



ARUNACHAL PRADESH STATE ELECTRICITY REGULATORY COMMISSION
ITANAGAR

MP-06 of 2025.

IN THE MATTER OF:

An application praying for approval of the draft tripartite agreement for sale of the surplus power of the Arunachal Pradesh in power exchange and in the Bilateral mode through the traders.

Coram: **Mr. R K Joshi Hon'ble Chairperson.**

Mr. Nich Rika Hon'ble Member (Law).

Petitioner: Department of Power, Government of Arunachal Pradesh represented through The Chief Engineer (Commercial) cum CEI, Itanagar. (APDOP)

Appearance:

1. Er. Rajesh Sharma, JE (Comm), (APDOP).
2. Er. Nayor Nilling, JE (Comm), (APDOP).
3. Mr. Anand Shankar Roy, AGM, M/s Arunachal Pradesh Power Corporation Private limited (APPCPL).
4. Mr. Prakash Kumar, AGM M/s Nefa Power Trading Private Limited (NPTPL).
5. Mr. Aroop Deka, MD, NPTPL
6. Mr. Balo Taki, Director, NPTPL

Date of Hearing: 08.12.2025.

Date of Order: 11.12.2025

Secretary (In-Charge)
State Electricity Regulatory Commission
Arunachal Pradesh

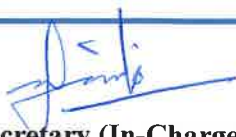
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ORDER

1. The petitioner, by way of this petition has sought for approval of the draft tripartite agreement for sale of the surplus power of Arunachal Pradesh in power exchange and in the bilateral mode through the traders.
2. The petitioner had filed this present application as per direction and reference made by the Law Department, Government of Arunachal Pradesh.

SUBMISSIONS OF THE PETITIONER:

3. Heard submissions for the petitioner through Er. Rajesh Sharma, JE (Comm), (APDOP) and also from authorized representative Mr. Anand Shankar Roy, AGM, M/s Arunachal Pradesh Power Corporation Private limited (APPCPL) and Mr. Prakash Kumar, AGM M/s Nefa Power Trading Private Limited (NPTPL).
4. The contentions of the petitioner is that on 13.07.2020 a Power Sale Contract Agreement was entered between the Department of Power, Arunachal Pradesh (herein refer as "DOP, AP") and M/s Arunachal Pradesh Corporation Private Limited. (herein refer as "APPCPL") for five [5] years period.
5. The petitioner submitted that since the said agreement had come to end on 13.07.2025, the DOP,AP had received two [2] proposal to sell the surplus power of the state in the power exchange and in the bilateral mode on behalf of the petitioner from the power traders namely (1) M/s Arunachal Pradesh Power Corporation Private limited (APPCPL), Naharlagun, Arunachal Pradesh and (2) M/s Nefa Power Trading Private Limited (NPTPL), Naharlagun, Arunachal Pradesh. Both the traders have agreed to the terms and conditions of the draft agreement and administrative approval was also given by the competent authority



vide Note# 127 dated 25.07.2025 of e-file No. CE(COM)/P-SALE/36/2021-22 (Computer No. 25506).

6. It has been further submitted that due to time constraint and shortage of man power, the requisite tender process could not be initiated. The petitioner seeks to continue for one [1] year period and assure to initiate all the current agreement which are to be expired in short time by the process of Notice Inviting Tender (NIT) within the allotted time.

7. Thus, the present petitioner prays for approval to the draft tripartite agreement for sale of the surplus power of Arunachal Pradesh in power exchange and in the Bilateral mode through the traders.

COMMISSION OBSERVATIONS:

8. The Commission after having gone through the petition and its annexed documents and also for the submissions of the parties do have serious concerns to approval of the present draft tripartite agreement for sale of the surplus power of Arunachal Pradesh in power exchange and in the Bilateral mode through the traders.

9. The petition is admitted being the discharge of the Commission's function under Section 108 of the Electricity Act, 2003 in the matter of policy which involves public interest.

10. The Commission reiterated the importance and place emphasis to section 61 of the very Act which reads as:

“ Section 61. (Tariff regulations): The Appropriate Commission shall, subject to the provisions of this Act, specify the terms and conditions for the determination of tariff, and in doing so, shall be guided by the following, namely:-



(a) the principles and methodologies specified by the Central Commission for determination of the tariff applicable to generating companies and transmission licensees;

(b) the generation, transmission, distribution and supply of electricity are conducted on commercial principles; (c) the factors which would encourage competition, efficiency, economical use of the resources, good performance and optimum investments;

(d) safeguarding of consumers' interest and at the same time, recovery of the cost of electricity in a reasonable manner;

(e) the principles rewarding efficiency in performance;

(f) multi year tariff principles;

(g) that the tariff progressively reflects the cost of supply of electricity and also, reduces cross-subsidies in the manner specified by the Appropriate Commission;

(h) the promotion of co-generation and generation of electricity from renewable sources of energy;

(i) the National Electricity Policy and tariff policy: Provided that the terms and conditions for determination of tariff under the Electricity (Supply) Act, 1948, the Electricity Regulatory Commission Act, 1998 and the enactments specified in the Schedule as they stood immediately before the appointed date, shall continue to apply for a period of one year or until the terms and conditions for tariff are specified under this section, whichever is earlier:"

11. It would be not wrong on our part to state that element of opaqueness exists in the present draft agreement. Considering from the provisions of Electricity Act 2003 above, the electricity sector must ensure that competitive mechanisms are designed to deliver cost-effective power to consumers as well as revenue for the State. Transparent bidding processes, promotion of competition are essential to prevent monopolistic practices and encourage efficiency. Transparency in market operations builds trust among stakeholders. Public disclosure of policies, performance and reports strengthens accountability and reduces the scope for unfair practices. A competitive and transparent environment attracts private




investment and this contribute to long-term sustainability and resilience of the electricity sector. Efficient competition ensures that consumers benefit from lower costs, improved service quality, and wider choices.

12. The Commission is constrained to record its serious reservations concerning the proposal, as the arrangement for the sale of surplus power, undertaken without recourse to a competitive bidding process, inherently raises an element of opacity and non-compliance with the core tenets of the Act. Entrusted with a regulatory responsibility, the Commission cannot act as a mere spectator and overlook acts that are against the reasons and objects of the very Act. Regulatory frameworks prevent unwarranted deviations in functioning, ensure compliance with established norms and enforce them consistently to maintain fairness.

13. The sale of State assets, including surplus power, must be realized through transparent and competitive mechanisms to ensure the best possible realization of revenue for the State Exchequer. The absence of a competitive bidding process contravenes established regulatory philosophy aimed at preventing monopolistic practices and promoting market efficiency.

14. The Commission notes that it has repeatedly emphasized the necessity of a transparent bidding system in previous Tariff Orders. The present situation, wherein the Petitioner is compelled to seek interim approval because the previous agreement expired on 13.07.2025 and no competitive process was initiated beforehand, demonstrates a pattern of unprofessional and wilful non-compliance with the regulatory mandate.

15. Notwithstanding the serious concerns over the lack of prudence and compliance on the Petitioner's part, the Commission acknowledges the immediate



time constraint. Therefore, the Commission finds it necessary, solely in the paramount public interest and to prevent financial detriment to the State Exchequer, to accord interim approval subject to stringent conditions.

DIRECTION:


In light of the foregoing analysis, and exercising its powers under the Electricity Act, 2003, the Commission hereby issues the following Order:

16. The draft Tripartite Agreement for the sale of surplus power in the Power Exchange and Bilateral mode through the identified Traders is hereby granted Interim Approval for a period of four (4) months only, commencing from the date of this Order. This interim arrangement shall stand automatically terminated on 31.03.2026.

17. No extension whatsoever shall be considered or granted to the parties under the present interim arrangement under any circumstances.

18. The Petitioner, APDOP, shall immediately initiate and complete a transparent and competitive bidding process by publishing a Notice Inviting Tender (NIT) for the selection of a Power Trader within the aforementioned period of four (4) months, ensuring that the selected trader is fully operational with effect from 01.04.2026.

19. The Petitioner, APDOP, shall submit a Compliance Affidavit to the Commission detailing the action taken towards initiating the bidding process within fifteen (15) days of this Order.



20. The Petitioner shall further submit a Monthly Progress Report (MPR) to the Commission on the status of the tender process (NIT publication, pre-bid meetings, bid submission, and final selection).

21. Failure to adhere to the submission timelines for the Compliance Affidavit and Monthly Progress Reports, or failure to conclude the competitive bidding process within the stipulated four (4) month period, shall compel the Commission to initiate *Suo-Motu* proceedings for regulatory non-compliance under the relevant provisions of the Act and associated Regulations.

22. With the aforesaid directions, the Petition (MP-06 of 2025) is hereby disposed of.;

Sd/-
(Nich Rika)
Member (Law)

Sd/-
(R.K.Joshi)
Chairperson,

