered for the period.

4.9 Return on Equity

Petitioners Submission

4.9.1 The Petitioner has submitted that APDOP being a Government Department, all funding comes from the State Government/Central Government as a grant without any obligation to pay back. APDOP is not incorporated/registered as a company, hence there is no shareholder/equity. As a result, return on equity capital does not arise. Accordingly, no Return on Equity Capital is being claimed for the period.

Commissions Analysis

4.9.2 In view of the above submissions of the Petitioner, no return on equity is approved for the period.

4.10 Provisions for bad and doubtful debts

Petitioners Submission


Secretary

4.10.1 The Petitioner has submitted that the department does not have any bad and doubtful debt as per records. Therefore, provision for bad and doubtful debt be considered 'Nil' for the control period.

Commissions Analysis

4.10.2 In view of the above submissions of the Petitioner, no bad and doubtful debt is approved for the period.

4.11 Renewable Purchase Obligation

Petitioners Submission

4.11.1 The Petitioner has submitted that it has been able to meet up Renewable Power Purchase Obligation (RPO) for the FY 2024-25 as per APERC (Renewable Purchase Obligation and its Compliance) Regulation (Third Amendment) 2025.

4.11.2 Further for FY 2025-26 the Petitioner has submitted that it shall fulfil the RPO compliance in the same manner as it has achieved for FY 2024-25.

Commissions Analysis

4.11.3 The Commission has referred to clause 2 of the APERC (Renewable Purchase Obligation and its compliance) Regulations, 2025 (Third Amendment) for considering the RPO target set for the Petitioner as referred below:

Table 34 RPO Trajectory from FY 2024-25 to FY 2029-30

Sl.No	Year	Wind renewable energy	Hydro renewable energy	Distributed renewable energy*	Other renewable energy	Total renewable energy
(1)	(2)	(3)	(4)	(5)	(6)	(7)
1	2024-25	0.67%	0.38%	1.50%	27.35%	29.91%
2	2025-26	1.45%	1.22%	2.10%	28.24%	33.01%
3	2026-27	1.97%	1.34%	2.70%	29.94%	35.95%
4	2027-28	2.45%	1.42%	3.30%	31.64%	38.81%
5	2028-29	2.95%	1.42%	3.90%	33.10%	41.36%
6	2029-30	3.48%	1.33%	4.50%	34.02%	43.33%

4.11.4 The Commission has reviewed the submission of the Petitioner for FY 2024-25 and has observed that the Petitioner has been unable to achieve the actual consumption from wind, distributed renewable energy, other renewable energy however for meeting the RPO targets as specified above the deficit amount has been compensated from Hydro sources. The

Commission has reviewed the same and has found it to be in compliance. The details of the same has been mentioned in Annexure IV.

4.11.5 The Commission however directs the Petitioner to comply RPO compliance for FY 2025-26 as per the above target and same shall be reviewed during true up exercise.

4.12 Annual License Fee and tariff application fee for Deemed Distribution Licensee – Commission’s analysis

4.12.1 As per the provisions of the APERC (Fee) Regulations 2011 & APERC (Fee) Regulations 2025 and its amendments, Annual License Fee is to be paid by every licensee including the Deemed Licensee. Further the annual fees is required to be paid by 15th April of each financial year. Any delay in this regard shall attract a penalty of 1.50% per month or part thereof. The distribution licensee is directed to comply with regulations and pay the requisite fees within the stipulated time period. Further necessary petition fee for tariff, miscellaneous etc is also mentioned in the Regulation which has to be complied by the Petitioner.

4.12.2 The Commission has reviewed the license fee of the Petitioner and has found that the Petitioner has paid the license fee till FY 2025-26 in accordance with APERC (Fee) Regulations 2011. Further the Petitioner is hereby directed to pay the license fee for FY 2026-27 as per APERC (Fee) Regulations 2025 within the stipulated timeframe.

4.12.3 Further, the Commission has reviewed the audited accounts of the Petitioner and observed that the Petitioner has paid approximately ₹40 lakhs in FY 2024-25 towards Annual Licence Fee up to FY 2025-26 and about ₹19.25 lakh towards petition fees for FY 2024-25. The Commission has taken note of the same and approved the amounts accordingly. However, the approval of fee paid for FY 2025-26 shall be subject to prudent verification with the audited accounts during the True-up exercise.

4.13 Non-Tariff Income

Petitioners Submission

4.13.1 The Petitioner has submitted the Non-Tariff Income for FY 2024-25 & FY 2025-26 as given in the table below:

Table 35 Non-Tariff Income as submitted by the Petitioner(Rs.Cr)

S.No	Particulars	FY 2024-25	FY 2025-26
1	Non-Tariff Income	83.77	112.91


Secretary

Commissions Analysis

4.13.2 The Commission has verified the audited accounts of the Petitioner for FY 2024–25 and examined the submissions made by the Petitioner. For FY 2025–26, the Commission has considered the Non-Tariff Income as submitted by the Petitioner; however, the same shall be subject to review during the True-up exercise. The Non-Tariff Income approved by the Commission for FY 2024-25 & FY 2025-26 is given in the table below:

Table 36 Non –Tariff Income approved by the Commission (Rs.Cr)

S.No	Particulars	FY 2024-25	FY2025-26
1	Non-Tariff Income	83.77	112.91

4.14 Revenue from Sale

Petitioners Submission

4.14.1 The Petitioner has reported the actual revenue from energy sales within the state for FY 2024-25 which has also been reflected in audited accounts. For FY 2025-26, the revenue is projected based on estimated energy sales at the tariff rate applicable for FY 2025-26. The details are provided in the table below.

Table 37 Revenue from sale of power within the state at existing tariff submitted by the Petitioner

S. No	FY	Sale (MU)	Revenue (Rs. Cr)
1	2024-25(Actuals)	728.18	361.45
2	2025-26(Estimated)	856.62	487.21

4.14.2 The Petitioner has further submitted revenue from sale of excess energy outside the state for FY 2024-25 & FY 2025-26. The Revenue projection from sales outside the state has been done by the Petitioner considering sales to Power Exchange (IEX), Bilateral Sales and UI/ Deviation. The details is given in the table below:

Table 38 Revenue from sale of power outside the state submitted by the Petitioner

S. No	FY	Sale (MU)	Revenue (Rs. Cr)
1	2024-25(Actuals)	379.32	141.05
2	2025-26(Estimated)	334.06	129.62

Commissions Analysis

4.14.3 The Commission has taken note of the submission made by the Petitioner and has also examined the audited accounts. Upon review, the Commission observed that the Petitioner has considered Non-Tariff Income as part of the revenue earned from sale of electricity within the State. The Commission is of the view that such treatment is not appropriate, as Non-Tariff

Secretary

Income represents incidental or miscellaneous income earned by the distribution licensee and does not arise from the sale of electricity. As per definition (71) of the APERC (MYT) Regulations, 2024, Non-Tariff Income is required to be treated separately from revenue earned through sale of electricity. Therefore, the Commission has excluded the Non-Tariff Income from revenue from sale of electricity and has considered the same separately in accordance with the provisions of the Regulations. Referred to the definition (71) of the APERC (MYT) Regulations, 2024, which is reproduced below:

(71) "Non-Tariff Income" means income relating to the regulated business other than from tariff, excluding any income from Other Business and, in case of the Retail Supply Business of a Distribution Licensee, excluding income from wheeling and receipts on account of cross subsidy surcharge and additional surcharge on charges of wheeling;

4.14.4 In line with the above and based on the approved tariff rates along with the actual and projected sales for FY 2024–25 and FY 2025–26, the Commission hereby approves the revenue from sale of electricity within the state as shown in the table below.

Table 39 Revenue from Sales within the state as approved by the Commission

S. No	FY	Sale (MU)	Revenue (Rs. Cr)
1	2024-25(Actuals)	728.19	277.69
2	2025-26(Estimated)	857.43	374.49

4.14.5 The Commission has further scrutinized the submissions of the Petitioner and verified the same with the audited accounts in respect of sales outside the State for FY 2024–25 and accordingly approves the revenue from such sales. Further, for FY 2025–26, the Commission has considered the quantum of surplus energy (MU) as computed by the Commission in the earlier section of this Order and has applied the average Day Ahead Market (DAM) rate of ₹3.56/unit for the last month to compute the revenue from sales outside the State. However, the same shall be subject to review during the True-up exercise. The details of revenue from sales outside the State as approved by the Commission are provided in the table below.

Table 40 Revenue from Sales outside the state as approved by the Commission

S. No	Particulars	Sale(MU)	Revenue(Rs.Cr)
1	2024-25(Actuals)	379.32	141.05
2	2025-26(Estimated)	517.31	184.23



4.15 ARR for FY 2024-25 & FY 2025-26 and Revenue Gap

Petitioners Submission

4.15.1 Based on the submission made above the Petitioner has submitted the ARR for FY 2024-25 & FY 2025-26 along with revenue gap as given in the table below wherein the Petitioner has stated that the gap is being funded by GoAP as grant in aid.

Table 41 ARR & Revenue Gap as submitted by the Petitioner for FY 2024-25 & FY 2025-26

S. No.	Particulars	UOM	FY 2024-25	FY2025-26
1	Return on Equity Capital	Rs.Cr	0.00	0.00
2	Interest on Loan Capital	Rs.Cr	0.00	0.00
3	Depreciation	Rs.Cr	0.00	0.00
4	Power Purchase Expenses	Rs.Cr	502.30	525.98
5	Interstate Transmission Charges	Rs.Cr	82.16	86.08
6	Intrastate Transmission Charges	Rs.Cr	11.45	11.45
7	Fees and charges of NERLDC/NERPC	Rs.Cr	1.19	1.26
8	O&M expenses	Rs.Cr	448.11	456.02
9	Interest on working Capital	Rs.Cr	0.00	0.00
10	Provision for bad and doubtful debt	Rs.Cr	0.00	0.00
11	Annual License Fee	Rs.Cr	0.00	0.00
12	Tariff Filing Fee	Rs.Cr	0.00	0.00
13	Total Revenue Requirement	Rs.Cr	1045.21	1080.78
14	Less: Non-Tariff Income	Rs.Cr	83.77	112.91
15	Net Revenue Requirement (13-14)	Rs.Cr	961.44	967.87
16	Revenue from existing Tariff	Rs.Cr	277.68	374.30
17	Revenue from Sale of Surplus Power	Rs.Cr	141.05	129.62
18	Revenue Gap	Rs.Cr	542.71	463.95
19	Revenue Grant by GoAP	Rs.Cr	542.71	463.95
20	Total Gap	Rs.Cr	0.00	0.00
21	Energy Sales within the State	MU	728.18	856.62
22	Total Energy Sales	MU	1107.50	1190.68
23	Gross Energy Input	MU	1663.45	1664.76
24	Average Cost of Supply (ACoS)(13-14-17/21*10)	Rs/kWh	11.27	9.79
25	Average Realisable Revenue (16/21*10)	Rs/kWh	3.81	4.37
26	ACS-ARR (23-25)	Rs/kWh	7.45	5.42

Commissions Analysis

4.15.2 The Commission, in accordance with the approvals accorded in the preceding sections of this Order, has computed and approved the Aggregate Revenue Requirement (ARR) for FY 2024-

25 and FY 2025-26. The revenue arising from the sale of surplus energy outside the State has been treated as Non-Tariff Income and has been duly considered while determining the net ARR. The Commission has undertaken a detailed examination of each component of the ARR as submitted by the Petitioner and, after carrying out the necessary prudence check, hereby approves the ARR for FY 2024-25 and FY 2025-26 as shown in the table below.

Table 42 ARR & Revenue Gap as approved by the Commission for True Up FY 2024-25 & APR FY2025-26

S. No.	Particulars	UOM	FY25	FY26
1	Return on Equity Capital	Rs.Cr	0.00	0.00
2	Interest on Loan Capital	Rs.Cr	0.00	0.00
3	Depreciation	Rs.Cr	0.00	0.00
4	Power Purchase Expenses	Rs.Cr	485.47	459.48
5	Interstate Transmission Charges	Rs.Cr	82.16	86.08
6	Intrastate Transmission Charges	Rs.Cr	10.41	65.10
7	Fees and charges of NERLDC/NERPC	Rs.Cr	1.25	7.13
8	O&M expenses	Rs.Cr	405.83	439.55
9	Interest on working Capital	Rs.Cr	0.00	0.00
10	Provision for bad and doubtful debt	Rs.Cr	0.00	0.00
11	Annual License Fee	Rs.Cr	0.40	0.10
12	Petition Fee	Rs.Cr	0.19	0.33
13	Miscellaneous	Rs.Cr	0.30	0.00
14	Total Revenue Requirement	Rs.Cr	986.02	1057.76
15	Less: Non-Tariff Income	Rs.Cr	83.76	112.91
16	Less: Revenue from sale of Surplus Power	Rs.Cr	141.05	184.23
17	Net Revenue Requirement (14-15-16)	Rs.Cr	761.21	760.62
18	Revenue from existing Tariff	Rs.Cr	277.69	374.49
19	Revenue Gap	Rs.Cr	483.52	201.91
20	Energy Sales within the state	MU	728.19	857.43
21	Average Cost of Supply (ACos) (17/20*10)	Rs/kWh	10.45	8.87
22	Average Realisable Revenue {(18)/20*10}	Rs/kWh	3.81	4.37
23	ACS-ARR (22-23)	Rs/kWh	6.64	4.50

4.15.3 The Commission has further observed that the Petitioner has received a revenue grant of Rs.663.63 in the FY 2024-25 as a revenue grant from GoAP to address the revenue gap which is enclosed in Annexure VI.

4.15.4 The Commission has also referred to the *Distribution Utilities Ranking (DUR) Report for FY 2024-25* issued by REC Limited under the Ministry of Power, wherein APDOP has been

ranked 48th among the 66 participating utilities in India, with a combined score of 56.5 out of 100, and 9th among the 15 Special Category Utilities.

4.15.5 The assessment and scoring methodology under the DUR framework is based on multiple parameters with assigned weightages. The performance of APDOP across these parameters is summarized below:

- a) Annual Integrated Rating and Ranking of DISCOMs (35%) – 56.2
- b) RPO Achievement (5%) – 80
- c) Demand Side Response (5%) – 50
- d) Consumer Service Rating of DISCOMs (35%) – 69.6
- e) Communicable System Metering (5%) – 0
- f) Resource Adequacy (15%) – 40

4.15.6 The Commission has analysed the aforesaid report and observes that while the utility demonstrates moderate performance in certain parameters such as RPO compliance and consumer service delivery, there exist significant gaps in key operational and financial areas which require focused intervention such as follows

- **Financial Sustainability:** APDOP is largely dependent on Government support, with weak internal revenue generation and persistent revenue gaps, thereby affecting its long-term financial viability.
- **High AT&C Losses:** The utility continues to exhibit high AT&C loss levels compared to national benchmarks, indicating inefficiencies in billing, collection, and energy accounting mechanisms.
- **Metering and Infrastructure Deficiency:** The extremely low score in communicable system metering reflects inadequate deployment of smart meters and feeder/DT metering, resulting in poor visibility of energy flows and ineffective loss monitoring.
- **Demand Side Management:** Limited implementation of Time-of-Day (ToD) tariffs and low penetration of smart metering constrain demand-side response and efficient load management.
- **Resource Adequacy Planning:** Weak long-term planning for power procurement and demand forecasting impacts the reliability and sustainability of power supply in the State.
- **Operational Efficiency:** Lower scores in integrated performance parameters indicate the need for strengthening governance practices, operational efficiency, and financial discipline within the utility.

4.15.7 In view of the above, the Commission reiterates that while the DUR report serves as an external benchmarking tool and is non-binding in nature, it provides valuable insights into the comparative performance of the utility. The findings of the report underscore the necessity for targeted reforms in areas such as loss reduction, metering infrastructure, demand-side management, and financial sustainability, to enhance the overall performance of APDOP.



Chapter 5: Analysis of ARR for FY2026-27

5.1 Number of Consumers and Sales

Petitioners Submission

5.1.1 For FY 2026-27 the Petitioner has forecasted energy sales and the number of consumers based on the Compound Annual Growth Rate (CAGR) calculated from actual figures over the past five years (FY 2020-21 to FY 2024-25). The respective escalation rates have been applied to derive the projected figures for FY 2026-27. The details of the number of consumers and sales, as submitted by the Petitioner, are provided in the tables below:

Table 43 No of Consumers projected by the Petitioner for FY 2026-27

SL No	Consumer Category	FY 21	FY 22	FY 23	FY 24	FY 25	CAGR (5 Years)*	Estimated FY 26	Projected FY 27
		I	II	III	IV	V			
A	HT & EHT Category								
1	Non-Commercial Consumers (Domestic)								
	AC 50Hz,3-Phase, 11KV	96	109	121	128	123	6.39%	131	139
	AC 50Hz,3-Phase, 33KV	4	4	4	4	5	5.74%	5	6
2	Commercial Consumers (Non-Industrial)								
	AC 50Hz,3-Phase, 11KV	244	276	372	460	496	19.41%	592	707
	AC 50Hz,3-Phase, 33KV	6	11	13	14	17	29.74%	22	29
3	Public Lighting and Water Supply Consumers								
	AC 50Hz,3-Phase, 11KV	20	21	9	12	11	0.00%	11	11
	AC 50Hz,3-Phase, 33KV	0	0	0	0	0	0.00%	0	0
4	Agricultural Consumers								
	AC 50Hz,3-Phase, 11KV	0	5	5	5	5	0.00%	5	5
	AC 50Hz,3-Phase, 33KV	0	0	0	0	0	0.00%	0	0
5	Industrial Consumers								
	AC 50Hz,3-Phase, 11KV	62	65	76	85	96	11.55%	107	119
	AC 50Hz,3-Phase, 33KV	27	26	31	33	33	5.14%	35	36
	AC 50Hz,3-Phase, 132 KV	3	3	3	3	4	7.46%	4	5
6	Bulk Mixed Consumers								
	AC 50Hz,3-Phase, 11KV	159	138	173	210	226	9.19%	247	269
	AC 50Hz,3-Phase, 33KV	13	32	15	14	16	5.33%	17	18
	AC 50Hz,3-Phase, 132 KV	1	1	1	1	1	0.00%	1	1
B	Low Voltage Category								

SL No	Consumer Category	FY 21	FY 22	FY 23	FY 24	FY 25	CAGR (5 Years)*	Esti- mated	Pro- jected	
		I	II	III	IV	V		FY 26	FY 27	
1	Non-Commercial Consumers (Domestic)									
	AC 50Hz, 1-Phase, 230 Volt	188148	195620	197129	198192	206829	2.39%	211782	216854	
	AC 50Hz, 3-Phase, 400 Volt	2844	3197	3538	3582	3883	8.10%	4197	4537	
	KJP & BPL connection	66058	64369	63085	61791	62798	0.00%	62798	62798	
2	Commercial Consumers (Non-Industrial)									
	AC 50Hz, 1-Phase, 230 Volt	26034	27594	29675	30960	33127	6.21%	35184	37368	
	AC 50Hz, 3-Phase, 400 Volt	2073	2344	2486	3016	3493	13.93%	3980	4534	
3	Public Lighting and Water Supply Consumers									
	AC 50Hz, 1-Phase, 230 Volt	1118	1198	948	864	917	0.00%	917	917	
	AC 50Hz, 3-Phase, 400 Volt	185	235	239	271	304	13.22%	344	390	
4	Agricultural Consumers									
	AC 50Hz, 1-Phase, 230 Volt	4	6	8	10	8	18.92%	10	11	
	AC 50Hz, 3-Phase, 400 Volt	13	13	7	8	12	0.00%	12	12	
5	Industrial Consumers									
	AC 50Hz, 1-Phase, 230 Volt	48	80	75	65	65	7.87%	70	76	
	AC 50Hz, 3-Phase, 400 Volt	173	162	169	178	193	2.77%	198	204	
6	Temporary Consumer									
	LT/HT	194	240	265	358	408	20.42%	491	592	
	Total	287527	295749	298447	300264	313070		321161	329638	

Table 44 Sales (MU) projected by the Petitioner for FY 2026-27

S L N o	Consumer Category	FY 21	FY 22	FY 23	FY 24	FY 25	CAGR (5 Years)*	Estimate (MU)	Projected (MU)	
		I	II	III	IV	V		FY 26	FY 27	
A	HT & EHT Category									
1	Non Commercial Consumers (Domestic)									
	AC 50Hz, 3-Phase, 11KV	4.48	5.33	8.18	7.78	9.38	20.30%	11.28	13.58	
	AC 50Hz, 3-Phase, 33KV	3.86	3.92	4.40	3.76	4.06	1.31%	4.12	4.17	
2	Commercial Consumers (Non-Industrial)									
	AC 50Hz, 3-Phase, 11KV	10.34	11.97	17.18	17.53	23.77	23.13%	29.27	36.04	
	AC 50Hz, 3-Phase, 33KV	0.28	0.33	0.27	0.13	0.23	0.00%	0.23	0.23	
3	Public Lighting and Water Supply Consumers									
	AC 50Hz, 3-Phase, 11KV	3.72	3.00	3.26	3.22	3.26	0.00%	3.26	3.26	

Order on True Up FY25, APR FY26, ARR & Tariff for FY27 for Department of Power, GoAP

S L N o	Consumer Category	FY 21	FY 22	FY 23	FY 24	FY 25	CAGR (5 Years) ^a	Estimate (MU)	Projected (MU)
		I	II	III	IV	V		FY 26	FY 27
								VI	VII
	AC 50Hz,3-Phase, 33KV	0.62	0.00	0.00	0.00	0.00	0.00%	0.00	0.00
4	Agricultural Consumers								
	AC 50Hz,3-Phase, 11KV	0.19	0.00	0.01	0.02	0.02	0.00%	0.02	0.02
	AC 50Hz,3-Phase, 33KV	0.34	0.00	0.00	0.00	0.00	0.00%	0.00	0.00
5	Industrial Consumers								
	AC 50Hz,3-Phase, 11KV	14.30	18.71	20.17	20.92	18.53	6.69%	19.77	21.09
	AC 50Hz,3-Phase, 33KV	27.85	32.27	38.00	37.15	37.46	7.69%	40.34	43.45
	AC 50Hz,3-Phase, 132 KV	84.05	157.83	158.52	222.91	230.92	28.75%	297.30	382.77
6	Bulk Mixed Consumers								
	AC 50Hz,3-Phase, 11KV	16.38	16.70	18.51	24.52	28.59	14.95%	32.87	37.78
	AC 50Hz,3-Phase, 33KV	8.18	9.14	9.01	13.14	13.42	13.15%	15.18	17.18
	AC 50Hz,3-Phase, 132 KV	1.49	0	0	0.00	0.00	0.00%	0.00	0.00
B	<u>Low Voltage Category</u>								
I	Non Commercial Consumers (Domestic)								
	AC 50Hz,1-Phase, 230 Volt	131.11	145.19	165.04	167.27	183.08	8.71%	199.01	216.34
	AC 50Hz,3-Phase, 400 Volt	22.21	25.34	26.41	30.48	36.25	13.03%	40.97	46.31
	KJP & BPL connec- tion AC 50Hz,1- Phase, 230 Volt	25.72	28.00	32.63	33.81	36.23	8.95%	39.47	43.00
2	Commercial Consumers (Non-Industrial)								
	AC 50Hz,1-Phase, 230 Volt	25.43	30.35	41.31	44.65	51.51	19.30%	61.45	73.31
	AC 50Hz,3-Phase, 400 Volt	17.67	21.73	29.54	35.98	37.91	21.03%	45.89	55.54
3	Public Lighting and Water Supply Consumers								
	AC 50Hz,1-Phase, 230 Volt	2.45	2.620	3.15	3.42	4.40	15.77%	5.09	5.89
	AC 50Hz,3-Phase, 400 Volt	2.53	2.380	2.56	3.19	5.37	20.72%	6.48	7.83
4	Agricultural Consumers								
	AC 50Hz,1-Phase, 230 Volt	0.18	0.010	0.009	0.02	0.02	0.00%	0.02	0.02
	AC 50Hz,3-Phase, 400 Volt	0.06	0.050	0.037	0.04	0.07	3.89%	0.07	0.08
5	Industrial Consumers								
	AC 50Hz,1-Phase, 230 Volt	0.34	1.630	0.498	0.91	0.93	28.81%	1.19	1.54
	AC 50Hz,3-Phase, 400 Volt	0.98	1.260	1.917	1.68	1.91	18.19%	2.25	2.66
6	Temporary Consumer								

S L N o	Consumer Category	FY 21	FY 22	FY 23	FY 24	FY 25	CAGR (5 Years) ³	Estimate (MU) FY 26	Projected (MU) FY 27
		I	II	III	IV	V		VI	VII
		LT/HT	0.37	0.480	1.489	0.87		0.87	23.68%
	Total	405.11	518.24	582.10	673.41	728.18		856.62	1013.40

Commissions Analysis

5.1.2 The Commission has reviewed the Petitioner's submission; however, for projecting the number of consumers and energy sales, the Commission has applied the Compound Annual Growth Rate (CAGR) based on actual data from the past five years (FY 2020-21 to FY 2024-25) as determined in earlier section of this order. The Commission has further escalated the projected figures for FY 2025-26, as approved in an earlier section of this order, to compute the number of consumers and sales for FY 2026-27. The details are provided in the tables below:

Table 45 Number of Consumers and Sales approved by the Commission for FY 2026-27

S.No	Consumer Category	FY 2026-27 (Projected)	
		Consumers	Sales (MU)
A	HT & EHT Category		
1	Non-Commercial Consumers (Domestic)		
	AC 50Hz,3-Phase, 11KV	139	13.57
	AC 50Hz,3-Phase, 33KV	6	4.95
2	Commercial Consumers (Non-Industrial)		
	AC 50Hz,3-Phase, 11KV	707	36.04
	AC 50Hz,3-Phase, 33KV	29	0.22
3	Public Lighting and Water Supply Consumers		
	AC 50Hz,3-Phase, 11KV	11	3.26
	AC 50Hz,3-Phase, 33KV	0	0
4	Agricultural Consumers		
	AC 50Hz,3-Phase, 11KV	5	0.02
	AC 50Hz,3-Phase, 33KV	0	0
5	Industrial Consumers		
	AC 50Hz,3-Phase, 11KV	119	21.09
	AC 50Hz,3-Phase, 33KV	36	43.44
	AC 50Hz,3-Phase, 132 KV	5	382.76
6	Bulk Mixed Consumers		
	AC 50Hz,3-Phase, 11KV	269	37.77
	AC 50Hz,3-Phase, 33KV	18	17.46
	AC 50Hz,3-Phase, 132 KV	1	0.00
B	Low Voltage Category		
1	Non-Commercial Consumers (Domestic)		
	AC 50Hz,1-Phase, 230 Volt	216854	216.35
	AC 50Hz,3-Phase, 400 Volt	4537	46.31
	KJP & BPL connection AC 50Hz,1-Phase, 230 Volt	62798	43.00
2	Commercial Consumers (Non-Industrial)		
	AC 50Hz,1-Phase, 230 Volt	37368	73.31
	AC 50Hz,3-Phase, 400 Volt	4534	55.53
3	Public Lighting and Water Supply Consumers		
	AC 50Hz,1-Phase, 230 Volt	917	5.90

	AC 50Hz,3-Phase, 400 Volt	390	7.83
4	Agricultural Consumers		
	AC 50Hz,1-Phase, 230 Volt	11	0.020
	AC 50Hz,3-Phase, 400 Volt	12	0.075
5	Industrial Consumers		
	AC 50Hz,1-Phase, 230 Volt	76	1.55
	AC 50Hz,3-Phase, 400 Volt	204	2.67
6	Temporary Consumer		
	LT/HT	592	0.87
	Total	329638	1014.00

5.2 Losses: AT&C Loss

Petitioners Submission

5.2.1 The AT&C loss projected by the Petitioner for FY 2026-27 is shown in the table below:

Table 46 AT&C(%) loss projected by the Petitioner for FY 2026-27

S No	Particulars	Calculation	(Projected) FY26
A	Input Energy (MkWh)	A	1276.98
B	Transmission Losses (MkWh)	B	40.46
C	Net Input Energy (MkWh)	C=A-B	1236.52
D	Energy Sold (MkWh)	D	1013.40
E	Revenue from Sale of Energy including Government Grant (Rs.Cr.)	E	1011.25
E(i)	Likely Collection (100% of Tariff & 100% of Grant)	E(i)	1011.25
F	Adjusted Revenue from Sale of Energy on Subsidy Received basis (Rs. Cr.)	F	1011.25
G	Opening Debtors for Sale of Energy (Rs. Cr.)	G	317.19
H	(i) Closing Debtors for Sale of Energy (Rs. Cr.)	(i)	317.19
	(ii) Any amount written off during the year directly from(i)	(ii)	0
I	Adjusted Closing Debtors for sale of Energy (Rs. Cr.)	H (i+ii)	317.19
J	Collection Efficiency (%)	(F+G-I)/E*100	100
K	Units Realized (Mkwh) = [Energy Sold*Collection efficiency]	D*I/100	1013.40
L	Units Unrealized (Mkwh)= [Net Input Energy-Units Realized]	C-K	223.12
M	AT&C Losses (%) = [{ Units Unrealized/Net Input Energy}*100]	L/C *100	18.04

5.2.2 The Petitioner has submitted that The AT&C loss is high in Arunachal Pradesh due to the scattered load over a vast geographical area, no meters and defective meters at feeder level, DT level, and consumer level. However, a flagship project called RDSS is being implemented presently, through which the required metering will be done along with some other loss reduction infrastructure works to reduce AT&C Loss. Accordingly, the Petitioner has requested the Commission to approve the Estimated AT&C Loss for FY 2026-27 as referred in the table above.


Secretary

Commissions Analysis

- 5.2.3 The Commission has taken note of the submission made by the Petitioner and has already deliberated in detail in the earlier sections of this order regarding the loss levels of the Petitioner. The Commission observes that the actual loss incurred by the Petitioner remains significantly higher than the targets prescribed under the RDSS.
- 5.2.4 The Commission has also referred to the MYT Order dated 26.03.2025, wherein the loss trajectory for the entire control period from FY 2025-26 to FY 2029-30 has been determined by the Commission, which is also aligned with the trajectory prescribed under RDSS.
- 5.2.5 The Commission in accordance with the order dated 26.03.2025 hereby approves the loss for FY 2026-27 as shown in the table below:

Table 47 Approved AT&C Loss by the Commission for FY 2026-27

Year	FY27
AT&C Losses	15%
Distribution Loss	14.14%

**Considered collection efficiency of 99%*

- 5.2.6 The Commission further directs the Petitioner to submit loss reduction achievement against targets on quarterly, half yearly and an annual basis.

5.3 Power procurement Quantum and Cost for FY 2026-27

Petitioners Submission

- 5.3.1 The Petitioner has stated that power is procured from various sources to meet the state's demand, with any surplus sold outside the state. For FY 2026-27 the Petitioner has considered the same quantum as projected in FY 2025-26 and has escalated the cost by 5%. The details of the quantum of power purchased from various sources, both within and outside the state, along with the associated costs, are provided below:

a) Central Sector Generating Stations Allocation

The major power requirement is met by power allocation from Central Sector Generating Stations. The Petitioner has submitted that the overall allocation from the Central Generating Station to Arunachal Pradesh is 294.07MW. The Petitioner has projected the same quantum of energy (MU) as estimated for FY 2025-26 in above section of this order for FY 2026-27 however the petitioner has considered an escalation in cost of 5% over FY 2025-26 to project the cost for FY 2026-27. The details of allocation of the central

[Signature]
Secretary

generating station along with associated cost projected by the Petitioner for FY 2026-27 is given in the table below:

Table 48 Power Purchase Quantum & Cost from CGS projected by the Petitioner for FY 27

Source of Power (Station wise)		Installed Capacity (MW)	APDOP share % (As on Sep'25)	APDOP share (MW)	Projected (MU)	Projected Cost (Rs. Cr)
LOKTAK	NHPC	105	4.94	5.19	34.14	11.65
KOPILI-I	NEEPCO	200	5.19	10.38	30.02	205.96
KOPILI-II	NEEPCO	23	5.99	1.38	9.95	
KHANDONG	NEEPCO	46	4.19	1.93	0.00	
Panyor Lower	NEEPCO	405	6.46	26.16	67.75	
Free Energy Panyor L	NEEPCO		12	48.6	125.81	
DOYANG	NEEPCO	75	6.85	5.14	14.21	
PARE	NEEPCO	110	5.87	6.46	25.76	
Free Energy Pare	NEEPCO		12	13.20	45.05	
KAMENG	NEEPCO	600	1.83	10.98	70.18	
Free Energy Kameng	NEEPCO		12	72	324.32	
AGBPP	NEEPCO	291	5.69	16.6	105.28	
AGTCCPP	NEEPCO	135	6.7	9.05	42.85	
PALATANA	OTPC	726.6	3.03	22.02	112.52	
BgTPP	NTPC	750	5.07	38.48	260.70	191.88
FARAKKA	NTPC	1600	0.19	3.04	21.52	
KAHALGAON	NTPC	840	0.19	2.60	11.44	
TALCHAR	NTPC	1000	0.19	1.90	13.78	
Total				294.07	1315.29	451.39
Total Unit Purchased (MU)					819.80	-
Total Free Unit Received (MU)					495.48	-

b) Power from Sources within the state

The Petitioner also procures power from generators operating within the state and purchases the entire power generated by them. For the FY 2026-27 the Petitioner has projected the same quantum (MU) as estimated in FY 2025-26 however has applied an escalation of 5% in cost of FY 2025-26 to determine cost for FY 2026-27. The Petitioner has further stated that since DHPD and APEDA operate under the same state government (AP), APDOP does not incur any cost for the power received from them and has therefore requested the Commission to consider it as free power. Additionally, the Petitioner has mentioned that the power received from APEDA is utilized to meet solar RPO compliance. In some areas DG sets are also kept in standby to meet the power requirement.

The detail of Power purchase quantum (MU) and cost (Rs.Cr) projected by the Petitioner for FY 2026-27 is given in the table below:


Secretary

Table 49 State Sector Generation (MU) & Cost Projected (Rs.Cr) by the Petitioner for FY 2026-27

S.No	Name of Project	Installed Capacity	Projected (MU)	Power Purchase Cost
1	DHPD	81.54MW	61.25	-
2	Sumbachu HEP	3MW	5.23	1.69
3	Dikshi HEP	24MW	85.06	49.27
	Free Energy Dikshi		9.45	-
4	Khanteng HEP	7.5MW	30.99	11.43
5	Solar	4.188MW	0.49	-
6	Diesel Generation	-	0.31	-
	Total		192.79	62.39

c) Power from other sources

The Petitioner has further submitted that during exigencies power is purchased from the market and also banking of energy is done during the high hydro season and same is taken back during the lean hydro season. The details of the power sources projected by the Petitioner for FY 2026-27 is given in the table below:

Table 50 Details of Power sources projected by the Petitioner from other sources for FY2026-27

S.No	Source of Power	Projected (MU)	Projected Cost (Rs. Cr)
1	Deviation	37.22	28.83
2	IEX Purchase	42.61	7.16
3	Banking (Import)	74.89	-
	Total	154.72	35.99

d) Other Charges associated with Power Purchase

The Petitioner has submitted the interstate and intrastate transmission charges along with NERLDC/NERPC charges and other expenses have been projected by the Petitioner by escalating @5% on the estimated value of FY 2025-26 to arrive at the projected values for FY 2026-27. For Devi Energies Pvt Ltd the Petitioner has referred to the order dated 26.03.2025 The details of cost associated is given in the table below:

Table 51 Other Charges projected by the Petitioner for FY 2026-27(Rs.Cr)

S.No	Particulars	FY27
1	NERLDC Fee & Charges	1.31
2	NERPC board fund	0.01
3	CTUIL (Transmission charges)	1.90
4	PGCIL	79.80
5	APDCL	8.59
6	Devi Energies Interstate Transmission Charges	11.45
7	Reactive charges	0.02
8	Miscellaneous	1.05
	Total	104.13

[Signature]

Secretary

The Petitioner has further stated that in certain places of border areas of Arunachal Pradesh and Assam, the DoP, AP and APDCL (Assam Power Distribution Company Limited) draw power from each other. The transaction of such power is settled under the deviation mechanism and APDCL submits the bill for transmission charges of net quantum of power transacted as per their approved transmission tariff. The Petitioner for projecting the cost of APDCL has considered an escalation of 5%.

Commissions Analysis

5.3.2 The Commission has observed that the Petitioner has considered the same quantum (MU) of power purchase as estimated for FY 2025–26 and has applied an escalation of 5% on the estimated power purchase cost of FY 2025–26 to arrive at the projected cost for FY 2026–27.

5.3.3 The Commission has analysed the per-unit power purchase cost from the Central Generating Stations over the last five years based on the actual energy drawn and payments made, and has undertaken a comparative study, as presented in the table below:

Table 52 Comparative analysis per unit cost from CGS over the years

S.No	Particulars	Type	Details	FY21	FY22	FY23	FY24	FY25	% change
1	LOKTAK	Hydro	NHPC	3.15	4.35	1.90	5.08	3.09	-0.4%
2	KOPILI-I	Hydro	NEEPCO	-	-	-	2.40	2.34	-
3	KOPILI-II	Hydro		-	2.24	-	2.50	2.45	-
4	KHANDONG	Hydro		2.50	1.75	-	-	-	-
5	Panyor Lower	Hydro		3.74	2.64	2.77	3.18	3.04	-5%
6	DOYANG	Hydro		4.68	8.40	7.58	8.48	7.66	13.1%
7	PARE	Hydro		5.02	2.54	6.20	6.33	5.38	1.8%
8	KAMENG	Hydro		4.21	2.07	4.07	4.10	4.06	-0.9%
9	AGBPP	Thermal		4.09	3.20	7.13	6.65	6.46	12.1%
10	AGTCCPP	Thermal		4.04	3.49	6.66	6.17	5.92	10.1%
11	Palatana	Thermal		OTPC	3.69	3.28	2.77	3.46	3.43
12	BgTPP	Thermal	NTPC	9.91	7.81	7.48	6.50	6.05	-11.6%
13	Farakka	Thermal		3.54	3.71	4.71	4.42	4.22	4.5%
14	Kahalgaoon	Thermal		3.36	3.62	4.79	4.24	3.72	2.5%
15	Talchar	Thermal		2.97	2.74	2.85	2.80	2.30	-6.2%

5.3.4 The Commission observes from the above comparative analysis that the per-unit power purchase cost from different Central Generating Stations has shown varying trends over the last five years. The cost of power from stations such as Bongaigaon TPP (BgTPP) and Talchar has shown a declining trend in recent years, whereas stations such as Doyang, AGBPP, and

[Signature]
Secretary

AGTCCPP have witnessed an increase in the per-unit cost during the period under review. Further, certain generating stations such as Kopili-I ,Kopili-II and Khandong show limited data availability due to power drawal in only specific years. The Commission is of the view that power purchase from the high cost units must be avoided and APDOP shall look out for opportunity of a cheaper source. Overall, the Commission notes that the variation in per-unit power purchase cost is primarily attributable to factors such as fixed cost recovery, variation in energy drawal, operational parameters of the generating stations, and fuel cost adjustments.

- 5.3.5** The Commission observes that the overall trend in the per-unit power purchase cost from the Central Generating Stations, except for a few stations, does not reflect any significant escalation.
- 5.3.6** Hence the Commission, while approving the power purchase cost and quantum for FY 2026–27, has considered the same quantum(MU) and cost (Rs. Cr) as approved in the APR of FY 2025–26. However same shall be reviewed during True up exercise.
- 5.3.7** Further, for projecting the power purchase quantum to be received from Subansiri(8x250MW), the Commission has considered the actual power received from the station during the last three months and has extrapolated the same for the entire year of FY 2026–27, considering the operation of two units only. The Commission has not considered any cost for these units at present as the tariff has not yet been finalized; however, the quantum has been considered. The same shall be reconciled once the tariff is finalized and during the True-up exercise for FY 2026–27.
- 5.3.8** The Petitioner has not considered any projection for Khandong HEP. However, since the Petitioner has been receiving power from the plant since July 2025, the Commission has considered the power quantum from this station. The Commission has reviewed the actual bills submitted for the plant and has projected the cost and quantum in line with the methodology adopted for other NEEPCO plants.
- 5.3.9** It is observed that the Petitioner has projected the power purchase cost for DHPD & APEDA as nil for FY 2026–27. However, the Commission, in line with the reasoning and methodology adopted in the APR for FY 2025–26, has followed the same approach while considering the and quantum and cost for these plants.
- 5.3.10** The Commission has also noted that the Petitioner has not considered the free power it would receive from Khantang HEP from the third year from COD i.e from FY 2026-27. The


Secretary

Commission has considered the applicable free power from the plant in its power procurement projections accordingly.

- 5.3.11** Additionally, the Commission has not included power procurement from the exchange in its projections for FY 2026-27 as it believes the Petitioner has sufficient power that can be effectively utilized to meet demand during periods of acute shortage. However, this aspect will be reviewed during the true-up process. Furthermore, the Commission has not considered energy received from UI/Deviation for FY 2026-27.
- 5.3.12** For interstate transmission charges (CTUIL), the Commission has applied a 5% escalation on the approved estimate for FY 2025-26 to determine costs for FY2026-27. In the case of PGCIL charges, the Commission has retained the values submitted by the Petitioner for projection. Additionally, the Commission has incorporated the transmission charges approved for Devi Energies Pvt. Ltd., as per the order dated 11.12.2025, by applying the approved rates of FY 2026-27. Regarding APDCL charges, the Commission in line with the submission of the Petitioner has provided an escalation on the estimated value of FY 2025-26 by 5% however same shall be reviewed during True up exercise.
- 5.3.13** For NERLDC, NERPC, and other expenses, the Commission has reviewed the Petitioner's submission, wherein the Petitioner has projected the actual costs by applying a 5% escalation on the estimated value of FY 2025-26. The Commission has accepted these projections as submitted by the Petitioner; however, they will be subject to review during the true-up exercise.
- 5.3.14** Further, the Commission, in line with the methodology and reasoning adopted in the APR for FY 2025-26, has considered the Intra-State Transmission Cost (TP&MZ) and the Arunachal Pradesh SLDC charges for FY 2026-27 in accordance with the Orders dated 13.10.2025 and 11.07.2025, respectively.
- 5.3.15** The Commission further directs the Petitioner to minimize the purchase of costly power and implement measures to optimize power procurement costs and explore other sources which would enhance cost-optimization without compromising energy availability. Accordingly, the Commission has approved the power purchase cost for FY 2026-27 as detailed in the table below:

Table 53 Power Purchase Cost & Quantum approved by the Commission for FY 2026-27

Source of Power (Station-wise)		Energy (MU)	Cost (Rs Cr)
LOKTAK	NHPC	28.19	9.70
Subansiri		28.17	-


Secretary

Source of Power (Station-wise)		Energy (MU)	Cost (Rs Cr)
KOPILI-I	NEEPCO	44.76	10.52
KOPILI-II	NEEPCO	6.88	1.83
KHANDONG	NEEPCO	6.36	2.06
Panyor Lower	NEEPCO	65.33	20.77
Free Energy Panyor Lower	NEEPCO	121.31	-
DOYANG	NEEPCO	14.94	10.73
PARE	NEEPCO	29.46	15.93
Free Energy Pare	NEEPCO	49.11	-
KAMENG	NEEPCO	107.54	44.49
Free Energy Kameng	NEEPCO	363.45	-
AGBPP	NEEPCO	96.81	60.67
AGTCCPP	NEEPCO	47.23	30.45
PALATANA	OTPC	113.51	39.71
BgTPP	NTPC	266.43	128.53
FARAKKA	NTPC	22.94	9.37
KAHALGAON	NTPC	12.21	4.84
TALCHAR	NTPC	13.24	3.52
DHPD	GoAP	61.25	7.82
HPDCL	SPSU	3.63	0.73
DIKSHI	IPP	79.74	41.85
Free Energy Dikshi		8.86	-
Kantang	IPP	33.71	14.39
Free Energy Kantang	IPP	4.86	-
SOLAR	APEDA	0.49	-
Diesel Generation		-	-
Deviation		-	-
IEX Purchase		-	-
Banking (Import)		-	-
Total		1630.40	457.91
Free Unit received		547.60	-
Total Purchased		1082.8	-

Table 54 Inter&Intra State transmission charges along with NERLDC/NERPC and other charges approved by the Commission for FY 2026-27

S.No	Particulars	Cost in (Rs. Cr)
1	NERLDC Fee & Charges	1.31
2	NERPC board fund	0.00
3	CTUIL (Transmission charges)	79.80
4	PGCIL	1.9
5	APDCL	8.59
6	Intrastate Transmission Charges (TP&MZ)	57.62
7	Devi Energies Intrastate Transmission Charges	9.91
8	Ar.PSLDC charges	6.21
	Total	165.34

5.4 Energy Requirement and Availability

Petitioners Submission

5.4.1 Based on the above submissions made in above section of the order the Petitioner has projected the Net Energy Input required in the State for FY2026-27 considering the AT&C loss projection, which is given in the table below


Secretary

Table 55 Net Energy (MU) Input Projected by the Petitioner for FY 2026-27

Particulars	Calculation	Unit	FY27
Energy Import from Grid	A	MU	1470.01
Energy Export Out Side the State	B	MU	385.82
Energy Injected in State from Grid	C=A-B	MU	1084.19
Transmission loss on C (3.5%)	D	MU	40.46
State Own Generation + other Source	E	MU	192.79
Gross Input Energy (including Export outside the state)	F=A+E	MU	1662.80
Input Energy (in the State)	F=C+E	MU	1276.98
Net Input Energy (in the State)	G=F-D	MU	1236.52

Commissions Analysis

- 5.4.2** The Commission has analysed the submissions made by the Petitioner for calculating approved energy available for the period under consideration. In the table given below, for the Energy Balance for FY 2026-27, the Commission has considered the AT&C losses approved under RDSS for the respective years and based on collection efficiency of 99%, the Distribution losses for the years is being determined. Accordingly, the energy sales have been grossed up to determine the energy requirement within the state.
- 5.4.3** Further, the State Transmission losses is considered at 3.39% as per tariff order dated 13/10/2025. Further, transmission losses as reported by Grid Controller of India (National Load Despatch Centre) (i.e., CTU losses) are also considered, that have been derived from the actual weekly transmission losses of CTU for FY 2025-26 taking an average of 3.65% during the period mentioned.
- 5.4.4** Regarding sale of energy outside of state, the Commission had earlier on many occasions emphasised the transparency and accountability on the subject. In the directives issued in earlier true up order, the Commission observed that the petitioner has not submitted the supporting documents to demonstrate that the petitioner is making profits by selling its surplus power received from its tied up generating stations in the open market. However, no such documents or information has been submitted by the petitioner in this petition as well. The petitioner has considered a certain quantum of power to be sold in the open market while estimating total demand of the state. However, the Commission is of the view that such quantum to be sold in the open market should be limited to the surplus power after meeting domestic requirement from the total availability from tied up sources. Accordingly, the


Secretary

Commission have arrived at the approved net energy as shown in the table below. Simultaneously, the petitioner is directed not to pre-determine the quantum of surplus power to be sold outside the state. Further the petitioner is directed to sell such surplus power if any, through a transparent process and submit the procedure adopted by the petitioner in selling surplus power along with supporting documents as directed by the commission in earlier orders.

Table 56 Approved Net Input Energy (MU) for FY 2026-27

Particulars	FY27
A. Energy Requirement	
Energy sales within the state as approved for the period (MU)	1014.00
Distribution loss (in %) <i>(Considering approved AT&C loss of 22% and Collection efficiency at 99%)</i>	14.14%
Energy Requirement within the state (MU)	1157.39
State transmission losses (in %)	3.39%
Total Energy requirement at State periphery for sale within the State (MU) (A)	1196.63
B. Energy availability within the State	
DG set (in MU)	-
DHPD (in MU)	61.25
HPDCAPL (in MU)	3.63
DIKSHI (in MU)	79.74
DIKSHI (Free power) (in MU)	8.86
Solar/APEDA (in MU)	0.49
Khangtang (in MU)	33.71
Khangtang Free Power (MU)	4.86
Total Energy Available within the State (B)	192.54
C. Energy availability outside the State	
Free power (in MU) (i)	533.88
Energy available from Central Generating Stations (in MU) (ii)	902.39
Energy available from outside the State generation at State Periphery (in MU) (i + ii)	1,436.27
CTU loss	3.65%
Energy available from outside the State (Ex-Bus) (in MU) (C)	1,383.84
D. Total Energy available from all sources (in MU) (B + C)	1,576.38
Surplus power available (in MU) (D-A)	379.75

5.5 Operation and Maintenance (O&M) Expenses

Petitioners Submission

5.5.1 The Petitioner has submitted the operation and maintenance cost for FY 2026-27 in accordance with APERC MYT Regulations 2024. The break-up of O&M Expense has also been submitted for (1) Employee cost, (2) Repair and Maintenance cost and (3) Administrative and General costs. The Petitioner has submitted that at present there are 10029 number of employees as tabulated in the table below Accordingly, expenses of previous year has been escalated by escalation factor which has been determined by considering 20% weightage to the average yearly inflation derived based on the monthly wholesale price index


Secretary

(WPI) of the past three financial years (FY 2022-23, FY 2023-24 & FY 2024-25) as per the office of Economic Advisor of Government of India and 80% weightage to the average yearly inflation derived based on the monthly Consumer Price Index (CPI) for industrial workers of the past three financial years (FY 2022-23, FY 2023-24 & FY 2024-25) as per the Labour Bureau, Government of India. The details submission of the Petitioner is given in the table below:

Table 57 Number of Employees Projected by the Petitioner for FY 2026-27(No)

S.No	Particulars	FY27
1	Regular Employees	1054
2	Work Charged Employees	2786
3	Casual Employees	6189
	Total	10029

Table 58 O&M expense projected by the Petitioner for FY 2026-27(Rs.Cr)

S.No	Particulars	FY 27
1	Employee Expenses	423.43
2	A&G Expenses	13.10
3	R&M Expenses	40.60
4	Total O&M Expenses	477.13

5.5.2 The Petitioner has requested the Commission to approve the O&M expenses as mentioned in the table above.

Commissions Analysis

5.5.3 The Commission has referred to clause 4.10 of the APERC MYT Regulations 2024 for computation of O&M expenses of the Petitioner for the period FY 2026-27. The relevant extract is cited below:

“4.10. Operation and Maintenance Expenses (O&M)

(1) The Operation and Maintenance expenses shall be computed in accordance with these Regulations.

(2) Operation and Maintenance (O&M) expenses shall comprise of the following:

- (a) Employee (EMP) expenses -salaries, wages, pension contribution and other employee costs.*
- (b) Administrative and General (A&G) expenses including insurance charges if any; and:*
- (c) Repairs and Maintenance (R&M) expenses.*

(3) O&M expenses for the nth Year of the Control Period shall be approved based on the formula given below:

$$O\&M_n = (R\&M_n + EMP_n + A\&G_n) + Terminal Liabilities;$$

(4) Employee Cost Employee cost shall be computed on employee expenses for previous year escalated by appropriate escalation factor which would be determined by considering 20% weightage to the average yearly inflation derived based on the monthly wholesale price index (WPI) of the respective past three financial years as per the office of Economic Advisor of Government of India and 80%

[Signature]
Secretary

weightage to the average yearly inflation derived based on the monthly Consumer Price Index (CPI) for industrial workers of the respective past three financial years as per the Labour Bureau, Government of India and suitable Growth Factor adjusted by provisions for expenses beyond the control of the Licensee such as recovery/adjustment of terminal benefits, implications of Pay Commission, arrears and Interim Relief, governed by the following formula:

$$EMP_n = (EMP_{n-1}) \times (1 + EF) + \text{Growth Factor}(G) + \text{Provisions}$$

Where,

EMP_n – Employee expenses of the Licensee for the nth Year (n can be 1, 2,3,4 or 5); **EMP_{n-1}** – Average Employee expenses for past three years excluding any type of one-time payment, if n=1 (first year of control period); Employee expenses for (n-1)th year, otherwise.

EF– is the escalation factor determined based on WPI and CPI growth rate as described above;

Growth Factor (G) - shall be Year-on-Year/CAGR/any escalation factor considered by the licensee for projecting the employee expenses considering future recruitment/retirement plans or requirement of additional manpower;

Provision: Provision for expenses beyond control of the Licensee and expected one-time expenses as specified above

(5) Repairs and Maintenance (R&M) Expense

Repairs and Maintenance expense shall be calculated on the basis of gross fixed asset (GFA) and K factor escalated by appropriate escalation factor which would be determined by considering 20% weightage to the average yearly inflation derived based on the monthly wholesale price index (WPI) of the respective past three financial years as per the office of Economic Advisor of Government of India and 80% weightage to the average yearly inflation derived based on the monthly Consumer Price Index (CPI) for industrial workers of the respective past three financial years as per the Labour Bureau, Government of India as per the following formula:

$$R\&M_n = (K \times GFA_{n-1}) \times (1 + EF)$$

Where, **R&M_n** – Repair and Maintenance expenses of the Licensee for the nth Year;
GFA_{n-1} – Gross Fixed Asset of the licensee for the n-1th year;

'K' is a constant specified by the Commission in percentage terms. Value of K for each year of the control period shall be determined by the Commission in the MYT Tariff order based on licensee's filing, repair and maintenance expenses, benchmarking of repair and maintenance expenses, approved repair and maintenance expenses vis-avis GFA approved by the Commission in past and any other factor considered appropriate by the Commission;

EF- is the escalation factor determined based on WPI and CPI growth rate as described above;

(6) Administrative and General Expense

A & G expense shall be computed on actual A&G expenses of previous years escalated by appropriate escalation factor which would be determined by considering 20% weightage to the average yearly inflation derived based on the monthly wholesale price index (WPI) of the respective past three financial years as per the office of Economic Advisor of Government of India and 80% weightage to the average yearly inflation derived based on the monthly Consumer Price Index (CPI) for industrial workers of the respective past three financial years as per the


Secretary

Labour Bureau, Government of India and adjusted by provisions for confirmed initiatives (IT initiatives as proposed by the Licensee and validated by the Commission) or other expected one-time expenses, and shall be governed by following formula:

$$A\&Gn = (A\&Gn-1) \times (1 + EF) + Provision$$

Where, **A&Gn**- Administrative and General expenses of the Licensee for the nth Year;

A&Gn-1- Average Administrative and General expenses for past three years, if n=1; Administrative and General expenses for (n-1)th year, otherwise.

EF- is the escalation factor determined based on WPI and CPI growth rate as described above; **Provision**: Cost for initiatives or other one-time expenses as proposed by the Licensee and validated by the Commission

(7) Terminal liabilities Terminal liabilities of employees of the Licensee including pension expenses etc. shall be approved as per actuals submitted by the Licensee, subject to prudence check or be established through actuarial studies. Additionally, any variation due to changes recommended by the pay commission shall be allowed separately by the Commission, subject to prudence check. However, if the terminal benefits are considered under employee expenses, no separate provision for terminal benefit is allowed.

(8) For the purpose of estimation during the MYT Petition, the same value of factors - CPI inflation and WPI inflation shall be used for all Years of the Control Period. The values shall be revised appropriately while determining the O&M expenses for determination of revised ARR for remaining four years of the control period. However, the Commission shall consider the actual values of the factors - CPI_inflation and WPI_inflation during the true up exercise for the relevant year for which true up is being carried out and shall true up the O&M Expenses for that year, only to the extent of inflation."

5.5.4 The Commission has reviewed the submission of the Petitioner. However, based on the assessment of the O&M expenses for FY 2025–26 and in line with the methodology adopted for FY 2025–26, the Commission has restricted the O&M expenses for FY 2026–27 to the level approved in the Order dated 26.03.2025. The Commission shall review the same during the True-up exercise. The O&M expenses approved by the Commission for FY 2026–27 are given in the table below:

Table 59 O&M Expenses approved by the Commission for FY 2026-27(Rs.Cr)

S.No	Particulars	FY 27
1	Employee Expenses	410.24
2	A&G Expenses	10.51
3	R&M Expenses	44.35
4	Total O&M Expenses	465.10

5.6 Depreciation

Petitioners Submission

5.6.1 The Petitioner has submitted that the entire asset is under the control of APDOP and created from the grant of the Government of Arunachal Pradesh or the Government of India without


Secretary

any obligation to return. Further, as per the regulatory direction, no depreciation can be claimed on the assets created from subsidies or grants which has no obligation to return. Accordingly, the Petitioner has not claimed any depreciation in ARR for FY 2026-27.

Commissions Analysis

5.6.2 The Petitioner has not claimed any depreciation as the assets are created from the subsidies or grants of Government of Arunachal Pradesh or Government of India. Further, the Petitioner is managing the affairs of the department on GoAP fund/ grant without borrowing from any source and acquisition of new assets out of such grant. Since no asset has been created by the licensee through its own equity or capital, and the entire funding is done through government grant / aid, no depreciation is allowed for the period. However, Petitioner is directed to create a Fixed Asset Register with details of asset(s) being created through grant / aid and being put to use by the licensee along with the next tariff filing. In line with the submission of the Petitioner the Commission has also not considered any depreciation for FY2026-27 respectively.

5.7 Interest on Loan and Finance Charges

Petitioners Submission

5.7.1 The Petitioner has submitted that, APDOP functions under the Government of Arunachal Pradesh. All financial matters of APDOP are controlled by the finance department of the Government. Taking loan(s) and its repayment are decided by State Government. Hence, the Petitioner cannot take any kind of loan independently and does not have any access to the loan and its repayment process even if the loan is taken for funding the projects under APDOP, as its repayment is handled by the Government from its sources. Therefore, the Petitioner has submitted that expenses on interest on the loan may be considered as 'Nil' in ARR for FY 2026-27

Commissions Analysis

5.7.2 In view of the above submissions of the Petitioner, no interest on loan and finance charges are approved for FY 2026-27.

5.8 Interest on Working Capital

Petitioners Submission

5.8.1 The Petitioner has submitted that working capital for APDOP is provided by the Government of Arunachal Pradesh as a grant on 'as and when required' basis, and therefore no interest on


Secretary

working capital is required to be paid by APDOP. Accordingly, interest on working capital may be considered 'Nil' for the period.

Commissions Analysis

5.8.2 In view of the above submissions of the Petitioner, no interest on interest on working capital is being considered for FY 2026-27.

5.9 Return on Equity

Petitioners Submission

5.9.1 The Petitioner has submitted that APDOP being a Government Department, all funding comes from the State Government/Central Government as a grant without any obligation to pay back. APDOP is not incorporated/registered as a company, hence there is no shareholder/equity. As a result, return on equity capital does not arise. Accordingly, no Return on Equity Capital is being claimed for the period.

Commissions Analysis

5.9.2 In view of the above submissions of the Petitioner, no return on equity is approved for FY 2026-27.

5.10 Provisions for bad and doubtful debts

Petitioners Submission

5.10.1 The Petitioner has submitted that the department does not have any bad and doubtful debt as per records. Therefore, provision for bad and doubtful debt be considered 'Nil' for the control period.

Commissions Analysis

5.10.2 In view of the above submissions of the Petitioner, no bad and doubtful debt is approved for the period.

5.11 Renewable Purchase Obligation

5.11.1 The Petitioner has stated that as it has been able to meet the RPO targets for FY 2024-25 however have not provided any submission for FY 2026-27. The Commission in earlier section of this order for FY 2024-25 have found that the Petitioner has been able to achieve the target for FY 2024-25 as per the APERC (Renewable Purchase Obligation and its Compliance) Regulation (Third Amendment) 2025.

5.11.2 In line with the same the Petitioner is directed to comply with the targets for FY 2026-27 which shall be reviewed during true up process.

5.12 Annual License Fee and tariff application fee

Petitioners Submission

5.12.1 The Petitioner has projected an annual License Fee and Tariff application fee for FY 2026-27 as given in the table below:

Table 60 Annual License fee & Tariff Application Fee as submitted by the Petitioner (Rs.Cr)

S.No	Particulars	FY 27
1	Annual License Fee	0.05
2	Tariff Filing Fee	0.075

Commissions Analysis

5.12.2 As per the provisions of the APERC (Payment of Fees) Regulations 2025, Annual License Fee is to be paid by every licensee including the Deemed Licensee. The annual license fee for a distribution licensee including a deemed licensee as per above mentioned Regulations is Rs. 10.00 lakh per year. Further the annual fees is required to be paid by 15th April of each financial year. Any delay in this regard shall attract a penalty of 1.50% per month or part thereof. The distribution licensee is directed to comply with regulations and pay the requisite fees within the stipulated time period.

5.12.3 Further as per the above-mentioned fee regulations the fees for application for determination of tariff for supply of electricity, wholesale, bulk or retail by a distribution licensee including a deemed licensee for tariff, APR and True up of audited expense is 32.5 lakhs.

5.12.4 Accordingly, the Annual License fee of Rs. 10 lakh per year and Tariff Application fee of Rs.32.5 lakh for FY 2026-27 is being approved by the Commission.

Table 61 Annual License fee & Tariff Application Fee approved by the Commission (Rs.Cr)

S.No	Particulars	FY 27
1	Annual License Fee	0.10
2	Tariff Filing Fee	0.325

5.13 Non-Tariff Income

Petitioners Submission

5.13.1 The Petitioner has submitted the Non-Tariff Income for FY 2026-27 as given in the table below:

Table 62 Non-Tariff Income submitted by the Petitioner for FY 2026-27(Rs.Cr)

S.No	Particulars	FY 27
1	Non-Tariff Income	133.50

Secretary

Commissions Analysis

5.13.2 The Commission as of now has approved the Non-Tariff income submitted by the Petitioner however same shall be reviewed during True up exercise.

Table 63 Non-Tariff Income approved by the Commission for FY 2026-27(Rs.Cr)

S.No	Particulars	FY 27
1	Non-Tariff Income	133.50

5.14 Revenue from Sale of Power

Petitioners Submission

5.14.1 The Petitioner has projected the revenue from sales within the state and sale of surplus power outside the state as given in the table below:

Table 64 Revenue from sale of power submitted by the Petitioner

S. No	Particulars	Sale (MU)	Revenue (Rs. Cr)
1	Sale within the state	1013.40	576.03
2	Sale outside the state	310.93	119.90

5.14.2 The Revenue projection from sales outside the state has been done by the Petitioner considering sales to Power Exchange (IEX), Bilateral Sales and UI/ Deviation.

Commissions Analysis

5.14.3 The Commission has reviewed the submission made by the Petitioner and observed that, similar to the submission made for FY 2025-26, the Petitioner has clubbed the revenue from sales within the State with the revenue from Non-Tariff Income, which is not appropriate. In this regard, the Commission has considered the revenue from sales based on the sales of energy approved by the Commission energy within the State.

5.14.4 However, for projecting revenue from sales outside the state, the Commission has considered the quantum of surplus energy(MU) approved by the Commission (as indicated in the energy requirement and availability section). For projecting the revenue for the quantum (MU) the Commission has considered the average DAM rate of Rs. 3.56 per unit, based on the last month's rate (February 2026), to compute the revenue. This projection will be reviewed during the true-up exercise. The details of the revenue from sales within and outside the state, as approved by the Commission, are provided in the table below:

Table 65 Revenue from Sale of Power approved by the Commission for FY 2026-27

S. No	Particulars	Sale (MU)	Revenue (Rs. Cr)
1	Sale within the state	1014.00	442.51
2	Sale outside the state	379.75	135.24

(Signature)
Secretary

5.15 ARR for FY 2026-27

Petitioners Submission

5.15.1 Based on the submission made above the Petitioner has submitted the ARR for FY 2026-27 along with revenue gap treatment is given in the table below:

Table 66 ARR & Revenue Gap as submitted by the Petitioner for FY 2026-27(Rs.Cr)

S. No.	Particulars	UOM	FY 27
1	Return on Equity Capital	Rs.Cr	-
2	Interest on Loan Capital	Rs.Cr	-
3	Depreciation	Rs.Cr	-
4	Power Purchase Expenses	Rs.Cr	550.83
5	Interstate Transmission Charges	Rs.Cr	90.29
6	Intrastate Transmission Charges	Rs.Cr	11.45
7	Fees & charges ofNERLDC/NERPC	Rs.Cr	1.32
8	O&M expenses	Rs.Cr	477.13
9	Interest on working Capital	Rs.Cr	-
10	Provision for bad and doubtful debt	Rs.Cr	-
11	Annual License Fee	Rs.Cr	0.05
12	Tariff Filing Fee	Rs.Cr	0.075
13	Total Revenue Requirement	Rs.Cr	1131.15
14	Less: Non-Tariff Income	Rs.Cr	133.50
15	Net Revenue Requirement (13-14)	Rs.Cr	997.65
16	Revenue from existing Tariff	Rs.Cr	442.53
17	Revenue from Sale of Surplus Power	Rs.Cr	119.90
18	Revenue Gap	Rs.Cr	435.22
19	Revenue Grant by GoAP	Rs.Cr	435.22
20	Total Gap	Rs.Cr	0.00
21	Energy Sale within the state	MU	1013.40
22	Gross Energy Input	MU	1662.80
23	Average Cost of Supply (ACos) (13-14-17/21*10)	Rs/kWh	8.66
24	Average Realisable Revenue (ARR)(16/21*10)	Rs/kWh	4.37
25	ACS-ARR (23-25)	Rs/kWh	4.29

5.15.2 The Petitioner has stated that the revenue gap shall be bridged by the grant provided by Government of Arunachal Pradesh.


Secretary

Commissions Analysis

5.15.3 The Commission, in line with the approval of the various components of ARR as discussed in the above sections of this order, has approved the ARR of the Petitioner for FY 2026–27. Further, the Commission has treated the revenue from the sale of surplus energy outside the State as Non-Tariff Income and has factored the same into the determination of the net ARR. After thoroughly examining each component of the ARR submitted by the Petitioner and applying the necessary prudence check, the Commission approves the revenue requirement for FY 2026–27, as presented in the table below.

Table 67 ARR approved by the Commission for FY 2026-27

S. No.	Particulars	UOM	FY 27
1	Return on Equity Capital	Rs.Cr	-
2	Interest on Loan Capital	Rs.Cr	-
3	Depreciation	Rs.Cr	-
4	Power Purchase Expenses	Rs.Cr	457.91
5	Interstate Transmission Charges	Rs.Cr	90.29
6	Intrastate Transmission Charges	Rs.Cr	67.53
7	Fees and charges of NERLDC/NERPC	Rs.Cr	7.52
8	O&M expenses	Rs.Cr	465.10
9	Interest on working Capital	Rs.Cr	-
10	Provision for bad and doubtful debt	Rs.Cr	-
11	Annual License Fee	Rs.Cr	0.10
12	Tariff Filing Fee	Rs.Cr	0.33
13	Total Revenue Requirement	Rs.Cr	1088.77
14	Less: Non-Tariff Income	Rs.Cr	133.50
15	Less : Sale of Power Outside State	Rs.Cr	135.24
16	Revenue from Existing Tariff	Rs.Cr	442.51
17	Total Sales within the State(MU)	Rs.Cr	1014.00
18	Net Revenue Requirement (13-14-15)	Rs.Cr	820.03
19	Average Cost of Supply(17/16*10)	Rs./kWh	8.09
20	Average Realizable Revenue(16/17*10)	Rs/kWh	4.36
21	ACoS -ABR(19-20)	Rs/kWh	3.72

■ ■ ■

(Signature)
Secretary

Chapter 6: Tariff for FY2026-27

6.1 Retail Tariff Proposal for FY 2026-27

Petitioners Submission

6.1.1 The Petitioner has computed and submitted the full cost tariff as mentioned in the table below:

Table 68 Full Cost Tariff for FY 2026-27- Petitioner's Submission

S.No	Particulars	Amount (in Rs Cr)
1	Total Revenue Requirement	1131.15
2	Revenue from Sale of Surplus Power	119.90
3	Other income (Late payment, Meter rent etc)	133.50
4	Revenue requirement from within state	877.75
5	Energy sale within state (MU)	1013.40
6	Full cost tariff (Rs/kWh)	8.66

6.1.2 The Petitioner has also submitted revenue details generated from consumer categories considering full cost tariff as mentioned in the table below:

Table 69 Revenue at full cost Tariff submitted by the Petitioner for FY 2026-27(Rs.Cr)

Consumer Category	Full Cost Tariff(Rs/kWh)	Sale (MU)	Rs in Cr.
HT Category			
Non-Commercial Consumers (Domestic)			
3-Phase, 11kV	8.66	13.58	11.76
3-Phase, 33kV	8.66	4.17	3.61
Commercial Consumers (Non-Industrial)			
3-Phase, 11kV	8.66	36.04	31.21
3-Phase, 33kV	8.66	0.23	0.20
Public Lighting and Water Supply Consumers			
3-Phase, 11kV	8.66	3.26	2.83
3-Phase, 33kV	8.66	0.00	0.00
Agricultural Consumers			
3-Phase, 11kV	8.66	0.02	0.01
3-Phase, 33kV	8.66	0.00	0.00
Industrial Consumers			
3-Phase, 11kV	8.66	21.09	18.27
3-Phase, 33kV	8.66	43.45	37.63
3-Phase, 132 kV	8.66	382.77	331.53
Bulk Mixed Consumers			
3-Phase, 11kV	8.66	37.78	32.72
3-Phase, 33kV	8.66	17.18	14.88
3-Phase, 132 kV	8.66	0.00	0.00
Low Voltage Category			
Non-Commercial Consumers (Domestic)			
1-Phase, 230 Volt	8.66	216.34	187.38
3-Phase, 400 Volt	8.66	46.31	40.11
KJP and BPL connection	8.66	43.00	37.24
Commercial Consumers (Non-Industrial)			
1-Phase, 230 Volt	8.66	73.31	63.50
3-Phase, 400 Volt	8.66	55.54	48.10
Public Lighting and Water Supply Consumers			
1-Phase, 230 Volt	8.66	5.89	5.10

Secretary

Consumer Category	Full Cost Tariff(Rs/kWh)	Sale (MU)	Rs in Cr.
3-Phase, 400 Volt	8.66	7.83	6.78
Agricultural Consumers			
1-Phase, 230 Volt	8.66	0.02	0.02
3-Phase, 400 Volt	8.66	0.08	0.07
Industrial Consumers			
1-Phase, 230 Volt	8.66	1.54	1.33
3-Phase, 400 Volt	8.66	2.66	2.31
Temporary Consumer			
LT/HT	8.66	1.33	1.15
Total		1013.40	877.75

6.1.3 Further, the Petitioner has also submitted that consumer category wise government grant (in Rs/kWh) and accordingly, the total government grant has been computed and shown in table below:

Table 70 Government Grant for FY 2026-27 - Petitioner's Submission (Rs.Cr)

Consumer Category	Full cost tariff (Rs / Kwh)	Existing tariff (Rs / Kwh)	Government Grant RATE (Rs / Kwh)	Total Government Grant FY 2026-27	
				Sale (MU)	Rs in Cr.
	a	b	c=a-b	d	e*d/10
High Voltage Category					
Non Commercial Consumers (Domestic)					
3-Phase, 11KV	8.66	3.80	4.86	13.58	6.60
3-Phase, 33KV	8.66	3.65	5.01	4.17	2.09
Commercial Consumers (Non-Industrial)					
3-Phase, 11KV	8.66	4.85	3.81	36.04	13.74
3-Phase, 33KV	8.66	4.65	4.01	0.23	0.09
Public Lighting and Water Supply Consumers					
3-Phase, 11KV	8.66	4.85	3.81	3.26	1.24
3-Phase, 33KV	8.66	4.65	4.01	0.00	0.00
Agricultural Consumers					
3-Phase, 11KV	8.66	3.15	5.51	0.02	0.01
3-Phase, 33KV	8.66	3.05	5.61	0.00	0.00
Industrial Consumers					
3-Phase, 11KV	8.66	4.50	4.16	21.09	8.78
3-Phase, 33KV	8.66	4.15	4.51	43.45	19.60
3-Phase, 132 KV	8.66	4.00	4.66	382.77	178.42
Bulk Mixed Consumers					
3-Phase, 11KV	8.66	4.40	4.26	37.78	16.10
3-Phase, 33KV	8.66	4.05	4.61	17.18	7.92
3-Phase, 132 KV	8.66	3.90	4.76	0.00	0.00
Low Voltage Category					
Non Commercial Consumers (Domestic)					
1-Phase, 230 Volt	8.66	4.40	4.26	216.34	92.19
3-Phase, 400 Volt	8.66	4.40	4.26	46.31	19.73
KJP & BPL connection	8.66	3.00	5.66	43.00	24.34
Commercial Consumers (Non-Industrial)					
1-Phase, 230 Volt	8.66	5.65	3.01	73.31	22.08
3-Phase, 400 Volt	8.66	5.65	3.01	55.54	16.73

(Signature)
Secretary

Public Lighting and Water Supply Consumers					
1-Phase, 230 Volt	8.66	5.75	2.91	5.89	1.72
3-Phase, 400 Volt	8.66	5.75	2.91	7.83	2.28
Agricultural Consumers					
1-Phase, 230 Volt	8.66	3.50	5.16	0.02	0.01
3-Phase, 400 Volt	8.66	3.50	5.16	0.08	0.04
Industrial Consumers					
1-Phase, 230 Volt	8.66	4.95	3.71	1.54	0.57
3-Phase, 400 Volt	8.66	4.95	3.71	2.66	0.99
Temporary Consumer					
LT/HT	8.66	9.00	-0.34	1.33	-0.05
Total				1013.40	435.22

6.1.4 Accordingly, the Petitioner has tabulated the total revenue at full cost tariff with proposed tariff for FY 2026-27 and expected grant from the government as shown in the table below:

Table 71 : Full Cost Tariff, Grant and Proposed Tariff FY 2026-27 - Petitioner's Submission (Rs.Cr)

Sl. No.	Category	Full cost Tariff (Rs./Kwh)	Proposed Tariff (Rs./Kwh)	Expected Grant (Rs./Kwh)	Full Cost Tariff Revenue (Rs Cr.)	Revenue at proposed tariff (Rs Cr.)	Expected Total Grant (Rs Cr.)
Non Commercial (Domestic)							
LT - AC 50 Hz							
1	1-Phase, 230 Volt	8.66	4.40	4.26	187.38	95.19	92.19
2	3-Phase, 400 Volt	8.66	4.40	4.26	40.11	20.38	19.73
3	KJP & BPL connection	8.66	3.00	5.66	37.24	12.90	24.34
HT - AC 50 Hz							
4	3-Phase, 11KV	8.66	3.80	4.86	11.76	5.16	6.60
5	3-Phase, 33KV	8.66	3.65	5.01	3.61	1.52	2.09
Commercial (Non-Industrial)							
LT - AC 50 Hz							
6	1-Phase, 230 Volt	8.66	5.65	3.01	63.50	41.42	22.08
7	3-Phase, 400 Volt	8.66	5.65	3.01	48.10	31.38	16.73
HT - AC 50 Hz							
8	3-Phase, 11KV	8.66	4.85	3.81	31.21	17.48	13.74
9	3-Phase, 33KV	8.66	4.65	4.01	0.20	0.11	0.09
Public Lighting And Water Supply							
LT - AC 50 Hz							
10	1-Phase, 230 Volt	8.66	5.75	2.91	5.10	3.39	1.72
11	3-Phase, 400 Volt	8.66	5.75	2.91	6.78	4.50	2.28
HT - AC 50 Hz							
12	3-Phase, 11KV	8.66	4.85	3.81	2.83	1.58	1.24
13	3-Phase, 33KV	8.66	4.65	4.01	0.00	0.00	0.00
Agricultural							
LT - AC 50 Hz							
14	1-Phase, 230 Volt	8.66	3.50	5.16	0.02	0.01	0.01
15	3-Phase, 400 Volt	8.66	3.50	5.16	0.07	0.03	0.04
HT - AC 50 Hz							
16	3-Phase, 11KV	8.66	3.15	5.51	0.01	0.00	0.01
17	3-Phase, 33KV	8.66	3.05	5.61	0.00	0.00	0.00


Secretary

Industrial							
LT - AC 50 Hz							
18	1-Phase, 230 Volt	8.66	4.95	3.71	1.33	0.76	0.57
19	3-Phase, 400 Volt	8.66	4.95	3.71	2.31	1.32	0.99
HT - AC 50 Hz							
20	3-Phase, 11KV	8.66	4.50	4.16	18.27	9.49	8.78
21	3-Phase, 33KV	8.66	4.15	4.51	37.63	18.03	19.60
22	3-Phase, 132KV	8.66	4.00	4.66	331.53	153.11	178.42
Bulk Mixed							
HT - AC 50 Hz							
24	3-Phase, 11KV	8.66	4.40	4.26	32.72	16.62	16.10
25	3-Phase, 33KV	8.66	4.05	4.61	14.88	6.96	7.92
26	3-Phase, 132 KV and above	8.66	3.90	4.76	0.00	0.00	0.00
27	Temporary Consumer	8.66	9.00	-0.34	1.15	1.20	-0.05
TOTAL					877.75	442.53	435.22

6.1.5 As such, a comparative table has been submitted by the Petitioner between existing tariff and proposed tariff for FY 2026-27 as shown in the table below

Table 72 Existing Tariff and Proposed Tariff FY 2026-27- Petitioner's Submission - (in Rs/kWh)

Category of Consumers	Existing Tariff (Rs/kWh)	Proposed Tariff (Rs/kWh)
Non-Commercial (Domestic)		
LT - AC 50 Hz		
1-Phase, 230 Volt	4.40	4.40
3-Phase, 400 Volt	4.40	4.40
KJP and BPL connection	3.00	3.00
HT - AC 50 Hz		
3-Phase, 11kV	3.80	3.80
3-Phase, 33kV	3.65	3.65
Commercial (Non-Industrial)		
LT - AC 50 Hz		
1-Phase, 230 Volt	5.65	5.65
3-Phase, 400 Volt	5.65	5.65
HT - AC 50 Hz		
3-Phase, 11kV	4.85	4.85
3-Phase, 33kV	4.65	4.65
Public Lighting and Water Supply		
LT - AC 50 Hz		
1-Phase, 230 Volt	5.75	5.75
3-Phase, 400 Volt	5.75	5.75
HT - AC 50 Hz		
3-Phase, 11kV	4.85	4.85
3-Phase, 33kV	4.65	4.65
Agricultural		
LT - AC 50 Hz		
1-Phase, 230 Volt	3.50	3.50
3-Phase, 400 Volt	3.50	3.50
HT - AC 50 Hz		
3-Phase, 11kV	3.15	3.15
3-Phase, 33kV	3.05	3.05
Industrial		
LT - AC 50 Hz		
1-Phase, 230 Volt	4.95	4.95


Secretary

Category of Consumers	Existing Tariff (Rs/kWh)	Proposed Tariff (Rs/kWh)
3-Phase, 400 Volt	4.95	4.95
HT - AC 50 Hz		
3-Phase, 11kV	4.50	4.50
3-Phase, 33kV	4.15	4.15
3-Phase, 132kV	4.00	4.00
Bulk Mixed		
HT - AC 50 Hz		
3-Phase, 11kV	4.40	4.40
3-Phase, 33kV	4.05	4.05
3-Phase, 132 kV and above	3.90	3.90
Temporary Consumer	9.00	9.00

6.1.6 The Petitioner has stated that the revenue gap of Rs.435.22 Cr is expected from Government of Arunachal Pradesh as a grant and hence not proposed any hike in tariff for FY 2026-27.

Commissions Analysis

6.1.7 The Commission, taking into account the existing tariff rate, has calculated the projected revenue from sales as approved in the preceding section of this order for FY 2026-27. Additionally, the Commission has determined the gap between the average cost of supply and the average revenue realized, as presented in the table below.

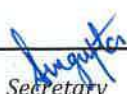
Table 73 Gap for FY 2026-27 by the Commission

S.No	Particulars	UOM	Details
1	Approved Net ARR	Rs.Cr	820.03
2	Approved Energy Sales within the state	MU	1014
3	Approved Revenue from sales of Energy within the state	Rs.Cr	442.51
4	Average Cost of Supply	Rs/kWh	8.09
5	Average Revenue Realized	Rs/kWh	4.36
6	Gap (4-5)	Rs/kWh	3.72

6.1.8 The Commission has also conducted a review of the ACOS (Average cost of supply) and ARR (Average Revenue Realized) gap trends over the past few years, as presented in the table below.

Table 74 Approved Gap between ACoS & Average Revenue Realized by the Commission from FY19 to FY25

S.No	Particulars	UOM	FY19	FY20	FY21	FY22	FY23	FY24	FY25
1	Average Cost of Supply	Rs/kWh	14.65	14.64	17.39	13.24	12.86	12.53	10.45
2	Average Revenue Realized	Rs/kWh	4.63	4.64	4.84	4.30	4.53	3.79	3.81
3	Gap (4-5)	Rs/kWh	10.02	10.00	12.55	8.94	8.33	8.73	6.64
4	Gap in % of ACoS	%	68.40	68.30	72.16	67.52	64.77	69.71	63.5


Secretary

6.1.9 From the analysis of the data, it is evident that the revenue gap has been consistently in the range of >60% from the average cost of supply. This revenue gap is a matter of concern for the financial stability of the Arunachal Pradesh Department of Power (APDOP) and underscores the need for enhanced efficiency in the operations of the distribution licensee. The Commission is of the view that the Petitioner must undertake concrete measures to bridge the revenue gap by improving operational efficiencies and minimizing losses through the effective implementation of ongoing schemes. Additionally, it is observed that for FY 25 power purchase costs along with transmission charges constitute approximately 75% of the net ARR even when, there is a support of more than 30 % of free power. The Commission has also observed that the employee cost of the Petitioner is quite high and accounts to around 50% of the net ARR which is quite higher as compared to adjoining states as given below:

Table 75 Employee cost wrt ARR for adjoining states

S.No	State	Reference	Employee cost (Rs.Cr)	Net ARR(Rs.Cr)	%
1	Assam	True Up order FY2024-25.	937.50	10578.77	8.86%
2	Meghalaya	True up order FY 2022-23	163.57	1046.78	15.6%
3	Sikkim	True Up order FY2022-23	203.52	465.97	43.67%
4	Nagaland	True Up order FY 2023-24	174.96	836.91	20.90%
5	Mizoram	True Up order FY 2023-24	193.12	668.07	28.90%
6	Tripura	True Up FY 2023-24	192.39	1964.65	9.79%

6.1.10 As previously noted, there exists a substantial gap between the projected revenue requirement for FY 2026-27 and the expected revenue under the existing tariff structure. The inability of APDOP to reduce this gap over the years indicates operational inefficiencies, resulting in a year-on-year increase in the deficit.

6.1.11 In accordance with the Electricity Act, utilities engaged in generation, transmission, and distribution are required to operate on commercial principles which would encourage competition, efficiency, economic use of resources, good performance and optimum investment to move towards self-sustainability. The Commission also acknowledges that APDOP receives approximately 50% or more of its ARR for power distribution in the form of grants-in-aid from the State Government. While such financial support is crucial, it places a significant burden on state resources, potentially affecting funding allocations for other key sectors such as infrastructure, health, and education, thereby impacting the broader economic development of the state.

6.1.12 The Commission has also referred to the Electricity (Amendment) Rules, 2024, which provide specific guidelines for minimizing the revenue gap, as cited below:

"23. Gap between approved Annual Revenue Requirement and estimated annual revenue from approved tariff

"The tariff shall be cost-reflective, and there shall not be any gap between the approved Annual Revenue Requirement and the estimated annual revenue from the approved tariff except under conditions of natural calamity.

Provided that such a gap, if any, shall not exceed three percent of the approved Annual Revenue Requirement....."

6.1.13 Further, the National Tariff Policy also specify that the tariff should progressively align with the cost of electricity supply. State Electricity Regulatory Commissions (SERCs) are required to formulate a roadmap ensuring that the tariff remains within $\pm 20\%$ of the average cost of supply. The relevant extract is given below:

"8.3 Tariff design: Linkage of tariffs to cost of service

"1. In accordance with the National Electricity Policy, consumers below poverty line who consume below a specified level, say 30 units per month, may receive a special support through cross subsidy. Tariffs for such designated group of consumers will be at least 50% of the average cost of supply. This provision will be re-examined after five years.

*2. For achieving the objective that the tariff progressively reflects the cost of supply of electricity, the SERC would notify roadmap within six months with a target that latest by the end of year 2010-2011 tariffs are within $\pm 20\%$ of the average cost of supply. The road map would also have intermediate milestones, based on the approach of a gradual reduction in cross subsidy. For example, if the average cost of service is **Rs 3 per unit**, at the end of year 2010-2011 the tariff for the cross subsidised categories excluding those referred to in para 1 above should not be lower than **Rs 2.40 per unit** and that for any of the cross-subsidising categories should not go beyond **Rs 3.60 per unit.**"*

6.1.14 For FY 2026-27, the Commission has computed the ACOS at Rs.8.09/unit. In line with the provisions of the National Tariff Policy, the Average Billing Rate (ABR) for each consumer category should ideally fall within $\pm 20\%$ of the ACOS, i.e., in the range of Rs. 9.70/unit to Rs. 6.47/unit, and for consumers below poverty line the tariff applicable should be at least Rs.4.04/unit.

6.1.15 The Commission recognizes the geographical constraints faced by APDOP in providing electricity to consumers across the state. However, for any distribution company to operate efficiently, it must maintain financial stability. Although the revenue gap is currently being

funded by the Government of Arunachal Pradesh, the Commission is of the opinion that a revision in tariff is necessary to improve the financial health of the distribution licensee. A reduction in state revenue grants to APDOP would allow for the reallocation of resources toward other critical sectors, including health, infrastructure, and education, thereby contributing to the overall development of the state.

6.1.16 However, since the Commission had revised the tariff in the previous financial year, i.e., FY 2025–26, the Commission, in line with the proposal of the Petitioner, has not approved any further tariff hike for the present year.

6.1.17 In light of the above considerations, the Commission has decided no change in tariff for the FY 2026-27 as given below:

Table 76 Tariff approved by the Commission for FY 2026-27

Category of Consumers	Approved Tariff (Rs/kWh)
Non-Commercial (Domestic)	
LT - AC 50 Hz	
1-Phase, 230 Volt	4.40
3-Phase, 400 Volt	4.40
KJP and BPL connection	3.00
HT - AC 50 Hz	
3-Phase, 11kV	3.80
3-Phase, 33kV	3.65
Commercial (Non-Industrial)	
LT - AC 50 Hz	
1-Phase, 230 Volt	5.65
3-Phase, 400 Volt	5.65
HT - AC 50 Hz	
3-Phase, 11kV	4.85
3-Phase, 33kV	4.65
Public Lighting and Water Supply	
LT - AC 50 Hz	
1-Phase, 230 Volt	5.75
3-Phase, 400 Volt	5.75
HT - AC 50 Hz	
3-Phase, 11kV	4.85
3-Phase, 33kV	4.65
Agricultural	
LT - AC 50 Hz	
1-Phase, 230 Volt	3.50
3-Phase, 400 Volt	3.50
HT - AC 50 Hz	
3-Phase, 11kV	3.15
3-Phase, 33kV	3.05
Industrial	
LT - AC 50 Hz	
1-Phase, 230 Volt	4.95
3-Phase, 400 Volt	4.95
HT - AC 50 Hz	
3-Phase, 11kV	4.50

Secretary

Category of Consumers	Approved Tariff (Rs/kWh)
3-Phase, 33kV	4.15
3-Phase, 132kV	4.00
Bulk Mixed	
HT - AC 50 Hz	
3-Phase, 11kV	4.40
3-Phase, 33kV	4.05
3-Phase, 132 kV and above	3.90
Temporary Consumer	9.00

6.1.18 The tariff rates will be applicable with effect from 1st April 2026.

6.2 Revenue from Tariff

6.2.1 The Commission has computed the projected revenue for FY 2026-27 with the approved tariff considering the approved sales for each category of consumers as mentioned in the table below:

Table 77 Revised Tariff and projected revenue for the Petitioner for FY 2026-27(Rs.Cr)

Consumer Category	Approved Sales (MU)	Approved Tariff (Rs / kWh)	Revenue (Rs Cr)
HT Category			
Non-Commercial Consumers (Domestic)			
AC 50Hz,3-Phase, 11kV	13.57	3.80	5.16
AC 50Hz,3-Phase, 33kV	4.95	3.65	1.81
Commercial Consumers (Non-Industrial)			
AC 50Hz,3-Phase, 11kV	36.04	4.85	17.48
AC 50Hz,3-Phase, 33kV	0.22	4.65	0.10
Public Lighting and Water Supply Consumers			
AC 50Hz,3-Phase, 11kV	3.26	4.85	1.58
AC 50Hz,3-Phase, 33kV	0.00	4.65	0.00
Agricultural Consumers			
AC 50Hz,3-Phase, 11kV	0.02	3.15	0.01
AC 50Hz,3-Phase, 33kV	0.00	3.05	0.00
Industrial Consumers			
AC 50Hz,3-Phase, 11kV	21.09	4.50	9.49
AC 50Hz,3-Phase, 33kV	43.44	4.15	18.03
AC 50Hz,3-Phase, 132 kV	382.76	4.00	153.10
Bulk Mixed Consumers			
AC 50Hz,3-Phase, 11kV	37.77	4.40	16.62
AC 50Hz,3-Phase, 33kV	17.46	4.05	7.07
AC 50Hz,3-Phase, 132 kV	0.00	3.90	0.00
Low Voltage Category			
Non-Commercial Consumers (Domestic)			
AC 50Hz,1-Phase, 230 Volt	216.35	4.40	95.19
AC 50Hz,3-Phase, 400 Volt	46.31	4.40	20.38
KJP and BPL connection	43.00	3.00	12.90
Commercial Consumers (Non-Industrial)			
AC 50Hz,1-Phase, 230 Volt	73.31	5.65	41.42
AC 50Hz,3-Phase, 400 Volt	55.53	5.65	31.38
Public Lighting and Water Supply Consumers			
AC 50Hz,1-Phase, 230 Volt	5.90	5.75	3.39

Secretary

Consumer Category	Approved Sales (MU)	Approved Tariff (Rs / kWh)	Revenue (Rs Cr)
AC 50Hz,3-Phase, 400 Volt	7.83	5.75	4.50
Agricultural Consumers			
AC 50Hz,1-Phase, 230 Volt	0.02	3.50	0.01
AC 50Hz,3-Phase, 400 Volt	0.07	3.50	0.03
Industrial Consumers			
AC 50Hz,1-Phase, 230 Volt	1.55	4.95	0.77
AC 50Hz,3-Phase, 400 Volt	2.67	4.95	1.32
Temporary Consumer			
LT/HT	0.87	9.00	0.78
Total	1014.00		442.51

6.2.2 The Commission has also computed the revenue at existing tariff and revenue at ACOS along with revenue gap against various consumer categories for FY27as given in the table below:

Table 78 Revenue at existing Tariff Vs Revenue at ACOS & Gap to be funded as Govt grant

Consumer Category	Approved Sales (MU)	Existing Tariff (Rs / kWh)	Revenue (Rs Cr)	Full cost Tariff (Rs.kWh)	Revenue Full Cost Tariff (Rs.Cr)	Revenue Gap(Rs.Cr)	Expected Total Grant(Rs.Cr)
HT Category							
Non-Commercial Consumers (Domestic)							
AC 50Hz,3-Phase, 11kV	13.57	3.80	5.16	8.09	10.98	5.82	5.82
AC 50Hz,3-Phase, 33kV	4.95	3.65	1.81	8.09	4.00	2.19	2.19
Commercial Consumers (Non-Industrial)							
AC 50Hz,3-Phase, 11kV	36.04	4.85	17.48	8.09	29.15	11.67	11.67
AC 50Hz,3-Phase, 33kV	0.22	4.65	0.10	8.09	0.18	0.08	0.08
Public Lighting and Water Supply Consumers							
AC 50Hz,3-Phase, 11kV	3.26	4.85	1.58	8.09	2.64	1.06	1.06
AC 50Hz,3-Phase, 33kV	0.00	4.65	0.00	8.09	0.00	0.00	0.00
Agricultural Consumers							
AC 50Hz,3-Phase, 11kV	0.02	3.15	0.01	8.09	0.02	0.01	0.01
AC 50Hz,3-Phase, 33kV	0.00	3.05	0.00	8.09	0.00	0.00	0.00
Industrial Consumers							
AC 50Hz,3-Phase, 11kV	21.09	4.50	9.49	8.09	17.06	7.57	7.57
AC 50Hz,3-Phase, 33kV	43.44	4.15	18.03	8.09	35.13	17.10	17.10
AC 50Hz,3-Phase, 132 kV	382.76	4.00	153.10	8.09	309.54	156.44	156.44
Bulk Mixed Consumers							
AC 50Hz,3-Phase, 11kV	37.77	4.40	16.62	8.09	30.55	13.93	13.93
AC 50Hz,3-Phase, 33kV	17.46	4.05	7.07	8.09	14.12	7.05	7.05


Secretary

Consumer Category	Approved Sales (MU)	Existing Tariff (Rs / kWh)	Revenue (Rs Cr)	Full cost Tariff (Rs.kWh)	Revenue Full Cost Tariff (Rs.Cr)	Revenue Gap(Rs.Cr)	Expected Total Grant(Rs.Cr)
AC 50Hz,3-Phase, 132 kV	0.00	3.90	0.00	8.09	0.00	0.00	0.00
Low Voltage Category							
Non Commercial Consumers (Domestic)							
AC 50Hz,1-Phase, 230 Volt	216.35	4.40	95.19	8.09	174.96	79.77	79.77
AC 50Hz,3-Phase, 400 Volt	46.31	4.40	20.38	8.09	37.45	17.07	17.07
KJP and BPL connection	43.00	3.00	12.90	8.09	34.78	21.88	21.88
Commercial Consumers (Non-Industrial)							
AC 50Hz,1-Phase, 230 Volt	73.31	5.65	41.42	8.09	59.29	17.87	17.87
AC 50Hz,3-Phase, 400 Volt	55.53	5.65	31.38	8.09	44.91	13.53	13.53
Public Lighting and Water Supply Consumers							
AC 50Hz,1-Phase, 230 Volt	5.90	5.75	3.39	8.09	4.77	1.38	1.38
AC 50Hz,3-Phase, 400 Volt	7.83	5.75	4.50	8.09	6.33	1.83	1.83
Agricultural Consumers							
AC 50Hz,1-Phase, 230 Volt	0.02	3.50	0.01	8.09	0.02	0.01	0.01
AC 50Hz,3-Phase, 400 Volt	0.07	3.50	0.03	8.09	0.06	0.03	0.03
Industrial Consumers							
AC 50Hz,1-Phase, 230 Volt	1.55	4.95	0.77	8.09	1.25	0.49	0.49
AC 50Hz,3-Phase, 400 Volt	2.67	4.95	1.32	8.09	2.16	0.84	0.84
Temporary Consumer							
LT/HT	0.87	9.00	0.78	8.09	0.70	-0.08	-0.08
Total	1014.00		442.51		820.03	377.52	377.52

6.2.3 As per the Petitioner's submission, this revenue gap is expected to be covered by a Grant from the Government of Arunachal Pradesh (GoAP).

6.2.4 The Commission, however, is of the opinion that the Petitioner must implement measures to optimize resources efficiently, thereby improving the overall efficiency and financial health of the discom.

Angika
Secretary

6.3 Introduction of Green Tariff

6.3.1 It is observed that the Petitioner has not proposed any Green tariff in the petition. However, as mandated under the Electricity (Promoting Renewable Energy Through Green Energy Open Access) Rules, 2022 notified by the Ministry of Power, Government of India, the Commission is required to determine Green Energy Tariff comprising of the average pooled power purchase cost of the renewable energy, cross-subsidy charges if any, and service charges covering the prudent cost of the distribution licensee for providing the green energy.

6.3.2 The Commission has noticed that MoP, GoI, in exercise of the powers conferred by sub-section (1) read with clause (z) of sub-section (2) of section 176 of the Electricity Act, 2003, has published Electricity (Promoting Renewable Energy Through Green Energy Open Access) Rules, 2022. Under the said rules, any entity, whether obligated or not may elect to generate, purchase and consume renewable energy as per their requirements by one or more methods including by requisition from distribution licensee. The relevant extract from the said rule is given below:

“(C) By requisition from distribution licensee.—(a) Any entity may elect to purchase green energy either upto a certain percentage of the consumption or its entire consumption and they may place a requisition for this with their distribution licensee, which shall procure such quantity of green energy and supply it and the consumer shall have the flexibility to give separate requisition for solar and non-solar;—

(b) The consumer may purchase on a voluntary basis, more renewable energy, than he is obligated to do and for ease of implementation, this may be in steps of Twenty five per cent and going upto Hundred per cent;

(c) The tariff for the green energy shall be determined separately by the Appropriate Commission, which shall comprise of the average pooled power purchase cost of the renewable energy, cross-subsidy charges if any, and service charges covering the prudent cost of the distribution licensee for providing the green energy;

(d) Any requisition for green energy from a distribution licensee shall be for a minimum period of one year;

(e) The quantum of green energy shall be pre-specified for at least one year;

(f) The green energy purchased from distribution licensee or from Renewable Energy sources other than distribution licensee in excess of Renewable Purchase Obligation of obligated entity shall be counted towards Renewable Purchase Obligation compliance of the distribution licensee;

(g) The Accounting of renewable energy supplied at distribution licensee level shall be on a monthly basis;”


Secretary

- 6.3.3 The Commission observes that Government of India has taken various initiatives for promoting renewable energy and specific target for renewable energy installation was mentioned under India's nationally determined contribution (NDC). The target is: "To achieve about 50 percent cumulative electric power installed capacity from non-fossil fuel-based energy resources by 2030, with the help of transfer of technology and low-cost international finance including from Green Climate Fund (GCF)". Further, the corporate groups are keen to achieve the net-zero or zero-carbon goal. This is increasing demand for renewable electricity and creating a shift in demand patterns away from fossil fuels. The green tariff can help the consumers in this regard.
- 6.3.4 As mentioned above, the above referred rules mandate the Electricity Regulatory Commissions to determine Green Power Tariff. It is observed that the concept of Green Tariff has been introduced in some States, like Andhra Pradesh, Karnataka, Madhya Pradesh, Maharashtra and Gujarat for encouraging consumers to use green power, to be supplied by Distribution Utilities. Further, in accordance with the Section 86(1)(e) of the Electricity Act, 2003, the Commission is mandated to promote renewable energy (RE). The Commission observes that the concept is new in the State of Arunachal Pradesh. The Commission decides to introduce the Green Tariff through this order so the interested consumer could procure power from the Petitioner at Green tariff approved by the Commission.
- 6.3.5 In view of above the Commission decides to approve the green tariff as **Rs 0.50/kWh**, which will be paid by the willing consumers over and above the normal tariff rates applicable for their respective category.

The following conditions shall be followed in this regard.

- ✓ All consumers (High Voltage and Low Voltage) shall be eligible for opting Green energy on payment of Green Power Tariff, which will be in addition to energy charges.
- ✓ Revenue earned through Green Power Tariff shall be treated as tariff income of Distribution Licenses and shall be part of revenue income from tariff. However, the quantum of such revenue shall be provided by Distribution Licensee to the Commission.
- ✓ The Consumer will have option to select the quantum of green power to be purchased in steps of 25% and going up to 100% of the consumption.

- ✓ The Distribution Licensee will levy Green Power Tariff only for percentage of consumption opted by the Consumer.
- ✓ Any requisition for green energy from a distribution licensee shall be for a minimum period of one year.
- ✓ Distribution Licensee shall process the request of Consumer for Green Power Tariff not later than 30 days from the receipt of the request.
- ✓ Distribution Licensee shall ensure to make wide publicity of this scheme.

6.3.6 During the course of seeking additional data to address information gaps, the Commission sought details from the Petitioner regarding the implementation of Green Tariff. In response, the Petitioner submitted that at present six consumers are availing Green Tariff, namely Donyi Polo Airport, Itanagar, and five Power Grid substations. The Commission further directs the Petitioner to submit the details of revenue generated from Green Tariff from various consumers in the next tariff petition

6.4 Tariff for EV Charging Station

6.4.1 EV charging infrastructure refers to the network of public and private charging stations designed to recharge electric vehicles (EVs). It plays a critical role in supporting the widespread adoption of EVs by ensuring drivers have reliable access to electricity, whether at home, work, or on the go.

6.4.2 Further, EV charging tariffs refer to the pricing structure for charging electric vehicles at public or private charging stations. These tariffs vary based on factors like the type of charger, the location, and the time of day. Accordingly, the Commission approve various pricing tariff structure for different type of consumer as discuss below.

- **Domestic Consumers:** All the metered domestic consumers shall be allowed to charge their electric vehicle at their residence, provided the load of EV does not exceed the connected / contracted load. The tariff that is applicable as per the rate schedule shall be applicable on electric vehicle charging as well.

Further, the consumer shall be required to bear all expenses related to connection/related electricity infrastructure charges, wherever applicable. However, if consumer is having an EV vehicle for commercial purpose, the consumer has to register the same with municipal authorities (if municipal authority has provisions for


Secretary

it) and disclose/declare the same to the Petitioner. In case no such registration exists, the consumer has to self-declare the same to Petitioner.

- **Public Charging Stations:** As per the guidelines of Ministry of Power's revised consolidated guidelines and standards regarding charging infrastructure for EV issued on 17th September 2024, the cost of supply by DISCOM to a public charging station will be 0.7 times of ACoS during solar hours and 1.3 times of ACoS during non-solar hours. Solar hours mean 9:00 AM to 4:00 PM time and non-solar means remaining period of the day. The relevant extract is cited below:

"9. Tariff for supply of electricity to EV charging stations

- (1) The tariff for supply of electricity to EV Charging Stations shall be single part and shall not exceed "Average Cost of Supply" till 31st March 2028.*
- (2) The Distribution Licensee will charge 0.7 times the Average Cost of Supply (ACoS) during solar hours (9:00 AM to 4:00 PM) and 1.3 times ACoS during nonsolar hours (remaining hours of the day).*
- (3) Each EV charging station must have separate metering arrangements to accurately record consumption and apply the appropriate tariff.*
- (4) Distribution Licensee may provide sub metering for EV charger, behind-the-meter of an existing HT connection."*

- In light of the Ministry of Power's revised consolidated guidelines and standards for Electric Vehicle (EV) charging infrastructure, issued on 17th September 2024, the Commission believes that the EV scenario in Arunachal Pradesh is still in its early stages. At this point, charging 1.3 times the ACOS during non-solar hours would be inappropriate, as it could hinder the promotion of EV usage in the state. Furthermore, the Commission is of the view that the EV tariff for public charging stations during daytime (i.e. solar hours) should be set equal to the ACOS. This is because more than 90% of the consumer base consists of LT (Low Tension) consumers, who are already subsidized. Additional subsidization of EV charging stations could create a revenue gap for the Petitioner. Therefore, the Commission has decided that, for now, the EV tariff for public charging stations—both during solar and non-solar hours—will be equal to the ACOS (Average Cost of Supply).

Based on above excerpt, the Commission approves EV tariff for Public Charging Stations as follows:


Secretary

Table 79 Tariff for EV charging station approved by the Commission for FY 2026-27

S.No	Particulars	Tariff (Rs./unit)
1	Public Charging Station (during solar hours 9AM to 4PM)	Rs.8.09/unit
2	Public Charging Station (during non-solar hours, remaining period of the day)	Rs.8.09/unit

6.5 Time of the Day Tariff

- 6.5.1** The Government of India on 14th June, 2023 notified an amendment to the Electricity (Rights of Consumers) Rules, 2020 as “the Electricity (Rights of Consumers) Amendment Rules, 2023” in which under clause 8A “Time of Day (ToD) Tariff” provision is introduced.’
- 6.5.2** Rather than being charged for electricity at the same rate at all times of the day, the price consumer pay for electricity will vary according to the time of day.
- 6.5.3** The Commission vide order dated 11th March 2024 has already introduced time of the day tariff for Commercial and Industrial consumers having maximum demand more than 10 kW.
- 6.5.4** However, the Commission has also referred to the Electricity (Rights of Consumers) Amendment Rules,2023 as cited below:

“3. In the principal rules, after rule 8, the following rules shall be inserted, namely: -

(8A) Time of Day Tariff. -The Time of Day tariff for Commercial and Industrial consumers having maximum demand more than ten Kilowatt shall be made effective from a date not later than 1st April, 2024 and for other consumers except agricultural consumers, the Time of Day tariff shall be made effective not later than 1st April, 2025 and a Time of Day tariff shall be made effective immediately after installation of smart meters, for the consumers with smart meters:

Provided that, the Time of Day Tariff specified by the State Commission for Commercial and Industrial consumers during peak period of the day shall not be less than 1.20 times the normal tariff and for other consumers, it shall not be less than 1.10 times the normal tariff:

Provided further that, tariff for solar hours of the day, specified by the State Commission shall be atleast twenty percent less than the normal tariff for that category of consumers:

Provided also that the Time of Day Tariff shall be applicable on energy charge component of the normal tariff: Provided also that the duration of peak hours shall not be more than solar hours as notified by the State Commission or State Load Despatch Centre.



Secretary

State Electricity Regulatory Commission
Arunachal Pradesh

Explanation: - For the purposes of this rule, the expression "solar hours" means the duration of eight hours in a day as specified by the State Commission."

- 6.5.5** In view of the above the timeline set in the Electricity Rights of consumer rules the Commission has decided to introduce ToD tariff for all category of consumers (except agricultural consumers) having maximum demand more than 10 kW.
- 6.5.6** ToD tariff shall be made effective immediately after installation of smart meters for the consumers.
- 6.5.7** Normal Tariff means the tariff approved in tariff order of ensuing year. Tod tariff, during the peak period of the day, for all category of consumers (except agricultural consumers) consumers shall be 1.20 times the normal tariff.
- 6.5.8** Solar hours in the state of Arunachal Pradesh will be from 0800 hrs to 1600 hrs.
- 6.5.9** Tariff for solar hours of the day, for all consumers (except agricultural consumers) shall be twenty percent (20%) less than the normal tariff. ToD tariff shall be applicable on energy charge component of the normal tariff.
- 6.5.10** In the event of applicability of TOD tariff to a consumer, all other terms and conditions of the applicable tariff shall continue to apply.

Applicability of ToD Tariff		
Sl. No.	Time Slot	TOD tariff
1	0600 hrs to 0800 hrs (Normal)	Normal Tariff
2	0800 hrs to 1600 hrs (solar hrs)	twenty percent (20%) less than the normal tariff.
3	1600 hrs to 1700 hrs (Normal)	Normal Tariff
4	1700 hrs to 2100 hrs (Peak Hrs)	1.20 times the normal tariff
5	2100 hrs to 0600 hrs (off Peak hrs)	Normal Tariff

6.6 Cross Subsidy

6.6.1 As per the provisions of Section 61(g) and Section 65 of the Electricity Act 2003, the tariff determination by the Commission should progressively reduce cross-subsidies among different categories of consumers while ensuring that any subsidy provided to specific consumers is supported through explicit budgetary support from the State Government. Further, the National Tariff Policy also emphasizes rationalization of tariffs and gradual reduction of cross-subsidies across consumer categories.

6.6.2 In the context of Arunachal Pradesh, although the tariff rates applicable to different consumer categories may appear to reflect the presence of cross-subsidy, in practice there is no cross-


Secretary

subsidization among consumer categories. The apparent variation in tariff levels primarily arises due to the subsidy being provided by the Government of Arunachal Pradesh to certain consumer categories. Therefore, the difference in tariff rates should not be construed as cross-subsidy among consumers but rather as a consequence of the subsidy support extended by the State Government in accordance with the provisions of Section 65 of the Electricity Act, 2003.

■ ■ ■




Secretary

Chapter 7: Determination of Wheeling Charges

7.1 Wheeling Charges

7.1.1 The Commission has referred to clause 9.2 and 9.5 of the APSERC(MYT) Regulations, 2024 for computation of wheeling charges for distribution business, the relevant extracts from the Regulation is cited below:

“9.2 Separation of accounts:

The distribution licensee shall segregate the accounts of the licensed business into Wheeling Business and Retail Supply Business and submit separate ARRs for respective business. The ARR for wheeling business shall be used to determine wheeling charges recoverable from open access consumers and the ARR for Retail Supply Business to determine retail supply tariff for sale of electricity to different categories of consumers of the licensee, which will be inclusive of wheeling charges”.

“9.5 Allocation Matrix:

The Wheeling Charges of the Distribution Licensee shall be determined by the Commission on the basis of segregated accounts of Distribution Wires Business:

Provided that where the Distribution Licensee is not able to submit audited and certified separate accounts for Distribution Wires Business and Retail Supply Business, the following Allocation Matrix shall be applicable.

Table - 1 Allocation matrix for segregation of expenses between Distribution Wires Business and Retail Supply Business.

Particulars	Wire Business (%)	Retail Supply Business (%)
Power Purchase Expenses	0	100
Intra-State Transmission Charge (Intra and Inter both)	0	100
SLDC Charges	0	100
Open Access Charges	0	100
Employee Expenses	60	40
Administration and General Expenses	50	50
Repair and Maintenance Expenses	90	10
Depreciation	90	10
Interest on Long-term Loan Capital	90	10
Interest on Working Capital and on Consumer Security Deposit	10	90
Bad Debt Written off	0	100
Income Tax	90	10
Contribution to contingency reserves	100	0
Return on Equity	90	10
Non-Tariff Income	10	90

7.1.2 The Petitioner in the instant case has submitted that they do not have a separate account for the Wire Business and Retail Supply Business, and hence as per provisions of Regulations 9.5, the allocation matrix is followed for segregation of expenses between Distribution Wires Business and Retail Supply Business. Accordingly, as per the allocation matrix the expenses


Secretary

for wire business as per the ARR approved by the Commission for FY 2026-27 is shown in the table below,

Table 80 Allocation of expenses for Wire Business from the approved ARR for FY 2026-27(Rs.Cr)

Allocation Matrix FY2026-27		
Particulars	Wire Business (%)	ARR Allocation
Power Purchase Expenses	0%	0.00
Intra-State Transmission Charge (Intra and Inter both)	0.00%	0.00
SLDC Charge	0.00%	0.00
Open Access Charge	0.00%	0.00
Employee Expenses	60%	246.14
Administration and General Expenses	50%	5.26
Repair & Maintenance Expenses	90%	39.92
Depreciation	90%	0.00
Interest on Long-term Loan Capital	90%	0.00
Interest on Working Capital and on Consumer Security Deposit	10%	0.00
Bad Debt Written off	0%	0.00
Income Tax	90%	0.00
Contribution to contingency reserves	100%	0.00
Return on Equity	90%	0.00
Non-Tariff Income	10%	13.35
Total		304.66

Accordingly, the Wheeling Charges for FY 2026-27 approved by the Commission is shown below:

Table 81: Approved Wheeling Charges for FY 2026-27

Particulars	Unit	F Y 2026-27
ARR for Wire Business (1)	Rs in Crore	304.66
Energy input for wheeling (2)	MU	1576.38
Wheeling Charge (1/2)	Rs per Unit	1.93

Chapter 8: Tariff Design and Tariff Philosophy

8.1 Tariff philosophy

- 8.1.1** In determining the ARR and the retail supply tariff for FY 2025-26, the Commission has been guided by the provisions of the Electricity Act, 2003, National Electricity Policy (NEP), Tariff Policy, and the MYT Regulations, 2018. The Commission notes that Section 61 of the Act, lays down the broad principles and guidelines for determination of retail supply tariffs. The basic principle is to ensure that tariff should progressively reflect the cost of supply of electricity and gradually reduce the cross subsidies between categories. The Act, lays special emphasis on safeguarding consumers' interest and requires costs to be recovered in a reasonable manner. The Act mandates that tariff determination should be guided by factors which 'encourage competition, efficiency, economical uses of resources, good performance and optimum investment'. Further, the Act, provides that while determining the tariff, the Commission shall not show undue preference to any consumer of electricity but may differentiate according to the consumer's load factor, power factor, voltage, total consumption of electricity during any specified period or the time at which the supply is required or the geographical position of any area, the nature of supply and the purpose for which the supply is required.
- 8.1.2** It is observed that the Tariff Policy mentions that for achieving the objective that the tariff progressively reflects the cost of supply of electricity, the Appropriate Commission would notify a roadmap such that tariffs are brought within $\pm 20\%$ of the average cost of supply. The Tariff Policy provides comprehensive guidelines for determination of tariff and also working out of the revenue requirement of power utilities. The Commission has endeavoured to follow these guidelines as far as possible.
- 8.1.3** Though MYT Regulations, 2024 has provision for submission of tariff petition by 30th November of preceding year, the Petitioner has submitted the same during 29th November 2025. It has been observed that the present regulatory reporting system of the APDOP is not adequate as per requirement of MYT regulations. The regulatory framework requires that the Petitioner should submit the information in desired format, which the Petitioner was not able to fulfil. Hence, the Commission had lack of information as per requirement and has finalized the present order on the limited information submitted by the Petitioner. In view of the above,

the Commission directs the Petitioner to file the tariff petition along with required format from next year in accordance with the MYT Regulations in force.

- 8.1.4** The Commission observed that historically, the single part tariff (only energy charge) is applicable in the State. The Commission directed the Petitioner to submit the proposal of two-part tariff, which was not followed by the Petitioner. The Commission continues to follow the single part tariff structure for FY 2026-27 and directs the Petitioner to evolve the two-part tariff proposal. The detailed direction is provided under “Directives”.
- 8.1.5** Further, voltage-wise cost of supply is not provided by the Petitioner. The Commission has derived the Average Cost of Supply and average tariff (consumer category wise), i.e. average billing rate in this order. It is envisaged from the comparison of Average Cost of Supply and average tariff that substantial portion of average cost of supply is being provided by the Government as a Grant. The Petitioner is dependent upon Government grant to meet its expenses. This cannot be sustained in long term. The Petitioner is directed to prepare a roadmap for long term financial viability of the organisation in consultation with Government. So that there could be milestone / target for the Petitioner to operate on commercial principles without relying on financial aid from the Government.
- 8.1.6** It is pertinent to note that the MoP Electricity (Second Amendment) Rules, 2023, dated 26.07.2023 discusses about the framework for financial sustainability of utilities. The relevant part is reproduced below:

“20. Framework for Financial Sustainability:

(1) The Aggregate Technical and Commercial loss reduction trajectory to be approved by the State Commissions for tariff determination shall be in accordance with the trajectory agreed by the respective State Governments and approved by the Central Government under any national scheme or programme, or otherwise.

(2) The trajectory for both collection and billing efficiency, for distribution licensee shall be determined by the State Commission in accordance with the trajectory approved under sub-rule (1).

(3) All the prudent costs of power procurement, incurred by distribution licensee for ensuring 24x7 supply of electricity to consumers under the Electricity (Rights of Consumers) Rules, 2020 and for meeting requirements as per Resource Adequacy plan prepared under the Electricity (Amendment) Rules 2022 shall be taken into account, provided that the procurement of power has been done in a transparent manner or procurement price has been approved by the Appropriate Commission.

(4) All the prudent costs incurred by the distribution licensee for creating the assets for development and maintenance of distribution system in accordance with sub-section (1) of section 42 of the Act shall be pass through:

Provided that such pass-through of the cost for the assets created by the distribution licensee shall be subject to following conditions: -


Secretary

(i) the asset has been created in accordance with the capex roll out plan for the licensee approved by the respective State Commission.

(ii) the asset has been procured in competitive and transparent manner.

(iii) the asset is geo-tagged and properly recorded in Fixed Asset Register.

(5) Gains or losses accrued to distribution licensee due to deviation from approved Aggregate Technical and Commercial loss reduction trajectory shall be quantified on the basis of Average Power Purchase Cost and shared between the distribution licensee and consumers. Two third of the gains shall be passed on to the consumers in tariff and rest shall be retained by the distribution licensee. Two third of the losses shall be borne by the distribution licensee and rest shall be borne by the consumers.

(6) The operation and maintenance norms for distribution licensee shall be determined by the State Commissions in accordance with the guidelines issued by the Authority.

(7) Reasonable Return on Equity shall be permitted, with the assessment of overall risk and the prevalent cost of capital.

(8) The Return on Equity by the State Commission shall be aligned with the Return on Equity specified by the Central Commission for generation and transmission in its Tariff Regulations for the relevant period, with appropriate modification taking into account the risks involved in distribution business."

The Petitioner should follow the above principle and work accordingly while preparing the next tariff petition.

8.2 Tariff categories

The Commission observes that the Petitioner has not proposed any changes in consumer categories. Hence, the existing consumer categories are kept unchanged. The Commission approves the tariff rates for FY 2026-27 based on the following categories.

1. Domestic

- a. Kutir Jyoti
- b. Domestic LT
- c. Domestic HT

2. Commercial

- a. Commercial LT
- b. Commercial HT

3. Public Lighting and Water Works

- a. Public Lighting and Water works LT
- b. Public Lighting and Water Works HT

4. Agriculture


Secretary

- a. Agricultural LT
- b. Agricultural HT
- 5. Industrial
 - a. Industrial LT
 - b. Industrial HT
- 6. Mixed Bulk Consumers HT
- 7. Temporary Consumers LT

8.3 Tariff rates

The tariff proposed by the APDOP and approved by the Commission is shown in Table below.

Table 82: Existing Tariff, Proposed Tariff and Approved Tariff FY 2026-27

Category of Consumers	Existing Tariff (Rs/kWh)	Proposed Tariff (Rs/kWh)	Approved Tariff (Rs /kWh)
Non-Commercial (Domestic)			
LT - AC 50 Hz			
1-Phase, 230 Volt	4.40	4.40	4.40
3-Phase, 400 Volt	4.40	4.40	4.40
KJP and BPL connection	3.00	3.00	3.00
HT - AC 50 Hz			
3-Phase, 11kV	3.80	3.80	3.80
3-Phase, 33kV	3.65	3.65	3.65
Commercial (Non-Industrial)			
LT - AC 50 Hz			
1-Phase, 230 Volt	5.65	5.65	5.65
3-Phase, 400 Volt	5.65	5.65	5.65
HT - AC 50 Hz			
3-Phase, 11kV	4.85	4.85	4.85
3-Phase, 33kV	4.65	4.65	4.65
Public Lighting and Water Supply			
LT - AC 50 Hz			
1-Phase, 230 Volt	5.75	5.75	5.75
3-Phase, 400 Volt	5.75	5.75	5.75
HT - AC 50 Hz			
3-Phase, 11kV	4.85	4.85	4.85
3-Phase, 33kV	4.65	4.65	4.65
Agricultural			
LT - AC 50 Hz			
1-Phase, 230 Volt	3.50	3.50	3.50
3-Phase, 400 Volt	3.50	3.50	3.50
HT - AC 50 Hz			
3-Phase, 11kV	3.15	3.15	3.15
3-Phase, 33kV	3.05	3.05	3.05
Industrial			
LT - AC 50 Hz			
1-Phase, 230 Volt	4.95	4.95	4.95
3-Phase, 400 Volt	4.95	4.95	4.95

Secretary

Category of Consumers	Existing Tariff (Rs/kWh)	Proposed Tariff (Rs/kWh)	Approved Tariff (Rs /kWh)
HT - AC 50 Hz			
3-Phase, 11kV	4.50	4.50	4.50
3-Phase, 33kV	4.15	4.15	4.15
3-Phase, 132kV	4.00	4.00	4.00
Bulk Mixed			
HT - AC 50 Hz			
3-Phase, 11kV	4.40	4.40	4.40
3-Phase, 33kV	4.05	4.05	4.05
3-Phase, 132 kV and above	3.90	3.90	3.90
Temporary Consumer	9.00	9.00	9.00

The Tariff schedule indicating category wise Tariff, miscellaneous charges and general terms and conditions of supply as approved by the Commission are provided in the next sections.



Amgulta
Secretary

Chapter 9: Compliance of Earlier Directives


9.1 The Commission in its earlier order had issued various directives to be complied by the Petitioner. The compliance status of the directives is given in the table below:

Table 83 Compliance status of directives issued by the Commission in earlier orders

Sl No	Directive	Compliance by APDOP	Reply of the Petitioner
1.	<p>Efficient utilization of Free Energy</p> <p>In light of the significant free energy that the state of Arunachal Pradesh will receive from upcoming hydroelectric projects, the Petitioner is hereby directed to take immediate measures to efficiently manage and utilize this resource. Notably, large-scale projects such as the Subansiri Lower HEP 2000 MW, which is scheduled for partial commissioning by June 2025 and full commissioning by April 2026, will provide the state with approximately 87% of free power from its allocated capacity of 274 MW. In addition, other big projects such as Dibang(2880MW), TATO-I (186 MW), IIEO Hydro Electric Project(240MW) etc, and others are lined up, which will further benefit the state by providing substantial free energy. To ensure the optimal use of this free power, the GoAP should think to establish a dedicated cell within the organization that will focus specifically on managing and accounting such free power from these upcoming projects. This cell will be responsible for developing strategies and implementing mechanisms to channelise this free energy in such a way that maximizes its economic/financial returns and reduces the overall power purchase cost, resulting into improved financial health of the power sector of the state. By efficiently utilizing free power from these projects, the Petitioner will help lower the cost of electricity for consumers, contribute to the financial sustainability of the state's power sector, and promote overall development. The Petitioner is expected to submit regular reports on the progress of these initiatives and ensure that the free power is effectively integrated into the state's energy procurement strategy. Further the Petitioner is directed to maintain an online surplus energy accounting mechanism to track excess power availability from different sources which shall be optimally utilized through a Dedicated Planning & Trading Cell (DPTC) within appropriate State Government Establishment, engaging in following activities in a transparent way:</p> <ul style="list-style-type: none"> • Banking arrangements with other utilities. • Sale in energy exchanges for revenue optimization. • Utilization within the state to reduce procurement costs. 	Nil	<p>The Department of Power, GoAP, acknowledges the Commission's directive regarding efficient management and utilization of free energy accruing from upcoming hydroelectric projects.</p> <p>Accordingly:</p> <ol style="list-style-type: none"> 1. A proposal shall be initiated to establish a "Dedicated Planning & Trading Cell (DPTC)" under the Department for the management of free and surplus energy from commissioned hydro projects (including Subansiri Lower, Dibang, TATO-I, REO, etc.). 2. The proposed Cell will handle: <ul style="list-style-type: none"> o Accounting of free power received; o Banking and bilateral arrangements with other utilities; o Sale through power exchanges for revenue optimization; o Internal utilization planning to minimize power purchase costs. 3. A digital framework for surplus energy accounting and reporting shall be designed/prepared in consultation with the State Load Despatch Centre (SLDC). <p>The Department shall submit the Quarterly reports on surplus energy accounting from next quarter of 2025-26.</p>
2	<p>A quarterly report on such surplus energy transactions must be submitted to APSERC.</p> <p>Forecasting tool or agencies</p>	Nil	<p>1.The Department shall initiate steps to engage an appropriate consultant and set</p>


 Secretary
 State Electricity Regulatory Commission
 Arunachal Pradesh

Sl No	Directive	Compliance by APDOP	Reply of the Petitioner
	<p>In order to ensure optimal utilization of power procurement and maximize revenue from the sale of excess energy, the Petitioner is hereby directed to establish a proper forecasting tool or engage specialized agencies to assist in this process. This tool or agency will be responsible for accurately forecasting the state's energy demand, ensuring that procurement strategies align with demand patterns, and identifying opportunities for the sale of excess energy. By implementing an efficient forecasting mechanism, the Petitioner will be better equipped to balance in-state demand with available energy resources, minimizing procurement costs and ensuring that any surplus energy is effectively sold at competitive rates, thereby maximizing revenue. The Petitioner is required to submit a detailed plan on the development or engagement of the forecasting tool or agency, along with periodic reports on its performance and results.</p>		<p>up a dedicated cell for forecasting demand and generation forecasting under competitive bidding. 2. Simultaneously, the issue will also be discussed with POSOCOINRLDC to integrate short-term load forecasting through available tools at SLDC, Itanagar. 3. A detailed plan outlining the scope, software requirements, and expected outcomes will be submitted to APERC by March 2026.</p> <p>Further, Periodic performance reports of the selected forecasting system will be furnished every quarter post-implementation.</p>
3	<p>Finalization of Fixed Asset Register</p> <p>The Commission has previously directed the Petitioner to prepare and finalize the Fixed Asset Register, which remains pending. In view of this, the Petitioner is hereby directed to take immediate action to finalize the Fixed Asset Register, ensuring that it accurately reflects all fixed assets owned by the organization. The Fixed Asset Register must be comprehensive, updated, and in compliance with accounting standards and regulatory requirements. The Commission further directs the Petitioner to update the status of progress on preparation of FAR within three months from the date of issue of this order.</p>	Nil	<p>The preparation of the Fixed Asset Register (FAR) has been initiated using data from all field divisions. 2. Asset data for transmission and distribution networks are being compiled. Verification of capitalization and assets shall also be taken up subject to approval of the competent authority. 3. The final FAR will be aligned with the APERC Regulations & Accounting Standards issued by ICAL. A complete, verified FAR will be finalized and submitted to APERC at earliest.</p>
4	<p>Recategorization of Consumer Classification</p> <p>The Commission has observed that the current classification of consumers into specific categories does not align with the intended profiles or nature of the consumers, leading to potential misclassifications. A simplification of present consumer categorisation also seems necessary. In light of this, the Petitioner is directed to ensure review and see that consumers are accurately categorized based on their electricity usage patterns and load requirements. Consumer classification should reflect the type of usage and capacity, and ensure that each consumer is placed in the appropriate category. Consumers must be charged tariffs that correspond to their correctly assigned categories. Unauthorized classification of consumers into inappropriate categories</p>	Nil	<p>1. The Department shall form an internal committee to review existing consumer categories under the Supply Code. 2. Field data collection is ongoing to verify consumer classification based on connected load and usage. The process is being synchronised with the implementation of smart prepaid meters under KDSS (AMISP). 3. Instances of misclassification identified during billing audits shall be corrected.</p>


 Secretary
 State Electricity Regulatory Commission
 Arunachal Pradesh

Sl No	Directive	Compliance by APDOP	Reply of the Petitioner
5	<p>which do not align with their actual usage and load requirements should be strictly avoided. An annual review of the consumer classification should be carried out to ensure that all consumers are accurately categorized. Any misclassified consumers identified during the review process must be corrected within three months from the date of identification.</p> <p>The Petitioner is directed to submit an action plan on the categorization of the consumer.</p> <p>T&D losses and conducting Energy Audit</p> <p>The APDOP is directed to conduct a comprehensive energy audit to assess losses accurately in the power distribution system. For this purpose, it is essential to ensure the installation of energy meters at all feeders across the following voltage levels: 220 kV/132 kV/33 kV/11 kV/All Distribution Transformers. The energy audit will play a crucial role in identifying high-loss areas, enabling the department to take necessary remedial measures to reduce distribution losses and improve efficiency.</p>	Partly Complied	<p>An Action Plan for Consumer Reclassification will be submitted shortly.</p> <ol style="list-style-type: none"> 1. Energy audit is being done every year. The report is attached herewith. 2. Procurement and installation of missing feeder meters are being planned through the Revamped Distribution Sector Scheme (RDSS), and the work is in progress.
6	<p>Consumer Security Deposit</p> <p>The Commission once again directs the Petitioner, the Department of Power, Government of Arunachal Pradesh (APDOP), to submit a comprehensive compliance report on the status of security deposits collected from consumers. Despite multiple directives, including the order dated 26.11.2024 in MP-09 of 2024, the Petitioner has failed to provide the required details. The relevant extract of the order is referred below:</p> <p><i>"35. We are of the view that security deposits of other similar consumers must also be reviewed and corrected as per the relevant regulatory provisions. As such, The petitioner i.e. The Department of Power, Government of Arunachal Pradesh is therefore directed to submit a compliance report, accompanied by an affidavit, confirming that the security deposits charged from consumers is in compliance with the applicable provisions of the Supply Code Regulations. Compliance report along with affidavit must be submitted to the Commission within 3 [three] months from date of issue of Order."</i></p> <p>The Commission observes that the Petitioner has merely submitted general letters from its various divisions, stating that the security deposit is being charged as per APERC Supply Code Regulations, without providing the actual figures and details as directed. This reflects a casual approach</p>	Nil	<ol style="list-style-type: none"> 1. The Department is compiling data on security deposits across all consumer categories from divisions statewide. 2. Reconciliation of consumer-wise deposits shall also be done. 3. Interest adjustment mechanisms, as per APERC Supply Code Regulations, shall be implemented through appropriate mechanism/software as may be approved by the competent authority. <p>A comprehensive report confirming compliance with the Supply Code will be submitted to APERC shortly.</p>


 Secretary
 State Electricity Regulatory Commission
 Arunachal Pradesh

Sl No	Directive	Compliance by APDOP	Reply of the Petitioner
7	<p>towards regulatory compliance. The Commission reiterates that the Petitioner must furnish a comprehensive compliance report detailing the actual amounts of security deposits held across different consumer categories and the methodology for interest adjustment in consumer bills, as per APS-ERC Supply Code Regulations. The Petitioner is hereby directed to submit a compliance report outlining the action plan undertaken regarding security deposit management within three months from the date of issuance of this order.</p> <p>Renewable Purchase Obligation:The Ministry of Power, through notification S.O. 4617(E) dated October 20, 2023, issued the latest RPO trajectory to be adhered to by the respective entities. Accordingly, the Petitioner is directed to comply with the specified trajectory for the period FY 2025-26 to FY 2029-30 and report quarterly progress on RPO fulfillment to the Commission. Additionally, the Petitioner must submit the required information in the prescribed format provided in Annexure IV..</p>	Complied	<p>1.The Department acknowledges the RPO trajectory notified by the Ministry of Power (S.O. 4617(E) dated 20.10.2023).</p> <p>2. The Department is taking initiative to meet the RPO target.</p> <p>3. Quarterly RPO Compliance Reports has been submitted to AP SERC for all quarters of FY 2024-25.</p>
8	<p>Payment of Annual License Fee</p> <p>Since the establishment of the Commission in FY 2011-12, licensees are mandated to pay a license fee in accordance with the Payment of Fees Regulation, 2011, and its subsequent amendments. Accordingly, DoP, AP has been liable to pay the license fee from 2011 onwards, as the Commission has already accounted for this expenditure in the ARR for the respective years. Despite multiple communications on this matter, DoP, AP has only made a partial payment of the license fee, which did not include the applicable late fee. The Petitioner has further prayed for waiving off the late fee for previous years.</p> <p>The Commission has considered the petitioners prayer for waive off the late fee charges however the Petitioner is directed to submit the principal amount due for the previous years within 3 months from the date of issue of this order. Additionally, DoP, AP must ensure timely payment of the</p>	Complied	<p>1.All dues have been cleared up to the year 2024-25 as per the AP SERC (Payment of Fees) (1st Amendment) Regulations, 2017.</p> <p>2. For future years, the Department will ensure timely annual payment in line with AP SERC (Payment of Fees) Regulations, 2025</p>


Secretary

State Electricity Regulatory Commission
Arunachal Pradesh

Sl No	Directive	Compliance by APDOP	Reply of the Petitioner
	license fee for future years in accordance with the stipulated timeline set forth in the Payment of Fees Regulation.		

Commission View:

9.2 The Commission observes that, out of the directives issued in its Order dated 26.03.2025, the Petitioner has complied with only two directives, while one directive has been partially complied with. The Commission further notes that the Petitioner has failed to submit the compliance status in respect of several directives issued in earlier Orders, the compliance of which remains pending. The Commission expresses serious concern over the lackadaisical approach of the Petitioner in complying with the directives issued by the Commission. Such non-compliance reflects adversely on regulatory discipline and cannot be condoned. In view of the above, the Commission has decided to take up the matter on a *suo motu* basis. The same shall be intimated to the Petitioner, and based on the proceedings, the Commission shall determine the future course of action in accordance with the provisions of the Electricity Act, 2003.


Secretary

State Electricity Regulatory Commission
Arunachal Pradesh

Chapter 10: Directives

10.1 Reduction of AT&C losses

The Commission directs the Petitioner to undertake concrete measures for reduction of AT&C losses, which continue to remain significantly higher than the approved trajectory. The Petitioner shall submit a time-bound action plan indicating feeder-wise loss levels, targeted loss reduction measures, and milestones for achieving the loss trajectory approved by the Commission.

10.2 Metering of Unmetered Connection and Replacement of faulty meters

The Commission observes that a significant portion of distribution losses is attributable to unmetered connections. In accordance with Section 55 of the Electricity Act, 2003, the Petitioner is directed to ensure 100% metering of all consumers, including Government connections, and submit a quarterly progress report to the Commission. The Petitioner is hereby directed to submit a timeline along with action plan for ensuring 100% metering within one month from the date of this order.

10.3 Load Forecasting and Power Procurement Planning

The Commission directs the Petitioner to improve the accuracy of load forecasting and power procurement planning. The Petitioner shall submit monthly energy balance and power procurement planning, including adherence to Merit Order Dispatch principles, along with future tariff filings.

10.4 Consumer Category Rationalization

The Commission reiterates its earlier directive to the Petitioner to undertake a comprehensive reclassification of consumer categories to reflect the actual pattern of electricity consumption in the State. The Petitioner shall submit a proposal for rationalization of consumer categories and tariff structure within three months from the date of issue of this order.

10.5 Security Deposit and Interest Adjustment

The Commission directs the Petitioner to submit complete details of security deposits collected from consumers and the interest accrued thereon. The Petitioner shall also submit a time-bound plan for adjustment of interest on security deposits in accordance with the relevant regulations.


Secretary

10.6 Strengthening Billing and Collection Efficiency

The Petitioner shall strengthen the billing and revenue collection mechanism, including digitization of billing systems, installation of prepaid/smart meters where feasible, and improved monitoring of collection efficiency.

10.7 Accident Reporting and Compliance

The Petitioner shall strictly comply with the provisions of the APSERC (Compensation to Victims of Electrical Accidents) Regulations, 2026 and submit case-wise reports of electrical accidents, including details of compensation paid.

The Petitioner is further directed to ensure compliance with all directives issued by the Commission and to submit the status of such compliance in future filings. In the event that no proactive steps are taken by the Petitioner towards compliance, the Commission shall be constrained to initiate appropriate legal proceedings under Sections 142 and 146 of the Electricity Act, 2003.

This retail tariff order shall be effective from 01/04/2026 and shall remain in force till 31/03/2027, unless amended or revised.

The Petition TP-10 of 2025 is disposed of with the aforesaid directions.

Date: 31-03-2026

Place: Itanagar

Sd/-
Shri Nich Rika,
Member (Law)

Sd/-
Shri R. K. Joshi
Chairperson

■ ■ ■

Secretary

Schedule – I: Tariff Schedule

Category -1: Non- Commercial Consumers (Domestic)

Applicability: The consumers under this category are defined as consumers using the electrical energy for domestic and non-profit purpose such as lights, fans, heating devices, Televisions, VCR/VCP, Radio, Refrigerator, Air-conditioners, lift motors and all others appliances only for bonafide residential and non-residential but non-commercial use. This will also cover consumption of energy supplied for Government owned Residential and Non-Residential Buildings Educational and Research Institutions. Charitable Institutions, Government owned Hospitals and Dispensaries, farm houses, religious premises like Churches, Temples, Mosques, community halls and any other Institutions, Religious printing press (not engaged in commercial activity or private again, excluding those which are specially covered under other categories of this Tariff) or classifications as may be amended by the Commission from time to time.

Tariff:

Sl. No.	System of Supply and Metering Point	Tariff (Rs. /kWh)
	LT - AC 50 Hz	
1	1-Phase, 230 Volt	4.40
2	3-Phase, 400 Volt	4.40
3	KJP and BPL connection	3.00
?	HT - AC 50 Hz	
4	3-Phase, 11kV	3.80
5	3-Phase, 33kV	3.65

Category -2 Commercial Consumers (Non-Industrial)

Applicability: The consumers under this category are defined as non-industrial commercial consumers such as installations of commercial places, Government undertaking, public sector undertaking, Commercial houses, markets, and optical houses. Restaurant, Bars, tailoring shops, Refreshment and tea stalls, show-cases of advertisement, Hoarding theatres, cinemas, Hotels, Lodging and Boarding, Private nursing Homes and Hospitals, religious Hospitals, private run schools and Hostels and Boarding facilities and other educational institute demanding fees, photographic studios, Battery charging units, repair workshops and Newspapers press (newspaper printing press only) Petrol Pumps, etc or classifications as may be amended by the Commission from time to time.


Secretary

State Electricity Regulatory Commission
Arunachal Pradesh

Tariff:

Sl. No.	System of Supply and Metering Point	Tariff (Rs. /kWh)
	LT - AC 50 Hz	
1	1-Phase, 230 Volt	5.65
2	3-Phase, 400 Volt	5.65
	HT - AC 50 Hz	
3	3-Phase, 11kV	4.85
4	3-Phase, 33kV	4.65

Category - 3 Public Lighting and Water Supply Consumers

Applicability: This category of the consumers shall be applicable to public Street Lighting Systems in Municipality towns, sub-towns / villages, etc. including Signal system, Ropeways on Roads and park lighting in areas of municipality town. Sub – town / villages. Pumps and equipment for public water supply systems and treatment plants and associated applications shall also be covered in this category or classifications as may be amended by the Commission from time to time.

Tariff:

Sl. No.	System of Supply and Metering Point	Tariff (Rs. /kWh)
	LT - AC 50 Hz	
1	1-Phase, 230 Volt	5.75
2	3-Phase, 400 Volt	5.75
	HT - AC 50 Hz	
3	3-Phase, 11kV	4.85
4	3-Phase, 33kV	4.65

Category - 4 Agricultural Consumers

Applicability: The consumers in agricultural fields /firms for the purpose of (a) Pumps field lighting and other applications for farmers in their irrigation and cultivation and not connected to any attached commercial or industrial installations in the agricultural field of farm or classifications as may be amended by the Commission from time to time.

Tariff:

Sl. No.	System of Supply and Metering Point	Tariff (Rs. /kWh)
	LT - AC 50 Hz	
1	1-Phase, 230 Volt	3.50
2	3-Phase, 400 Volt	3.50
	HT - AC 50 Hz	
3	3-Phase, 11kV	3.15
4	3-Phase, 33kV	3.05


Secretary

Category - 5 Industrial Consumers

Applicability: The Industrial consumers shall cover all Government registered Industrial power consumers which are not covered by category No.2 (supply for Commercial Purposes), such as steel fabrication, motor body builders, power handloom industry, poultry farming, pisciculture, prawn culture, floriculture in green house, mushroom production, cold storage unit of pisciculture, agriculture, horticulture and any other type of industry where raw material is covered into finished products with the help of electrical motive power, colour photo labs. Government owned printing press and other printing press (Primarily engaged in printing for commercial gain), and government owned, public-sector industries, etc. or classifications as may be amended by the Commission from time to time.

Tariff:

Sl. No.	System of Supply and Metering Point	Tariff (Rs. /kWh)
	LT - AC 50 Hz	
1	1-Phase, 230 Volt	4.95
2	3-Phase, 400 Volt	4.95
	HT - AC 50 Hz	
3	3-Phase, 11kV	4.50
4	3-Phase, 33kV	4.15
5	3-Phase, 132kV	4.00

Note: All Non-Industrial and Commercial consumers within the same complex under a single service connection shall also be treated as industrial consumers if the total distribution is integrated in the industrial complex and load on non-industrial side is below 10% of the total sanctioned load.

Category - 6 Bulk Mixed Consumers

Applicability: The Bulk mixed consumers are those consumers drawing bulk powers at HT voltage having a mixed load of all categories of consumers such as a village, a town, a city, a colony, or a State or Region etc. drawing power at one metering point. It will also include a University Campus, All India radio complex College complex. Defence Installations, Railway complex, Government Complexes, etc. who arranges their own distribution of power with approval of competent authority. This will not include Industrial complex which may consist mixed load category 1, 2, 3 and 5 or classifications as may be amended by the Commission from time to time.

Tariff:

Sl. No.	System of Supply and Metering Point	Tariff (Rs. /kWh)
1	3-Phase, 11kV	4.40
2	3-Phase, 33kV	4.05
3	3-Phase, 132 kV and above	3.90

(Signature)
Secretary

Category - 7 Temporary Consumers

Definition: Temporary consumers are those who would consume electricity for a limited period of time, which could be determined at its initial application itself such as:

For marriage, Puja, religious / public function / gathering, festivals and ceremonies which are of temporary nature up to a period not exceeding 90 days in case of metered supply.

Supply systems:

- a) Single phase, 50Hz, 230 Volts.
- b) Three Phases, 50 Hz, 400 Volts.

Note: Temporary connection shall be given at HT supply only on specific agreements of supply.

Notes:

- a) Temporary services connection shall require prior approval from the next higher load sanctioning authority.
- b) The energy cost as per tariff above along with connection and disconnection charge will be realized in advance from the applicant before making the supply available to him.
- c) Applicant at his own expenses shall arrange the complete wiring for which temporary supply of power is required. It will also be the responsibility of the applicant to ensure that the wiring conforms to the technical and safety requirement as specified by authorities.

Tariff:

Sl. No.	System of Supply and Metering Point	Tariff (Rs. /kWh)
1	1-Phase, 230 Volt	9.00
2	3-Phase, 400 Volt	9.00


Secretary

Schedule – II: Miscellaneous Charges

1. Meter Rent: The Energy meter and its allied instruments required for registering energy consumed as deemed to be under the ownership of the supplier, shall attract following monthly rental charges against regular maintenance, repair and labour cost of its replacement.

- a. Prepaid Consumers: - As an incentive monthly rent for energy meter for prepaid consumer shall be NIL.
- b. Post-paid Consumers: - For post-paid consumers monthly rent for energy meter if provided by APDOP shall be as per following table. In case the energy meter is purchased and installed at the cost of consumers then there shall be no meter rent.

Sl.No	Energy meter specification	Rent(Rs/month)
1	LT metering – AC	
	Single Phase 220V	20.00
	Three Phase 400 V between phases (without CT)	50.00
	Three Phase 400 V between phases (with CT)	100.00
2	HT Metering- AC Complete Energy meter with CT/PT and other monitoring and indication requirement for AC Three phase HT supply	
	11 kV system	500.00
	33 kV system	750.00
	132 kV system	1000.00

2. Shifting charges of Meter -

- a. If resulted from reconstruction / modification of building and on the request of the consumer – Per shifting Rs 200.00
- b. If the shifting is in the interest of the department – Free of cost

3. Replacement of the energy meter and its associated fittings and equipment shall be as per provisions of A.P. Electricity Supply Code

- a. The supplier shall replace the meters and the allied fitting and the equipment free of cost in case of scheduled replacement under normal wear and tear of ageing or technology change.
- b. The Consumer shall bear all the necessary cost in case of temporary shifting of the meters and its associated fittings and the equipment.
- c. The Consumers shall have to bear the cost if replacement due to negligence of the consumer or losses attributable to the negligence of the consumer.

4. Charges for testing of Meters at the request of consumers



Sl.No	Energy meter specification	Charges (Rs in each time)
1	For AC Single Phase LT Energy Meter	50.00
2	For energy meter without CT for AC three phase LT Supply	100.00
3	For energy meter with CT for AC three phase LT supply	200.00
4	For energy meter AC three phase HT supply	1000.00
5	LT-CT (per CT)	100.00
6	CT / PT unit	1500.00
7	HT -CT alone (per set)	750.00
8	132/220 kV metering equipment	1000.00

5. Testing of Consumer's Installation:

Testing and Inspection charges of consumer's installation: -

Should any consumer require the services of the supplier for testing, Inspection and certification of the supplier's electrical installation on technical grounds, following charges shall be paid in advance along with the application.

Sl.No	Testing at Consumer Installation	Charges per Installation in Rs.
1	1 phase service Wiring installations	100.00
2	3 phase service Wiring installations	200.00
3	HT Line installation of 11 kV system	1000.00
4	HT Line installation of 33 kV and above system	1000.00

6. Security amount for providing Electric Plant and Meter to the premises of Consumers: (interest bearing/ refundable)

All consumers except under special provisions made under Government policy, such as under KJP or BPL household electrification, interest bearing meter security shall have to be paid against the energy meter provided. The interest rate shall be as defined in the Arunachal Pradesh Electricity Supply Code.

Sl.No	Energy meter specification	Security deposit amount (Rs)
1	For AC single phase LT supply of connected load	1336.00
2	For AC three phase LT supply of connected (without CT) load	2681.00
3	For AC three phase LT supply CT operated	4691.00
4	For AC three phase HT supply, CT and PT operated	33448.00

Note: In case of deposit works/ or of a new connection where this amount is incorporated into an estimate, then no separate security amount on account of the above is required to be deposited by the consumer.

7. Charges for new service connection including registration and processing fee, change of name of ownership or Replacement of connection wire, cut out, fuse etc. or any other works / jobs etc. shall be guided as per the provisions of the A.P. Electricity Supply Code.

For Temporary connection (registration and processing fee): In addition to normal processing fee, additional fee needs to be paid, which is Rs 1000.00 for LT and Rs 5000.00 for HT.

Service Fee:

Special meter reading on Consumer's Request – Rs 50

Calibration of Check meter upon request – Rs 100

8. Reduction or enhancement of load/ conversion of service/ reclassification of consumer:

Sl. No	Consumer type	Charges (Rs)
1	LT 1-Ph	Rs. 75
2	LT 3- Ph	Rs. 200
3	LT industrial	Rs. 300
4	HT connection	Rs. 750

9. Disconnection and reconnection:

Charges towards each disconnection and reconnection as the case may be whether for punitive measures or on the request of the consumer, shall be as follows:

Sl.No	Category of Work	Charges per Consumer (Rs)
1	Disconnection only	
	Single phase	150.00
	Three Phase	250.00
	HT consumers (11 kV and above)	750.00
2	Reconnection	
	Single phase	150.00
	Three Phase	250.00
	HT consumers (11 kV and above)	750.00

10. Security Deposit: (interest bearing refundable / adjustable)

To safeguard the distribution licensee against default of non-payment of bills against energy consumed, interest bearing security deposit shall be deposited by the consumer in advance before the service is provided in accordance to the provisions of A.P. Electricity Supply Code. However, KJP and BPL household connection shall not pay Security deposit as per present policy of the Government The interest rate shall be as defined in the Arunachal Pradesh Electricity Supply Code

For existing consumer: Review of the consumption pattern of the consumer from April to March of the previous year as per Clause 3.21.6.

Secretary

State Electricity Regulatory Commission
Arunachal Pradesh

For new consumer: The amount of security deposit shall be calculated as per the procedure prescribed in clause 3.21.4 and determine as per Annexure 10.10 of the Supply Code.

A sample calculation showing security deposit payable per kW of connected load for new connections is given below:

Formula for calculating security Deposit for new connection (other than industrial consumer) = Load x Load Factor of the category in which consumer falls as per Electricity Supply Code x (One Billing cycle + 30 days) x 24 hours x Current Tariff).

Formula for calculating security deposit for new connection (industrial consumer) = Load x Load Factor of the category in which consumer falls as per Electricity Supply Code x (One Billing cycle) x 24 hours x Current Tariff).

Illustration

Category – LT AC 50 Hz (Non-Commercial)

Contracted load – 5 kW

Load Factor – 30%

Billing Cycle – 30 days

Applicable Tariff – Rs 4.40/kWh

Security Deposit = $5 \times 0.30 \times (30+30) \times 24 \times 4.40$
= Rs 9504

Consumer category wise Load factor is provided under Annexure 10.10 of the Supply Code.

11. Charges for Testing of Transformer Oil:

The charge for testing of oil of private owned transformers for each sample of oil shall be charged Rs. 200.00 per sample test.

Schedule – III: General Conditions of Supply

1. **Payment:** The bill shall be paid in full inclusive of all arrears within the last day for payment indicated on the body of the bill. However, the consumer making payment in full within due date indicated on the body of the bill will be entitled to avail rebate.
2. **Surcharge/Penalty for late payment of bill:** If payments is not received within last date for payment, the bill will be treated as invalid and the amount outstanding will be carried over to the next month's bill as arrear. Simple interest @2% will be charged as penalty (late payment surcharge) on outstanding amount for each 30 days successive period or part thereof until the amount is paid in full.
3. **Rebate:** (i) For Post-Paid Consumers: Rebate of 3.0% on the bill amount shall be available to the billed amount on current bills if the dues are cleared within due dates. The electricity bill shall show the amounts to be paid within due date (after 3% discount) and payable after due date. (ii) For Pre-Paid Consumers: Rebate of 5% on recharge amount shall be made available for pre-paid consumers.
4. **Application for Connection:** The Consumer shall apply for service connection as per the provisions of applicable A.P. Electricity Supply Code. Regulation 3.6 provides the details about requisition for new electricity service connection.
5. **Sanctioning Authority:** Service connection shall be given only after load sanction by the competent authority as per delegation of power accorded as under categories of consumers as mentioned under tariff categories
 - a. AE (E) up to 5 KW of connected load
 - b. EE up to 50 KW of connected load
 - d. CE(Commercial) full power of connected load above 50KWSecurity deposit and cost of service connection shall have to be deposited in advance on receipt of technically sanctioned estimate.
6. **Single Point Delivery:** The above tariff is based on the supply being given through a single point of delivery and metering at one voltage. Supply at other points at other voltage shall be separately metered and billed for and shall be considered as separate connection.

7. **Mixed Load:** Mixed domestic and commercial establishment shall be treated as commercial establishments if the load on commercial side is more than 10% of the total connected load.
8. **Metering Point:** The metering point shall be the point of delivery of energy at the declared nominal voltage.
9. **Billing Cycle:** Normally the billing cycle shall be on monthly basis.
10. **Minimum charge:** A consumer shall not have to pay the minimum charge.
11. **Ownership of meter:** The energy meter and its allied instrument used for registration of energy data only shall deem to be the property of the supplier and the consumer shall have no right over it for ownership after the commencement of supply. In case of existing HT consumers having loads up to 50 kW/ 55 kVA and the metering at LT, HT reading for billing purposes shall be computed by adding 2% to the Maximum Demand reading (if applicable) and 3% to the reading kWh recorded on the LT meters towards transformation loss.
12. **Maintenance and Replacement of Energy meter:** It shall be governed by the provisions of applicable A.P. Electricity Supply Code.
13. **Default:** A Consumer shall be automatically called a defaulter if he fails to clear all the outstanding and current bills accumulated for a period of 2 months. On being a defaulter, the consumer shall be liable for disconnection after adjustment of security deposit against the energy bill account. After adjustment of security deposit, if the consumer desires for reconnection the consumer shall have to clear all outstanding dues and pay fresh security deposit.
14. **Watch and Ward of Meters:** The consumers shall be responsible for the safe custody of meter(s), MCBs/CB etc. if the same are installed within the consumer's premises. The consumer shall promptly notify the licensee about any fault, accident or problem noticed with the meter.
15. **Billing:** All the bills raised within billing cycle of April month shall have the stepped-up tariff irrespective of whether a portion of the billing cycle falls within the previous month of March or not.
16. **Existing connections / agreements in force:** All such connections before the commencement of this tariff structure shall deem to be effected under this tariff schedule and related terms and conditions shall have precedence over the existing agreements.

■ ■ ■


Secretary

Annexure I Publication of abridged form of the Petition by the Petitioner

**GOVERNMENT OF ARUNACHAL PRADESH
DEPARTMENT OF POWER**

PUBLIC NOTICE

The Department of Power, Arunachal Pradesh, has received 21 Petitions submitted to the State of Arunachal Pradesh, India, for the abridgement of the Petition No. 2024-25, and Approval of Revenue Requirement (ARR) for FY 2025-26, Annual Performance Review (APR) for FY 2024-25 and Approval of Revenue Requirement (ARR) for FY 2025-26 for various Tariffs for the Arunachal Pradesh State Electricity Regulatory Commission (APERC) for the period 01-01-2025 to 31-03-2025. The details of the Tariffs, APR and ARR are as follows:

Summary of True Up of FY 2024-25

Sl. No.	Name of Expenditure	Approved in Tariff Order Dt. 28-03-2025 (Rs. in Cr.)	Actual for FY 2024-25 (Rs. in Cr.)	Deviation (Rs. in Cr.)
1	Staff of Revenue Department	418.74	307.31	111.43
2	Staff of Revenue Department	0.00	0.00	0.00
3	Staff of Revenue Department	0.00	0.00	0.00
4	Staff of Revenue Department	0.00	0.00	0.00
5	Staff of Revenue Department	0.00	0.00	0.00
6	Staff of Revenue Department	0.00	0.00	0.00
7	Staff of Revenue Department	0.00	0.00	0.00
8	Staff of Revenue Department	0.00	0.00	0.00
9	Staff of Revenue Department	0.00	0.00	0.00
10	Staff of Revenue Department	0.00	0.00	0.00
11	Staff of Revenue Department	0.00	0.00	0.00
12	Staff of Revenue Department	0.00	0.00	0.00
13	Staff of Revenue Department	0.00	0.00	0.00
14	Staff of Revenue Department	0.00	0.00	0.00
15	Staff of Revenue Department	0.00	0.00	0.00
16	Staff of Revenue Department	0.00	0.00	0.00
17	Staff of Revenue Department	0.00	0.00	0.00
18	Staff of Revenue Department	0.00	0.00	0.00
19	Staff of Revenue Department	0.00	0.00	0.00
20	Staff of Revenue Department	0.00	0.00	0.00

Summary of True Up of FY 2024-25

Sl. No.	Name of Expenditure	Approved in Tariff Order Dt. 28-03-2025 (Rs. in Cr.)	Actual for FY 2024-25 (Rs. in Cr.)	Deviation (Rs. in Cr.)
11	Revenue from Existing Tariff	679.54	761.44	-81.90
12	Revenue from Existing Tariff	281	277.88	3.12
13	Revenue from Existing Tariff	204.80	141.05	63.75
14	Total Annual Income (11+12+13)	1165.14	1180.37	-15.23
15	Revenue Gap (14-18)	553.40	542.71	10.69
16	Revenue Gap by GoAP	542.71	542.71	0.00
17	Tariff Gap (15-16)	0.00	0.00	0.00
18	Revenue Gap by GoAP	542.71	542.71	0.00
19	Revenue Gap by GoAP	542.71	542.71	0.00
20	Revenue Gap by GoAP	542.71	542.71	0.00
21	Revenue Gap by GoAP	542.71	542.71	0.00
22	Revenue Gap by GoAP	542.71	542.71	0.00
23	Revenue Gap by GoAP	542.71	542.71	0.00
24	Revenue Gap by GoAP	542.71	542.71	0.00
25	Revenue Gap by GoAP	542.71	542.71	0.00
26	Revenue Gap by GoAP	542.71	542.71	0.00
27	Revenue Gap by GoAP	542.71	542.71	0.00
28	Revenue Gap by GoAP	542.71	542.71	0.00
29	Revenue Gap by GoAP	542.71	542.71	0.00
30	Revenue Gap by GoAP	542.71	542.71	0.00

Annual Performance Review for FY 2024-26

Table 2: Aggregate Revenue Requirement, Income and Revenue Gap in existing tariff for FY 2025-26

Sl. No.	Particulars	Approved in Tariff Order Dt. 28-03-2025 (Rs. in Cr.)	Estimated (Rs. in Cr.)	Deviation (Rs. in Cr.)
1	Return on Equity Capital			
2	Interest on Loan Capital			
3	Depreciation	457.74	505.88	-48.14
4	Power Purchase Expenses	152.40	88.00	64.40
5	Interstate Transmission Charges	10.43	11.45	-1.02
6	Intrastate Transmission Charges	2.02	1.25	0.77
7	Fuel and charges of NER/DR/NTPC	429.55	426.02	3.53
8	O&M expenses			
9	Interest on working Capital			
10	Provision for bad and doubtful debt	0.05	0	0.05
11	Annual License Fee	0.075	0	0.075
12	Tariff being free	0	0	0.00
13	Training and Safety of Personnel	998.50	1090.75	-92.25
14	Total Revenue Requirement	64.45	112.91	-48.46
15	Net Tariff Income	303.50	367.87	-64.37
16	Net ARR(14-15)	268.62	274.30	-5.68
17	Revenue from Existing Tariff			

Table 2: Aggregate Revenue Requirement, Income and Revenue Gap in Existing tariff

Sl. No.	Particulars	Approved in Tariff Order Dt. 28-03-2025 (Rs. in Cr.)	Estimated (Rs. in Cr.)	Deviation (Rs. in Cr.)
10	Revenue from sale of surplus power	171.14	129.67	41.47
11	Total Annual Income (17+18)	520.76	503.32	17.44
12	Revenue Gap from GoAP	553.40	483.99	69.41
13	Revenue Gap (11-12)	0.00	0.00	0.00

National 5

Table 3: Proposed Tariff for the FY 2025-26

Category of Consumers	Existing Tariff (Rs. kWh) for FY 2025-26	Proposed Tariff (Rs. kWh) for FY 2025-26
Residential (Domestic)		
LT - AC 10 Volt	4.4	4.4
1 Phase 230 Volt	4.4	4.4
3 Phase 400 Volt	4.4	4.4
Commercial (Non-Industrial)		
LT - AC 10 Volt	4.4	4.4
1 Phase 230 Volt	4.4	4.4
3 Phase 400 Volt	4.4	4.4
Industrial		
LT - AC 10 Volt	4.4	4.4
1 Phase 230 Volt	4.4	4.4
3 Phase 400 Volt	4.4	4.4
Public Lighting and Water Supply		
1 Phase 230 Volt	5.75	5.75
3 Phase 400 Volt	5.75	5.75
HT - AC 30 HV	4.85	4.85
1 Phase 11KV	4.85	4.85
3 Phase 33KV	4.85	4.85
Agricultural		
LT - AC 10 Volt	3.0	3.0
1 Phase 230 Volt	3.0	3.0
3 Phase 400 Volt	3.0	3.0
HT - AC 30 HV	3.15	3.15
1 Phase 11KV	3.15	3.15
3 Phase 33KV	3.15	3.15
Industrial		
LT - AC 10 Volt	4.25	4.25
1 Phase 230 Volt	4.25	4.25
3 Phase 400 Volt	4.25	4.25
HT - AC 30 HV	4.5	4.5
1 Phase 11KV	4.5	4.5
3 Phase 33KV	4.5	4.5
Bulk Meter		
HT - AC 30 HV	4.4	4.4
1 Phase 11KV	4.4	4.4
3 Phase 33KV	4.4	4.4
3 Phase 132 KV and above	4.4	4.4
Temporary Consumer		

Table 4: Proposed Tariff for the FY 2026-27

Category of Consumers	Existing Tariff (Rs. kWh) for FY 2026-27	Proposed Tariff (Rs. kWh) for FY 2026-27
Residential (Domestic)		
LT - AC 10 Volt	4.4	4.4
1 Phase 230 Volt	4.4	4.4
3 Phase 400 Volt	4.4	4.4
Commercial (Non-Industrial)		
LT - AC 10 Volt	4.4	4.4
1 Phase 230 Volt	4.4	4.4
3 Phase 400 Volt	4.4	4.4
Industrial		
LT - AC 10 Volt	4.4	4.4
1 Phase 230 Volt	4.4	4.4
3 Phase 400 Volt	4.4	4.4
Public Lighting and Water Supply		
1 Phase 230 Volt	5.75	5.75
3 Phase 400 Volt	5.75	5.75
HT - AC 30 HV	4.85	4.85
1 Phase 11KV	4.85	4.85
3 Phase 33KV	4.85	4.85
Agricultural		
LT - AC 10 Volt	3.0	3.0
1 Phase 230 Volt	3.0	3.0
3 Phase 400 Volt	3.0	3.0
HT - AC 30 HV	3.15	3.15
1 Phase 11KV	3.15	3.15
3 Phase 33KV	3.15	3.15
Industrial		
LT - AC 10 Volt	4.25	4.25
1 Phase 230 Volt	4.25	4.25
3 Phase 400 Volt	4.25	4.25
HT - AC 30 HV	4.5	4.5
1 Phase 11KV	4.5	4.5
3 Phase 33KV	4.5	4.5
Bulk Meter		
HT - AC 30 HV	4.4	4.4
1 Phase 11KV	4.4	4.4
3 Phase 33KV	4.4	4.4
3 Phase 132 KV and above	4.4	4.4
Temporary Consumer		

Table 5: Proposed Tariff for the FY 2026-27

Category of Consumers	Existing Tariff (Rs. kWh) for FY 2026-27	Proposed Tariff (Rs. kWh) for FY 2026-27
Residential (Domestic)		
LT - AC 10 Volt	4.4	4.4
1 Phase 230 Volt	4.4	4.4
3 Phase 400 Volt	4.4	4.4
Commercial (Non-Industrial)		
LT - AC 10 Volt	4.4	4.4
1 Phase 230 Volt	4.4	4.4
3 Phase 400 Volt	4.4	4.4
Industrial		
LT - AC 10 Volt	4.4	4.4
1 Phase 230 Volt	4.4	4.4
3 Phase 400 Volt	4.4	4.4
Public Lighting and Water Supply		
1 Phase 230 Volt	5.75	5.75
3 Phase 400 Volt	5.75	5.75
HT - AC 30 HV	4.85	4.85
1 Phase 11KV	4.85	4.85
3 Phase 33KV	4.85	4.85
Agricultural		
LT - AC 10 Volt	3.0	3.0
1 Phase 230 Volt	3.0	3.0
3 Phase 400 Volt	3.0	3.0
HT - AC 30 HV	3.15	3.15
1 Phase 11KV	3.15	3.15
3 Phase 33KV	3.15	3.15
Industrial		
LT - AC 10 Volt	4.25	4.25
1 Phase 230 Volt	4.25	4.25
3 Phase 400 Volt	4.25	4.25
HT - AC 30 HV	4.5	4.5
1 Phase 11KV	4.5	4.5
3 Phase 33KV	4.5	4.5
Bulk Meter		
HT - AC 30 HV	4.4	4.4
1 Phase 11KV	4.4	4.4
3 Phase 33KV	4.4	4.4
3 Phase 132 KV and above	4.4	4.4
Temporary Consumer		

Secretary
State Electricity Regulatory Commission
Arunachal Pradesh

Page | 166

Annexure-II Public Notice on the Petition by the Commission



ARUNACHAL PRADESH STATE ELECTRICITY REGULATORY COMMISSION
O.T. BUILDING, 2ND FLOOR, NITI VIHAR MARKET, T.T. MARG
NITI VIHAR, ITANAGAR - 791111
Tel : 0360-3562791, E-mail : apsere-arn@gov.in
website : www.apsere.nic.in

No. APSERC/RA-9/II/2025-26/

Dated the 13th January 2026

PUBLIC NOTICE

Sub: Public Hearing on Tariff Petition filed by Department of Power, GoAP.

It is for the information that, the Arunachal Pradesh State Electricity Regulatory Commission has fixed a hearing on petition filed by APDOP under section 61, 62 & 64 for the following:

- True Up for FY 2024-25.
- Annual Performance Review for FY 2025-26.
- Approval of ARR & Retail Tariff proposal for FY 2026-27.

In this regard, interested person/stakeholders/consumers may also attend the hearing by registering their names on or before 22nd January 2026 in the office of the Commission.

Copies of tariff petition can be availed from APDOP's office during working hours and can also be accessed on the official website of APDOP and the Commission website(www.apsere.nic.in).

Details of Hearing:

- Date: 23/01/2026
- Time: 11:00 AM
- Venue: Court Room, APSERC
Arunachal Pradesh State Electricity Regulatory Commission
O.T. Building, 2nd Floor, Niti Vihar Market, T.T. Marg
Itanagar-791111, Arunachal Pradesh.

By Order of the Commission

Sd/-
Secretary(i/c), APSERC

Not to be Printed

No. APSERC/RA-9/II/2025-26/ 635

Dated the 13th January 2026

Copy to: -

- ✓ The Director, IPR, Govt of A.P. Naharlagun with the request to arrange to publish the above notice in three local dailies published from Capital Complex on 14/01/2026 one preferably in Arunachal Times. The bills may be submitted to the undersigned for the payment please.


Secretary(i/c), APSERC


Secretary

Annexure-III List of Attendees in the Public Hearing dated 23.01.2026

S. No	Name	Particular/Organization	Mode
1.	Mr. Sayank Mondol	Consultant APDOP	Online
2.	Mr. Arvind Tiwari	Consultant APDOP	Online
3.	Mr. Anirban Hazra	Consultant, APDOP	
4.	Mr. Mihir Shah	Alloycraft Industries LLP	Online
5.	Mr. Amit	LG Ferro	Online
6.	Mr. Bajarang	LG Ferro	Online
7.	Representative from Aether Alloys LLP	Aether Alloys LLP	Online
8.	Mr. A Singh	Prasam Alloycraft Industries LLP	In person at APSERC conference hall
9.	Ms. Mandakini Ghosh	Counsel, Prasam Alloycraft Industries LLP	In person at APSERC conference hall
10.	Mr. Hillang Tasap	Arunachal Chamber of Commerce & Industries (ACC&I)	In person at APSERC conference hall
11.	Mr. Rajesh Sharma	JE Commercial, Department of Power, GoAP	In person at APSERC conference hall



[Handwritten Signature]

Annexure IV RPO Compliance status for FY 2024-25



email: cecomita@gmail.com

GOVERNMENT OF ARUNACHAL PRADESH
DEPARTMENT OF POWER

Office of the Chief Engineer (Commercial)
cum Chief Electrical Inspector,
Vidyut Bhawan, Itanagar -791111
(Arunachal Pradesh)

No. CE(Com)/RPO/45/2025-26/1261

Dated Itanagar, the 6th June 2025

To,

✓ The Secretary,
Arunachal Pradesh State Electricity Regulatory Commission,
O.T. Building, 2nd Floor, Niti-Vihar, Market,
T.T. Marg, Niti-Vihar,
Itanagar – 791 111.

Sub: Submission of Reports on Subsidy Accounting and RPO Compliance -reg.

Ref: Your letter No. APSERC/RA-6/1/2025-26/92, dated 4th June 2025.

Sir,

In compliance with the above-referred letter, the quarterly reports for FY 2024-25 concerning RPO and Subsidy Accounting for all quarters (1st Quarter to 4th Quarter) are enclosed herewith. It may kindly be noted that the report for the 1st Quarter is a re-submission after correction of the error in the earlier submission vide No. CE(Com)/SERC29/2024-25/2243-44, dated 10.09.2024 and No. CE(Com)/SERC/29/2024-25/2493, dated 25.09.2024.

This is for your kind information and necessary action, please.

Enclosure: As stated above.

Yours faithfully,


Chief Engineer (Comm) cum CEI
Department of Power,
Itanagar

**Format: RPO Compliance Status State vis-à-vis State Specific Targets as per SERC Regulations
(For Distribution Licensee)
(Q1-FY 2024-25)**

Note: To be filled if the RPO Target specified by the SERC is different than the target specified in the MoP Notification



[Signature]
Secretary

Order on True Up FY25, APR FY26, ARR & Tariff for FY27 for Department of Power, GoAP

Wind RPO Compliance Statement

NAME: Department of Power, Arunachal Pradesh				Reporting Quarter: 1st Quarter of FY 2024-25						
Financial Year	Actual Energy Consumpti on During the Year	Wind RPO Target for the FY as stipulated by the State Commission Regulations/Order		Wind Energy Consumed	Units consumed from Other Sources of Renewable Energy for adjustment. If allowed by SERC, Please Specify		Purchase of RECES in future allowed to meet WPO#	Total of Units consumed and REC purchased to meet Wind RPO	Deficit(+)/ Surplus(-)	Whether State Targets Fulfilled
		%	MU		Source of RE	MU				
FY	MU	%	MU	MU	Source of RE	MU	MU	MU	MU	Yes/No
	1	2	3=2*1	4		5	6	7=4+5+6	8=3-7	
2024-25	291.158	0.67	1.951	0.000	Hydro RE	1.951	0.000	1.951	0.000	Yes

* Wind Sources meeting the qualification criteria

As and when such an instrument is made available

Above data to be submitted, if Wind RPO has been specified and the compliance has to be computed in accordance with the State Specific Regulations.


 Chief Engineer (Power)
 Commercial cum CEI
 Dept. of Power
 Itanagar




 Secretary

HPO Compliance Statement

NAME: Name of Distribution Licensee				Reporting Quarter: 1st Quarter of FY 2024-25						
Financial Year	Actual Energy Consumed on During the Year	HPO Target for the FY as stipulated by the State Commission Regulations/Order		Hydro Energy* Consumed	Units consumed from Other Sources of Renewable Energy for adjustment. If any, Please Specify		REC ¹ purchased to meet HPO	Total of Hydro Units consumed and REC Purchased to meet HPO	Deficit(+)/ Surplus(-)	Whether State Targets Fulfilled
		%	MU		Source of RE	MU				
FY	MU	1	2	3=2*1	4	5	6	7=4+5+6	8=9-7	Yes/No
2024-25	291.158	0.38	1.106	3.530	NA	0.000	0.000	3.530	-2.424	Yes

* Hydro Sources meeting the qualification criteria
 # As and when such instrument is made available
 Above data to be submitted, if HPO has been specified and the compliance has to be computed in accordance with the State Specific Regulations.

Note: HPO (actual achieved) is 5.481 MU, of which 1.951 MU is adjusted to WPO.


 Chief Engineer (Power)
 Commercial cum CEI
 Deptt. of Power
 Itanagar




 Secretary

Distributed Renewable Energy (DRE) RPO Compliance Statement

NAME: Department of Power				Reporting Quarter: 1st Quarter of FY 2024-25		
Financial Year	Actual Energy Consumption During the Year	DRE Target for the FY as stipulated by the State Commission Regulations/Order		Units consumed from DRE Sources	Deficit(+)/ Surplus(-)	Whether State DRE Targets Fulfilled
FY	MU	%	kWh	kWh	kWh	Yes/No
	1	2	3=2*1*10 ⁶	4	5=3-4	
2024-25	291.159	0.75	2183694.897	17273456.000	-15069771.103	Yes

Above data to be submitted, if DRE has been specified and the compliance has to be computed in accordance with the State Specific Regulations.


 Chief Engineer (Power)
 Commercial cum CEI
 Deptt. of Power
 Managar




 Secretary

Order on True Up FY25, APR FY26, ARR & Tariff for FY27 for Department of Power, GoAP

Other RPO Compliance Statement

NAME: Name of Distribution Licensee				Reporting Quarter: 1st Quarter of FY 2024-25						
Financial Year	Actual Energy Consumption During the Year	Other RPO Target for the FY as stipulated by the State Commission Regulations/Order		Units consumed from Other Renewable Energy Sources	Units consumed from Other Sources of Renewable Energy for adjustment. If any, Please Specify*		REC Purchased to meet other RPO	Total of Units consumed and REC to meet Other RPO	Deficit(+)/ Surplus(-)	Whether State Other Renewable Energy Targets Fulfilled
		%	MU		Source of RE	MU				
FY	MU	1	2	3=2*1	4	5	6	7=5+6	8=3-7	Yes/No
2024-25	291.158	28.10	81.815	202.940	NA	0.000	0.000	202.940	-120.725	Yes

*Note:- *Other Sources of Renewable Energy shall be as specified by respective SERCs.
Above data to be submitted, if Other RPO has been specified and the compliance has to be computed in accordance with the State Specific Regulations.*


Chief Engineer (Power)
 Commercial cum CEI
 Deptt. of Power
 Itanagar




Secretary

Order on True Up FY25, APR FY26, ARR & Tariff for FY27 for Department of Power, GoAP

Form for Subsidy Billing and Collection (Quarterly Submission)

Order/No. Amended/No. of Pages

1234/2025/33, Department of Power

Date of Subsidy Bill to State Govt. NA

Reporting Quarter: 1st Quarter of FY 2025

Copy of Subsidy Bill: No

Sl.No	Consumer Category	Subsidy declared by State Govt.			Total Energy foreseen for the category	Advance Subsidy Amount			Total advance subsidy amount released to the State Govt.	Total advance subsidy amount released by the State Govt.	Actual electricity applied based on measurement through meters	Actual Subsidy Amount			Difference in advance released & actual subsidy required and released to State Govt.	Reconciled Amount referred by the State Govt.
		Subsidy on Energy Charge-Fixed Basis	Subsidy on Fixed Charge	Subsidy on other Variable Charge (if any)*		Based on Energy Charge computed	Based on Fixed Charge	Based on other Variable Charge†				Based on Energy Charge computed	Based on Fixed Charge	Based on other Variable Charge*		
1	2	3	3A	3B	4	5A-CR1	5A-CR2	5A-CR3	5A-CR4	5A-CR5	6	6A-CR1	6A-CR2	6A-CR3	6A-CR4	6A-CR5
1	Domestic															
2	Commercial															
3	Industrial															
4	Agricultural															
5	Other															
No Subsidy																

*Subsidy on other variable charge may include any other subsidy declared by State Government on Electricity bills, Fuel and Power Factor adjustment charges, any other subsidies, etc.

†Note: Priority of supply will be given according to the order of supply to be given by State Government and India, if any, shall be recorded in the subsequent advance monthly/quarterly assessment demand raised by State Government.

Chief Engineer (Power)
 Commercial cum CEI
 Deptt. of Power
 Itanagar



Secretary

Format: RPO Compliance Status State vis-a-vis State Specific Targets as per SERC Regulations
(For Distribution Licensee)
(Q2- FY 2024-25)

Note: To be filled if the RPO Target specified by the SERC is different than the target specified in the MoP Notification



[Handwritten Signature]

Order on True Up FY25, APR FY26, ARR & Tariff for FY27 for Department of Power, GoAP

Wind RPO Compliance Statement

NAME: Department of Power, Arunachal Pradesh				Reporting Quarter: 2nd Quarter of FY 2024-25						
Financial Year	Actual Energy Consumpti on During the Year	Wind RPO Target for the FY as stipulated by the State Commission Regulations/Order		Wind Energy Consumed	Units consumed from Other Sources of Renewable Energy for adjustment. If allowed by SERC, Please Specify		Purchase of REC# in future allowed to meet WPO#	Total of Units consumed and REC purchased to meet Wind RPO	Deficit(+)/ Surplus(-)	Whether State Targets Fulfilled
		%	MU		Source of RE	MU				
FY	MU	%	MU	MU	Source of RE	MU	MU	MU	MU	Yes/No
	2	2	2207	4		5	6	7=2+5+6	8=3-7	
2024-25	329.390	0.67	2.207	0.000	Hydro RE	2.207	0.000	2.207	0.000	Yes

** Wind Sources meeting the qualification criteria*

As and when such an instrument is made available

Above data to be submitted, if Wind RPO has been specified and the compliance has to be computed in accordance with the State Specific Regulations.


Chief Engineer (Power)
 Commercial cum CEI
 Deptt. of Power
 Itanagar




Secretary

Order on True Up FY25, APR FY26, ARR & Tariff for FY27 for Department of Power, GoAP

HPO Compliance Statement

NAME: Name of Distribution Licensee				Reporting Quarter: 2nd Quarter of FY 2024-25						
Financial Year	Actual Energy Consumption During the Year	HPO Target for the FY as stipulated by the State Commission Regulations/Order		Hydro Energy* Consumed	Units consumed from Other Sources of Renewable Energy for adjustment. If any, Please Specify		REC# purchased to meet HPO	Total of Hydro Units consumed and REC Purchased to meet HPO	Deficit(+)/ Surplus(-)	Whether State Targets Fulfilled
		%	MU		MU	Source of RE				
FY	MU	%	MU	MU	Source of RE	MU	MU	MU	MU	Yes/No.
	1	2	3=2*1	4		5	6	7=4+5+6	8=3-7	
2024-25	329,390	0.38	1,252	6,342	NA	0,000	0,000	6,342	-5,090	Yes

* Hydro Sources meeting the qualification criteria
 # As and when such instrument is made available
 Above data to be submitted, if HPO has been specified and the compliance has to be computed in accordance with the State Specific Regulations.

Note: HPO (actual achieved) is 8,549 MU, of which 2,207 MU is adjusted to WFO.


 Chief Engineer (Power)
 Commercial cum CEI
 Deptt. of Power
 Itanagar




 Secretary

Order on True Up FY25, APR FY26, ARR & Tariff for FY27 for Department of Power, GoAP

Distributed Renewable Energy (DRE) RPO Compliance Statement

NAME: Department of Power				Reporting Quarter: 2nd Quarter of FY 2024-25		
Financial Year	Actual Energy Consumption During the Year	DRE Target for the FY as stipulated by the State Commission Regulations/Order		Units consumed from DRE Sources	Deficit(+)/ Surplus(-)	Whether State DRE Targets Fulfilled
FY	MU	%	kWh	kWh	kWh	Yes/No
	1	2	3=2*1/100	4	5=3-4	
2024-25	329.890	0.75	2470822.112	17236272.600	-14765850.488	Yes

Above data to be submitted, if DRE has been specified and the compliance has to be computed in accordance with the State Specific Regulations.


Chief Engineer (Power)
 Commercial cum CEI
 Deptt. of Power
 Itanagar




 Secretary

Order on True Up FY25, APR FY26, ARR & Tariff for FY27 for Department of Power, GoAP

Other RPO Compliance Statement

NAME: Name of Distribution Licensee				Reporting Quarter: 2nd Quarter of FY 2024-25						
Financial Year	Actual Energy Consumption During the Year	Other RPO Target for the FY as stipulated by the State Commission Regulations/Order		Units consumed from Other Renewable Energy Sources	Units consumed from Other Sources of Renewable Energy for adjustment. If any, Please Specify*		REC Purchased to meet other RPO	Total of Units consumed and REC to meet Other RPO	Deficit(+)/ Surplus(-)	Whether State Other Renewable Energy Targets Fulfilled
		%	MU		Source of RE	MU				
FY	MU	1	2	3=2*1	4	5	6	7=4+5+6	8=3-7	Yes/No
2024-25	329,390	28.10	92,558	325,724	NA	0.000	0.000	325,724	-233.165	Yes

*Note: *Other Sources of Renewable Energy shall be as specified by respective SERCs.
Above data to be submitted, if Other RPO has been specified and the compliance has to be computed in accordance with the State Specific Regulations.*


Chief Engineer (Power)
 Commercial cum CEI
 Deptt. of Power
 Itanagar




Secretary

Order on True Up FY25, APR FY26, ARR & Tariff for FY27 for Department of Power, GoAP

Form for Subsidy Billing and Collection (Quarterly Submission)

State/UT: Arunachal Pradesh
ESRO/PTD Department of Power
Out of Subsidy Bill to State Govt. RA

Reporting Quarter: 2nd Quarter of **FY2026**
 Copy of Subsidy Bill: No.

Sl. No.	Consumer Category	Subsidy decided by State Govt.			Advance Inability Amount							Actual Inability Amount			Difference in advance released & actual subsidy required and raised in State Govt.	Reconciled Amount retained by the State Govt.					
		Subsidy on Energy Charges for all loads	Subsidy on Fixed Charges	Subsidy on other Variable Charges (if any)**	Total Energy (revised for the category)	Based on Energy Charge computed	Based on Fixed Charge	Based on other Variable Charge*	Total advance subsidy amount raised in the State Govt.	Total advance subsidy amount released by the State Govt.	Actual electricity consumed through meters	Based on Energy Charge computed	Based on Fixed Charges	Based on other Variable Charges*			Total actual subsidy required from the State Govt.				
1	2	3	3A	3B	4	5a-Cr	5a-Cr	5a-Cr	5a-Cr	5a-Cr	6	7	8	9	10	11	12	13	14+15+16+17	18-19	20
		Rs./kWh	Rs./kWh or other (please specify)	Rs./kWh or other (please specify)	MU	Rs. Cr	Rs. Cr	Rs. Cr	Rs. Cr	Rs. Cr	MU	Rs. Cr	Rs. Cr	Rs. Cr	Rs. Cr	Rs. Cr	Rs. Cr	Rs. Cr	Rs. Cr	Rs. Cr	Rs. Cr
1	Domestic																				
2	Commercial																				
3	Industrial																				
4	Agricultural																				
5	Other																				
No Subsidy																					
*Subsidy on other variable charges vary in State and other subsidy decided by State Government on Electricity Levy, Fuel and Power Purchase adjustment charges, and other surcharges, etc.																					
**Note: Details of applicable inter payment surcharge for per year, etc. for a quarter to be paid by State Government and balance, if any, shall be recorded in the subsequent advance month/quarterly statement discarding to State Government.																					


Chief Engineer (Power)
Commercial cum CEJ
Dept. of Power
Itanagar




Secretary

Format: RPO Compliance Status State vis-a-vis State Specific Targets as per SERC Regulations
(For Distribution Licensee)
(Q3-FY2024-25)

Note: To be filled if the RPO Target specified by the SERC is different than the target specified in the MoP Notification



[Handwritten Signature]

Order on True Up FY25, APR FY26, ARR & Tariff for FY27 for Department of Power, GoAP

Wind RPO Compliance Statement

NAME: Department of Power, Arunachal Pradesh				Reporting Quarter: 3rd Quarter of FY 2024-25						
Financial Year	Actual Energy Consumpti on During the Year	Wind RPO Target for the FY as stipulated by the State Commission Regulations/Order		Wind Energy Consumed	Units consumed from Other Sources of Renewable Energy for adjustment. If allowed by SERC, Please Specify		Purchase of REC if in furture allowed to meet WPO#	Total of Units consumed and REC purchased to meet Wind RPO	Deficit/ (Surplus)	Whether State Targets Fulfilled
		%	MU		Source of RE	MU				
FY	MU	%	MU	MU	Source of RE	MU	MU	MU	MU	Yes/No
	1	2	3=2*1	4		5	6	7=4+5+6	8=9-7	
2024-25	302-215	0.67	2.025	0.000	Hydro RE	2.025	0.000	2.025	0.000	Yes

** Wind Sources meeting the qualification criteria*
As and when such an instrument is made available
Below data to be submitted, if Wind RPO has been specified and the compliance has to be computed in accordance with the State Specific Regulations.


Chief Engineer (Power)
 Commercial cum CEI
 Dept. of Power
 Itanagar




Secretary

Order on True Up FY25, APR FY26, ARR & Tariff for FY27 for Department of Power, GoAP

HPO Compliance Statement

NAME: Name of Distribution Licensee				Reporting Quarter: 3rd Quarter of FY 2024-25							
Financial Year	Actual Energy Consumption During the Year		HPO Target for the FY as stipulated by the State Commission Regulations/Order		Hydro Energy Consumed	Units consumed from Other Sources of Renewable Energy for adjustment. If any, Please Specify		REC ¹ purchased to meet HPO	Total of Hydro Units consumed and REC Purchased to meet HPO	Deficit(+)/ Surplus(-)	Whether State Targets Fulfilled
	MU	%	MU	MU		Source of RE	MU				
	1	2	3=2*1	4		5	6	7=4+5+6	8=3-7	Yes/No	
2024-25	302.215	0.38	1.148	7.873	NA	0.000	0.000	7.873	-6.325	Yes	

** Hydro Sources meeting the qualification criteria*

As and when such instrument is made available

Above data to be submitted, if HPO has been specified and the compliance has to be computed in accordance with the State Specific Regulations.

Note: HPO (actual achieved) is 9.498 MU, of which 2.029 MU is adjusted to WPO.


Chief Engineer (Power)
 Commercial cum CEI
 Deptt. of Power
 Itanagar




Secretary

Order on True Up FY25, APR FY26, ARR & Tariff for FY27 for Department of Power, GoAP

Distributed Renewable Energy (DRE) RPO Compliance Statement

NAME: Department of Power				Reporting Quarter: 2nd Quarter of FY 2024-25		
Financial Year	Actual Energy Consumption During the Year	DRE Target for the FY as stipulated by the State Commission Regulations/Order		Units consumed from DRE Sources	Deficit(+)/ Surplus(-)	Whether State DRE Targets Fulfilled
FY	MD	%	kWh	kWh	kWh	Yes/No
	1	2	3=2*1*10^6	4	5=3-4	
2024-25	382.215	0.75	2266603.785	17988831.980	-15722223.167	Yes

Above data to be submitted, if DRE has been specified and the compliance has to be computed in accordance with the State Specific Regulations.


Chief Engineer (Power)
 Commercial cum CEI
 Deptt. of Power
 Itanagar



August

Order on True Up FY25, APR FY26, ARR & Tariff for FY27 for Department of Power, GoAP

Other RPO Compliance Statement

NAME: Name of Distribution Licensee				Reporting Quarter: 3rd Quarter of FY 2024-25						
Financial Year	Actual Energy Consumption During the Year	Other RPO Target for the FY as stipulated by the State Commission Regulations/Order		Units consumed from Other Renewable Energy Sources	Units consumed from Other Sources of Renewable Energy for adjustment. If any, Please Specify*		REC Purchased to meet other RPO	Total of Units consumed and REC to meet Other RPO	Deficit(+)/ Surplus(-)	Whether State Other Renewable Energy Targets Fulfilled
		%	MU		Source of RE	MU				
FY	MU	%	MU	MU	Source of RE	MU	MU	MU	MU	Yes/No
	1	2	3=2*1	4		5	6	7=4+5+6	8=3-7	
2024-25	302.215	28.10	84.922	223.511	NA	0.000	0.000	223.511	-138.589	Yes

*Notes: *Other Sources of Renewable Energy shall be as specified by respective SERCs.
Above data to be submitted, if Other RPO has been specified and the compliance has to be computed in accordance with the State Specific Regulations.*


Chief Engineer (Power)
 Commercial cum CEI
 Deptt. of Power
 Itanagar





Secretary
 State Electricity Regulatory Commission
 Arunachal Pradesh

Order on True Up FY25, APR FY26, ARR & Tariff for FY27 for Department of Power, GoAP

Form for Subsidy Billing and Collection (Quarterly Subsidies)

State of Arunachal Pradesh
REGULATORY Department of Power
Dept of Subsidy Bill to State Govt.

Reporting Quarter 3rd Quarter of FY 2025-26
 Copy of Subsidy Bill No

S.No	Consumer Category	Subsidy declared by State Govt.			Total Tariff (associated for the charges)	Advance Subsidy Amount				Actual Subsidy Amount				Difference in advance related & actual subsidy (required and raised to State Govt.)	Accounted Amount released by the State Govt.		
		Subsidy on Energy Charges-Per unit basis	Subsidy on Fixed Charges	Subsidy on other Variable Charges (if any)?		Based on Energy Charge computed	Based on Fixed Charges	Based on other Variable Charges*	Total advance subsidy amount raised to the State Govt.	Total advance subsidy amount released by the State Govt.	Based on Energy Charge computed	Based on Fixed Charges	Based on other Variable Charges*			Total actual subsidy required from the State Govt.	
		Rs/Unit	Rs/Unit or other (please specify)	Rs/Unit or other (please specify)	Rs/Cum	Rs. Cum	Rs. Cum	Rs. Cum	Rs. Cum	Rs. Cum	Rs/Cum	Rs. Cum	Rs. Cum	Rs. Cum	Rs. Cum	Rs. Cum	
1	2	3	4A	4B	4	5-1A	5	7	8-1A*	8	10	11-1A/B	12	13	14(A)+12+13	15+14	16
No Subsidy																	
<small>*Subsidy on other variable charges may include any other subsidy declared by State Government on Electricity lines, Fuel and Power Purchase adjustment charges, and other surcharges, etc. Note: Details of applicable rate proposed surcharge for per unit for a quarter to be paid by State Government and balance of charge shall be recorded on the subsequent advance subsidy quarterly measurement returned to State Government.</small>																	


Chief Engineer (Power)
Commercial cum CEI
Deptt. of Power
Managar




Secretary

Format: RPO Compliance Status State vis-à-vis State Specific Targets as per SERC Regulations
(For Distribution Licensee)
(Q4-FY 2024-25)

Note: To be filled if the RPO Target specified by the SERC is different than the target specified in the MoP Notification



Angit

Order on True Up FY25, APR FY26, ARR & Tariff for FY27 for Department of Power, GoAP

Wind RPO Compliance Statement

NAME: Department of Power, Arunachal Pradesh				Reporting Quarter: 4th Quarter of FY 2024-25							
Financial Year	Actual Energy Consumpt on During the Year		Wind RPO Target for the FY as stipulated by the State Commission Regulations/Order		Wind Energy Consumed	Units consumed from Other Sources of Renewable Energy for adjustment. If allowed by SERC, Please Specify		Purchase of REC if in future allowed to meet WFOF	Total of Units consumed and REC purchased to meet Wind RPO	Deficit/ (Surplus)	Whether State Targets Fulfilled
	MU	%	MU	MU		Source of RE	MU				
FY	1	2	3=2*1	4		5	6	7=4+5+6	8=3-7	Yes/No	
2024-25	321,440	0.67	2,154	0.000	Hydro RE	2,154	0.000	2,154	0.000	Yes	

** Wind Sources meeting the qualification criteria*
*** As and when such an instrument is made available*
Above data to be submitted, if Wind RPO has been specified and the compliance has to be computed in accordance with the State Specific Regulations.


Chief Engineer (Power)
 Commercial cum CEI
 Dept. of Power
 Itanagar




Secretary

Order on True Up FY25, APR FY26, ARR & Tariff for FY27 for Department of Power, GoAP

HPO Compliance Statement

NAME: Name of Distribution Licensee				Reporting Quarter: 4th Quarter of FY 2024-25						
Financial Year	Actual Energy Consumed on During this Year	HPO Target for the FY as stipulated by the State Commission Regulations/Order		Hydro Energy* Consumed	Units consumed from Other Sources of Renewable Energy for adjustment. If any, Please Specify		REC [†] purchased to meet HPO	Total of Hydro Units consumed and REC Purchased to meet HPO	Deficit(+)/ Surplus(-)	Whether State Targets Fulfilled
		%	MU		Source of RE	MU				
FY	MU	2	3=2*1	MU	MU	MU	MU	MU	MU	Yes/No
2024-25	321.440	0.38	1.221	4.917	NA	0.000	0.000	4.917	-3.696	Yes

* Hydro Sources meeting the qualification criteria
† As and when such instrument is made available
Above data to be submitted, if HPO has been specified and the compliance has to be computed in accordance with the State Specific Regulations.

Note: HPO (actual achieved) is 7.456 MU, of which 2.154 MU is adjusted to WPO and 0.387 MU to Other RE.


Chief Engineer (Power)
Commercial cum CEI
Deptt. of Power
Itanagar




Secretary

Distributed Renewable Energy (DRE) RPO Compliance Statement

NAME: Department of Power				Reporting Quarter: 4th Quarter of FY 2024-25		
Financial Year	Actual Energy Consumption During the Year	DRE Target for the FY as stipulated by the State Commission Regulations/Order		Units consumed from DRE Sources	Deficit(+)/ Surplus(-)	Whether State DRE Targets Fulfilled
FY	MU	%	kWh	kWh	kWh	Yes/No
	1	2	3=2*1*10 ⁶	4	5=3-4	
2024-25	321448	0.75	2410799.89	14477807.700	-12067008.210	Yes

Above data to be submitted, if DRE has been specified and the compliance has to be computed in accordance with the State Specific Regulations.


 Chief Engineer (Power)
 Commercial cum CEI
 Dept. of Power
 Hanagar




 Secretary

Other RPO Compliance Statement

NAME: Name of Distribution Licensee				Reporting Quarter: 4th Quarter of FY 2024-25							
Financial Year	Actual Energy Consumpti on During the Year	Other RPO Target for the FY as stipulated by the State Commission Regulations/Order		Units consumed from Other Renewable Energy Sources	Units consumed from Other Sources of Renewable Energy for adjustment. If any, Please Specify*		RBC Purchased to meet other RPO	Total of Units consumed and RBC to meet Other RPO	Deficit(+)/ Surplus(-)	Whether State Other Renewable Energy Targets Fulfilled	
		%	MU		Source of RE	MU					MU
	1	2	3=2*1	4	5	6	7=4+5+6	8=3-7	Yes/No		
2024-25	321.440	28.10	90.325	89.936	Hydro RE	0.387	0.000	90.325	0.000	Yes	

Note: *Other Sources of Renewable Energy shall be as specified by respective SERCs.

Above data to be submitted, if Other RPO has been specified and the compliance has to be computed in accordance with the State Specific Regulations.

Note: Shortfall of 0.387 MU is adjusted from Hydro RE.


 Chief Engineer (Power)
 Commercial cum CEI
 Dept. of Power
 Nagpur




 Secretary

Order on True Up FY25, APR FY26, ARR & Tariff for FY27 for Department of Power, GoAP

Format for Subsidy Billing and Collection (Quarterly Submission)

**State/UT Accountant General
DISCOM/PSU Department of Power
Date of Subsidy Bill to State Govt: NA**

**Reporting Quarter: Q4 Quarter of FY 2025-26
Copy of Subsidy Bill No**

S.No	Consumer Category	Subsidy Assessed in State Govt.			Total Energy assessed for the category	Advance Subsidy Amount				Actual electricity supplied based on measurement through meters	Actual Subsidy Amount				Difference in advance released & actual subsidy required and raised to State Govt.	Reconciled Amount released by the State Govt.	
		Subsidy on Energy Charges For unit loads	Subsidy on Fixed Charges	Subsidy on other Variable Charges (if any)*		Based on Energy Charge computed	Based on Fixed Charges	Based on other Variable Charges*	Total advance subsidy amount raised to the State Govt.		Based on Energy Charge computed	Based on Fixed Charges	Based on other Variable Charges*	Total actual subsidy required from the State Govt.			
		Rs./MWh or other (please specify)	Rs./MWh or other (please specify)	MWh	Rs. Crs.	Rs. Crs.	Rs. Crs.	Rs. Crs.	Rs. Crs.	MWh	Rs. Crs.	Rs. Crs.	Rs. Crs.	Rs. Crs.	Rs. Crs.	Rs. Crs.	
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	
1	Domestic																
2	Commercial																
3	Industrial																
4	Agricultural																
5	Other																
No Subsidy																	

*Subsidy on other variable charges may include any other subsidy allowed by State Government and electricity supply, Fuel and Power Purchase adjustment charges, any other surcharges, etc.
 Note: Details of applicable fees payment conditions (in per cent or %), to be paid by State Government and End-use, if any, shall be provided in the subsequent columns of quarterly assessment document raised to State Government.


Chief Engineer (Power)
 Commercial cum CEI
 Deptt. of Power
 Itanagar




Secretary

Annexure V Submission of Public Comments on the Petition & Reply of Petitioner

1. Observation from Prasam Alloycraft Industries LLP

PRASAM ALLOYCRAFT INDUSTRIES LLP
Reg No. ACH - 4482

To 23.01.2026

The Hon'ble Secretary,
Arunachal Pradesh State Electricity Regulatory Commission,
OI Building, 2nd Floor, Niti Vihar market, IT Marg
Itanagar, Arunachal Pradesh

Subject: Submission of objections/suggestions in petition filed by Department of Power for True-up for FY 2024-25, Annual Performance Review for FY 2025-26, & ARR & Retail Tariff proposal for FY 2026-27

- The Objector, Prasam Alloycraft Industries LLP is in the process of setting up a 42 MVA Ferro Alloy (Ferro Silicon) manufacturing plant at Roing, Koronu C Block, Lower Dibang Valley District, Arunachal Pradesh. The proposed project is an energy-intensive industrial unit and is planned to be connected under the Extra High Tension (EHT) category. Accordingly, the issues relating to ARR, retail tariff, power availability, and long-term power sector planning of the State have a direct bearing on the viability of the proposed investment.
- The proposed project is aligned with the objective of local mineral utilisation and in-state value addition. Ferro silicon production requires quartz as a primary raw material, which is abundantly available in Arunachal Pradesh. However, transportation of quartz outside the State is economically inefficient, whereas local beneficiation through ferro alloy manufacturing enables optimal utilisation and value addition within Arunachal Pradesh. Availability of coal within the State and adjoining regions further provides scope for development of coke manufacturing and allied facilities, enabling a broader integrated industrial ecosystem.
- At present, large-scale industrial activity in the North-Eastern region remains largely concentrated in Assam, driven by the presence of established industrial load and demand aggregation. Arunachal Pradesh, despite possessing superior mineral and hydropower resources, has limited anchor industrial consumers. Establishment of EHT-level industrial loads within the State is therefore critical for achieving balanced regional industrialisation and reducing over-dependence on neighbouring States.

Regd Office: Shop No.15, 2ND FLOOR, A T ROAD, PALTAN BAZAR, Guwahati G.P.O., Kamrup 781001, Assam, India
Corp Office: BE-77, Salt lake City, Sector-1, Kolkata - 700064, West Bengal, India
Mail Id: alloycraft2@gmail.com, Mobile No. 8100912712

R/ no. 407 on 23/1/26
Office of the APSERC


Secretary

State Electricity Regulatory Commission
Arunachal Pradesh

PRASAM ALLOYCRAFT INDUSTRIES LLP
Reg No. ACH - 4482

4. It is respectfully submitted that the proposed ferro alloy plant will generate substantial direct and indirect employment, promote skill development, and act as a catalyst for further industrial investment. Each ferro alloy project also encourages downstream and ancillary industries such as fabrication, logistics, and services, thereby strengthening the overall industrial base of the State.

5. Arunachal Pradesh is witnessing significant capacity additions in the power sector, including major central and State sector projects such as the Subansiri Lower Hydroelectric Project (2000 MW), which is nearing commissioning, and other large projects including the Dibang Multipurpose Project (2880 MW). These developments will substantially increase power availability to the State through free power and allocated shares.

At present, surplus power is often sold in short-term power markets at variable and relatively lower prices. Utilisation of this power within the State through continuous and stable industrial demand, such as ferro alloy manufacturing, would ensure:

- Better long-term revenue certainty for the State power sector,
- Improved grid load factor and frequency stability through base industrial load, and
- Optimal utilisation of low-marginal-cost renewable hydropower, aligning with sustainable development objectives.

6. It is also respectfully submitted that Arunachal Pradesh is a strategic border State, sharing an international boundary with China. Sustained economic activity, employment generation, and infrastructure-linked industrial development in such frontier regions have an important role in strengthening local livelihoods, reducing outward migration, and improving overall socio-economic stability. Establishment of power-based industries in interior districts contributes meaningfully to these broader national and State objectives.

7. In view of the above, and in view of the fact that Objector is genuinely committed to contributing towards the economic development of the state, Prasam Alloycraft Industries LLP has a legitimate and direct interest in the tariff determination and power sector planning issues under consideration and therefore seeks participation in the public hearing.

Regd Office: Shop No.15, 2ND FLOOR, A T ROAD, PALTAN BAZAR, Guwahati G.P.O., Kamrup 781001, Assam, India
Corp Office: BE-77, Salt lake City, Sector-1, Kolkata - 700064, West Bengal, India
Mail Id: alloycraft@prasam.com, Mobile No. 8100912712


Secretary

PRASAM ALLOYCRAFT INDUSTRIES LLP
Reg No. ACH - 4482

A. Preliminary submissions

8. The computations in MS Excel format is not available for our comments. This Hon'ble Commission is requested to direct the Petitioner to provide the Formats in MS Excel with appropriate formulae and linkages, to enable the stakeholders to analyse the Petition properly. The Objector also prays for another opportunity to submit additional comments post reviewing the calculations.
9. The Audited Accounts for FY 2024-25 is also not available for our comments. This Hon'ble Commission is requested to direct the Petitioner to provide the copy of the Audited Accounts for proper analysis.

B. True-up for FY 2024-25

I. Power Purchase Quantum

10. It is observed that the Petitioner has procured additional power of 295.79 MU from the value approved by the Hon'ble Commission in the Tariff Order dated 26-03-2025 whereas, the total power sales is 33.44 MU lower than the power sales approved by the Hon'ble Commission. This indicates that the actual distribution losses are much higher as compared to normative losses allowed by this Hon'ble Commission. Hence, it is humbly requested that the power purchase quantum may be allowed considering the normative loss levels approved by this Hon'ble Commission and be limited to 1327.56 MU in proportion to the power procurement allowed for the total sales as approved by the Hon'ble Commission in the Tariff Order dated 26-03-2025.

Table I: Computation of Power Purchase Quantum for FY 2024-25 (MU)

Particulars	Approved in the Tariff Order dated 26-03-2025	Actual	Deviation
Total Sales	1140.95	1107.50	33.44
Total Power Purchase	1367.66	1663.45	-295.79
Power Purchase to be limited	1327.56		

II. Power Purchase Cost

11. The Petitioner, in the True-up Petition for FY 2024-25, has claimed a total power purchase cost of Rs.502.30 Crore based on the Audited Accounts, against Rs.418.74 Crore approved by the Hon'ble Commission in the Tariff Order dated 26-03-2025, resulting in an increase of Rs.83.56 Crore. The Petitioner has sought

Regd Office: Shop No.15, 2ND FLOOR, A T ROAD, PALTAN BAZAR, Guwahati G.P.O., Kamrup 781001, Assam, India
 Corp Office: BE-77, Salt lake City, Sector-1, Kolkata - 700064, West Bengal, India
 Mail Id: awover112@gmail.com, Mobile No. 8100912712

Augusta
 Secretary

PRASAM ALLOYCRAFT INDUSTRIES LLP
Reg No. ACH - 4482

allowance of the increased power purchase cost primarily on the basis of actual expenditure incurred during the year. However, the Petition does not provide a comprehensive source-wise reconciliation of power purchase quantum and cost explaining the reasons for the increase over the approved level. While power purchase cost is generally treated as a pass-through item, such cost is subject to prudence check, particularly when there is a significant variation from the approved level. In the absence of detailed justification, reconciliation and supporting information for the increase in power purchase cost (excluding the deviation cost proposed to be examined separately), the prudence of the additional power purchase cost cannot be fully ascertained. Further, considering the proposal to limit the quantum of power purchase, the revised power purchase cost to be allowed is as follows:

Table 2: Computation of Power Purchase Cost for FY 2024-25 (Rs. Crore)

Particulars	Approved in the Tariff Order dated 26-03-2025	Actual	Deviation
Cost of Power Purchase	418.74	502.30	-83.57
Actual APPC (Rs./kWh)		3.02	
Revised Power Purchase Cost		400.87	

III. Power Purchase from other source

12. The Petitioner, in its True-up Petition for FY 2024-25, has submitted that the actual power purchase from other sources is 155.37 MU, resulting in a deviation of 41.25 MU from the approved level. The Petitioner has further claimed a power purchase cost of Rs.28.83 Crore in respect of the said deviation.
13. Based on the figures submitted by the Petitioner, the per unit cost of power corresponding to the deviated quantum works out to approximately Rs.6.99 per kWh, as shown below:

Table 3: Computation of Power Purchase Cost of Deviation for FY 2024-25

Particulars	Unit	Value
Deviation (DSM) in Power Purchase	MU	41.25
Deviation (DSM) in Power Purchase Cost	Rs. in Crore	28.83
Per unit Cost	Rs. /kWh	6.99

Regd Office: Shop No.15, 2ND FLOOR, A T ROAD, PALTAN BAZAR, Guwahati G.P.O., Kamrup 781001, Assam, India
 Corp Office: BE-77, Salt Lake City, Sector-1, Kolkata - 700064, West Bengal, India
 Mail Id: alloycraft2@xinatt.com, Mobile No. 8100912712

Augusta
 Secretary

PRASAM ALLOYCRAFT INDUSTRIES LLP
Reg No. ACH - 4482

14. It is observed that the per unit cost of the DSM power purchase is higher than the average power purchase cost. The Hon'ble Commission may therefore direct the Petitioner to submit source-wise details and allow the additional power purchase cost only after prudence check. It is requested that such high power purchase cost may not be allowed and passed through to the consumers.

IV. Employee Expense

15. The Petitioner, in its True-up Petition for FY 2024-25, has Actual employee expenses of Rs.394.08 Crore, as per the Audited Accounts, as against Rs. 356.16 Crore approved by the Hon'ble Commission in the Tariff Order dated 26.03.2025, resulting in a deviation of Rs. 37.92 Crore, i.e., an increase of about 10.65%. Mere incurrance of higher expenditure cannot be considered sufficient for allowance. The Petitioner has not submitted any justification in terms of increase in manpower, pay revision, or productivity improvement to support the said increase. In the absence of such justification, the prudence of the additional employee expense of Rs.37.92 Crore cannot be ascertained. The Hon'ble Commission may therefore consider allowing employee expenses only up to the level approved in the Tariff Order, or allow the same only after prudence check.

Table 4: Employee Expenses for FY 2024-25 (Rs. Crore)

Particulars	Approved in the Tariff Order dated 26-03-2025	Actual	Deviation
Employee Expenses	356.16	394.08	-37.92

V. Repair and Maintenance (R&M) expenses

16. The Petitioner, in the True-up Petition for FY 2024-25, has claimed R&M expenses of Rs.41.95 Crore based on the Audited Accounts, as against Rs.40.15 Crore approved by the Hon'ble Commission in the Tariff Order dated 26.03.2025, resulting in a deviation of Rs.1.80 Crore. The Petitioner has stated that the R&M expenditure has been incurred as part of routine operation and maintenance activities. However, no item-wise or asset-wise details have been submitted to explain the increase over the approved level, nor has

Regd Office: Shop No.15, 2ND FLOOR, A T ROAD, PALTAN BAZAR, Guwahati G.P.O., Kamrup 781001, Assam, India
Corp Office: BE-77, Salt lake City, Sector-1, Kolkata - 700064, West Bengal, India
Mail Id: alloycraft77@gmail.com, Mobile No. 8100912712


Secretary

PRASAM ALLOYCRAFT INDUSTRIES LLP
Reg No. ACH - 4482

the Petitioner demonstrated how the additional expenditure has contributed to system improvement, reliability enhancement, or efficiency gains. R&M expenses being controllable in nature, allowance of higher expenditure requires justification beyond mere actual incurrence. In the absence of supporting details and justification for the deviation, the prudence of the additional R&M expenditure of Rs.1.80 Crore cannot be ascertained, and the Hon'ble Commission may consider allowing R&M expenses only up to the approved level, or allow the excess amount subject to prudence check

Table 5: R&M expenses for FY 2024-25 (Rs. Crore)

Particulars	Approved in the Tariff Order dated 26-03-2025	Actual	Deviation
R&M expenses	40.15	41.95	-1.80

VI. Administrative and General (A&G) expenses

17. The Petitioner, in the True-up Petition for FY 2024-25, has claimed A&G expenses of Rs.12.08 Crore based on the Audited Accounts, as against Rs.9.52 Crore approved by this Hon'ble Commission in the Tariff Order dated 26-03-2025, resulting in a deviation of Rs.2.56 Crore. The Petitioner has not provided a detailed break-up of A&G expenses explaining the reasons for the increase over the approved level, nor has any justification been furnished to demonstrate that the additional expenditure was unavoidable or efficiency-linked. A&G expenses are controllable in nature, and mere incurrence of higher expenditure does not warrant automatic allowance under True-up. Further, in the absence of clarity on whether any portion of the A&G expenses pertains to capital-related activities, the prudence of treating the entire amount as revenue expenditure cannot be ascertained. The Hon'ble Commission may therefore consider allowing A&G expenses only up to the approved level.

Table 6: A&G expenses for FY 2024-25 (Rs. Crore)

Particulars	Approved in the Tariff Order dated 26-03-2025	Actual	Deviation
A&G expenses	9.52	12.08	-2.56

Regd Office: Shop No.15, 2ND FLOOR, A T ROAD, PALTAN BAZAR, Guwahati G.P.O., Kamrup 781001, Assam, India
 Corp Office: BE-77, Salt lake City, Sector-1, Kolkata - 700064, West Bengal, India
 Mail Id: alloycraft@gmail.com, Mobile No. 8100912712

Angika
 Secretary

PRASAM ALLOYCRAFT INDUSTRIES LLP
Reg No. ACH - 4482

C. Annual Performance Review for FY 2025-26

I. Power Purchase Quantum

18. It is observed that the Petitioner has estimated additional power of 296.20 MU from the value approved by the Hon'ble Commission in the Tariff Order dated 26-03-2025 whereas, the total power sales is only 29.50 MU higher than the power sales approved by the Hon'ble Commission. This indicates that the actual distribution losses are much higher as compared to normative losses allowed by the Commission. Hence, it is humbly requested that the power purchase quantum may be allowed considering the normative loss levels approved by the Commission and the power purchase quantum be limited to 1401.11 MU in proportion to the power procurement allowed for the total sales as approved by the Hon'ble Commission in the Tariff Order dated 26-03-2025.

Table 7: Computation of Power Purchase Quantum for FY 2025-26 (MU)

Particulars	Approved in the Tariff Order dated 26-03-2025	Estimated	Deviation
Total Sales	1236.17	1265.57	-29.40
Total Power Purchase	1368.56	1664.76	-296.20
Power Purchase to be limited	1401.11		

II. Power Purchase Cost

19. As per the APR Petition for FY 2025-26, the power purchase cost approved by the Hon'ble Commission in the Tariff Order dated 26.03.2025 is Rs. 437.74 Crore, whereas the estimated power purchase cost for FY 2025-26 is Rs. 525.98 Crore, resulting in a deviation of Rs. 88.24 Crore. The increase is primarily attributable to higher procurement from central generating stations and deviation power. Further, the Petitioner has requested an increase in the power procurement cost by a factor of 5%, which is very high considering that the cost of hydro generation reduce over the years and the cost of thermal generation does not increase at the rate of 5%. Since power purchase constitutes a major component of the ARR, the deviation warrants examination to assess whether the procurement strategy aligns with approved assumptions and cost optimisation principles. Further, considering the revised power procurement proposed, the revised power purchase cost proposed is as below:

Regd Office: Shop No.15, 2ND FLOOR, A T ROAD, PALTAN BAZAR, Guwahati G.P.O., Kamrup 781001, Assam, India
 Corp Office: BE-77, Salt lake City, Sector-1, Kolkata - 700064, West Bengal, India
 Mail Id: prayasalt2@gmail.com, Mobile No. 8100912712

[Signature]
 Secretary

PRASAM ALLOYCRAFT INDUSTRIES LLP
Reg No. ACH - 4482

Table 8: Computation of Power Purchase Cost for FY 2025-26 (Rs. Crore)

Particulars	Approved in the Tariff Order dated 26-03-2025	Estimated	Deviation
Cost of Power Purchase	437.74	525.98	-88.24
APPC Proposed (Rs./kWh)		3.16	

III. Operation & Maintenance (O&M) Expenses

20. As per the APR for FY 2025-26, the Operation & Maintenance (O&M) expenses, comprising Employee Expenses, Repair & Maintenance (R&M) Expenses, and Administrative & General (A&G) Expenses, have been reviewed against the levels approved by this Hon'ble Commission in the Tariff Order for FY 2025-26.
21. It is observed that the total O&M expenses approved at Rs. 439.55 Crore have increased to an estimated Rs. 456.02 Crore, resulting in a net deviation of Rs. 16.47 Crore. The increase in O&M expenses is primarily on account of higher employee expenses and A&G expenses, partly offset by a reduction in R&M expenses. Since O&M expenses are largely controllable in nature, the deviation reflected in the APR warrants examination to assess the efficiency of operations and the necessity of increased expenditure. Therefore, it is prayed that this deviation may not be passed through in tariff.

Table 9: Computation of Power Purchase Cost for FY 2025-26 (Rs. Crore)

Particulars	Approved in the Tariff Order dated 26-03-2025	Estimated	Deviation
Employee Expenses	387.70	404.69	-16.99
R&M Expenses	41.91	38.81	3.10
A&G Expenses	9.94	12.52	-2.58
Total O&M Expenses	439.55	456.02	-16.47

D. Aggregate Revenue Requirement for FY 2026-27

I. Sales Quantum

Regd Office: Shop No.15, 2ND FLOOR, A T ROAD, PALTAN BAZAR, Guwahati G.P.O., Kamrup 781001, Assam, India
Corp Office: BE-77, Salt lake City, Sector-1, Kolkata - 700064, West Bengal, India
Mail id: alloycraft2@gmail.com, Mobile No. 8100912712


Secretary

PRASAM ALLOYCRAFT INDUSTRIES LLP

Reg No. ACH - 4482

22. It is observed that the power sales quantum within the State has increased from 673.41 MU in FY 2023-24 to FY 728.18 MU (~8% increase) in FY 2024-25. Whereas, the Petitioner has projected an energy sales of 856.62 MU (~18% increase) for FY 2025-26 and to 1013.40 MU (~18% increase) for FY 2026-27, which appears to be highly unlikely. Hence, the Hon'ble Commission is requested to approve the sales within the State based on a more prudent approach.

II. Power Purchase Quantum

23. It is observed that the Petitioner has proposed to procure additional power of 292.03 MU from the value approved by the Hon'ble Commission in the Tariff Order dated 26-03-2025 whereas, the total power sales is only 155.10 MU higher than the power sales approved by the Hon'ble Commission. This indicates that the actual distribution losses are much higher as compared to normative losses allowed by the Commission. Hence, it is humbly requested that the power purchase quantum may be allowed considering the normative loss levels approved by the Commission and be limited to 1541.66 MU in proportion to the power procurement allowed for the total sales as approved by the Hon'ble Commission in the Tariff Order dated 26-03-2025. Further, the power procurement may be reduced considering the highly inflated sales proposed by the Petitioner as discussed above.

Table 10: Computation of Power Purchase Quantum for FY 2026-27 (MU)

Particulars	Approved in the Tariff Order dated 26-03-2025	Actual	Deviation
Total Sales	1244.12	1399.22	-155.10
Total Power Purchase	1370.77	1662.80	-292.03
Power Purchase to be limited	1541.66		

III. Power Purchase Cost

24. The Petitioner, in the ARR Petition for FY 2026-27, has projected a total power purchase cost of Rs. 550.83 Crore, as against Rs. 455.54 Crore approved by the Hon'ble Commission in the Tariff Order dated 26-03-2025, resulting in a net increase of Rs. 95.29 crore.

Table 11: Power Purchase Cost Comparison for FY 2026-27 (Rs. Crore)

Regd Office: Shop No.15, 2ND FLOOR, A T ROAD, PALTAN BAZAR, Guwahati G.P.O., Kamrup 781001, Assam, India
 Corp Office: BE 77, Salt Lake City, Sector-1, Kolkata - 700064, West Bengal, India
 Mail Id: prasad@prasad.com, Mobile No. 8100912712

[Signature]
 Secretary

PRASAM ALLOYCRAFT INDUSTRIES LLP
Reg No. ACH - 4482

Particulars	Approved in Tariff Order (26.03.2025)	Projection	Deviation
NEEPCO	170.96	205.96	-35.00
NTPC (Farakka, Kahaigaon, Talchar, BGTTP)	178.39	191.88	-13.49
NHPC	7.93	11.65	-3.72
OTPC	44.80	41.90	2.90
Deviation Charges	0.00	28.83	-28.83
Reactive Charges	0.00	0.02	-0.02
Devi Energies	34.26	49.27	-15.01
Kangteong Hydro Power Pvt Ltd	9.85	11.43	-1.58
DHPD	8.06	0.00	8.06
HPDCAPL	1.29	1.69	-0.40
APPCPL	0.00	7.16	-7.16
Misc. Expenses	0.00	1.05	-1.05
Total Power Purchase Cost	455.54	550.83	-95.29

25. It is observed that the entire increase of Rs. 95.29 crore in the projected power purchase cost arises primarily due to:

- Introduction of Deviation Charges amounting to Rs. 28.83 crore, whereas no deviation cost was approved in the Tariff Order.
- Significant increase in cost projections from NEEPCO (additional Rs. 35.00 crore) and NTPC stations (additional Rs. 13.49 crore).
- Higher allocation towards Devi Energies (additional Rs. 15.01 crore) and new power procurement from APPCPL (additional Rs. 7.16 crore).

26. Accordingly, it is humbly submitted that this Hon'ble Commission may:

- Disallow or suitably restrict the projected deviation-related power purchase cost,

Regd Office: Shop No.15, 2ND FLOOR, A T ROAD, PALTAN BAZAR, Guwahati G.P.O., Kamrup 781001, Assam, India
Corp Office: BE-77, Salt lake City, Sector-1, Kolkata - 700064, West Bengal, India
Mail Id: office@serc.gov.in, Mobile No. 8100912712

Secretary

State Electricity Regulatory Commission
Arunachal Pradesh

PRASAM ALLOYCRAFT INDUSTRIES LLP
Reg No. ACH - 4482

- Reconsider the escalation factor of 5% considered by the Petitioner for arriving at the power purchase cost as the same is very high.
- Rationalise the overall power purchase cost projection for FY 2026-27, by benchmarking it against the approved Tariff Order, True-up FY 2024-25, and APR FY 2025-26 considering our discussion in the above sections.

IV. Operation & Maintenance (O&M) expenses

27. The Petitioner, in the ARR Petition for FY 2026-27, has projected Operation and Maintenance (O&M) expenses of Rs. 477.13 crore, as against Rs. 465.10 crore approved by this Hon'ble Commission in the Tariff Order dated 26.03.2025, resulting in a net increase of Rs. 12.03 crore.

Table 12: Operation & Maintenance Cost for FY 2026-27 (Rs. in Crore)

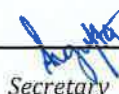
Particulars	Approved in Tariff Order (26.03.2025)	Projected	Deviation
Employee Expenses	410.24	423.43	-13.19
A&G Expenses	10.51	13.10	-2.59
R&M Expenses	44.35	40.60	3.75
Total O&M Expenses	465.10	477.13	-12.03

28. It is observed that the increase of Rs. 12.03 crore in total O&M expenses is mainly attributable to higher projections under Employee Expenses and A&G Expenses, while R&M expenses have actually been projected lower than the approved level.

➤ **Employee Expenses**

The Petitioner has projected Employee Expenses of Rs. 423.43 crore, which is Rs. 13.19 crore

Regd Office: Shop No.15, 2ND FLOOR, A T ROAD, PALTAN BAZAR, Guwahati G.P.O., Kamrup 781001, Assam, India
Corp Office: BE-77, Salt lake City, Sector-1, Kolkata - 700064, West Bengal, India
Mail Id: alloycraft2@gmail.com, Mobile No. 8100912712


Secretary

PRASAM ALLOYCRAFT INDUSTRIES LLP

Reg No. ACH - 4482

higher than the amount approved by the Hon'ble Commission. The ARR Petition indicates that the employee cost has been escalated based on inflation indices (CPI and WPI). However, it is observed that:

- The number of employees remains unchanged, and
- No specific justification has been provided for the quantum of increase beyond index-based escalation.

Employee expenses being controllable in nature, mere application of escalation factors cannot be the sole basis for approval, unless supported by productivity improvement, efficiency gains, or statutory revisions. In the absence of such justification, the projected increase requires prudence check.

➤ **Administrative & General (A&G) Expenses**

The Petitioner has projected A&G expenses of Rs. 13.10 crore, which is Rs. 2.59 crore higher than the approved level. A&G expenses are also controllable costs, and the ARR Petition does not clearly demonstrate the necessity for such increase, nor does it provide a detailed break-up linking the increase to unavoidable or statutory expenditure.

➤ **Repair & Maintenance (R&M) Expenses**

Interestingly, the R&M expenses have been projected at Rs. 40.60 crore, which is Rs. 3.75 crore lower than the amount approved by the Hon'ble Commission. This reduction indicates that the Petitioner itself expects scope for cost optimisation under controllable heads, which further strengthens the need for similar prudence in employee and A&G expenses.

29. O&M expenses constitute controllable components of the ARR, and therefore are subject to efficiency norms, prudence check, and cost optimisation principles. While the overall increase in O&M expenses appears modest, the upward revision in Employee and A&G expenses has not been adequately justified with reference to operational necessity or efficiency improvements.

30. Accordingly, it is respectfully submitted that this Hon'ble Commission may:

Regd Office: Shop No.15, 2ND FLOOR, A T ROAD, PALTAN BAZAR, Guwahati G.P.O., Kamrup 781001, Assam, India
Corp Office: BE-77, Salt Lake City, Sector-1, Kolkata - 700064, West Bengal, India
Mail Id: alloycraft2@gmail.com, Mobile No. 8100912712


Secretary

State Electricity Regulatory Commission
Arunachal Pradesh

PRASAM ALLOYCRAFT INDUSTRIES LLP

Reg No. ACH - 4482

- Scrutinise and rationalise the projected Employee and A&G expenses for FY 2026-27 based on the prudence check of the values considered for FY 2024-25 and FY 2025-26, and
- Restrict the O&M expenses to the level approved in the Tariff Order, or such lower level as deemed reasonable, based on prudence check.

V. Revenue

31. The Petitioner has under-estimated the revenue to be earned from sales outside the State. It is observed that the Petitioner has considered the sales of 16.17 MU sales outside the State under deviation at Rs. 0.00/kWh, which necessarily means that there is no income from the sale of ~16 MU. The Hon'ble Commission is requested to consider the income from such sales as it cannot be sold at no cost.

VI. AT&C Losses

32. The Petitioner, in the ARR Petition for FY 2026-27, has projected AT&C losses of 18.04%, as against the AT&C loss level of 15.00% approved by the Hon'ble Commission for FY 2026-27. The projected AT&C loss level is based on the Petitioner's assumed improvement in distribution losses and collection efficiency.

Table 13: AT&C Loss (in %)

Financial Year	AT&C Loss Approved (%)	AT&C Loss (%)
FY 2024-25	22.00	39.76
FY 2025-26	18.00	29.56
FY 2026-27	15.00	18.04

33. It is observed that the actual AT&C loss achieved in FY 2024-25 is significantly higher than the level approved by the Hon'ble Commission, indicating substantial under-achievement of the loss-reduction targets. Similarly, the estimated AT&C loss for FY 2025-26 as per the APR continues to remain much above the approved level, reflecting persistent inefficiencies in the distribution system.

34. Against this background, the projection of AT&C losses at 18.04% for FY 2026-27, though lower than the

Regd Office: Shop No.15, 2ND FLOOR, A T ROAD, PALTAN BAZAR, Guwahati G.P.O., Kamrup 781001, Assam, India
Corp Office: BE-77, Salt Lake City, Sector-1, Kolkata - 700064, West Bengal, India
Mail Id: alloycraft@prasam.com, Mobile No. 8100912712


Secretary

PRASAM ALLOYCRAFT INDUSTRIES LLP
Reg No. ACH - 4482

estimated level for FY 2025-26, is still higher than the approved target of 15.00%. The ARR Petition does not provide adequate justification or a detailed action plan demonstrating how such a sharp reduction in AT&C losses would be achieved within a short time frame, especially in view of the significant gap observed in recent years.

35. AT&C losses being a key controllable parameter, optimistic projections without adequate substantiation have a direct bearing on energy sales, revenue projections, and the proposed ARR. Acceptance of such projections may lead to under-recovery of costs and large adjustments at the time of True-up, thereby impacting consumers.
36. In view of the above, it is respectfully submitted that the Hon'ble Commission may critically examine the projected AT&C loss level for FY 2026-27, and restrict the AT&C loss approved by the Commission.

VII. Compliance of Directives:

37. The summary of the directives of the Hon'ble Commission and its compliance as submitted by the Petitioner is as below:

Table 14: Summary of Directive Compliance

Sl No.	Directive	Compliance
1.	<p>Efficient utilization of Free Energy</p> <ul style="list-style-type: none"> • GoAP should think to establish a dedicated cell on managing and accounting such free power from these upcoming projects. • Develop strategies and implement mechanisms to channelise free energy • Maximize economic/financial returns and reduces the overall power purchase cost • Submit regular reports on the progress of these initiatives • maintain an online surplus energy 	<p>A proposal shall be initiated to establish a "Dedicated Planning & Trading Cell (DPTC)"</p>

Regd Office: Shop No.15, 2ND FLOOR, A T ROAD, PALTAN BAZAR, Guwahati G.P.O., Kamrup 781001, Assam, India
 Corp Office: BE-77, Salt lake City, Sector-1, Kolkata - 700064, West Bengal, India
 Mail Id: alloycraft2@gmail.com, Mobile No. 8100912712

Arunachal
 Secretary

PRASAM ALLOYCRAFT INDUSTRIES LLP

Reg No. ACH - 4482

Sl No.	Directive	Compliance
	accounting mechanism	
2.	Forecasting tool or agencies <ul style="list-style-type: none"> Establish a proper forecasting tool or engage specialized agencies to assist in this process. Balance in-state demand with available energy resources Submit a detailed plan on the development or engagement of the forecasting tool or agencies 	The Department shall initiate steps to engage an appropriate consultant
3.	Finalizing Fixed Asset Register <ul style="list-style-type: none"> Take immediate action to finalize the Fixed Asset Register FAR to be comprehensive, updated, and in compliance with accounting standards and regulatory requirements. 	Initiated using data from all field divisions.
4.	Recategorization of Consumer Classification <ul style="list-style-type: none"> ensure review and see that consumers are accurately categorized based on their electricity usage patterns and load requirements. classification should reflect the type of usage and capacity, and ensure that each consumer is placed in the appropriate category annual review of the consumer classification should be carried out to ensure that all consumers are accurately categorized. 	Shall form an internal committee to review existing consumer categories under the Supply Code
5.	T&D Losses & Conducting Energy Audit	Report attached.

Regd Office: Shop No.15, 2ND FLOOR, A T ROAD, PALTAN BAZAR, Guwahati G.P.O., Kamrup 781001, Assam, India
 Corp Office: BE-77, Salt lake City, Sector-1, Kolkata - 700064, West Bengal, India
 Mail Id: alloycraft2@gmail.com, Mobile No. 8100912712

(Signature)
 Secretary

PRASAM ALLOYCRAFT INDUSTRIES LLP
Reg No. ACH - 4482

Sl No.	Directive	Compliance
	<ul style="list-style-type: none"> conduct a comprehensive energy audit to assess losses accurately in the power distribution system 	Procurement and installation of missing feeder meters are being planned through the Revamped Distribution Sector Scheme (RDSS).
6.	Consumer Security Deposit <ul style="list-style-type: none"> submit a comprehensive compliance report on the status of security deposits collected from consumers 	Compiling data on security deposits across all consumer categories from divisions State-wide.
7.	Renewable Purchase Obligation <ul style="list-style-type: none"> comply with the specified trajectory for the period FY 2025-26 to FY 2029-30 and report quarterly progress on RPO fulfillment 	Department is taking initiative to meet the RPO target. Quarterly RPO Compliance Reports has been submitted to APERC for all quarters of FY 2024-25

38. From the above submissions, it can be observed that none of the directives have been complied completely by the Petitioner and it is also observed that in most of the directives, the Petitioner is yet to take any steps towards compliance of the directives. Hence, it is humbly requested that the Hon'ble Commission direct the Petitioner to take up compliance of Directives more seriously.

VIII. Tariff Proposed

39. On a comparison of the Tariff approved by the Hon'ble Commission for FY 2025-26 and the Tariff proposed by the Petitioner for FY 2026-27 along with the details of Sales, Average Cost of Supply (ACoS) (in Rs./kWh), Average Billing Rate (ABR) (in Rs./kWh), Gap/ Grant to be provided by GoAP (in Rs./kWh

Regd Office: Shop No.15, 2ND FLOOR, A T ROAD, PALTAN BAZAR, Guwahati G.P.O., Kamrup 781001, Assam, India
Corp Office: BE-77, Salt lake City, Sector-1, Kolkata - 700064, West Bengal, India
Mail Id: alloycraft@igman.com, Mobile No. 8100912712

[Signature]
Secretary

FRASAM ALLOYCRAFT INDUSTRIES LLP

Reg No. ACH - 4482

and its ACoS is as below.

Table 15: Comparison of Tariff and Grant for FY 2025-26 and FY 2026-27

Category	ACoS (Rs. / kWh)		ABR/ Tariff (Rs. / kWh)		Govt. Grant (Rs. / kWh)		Approved Sales (MU)		Grant (Rs. Crore)	
	2025-26 (Appr.)	2026-27 (Prop.)	2025-26 (Appr.)	2026-27 (Prop.)	2025-26 (Appr.)	2026-27 (Prop.)	2025-26 (Appr.)	2026-27 (Prop.)	2025-26 (Appr.)	2026-27 (Prop.)
3-Phase, 11kV	9.00	8.66	4.50	4.50	4.50	4.16	25.23	21.09	11.35	8.78
3-Phase, 33kV	9.00	8.66	4.15	4.15	4.85	4.51	49.27	43.45	23.89	19.60
3-Phase, 132kV	9.00	8.66	4.00	4.00	5.00	4.66	292.07	382.77	145.98	178.42

From the above table, it can be observed that all the consumers of the State of Arunachal Pradesh are subsidized by GoAP. Further, the HT Industrial Tariff for FY 2026-27 is proposed to remain unchanged by the Petitioner. However, it is observed that the Average Cost of Supply has reduced from Rs. 9.00/kWh as approved by the Hon'ble Commission for FY 2025-26 to Rs. 8.66/kWh for FY 2026-27, which shall further reduce based on the prudence check by the Hon'ble Commission. Hence, it is proposed that the subsidy that may be saved due to reduction in ACoS may be utilized to promote Ferro- Alloy Industries in Arunachal Pradesh by introducing a separate category at a subsidized Tariff.

IX. Proposal for a separate Ferro-alloy Tariff

It is proposed that in order to create a distinct, cost-reflective tariff category that recognizes the high load factor and grid-stabilizing nature of Ferro-Alloy plants, moving away from generic industrial billing, a separate category be introduced for Ferro-Alloy consumers.

Advantages of the Ferro-Alloy Industry

Ferro-alloys (e.g., Ferro-Manganese, Silico-Manganese, Ferro-Chrome) are the "backbone" of the steel industry. Their benefits to the state and national economy include:

- **Essential Value Addition:** They are indispensable for deoxidizing and alloying in steel production. Without a robust local ferro-alloy sector, the "National Steel Policy" goal of 300

Regd Office: Shop No.15, 2ND FLOOR, A T ROAD, PALTAN BAZAR, Guwahati G.P.O., Kamrup 781001, Assam, India
 Corp Office: BE-77, Salt lake City, Sector-1, Kolkata - 700064, West Bengal, India
 Mail id: reg@serc.ap.nic.in, Mobile No. 8100912712


 Secretary

PRASAM ALLOYCRAFT INDUSTRIES LLP
Reg No. ACH - 4482

MTPA capacity cannot be met.

- **Foreign Exchange Earnings:** India is a leading exporter of ferro-alloys. Competitive power rates allow domestic units to compete with China and South Africa in the global market.
- **Grid Stability (Technical Advantage):** Unlike other industries with fluctuating loads, ferro-alloy furnaces operate with a flat load curve and high load factor (often >85%). This provides a steady "base load" for DISCOMs, reducing the need for expensive peaking power plants.
- **Employment & Industrial Clusters:** These units typically foster downstream industrial ecosystems, providing direct and indirect employment in underdeveloped mineral-rich regions.

Analysis of Ferro-Alloy/ Energy Intensive Industrial Tariff in India

An analysis of the Ferro-Alloy and Energy Intensive Industries recognized across various States of India are summarized below:

Table 16: Tariff Comparison for EHT Ferro- Alloy/ Energy Intensive Industries (FY 2025-26)

State	EHT Industries Tariff	EHT Ferro-Alloy/ Energy Intensive Tariff	Difference (Rs./kWh)
Chhattisgarh	FC: Rs. 375/kVA/mon EC: Rs. 6.80/kVAh	FC: Rs. 375/kVA/mon EC: Rs. 6.25/kVAh	0.55
Andhra Pradesh	FC: Rs. 475/kVA/mon EC: Rs. 6.75/kVAh (Peak), Rs. 4.60/kVAh (off-peak), Rs. 5.40/kVAh (Normal)	FC: Rs. 475/kVA/mon EC: Rs. 4.90/kVAh	-0.65
Telangana	FC: Rs. 475/kVA/mon EC: Rs. 7.15/kVAh	FC: Rs. 475/kVA/mon EC: Rs. 6.65/kVAh	0.50
Odisha	FC: Rs. 250/kVA/mon EC: Rs. 5.80/kVAh	20% energy rebate when PLF above 85% 15% energy rebate when 75%<PLF<85% 10% energy rebate when	1.16 (20%) 0.87 (15%) 0.58 (10%)

Regd Office: Shop No.15, 2ND FLOOR, A T ROAD, PALTAN BAZAR, Guwahati G.P.O., Kamrup 781001, Assam, India
 Corp Office: BE-77, Salt lake City, Sector-1, Kolkata - 700064, West Bengal, India
 Mail Id: alloycraft2@gmail.com, Mobile No. 8100912712

Secretary

PRASAM ALLOYCRAFT INDUSTRIES LLP

Reg No. ACH - 4482

		65%<PLF<75% * Applicable for the entire consumption	
Meghalaya	FC: Rs. 500/kVA/mon EC: Rs. 8.87/kVAh	FC: Rs. 500/kVA/mon EC: Rs. 5.83/kVAh	3.04

From the above table, it can be observed that the tariff for Ferro Alloys/ Energy Intensive Industries have been kept at lower level as compared to other HT Industries. In light of the above discussions, the Hon'ble Commission is requested to introduce a new Tariff Category for HT/ EHT Ferro-Alloys with a lower Tariff as compared to HT/EHT Industrial tariff. This will attract industry to the state and generate employment. On the whole, offering attractive and competitive tariffs will lead to more economic development in the state. Further, such incentives should be offered for a fixed time period to ensure regulatory certainty in the state.

41. It is respectfully submitted that this Hon'ble Commission has the power and authority to create a separate category for ferro-alloys consumers under Section 62 of the Electricity Act, 2003. Relevant extracts of the section is as below:

"Section 62 (Determination of tariff): --- (1) The Appropriate Commission shall determine the tariff in accordance with the provisions of this Act for -

3) The Appropriate Commission shall not, while determining the tariff under this Act, show undue preference to any consumer of electricity but may differentiate according to the consumer's load factor, power factor, voltage, total consumption of electricity during any specified period or the time at which the supply is required or the geographical position of any area, the nature of supply and the purpose for which the supply is required."

X. Prayers

PAT humbly prays that the Hon'ble Commission may be pleased to:

- (i) **Direct the Petitioner to submit all computations in MS Excel format, with appropriate formulae and linkages, to enable proper scrutiny and analysis by the Hon'ble Commission and stakeholders.**

Regd Office: Shop No.15, 2ND FLOOR, A T ROAD, PALTAN BAZAR, Guwahati G.P.O., Kamrup 781001, Assam, India
Corp Office: BE-77, Salt lake City, Sector-1, Kolkata - 700064, West Bengal, India
Mail Id: alloycraft2@gmail.com, Mobile No. 8100912712

Secretary

PRASAM ALLOYCRAFT INDUSTRIES LLP

Reg No. ACH - 4482

- (ii) Direct the **Petitioner to submit the Audited Accounts for FY 2024-25**, which are essential for undertaking a meaningful and complete True-up exercise.
- (iii) **Restrict the power purchase quantum for FY 2024-25 and FY 2025-26** by restrictive loss levels at normative levels and allow Power Purchase quantum in proportion to the approved sales, as brought out in the True-up and APR analysis, and disallow excess power procurement not justified by corresponding sales.
- (iv) **Allow the power purchase cost for FY 2024-25 and FY 2025-26 only after prudence check**, including source-wise reconciliation of power purchase quantum and cost, and exclude unjustified deviation-related power purchase cost unless duly substantiated.
- (v) **Disallow or suitably restrict the deviation (DSM) power purchase cost**, particularly where the per-unit cost is significantly higher than the average power purchase cost, and allow the same only after detailed justification and prudence check.
- (vi) **Restrict Employee Expenses, R&M Expenses, and A&G Expenses for FY 2024-25** to the levels approved in the Tariff Order, or allow the same only after detailed prudence check, in view of the controllable nature of these expenses and the absence of adequate justification for deviations.
- (vii) **Take note of the deviations in O&M expenses reflected in the APR for FY 2025-26**, and consider the same appropriately while determining future ARR, so that inefficiencies are not passed on to consumers.
- (viii) **Adopt a prudent and realistic approach while approving energy sales and power purchase projections for FY 2026-27**, considering the historical growth trend and actual performance, and restrict inflated projections proposed in the ARR.
- (ix) **Rationalise the projected power purchase cost for FY 2026-27**, including reconsideration of the 5% escalation factor applied by the Petitioner, and disallow deviation-related power purchase cost proposed in the ARR.
- (x) **Scrutinise and rationalise the projected O&M expenses for FY 2026-27**, particularly Employee and A&G expenses, and restrict the same to reasonable and achievable levels based on prudence check.
- (xi) **Critically examine the projected AT&C loss of 18.04% for FY 2026-27**, in view of the actual

Regd Office: Shop No.15, 2ND FLOOR, A T ROAD, PALTAN BAZAR, Guwahati G.P.O., Kamrup 781001, Assam, India
Corp Office: BE-77, Salt lake City, Sector-1, Kolkata - 700064, West Bengal, India
Mail Id: prasad@prasad.com, Mobile No. 8100912712


Secretary

PRASAM ALLOYCRAFT INDUSTRIES LLP
Reg No. ACH - 4482

AT&C loss of 39.76% against the approved 22.00% for FY 2024-25 and the estimated AT&C loss of 29.56% against the approved 18.00% for FY 2025-26, and accordingly restrict the AT&C loss considered for ARR purposes..

- (xii) Direct the Petitioner to correctly account for revenue from sale of power outside the State, and disallow any assumption of zero revenue for such sales.
- (xiii) Introduce a separate tariff category for HT/EHT Ferro-Alloy / Energy Intensive Industries, recognising their high load factor, grid-stabilising characteristics, and contribution to industrial growth
- (xiv) Provide an opportunity of oral hearing to the Association to present its views and submissions before the Hon'ble Commission.
- (xv) Condone any inadvertent omissions, errors, or shortcomings, and permit the Association to add, amend, modify, or supplement these submissions, at a later stage after receipt of audited accounts and updated calculations.
- (xvi) Pass such further Orders as the Hon'ble Commission may deem fit in the facts and circumstances of the present case and in the interest of justice and consumers.

The Objector will be most grateful if the abovementioned suggestions & objections are considered favourably.

Yours Sincerely,


Authorised Signatory,

Prasam Alloycraft Industries LLP

Regd Office: Shop No.15, 2ND FLOOR, A T ROAD, PALTAN BAZAR, Guwahati G.P.O., Kamrup 781001, Assam, India
Corp Office: BE-77, Salt lake City, Sector-1, Kolkata - 700064, West Bengal, India
Mail Id: prasad@prasad.com, Mobile No. 8100912712


Secretary

State Electricity Regulatory Commission
Arunachal Pradesh

2. Observation from Power Foundation of India



Power Foundation of India

(An autonomous Society under the Ministry of Power, Govt of India)

No. PFI/Prog/APSERC/2026/011

Dated: 13/01/2026

To,

The Secretary

Arunachal Pradesh State Electricity Regulatory Commission
2nd Floor, O.T Building, Niti Vihar Market,
TT Marg, Itanagar-791 111

Subject: PFI Comments: Arunachal Pradesh DISCOM True Up Petition for FY 2024-25 & ARR Petition for FY 2026-27

Reference: APSERC inviting Comments on True Up of FY 2024-25 & ARR Petition for FY 2026-27

Dear Sir,

Power Foundation of India (PFI) is a Policy Research and Advocacy entity and a registered society under the aegis of Ministry of Power, Government of India. PFI is supported by leading Central Power Sector Organizations to undertake evidence-based policy research and facilitate informed decision making by the Regulators, Ministry and other concerned stakeholders.

With reference to above, PFI has analyzed the True Up Petition for FY 2024-25 & ARR Petition for FY 2026-27 filed by Department of Power, Government of Arunachal Pradesh before APSERC. Our comments/ suggestions on the said Petition of are enclosed herewith for your consideration as Annexure- I respectively. We would also like to orally submit our comments/ suggestions on the day of Public Hearing through video conference.

The comments have also been emailed to secy-apserc-arn@gov.in.

Warm Regards,

Encl: Annexure - I

Copy to:

- The Hon'ble Chairperson**
Arunachal Pradesh State Electricity Regulatory Commission
- The Hon'ble Member**
Arunachal Pradesh State Electricity Regulatory Commission

Yours Sincerely,

Anshuman Srivastava
(Executive Director, PFI)

POWER FOUNDATION OF INDIA

B-28, Qutab Institutional Area, New Delhi-110 016
+91 11 69660000, E mail: info@powerfoundation.org.in
Website: www.powerfoundation.org.in

Secretary

State Electricity Regulatory Commission
Arunachal Pradesh

PFI Comments: DoP, AP True-up FY 2024-25 and ARR FY 2026-27



Annexure - I

PFI Comments/Suggestions: DoP, AP True-up Petition for FY 2024-25

A. UN-AVAILABILITY OF AUDITED ACCOUNTS, ANNEXURES & FORMATS

- 1) A thorough search of the APSERC online portal (including the petition website page, case documents section, and associated links) reveals that the critical documents such as Audited Accounts, Formats and Annexures have not been uploaded or made publicly accessible, and comment has been sought on the True-up Petition. This is despite the fact that the petition itself cites them and rely on their contents.
- 2) The absence of documents severally affects the due diligence of the Department of Power, Arunachal Pradesh (DoP, AP) performance thus undermining the power of Hon'ble Commission and violation of the of APSERC Conduct of Business Regulations, 2011, the extract of regulation is below:
" 13. 5. The petition shall be accompanied by such documents, supporting data and statements, as are relevant to the matters in issue in the petition."
- 3) PFI notes that DoP, AP have filed the said True-Up Petition under APSERC (Multi Year Tariff) Regulations, 2024 (hereinafter referred to as "APSERC Tariff Regulations 2024"). **Regulation 2.6 (2) stipulates that Truing up Expenses and Revenue shall be based on the Audited Accounts.** Regulation 2.6 (3) of APSERC Tariff Regulations 2024 specifies that the Distribution Licensee shall submit Financial accounts of the year under True-up to the Commission and Regulation 1.3 (87) has defined Regulatory Accounts. Relevant extract of the Regulations are as follows
"2.6.(2) Provided further that the information for the previous year shall be based on audited accounts and in case audited accounts for previous year are not available, audited accounts for the immediately preceding previous year should be filed along with un-audited accounts for the previous year"
"2.6.(3) True Up: a comparison of the audited performance of the applicant for the previous financial year with the approved forecast for such previous financial year, subject to the prudence check including pass through of impact of uncontrollable items. This includes categorisation of variations in performance with reference to approved forecast into factors within the control of the applicant (controllable items) and those caused by factors beyond the control of the applicant (un-controllable items). Provided

Page 1 of 27


Secretary

State Electricity Regulatory Commission
Arunachal Pradesh

PFI Comments: DoP, AP True-up FY 2024-25 and ARR FY 2026-27



such categorization of the controllable and uncontrollable items shall be done in accordance with Regulation 2.7 of these Regulations. Provided that final accounts will be submitted at the time of submission of True up Petition of the Generation Company, Transmission Licensee, Distribution Licensee or SLDC”

“1.3 (87) “Regulatory Accounts” means the regulatory accounts, duly audited by the auditor of the Utility containing all the financial and non-financial information of the Utility, including the filled-up formats appended to these regulations and cover the activities which includes without limitation the Statutory Accounts prepared under Companies Act, 2013 or any other law applicable to the Utility;”

- 4) Further, Regulation 3.1 of APSERC Tariff Regulations 2024 specify that DISCOM need to submit complete information for determination of ARR & Tariff including the Tariff Formats, which shall also form part of the Tariff application and stipulates that Audited Accounts needs to be submitted.
- 5) Further also, Regulation 3.2 of APSERC Tariff Regulations 2024 specify that DISCOMs need to put all details of the Petition on its website of Admission Order of Tariff Petition along with **downloadable spreadsheet formats** as follows:

“3.2. Publication of Tariff Application (1) The applicant shall, within seven (7) days after registration of the application, publish the tariff petition in such abridged form and manner as may be specified and approved by the Commission, in at least two (2) daily newspapers, having wide circulation in the area of supply inviting objections/ suggestions within the specified date (21 days from publication) from general public and stake holders. (2) The applicant shall submit within fifteen (15) days of publication of the notice, copies of the newspapers wherein the notice has been published, supported by an affidavit to such effect. (3) The applicant shall make available a hard copy of the complete application, to any interested party, at such locations and at such rates as may be stipulated by the Commission. (4) Provided further that the applicant shall also put up on its website, in downloadable spreadsheet format showing detailed computations, the application made to the Commission along with all regulatory filings, information, particulars and documents in the manner so stipulated by the Commission: (5) Provided further that the web-link to the information mentioned in the second proviso above shall be easily accessible, archived for downloading and shall be prominently displayed on the applicant's website”

Page 2 of 27


Secretary

PFI Comments: DoP, AP True-up FY 2024-25 and ARR FY 2026-27



- 6) **However, PFI observes that there is non-compliance of APSERC Tariff Regulations 2024.** There is a mandate in the said Regulations to submit Audited Accounts and Tariff formats for FY 2024-25 by DoP, AP and upload the same on their respective websites and even on APSERC website along with the True-Up Petition for FY 2024-25. PFI have tried reaching out the official landline contact number on the web portal, but the call was not received, hence no response could be recorded.
- 7) Till date PFI did not find Tariff Formats and Audited Accounts for FY 2024-25 uploaded on the website of DoP, AP or APSERC. The same screenshot of the website is attached at Appendix-1.
- 8) In view of above, it is submitted that non-availability of Audited Accounts in public domain related to the True-up Petition filed by DoP, AP for FY 2024-25 is a serious non-compliance of the Regulatory provisions, defeats the purpose of seeking stakeholders' comments / suggestions on the said Petition and leads to non-transparency of the public consultation process.
- 9) **PFI submits before Hon'ble APSERC to take appropriate action under Section 142 of the Electricity Act 2003 against DoP, AP for non-compliance of directions stipulated in APSERC (Multi Year Tariff) Regulations, 2024** and make available in public domain the Audited Accounts for FY 2024-25 of DoP, AP. It is therefore **requested that the Hon'ble Commission to allow at least two (2) weeks' time-period to stakeholders to submit comments / suggestions on FY 2024-25 True-up Petition of DoP, AP after availability of its audited accounts in the public domain (APSERC website).**
- 10) In view of above, **PFI request the Hon'ble Commission to direct DISCOM to re-submit the Petition along with the supporting documents like Audited Accounts, Formats and Annexures and if not done so then penalize the DISCOM under Section 142 of the Electricity Act, 2003.**

Page 3 of 27


Secretary

PFI Comments: DoP, AP True-up FY 2024-25 and ARR FY 2026-27



B. HIGHER DISTRIBUTION LOSSES

- 11) DoP, AP has claimed actual Distribution Loss as 39.76% for FY 2024-25 against the approved target of 21.21% by the Hon'ble Commission.
- 12) It is observed that the Hon'ble Commission vide its Tariff Order dated 26/03/2025 has approved the Distribution Loss for FY 2024-25, the comparison of approved and actual is as follows:

Particulars	Target by Commission	Claimed by DoP, AP
Distribution Loss	21.21%	39.76%
Collection Efficiency	99.00%	100%
AT&C Loss	22.00%	39.76%

- 13) It is also noted that the DISCOM is able to achieve a collection efficiency of 100% owing to grants provided by the State Government to bridge the Revenue Gap created pertaining to loss in revenue collection due to difficult terrain for supply of power and collection of bills.
- 14) Further, it is observed that Hon'ble Commission has directed DISCOM to reduce the AT&C loss and submit a roadmap highlighting the necessary steps taken to in order to achieve reduction in AT&C loss. The relevant extracts of Tariff order of FY 2023-24 are as follows:

"1. Since the Revenue Gap created by the Petitioner (which could have been reduced by improving the efficiency as per committed AT&C loss as well as controlling unwarranted UI procurement), is mitigated by the State Government through grants, the true-up Revenue Gap shall not pass through and reflect in the next tariff petition. The inefficiency of the distribution licensee cannot be covered by the Grants from public money and concern officials of APDOP should be answerable for it.

2. Despite many flagship Schemes specially designed for reduction of AT&C losses in past and present, the AT&C losses consistently remained above 50%, and it even rose upto 61.93% in the FY2018-19. Matter needs serious introspection to plug the losses and conduct diagnostic exercise at individual feeder / transformer / substation / division / circle and zonal level. Commission hereby direct the APDOP, to conduct such exercise and submit results to Commission before next petition. Commission also directs APDOP to bring down the AT&C losses as per the trajectory issued by the MoP with due consultation with APDOP itself."

Angika

Secretary

PFI Comments: DoP, AP True-up FY 2024-25 and ARR FY 2026-27



15) It is evident from the above paras that the DISCOM has not complied with the Hon'ble Commission direction and also not complied the loss targets as set under RDSS. Further, DISCOM has claimed transmission loss as 3.65% (average of monthly transmission loss of FY 2024-25) in Table 10 of the Petition, but DISCOM while computing the energy balance in Table 12 (A) has considered transmission loss as 5.84%. PFI requests the Hon'ble Commission to consider the distribution loss as approved by the Commission and Transmission Loss as 3.65%.

16) Accordingly, PFI has recomputed the energy balance, which is as follows:

Particular	Claimed by DoP, AP	Proposed by PFI
Energy sold (MU)	728	728
Distribution Loss (%)	39.76%	21.21%
Input Energy at DISCOM periphery (MU)	1,209	924
Transmission Loss (%)	5.84%	3.65%
Input Energy (MU)	1,284	959

17) It is observed that, owing to DoP, AP inability to effectively control system losses, the utility was required to procure an additional **325 MU** (1284-959) of energy, the burden of same should not be passed on to the consumers.

18) It is pertinent to state that, the Government of India has approved the RDSS to support DISCOMs in improving their operational efficiencies. One of the components on which RDSS Scheme focuses is Loss Reduction. Under this part, infrastructure strengthening works will include Aerial Bunch cables and HVDS for loss reduction, replacement of HT/LT lines as required, construction of new/ upgradation of substations, etc. is to be done. The sanctioned funds under RDSS for Loss reduction is Rs. 788 Cr.¹ (Source: RDSS portal) and physical progress as on date is only 20%. **Hon'ble Commission may direct DISCOM to utilize such fund and reduce the Distribution losses.**

19) In view of above, PFI proposes the Hon'ble Commission to direct DISCOM to submit the action plan to reduce the Distribution losses in line with the targets set under RDSS.

¹
https://rdss.powermin.gov.in:8443/uploads/informationdocs/170618653219Sanction%20Letter_26Nov22_Arunachal.pdf

PFI Comments: DoP, AP True-up FY 2024-25 and ARR FY 2026-27



C. POWER PURCHASE COST

C-1. UI Deviation

20) DoP, AP has considered 41.25 MU through deviations (Table 2.3 of the Petition) as part of Power Purchase Quantum and corresponding Rs. 28.83 Cr. as Power Procurement cost. It is observed that the Hon'ble Commission has not allowed the same in Tariff order dated 26/03/2025 and stated that energy received from UI/Deviation is not a source of power procurement.

21) The Commission has authority to not consider the UI charges and penalize the DISCOM if they find out the UI purchase is not done in economic and judicious manner. The relevant extract from the APTEL order in the matter concerning PSPCL (erstwhile PSEB), as referenced in **Appeal No 7, 24 & 122 of 2011**, provides the regulatory basis for such action. This authority stems from the Commission's mandate to ensure prudent power procurement practices, grid discipline, and protection of consumer interests under the provisions of PSERC MYT Regulations are as follows:

"19 (2).

At this frequency the Board is not expected to overdraw. Regulation 19(2) allows UI charges if power is purchased through UI mechanism in a judicious and economic manner. Such disallowance was on the basis of the decision of the Forum of Regulators dated 1.8.2009 and according to the appellant, it should be only from that date and not for the entire tariff year 2009-10."

22) Moreover, the Commission has explicitly specified that the Deviation is not a source of power procurement. The relevant extract from the True-Up Order FY 2023-24 is as follows:

"3.2.7The Commission has also not considered energy received from UI/Deviation as it is not a source of power procurement....."

23) PFI submits that such charges should not be considered, as these charges are a commercial mechanism for grid discipline and such charges must not be passed on to consumers.

Page 6 of 27

Secretary

State Electricity Regulatory Commission
Arunachal Pradesh

PFI Comments: DoP, AP True-up FY 2024-25 and ARR FY 2026-27

- 24) In view of above, PFI requests the Hon'ble Commission to not consider the Rs. 29 Cr. towards deviation charges. The same may be borne by the Govt. of Arunachal Pradesh in the form of subsidy.

C-2. Power Purchase Cost against High Distribution Loss

- 25) PFI in above para has computed the excess Power Purchase Quantum of 316 MU against the higher distribution losses. Accordingly, the excess Power Purchase cost corresponding to the excess quantum should not be passed on to the consumers. The same should be reduced from the Power Purchase cost as claimed by DoP, AP. PFI has removed Power Purchase Cost corresponding to 325 MU by considering the average Power Purchase Cost of Rs. 2.92/kWh (Rs. 473 Cr./ 1622 MU) as claimed by DISCOM.

Particulars	Claimed by DoP, AP	Proposed by PFI
Power Purchase Quantum (MU)	1,284	1,284
Power Purchase Cost (Rs. Cr.)	502	473
Avg. Power Purchase Cost (Rs./kWh)	3.91	3.69

- 26) Accordingly, PFI requests the Hon'ble Commission to reduce the Power Purchase Cost by Rs. 120 Cr.
- 27) In view of above, PFI requests the Hon'ble Commission to consider the Power Purchase Cost of Rs. 353 Cr. for FY 2024-25, the balance may be borne by the Govt. of Arunachal Pradesh in the form of subsidy.

(Rs. Cr.)

Particulars	Claimed by DoP, AP	Proposed by PFI	Difference
Power Purchase Cost	502	353	(149)
<i>Less: UI Charges</i>		29	
<i>Less: Against higher Distribution Loss</i>		120	

Page 7 of 27

Secretary

State Electricity Regulatory Commission
Arunachal Pradesh

PFI Comments: DoP, AP True-up FY 2024-25 and ARR FY 2026-27



C-3. FREE POWER

28) It is submitted that approximately 30% of the total power procurement of DoP, AP comes from free power allocated from Central and State Generating Stations. The details of the approved quantum vis-à-vis actual procurement of free power during the FY 2024-25 is as follows:

Parameters	Free Power from Central Plants	Free Power from State Plants	Total (MU)
Approved by the Hon'ble Commission	510	7	518
Actual procured by DoP, AP	495	9	505
Deviation (MU)	(15)	2	(13)

29) Due to the under-scheduling of allocated free power, DoP, AP was constrained to procure 13 MU from the other sources of power. Further, it is also noted that DISCOM has not provided the reason of not procuring free power as projected by the Hon'ble Commission.

30) PFI further observes that DoP, AP has not submitted monthly reports certified by Arunachal Pradesh SLDC that Merit Order Despatch principle has been followed in true spirit while scheduling the Power from various Generating Stations. Therefore, it is requested to Hon'ble Commission to direct DoP, AP to submit the details along with certification from SLDC that MoD has been followed in true letter and spirit.

D. RENEWABLE PURCHASE OBLIGATION

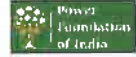
31) PFI notes that DoP, AP has not submitted any detailed information regarding its source-wise Renewable Purchase, RPO compliance and shortfall if any, as part of the present petition. The absence of such details prevents meaningful examination of statutory compliance with the applicable RPO Regulations.

32) Further, with respect to Hon'ble Commission RPO trajectory, it is submitted that energy transition is the need of the hour and in order to achieve the Country's target of 500 GW of RE by 2030 and Net Zero by 2070, it is important that every designated consumer including DISCOM should procure Renewable Energy at least equivalent to meet the yearly RPO Targets. In last few years the share of Renewable Energy has

(Signature)

Secretary

PFI Comments: DoP, AP True-up FY 2024-25 and ARR FY 2026-27



increased significantly which resulted in the concern of grid stability due to intermittent nature of RE and raised the challenges of providing Round the Clock power at affordable prices. To overcome these concerns, Renewable Energy Implementing Agencies like SECI have evolved from plain Vanilla tenders (procuring only Solar or wind energy) to the new age Tenders like RTC or FDRE (Firm & Dispatchable Renewable Energy) Tenders assuring providing round the clock power or peak power through Renewable plus storage combination. The intent of National RPO target is to provide firm and dispatchable renewable energy by providing power through Solar, Wind, Hydro, other Renewable Energy sources and Energy Storage. Further to save the transmission loss and charges, it is also important to have Distributed Renewable Energy to meet the load at the injecting point.

- 33) The prime motive of RPO is to increase share of Renewable energy in the total consumption and in order to promote different sources MoP have come up with technology wise targets. Further, considering the cost and transmission congestion, MoP introduced Distributed Renewable Energy (DRE) Target which include renewable projects upto 10 MW. The prime objective of the introducing DRE is to promote the local available RE and to save the related Transmission network cost, charges and Loss. The Renewable Energy (Solar & Wind) are mostly dominated in 6-7 States like Gujarat, Rajasthan, Tamil Nadu, Andhra Pradesh, etc., due to higher solar irradiance and wind density resulting higher CUF and higher power generation. However, to transmit that energy to the State like Arunachal Pradesh, DISCOMs need to pay ISTS charges and to develop InSTS network, but in case the renewable energy is within the State, DISCOMs does not need to pay ISTS charges which is in the range of 50-70 paisa/kWh and transmission losses, resulting reduction in power procurement cost. PFI has analyzed that the positive impact of higher CUF get nearly nullified considering impact of interstate transmission system and intra-state transmission system losses. Thus, PFI requests the Hon'ble Commission and DISCOM to promote DRE in the State.
- 34) It is evident from the above paras that every source is important to provide round the clock power and have minimum impact on grid.
- 35) In view of above, **PFI requests the Hon'ble Commission to direct DoP, AP to submit comprehensive and verified details of its RPO compliance for**

Page 9 of 27


Secretary

PFI Comments: DoP, AP True-up FY 2024-25 and ARR FY 2026-27



FY 2024-25, and if there is a shortfall and impose penalty on non-compliance of RPO targets as per buyout price of Rs. 245/MWh proposed by Hon'ble CERC vide its suo-moto Order 22/10/2025.

E. Compensation on Injury, death & damage

36) PFI notes that DISCOM claim the expenses booked on Compensation on injury, death & damage as part of O&M expenses.

37) PFI observes that Section 57 (2) and Section 59 (1) of the Electricity Act 2003 focus on two key points i.e., Compensation and Furnishing Case-wise information. Relevant sections are as follows:

"Section 57. (Consumer Protection: Standards of performance of licensee):

(1) The Appropriate Commission may, after consultation with the licensees and persons likely to be affected, specify standards of performance of a licensee or a class of licensees.

(2) If a licensee fails to meet the standards specified under sub-section (1), without prejudice against any penalty which may be imposed or prosecution be initiated, he shall be liable to pay such compensation to the person affected as may be determined by the Appropriate Commission:

Provided that before determination of compensation, the concerned licensee shall be given a reasonable opportunity of being heard.

Section 59. (Information with respect to levels of performance):

(1) Every licensee shall, within the period specified by the Appropriate Commission, furnish to the Commission the following information, namely:-

(a) the level of performance achieved under sub-section (1) of the section 57;

(b) the number of cases in which compensation was made under subsection (2) of section 57 and the aggregate amount of the compensation."


Secretary

PFI Comments: DoP, AP True-up FY 2024-25 and ARR FY 2026-27



- 38) Conjoint reading of Section 57 & Section 59 leads to the conclusion that DISCOMs need to submit case-by-case details to the Commission and the Commission will determine the compensation only after going through the merits of each case.
- 39) Further, Hon'ble APTEL vide its Judgment² dated 27/09/2012 in Appeal No.141 of 2012 provided clarification of Section 57(2) stating that SERCs will determine compensation on a case-by-case basis after analyzing the failure in meeting standard of performance and other details, relevant extract from said judgement is as follows:
"Section 57(2) provides for a case-by-case determination of compensation. Such compensation has to be paid to the affected person. This will make it clear that the State Commission will have to determine on the basis of allegation that a particular standard of performance had been violated, as to how and what extent the person has been affected due to such violation."
- 40) It is pertinent to note that all penalties and compensation payable by the DISCOM to any party for failure to meet any Standards of Performance or for damages, as a consequence of the orders of the Commission, Courts, Consumer Grievance Redressal Forum, and Ombudsman, etc., should not be allowed to be recovered through the Aggregate Revenue Requirement.
- 41) In view of above, PFI proposes the Hon'ble Commission to direct DISCOM to submit case-by-case reason of accident and allow pass through of compensation only in cases where the reason is not attributable to the DISCOM.

F. SUMMARY OF DoP, AP TRUE-UP PETITION FOR FY 2024-25

- 42) As stipulated above, summary of PFI Comments on True-up of FY 2024-25 for DoP, AP is as follows, Hon'ble Commission is requested to kindly consider the same.

(Rs. Cr.)

²https://www.aptel.gov.in/judgements/Judgment%20in%20APPEAL%20No.141%20of%202012_Replace_27092012_ssi.pdf


Secretary

PFI Comments: DoP, AP True-up FY 2024-25 and ARR FY 2026-27



Sr. No	Particulars	Claimed by DISCOM	Proposed by PFI	Difference
1	Sales	728	728	0
2	Distribution Loss	39.76%	21.21%	(18.55%)
3	Transmission Loss	5.87%	3.65%	(2.22%)
4	Collection Efficiency	100%	100%	0
5	Power Purchase Cost	502	353	(149)
5a	<i>Less: Power Purchase Cost over normative Distribution Loss</i>		120	
5b	<i>Less: UI Charges</i>		29	
6	Transmission Charges	95	95	0
7	Operation & Maintenance Expenses	448	448	0
7a	Employee Expenses	394	394	0
7b	Administrative & General (A&G) Expenses	12	12	0
7c	Repair & Maintenance (R&M) Expenses	42	42	0
8	Aggregate Revenue Requirement	1045	896	(149)
9	Non-Tariff Income	84	84	0
10	Net ARR	961	813	(149)
11	Revenue from Sale of Power	419	419	0
12	Revenue grant from GoAP	543	543	0
13	Revenue (Gap)/Surplus	0	149	149

- a) As above, PFI requests the Hon'ble Commission to consider the submissions made by PFI and as part of the Prudence Check. In view of above, it is noted that GoAP had release subsidy of Rs. 543 Cr. to the DISCOM but GoAP should also bear the inefficiency of Rs. 149 Cr. as computed by PFI. Thus, the total subsidy to be disbursed to DoP, AP will be Rs. 692 Cr. (543+149). However, it is also noted that DoP, AP has recovered revenue of Rs. 419 Cr. from tariff from the consumers of Arunachal Pradesh, so cumulating both leads to revenue recovered of Rs. 1111 Cr. (692+419). The inefficiencies may not be passed on the consumers and thus the tariff relief of Rs. 149 Cr. (1111-962) should be passed on to the consumers of Arunachal Pradesh with carrying cost in the ARR of FY 2026-27.

Augusta
Secretary

PFI Comments: DoP, AP True-up FY 2024-25 and ARR FY 2026-27



PFI Comments/Suggestions: DoP, AP ARR Petition for FY 2026-27

G. Monthly Demand, Power Quantum & Power Purchase Cost Projection

- 43) Power Purchase Cost accounts for 70-80% of the ARR of any DISCOM and therefore DISCOM as well as the Commission focus on optimizing the same which resulted into introduction of Merit Order Despatch principle and Resource Adequacy planning. Further, the Indian Power Sector is very dynamic and changing frequently with increase in renewable energy share resulting crash of short-term prices at Power exchange during the solar hours, Green Energy Open Access, tremendous growth in Rooftop solar/PM-Surya Ghar, deployment of Energy storage, etc. have impacted the process of demand projection and accordingly the power procurement. This mandates DISCOMs to cover such factors while projecting the sales and corresponding power procurement while filing the Tariff Petitions after considering hourly or at least monthly energy balance and monthly power purchase quantum and cost, which has not been observed in the case of DoP, AP Tariff Petition, wherein it has been noticed that State like Madhya Pradesh and Andhra Pradesh, the Tariff Petition include the projection of Power Purchase Quantum and Cost on monthly format basis and they also submit details related to MoD even in the projection part, the relevant pages from the Petitions are attached as **Appendix 2 & 3**.
- 44) Further, it is also observed that DISCOM has completed the Power Purchase Cost section in 3-4 pages only without submitting the basic details like assumptions considered for projecting plant-wise quantum like Capacity, DISCOM share, PLF, Minimum Technical Limit, annual overhauling/maintenance schedule, past generation trend, CERC/Commission Order for projecting Fixed Charges, etc. like other DISCOMs submit with the Petitions.
- 45) Hence, **it is requested to the Hon'ble Commission to direct DISCOMs to resubmit such details to the Commission and the same may be approved after prudence check of the details submitted by the DISCOMs.**

H. Distribution Loss Projection

- 46) DoP, AP has projected the Distribution Loss of 18.04% & Collection Efficiency as 100% considering the vast geographical area. However, it is observed that Hon'ble

Page 13 of 27

Secretary

State Electricity Regulatory Commission
Arunachal Pradesh

PFI Comments: DoP, AP True-up FY 2024-25 and ARR FY 2026-27



Commission has approved Distribution Loss of 14.14% & Collection Efficiency as 99% vide its Tariff Order date 26/03/2025. The summary is as follows:

Particulars	Projected by DoP, AP	Approved by Hon'ble Commission
Distribution Loss	18.04%	14.14%
Collection Efficiency	100.00%	99.00%
AT&C Loss	18.04%	15.00%

- 47) It is also noted that DoP, AP has been implementing Loss reduction work and Smart metering work under the Ministry of Power flagship scheme RDSS. In view of Hon'ble Commission target and undergoing work under RDSS, PFI requests the Hon'ble Commission to consider Distribution Loss as 14.14%. Accordingly, PFI requests the Commission to reduce the excess Power Purchase Quantum of 58 MU corresponding to higher AT&C losses (14.14%-18.04%)

Particulars	Projected by DoP, AP	Proposed by PFI	Difference
Distribution Loss	18.04%	14.14%	(3.90%)

- 48) Accordingly, PFI has recomputed the energy balance of DoP, AP as follows:

Particulars	Projected by DoP, AP	Proposed by PFI
Energy Sold (MU)	1013	1013
Distribution Loss (%)	18.04%	14.14%
Energy at DISCOM periphery (MU)	1236	1180
Transmission loss (%)	3.15%	3.15%
Input Energy (MU)	1277	1219

- 49) The excess Cost corresponding to above mentioned excess Power Purchase Quantum was reduced from the total Power Purchase Cost at an average Power Purchase Cost per unit.

I. Additional Revenue from True-up

- 50) PFI in the True-up section has computed the surplus Revenue collected by DoP, AP as Rs. 149 Cr. and the benefit of the same should be passed on to the consumers of Arunachal Pradesh after considering the carrying cost.

Secretary

PFI Comments: DoP, AP True-up FY 2024-25 and ARR FY 2026-27

51) As per Clause 2.6 (5) of APERC MYT Regulations, 2024, the carrying cost for the true-up amount (positive or negative) at interest rate equivalent to the normative interest rate of three hundred (300) basis points above the average State Bank of India MCLR (One Year Tenor) prevalent during the true-up year.

52) Accordingly, PFI has computed the carrying cost as follows:

Particulars	Proposed by PFI
Surplus Revenue (Rs. Cr.)	149
SBI MCLR rate 1 year (Avg. MCLR rate during FY 2024-25) (%)	8.90%
Carrying cost considered (%)	11.90%
Total Revenue (Rs. Cr.)	186

53) Accordingly, PFI requests the Hon'ble Commission to consider the additional revenue of Rs. 186 as part of ARR for FY 2026-27.

Particulars	Projected by DoP, AP	Proposed by PFI	Difference
Revenue from sale of Power	443	629	186

J. POWER PURCHASE COST PROJECTION

54) DoP, AP has considered an escalation of 5% on power purchase cost of FY 2024-25 for all generating stations.

55) It is submitted that the Central Government, vide MoF Notification No.9/2025-Central Tax (Rate) dated 17/09/2025, has increased the GST rate on coal from 5% to 18%; and vide Notification No. 2/2025-Compensation Cess (Rate) dated 17/09/2025, has abolished the Compensation Cess of Rs. 400/MT, with effect from 22/09/2025. The abolition of the Compensation Cess and the increase in the GST rate on coal have impact on the cost of coal to be procured by the generating companies. Hon'ble CERC vide its suo-moto order dated 1/10/2025, has mentioned that changes due to GOI notifications dated 17/09/2025, squarely fall within the ambit of a change in law event and will be applicable to all PPAs having a composite scheme and covered under Section 63 of the Act, except in case of the generating companies having captive coal mines.

Page 15 of 27

(Signature)
Secretary

PFI Comments: DoP, AP True-up FY 2024-25 and ARR FY 2026-27



- 56) It is expected that rationalisation of GST rates on coal from 5% to 18% and removal of compensation cess of Rs. 400 per ton, will reduce the cost of generation for coal-based power generators. Further, Ministry of Coal estimated that impact of the new reform on coal pricing and the power sector is a substantial reduction in overall tax burden, with coal grades G6 to G17 seeing decreases in the range of Rs. 13.40 per tonne to Rs. 329.61 per tonne. For the power sector, the average reduction is estimated to be around Rs. 260 per tonne, translating into a cut of 17-18 paise per kWh in the cost of generation.
- 57) Therefore, it will not be prudent to escalate the ARR of FY 2026-27 and allow upfront loading in Tariff, due to increased Power Purchase Cost, for the consumers of Arunachal Pradesh.
- 58) In view of above, PFI request to the Hon'ble Commission to consider Power Purchase Cost for FY 2026-27 as submitted by DoP, AP for FY 2024-25 without any escalation.
- 59) Accordingly, PFI has recomputed the Power Purchase cost for FY 2026-27 considering no escalation in the cost of power procured from thermal power plant and by reducing the UI charges, as follows:

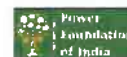
(Rs. Cr.)

Source of Power	Projected by DoP, AP	Proposed by PFI
NEEPCO	205.96	205.96
NTPC	191.88	174.04
NHPC	11.65	11.65
OTPC	41.9	41.9
Deviation	28.83	0
Reactive	0.02	0.02
Devi Energies	49.27	49.27
Kangteng Hydro	11.43	11.43
DHPD	0	0
HPDCAPL	1.69	1.69
APPCPL	7.16	7.16
Mis. exp.	1.05	0
Total	550.84	503.12

- 60) PFI in True-up section has requested the Hon'ble Commission to not consider the UI charges as it is penal in nature and cannot be passed on to the consumers. Further,

Page 16 of 27

(Signature)
Secretary

PFI Comments: DoP, AP True-up FY 2024-25 and ARR FY 2026-27

DoP, AP has considered Misc. charges of Rs. 1.05 Cr., PFI request the Hon'ble Commission to not consider the same as it leads to upfront loading on tariff and may be considered at the time of True-up after prudence check.

- 61) PFI in above para as recomputed the energy balance for DoP, AP for FY 2026-27 and requested to the Hon'ble Commission to reduce the excess power from the Power Purchase Quantum and Power Purchase Cost.

Particulars	Excess Power Purchase Quantum (MU)	Average Power Purchase Cost (Rs./kWh)	Power Purchase Cost (Rs. Cr.)
Power Purchase Cost against excess Distribution Loss	58	4.09	24

- 62) Therefore, PFI has recomputed the Power Purchase Cost for FY 2026-27 considering no escalation in Energy Charge Rate, reducing UI, Misc. expenses and excess quantum against higher Distribution Loss. **Accordingly, PFI requests the Hon'ble Commission to consider Power Purchase Cost as Rs. 479 Cr. Further, any difference in actual and allowed Power Purchase Cost will be automatically factored in Fuel and Power Purchase Adjustment Surcharge (FPPAS) mechanism socialize it to the consumers of Arunachal Pradesh.** The balance should be borne by the Govt. of Arunachal Pradesh in the form of subsidy.

(Rs. Cr.)

Particulars	Projected by DoP, AP	Proposed by PFI	Difference
Power Purchase Cost	551	479	(71)
Less: UI Charges		29	
Less: Escalation in Energy Charge Rate		18	
Less: Misc. Exp.		1	
Less: Higher Distribution Loss		24	

K. O&M Expenses

- 63) DoP, AP has claimed O&M Expenses as Rs. 477 Cr. against the Hon'ble Commission projected O&M Expenses as Rs. 465 Cr. by considering inflation on actual expenses of last 3 years. It is observed that the Hon'ble Commission in its Tariff Order dated

Page 17 of 27

Secretary

PFI Comments: DoP, AP True-up FY 2024-25 and ARR FY 2026-27



26/03/2025 has projected the O&M expenses for DoP, AP as per Clause 4.10 of APSERC MYT Regulations 2024, wherein Hon'ble Commission has escalated the A&G expenses and R&M expenses by escalation factor.

- 64) It is observed that DoP, AP has not provided the details of escalation factor considered for computing O&M expenses for FY 2026-27. In view of this, PFI requests the Hon'ble Commission to consider the O&M Expenses as approved by the Commission in its Tariff Order dated 26/03/2025 as Rs. 465 Cr., the balance may be borne by the Govt. of Arunachal Pradesh in the form of subsidy.

(Rs. Cr.)

Particulars	Projected by DoP, AP	Proposed by PFI	Difference
O&M Expenses	477	465	(12)

L. SUMMARY OF DoP, AP ARR & TARIFF PETITION FOR FY 2026-27

- 65) As stipulated above, summary of PFI Comments on ARR of FY 2026-27 for DoP, AP is as follows, Hon'ble Commission is requested to kindly consider the same.

(Rs. Cr.)

Sr. No.	Particulars	Claimed by DISCOM	Proposed by PFI	Difference
1	Sales	1013	1013	0
2	Distribution Loss			
2a	<i>Less: Distribution Loss not in line with the Commission trajectory</i>	18.04%	15.00%	(3.04%)
3	Transmission Loss	3.15%	3.15%	0%
4	Power Purchase Cost	551	479	(71)
4a	<i>Less: Power Purchase Cost over normative Distribution Loss</i>		18	
4b	<i>Less: UI Charges</i>		29	
4c	<i>Less: Misc. expenses</i>		1	
4d	<i>Less: High Distribution loss</i>		24	
5	Transmission Charges	103	103	0
6	Operation & Maintenance Expenses	477	465	(12)
6a	Employee Expenses	423	410	(13)

Page 18 of 27

Anupama
Secretary

PFI Comments: DoP, AP True-up FY 2024-25 and ARR FY 2026-27

Sr. No.	Particulars	Claimed by DISCOM	Proposed by PFI	Difference
6b	Administrative & General (A&G) Expenses	13	11	(3)
6c	Repair & Maintenance (R&M) Expenses	41	44	4
7	Aggregate Revenue Requirement	1131	1048	(83)
8	Non-Tariff Income	134	134	0
9	Net ARR	998	914	(83)
10	Revenue from Sale of Power including Surplus Revenue from FY 2024-25 True-up	443	629	186
11	Revenue from Sale of Power Outside the State	120	120	0
12	Revenue (Gap)/Surplus	(435)	(166)	270

- 66) In view of above, it is observed that DoP, AP has Revenue Gap of Rs. 166 Cr. instead of projected Revenue Gap of Rs. 435 Cr. PFI requests the Hon'ble Commission to kindly consider the same. Further, the Govt. of Arunachal Pradesh should provide additional subsidy of Rs. 270 Cr., on account of higher claims of DoP, AP as tabulated above, over and above the subsidy decided by Govt. of Arunachal Pradesh for FY 2026-27.

M. Bifurcation of DISCOM ARR into Wheeling & Retail Business

- 67) In order to implement the provisions of Electricity Act, 2003 related to competition and Open Access as per Section 42 and the provisions of the proposed Electricity (Amendment) Bill, 2025 mandating de-regulation of the consumers above 1 MW and parallel licensing within same area through shared network, there is a urgent need of filling separate Petition for Wheeling and Retail by DISCOMs which is being already followed by DISCOMs of Andhra Pradesh & Telangana (Appendix- 4 & 5). Such filling of Petition should be transparently and accurately linked to the Audited Accounts.
- 68) In view of above, PFI requests the Hon'ble Commission to direct DISCOM to submit separate Petition for Wheeling and Retail Business along with break-up of business-wise expenses and income in Audited Accounts.

PFI Comments: DoP, AP True-up FY 2024-25 and ARR FY 2026-27



N. ENERGY STORAGE

- 69) India's evolving energy storage policy framework underscores its commitment to enhancing grid flexibility and supporting renewable energy integration. Since 2019, a robust regulatory ecosystem has been crafted to support energy storage deployment through national initiatives around technical standards, legal frameworks, transmission charges, Resource Adequacy (RA) planning, market mechanisms, and financial incentives, as well as state-level initiatives.
- 70) In a significant regulatory development, the MoP clarified Legal Status to ESS on January 29, 2022. The order identifies Energy Storage Systems (ESS) as an essential component of the power system under the Electricity Act of 2003, permitting ESS to function as a standalone or integrated element within generation, transmission, or distribution networks. The ESS can be operated by various entities, and standalone ESS projects can be licensed independently and granted connectivity under specific rules, encouraging broader ESS applications and ownership models.
- 71) The Waiver of Inter-State Transmission System (ISTS) Charges for solar, wind (onshore and offshore), and green hydrogen projects was mandated by the Ministry of Power (MoP) on November 23, 2021, with subsequent amendments in November 2021, December 2022, May 2023, June 2023 & June 2025. The relevant extract is as follows:

a) ISTS charges waiver for Hydro PSP Projects for which the construction work has been awarded on or before 30th June 2028 shall be 100%.

b) ISTS charges waiver for co-located Battery Energy Storage System (BESS) Projects commissioned on or before 30th June, 2028 shall be 100%, if the power from such BESS projects is consumed outside of the state, where such BESS project is commissioned.

Provided that a BESS project shall be considered as co-located, if the BESS and RE projects are connected at the same ISTS sub-station.


Secretary

PFI Comments: DoP, AP True-up FY 2024-25 and ARR FY 2026-27



c) There will not be any ISTS charges waiver for Hydro PSP Projects, for which the construction work awarded after 30th June, 2028 and for co-located BESS commissioned after 30th June, 2028.

d) For BESS projects which are not co-located, the ISTS charges waiver shall be as per the extant orders issued by the Ministry of Power and CERC Regulations."

72) The Central Electricity Authority (CEA) on 28/06/2023, has established RA planning guidelines at both national and state levels, an important step forward, and has recently come up with state-wise RA reports with up to 5-year or 10-year RA projections. The CEA Resource Adequacy guidelines also outline a framework for incorporating ESS in RA planning.

73) Recent national and state government policies have begun to lay a foundation that will support ESS deployment and its integration into RA planning and procurement, electricity markets, and system operations.

74) Standalone and co-located ESS can play an important role in meeting RA requirements under India's emerging RA framework. Going forward, state-level RA frameworks need to be closely aligned with long-term planning and resource procurement processes to support cohesive implementation.

75) **In view of the above, PFI submits that Energy Storage is an effective tool for Energy arbitrage for DISCOMs in optimization of their Power Purchase Cost. For instance, in BESS, Batteries can be charged in the off-peak hours and can be discharged in Peak hours, thus, avoiding reliance of DISCOMs on high-cost short term Power from markets or not scheduling the high-cost Power Plants. With steep reduction in Battery prices and active participation by various companies, DISCOM necessitates to also consider Energy Storage as part of their Power Procurement Planning in line with Resource Adequacy Planning formulated by CEA for Arunachal Pradesh.**

O. PM Surya Ghar – Muft Bijli Yojna and Demand Side Management

76) PM Surya Ghar: Muft Bijli Yojana, the world's largest domestic rooftop solar initiative, is transforming India's energy landscape with a bold vision to supply solar power to

Page 21 of 27


Secretary

PFI Comments: DoP, AP True-up FY 2024-25 and ARR FY 2026-27



one crore households by March 2027. By March 2025, installations under the scheme are expected to exceed 10 lakh, with the numbers doubling to 20 lakh by October 2025, reaching 40 lakh by March 2026, and ultimately achieving the target of one crore by March 2027³. The scheme is projected to add 30 GW of solar capacity through rooftop installations in the residential sector, significantly contributing to India's renewable energy goals.

- 77) Through this rooftop solar scheme many domestic consumers will have Net metering connections which will have a sizeable impact on the domestic category sales. However, in the Tariff Petition for ARR of FY 2026-27, it is noted that none of the DISCOMs have submitted any proposal related to **PM Surya Ghar – Muft Bijli Yojna**.
- 78) Further, it is observed that the DISCOMs have also not submitted any proposal related to **Demand Side Management (DSM) initiatives**. DSM is a strategic approach to energy conservation that seeks to manage consumer demand for energy rather than simply supply it. It is a coordinated set of activities and programs undertaken by electric utilities, developers, government agencies, and end-use customers to ensure that electric power service can be delivered to consumers at the lowest cost consistent with reliable supply. DSM also seeks to promote energy conservation and peak load reduction through voluntary or mandatory actions taken by the above-mentioned participants.
- 79) In view of above, PFI submits that Sales forecast for DISCOMs in ARR of FY 2026-27 may be done considering the impact of **PM Surya Ghar – Muft Bijli Yojna and Demand Side Management (DSM) initiatives**.

P. GFA OR NFA approach for Return on Equity

- 80) Under Section 181 of the Electricity Act, 2003, SERC has been defined specific function to frame Regulations. Sub-Section (1) of Section 181 stipulates that “*The State Commission may, by notification make regulations consistent with this Act and the rules generally to carry out the provisions of this Act.*”

³ <https://pib.gov.in/PressReleasePage.aspx?PRID=2081250>


Secretary

PFI Comments: DoP, AP True-up FY 2024-25 and ARR FY 2026-27



- 81) Section 61 of the Electricity Act, 2003, pertains specifically to framework of Tariff Regulations by appropriate Commission. Sub-Section (d) of Section 61 stipulates that while framing Tariff Regulations, appropriate Commission may be guided by various factors including "**safeguarding of consumers' interest and at the same time, recovery of the cost of electricity in a reasonable manner;**"
- 82) Taking an ideal case of Transformer, whose useful life is 25 years. Based on such useful life, Depreciation is first calculated for 12 years which is linked to 70% of loan repayment. Balance Depreciation till 90% is segregated over balance useful life of 25 years.
- 83) As mandated u/s 61 (d), stipulated above, there has to **be recovery of cost of Electricity in a reasonable manner**. Beneficiaries pay for the cost of electricity till 25 years. Initially, Capital Cost is split into 70 : 30 :: Debt : Equity which is being currently dealt as follows :

- **For 1st 12 years** (ref: Regulation 4.8 of APSERC Tariff Regulations, 2018)
 - Loan Repayment equivalent to 70% of Capital Cost, is being linked to Depreciation and it's Interest portion is allowed as separate line item in Fixed Cost.
 - Return on Equity is allowed yearly on 30% of Capital Cost without depreciating the equity base since, depreciation is being linked to Debt component.

"(3) The repayment for the year during the tariff period from FY 2019-20 to FY 2021-22 shall be deemed to be equal to the depreciation allowed for that year.

(4) Notwithstanding any moratorium period availed by the Generating Company or the Transmission Licensee or the Distribution Licensee, as the case may be, the repayment of loan shall be considered from the first year of commercial operation of the project and shall be equal to the annual depreciation allowed."

- **Balance Useful Life of 13 years**
 - Loan has been fully repaid whose principal payment was linked to Depreciation i.e., asset has now been 70% Depreciated.
 - Depreciation is still allowed as an expense in Fixed Cost till 25 years but Equity Base is not reduced.

Page 23 of 27

Secretary

State Electricity Regulatory Commission
Arunachal Pradesh

PFI Comments: DoP, AP True-up FY 2024-25 and ARR FY 2026-27



- Till 100% Loan repayment, which translates to recovery of 70% of Capital Cost, Depreciation used to reduce the Loan Base by linking with loan repayment but once loan is fully repaid Depreciation is still allowed as an expense in Annual Fixed Charges and RoE is allowed on total Equity Base which is same as that on Year 1.

- 84) **So, a utility, after 12 years (when loan has been fully repaid) receives Depreciation in Fixed Charges and also RoE on full Equity Base. Rather, after 12 years, RoE should be allowed on Net Fixed Asset basis and Equity Base should be reduced by Depreciation since Depreciation is allowed as an expense even after 12 years recovered from consumers.**

Other SERCs where NFA approach is adopted

- 85) Andra Pradesh Electricity Regulatory Commission, Delhi Electricity Regulatory Commission.

CERC Order dtd. 13/08/2021 – NFA Approach for Emission Control System

- 86) Hon'ble CERC in it's Order dtd. 13/08/2021 related to determination of Compensation on account of installation of Emission Control System has considered NFA approach as follows:

"36. We have considered all the suggestions and comments of the stakeholders. However, the Commission notes that the approach of net fixed assets and cost of capital employed suggested in the draft Suo-Motu order satisfies the principle of economic restitution. The Commission is aware of the concerns and financial position of the generating companies. However, compensation for change in law cannot be a mechanism to improve their financial position. Accordingly, the proposed approach of servicing investment through cost of capital employed is appropriate, being consistent with the principle of economic restitution."

CERC Order dtd. 30/07/2016 – NFA Approach for BTPS

- 87) Hon'ble CERC in it's Order dtd. 30/07/2016 related to Truing up of Fixed Cost of 705 MW of BTPS (3 x 95 + 2 x 210) for the period from 1/4/2009 to 31/03/2014, had decided NFA approach post repayment of loan, tabulated as follows:

"63. The respondent, BRPL has requested the Commission to direct the petitioner to furnish the actual Corporate tax paid against the BTPS duly audited and

Page 24 of 27


Secretary

State Electricity Regulatory Commission
Arunachal Pradesh

PFI Comments: DoP, AP True-up FY 2024-25 and ARR FY 2026-27

certified by the Auditors. In response the petitioner has submitted that the Commission has already upheld the contention of the Petitioner, and therefore, this is a settled matter. **As per methodology under NFA approach, return would be provided on constant equity component till the loans are fully paid and once the loans are fully repaid subsequent depreciation recovery would be utilized towards notional reduction in equity.** In other words, return on equity would be calculated on reducing equity base once the loan is fully repaid notionally. The net equity worked out on cash basis as on 1.4.2009 is ₹17946.58 lakh whereas ₹17848.20 lakh has been considered by the petitioner for purpose of tariff. The grossing up of the base rate has been done with respect to the actual tax rate applicable to the petitioner for the years 2009-10, 2010-11, 2011-12, 2012-13 and 2013-14. Accordingly, return on equity has been worked out on the normative net equity as on 1.4.2009 after accounting for the admitted actual additional capital expenditure for the period 2009-14 as above. Return on Equity has been computed as under:-

	(₹ in lakh)				
	2009-10	2010-11	2011-12	2012-13	2013-14
Opening notional equity	17923.71	15699.11	13873.71	14063.84	12366.63
Addition due to Additional Capitalisation	14.65	174.78	781.73	279.06	25.00
Repayment of Equity (balance of depreciation after repayment of loan)	2239.25	2000.18	591.60	1976.27	2448.21
Closing Equity	15699.11	13873.71	14063.84	12366.63	9943.42
Average Equity	16811.41	14786.41	13968.77	13215.23	11155.02
Return on Equity (Base Rate) (%)	15.50	15.50	15.50	15.50	15.50
Tax rate (%)	33.990	33.218	32.445	32.445	33.990
Rate of Return on Equity (Pre Tax) (%)	23.481	23.210	22.944	22.944	23.481
Return on Equity (Pre Tax)	3947.49	3431.93	3204.99	3032.10	2619.31

- 88) In view of above, it is noted that since beneficiaries are required to pay for the useful value of the assets in operation, therefore NFA approach would be in tandem with Section 61 (d) of the Act.
- 89) GFA approach leads DISCOMs to earn return on depreciated assets. Therefore, the capital cost may be divided in the ratio of loans and equity and the loan amount may be reduced to the extent of depreciation accrued. Once the loan is fully repaid, further depreciation must reduce the Equity component as still depreciation is allowed to be recovered in Fixed Cost even after full repayment of loan.
- 90) **Working Methodology of GFA and proposed NFA Approach is Annexed herewith as Appendix-6 (only RoE, IoL and Depreciation), wherein it may be noted that from 20th Year onwards Equity Base is reduced, after repayment of Loan,**

Page 25 of 27


Secretary

PFI Comments: DoP, AP True-up FY 2024-25 and ARR FY 2026-27



through Depreciation. Cumulative RoE till 25 years is Rs. 105.60 Cr. whereas under NFA approach is Rs. 95.71 Cr.

- 91) In view of above, PFI requests the Hon'ble Commission to direct DISCOMs to submit the details in line of Regulation.

Page 26 of 27


Secretary

PFI Comments: DoP, AP True-up FY 2024-25 and ARR FY 2026-27



PRAYERS BEFORE HON'BLE APSERC:-


- 1) To consider the comments / suggestions of Power Foundation of India (PFI) on Tariff Petition for FY 2024-25 & ARR Petition for FY 2026-27 of DoP, AP.
- 2) To direct DoP, AP to submit Audited Accounts, Formats and Annexures with the Petition in line with the APSERC MYT Regulations, 2024 and penalize DoP, AP under Section 142 of the Electricity Act, 2003 for non-compliance of Hon'ble Commission directions.
- 3) To consider the Distribution Loss as approved by the Hon'ble Commission for FY 2024-25 & FY 2026-27.
- 4) The inefficiencies of DoP, AP should not be allowed to socialize to consumers at large rather it should be borne by Government of Arunachal Pradesh by providing subsidy of Rs 692 Cr. instead of booked subsidy of Rs. 543 Cr. for FY 2024-25. Further, Govt. of Arunachal Pradesh should provide additional subsidy of Rs. 270 Cr. on account of higher claims of DISCOM, over and above the subsidy to be decided by Govt. of Arunachal Pradesh for FY 2026-27.
- 5) To direct DoP, AP to submit the projection for Energy Balance, Power Purchase Quantum & Cost on monthly basis.
- 6) To direct DoP, AP to submit the source-wise Renewable Energy compliance.
- 7) To direct DISCOMs to submit separate Petition for Wheeling and Retail Business along with break-up of business-wise expenses and income in Audited Accounts.
- 8) To consider the additional submissions, if any, made by PFI for DoP, AP True-up & ARR Petition.

Page 27 of 27



Secretary
State Electricity Regulatory Commission
Arunachal Pradesh

3. Observation from Arunachal Chamber of Commerce & Industries

**ARUNACHAL CHAMBER OF COMMERCE & INDUSTRIES (ACC&I)**
OFFICE OF THE
Head Office: D-Sector, Barapani, Market Line, Naharlagun - 791110
District Papum Pare, Arunachal Pradesh
Affiliated: Confederation of Indian Industry (CII)
Email: acciarun@gmail.com/tarhnachung@gmail.com
Registration No. SR/ITA/105
Estd.: 1986

Dr. TARH NACHUNG
President
Ph: 8528971590

16-17 Co
17-22 Co
17-18 Co
15 Ge
1-24 Ge
12 Ge
17

Ref. No.: ACCI-228/2026
Date: 22/01/2026

To
The Secretary
APSERC
2nd Floor Niti Vihar Market
T.T Marg Niti Vihar
Itanagar - 791111

Sub :- Public Hearing on Tariff Petition filed by DoP.
Ref :- Your Public Notice dated 13th January 2026.

Sir,
Suggestions and Observations on Tariff Petition for FY 2026-27.

1. At the outset, I would like to extend my sincere appreciation to the Department of Power for the timely and meticulous submission of the Tariff Petition for the year 2026-27, notably without proposing any tariff hike for consumers.
2. Sir, I have carefully examined the Tariff Petition and taken note of the key data furnished therein, as well as the compliance reported with the directives of the Hon'ble APSERC issued in the Tariff Order for FY 2025-26.
3. It is observed that the total number of consumers, as per the data provided, stands at 3,13,070 (Page 6), and the projected consumer base for FY 2026-27, based on the Compound Annual Growth Rate, is 3,29,638 (Page 9). However, no bifurcation has been provided between prepaid and postpaid consumers. The same may kindly be furnished for clarity and completeness of the data.
4. Time and again, we have highlighted the issue of interest-bearing Security Deposits collected from various categories of consumers and the interest accrued thereon since FY 2012-13, which has still not been adjusted against the energy bills of consumers. Despite clear directives issued by the Hon'ble Commission, the matter has not been addressed in its true spirit by the distribution licensee, resulting in widespread dissatisfaction among consumers. This issue has been repeatedly raised by us in various meetings, including the recent State Advisory Committee (SAC) meeting.
5. We understand that this is a complex issue requiring careful examination to arrive at a solution acceptable to all stakeholders. In this regard, we once again offer our services to assist the Department of Power in resolving the matter in the larger interest of consumers. The same may kindly be noted, and appropriate action in this regard is earnestly solicited.

406
Dtd, 23/1/26


Secretary

6. Further, it is observed that the estimated power received for FY 2025-26 is shown as 1,664.76 MU (Page 22), while the projection for FY 2026-27 is 1,662.80 MU. In this context, it is pertinent to point out that the Lower Subansiri Hydro Electric Project has already been commissioned and is operating successfully. However, the energy share from this project—both free power and allocated share—has not been reflected in the said table. Without accounting for this energy, the projection does not present a comprehensive picture and may not reflect the actual or likely impact on energy accounting for FY 2025-26 and FY 2026-27. This omission will also have implications during the true-up exercise by the Hon'ble APERC. It is therefore requested that the energy contribution from the Lower Subansiri Project be duly incorporated in the energy balance.
7. It is also observed that incentives for bulk power consumer industries have not been provided for in the Tariff Petition, as envisaged under the APERC Supply Code-2024 (Clause -2.7 page 11) In this regard, it is humbly suggested that a 2% incentive may be extended to industries that consistently maintain a very good power factor, which would also contribute to system efficiency.
8. We have expressed our concerns and suggested alternative remedies within the scope of the Supply Code regarding the phasing of the Security Deposit, which would be advantageous to both the Department of Power and the industrial consumers. We humbly request that our suggestions be given due consideration in the larger interest of industrial consumers.
9. Further, we submit that the sanctioning power of load may rest with the Commercial wing for effective overall monitoring, and that the designated authority for execution of agreements may also be vested with the Commercial Zone, keeping in view administrative efficiency and consumer interest.
10. We sincerely thank the Hon'ble Commission and the Department of Power for the opportunity provided to us to place our views and suggestions on record, in the larger interest of consumers in particular and the State in general.

Yours faithfully,



Dr. Tarh Nachung
President ACC&I
Member SAC APERC

Copy to :-

1. The Chief Engineer (P) Commercial cum Chief Electrical Inspector, Vidyut Bhawan Ziro Point Tinali, Itanagar, 791111 for information and kind necessary action please.
2. Notice Board /Office Copy.


Secretary

4. Reply from APDoP, GoAP on the queries raised during public hearing



GOVERNMENT OF ARUNACHAL PRADESH
DEPARTMENT OF POWER

Office of the Chief Engineer (Commercial)
cum Chief Electrical Inspector,
Vidyut Bhawan, Itanagar - 791111
(Arunachal Pradesh)

email: cecomita@gmail.com

No. CE(Com)/Tariff/31/2025-26/ 5154-58 Dated Itanagar, the 23rd February 2026

To,

✓ The Secretary,
Arunachal Pradesh State Electricity Regulatory Commission,
O. T. Building, 2nd Floor, Niti Vihar Market
T. T. Marg, Niti Vihar
Itanagar - 791 111 (Arunachal Pradesh.)

Sub: Submission of Point-wise Replies to Observations of Stakeholders.

Ref: Public Notice No. APSERC/RA-9/II/2025-26/635 dated 13.01.2026

Sir,

With reference to the above Public Notice issued by the Hon'ble Commission and the Public Hearing conducted on 23rd January, 2026 regarding filing of True-up for FY 2024-25, Annual Performance Review (APR) for FY 2025-26, Aggregate Revenue Requirement (ARR) and Retail Tariff Proposal for FY 2026-27, it is submitted that this office has received written observations from the following 3 (three) stakeholders:

- (i) Arunachal Chamber of Commerce
- (ii) Parasam Alloycraft Industries LLP
- (iii) Power Foundation of India

Accordingly, the enclosed point-wise replies to the observations submitted by the above stakeholders have been affirmed on affidavit and are respectfully submitted for kind consideration of the Hon'ble Commission.

This is for your kind information and further necessary action please.

Enclosure: As stated above.

Yours faithfully,


Chief Engineer (Commercial) cum CEI
Department of Power,
Itanagar

Page 1 of 2


Secretary

State Electricity Regulatory Commission
Arunachal Pradesh

No. CE(Com)/Tariff/31/2025-26/

Dated Itanagar, the

February 2026

Copy to:

1. The Commissioner (Power), Block No.1, 4th Floor, AP Civil Secretariat, Govt. of Arunachal Pradesh, Itanagar along with a copy of the replies for kind information, please.
2. The Executive Director, Power Foundation of India, B-28, Qutab Institutional Area, New Delhi-110 016 along with a copy of the replies for kind information, please.
3. M/s Parasam Alloycraft Industries LLP, Shop No.15, 2nd Floor, A T Road, Paltan Bazar, Guwahati G.P.O., Kamrup 781001, Assam, along with a copy of the replies for kind information, please.
4. Arunachal Chamber of Commerce & Industries (ACC&I), D-Sector, Barapani, Market Line, Naharlagun 791110, District Papum Pare, Arunachal Pradesh along with a copy of the replies for kind information, please.

Chief Engineer (Commercial) cum CEI
Department of Power,
Itanagar

Page 2 of 2





AFFIDAVIT



Mr. Kajum Gibi, aged about 60 years, S/o. Lt. Kajum Gibi, presently serving as Chief Engineer (Commercial)-cum Chief Electrical Inspector under the Department of Power, Itanagar, Arunachal Pradesh, do hereby affirm and state as follows:

1. That I am fully conversant with the facts and the circumstances of the case and am competent and duly authorised to swear and sign this Affidavit on behalf of the Department of Power, Arunachal Pradesh.
2. That the statements made in Reply-I, Reply-II and Reply-III filed in response to the observations/comments submitted by the Arunachal Chamber of Commerce & Industries (ACC&I), Prasam Alloycraft Industries LLP, and Power Foundation of India (PFI), respectively, in connection with the True-up for FY 2024-25, Annual Performance Review for FY 2025-26, and Approval of ARR & Retail Tariff Proposal for FY 2026-27, are based on official records and are true to the best of my knowledge and belief.

"OATH"

I hereby solemnly affirm that the statements made hereinabove are true and correct to the best of my knowledge and belief and that nothing material has been concealed therefrom.

Signed this Affidavit at Itanagar, Arunachal Pradesh, on this...^{23rd} day of February 2026.



Hage Nibo
DEPONENT

Adv. Hage Nibo
Advocate & Notary Public, Govt. of A.P
D.C Office, Chandra Nagar, Itanagar
Regd. No : 20/2023
Expiry : 01/08/2028

[Signature]
Secretary

REPLY – I

Reply to the Observations of Arunachal Chamber of Commerce & Industries (ACC&I)

The point-wise replies are as follows:

1.

The submission is acknowledged.

The Department of Power, Arunachal Pradesh (DoP, AP) remains committed to filing tariff petitions within the stipulated timelines and in compliance with the APSERC MYT Regulations, 2024, while making all efforts to avoid any tariff shock to consumers. The same objective has guided the preparation of the Tariff Petition for FY 2026–27.

2.

DoP, AP submits that the Tariff Petition for FY 2026–27 has been prepared after due consideration of the directives issued by the Hon'ble Commission in the Tariff Order for FY 2025–26. The compliance status has been duly reflected in the Petition, and any item requiring further clarification shall be furnished as and when directed by the Hon'ble Commission.

3.

The submission is noted.

DoP, AP submits that the consumer projections have been made based on historical trends and the approved methodology under the MYT framework.

The bifurcation between prepaid and post-paid consumers shall be furnished to the Hon'ble Commission, if so directed. It is further submitted that, upon completion of the RDSS Project, all consumers shall be provided with smart prepaid/prepaid meters.

4.

The issue relating to Security Deposits and interest thereon has been taken note of.

DoP, AP submits that the matter involves legacy data reconciliation, system integration, and procedural examination, and is being examined in accordance with:

Applicable provisions of the Electricity Act, 2003; and

Page 1 of 3



Secretary

(ii) The APSERC Supply Code.

DoP, AP is addressing the matter in a systematic and phased manner, keeping in view consumer interest and regulatory directions. In this regard, necessary directions have been issued to incorporate the said provision in the billing software vide Letter No. CE(COM)/Tariff/31/2025-26/4644 dated 25-01-2026, copy enclosed.

5.

The submission and offer of assistance by ACC&I are appreciated and noted.

6.

DoP, AP submits that power availability and energy accounting are based on actual drawal, allocation schedules, and operational status during the relevant period.

The contribution from projects such as Lower Subansiri HEP, including free power and allocated share, shall be appropriately reflected based on actual availability and confirmed allocation, and the same will be duly considered at the time of True-up, in accordance with the APSERC MYT Regulations, 2024.

7.

The submission regarding provision of incentive to bulk power consumer industries maintaining a very good power factor is noted.

In this regard, it is submitted that the Industries Department, Government of Arunachal Pradesh, is already extending various incentives and subsidies to industrial consumers under the prevailing Industrial Policy. The matter relating to additional tariff-based incentive for maintaining higher power factor may be examined separately in accordance with the applicable provisions of the APSERC Supply Code, 2024 and relevant Tariff Regulations.

8.

The matter pertains to regulatory provisions under the Supply Code. DoP, AP shall abide by any direction issued by the Hon'ble Commission in this regard.



is submitted that vide Order No. PWRS/E-31/2010/2859-72 dated the Government of Arunachal Pradesh has already reorganized the

Page 2 of 3

Secretary

Department of Power and vested all commercial functions with the Commercial Zone under the Chief Engineer (Commercial)-cum-Chief Electrical Inspector.

As per the said Order, matters relating to commercial operations, including sanction of new electricity connections above 50 kW of connected load and other revenue and consumer-related functions, are already within the jurisdiction and responsibility of the Commercial Zone.

Accordingly, the suggestion stands addressed under the existing administrative arrangement.

10.

The submission is acknowledged.


Chief Engineer, Coml. cum CEI
Department Power,
Itanagar



Page 3 of 3


Secretary

REPLY – II

Reply to the Observations of Prasam Alloycraft Industries LLP

Reply to Paras 8 & 9

The Annual Audited Accounts, Formats and all Annexures were duly submitted to the Hon'ble Commission in triplicate along with the True-up Petition. Soft copies were also furnished.

Further, the Annual Audited Accounts are available on the official web portal of the Department of Power, Arunachal Pradesh (DoP, AP).

Accordingly, the contention regarding non-availability of records does not survive.

B. True-up for FY 2024-25

I. Power Purchase Quantum (Para 10)

It is respectfully submitted that the figures reflected in the True-up Petition represent actual power purchase and sales during FY 2024-25.

The quantum approved in the Tariff Order dated 26.03.2025 was based on projections. True-up, by its very nature, is a reconciliation of approved projections with audited actuals.

Power procurement is undertaken based on actual system requirements and statutory obligation to ensure reliable and continuous supply. It cannot be retrospectively restricted solely on normative loss assumptions without considering:

- Seasonal and diurnal demand variation;
- Grid reliability requirements;
- Operational constraints and real-time scheduling conditions.

The claimed quantum is therefore based on audited actuals and is subject to prudence check by the Hon'ble Commission under the MYT framework.



II. Power Purchase Cost (Para 11)

Power Purchase Cost constitutes the largest component of ARR and varies based on actual demand and supply conditions.


Secretary

The approved cost was projection-based, whereas the True-up claim is based on audited actual expenditure. All supporting bills and accounts have been submitted to the Hon'ble Commission.

Any variation from approved levels is subject to prudence examination and cannot be evaluated merely on arithmetic comparison with projections.

III. Power Purchase from Other Sources (Deviation) (Paras 12–14)

Deviation drawal is not a planned source of procurement. Such instances arise due to real-time grid dynamics and operational exigencies to maintain uninterrupted supply.

The Petitioner has taken proactive steps to reduce deviation import:

- FY 2023-24: 98.18 MU
- FY 2024-25: 41.25 MU

This reflects a reduction of approximately 58%, demonstrating improved grid discipline.

The per-unit cost of Rs. 6.99/kWh reflects prevailing DSM market rates. Further, the resultant revenue gap is fully covered through State Government Grant, and no additional burden is passed on to consumers.

The Hon'ble Commission may therefore consider the deviation cost of Rs. 28.83 Crore under prudence check.

IV. Employee Expenses (Para 15)

Employee expenses of Rs. 394.08 Crore represent audited actual expenditure.

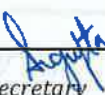
The increase over FY 2023-24 is marginal, indicating no abnormal escalation in establishment costs.

Approved figures were projection-based; True-up reflects audited actuals in compliance with MYT Regulations.

The Hon'ble Commission may examine the same under prudence check and allow the actual expenditure.



V. Repair & Maintenance (R&M) Expenses (Para 16)


Secretary

R&M expenses are incurred to maintain system reliability and network stability.

The variation from approved levels is marginal and represents audited actual expenditure.

Given the nature of distribution operations, minor variations are inevitable and justified.

VI. Administrative & General (A&G) Expenses (Para 17)

A&G expenses represent routine operational expenditure and are based on audited accounts.

The Hon'ble Commission may examine the same under prudence check and allow the actual expenditure in accordance with MYT principles.

C. Annual Performance Review (FY 2025-26) (Paras 18–21)

APR figures are estimates based on prevailing operational conditions.

Power procurement and O&M expenses are driven by system requirements and reliability considerations, not merely sales growth.

All estimates remain subject to final True-up based on audited actuals.

D. Aggregate Revenue Requirement (FY 2026-27) (Paras 22–31)

ARR projections are prepared based on:

- Historical trends
- Seasonal load patterns
- Demand growth
- Operational realities

These projections are not final determinations and are subject to prudence check and subsequent True-up.

E. AT&C Losses (Paras 32–36)

The projected AT&C losses are realistic considering:
• Difficult terrain and geographical constraints;

Page 3 of 5




Secretary

- Scattered consumer base;
- Infrastructure limitations.

RDSS implementation is under implementation and is expected to progressively reduce losses.

F. Compliance of Directives (Paras 37–38)

Compliance with directives is an ongoing process.

As a State Government Department, certain measures require administrative approvals and budgetary allocations.

The Petitioner remains fully committed to regulatory compliance and is taking necessary steps in accordance with implementation timelines.

G. Tariff Proposal & Ferro-Alloy Tariff (Paras 39–40)

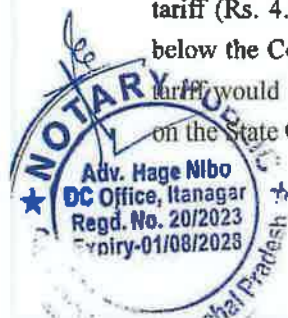
The Industries Department, Government of Arunachal Pradesh, already provides various incentives under the prevailing Industrial Policy.

Creation of a separate Ferro-Alloy tariff category would:

- Further widen the revenue gap;
- Increase dependence on Government Grant;
- Disturb tariff balance across categories.

The present tariff for the Industrial category is already substantially lower than the actual Cost of Supply and is sustained only due to Government support. While the stakeholder has indicated an Average Cost of Supply (ACS) of approximately Rs. 8.66–9.00 per kWh, the approved tariff for HT Industrial consumers (132 kV) is only Rs. 4.00 per kWh, thereby reflecting a significant revenue gap.

Industrial consumption presently accounts for 206.07 MU (approximately 30%) out of the total 728.18 MU consumption. With additional ferrous units expected to be commissioned, this share may increase to 40–45%. Given that the existing industrial tariff (Rs. 4.00 per kWh at 132 kV) is already highly competitive and substantially below the Cost of Supply, introduction of a separate Ferro-Alloy category at a lower tariff would further widen the revenue gap and impose an additional financial burden on the State Government.



Page 4 of 5


Secretary

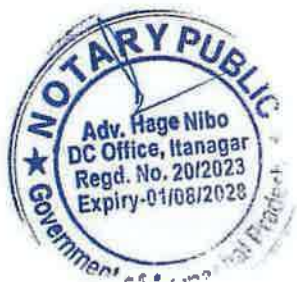
In view of the high cost of supply and revenue deficit position, introduction of a separate Ferro-Alloy category is not warranted at this stage.

The Hon'ble Commission may kindly reject the proposal.

H. Prayer

In view of the above submissions, the Hon'ble Commission may:

- (i) Undertake prudence check in accordance with MYT Regulations; and
- (ii) Disallow objections based on notional assumptions unsupported by operational realities.




Chief Engineer, Comk. cum CEI
Department Power,
Itanagar


Secretary

REPLY – III

Reply to the Observations of Power Foundation of India (PFI)

A. Availability of Audited Accounts (Paras 1–10)

It is respectfully submitted that the Annual Audited Accounts, Tariff Formats and Annexures for FY 2024-25 were submitted to the Hon'ble Commission in triplicate along with the True-up Petition. Soft copies were also furnished.

Further, the audited accounts have been uploaded on the official website of the Department of Power, Arunachal Pradesh (DoP, AP).

The True-up exercise has been undertaken strictly in accordance with Regulations 2.6 and 3.1 of the APSERC MYT Regulations, 2024. All claims are based on audited financial statements.

Accordingly, the allegation of non-compliance is denied.

B. Distribution Loss (Paras 11–19)

The actual Distribution Loss of 39.76% represents audited operational performance for FY 2024-25.

The approved loss trajectory is projection-based, whereas True-up reflects actuals subject to prudence check.

The State's difficult terrain, dispersed load centres, and infrastructure constraints significantly impact loss levels.

The total Transmission Loss is 75.40 MU on the 1,091.34 MU of Energy Injected from the Grid amounting to 6.90%. Transmission loss of 6.90% comprises:

- 3.65% Inter-State loss (as per Grid Controller of India); and
- 3.25% Intra-State loss (as approved by the Hon'ble Commission).

The Department is implementing RDSS schemes for loss reduction, including:

- Network strengthening,
- Feeder metering,
- Smart metering,
- Infrastructure upgradation.

Loss reduction is an ongoing process, and improvements will progressively reflect in




Secretary

C. Power Purchase Cost

C-1. Deviation (UI) Charges (Paras 20–24)

Deviation drawal is not by choice and is not a planned source of procurement; it occurs due to unavoidable grid dynamics and real-time operational constraints

The deviation quantum has been reduced significantly from 98.18 MU (FY 2023-24) to 41.25 MU (FY 2024-25), reflecting improved grid discipline.

The deviation cost is fully covered by the State Government through Grant, ensuring no additional burden on consumers.

The Hon'ble Commission is requested to consider the same under prudence check and approve the deviation.

C-2. Power Purchase vis-à-vis Distribution Loss (Paras 25–27)

Power procurement is undertaken to ensure uninterrupted supply in compliance with statutory obligations under the Electricity Act, 2003. The revenue gap arising therefrom is entirely covered through State Government Grant, ensuring no additional financial impact on consumers.

Reduction of approved power purchase on notional recomputation basis may adversely affect system reliability.

The claimed figures are audited actuals and subject to prudence examination.

C-3. Free Power (Paras 28–30)

Free power entitlement is percentage-based on actual hydro generation, which varies due to climatic conditions.

The quantum of free power is beyond the control of DoP, AP.

There has been no intentional under-scheduling.

Merit Order Dispatch principles are followed in coordination with SLDC.

SLDC-certified records, if so directed by the Hon'ble Commission, shall be duly furnished.

D. Renewable Purchase Obligation (Paras 31–35)



Page 2 of 5


Secretary

The RPO compliance statement for FY 2024-25 has been submitted to the Hon'ble Commission on a quarterly basis for each quarter.

D32–D34. Noted.

There is no shortfall in RPO compliance for FY 2024-25

E. Compensation on Injury, Death & Damage (Paras 36–41)

No compensation expenses were incurred in 2024-25.

E37–E41. Noted.

F. Summary of DoP, AP True-Up FY 2024-25

The True-up Petition has been filed in accordance with:

- APSERC MYT Regulations, 2024;
- Electricity Act, 2003; and
- Directions of the Hon'ble Commission.

All claims are based on audited actuals and are subject to prudence check.

G. Monthly Demand & Power Procurement Projection (Paras 43–45)

Projections are based on:

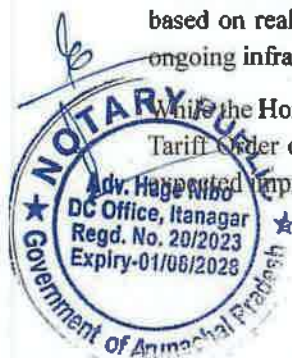
- Historical consumption trends,
- Seasonal demand patterns,
- Reliability requirements.

All projections are subject to regulatory scrutiny and subsequent True-up.

H. Distribution Loss Projection (Paras 46–49)

It is submitted that the distribution loss projected for FY 2026-27 has been determined based on realistic assessment of operational conditions, past performance trends and ongoing infrastructure constraints.

While the Hon'ble Commission had approved a lower distribution loss trajectory in the Tariff Order dated 26.03.2025, such approval was based on projected parameters and Adv. Hoped Improvements.



Page 3 of 5


Secretary

Given the vast and difficult geographical terrain of the State which impacts loss reduction efforts, the Hon'ble Commission is requested to approve the projected distribution loss and corresponding energy balance. The recomputation of energy balance and proposed reduction in power purchase, as suggested by PFI, is not justified in view of operational realities.

I. Additional Revenue from True-up (Paras 50-53)

There is no real surplus revenue.

The structural gap between Cost of Supply and Average Revenue Realised is covered by the State Government through Grant.

Grant support cannot be construed as surplus revenue for pass-through adjustment.

J. Power Purchase Cost Projection (Paras 54-62)

Power Purchase Cost projections are based on realistic assumptions and prevailing regulatory framework.

Any Change in Law impact will be treated in accordance with applicable CERC/APSERC provisions.

All projections remain subject to prudence check.

K to P (O&M, ARR, Bifurcation, Energy Storage, RoE)

The ARR and Tariff Petition have been prepared strictly in accordance with the MYT Regulations, 2024, the Electricity Act, 2003, and the principles adopted by the Hon'ble Commission in its Tariff Orders, including the Order dated 26.03.2025.

The O&M and other expenditure projections are based on past actual expenses and reflect realistic operational expenditure. The bifurcation of Wheeling Business and Retail Supply Business has already been duly provided in the ARR.

The observations under Points N and O are noted.

No Return on Equity has been claimed, being a State Government Department. Accordingly, the issue relating to adoption of GFA/NFA methodology does not arise. Energy storage requirements, if implemented, shall be undertaken in accordance with regulatory approval and prudence principles.

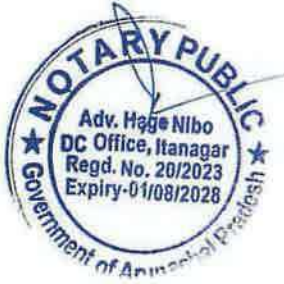



Secretary

In view of the above submissions, the Hon'ble Commission may kindly:

- Undertake prudence check in accordance with the MYT Regulations; and
- Disallow objections based on notional recomputations and assumptions.


Chief Engineer, Comil cum CEI
Department Power,
Itanagar



Page 5 of 5


Secretary

Annexure VI Details of Grant received from GoAP for FY 2024-25

Department of Power, Arunachal Pradesh

DECLARATION

During the financial year 2024-25, the Government of Arunachal Pradesh has released Rs. 663.63 Crore to the Department of Power, Arunachal Pradesh, as a revenue grant to address any revenue gap to maintain the operational efficiency of the department. This includes the gap due to outstanding receivables.

The outstanding receivables against the consumers are not written off and shall be collected by the department and deposited into the government exchequer. This grant is included in the overall allocation of funds released to the Department of Power during the FY 2024-25.

Yours sincerely

Secretary (Power)
Govt. of Arunachal Pradesh
Itanagar

Date: 17.06.2025

Secretary
(Power & APEDA)
Govt. of Arunachal Pradesh
Itanagar

■ ■ ■

Secretary
State Electricity Regulatory Commission
Arunachal Pradesh

