

**ARUNACHAL PRADESH**  
**STATE ELECTRICITY REGULATORY COMMISSION**  
**ITANAGAR**

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**DRAFT NOTIFICATION**

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**Procedure, Terms & Conditions for Grant of Distribution Licence and other Related Matters Regulations, 2024**

No. APSERC/Notification/.../....—In exercise of powers conferred under Section 181 of the Electricity Act, 2003 and all other powers enabling it in this behalf and after previous publication, the Arunachal Pradesh State Electricity Regulatory Commission hereby makes the following regulations, namely :

**CHAPTER — I**

**PRELIMINARY**

**1 Short title and commencement**

- (1) These regulations may be called the Arunachal Pradesh State Electricity Regulatory Commission (Procedure, Terms and Conditions for grant of Distribution Licence and other related matters) Regulations, 2024
- (2) These regulations shall come into force from the date of their publication in the official gazette.

**2 Definitions and Interpretation** (1) In these regulations, unless the context or subject-matter otherwise requires:

- a) 'Act' means 'The Electricity Act, 2003 (36 of 2003)'
- b) "Annual Accounts" means the accounts of the Distribution Licensee prepared in accordance with the provisions of the Companies Act 1956, Companies Act 2013 as amended from time to time, and/or in such other manner as may be directed by the Commission from time to time in terms of the provisions of the Act;
- c) "Agreement" means the agreement, contract, memorandum of understanding, or any other covenant on any aspect relating to the intra- State transmission of electricity, entered into between the Licensee, the long-term customers and the State Transmission Utility or the deemed Licensee;
- d) 'Applicant' means a person who has made an application for grant of licence or, for amendment of licence, as the case may be;
- e) 'Application' means the application made for grant of licence or, for amendment of licence, as the case may be, and includes annexures, enclosures to such application;
- f) 'State Transmission Utility' means the State Transmission Utility notified by the State Government under sub-section (1) of Section 39 of the Act;
- g) 'Commission' means the Arunachal Pradesh State Electricity Regulatory Commission referred to in Section 82 of the Act;
- h) 'Deemed Licensee' means a person, who is deemed to be a licensee for distribution of electricity under any of the provisions to Section 14 of the Act;
- i) "Distribution" means the conveyance or wheeling of electricity by means of a Distribution System;
- j) "Distribution Business" means authorized business of a Distribution Licensee to operate and maintain a Distribution System for supplying electricity to the consumers in the Area of Supply;
- k) "Distribution Licensee" means the person authorized by a "Distribution Licence" to operate and maintain a distribution system for supply/conveyance/wheeling of electricity to the consumers in his area of supply and shall include the deemed Licensee;
- l) "Force Majeure" means events beyond the reasonable control of a Transmission Licensee but not limited to earthquake, cyclone, lightning, riot, flood, storm, war, mutiny, terrorist attack, civil commotion, lock out, fire

affecting the Licensee's installations or other similar occurrence that leads to any act which would involve a breach of relevant laws or regulations concerned with supply of electricity;

- m) "General Conditions" mean General Conditions of Transmissions specified in these Regulations;  
"Grid Code" means the Indian Electricity Grid Code specified by the Commission under clause (h) of sub-section (1) of Section 86 of the Act;
  - n) "Financial Year" means a period of twelve months commencing on 1<sup>st</sup> April of a year and terminating on 31<sup>st</sup> March of the following year;
  - o) "Licence" means a licence granted by the Commission under Section 14 of the Act to a person to undertake distribution of electricity;
  - p) "Licensee" means a person who has been granted a licence, and includes a deemed licensee;
  - q) "Licenced Business" means the business of Distribution in the Area of Licence as authorized under the Transmission Licence;
  - r) "Major Incident" means an incident associated with the Transmission of electricity, which results in a significant interruption of service, substantial damage to equipment, or loss of life or significant injury to human beings, or as otherwise specified by the Commission and shall also include any other incident which the Commission declares to be a Major Incident;
  - s) "Meeting" means hearings, meetings, discussions, deliberations, inquiries, investigations, consultations as held by the Commission from time to time in the discharge of its functions under the Act;
  - t) "Officer" means an officer of the Commission;
  - u) "Open Access" means the non-discriminatory provision for the use of transmission lines or transmission system or associated facilities with such lines or system by any Licensee or consumer or a person engaged in generation accordance with the Electricity Act and the regulations specified by the Commission;
  - v) "Other Business" means any business of a Distribution Licensee other than the Licenced Business;
  - w) "Petition" means and includes all petitions, applications, complaints, appeals replies, rejoinders, supplemental pleadings, other papers and documents;
  - x) "Proceedings" means and includes proceedings of all nature that the Commission may hold in the discharge of its function under the Act;
  - y) "Receiving Officer" means the officer designated by the Commission for receiving the petition;
  - z) "Regulations" means the Regulations made by the Commission, under the provisions of the Act;
  - aa) "Retail Supply" means the supply of electricity to any consumer by a Distribution Licensee within its area of supply and the words "Retail Supplier" and "Retail Supply Business" shall be construed accordingly in that context;
  - bb) "Secretary" means the Secretary of the Commission;
  - cc) "Supply" means the supply of electricity and the word —Supplier is construed accordingly;
  - dd) "Year" means a period of twelve months from 1<sup>st</sup> April of a calendar year to 31<sup>st</sup> March of the following calendar year.
- (2) Save as aforesaid and unless repugnant to the context or the subject-matter otherwise requires, words and expressions used in these regulations and not defined, but defined in the Act or the Grid Code shall have the meanings assigned to them respectively in the Act or the Grid Code.

## CHAPTER – II

### PROCEDURE FOR GRANT OF DISTRIBUTION LICENCE

#### **3 MoP provisions of Distribution of Electricity Licence (additional requirements of Capital Adequacy, Creditworthiness and Code of Conduct) Rules, 2005 and its amendment –**

Any person intending to apply for licence shall require to fulfill the Capital Adequacy, creditworthiness and other

conditions laid out by Ministry of Power, Government of India from time to time as given below :

3.1 . Requirements of capital adequacy and creditworthiness.

- i. The Commission shall, upon receipt of an application for grant of licence for distribution of electricity under sub-section (1) of section 15 of the Electricity Act, 2003, decide the requirement of capital investment for distribution network after hearing the applicant and keeping in view the size of the area of supply and the service obligation within that area in terms of section 43.
- ii. The applicant for grant of licence shall be required to satisfy the Commission that on a norm of 30% equity on cost of investment as determined under sub-rule (1), he including the promoters, in case the applicant is a company, would be in a position to make available resources for such equity of the project on the basis of net worth and generation of internal resources of his business including of promoters in the preceding three years after excluding his other committed investments.

*Explanation :- For the purposes of this sub-rule, it is hereby clarified that for grant of a license for distribution of electricity within the same area in terms of sixth proviso to section 14 of the Act, the entire area covering either a Municipal Corporation as defined in article 243Q of the Constitution or three adjoining revenue districts, or a smaller area as may be notified by the Appropriate Government shall be the minimum area of supply.*

iii. Requirements of Code of Conduct.

The applicant for grant of licence shall satisfy the Commission that he has not been found guilty or has not been disqualified under any of the following provisions within the last three years from the date of the application for the grant of licence:

- (a) section 203, section 274, section 388B or section 397 of the Companies Act, 1956;
- (b) section 276, section 276B, section 276BB, section 276C, section 277 or section 278 of the Income tax Act, 1961;
- (c) section 15C, section 15G, section 15H or section 15HA of the Securities and Exchange Board of India Act 1992;
- (d) clause (b), (bb), (bbb), (bbbb), (c) or (d) of sub-section (1) of section 9 of the Excise Act 1944;
- (e) section 132 or section 135 of the Customs Act 1962,

and that the applicant is not a person in whose case licence was suspended under Section 24 or revoked under Section 19 of the Act, within the last three years from the date of application:

Provided that where the applicant is a company, it shall satisfy the Commission in addition to provisions of this rule that no petition for winding up of the company or any other company of the same promoter has been admitted under Section 443 (e) of the Companies Act, 1956 on the ground of its being unable to pay its debts.”

#### **4 Application for Grant of Distribution Licence**

- 4.1 The Regulations contained herein shall apply to all person desire of engaging in the business of Distribution of Electricity within the State of Arunachal Pradesh..
- 4.2 An application for any Distribution Licence shall be made in accordance with the provision of the Act and these Regulations.
- 4.3 An applicant shall make an application to the Commission for grant of licence in the form specified in **Appendix**

- 1 of these Regulations and in the manner directed by the Commission and accompanied by such fee as may be prescribed by the Government from time to time.

4.4 Until otherwise specified, the fees payable for application of grant of licence, shall be as per Arunachal Pradesh Electricity Regulatory Commission (Payment of Fees) Regulations and its subsequent amendments;

4.5 **Any person intending to apply for licence shall duly comply with the conditions and requirements laid down by the Commission in the Arunachal Pradesh State Electricity Regulatory Commission (Conduct of Business) Regulations, 2011 and its amendment with regard to the procedures to be followed for filing the application.**

4.6 Every application for grant of licence shall be signed by the applicant or by an authorized signatory on behalf of the applicant and shall be addressed to the Secretary of the Commission or such officer as the Commission may designate in this behalf and it shall be accompanied by:

- (a) Six (6) copies of the application in print, and one (1) soft copy of the draft licence as proposed by the applicant with the name and address of the applicant and of his agent (if any) printed on the outside of the draft;
- (b) Three (3) copies, each signed by the applicant, of maps of the proposed service area and, in the case of supply of the streets or roads in which the supply of electricity is to be made, which shall be so marked or coloured as to define any portions of such area and streets or roads which are under the administrative control of any local authority and shall be on a scale:
  - i. Maps of the proposed area of licence on a scale of not less than 10 cm to a km; or
  - ii. if no such maps are available, of not less than that of the largest scale ordinance maps available;  
or
  - iii. such other scale as may be approved by the Commission in a specific case.
- (c) A Detailed map(s) of the proposed area for supply, showing the area to be supplied and the configuration of the Distribution system. The map(s) shall clearly distinguish between the existing system and any new facilities that are or will be required for the purpose of providing supply of electricity. The map(s) shall indicate the sub-station, distribution mains, Distribution network, streets and roads on which energy is supplied to various consumers and distinguish between public and private consumers;
- (d) A detailed project report in relation to the construction, operation and/or maintenance of the Distribution system proposed to be undertaken by the Applicant in the Area of Distribution;
- (e) A list of all the local authorities (viz. Gram Panchayat, Taluka Panchayat, District Panchayat, Municipal Area) vested with the administration of any portion of the proposed Area of Licence through which the proposed Distribution line will pass;
- (f) An approximate statement describing any land which the Applicant proposes to acquire for the purpose of the Licenced Business and the means of such acquisition;
- (g) An approximate statement of the capital proposed to be expended in connection with the utility and such other particulars as the Commission may require;
- (h) A relevant information pertaining to the availability of adequate number of competent personnel to

construct, operate and/or maintain the Distribution system effectively and efficiently, the availability of infrastructure facilities and the financial capacity to carry out the project;

- (i) A copy of the Memorandum and Articles of Association of the company, where the Applicant is a body corporate, and similar applicable documents of incorporation, registration or agreement in case of other business entities;
- (j) Accompanying notes and certifications, if any, on the above statements, from a chartered accountant;
- (k) A copy of the Annual accounts of the Applicant for the previous three years or other similar documents as may be required;
- (l) A receipt for such payment of application fee as specified in accordance with Clause (3.4) above;
- (m) Applicant's details including technical, capital adequacy and credit-worthiness;
- (n) A copy of letter seeking consent from local authority or consent letter;
- (o) A copy of letter seeking consent from the Central Government as per Section 15(2)(ii) of the Act, if applicable;
- (p) Where the Applicant is a company, details of any group company engaged in the business of generation, distribution, Distribution or trading, whether within the Arunachal Pradesh or in any other State;
- (q) Where the Applicant is not a company, details of the business of generation, distribution, Distribution or trading, whether within the Arunachal Pradesh or in any other State, in which the Applicant is directly or indirectly interested;
- (r) Brief history of the promoters where the Applicant is a company;
- (s) Such other documents or information as the Commission may seek;

## **5 Copies of maps and draft licence for public inspection**

5.1 The applicant shall keep at his own office and of his agents (if any) and shall deposit at the office of every local authority invested with the administration of any portion of the proposed area of supply:

- i. Copies of the maps referred to in Clause 3.6 (b) above for public inspection; and
- ii. A sufficient number of copies of the draft licence shall be furnished to all persons applying for them at a price not exceeding the normal photocopying charges.

## **6 Contents of Draft Licence**

6.1 The Draft Licence shall contain the following particulars:

- i. A short title descriptive of the proposed utility together with the address and description of the applicant and if the applicant is a company, the names of all the directors of the company;
- ii. Type of Licence applied for;
- iii. Locations of the proposed service area;
- iv. A description of the proposed area; and
- v. Such other particulars as the Commission may direct.

## **7 Conditions of Distribution Licence**

- 7.1 The General Conditions subject to which each of the categories of licence shall be laid down by the Commission.
- 7.2 The Commission may decide on the special conditions subject to which licence shall be issued to the applicant.
- 7.3 Any person intending to apply for licence shall duly comply with the conditions and requirements laid down by the Commission.

## **8 Form of Draft Licence**

- 8.1 The Commission may, from time to time, prescribe the form of licence to be issued and this form of licence may, with such variation as the circumstances of each case require, be used for the purposes of these Regulations.

## **9 Receipt and Acknowledgement of Application**

- 9.1 Upon receipt of the application for grant of Distribution Licence, the Secretary of the Commission or the Receiving Officer shall enter the particulars thereof in a register to be maintained for this purpose and allot a reference number to the application. The Secretary or the Receiving Officer shall send an acknowledgement to the Applicant at the address stated in the application including the date of receipt and the reference number.

## **10 Scrutiny of Application and Calling for Additional information**

- 10.1 The Commission or the Secretary or any other officer designated by the Commission for this purpose, may, upon scrutiny of the application, require the Applicant to furnish, such additional information or documents as may be considered necessary for the purpose of dealing with the application.

- 10.2 The scrutiny of an application shall be in accordance with the Arunachal Pradesh Electricity Regulatory Commission Conduct of Business Regulations with amendments;

Provided, that, if on scrutiny, an application for grant of a licence is found to be incomplete or deficient in any manner, it shall be returned to the applicant for making a fresh application after completing it or removing deficiencies. The applicant shall be advised in writing of any defects in the pleadings and the time allowed to rectify them. The applicant shall follow the procedure laid down in this regulation in respect of his fresh application except that the application processing fee will not be required to be paid again.

## **11 Notifying the due filing of the application**

- 11.1 If the Commission finds the application to be complete, accompanied by the requisite information, particulars and documents, and finds that the applicant has complied with all the requirements for making the application and furnishing of information, particulars and documents, the Commission or the Secretary shall certify that the application is ready for being considered for grant of licence in accordance with the applicable laws.

## **12 Public Notice of Application**

- 12.1 Unless exempted by the applicable laws/Commission, the Applicant shall, within seven (7) days from date of admission of the application, publish a notice of his application by public advertisement in one English and one Local daily newspapers having wide circulation in the area of Distribution for which the Licence is sought, and such advertisement shall contain such particulars as have been directed by the Commission in these Regulations, namely:

- (a) Name of the Applicant in bold at the top clearly bringing out whether the Applicant is an individual, or a partnership firm registered under the Indian Partnership Act, 1932, or a private limited company or a

public limited company, incorporated under the Companies Act, 1956, Companies Act, 2013 or any other incorporated or unincorporated body giving full particulars of its office address and also the registered office address, if any;

- (b) A statement that the Applicant has submitted an application to the Commission for grant of a Distribution Licence under Section 15 of the Act;
- (c) Proposed Area of Distribution Licence;
- (d) Financial and technical strength, management profile and share holding pattern, if any, of the Applicant;
- (e) A statement to the effect that the application and other documents filed before the Commission from time to time, are available with the Applicant for inspection by any person;
- (f) The names, addresses and other necessary details of the person(s) nominated by the applicant in major cities or towns of area of proposed Distribution Licence, who can make available for inspection, the application and other documents or from whom they can be purchased in person, or by post at reasonable charges, not exceeding photocopying charges;
- (g) Brief particulars of the proposed Distribution Licence;
- (h) A statement to the effect that the completed application is available on the website of the Applicant or any other authorized website and can be downloaded free of cost;
- (i) A statement that objections, if any, may be filed before the Secretary, Arunachal Pradesh Electricity Regulatory Commission, O.T. Building , 2<sup>nd</sup> floor, Niti Vihar Market, T.T. Marg Niti Vihar, Itanagar within thirty (30) days of publication of the notice.

Provided that the Applicant may request the Commission to permit it to refrain from publishing any of the above information in order to protect its business interests or rights in intellectual property with sufficient and reasonable grounds and the Commission may grant or reject such request after due consideration;

Provided further that the Applicant may be required to publish, in the manner specified, a non-confidential summary of the above information;

- (j) In addition to the above, the Commission may direct that notice of the application be served on any designated representative of the Central Government; the State Government, any local authority or any other authority or person or body as the Commission may deem appropriate;
- (k) The Applicant shall, within seven (7) days from the date of publication of the notice as aforesaid, submit to the Commission an affidavit, the details of the notice published, and shall also file relevant copies of the newspapers in which the notices were published.

### **13 Public Inspection of Application and Documents**

- 13.1 From the date of publication of notice in accordance with Regulation 11 above, the Applicant shall make available at its own office and the office/s of its agents (if any) and also with every local authority as may be specified by the Commission from time to time, copies of the application and all the documents submitted therewith.
- 13.2 The Applicant shall furnish, to all persons applying, printed copies of its application, together with the attachments

thereto, at the reasonable cost of photocopying such material.

#### **14 Amendment of Draft Licence**

- 14.1 Any person who desires to have any amendment made in the Draft Licence shall deliver a statement of the amendment to the applicant and to Secretary or such Officer as the Commission may designate in this behalf within a period thirty (30) days from the date of publication of notice of the application by way of advertisement in newspapers.

#### **15 Objections and Suggestions**

- 15.1 Any person intending to object/suggest to the grant of the Distribution Licence shall file objections/suggestions within thirty (30) days from the date of issue of the first advertisement referred to in Regulation 11 above. The objections/suggestions shall be addressed to the Secretary of the Commission, with a copy to the Applicant.
- 15.2 Where an objection is received from any local authority concerned, the Commission shall, if in its opinion the objection is untenable, record the opinion in writing and communicate it to such local authority along with reasons, therefor.
- 15.3 Upon receipt of such objections/suggestions, the Secretary/designated officer shall imprint the reference number of the concerned application for grant of Distribution Licence on the same and shall place such objections in the file relating to the concerned application, and also post the same on the Commission's website.
- 15.4 The Applicant shall submit comments on the objections or suggestions received in response to the notice under Regulation 11 above within fifteen (15) days of expiry of thirty (30) days' notice mentioned in Clause (14.1) above.
- 15.5 The objection/suggestions/comments on the objections shall be filed in the form of a reply and the provisions of Arunachal Pradesh Electricity Regulatory Commission Conduct of Business Regulations with amendments;
- 15.6 In case of an application for a Distribution Licence for an area including the whole or any part of any cantonment, aerodrome, fortress, arsenal, dockyard or camp or of any building or place in the occupation of the Central Government for defense purposes, before granting Distribution Licence, the Commission shall ascertain that there is no objection, on the part of the Central Government, for grant of such Licence:

Provided that in case there is no response from the Central Government in this regard, within 30 days from the publication of the notice in this regard, the Commission may, at its discretion, proceed further in accordance with Law.

#### **16 Hearing and local inquiry**

- 16.1 If the applicant has duly arranged for the publication of the notice of the intended application and the time for filing of the objections is over and after the applicant has furnished to the Commission the no objection, if required from the Central Government, the Commission shall proceed to place the application for regular hearing.
- 16.2 The Commission shall give the notice of inquiry or hearing to the applicant, the persons who had filed objections, the Central Government, the concerned Government and such other authority, person or body as the Commission considers appropriate.
- 16.3 If any person objects to the grant of licence applied for, the Commission shall, if either the applicant or the objector so desires, cause a local inquiry to be held of which the notice in writing shall be given to both the applicant and

the objector:

Provided that the Commission may refuse such an inquiry if in its opinion the objection is of a trifling or vexatious nature;

Provided further that the Commission may, for reasons to be recorded in writing, extend the time fixed by it for the local enquiry.

- 16.4 In case of such local inquiry, a memorandum of results of the local inquiry made shall be prepared and shall be signed by the applicant, the Officer or person designated for the purpose and such other person as the Commission may direct.
- 16.5 The hearing on the application for grant of licence shall thereafter proceed as far as possible in the same manner as provided under Clause (15.7).
- 16.6 The result of the local enquiry shall be considered by the Commission while hearing the application for grant of Licence.
- 16.7 The Commission may determine the stages, manner, the place, the date and the time of the hearing of a matter and also time of hearing to the applicant, the Central Government, the State Government, the local authority and such other authority, person or body as the Commission considers appropriate. The Commission as it may consider appropriate and proceed further in any one or more of the following manners:
- (a) The Commission may decide the matter on the pleadings of the parties or may call for the parties to produce evidence by way of affidavit or lead oral evidence in the matter.
  - (b) If the Commission directs evidence of a party to be led by way of oral submissions, the Commission may, if considered necessary or expedient, grant an opportunity to the other party to cross-examine the persons giving evidence.
  - (c) The Commission may, if considered necessary or expedient, direct that the evidence of any of the parties be recorded by an Officer or person designated for the purpose by the Commission.
  - (d) The Commission may direct the parties to file written note(s) of arguments or submissions in the matter.

## **17 Approval of draft Distribution licence**

- 17.1 After inquiry, if any, and the hearing of the application, the Commission may decide to grant or refuse the licence: Provided, however, that the Commission shall in no event reject an application without giving the Applicant an opportunity of being heard, either by requiring the Applicant to file responses in writing or by conducting an oral hearing.
- 17.2 If the Commission decides to grant the Distribution Licence, the licence shall be in the form specified in **Appendix-2** of these Regulations: Provided that the Commission may add to alter or amend the form specified for a licence as it may in its discretion deem necessary, subject to such other terms and conditions as the Commission may direct.
- 17.3 Before granting any licence, the Commission shall publish a notice in two (2) such daily newspapers, as the Commission may consider necessary and on its website, stating name and address of the person to whom it proposes to issue the licence, with such other details as the Commission considers appropriate.
- 17.4 When the Commission has approved a draft licence either in its original form or in a modified form, the Secretary

or such other officer as the Commission may designate in this behalf, shall inform the applicant of such approval and of the form in which it is proposed to grant the licence and the conditions to be satisfied by the applicant including the fees to be paid by the applicant for the grant of the licence.

- 17.5 The Commission shall immediately after issue of a licence forward a copy of the licence to the concerned Government, Central Electricity Authority, local authority, and to such other persons as the Commission considers necessary. The Commission shall also upload the copy of Licence granted, on its website.
- 17.6 If the Applicant is willing to accept the Distribution Licence with the modifications, changes or additions, if any, and subject to such other terms and conditions as the Commission may direct under Clause (16.1) above, the applicant shall acknowledge acceptance to the Commission within seven (7) days of receipt of the approval from the Commission.
- 17.7 Where the Commission has decided to refuse the grant of Distribution Licence, the Secretary shall, within fourteen (14) days of such refusal, inform the Applicant of such refusal enclosing a copy of the reasoned order of the Commission in support of such refusal.

## **18 Notification of Grant of Distribution Licence**

- 18.1 On receiving intimation in writing from the applicant that he is willing to accept the licence in the form approved by the Commission and after the applicant satisfies the conditions imposed for grant of the licence, the Commission shall publish the licence or such part or gist thereof as the Commission considers appropriate.

## **19 Application for grant of Distribution Licence in area of supply of existing Distribution Licensee**

- 19.1 A person applying for grant of a licence for distribution of electricity through his own distribution system within the same area of supply of an existing Distribution Licensee shall, in addition to the provisions of Regulation 3, comply with such additional requirements including capital adequacy, creditworthiness or code of conduct as prescribed by the Central Government as per Distribution of Electricity Licence (additional requirements of Capital Adequacy, Creditworthiness and Code of Conduct) Rules, 2005 mentioned in Chapter 2 para (3) above as amended from time to time.

## **20 Deemed grant of the Distribution Licence:**

- 20.1 Until otherwise directed by the Commission, the following classes of person engaged in the business Distribution of Electricity in the Arunachal Pradesh shall be deemed to have applied for and been granted the Distribution Licence for the purposes contained herein and subject to the fulfillment of the conditions contained in Clause (19.2):
- (a) Persons who supply electricity generated by themselves and/or supplied to them by an authorized person, for the purposes of an event or function not exceeding two (2) months, and when the electricity is distributed through a system owned by them;
- (b) Such other persons as the Commission may from time to time by order notify, subject to such terms and conditions as the Commission may direct.
- 20.2 The Distribution Licensee under Clause (19.1) shall:
- (a) Not directly or indirectly undertake trading in electricity or Distribution of Electricity outside its area of operation and supply of electricity shall be strictly restricted to the relevant approved purpose;

- (b) Establish electric line or works only within the area of operation;
- (c) If so required, furnish to the Commission such information required by the Commission for the purposes of discharge of the functions of the Commission as the Commission, may from time to time direct;
- (d) Comply with the provisions of the Act, the Regulations of the Commission, technical codes such as Grid Code, Electricity Supply Code, Distribution Code, Standards of Performance and Overall Standards of Performance or any other guidelines issued by the Commission;
- (e) Comply with all applicable rules and regulations concerning the safety and security of the operation and;
- (f) Comply with any directions which the Commission may issue from time to time in regard to the charges which Licensee may levy on the consumers taking into account the charges prevailing in the nearby area of supply of electricity supplied by a Licensee;

Provided that such Distribution Licensee shall not pay any licence fee as mentioned under Clause 32 of these Regulations.

- 20.3 The Commission shall be entitled to issue appropriate directions from time to time as it may consider it to be necessary and take appropriate action against a Licensee under this Regulation in accordance with the provisions of the Act for any breach of conditions of Licence or non-compliance thereof.
- 20.4 The Commission, at any stage, if it considers to be necessary, direct any such, person to apply for a licence in accordance with Regulation 3 above and consider accordingly the grant or refusal and may by an interim or final order, direct the Licensee under this Regulation to cease Distribution of Electricity in the area of operation or any part thereof.
- 20.5 If any difference or dispute arises as to whether the person is entitled to undertake Distribution of Electricity as a Licensee under these Regulations, the decision thereon of the Commission shall be final.

## **21 Deemed Distribution Licensee Status for SEZ**

- 21.1 As per Section 14(b) of Electricity Act, 2003, Special Economic Zone is recognized as Deemed Distribution Licensee. The following provision was inserted in the Act vide Notification S. O. No. 528(E), dated March 3, 2010:

*“Provided that the Developer of a Special Economic Zone notified under Sub-Section (1) of Section 4 of the Special Economic Zones Act 2005, shall be deemed to be a Licensee for the purpose of this clause, with effect from the date of notification of such Special Economic Zone.”*

- 21.2 The developer of a Special Economic Zone shall make an application accompanied by such application fee as per Arunachal Pradesh Electricity Regulatory Commission (Payment of Fees) Regulations and its subsequent amendments before the Commission for the following:
  - (a) To take on Record the Deemed Distribution status under Section 14 of the Electricity Act, 2003, Section 49 of SEZ Act, 2005 in terms of the notifications issued by the Ministry of Commerce and Industry (Department of Commerce), Government of India.
  - (b) To Issue Specific Conditions of Distribution Licence applicable to the Petitioner as per Sections 16 and 181 of the Act.
  - (c) To allow the Petitioner, in the interim, to charge consumers in its licence area, the tariff that is applicable for

the respective category of consumers in the connected area of supply, as modified from time to time, as the ceiling tariff in its area of supply and approve the appropriate tariff schedule.

(d) Allow the Petitioner to charge consumers in its licence area the same Schedule of Charges that is applicable in the existing area of supply, as modified from time to time

21.3 The Applicant along with an application to submit the following:

(a) Letter of Approval against the applicant as Special Economic Zone by the Ministry of Commerce and Industry (Department of Commerce), Government of India;

(b) Notified area of Special Economic Zone for the applicant by the Ministry of Commerce and Industry (Department of Commerce), Government of India;

(c) Consumer base of the deemed Distribution Licensee;

(d) Date from which deemed licence is sought and period for which deemed licence is sought;

(e) Any other additional information considering peculiarity of operations of the Applicant.

## **22 Date of commencement and duration of Distribution Licence**

22.1 The Distribution Licence shall commence from such date the Commission may direct as the date of commencement of licence and;

22.2 The Distribution Licence shall be valid for a period of twenty-five (25) years from the date of its commencement, unless it is duly suspended or revoked earlier by the Commission.

22.3 The Commission may consider on merit of each case to grant licence for another term for which the Licensee may make an application in accordance with Regulation 3 two years before the expiry of the initial period of licence:

Provided that when the Licensee does not make an application for grant of licence beyond the initial period of 25 years, the Commission may, to protect the interest of the consumers or in public interest, issue such directions or formulate such schemes as it may deem necessary for operation of the Distribution assets for the remaining part of its useful life.

## **23 Deposit of maps and proforma**

23.1 When a licence has been granted, three (3) sets of maps and proforma containing the particulars specified in Clause (22.2) below shall be signed and dated to correspond with the date of the notification of the grant of the licence by Secretary or any other officer designated by the Commission. One set of such maps shall be retained as the deposited maps by the said Officer and the other two (2) sets given to the Licensee:

23.2 The particulars to be given in the proforma under Clause (22.1) above shall be as under:

(a) A short title descriptive of the proposed utility together with the address and description of the applicant, and if the applicant is a company, the names of all the Directors of the company;

(b) Type of licence granted;

(c) Location of the proposed area of operation;

(d) A description of the proposed area of operation and;

(e) The general conditions, the deviation there from and also the specific conditions, if any, which the

Commission has laid down in the licence with justification for any deviation granted from general conditions;

- 23.3 The Licensee, whenever required by the Commission shall furnish additional copy maps and also the maps and proforma in an electronic form.

#### **24 Deposit of printed copies of licence**

- 24.1 Every person who is granted a licence shall within thirty (30) days of the grant thereof arrange to keep the following as specified by Central Electricity Authority:

- (a) Have adequate number of copies of the licence printed;
- (b) Have adequate number of maps prepared showing the area of supply as specified in the licence;
- (c) Arrange to exhibit a copy of such licence and maps for public inspection at all reasonable times at his head office, at his local offices (if any) and at the office of every local authority within the area of supply.

- 24.2 Every such Licensee shall, within the aforesaid period of thirty (30) days, supply free of charge one (1) copy of the licence and the relevant maps to every local authority within the area of supply, and shall also make necessary arrangements for the sale of printed copies of the licence to all persons applying for the same, at a price not exceeding normal photocopying charges thereof.

#### **25 Amendment of a Existing Distribution Licence**

- 25.1 The Commission may initiate proceedings for amendment of a Distribution Licence, Suo-moto or on an application of the Distribution Licensee or on receiving complaint or information from any person.

- 25.2 The application for amendment of the licence made by the Licensee, shall be as per the Form specified in **Appendix – 3** of this Regulation and accompanied by such fee as may be prescribed by the Commission from time to time.

- 25.3 Until otherwise specified, the fees payable for amendment of licence, shall be as per Arunachal Pradesh Electricity Regulatory Commission (Payment of Fees) Regulations and its subsequent amendments;

- 25.4 Such application shall be accompanied with a statement of the proposed amendment and shall be supported by an affidavit as provided in Arunachal Pradesh Electricity Regulatory Commission Conduct of Business Regulations with amendments;

- 25.5 The applicant shall within seven (7) days from the date of admission of the application for amendment, publish a notice in two (2) daily newspapers, one in English language and other in local language, having wide circulation in area of operation of the Distribution Licence sought to be amended, giving the following particulars:

- (a) Brief Details of existing Distribution Licence;
- (b) Proposed amendments to the existing Distribution Licence and brief reasons for seeking the amendment;
- (c) The effect of the amendment proposed on the discharge of the functions of the Licensee under the licence granted;
- (d) The alternate arrangement proposed for such discharge of functions;
- (e) The names, addresses and other necessary details of the person(s) nominated by the applicant in major

cities or towns of area of proposed Distribution Licence, who can make available for inspection application and other documents or from whom they can be purchased in person or by post at reasonable charges, not exceeding photocopying charges;

- (f) A statement that any person, desirous of making any suggestion or objection to the proposed amendment, may do so by filing written petition addressed to the Secretary of the Commission within thirty (30) days from the date of the first publication of the notice.

25.6 Where an amendment to a Distribution Licence is proposed by the Commission Suo-moto, the Commission shall publish a notice in two (2) daily newspapers one in English language and the other in Local language having wide circulation in the area of operation of the Distribution Licence sought to be amended and also on its website, giving the following particulars:

- (a) Name of the Distribution Licensee and address of main office in the area of supply;
- (b) Description of alteration or amendment proposed to be made by the Commission;
- (c) Brief reasons for proposed alteration or amendment;
- (d) A statement that any person, desirous of making any suggestion or objection to the proposed amendment, may do so by filing written petition addressed to the Secretary within thirty (30) days from the date of the first publication of the notice.

25.7 The publication shall give the addresses of the offices at which the application for amendment may be inspected and the copies of documents be purchased and shall state that every local authority, utility or person, desirous of making any representation with reference to application to the Commission, may do so by letter addressed to such Officer as the Commission may designate in this behalf.

25.8 All objections to the proposed amendment, received within the thirty (30) days from the date of first publication of notice, shall be considered by the Commission before effecting or rejecting the proposed amendment.

25.9 Unless otherwise specified in writing by the Commission, the procedure specified in these Regulations for grant of licence, in so far it can be applied, shall be followed while dealing with an application for amendment of the licence.

25.10 In case of an application proposing alterations or modifications in respect of area of Distribution, comprising the whole or any part of any cantonment, aerodrome, forests, dockyard or camp or of any building or place in the occupation of the Government for defense purpose, the Commission shall not make any alterations or modifications except with the consent of the Central Government.

## **26 Model Conditions of Supply**

26.1 The Licensee shall follow model condition of supply as per Arunachal Pradesh Electricity Regulatory Commission Conduct of Business Regulations with amendments.

## **27 Contravention by Distribution Licensee**

27.1 The Commission may pass such orders, as it thinks fit, in accordance with the relevant provisions of the Act, for the contravention or the likely contravention, by a Licensee, of the terms or conditions of the licence, any provisions of the applicable law or the rules or regulations made there under.

27.2 Subject to the provisions of the Act, the Commission may follow as far as possible the general procedure directed

in these Regulations in dealing with a proceeding arising out of a contravention or likely contravention by a Licensee.

## **28 Grant of exemption from licence**

28.1 An exemption from licence shall be granted in a manner that is consistent with the provisions of the applicable law and provision of the Act, like section 14 of Electricity Act .

## **29 Revocation of the Distribution Licence**

29.1 The proceedings for revocation of the licence or for passing of any other orders stated in Section 19 of the Act, shall be initiated by an order passed by the Commission, which the Commission may initiate Suo moto or on application of the Licensee or on receiving any complaint or information from any person.

29.2 The procedure and the manner of revocation shall be consistent with the provisions inter-alia of Section 19 of the Act.

29.3 Subject to the provisions of the Act and the procedure contained therein, the enquiry by the Commission on the revocation of the licence, in so far it is applicable, shall be in the same manner as prescribed in Regulation 15 above.

29.4 A Licensee himself wishing to apply for or give consent to the revocation or part revocation of his licence may make an application to the Commission. The Commission shall pass orders on such applications, after hearing the Licensee and such other persons as it thinks fit.

29.5 The application for revocation of the licence made by the Licensee or by any person shall be accompanied by such fee as may be prescribed by the Commission from time to time.

29.6 Until otherwise specified, the fees payable for revocation of a Distribution Licence, shall be as per Arunachal Pradesh Electricity Regulatory Commission (Payment of Fees) Regulations and its subsequent amendments;

## **30 Suspension of Distribution Licence and sale of utility**

30.1 If at any time, the Commission is of the opinion that it is necessary in public interest, the Commission may, for reasons to be recorded in writing, suspend the licence of the Distribution Licensee in the circumstances, manner and form given in Section 24 of the Act.

## **31 Regulations of Licensee's purchase of power**

31.1 The Licensee shall file with the Commission in complete form copies of all Power Purchase Agreements already entered into by the Licensee.

31.2 The Commission shall be entitled to direct that the Licensee shall establish to the satisfaction of the Commission that the purchase of power by the Licensee is under a transparent power purchase procurement process and is economical and the power is necessary for the Licensee to meet its service obligation.

31.3 The Licensee shall apply to the Commission to approve the draft Power Purchase Agreement that the Licensee proposes to enter into. The Commission may pass orders:

- i. Approving the agreement; or
- ii. Approving the agreement with modifications proposed to the terms of the agreement;
- iii. Rejecting the agreement.

- 31.4 Nothing contained herein shall affect the obligations of Distribution Licensee under the existing contracts and arrangements for purchase, import or acquisition of electricity from generating companies, electricity traders and from other persons with whom the Licensee has agreements or arrangements of power purchase or procurement of energy in accordance with the terms and conditions of such agreements and arrangements consented to or approved by the Commission.
- 31.5 The provisions of sub-regulation (ii) and (iii) above or any action taken therein shall not, in any manner, prejudice the exercise of functions and powers of the Commission under any of the other provisions of the applicable law, the Regulations and orders to be issued from time to time.

### **32 Standards of Performance**

- 32.1 The Commission may, after consultation with the Distribution Licensees and persons likely to be affected, specify standards of performance of a Licensee or a class of Licensees which in its opinion, are attainable and ought to be achieved by such Licensees, and different standards may be determined for different Licensees. The Commission may publish the standards so determined in such form and in such manner as the Commission may consider appropriate.

### **33 Payment of Licence Fees**

- 33.1 The Commission may while granting a licence or an Exemption to undertake the business of Distribution of electricity or any other order granting any privilege to any person may levy and collect the fee payable in accordance with provisions of the Act and of the Arunachal Pradesh Electricity Regulatory Commission (Payment of Fees) Regulations and its subsequent amendments at the time of the grant of licence or privilege and thereafter, for each subsequent year that the Licence remains in force, the Licensee including the deemed licensee shall pay an annual licence fees in accordance with the Arunachal Pradesh Electricity Regulatory Commission (Payment of Fees) Regulations and its subsequent amendments;
- 33.2 The fees payable under these regulations shall be paid by means of bank draft or pay order, drawn in favor of the Secretary, Arunachal Pradesh Electricity Regulatory Commission, O.T. Building , 2<sup>nd</sup> floor, Niti Vihar Market, T.T. Marg Niti Vihar, Itanagar.
- 33.3 The fees received by the Secretary of the Commission under these regulations shall be deposited in a bank account to be maintained by the Commission at such bank and in such Branches as the Commission may direct from time to time or in Government Account under relevant head of account.

## **CHAPTER-III**

### **GENERAL CONDITIONS OF THE DISTRIBUTION LICENCE**

#### **34 Duty to Supply Electricity on Request**

- 34.1 Subject to the provisions of the Act, the Distribution Licensee shall comply with the requirements of Arunachal Pradesh Electricity Regulatory Commission Electricity Supply Code Regulations and its amendments, Directions and Orders of the Commission in regard to supply of electricity.

#### **35 Installation of Meters**

- 35.1 The Distribution Licensee shall comply with the requirements of the Act for Arunachal Pradesh Electricity Regulatory Commission Electricity Supply Code Regulations and its amendments, Directions and Orders of the

Commission in regard to supply of electricity through meter.

### **36 Process for Levy and Recovery of Fines and Charges**

- 36.1 If on the conclusion of any proceeding, the Commission is satisfied that any person is liable to fines or charges, it may by order in writing impose such fines or charges in accordance with the provisions of the Electricity Act or the State Act, and the Regulation specified for the purpose and may also award compensation.
- 36.2 While determining the quantum of fines or charges, the Commission shall, amongst other, consider the following factors:
- (a) The nature and extent of non-compliance or violation;
  - (b) Wrongful gain or unfair advantage derived as a result of the non-compliance or violation;
  - (c) Loss or degree of harassment caused to any person(s) as a result of the non-compliance or violation, and
  - (d) The repetitive nature of the non-compliance or violation.
- 36.3 While passing an order under this regulation, the Commission may award compensation to the complainant or affected party to be paid by the person found to have committed the non-compliance or violation.
- 36.4 The Commission may direct the time within which the fines, charges or compensation should be paid by the concerned person,
- 36.5 The Commission may designate an Officer to collect the fines and charges pursuant to the provisions of the Central Act or the State Act.

### **37 Open Access**

- 37.1 The Distribution Licensee shall arrange for the provision of non-discriminatory open access to its distribution system to any persons in accordance with the Open Access Regulations issued by the Commission under Section 42 of the Act.

### **38 Other Business of Distribution Licensee**

- 38.1 The Distribution Licensee shall file an application for the Commission's approval for Other Business, in accordance with the provisions given under relevant Regulations framed by the Commission.
- 38.2 Where the Distribution Licensee is engaged in any Other Business, the income from such business shall be calculated in accordance with the applicable Regulations and shall be deducted from the Aggregate Revenue Requirement of the Licensee:

Provided that the Licensee shall follow a reasonable basis for allocation of all joint and common costs between the Distribution business and the Other Business and prepare Accounting Statements accordingly time to time and submit to the Commission along with its application for determination of tariff.

Provided further that where the sum total of the direct and indirect costs of such Other Business exceeds the revenues from such Other Business, no amount shall be allowed to be added to the Aggregate Revenue Requirement of the Distribution Licensee on account of such Other Business.

### **39 Franchisee**

39.1 The Distribution Licensee may engage any of its Subsidiaries or Holding Company or a Subsidiary of such Holding Company to provide any goods or services to the Licensee in connection with the Licenced Business, subject to the following conditions:

(a) that the transaction will be on an arms-length basis and at a value that is fair and reasonable in the circumstances;

(b) that the transaction will be consistent with any Regulations framed by the Commission relating to the provision of goods and services with respect to Licenced Business; and

(c) that the Licensee will give fifteen (15) days' notice to the Commission prior to commencement of the proposed arrangement and along with the notice provide all relevant details of the arrangement.

39.2 The Licensee may establish subsidiaries or establish associated companies or grant a franchise or enter into management contracts including appointment of billing agent to conduct or carry out any of the functions, which the Licensee is authorized to conduct or carry out under the Acts and this Licence. Provided always that:

(a) Any such Subsidiary or associated company or franchisees or contractors or agents shall operate under the overall supervision and control of the Licensee and upon the conditions of this licence; and

(b) The Licensee shall have, prior to delegating any function to any such Subsidiary or associated company or franchisees or contractor, intimate the Commission for transactions of value of greater than Rs 100 lacs per annum, subject to such conditions as the Commission may stipulate;

(c) The Licensee shall also be responsible for all actions of the subsidiaries or associated companies or franchisees or agents or contractors and may terminate the arrangements in case their performance is not to the satisfaction of the Licensee.

39.3 Where such prior permission is required, the Licensee will file a suitable application with the Commission disclosing relevant facts. The Commission may, within thirty (30) days of the filing of the application, seek further information in support of the application. The Commission shall generally within thirty (30) days of such further information being submitted by the Licensee, and where no such further information is sought by the Commission as above, generally within sixty (60) days of the filing of the application, allow the arrangement subject to such conditions or modifications as is considered appropriate or reject the same, for reasons recorded in writing in the order to be issued by the Commission.

39.4 The Licensee shall be entitled to Transfer or assign this Licence or any of the functions under this Licence to any other Person only with the prior approval of the Commission. To obtain the approval of the Commission as aforesaid, the Licensee will file a suitable application with the Commission disclosing relevant facts in that behalf and the Commission shall dispose such application expeditiously.

### **40 Establishment of Consumer Grievance Redressal forum**

40.1 The Distribution Licensee shall establish a forum or forums for redressal of grievances of the consumers in accordance with the Regulations issued by the Commission under Section 42 of the Act from time to time.

### **41 Protection of Railways, Highways, etc.**

- 41.1 The Distribution Licensee shall not, in the course of distribution, supply or use of electricity, in any way injure any railway, highway, airport, tramway, canal or water-way or any dock, wharf or piers vested in or controlled by a local authority, or obstruct or interfere with the traffic on any railway, airway, tramway, canal or water-way.
- 41.2 The Distribution Licensee shall take all reasonable precautions in constructing, laying down and placing its electric lines, electrical plant and other works and in working its system, so as not to injuriously affect, whether by induction or otherwise, the working of any wire or line used for the purpose of telephone or electric signaling communication, or the currents in such wire or line.
- 41.3 Where the Distribution Licensee makes default in complying with the requirements of this section, it shall pay full compensation for any loss or damage incurred by reason thereof, and, where any difference or dispute arises as to the amount of such compensation, the matter shall be determined by arbitration conducted in accordance with Section 158 of the Act.

#### **42 Conduct of Business having adverse effect on Competition**

- 42.1 Every Licensee shall not enter into agreement or abuse its dominant position or enter into any combination which is likely to cause or causes an adverse impact on the competition in the distribution of electricity.

#### **43 Co-operation with State Transmission Utility, State Load Dispatch Centre and other Licensees**

- 43.1 The Distribution Licensee shall provide to the State Load Despatch Centre and State Transmission Utility and/or other Licensees, such information as may reasonably be required by them to perform their functions and exercise their powers under the Act and/or the Reform Act.
- 43.2 The Distribution Licensee shall always comply with the, directions of State Load Despatch Centre, Regional Load Despatch Centre and State Transmission Utility issued under the Act and/or the Reform Act.
- 43.3 The Distribution Licensee shall co-operate with generating companies, other Licensees and State Load Despatch Centre for the efficient and coordinated operation of the power system.

#### **44 Investments**

- 44.1 The Distribution Licensee shall make the investments in a prudent manner, being guided by the duty to build, maintain and operate an efficient, coordinated and economical distribution system in the Union Territories.
- 44.2 The Distribution Licensee shall duly comply with Arunachal Pradesh Electricity Regulatory Commission Generation, Transmission and Distribution Multi Year Tariff Regulations and as amended from time to time, guidelines, directions and orders that the Commission may issue from time to time in regard to investments to be made in the Distribution Business.

#### **45 Procurement of Material/ Equipment/ Services**

- 45.1 The Distribution Licensee shall procure all material/equipment or execute any contract for availing services including power procurement only through the transparent competitive bidding process.

#### **46 Expected Revenue and Tariff Filings**

- 46.1 The Licensee shall follow the methodology, procedures and other directions included in the MYT Tariff

Regulations while filing statements of expected revenue from charges and for proposing or amending any or all of its tariffs.

- 46.2 The amount that the Licensee is permitted to recover from its tariffs in any financial year is the amount that the Commission determines in accordance with the financial principles and their applications provided in Section 62 of the Electricity Act 2003, as will allow the Licensee a fair opportunity to earn a reasonable return.
- 46.3 The Licensee shall establish a tariff as approved by the Commission, for the Licensee's Distribution Business and shall calculate its charges in accordance with this Licence, the Regulations, the orders of the Commission and other requirements prescribed by the Commission from time to time.
- 46.4 The Licensee shall publish a tariff for its distribution of electricity reflecting the tariff charges and the other terms and conditions contained in the approved tariffs referred to in Clause (45.3) above or as directed by the Commission.
- 46.5 The Licensee shall apply to the Commission to amend its tariffs in accordance with the Act and applicable Regulations and directions of the Commission.
- 46.6 The Licensee shall apply to the Commission to amend its tariffs in accordance with the Act if the Commission so requires in order to remove any undue discrimination identified by the Commission.

#### **47 Accounts and Audit**

- 47.1 Every Distribution Licensee shall cause the accounts of his utility to be made up the thirty-first (31) day of March each year.
- 47.2 The Distribution Licensee shall:
- (a) Maintain separate information and statement of accounts for the Licenced Business and any Other Business Provided, further that, the Licensee shall submit separate accounts for its Licenced Business and overall accounts of a Company as a whole.
  - (b) Maintain the statement of accounts in such form and containing such particulars as may be specified by the Commission and till such time as these are specified by the Commission, the accounts shall be maintained in accordance with the Companies Act, 1956, Companies Act, 2013 as amended from time to time, where such Act is applicable;
  - (c) Prepare on a consistent basis, from such records, Accounting Statements for each financial year comprising a profit and loss account, a balance sheet and a statement of source and application of funds together with notes thereto and showing separately the amounts of any revenue, cost, asset, liability, reserve, or provision which has been either:
    - i. Charged from or to any Other Business together with a description of the basis of that charge or;
    - ii. Determined by apportionment or allocation between the various business activities together with a description of the basis of the apportionment or allocation.
  - (d) Provide, in respect of the Accounting Statements prepared in accordance with foregoing Clauses, a report by the Auditors in respect of each year, stating whether in their opinion the statements have been properly prepared

and give a true and fair view of the revenue, costs, assets, and liabilities, reserves reasonably attributable to the business to which the statements relate, and

(e) The Distribution Licensee shall prepare and render to the Commission an annual statement of his audited accounts in accordance with the provisions of the Act, within a period of six (6) months from the aforesaid date, or such extended period as the Commission may authorize after it is satisfied that the time allowed is insufficient owing to any cause beyond the control of the Licensee and the statement shall be rendered in such numbers of copies as the Commission directs.

(f) The accounts shall be made up in such forms as the Commission may direct from time to time. All the forms shall be signed by the Distribution Licensee or his accredited and duly authorized agent or manager.

(g) The Commission may by special or general order direct that, in addition to the submission of the annual statements of accounts in the forms directed in Clause 46.2 (f) above, a Distribution Licensee shall submit to the Commission or such other authority as it may designate in this behalf such additional information as it may require for the purpose

47.3 Any person authorized by the Commission shall be entitled to inspect and verify the accounts of the Distribution Licensee and the Distribution Licensee shall render all necessary assistance to such person.

Provided, further that, if the Commission feel appropriate may get the independent audit of the Distribution Licensee accounts from any independent agency, including Comptroller and Auditor General of India (CAG).

47.4 The Distribution Licensee shall not change the basis of charge or apportionment or allocation of revenues or expenses in relation to the preparation of the Accounting Statements in respect of a financial year from those applied in respect of the previous financial year, without prior approval from the Commission:

Provided that during the financial year that a Distribution Licensee changes the basis of charge or apportionment or allocation in its Accounting Statements from those adopted for the immediately preceding financial year, the Commission may direct the Distribution Licensee to prepare such Accounting Statements on the past basis in addition to preparing Accounting Statements on the basis which it has adopted.

47.5 If the Distribution Licensee is carrying on any Other Business for the optimum utilization of its assets, it shall prepare the accounting statement for Other Business on a consistent basis from such accounting records and deliver to the Commission in accordance with the applicable Regulations, time to time.

47.6 The Distribution Licensee shall ensure that the Accounting Statements in respect of each financial year and the Auditors report in respect of each financial year mentioned hereinabove are publicized in such manner as the Commission may direct, and are made available to any person requesting them, at a price not exceeding the reasonable cost of duplicating them, or such price as the Commission may specify.

#### **48 Prohibition of subsidies**

48.1 The Distribution Licensee shall not give any subsidy or subvention to any person or any Other Business of the Distribution Licensee, except a subsidy granted by the Government pursuant to Section 65 of the Act.

#### **49 Provision of Information to the Commission and other Stakeholders**

49.1 The Licensee shall provide all information as applicable to the Licensee in the formats enclosed within sixty (60)

days from coming into force of these Conditions of Licence. Subsequently, all the formats shall be filled up and submitted by the Licensees, annually, within a month after the completion of every financial year.

- 49.2 The Distribution Licensee shall furnish to the Commission without undue delay such information, documents and details related to the Licenced Business or any other business of the Licensee engaged for optimum utilization of the assets of the Licenced Business, as the Commission may require from time to time for its own purposes or for the purposes of the Government of India, State Government, the Central Commission, and/or the Central Electricity Authority, the State Transmission Utility and State Load Dispatch Centre.
- 49.3 The Distribution Licensee shall furnish information on the implementation of the standards of performance as specified in the Standards of Performance of Distribution Licensee Regulations notified by the Commission as amended from time to time.
- 49.4 The Distribution Licensee on occurrence of any major incident or accident shall notify the Commission about such occurrence as provided in Electricity Supply Code, and Standards of Performance of Distribution Licensee Regulations notified by the Commission and as amended from time to time.
- 49.5 The Distribution Licensee shall also undertake such studies as the Commission may direct it to undertake from time to time for the improvement of its distribution business and any other matter concerning the distribution business.
- 49.6 The Distribution Licensee shall duly inform the Commission about any incident restricting it from meeting its obligations under its licence including any act of Commission or commission by others and steps taken by the Licensee to mitigate the effect of such incident.
- 49.7 The Commission may at any time require the Licensee to comply with the provisions of Clauses (48.3) to (48.5) as to incidents which the Commission may specifically direct and the Licensee shall be obliged to comply with the same notwithstanding that such incidents are not major incidents; provided that the time limits specified in Clause (48.3) shall commence from a date that the Commission notifies to the Licensee of such requirement.
- 49.8 The Licensee shall provide details/data/documents available in material form as required by the stakeholders/consumers/consumer associations/consumer bodies, etc., within the time frame as prescribed by the Commission from time to time. If no time frame is prescribed by the Commission the Licensee shall provide the same within a maximum period of thirty (30) days from the date of request.

## **50 Acts which Distribution Licensee shall not undertake**

- 50.1 No Licensee, except with prior approval of the Commission, shall undertake:
- (a) any transaction to acquire, through purchase or takeover or otherwise, any utility of any other Licensee; or
  - (b) merge his utility with another utility of any other Licensee.
- 50.2 No Licensee shall, without prior approval of the Commission, assign or transfer his utility or Licence or part thereof through sale, lease, exchange or otherwise without the prior approval of the Appropriate Commission.
- 50.3 Before obtaining approval under Clause (49.1) to (49.2) above, a Licensee shall give a notice of not less than one (1) month to every other Licensee, who distributes electricity in the area of such Licensee, who applies for such approval to the Commission.

- 50.4 Any agreement entered into by the Licensee in respect of Clause (49.1) to (49.3) above shall become void unless prior approval of the Commission is obtained thereto.
- 50.5 Where such permission is required, the Licensee shall file an application with the Commission duly furnishing all relevant information. The Commission may, within thirty (30) days of the receipt of such application, accord required permission subject to the terms and conditions as it deems necessary or reject the application for the reasons to be recorded in writing in support of such rejection.
- 50.6 The Distribution Licensee shall not make use of the assets of the system for a purpose other than distribution of electricity, except with the prior approval of the Commission as provided for in Regulation 37.

## **51 Major Incidents**

- 51.1 The Distribution Licensee shall notify to the Commission any major incident that has occurred in the area of the Distribution Licensee. A deviation from any part of the distribution system from standard operating condition, which was triggered by cross boundary effect, in the system of generators, transmission system or in the system of extra high voltage consumers which has resulted in the loss of equipment or life of a person or animal, shall be deemed a major incident. The Licensee shall also:
- (a) Submit a detailed report giving facts of the incidents, the causes and the adverse effects on the total power system. (The total power system comprises the transmission system, generating units, distribution systems and the systems of the EHT consumers).
  - (b) Submit a note containing the Licensee's analysis of the major incident and suggestions for carrying out remedial measures for preventing recurrence of such major incidents.
  - (c) The Licensee shall at the earliest possible date and in any event, no later than two (2) months from the date of such Major Incident:
    - i. Submit a report to the Commission giving full details of the facts within the knowledge of the Licensee regarding the incident and its cause.
    - ii. In the event the report under sub-Clause (a) is likely to take more than fifteen (15) days from the date of the Major Incident, the Licensee shall within fifteen (15) days from such date of the incident submit a preliminary report with such details which the Licensee can reasonably furnish and state reasons as to why the Licensee requires more than fifteen (15) days for giving full report of such incident
    - iii. Send copies of the report and note to the State Load Despatch Centre, State Transmission Utility, State Government, and Chief Electrical Inspectorate etc.
- 51.2 The Commission may direct an independent person to investigate in the case of a major incident and submit his report. The Commission may analyze the report and the information received from all sources and will decide whether a major incident is a Force Majeure event or is caused by violation of conditions of licence or provisions of Grid Code or provisions of the Act or the rules and regulations under the Act.
- 51.3 The Commission may decide the following:
- (a) Remedial measures to be taken by one or more operators (or owners) of the parts of the total power system (including the Distribution Licensee) to prevent recurrence of similar major incidents.

(b) Punitive measures to be imposed on one or more persons for lapses which caused the major incident.

(c) Compensation to be paid by one party to another party [by the owner (or operator) of a segment of the total power system to the owner (or operator) of another segment of the total power system].

51.4 The Commission may send its views and decisions on the major incident to the State Load Despatch Centre,

## **CHAPTER - IV**

### **TECHNICAL CONDITIONS OF THE DISTRIBUTION LICENCE**

#### **52 Procurement of Power**

52.1 The Distribution Licensee shall prepare a plan for procurement of power to serve the demand for electricity in its Area of Supply and submit such plan to the Commission for approval as a part of Business Plan:

Provided further that such power procurement plan may include long-term, medium-term and short term sources of power procurement.

52.2 The Licensee shall purchase power in an economical and efficient manner under a transparent procurement process as approved by the Commission after following the guidelines issued by the Commission relating to preparation of load forecasts, power procurement plan and power procurement procedure.

#### **53 Compliance with the Laws, Rules and Regulations**

53.1 The Distribution Licensee shall comply with the provisions of the Act, rules, regulations and orders and directions issued by the Commission from time to time.

53.2 The Distribution Licensee shall act in accordance with this general conditions specified in the licence except where the Licensee is exempted specifically or permitted by the Commission for any deviation from these guidelines through a separate order.

53.3 The Distribution Licensee shall comply with the orders and directions issued by the State Load Despatch Centre and other statutory authorities in the discharge of their functions.

53.4 The Distribution Licensee shall adhere to the Standards of Performance Regulations and the Electricity Supply Code, approved by the Commission and as amended from time to time in regard to supply of electricity in his area.

## **Chapter - V**

### **MISCELLANEOUS**

54 All issues arising in relation to interpretation of these General Conditions and as to the terms and conditions thereof shall be a matter for the determination of the Commission and the decision of the Commission on such issues shall be final.

55 The Commission in addition to the General Conditions, may specify, Specific Conditions applicable to a specific Distribution Licensee or class of Licensees and such conditions shall be deemed to be conditions of Licence of such Licensee or class of Licensees.

#### **56 Reporting to the Commission**

56.1 The Licensee shall submit such report, information, data as called by the Commission from time to time.

## **57 Savings**

57.1 Nothing in these Regulations shall be deemed to limit or affect the power of the Commission to issue such directives or orders as may be necessary to meet the ends of justice or to prevent abuse of the procedures laid down by the Commission.

57.2 Nothing in these Regulations shall bar the Commission from adopting in conformity with the provision of the Act, a procedure which is at variance with any of the provisions of these Regulations if the Commission for reasons to be recorded in writing deems it necessary or expedient for dealing with such matter or class of matters.

57.3 Nothing in the Regulations shall, explicitly or impliedly, bar the Commission from dealing with any matter or exercising any power under the Act for which no Regulation have been framed and the Commission

## **58 Power to remove difficulties**

58.1 If any difficulties arise in giving effect to any provisions of these Regulations, the Commission may, by general or specific order, make such provisions not inconsistent with the provisions of the Act, or the Reform Act or the rules, regulations or codes made thereunder, which appears to it to be necessary or expedient for the purpose of removing the difficulties.

## **59 Power to Amend**

59.1 The Commission may, at any time, add, vary, alter, modify or amend any of the provisions of these Regulations.

**APPENDIX - 1**

**APPLICATION FORM FOR GRANT OF DISTRIBUTION LICENCE**

Application No.....

Case No.....(To be filled in by Commission's office)

IN THE MATTER OF:

Grant of Licence for Distribution of Electricity under Section 14 of the Electricity Act 2003 to:

**Particulars of the Applicant**

1. Name of the Applicant:
2. Form of Incorporation, if any:
3. Address:
4. Name, Designation & Address of the contact person:
5. Contact Tel. Nos.:
6. Fax No.:
7. E-mail ID:
8. Place of Incorporation/Registration:
9. Year of Incorporation/Registration:
10. Geographical Area within which Applicant proposes to undertake Distribution of Electricity:
11. Following documents are to be enclosed:
  - a) Certificate of registration/incorporation;
  - b) Certificate for commencement of business;
  - c) Memorandum of Association and Articles of Association;
  - d) Original power of attorney of the signatory to commit the Applicant or its promoter;
  - e) Details of Income tax Registration;
  - f) Draft licence;
  - g) All the documents mentioned in Regulation 3.6 of the Arunachal Pradesh Electricity Regulatory Commission (Procedure, Terms & Conditions for Grant of Distribution Licence and other Related Matters) Regulations.

**Details of Financial Data of Applicant**

12. Net worth (in equivalent Indian Rupees-conversion to be done at the rate of exchange prevailing at the end of each Year) for immediate past 5 (five) financial years. (Specify financial year as applicable)

<b>(DD/MM/YY) to (DD/MM/YY)</b>	<b>In Home Currency</b>	<b>Exchange RateUsed</b>	<b>In equivalent Indian Rupees</b>

Copies of Annual Reports or certified audited results to be enclosed in support of above.

13. Annual turnover (in equivalent Indian Rupees - conversion to be done at the rate of exchange prevailing at the end of each year) for immediate past 5 (five) financial years. (Specify financial year as applicable)

<b>(DD/MM/YY) to (DD/MM/YY)</b>	<b>In Home Currency</b>	<b>Exchange Rate Used</b>	<b>In equivalent Indian Rupees</b>

Copies of Annual Reports or certified audited results to be enclosed in support of above.

14. Certificate of Credit Rating

15. Certificate of 'Standard' borrowal account

16. Certificate stating that RBI has not classified the Applicant as a 'wilful defaulter'.

17. List of documents enclosed in support of Sl. Nos. (10) and (11) above:

<b>SR. No</b>	<b>Name of the Documents</b>
(a)	
(b)	

18. A) Whether Applicant himself shall be financing the proposed Distribution of Electricity fully on its own balance sheet

B) If, yes, proposed equity from the Applicant

i. Amount:

ii. Percentage:

19. In case the Applicant proposes to tie up with some other Agency for equity, then name & address of such agency:

a) Name, designation & Address of reference person of the other Agency:

b) Contact Tel. No.:

c) Fax No.:

d) E-mail ID:

e) Proposed equity from the other Agency

i. Amount:

ii. Percentage of total equity:

iii. Currency in which the equity is proposed:

f) Consent letter of the other agency to associate with the Applicant for equity participation to be enclosed.

g) Nature of proposed tie-up between the Applicant and the other agency.

20. Details of debt proposed for the Distribution activity:

a) Details of lenders:

- b) Amount to be sourced from various lenders:
- c) Letters from the lenders in support of the above to be enclosed.

21. Competence of the Applicant

(The Applicant is required to describe its Core Business Activities and previous experience in electricity sector in general and in particular to the Distribution of Electricity)

22. Organisational & Managerial Capability of the Applicant:

(The Applicant is required to enclose proof of their Organisational & Managerial Capability, in terms of the Regulations, in form of proposed organisational structure & curriculum vitae of various executives, proposed office and communication facilities, etc.)

23. Approach & Methodology:

(The Applicant is required to describe approach & methodology for setting up its Distribution system and conduct of the business of Distribution of Electricity as proposed by it. This should contain a statement of the Applicant's plan on conduct of the business of Distribution of Electricity during the first year after the grant of licence and future plans for the said business during the next five years.)

24. Data relating to the applicants future business

- a) Five year Business Plan for Distribution of electricity for which the application is being made and funding arrangements for meeting its obligations under proposed licence for maintenance, operation, improvement and expansion for future load growth.
- b) Five year annual forecasts of costs, sales, revenues and project financing stating the assumptions underlying the figures provided.

**(Signature of the Applicant)**

**Place:.....**

**Dated:.....**

## **Application form for Deemed Licence**

Application No.....

Case No .....(To be filled in by Commission's office)

IN THE MATTER OF:

Grant of Deemed Licence for Distribution of Electricity under Section 14 of the Electricity Act 2003 to:

### **Details of Applicant**

1. Full name of Applicant:
2. Address of Applicant:
3. Application fee (DD details):
4. Registered Office Address:
5. Local Office Address/Administrative Office Address:
6. Contact Tel. Nos.:
7. Fax No.:
8. E-mail ID:
9. Details of Authorized Signatory:
10. Form of Incorporation, if any:
11. Place of Incorporation/Registration:
12. Year of Incorporation/Registration:
13. Following documents are to be enclosed:
  - a) Certificate of registration/incorporation;
  - b) Certificate for commencement of business;
  - c) Memorandum of Association and Articles of Association (Duly mentioning Power Distribution is one of the Business Activity);
  - d) Original power of attorney of the signatory to commit the Applicant or its promoter;
  - e) Details of Income tax Registration;
14. Names and addresses of Directors / Competent Officers (Furnish details, if applicable):
15. Principal shareholders/Partners/Members:
16. Principal Business Activity:
17. Geographical Area within which Applicant proposes to undertake Distribution (to mention boundaries referring to the attached map when necessary):
18. Power Details:

- a) Sourcing of Power:
  - i. Voltage:
  - ii. Source of supply (Own generation/purchase from others/discoms):
  - iii. Quantum of Electricity handled in last 12 months:
    - Demand (MW):
    - Energy (MU):
  - iv. Do you have any power supply agreement with any Discom/generator/Trader, if so, mention brief details power purchase
- b) Supply of Power
  - i. Voltage of supply
  - ii. Persons to whom electricity is intended to be distributed with full details of categories of persons (members/employees' colonies/ other concerns/general public, etc.):
- c) Funding arrangements for maintenance, operation, improvements and expansion to meet future load growth, supply obligations, etc.
- d) Whether Applicant himself will be financing the proposed Distribution of electricity fully on its own balance sheet:
 

If, yes, proposed equity from the Applicant:

  - i. Amount:
  - ii. Percentage:

19. Organizational & Managerial Capability of the Applicant:

(The Applicant is required to enclose proof of their Organizational & Managerial Capability, in terms of the Regulations, in form of proposed organizational structure & curriculum vitae of various executives, proposed office and communication facilities, etc.)

- a) Management Capability:
- b) Financial Strength:
- c) Ability to discharge supply function in a sustainable manner:

20. Date from which deemed licence is sought:

Period for which deemed licence is sought:

21. Detailed justification for seeking licence:

22. Other Information:

- a) Whether the applicant or any of his partners or promoters or Directors or Associates has been declared insolvent and has not been discharged. If so, the details thereof;
- b) Details of cases resulting in conviction of fraud or economic offences of the applicant, any of his partners, promoters or Directors or Associates during the three years preceding the year of making application;

- c) Details of all pending cases involving the applicant, any. of his partners or promoters or Directors or Associates, which shall include nature of the dispute, whether civil or criminal, name of the other party or parties, the court before whom pending and the latest status;
- d) Whether the applicant or any of his partners, or promoters or Directors or Associates were ever refused licence. If so, give the details of date of making application, date of refusal and reasons for refusal.

23. List of Documents enclosed:

- a)
- b)

**(Signature of the Applicant)**

**Place: .....**

**Dated:.....**

### **List of Documents to Accompany with Application of Deemed Licence**

1. Certificate of Incorporation from Registrar of Companies;
2. Copies of Company's Memorandum/Articles of Association/Partnership deed etc.
3. Proof of Authorization to sign the application form;
4. Data relating to management and Financial Capability:
  - a) Managerial:
    - i. Senior management's curriculum vitae;
    - ii. Cadre strength for different categories, technical and non-technical.
  - b) Financial:
    - i. Bank references asserting that the Applicant is financially solvent;
    - ii. Most recent Balance Sheet;
    - iii. Audited accounts for the Applicant and any Holding Company, Subsidiary or affiliated company for each of the three most recent financial years;
    - iv. Any accompanying notes and certifications on the above statements from a reputed chartered accountant. ‘
5. Data relating to the Applicant's future Business
  - a) Five year Business Plan for the business for which the application relates;
  - b) Five year annual forecasts of costs, sales, revenues and project financing stating the assumptions underlying the figures provided.
6. Detailed Maps of the proposed area of Distribution:

Detailed maps showing the area supplied and the configuration of the Distribution System, including information on Substations. The map shall clearly distinguish between the existing System and any new facilities that are or will be required for the purposes of providing Supply.

The map shall indicate the streets and roads in which the power is distributed and distinguish between public and private.
7. Proof of Service of the Copy of Application on incumbent Distribution Utility (STU);
8. Reasons for not furnishing any of the above documents thereof;
9. Details of Income tax Registration;
10. Any other relevant information.

## APPENDIX - 2

### **ARUNACHAL PRADESH ELECTRICITY REGULATORY COMMISSION**

#### **DISTRIBUTION LICENCE**

1. The Arunachal Pradesh Electricity Regulatory Commission (hereinafter referred to as the —Commission), in exercise of the powers conferred under Section 16 of the Electricity Act, 2003 (hereinafter referred to as —the Act), hereby grants this licence to M/s ..... (hereinafter referred to as the Licensee) to distribute electricity in the area of distribution as specified below, subject to the provisions made in the Acts, the rules, general conditions of Distribution Licence specified under Arunachal Pradesh Electricity Regulatory Commission (Procedure, Terms & Conditions for Grant of Distribution Licence and other Related Matters) Regulations, and other Regulations specified by the Commission (herein after referred to as —Regulations:), including statutory amendments, alterations, modifications, re-enactments thereof, which shall be read as part and parcel of this licence.
2. Area of Distribution:  
The area of Distribution shall be the whole of the area bounded as follows:  
North – By  
East – By  
South – By  
West – By
3. This Distribution Licence is not transferable, except in accordance with the provisions of the Acts, the Rules and the Regulations.
4. The Distribution Licensee shall not without prior approval of the Commission:
  - a) undertake any transaction to acquire by purchase or take over or otherwise, the utility of any other Licensee; or
  - b) merge its utility with utility of any other Licensee;
5. The Distribution Licensee shall not at any time assign its licence, or transfer its utility, or any part thereof, by sale, lease, exchange or otherwise without the prior approval of the Commission.
6. Any agreement relating to any transaction referred to in sub-clause (4) and sub-clause (5) unless made with the approval of the Commission, shall be void.
7. The grant of this Distribution Licence to the Licensee shall not in any way hinder or restrict the right of the Commission to grant a licence to any other person within the same area for Distribution of electricity. The Distribution Licensee shall not claim any exclusivity.
8. This Distribution licence shall commence on the date of its issue and unless revoked earlier, shall continue to be in force for a period of 25 (twenty five) years.
9. The Distribution Licensee may with prior intimation to the Commission, engage in any business for optimum utilisation of its assets:  
Provided that the Distribution Licensee shall not engage in the business of transmission of electricity.
10. The Distribution Licensee shall pay Licence fee as specified by the Commission.

11. The provisions contained in the Acts shall apply to the Distribution Licensee with regard to revocation of Distribution Licence and sale of his utility.

**SECRETARY**

**Arunachal Pradesh Electricity Regulatory Commission**

**Place:**

**Date:**

**APPENDIX - 3**

**APPLICATION FOR AMENDMENT TO A LICENCE FOR DISTRIBUTION OF ELECTRICITY.  
BEFORE THE ARUNACHAL PRADESH ELECTRICITY REGULATORY COMMISSION**

Application No.....

Case No..... (To be filled in by Commission's office)

IN THE MATTER OF:

Grant of amendments to a Licence for Distribution of Electricity under Section 18 of the Electricity Act 2003 to:

1. Name of the Licensee
2. Address

The applicant hereby submits to the Commission the following particulars for making alterations or amendments to the terms and conditions of his existing Licence for Distribution of Electricity under Section 18 of Electricity Act 2003:

1. Particulars of existing licence.
  - a) Licence No. \_\_\_\_\_ Dated \_\_\_\_\_
  - b) Its area of supply.
  - c) Changes, if any, proposed in area of supply.

Existing Area	Proposed Area

- i. Name and address of Zila Parishads and municipalities falling within the area of supply to be affected by proposed alteration or modification.
  - ii. Cantonments, aerodrome, fortress, arsenal, dockyard or camp or any building or place in occupation of the government for defence purposes falling within the area of supply to be affected by proposed alteration or modification.
2. Specific amendment/ alteration proposed in other clauses.

Existing Provision	Proposed amendment/alteration

3. Reasons for the alternation/amendment sought.
4. If the proposed amendment/ alteration will lead to additional investment, arrangements for funding it.
5. Any other particulars considered relevant/necessary.
6. Details of Fee for alteration or amendment. DD No..... dated..... In favour of Secretary, the Arunachal Pradesh Electricity Regulatory Commission, drawn on.....bank; for Rs

; payable at Itanagar

**(Signature of the Applicant)**

**Place: .....**

**Dated:.....**

**List of Documents to Accompany with Application for amendment/alteration to an existing licence**

1. Affidavit of the authorised person on non-judicial stamp paper of appropriate value.
2. Copy of existing licence and designated map.
3. Map of the area of supply or Distribution, if alteration or modification of such area is proposed.
4. Relevant resolution of Company/Society/Local authority.
5. Letter of authority of the Board of Directors in favour of the persons signing the application.
6. Documents mentioned in Regulation 3.6 and **Appendix - 1** as relevant to the amendment proposed & Proof of payment of application fee.