



**ARUNACHAL PRADESH STATE ELECTRICITY REGULATORY
COMMISSION ITANAGAR**

MP-04 OF 2025.

In the matter of:

Petition for approval of the draft agreement for “Construction, Operation and Maintenance of 33KV GIS Bay and associated systems of MES Feeder at 132/33 KV Dukumpani Substation”.

Coram: Mr. R. K. Joshi Hon’ble Chairperson.

Mr. Nich Rika Hon’ble Member (Law).

Petitioner: State Transmission Utility, Department of Power, Government of Arunachal Pradesh.

Appearance:

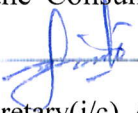
1. Er. Moli Kamki, Executive Engineer (E), TD-I, Department of Power, Government of Arunachal Pradesh.
2. Capt. Venkat Esan. V, Asst. Garrison Engineer (E/M), Tenga, West Kameng, Arunachal Pradesh.

Date of Hearing: 24.09.2025

Date of Order: 26.09.2025

ORDER

1. The Petitioner i.e. State Transmission utility(STU) by way of this petition has sought approval of the draft agreement for “Construction, Operation and Maintenance of 33 KV GIS Bay and associated systems of MES Feeder at 132/33 KV Dukumpani Substation”.
2. The Petitioner seeks the Commission’s approval on the draft agreement to ensure transparency, regulatory compliance and fairness and as advised by the Department of Law, Government of Arunachal Pradesh. The intent of approval of the draft agreement from the Commission is to ensure the terms of the agreement are consistent with prevailing regulations.
3. The Commission after having gone through the available documents had in its Record of Proceedings (ROP), dated 11.08.2025 observed that the present draft agreement should have been entered by the Consumer with Distribution Licensee as per the


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Electricity Act, 2003 and Arunachal Pradesh Supply Code Regulation, 2024. On the prayer made by the representative of the petitioner to examine the facts according to the relevant provisions of Regulations, the matter was further fixed for admission hearing on 02.09.2025, which was rescheduled on 24.09.2025.

4. When the matter was called for, the petitioner duly represented by Er. Moli Kamki, Executive Engineer (E), TD-I, Department of Power, Government of Arunachal Pradesh submitted that if at this instance the petitioner is not mandated or is without a locus to execute the said construction agreement with a consumer as per the Electricity Act, 2003 and Supply Code Regulations, the Commission may on its own discretion direct the agreement to be executed by the Consumer with the Distribution Licensee considering the urgency and importance of the matter.
5. Also heard Capt. Venkat Esan. V, Asst. Garrison Engineer (E/M), Tenga, West Kameng, Arunachal Pradesh. In his grievances he submitted that as the existing line from Bomdila Substation suffers from frequent breakdown, this agreement has become a necessity to reliable energy in aspect of National Security concerns. In course of his submissions, he prayed that an interim direction may be issued to the competent authority to initiate the work at earliest as the desired dedicated feeder construction has not started for more than a year since the request was submitted.


COMMISSION'S OBSERVATION:

6. With materials placed before the Commission and also from the submissions of parties, the Commission is of the opinion that the present draft agreement cannot be executed by the State Transmission Utility (STU) with the consumer. As per the Electricity Act, 2003 and the Arunachal Pradesh State Electricity Regulation Commission (APSERC) Supply Code Regulation, 2024 it is the Distribution Licensee who is mandated to deal with such matters of consumers.
7. That as per Section 39 of the Electricity Act, 2003 it defines the State Transmission Utility (STU) and functions. The Section 39 of the Electricity Act, 2003 reads as:

"39. State Transmission Utility and functions. (1) The State Government may notify the Board or a Government company as the State Transmission Utility:

Provided that the State Transmission Utility shall not engage in the business of trading in electricity:

Provided further that the State Government may transfer, and vest any property, interest in property, rights and liabilities connected with, and personnel involved in transmission of electricity, of such State Transmission Utility, to a company or


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companies to be incorporated under the Companies Act, 1956 (1 of 1956) to function as transmission licensee through a transfer scheme to be effected in the manner specified under Part XIII and such company or companies shall be deemed to be transmission licensees under this Act.

(2) The functions of the State Transmission Utility shall be--

(a) to undertake transmission of electricity through intra-State transmission system;

(b) to discharge all functions of planning and co-ordination relating to intra-State transmission system with--

(i) Central Transmission Utility;

(ii) State Governments;

(iii) generating companies;

(iv) Regional Power Committees;

(v) Authority;

(vi) licensees;

(vii) any other person notified by the State Government in this behalf;

(c) to ensure development of an efficient, co-ordinated and economical system of intra-State transmission lines for smooth flow of electricity from a generating station to the load center's;

(d) to provide non-discriminatory open access to its transmission system for use by--

(i) any licensee or generating company on payment of the transmission charges;
or

(ii) any consumer as and when such open access is provided by the State Commission under sub-section (2) of section 42, on payment of the transmission charges and a surcharge thereon, as may be specified by the State Commission:

Provided that such surcharge shall be utilized for the purpose of meeting the requirement of current level cross-subsidy:

Provided further that such surcharge and cross subsidies shall be progressively reduced
1 *** in the manner as may be specified by the State Commission:

2 * * * * *

Provided also that the manner of payment and utilization of the surcharge shall be specified by the State Commission:

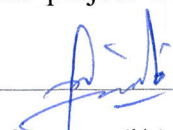
Provided also that such surcharge shall not be leviable in case open access is provided to a person who has established a captive generation plant for carrying the electricity to the destination of his own use. “

8. From bare reading of the above section, it is clear that the functions of the State Transmission Utility (STU) is to undertake transmission of electricity, planning and co-ordination relating to intra-State transmission system. It ensures development of an efficient, coordinated and economical system of intra-State transmission lines for smooth flow of electricity from a generating station to the load centers. Further it is the utilities responsibility to provide non-discriminatory open access to its transmission system.
9. The responsibility for construction activities in the transmission system lies with the transmission licensee. In Arunachal Pradesh, since TP&MZ functions as both the STU and a deemed transmission licensee, it is authorized to undertake such construction activities in its capacity as a transmission licensee and not STU. However, the agreement should be executed between the consumer and the Distribution Licensee for the proposed construction of “dedicated feeder” with the responsibility of the distribution licensee to get the work executed with the coordination of transmission licensee of the respective area.
10. Agreements between a consumer and a distribution licensee involving construction activities or O&M charges do not require the explicit approval of Commission until and unless such expenditure is being claimed in ARR and recovered from the tariff.
11. However, since it is a reference from Government of Arunachal Pradesh, the Commission in spite of serious technical fault in filing the petition without a locus of Petitioner considered the matter in a broader public interest.
12. Certain observations from the review of the agreement are outlined below, which may be suitably incorporated/covered in the agreement between the distribution licensee and the consumer.

i. **Validity of the agreement:** No information has been provided regarding the validity of the agreement. Ideally, any agreement should specify a definite timeline, usually aligned with the life of the asset or as mutually agreed upon by the parties.

ii. **Constructional Cost:** Since no breakup or detailed justification of the cost has been provided, the Commission is unable to ascertain the genuineness of the proposed cost.

iii. **Default:** The agreement does not specify any provision for penalty in case of default in executing the project within the stipulated timeline. Furthermore, a


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similar provision may also be included for delays in payment beyond the agreed timeline if required.

iv. **Escalation rate:** The rationale for applying an escalation rate of 6% for the first year and 7% for subsequent years has not been specified. The Commission notes that this may be aligned with the methodology adopted in the APSERC (MYT) Regulations, 2024, and its amendments, as the same escalation is applied to all utilities in their ARR approvals.

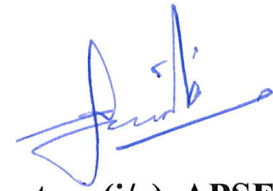
v. **Technical standard conformity:** The construction, operation and maintenance should be specified and in accordance with necessary guidelines mandated in line with CEA Regulations or as practiced by the licensee.

vi. **Dispute Resolution:** Since this agreement is to be made between the consumer and the Distribution Licensee, any disputes arising therefrom shall be addressed in accordance with the APSERC (Consumer Grievance Redressal Forum and Ombudsman) Regulations, 2015, and its subsequent amendments.

13. In view of the urgent nature of the matter, the distribution licensee is directed to finalize the agreement with the consumer within a period of 30 days from the date of this order.

14. With the above observations the petition is disposed of accordingly.

By order of the Commission



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