



**ARUNACHAL PRADESH STATE ELECTRICITY REGULATORY
COMMISSION (APSERC)**

ORDER on

Petition for Approval of Business Plan

And

Multi Year Tariff for FY 2025-26 to FY 2029-30

for

Transmission Planning & Monitoring Zone (TP & MZ)

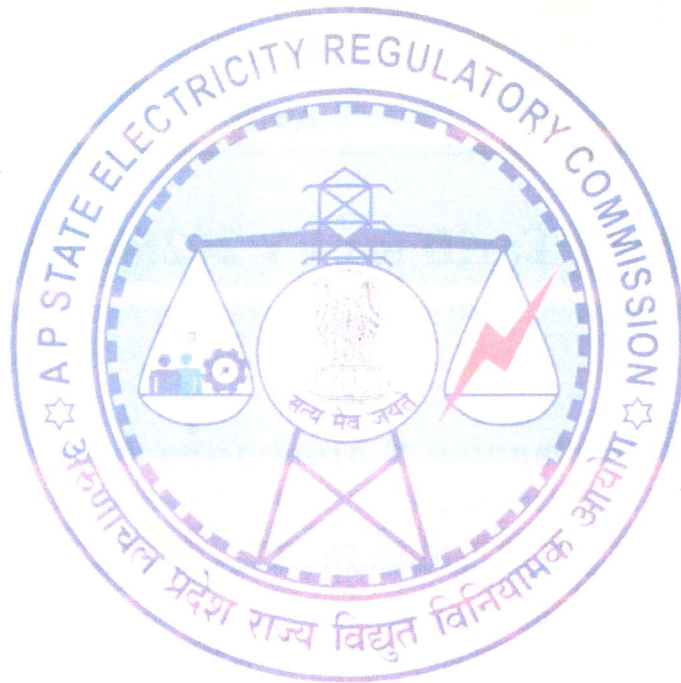
Petition No. TP- 08 of 2025

Issued On 13/10/2025

Arunachal Pradesh State Electricity Regulatory Commission
अरुणाचल प्रदेश राज्य विद्युत नियामक आयोग
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Telephone No: 0360-3562791

Website: www.apserc.nic.in



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State Electricity Regulatory Commission
Arunachal Pradesh

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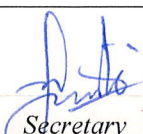
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2 List of Abbreviations

A&G	Administrative and General
APTEL	Appellate Tribunal for Electricity
APR	Annual Performance Review
ARR	Aggregate Revenue Requirement
AS	Accounting Standards
ATC	Annual Transmission Charge
CAG/C&AG	Comptroller and Auditor General
CEA	Central Electricity Authority
CERC	Central Electricity Regulatory Commission
CPI	Consumer Price Index
CPPC	Central Pension Processing Centre
CTU	Central Transmission Utility
CWIP	Capital Work-In-Progress
DA	Dearness Allowance
Act/EA 2003	Electricity Act, 2003
FAR	Fixed Asset Register
FCC	Financial Completion Certificate
FINER	Federation of Industry & Commerce of North Eastern Region
GFA	Gross Fixed Assets
GPF	General Provident Fund
HRA	House Rent Allowance
ICT	Inter-Connecting Transformer
IWC/IoWC	Interest on Working Capital
kW	kilo Watt
kWh	kilo Watt Hour
MNRE	Ministry of New & Renewable Energy
MYT	Multi Year Tariff
MU	Million Units
MW	Mega Watt
NEC	North Eastern Council



NERPSIP	North Eastern Region Power System Improvement Project
NTI	Non-Tariff Income
O&M	Operation and Maintenance
PCC	Physical Completion Certificate
PGCIL	Power Grid Corporation of India Limited
PoC	Point of Connection
PSDF	Power System Development Fund
R&M	Repairs and Maintenance
RoE	Return on Equity
ROI	Rate of Interest
SAC	State Advisory Committee
SAMAST	Scheduling, Accounting, Metering and Settlement of Transactions in Electricity
SBI	State Bank of India
SLDC	State Load Despatch Centre
SLM	Straight Line Method
STOA	Short Term Open Access
STU	State Transmission Utility
TSC	Transmission Service Charges
TVS	Technical Validation Session
WPI	Wholesale Price Index



Before

The Arunachal Pradesh State Electricity Regulatory Commission (APSERC)

Itanagar, Arunachal Pradesh

Petition No. TP 08 of 2025

In the matter of:

Petition for approval of Business Plan and ARR for the Control Period FY 2025-26 to FY 2029-30 and Tariff for FY 2025-26

AND

***Transmission, Monitoring and Planning Zone;
Department of Power,
Govt. of Arunachal Pradesh***

-----Petitioner

Present:

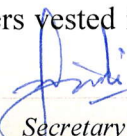
Hon'ble R.K Joshi, Chairperson, APSERC

Hon'ble Nich Rika, Member (Law), APSERC

ORDER

(Passed on 13-10-2025)


- 1) The Transmission Planning & Monitoring Zone, Department of Power, Government of Arunachal Pradesh considering a deemed licensee in terms of section 14 of the Electricity Act 2003 is engaged in the business of transmission who is allowed to function as Transmission Utility for The State of Arunachal Pradesh. The TP&MZ is part of Department of Power (DOP), Arunachal Pradesh.
- 2) TP&MZ, DOP filed Petition for approval of Business Plan and ARR for the Multi Year Tariff for control period FY 2025-26 to FY 2029-30 and determination tariff for FY 2025-26 under section 61,62 & 64 of the Electricity Act 2003 on 28 May 2025.
- 3) The Commission in exercise of the powers vested in it under section 62 (1) (a) read with


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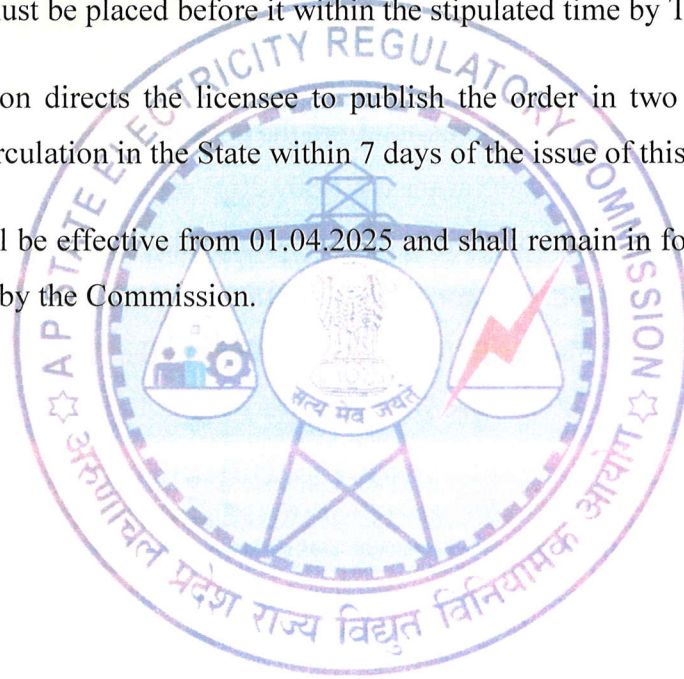
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Section 62 (3) and Section 64 (3) (a) of the Electricity Act, 2003 and APSERC (Multi Year Tariff) Regulations, 2024 and other enabling provisions in this behalf, hereby issues this order, determining the Aggregate Revenue Requirement (ARR) for FY 2025-26 to FY 2029-30 and tariff for the FY 2025-26 for Transmission Planning and Monitoring Zone, Department of Power, Government of Arunachal Pradesh. The relevant Regulation issued by the Commission requires that the licensee shall file petition for approval of ARR before the Commission for a FY including Business Plan for a control period, complete in all respects, along with requisite fee as prescribed in the APSERC (Fees) Regulations, 2011 and amendments thereof on or before 30th November of the preceding year. Accordingly, the petition for the FY 2025-26 should have been filed by the TP&MZ on or before 30th November, 2024. However, TP&MZ filed the said petition before the Commission on vide No CE(P)/TPMZ/W-15/2025-26/840-41 dated the 27th May 2025.

- 4) The Commission conducted preliminary analysis of the Petition and found that the Petition was incomplete in material particulars. Therefore, additional data and clarifications on the Petition were sought from TP&MZ, DoP vide letter no. APSERC/RA-7/II/2025-26/87 dated 30.05.2025.
- 5) Later on 20.05.2025 TP&MZ vide Letter no. CE/(P)/TPMZ/W-15/2025-26/1301 dated 20.06.2025 filed the additional information to the Commission.
- 6) Although the TP&MZ had submitted the tariff petition beyond the stipulated deadline, the Commission taking into consideration the time lapsed and in order to avoid further delay finally admitted the petition on 30th June 2025.
- 7) On admission of the Petition, in accordance with Section 64 of the Electricity Act 2003, the Commission directed TP&MZ, DOP to publish a summary of the ARR and Tariff filings in abridged form in local dailies, which was finally published on 10.07.2025 by the petitioner.
- 8) While issuing the order on petitions the Commission has taken into consideration of the following:
 - a) Provisions of APSERC (Multi Year Tariff) Regulations, 2024.
 - b) Documents and information submitted by the Petitioner.


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- 9) The Commission, now in exercise of its powers vested under Sections 61, 62, 86 and 181 of the Electricity Act, 2003 and all other powers enabling it in this behalf and taking into consideration the submissions made by the Petitioner, has approved the Business Plan and ARR for the control period FY 2025-26 to FY 2029-30 and Tariff for FY 2025-26 as detailed in subsequent pages.
- 10) This order consists of six chapters that includes detailed analysis of the ARR and approved Transmission Tariff for the FY 2025-26. Further, the Commission directs the Licensee to take all necessary steps for implementation of this order so that the energy bills are prepared accordingly, strictly in terms of the approved tariff. The directives contained in the Chapter- 6 should be strictly adhered to and compliance thereof, as desired by the Commission must be placed before it within the stipulated time by TP&MZ, DOP.
- 11) The Commission directs the licensee to publish the order in two leading newspapers, having wide circulation in the State within 7 days of the issue of this Tariff Order.
- 12) This order shall be effective from 01.04.2025 and shall remain in force till the next tariff order is issued by the Commission.



S/d
Shri Nich Rika
Member (Law)

S/d
Shri R. K. Joshi
Chairperson

Date – 13/10/2025

Place - Itanagar

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1 INTRODUCTION

1.1 Constitution of the Commission

In exercise of the powers conferred by the Electricity Act, 2003, (hereinafter referred to as Act) the Government of Arunachal Pradesh constituted the Electricity Regulatory Commission for the State of Arunachal Pradesh to be known as “Arunachal Pradesh State Electricity Regulatory Commission” (APSERC) as notified on 07.05.2010 (hereinafter referred to as Commission). The Arunachal Pradesh State Electricity Regulatory Commission has been functioning with effect from 02.03.2011 with the objective and purpose for which the Commission has been established i.e., to discharge its functions as per Section 86 of the Act. The Commission had been functioning as a single member Commission as per provisions of prevalent laws/rules till the retirement of Shri R P Singh, the then Chairperson of the Commission from the post of Chairperson on 31.12.2019. The Post of Chairperson remained vacant till 17.07.2023 and hence no regulatory activities were taken up during this intervening period. After a gap of about three and half years a two-member Commission was constituted on 18.07.2023 notified vide No. PWRS/W-1075/2004/Pt/5715/37 dated 19.07.2023. Thereafter, the Commission continues to discharge the functions as envisaged in the Act.

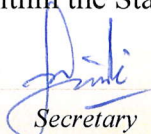
1.2 Functions of the Commission

1.2.1 In accordance with Section 86 (1) of the Act, the APSERC discharges the following functions:

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

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

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


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- c) facilitate intra-State transmission and wheeling of electricity;
- d) issue licenses to persons seeking to act as transmission licensees, distribution licensees and electricity traders with respect to their operations within the State;
- e) promote cogeneration and generation of electricity from renewable sources of energy by providing suitable measures for connectivity with the grid and sale of electricity to any person, and also specify, for purchase of electricity from such sources, a percentage of the total consumption of electricity in the area of a distribution licensee;
- f) adjudicate upon the disputes between the licensees and generating companies; and to refer any dispute for arbitration;
- g) levy fee for the purposes of this Act;
- h) specify State Grid Code consistent with the Grid Code specified under Clause (h) of sub-section (1) of Section 79;
- i) specify or enforce standards with respect to quality, continuity and reliability of service by licensees;
- j) fix the trading margin in the intra-state trading of electricity, if considered, necessary;
- k) discharge such other functions as may be assigned to it under this Act.

1.2.2 The Commission has to also advise the State Government as per sub section 2 of Section 86 of the Act, on all or any of the following matters, namely:

- a) promotion of competition, efficiency and economy in activities of the electricity industry;
- b) promotion of investment in electricity industry;
- c) reorganization and restructuring of electricity industry in the State;
- d) matters concerning generation, transmission, distribution and trading of electricity or any other matter referred to the State Commission by that Government.

1.2.3 The State Commission ensures transparency while exercising its powers and discharging its functions.

1.2.4 In discharge of its functions, the State Commission is also guided by the Tariff Policy notified by the Government of India under Section 3 of the Act. The objectives of the

Tariff Policy are to:

- a) ensure availability of electricity to consumers at reasonable and competitive rates;
- b) ensure financial viability of the sector and attract investments;
- c) promote transparency, consistency and predictability in regulatory approaches across jurisdictions and minimize perceptions of regulatory risks;
- d) promote competition, efficiency in operations and improvement in quality of supply.

1.3 Arunachal Pradesh – Geographical Reality

The total area of the State of Arunachal Pradesh is 83573 sq. kms. The State is having a population of around 13.82 lakhs (2011 Census). The State of Arunachal Pradesh is bounded by Assam in South, Bhutan in West, China in North, and Nagaland and Myanmar in East. It's Capital, Itanagar is about 380 kms. from Guwahati.

1.4 Transmission Planning & Monitoring Zone, DOP, AP

The Transmission Planning & Monitoring Zone (TPMZ) is a Government Department functioning under the Department of Power, Government of Arunachal Pradesh. TPMZ is designated as the State Transmission Utility (STU) as well as a deemed transmission licensee, entrusted with the responsibility of planning, developing, and maintaining the transmission network for reliable power transfer within the state. The TPMZ operates through its four offices, each functioning independently in line with the powers conferred under the Department of Power's delegation of authority:

- a) TP&MZ (Head Office) – Zero Point, Department of Power (DoP), Itanagar
- b) Transmission Division–I (TD-I) – Dirang
- c) Transmission Division–II (TD-II) – Itanagar
- d) Transmission Division–III (TD-III) – Pasighat

At present, TPMZ maintains about 412.77 Ckt-Km of single-circuit and double-circuit transmission lines, comprising 393.77 Ckt-Km of 132 kV lines and 19 Ckt-Km of 220 kV lines.

During the financial year 2024–25, TPMZ successfully transmitted 1,152 million units (MUs) of power within the state.



1.5 Function of State Transmission Utility and Duties Transmission licensee as per the EA-2003

1. As per Section 39(2) of the Electricity Act, 2003, the functions of the CTU are:

- (a) to undertake transmission of electricity through the intra-State transmission system;
- (b) to discharge all functions of planning and coordination relating to the intra-State transmission system with:
 - (i) Central Transmission Utilities (CTUs);
 - (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, coordinated, and economical system of intra State transmission lines for smooth flow of electricity from generating stations to load centres.
- (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 transmission charges and a surcharge thereon, as may be specified by the State Commission.

2. As per Section 40(2) of the Electricity Act, 2003, the Duties of transmission licensee are:

It shall be the duty of a transmission licensee:

- (a) to build, maintain and operate an efficient, coordinated, and economical transmission system — whether inter-State or intra-State, as the case may be.
- (b) to comply with the directions of the Regional Load Despatch Centre (RLDC), and State Load Despatch Centre (SLDC), as the case may be.
- (c) 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 Section 42(2), on payment of transmission charges and a surcharge thereon, as may be specified by the State Commission.

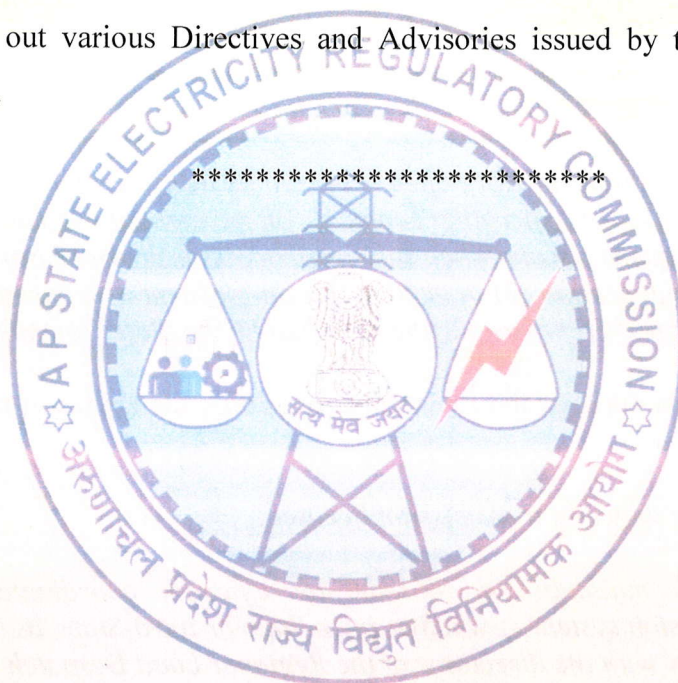
1.6 Layout of the Order

This Order is organized into Six Chapters:

- 1) Chapter 1 provides a brief about APSERC, TP&MZ, DOP, some of the details about the

tariff setting process, the admission process of petition and about the Public Hearing.

- 2) Chapter 2 provides about the procedural history and Public Consultation Process
- 3) Chapter 3 provides Summary of the Petition submitted by TP&MZ, DOP for determination of ARR and Transmission Tariff proposal for the control period.
- 4) Chapter 4 provides summary of the Business plan for Control Period and Commission's Approval on the same.
- 5) Chapter 5 provides analysis of Multi Year ARR for the Control Period FY 2025-26 - 2029-30 & Tariff for FY 2025-26 and Commission's approval on the same.
- 6) Chapter 6 list out various Directives and Advisories issued by the Commission to TP&MZ, DOP.



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2 Procedural History and Public Consultation Process

2.1 Filing of Business Plan and MYT Petition for the FY 2025-26 to FY 2029-30

As per the Regulation 2.5 of APSERC (Multi Year Tariff) Regulations, 2024, the Generating Company, Transmission Licensee, SLDC and Distribution Licensee shall submit the Business Plan, forecast of aggregate revenue requirement for the entire control period and tariff proposal for 1st year of the control period, in such manner and within 30th November of current year for the present control period and accompanied by such fee payable as may be specified under the APSERC (Payment of Fees Regulation 2011, as amended from time to time. However, TP&MZ filed the tariff Petition for the control period FY 2025-26 to FY 2029-30 on 28-05-2025, which should have been filed on or before 30-11-2024 as per the above said Regulations.

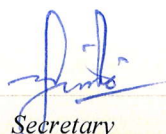
2.2 Admission of Petition and Public Hearing Process

The Commission observed that the Annual Revenue Requirement (ARR) filed by the Petitioner was incomplete and lacked critical and vital information as specified under the APSERC Multi Year Tariff Regulations, 2024. Accordingly, the Commission, vide Letter No. APSERC/RA-7/II/2025-26/87 dated 30.05.2025, directed TP&MZ to submit additional data and clarifications on the Petition.

Subsequently, TP&MZ, vide Letter No. CE/(P)/TPMZ/W-15/2025-26/1301 dated 20.06.2025, submitted the requisite additional information before the Commission. Although the filing was made beyond the stipulated deadline, the Commission, taking into consideration the time already lapsed and in order to avoid further delay, admitted the Petition on 30.06.2025 as Case No. TP-08 of 2025.

Upon admission of the Petition and in compliance with Section 64 of the Electricity Act, 2003, the Commission, vide Letter No. APSERC/RA-7/II/2025-26/148 dated 30.06.2025, directed TP&MZ, to publish a summary of the Petition and Tariff filings in abridged form in local dailies for inviting comments/objections from various stakeholders.

In compliance with the above, TP&MZ, published the notification of the Petition along with the proposed ARR and Transmission Tariff for FY 2025-26 in the following newspapers:



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Table 1: List of News Paper for publication of abridge form of petition

Sl. No	Name of the Newspaper	Language	Date of Publication
1.	Echo of Arunachal	English	10.07.2025

Further, TP&MZ, issued a Public Notice inviting objections/suggestions from stakeholders on or before 21 days from the date of publication. The timeline for filing replies by TP&MZ, was 15 days from the last date of receipt of such objections/suggestions.

2.3 Public Response to the Tariff Petition:

The Commission did not receive any objection/ suggestions from the Public in response to the published notice.

The Commission has also uploaded the petition on its official website www.apserc.nic.in for wider circulation. Further in order to provide adequate opportunities to all stakeholders and general public, as mandated under Section 64 (3) of the Electricity Act 2003 and in relevant provisions of Regulations framed by the Commission, a Public Hearing was conducted on 11.08.2025. The details of the newspaper wherein the notice of public hearing was published is given in the table below:

Table 2: List of Newspaper and date of publication of public notice by the Commission

Newspaper	Language	Date of Publication
Arunachal Front	English	01.08.2025
Arun Bhoomi	English	01.08.2025
The Dawn Lit Post	English	01.08.2025

No comments or suggestions on the Petition were received following the publication of the public notice

2.4 Public Hearing:

A Public Hearing was held by the Commission on 11.08.2025 to provide an additional opportunity to all stakeholders to submit their comments/suggestions on the said Petition. However, no specific comments/objections were received by the Commission. The list of attendees present during the Public Hearing is enclosed as Annexure-I of this Order.



3 Summary of Petition

3.1 Summary of the Petition

TP&MZ in its petition Table 25 has submitted the projected ARR for the control period FY 2025-26 to FY 2029-30, and historic expenditure data/actual Figs. for FY 2021-22, FY 2022-23 and FY 2023-24 for meeting its expenses and the estimated revenue with the existing tariff. The ARR and proposed transmission tariff as submitted by the petitioner is shown in Table below.

Table 3 : Aggregate Revenue Requirement- Petitioner Submission

S. No.	Particulars	Unit	FY 25-26	FY 26-27	FY 27-28	FY 28-29	FY 29-30
1	No. of Employee	No's	742	742	742	742	742
2	Employees Cost	Rs. Cr.	15.31	16.98	18.83	20.88	23.15
3	Admin. & General Expenses	Rs. Cr.	28.11	29.22	30.37	31.56	32.8
4	Repairs & Maintenance	Rs. Cr.	47.58	49.46	51.4	53.43	55.53
5	Operation & Maintenance Expenses	Rs. Cr.	91	95.66	100.6	105.87	111.48
6	Depreciation	Rs. Cr.	63.24	87.44	121.41	167.15	225.37
7	Interest on loan(lol)	Rs. Cr.	25.13	20.86	25.31	28.74	27.86
8	Return on Equity	Rs. Cr.	20.08	22.3	31.74	43.12	55.19
9	Interest on Working Capital	Rs. Cr.	3.93	4.37	5.19	6.21	7.37
10	Income Tax	Rs. Cr.	0	0	0	0	
11	Gross Aggregate Revenue Requirement	Rs. Cr.	203.38	230.63	284.25	351.09	427.27
12	Less: Non-Tariff Income	Rs. Cr.	0	0	0	0	0
13	Net Annual Transmission Charges	Rs. Cr.	203.38	230.63	284.25	351.09	427.27



3.2 Transmission Loss - Petitioner's Submission-

The Petitioner states that as per the "Transmission Loss Data from Submission of Additional Information for approval of SLDC Charges" submitted by the SLDC vide Letter No. EE/SLDC/W-207/2024-25/117-121 dated 9th May, 2025, the Petitioner has maintained Transmission Loss from FY 20-21 to FY 24-25 ranging from 2.77% to 3.67%. Accordingly, the Petitioner has considered the Average Transmission Loss throughout these years, i.e., 3.39% and projected the same as the target Transmission Loss for the Control Period FY 2025-26 to FY 2029-30. The Petitioner's proposal for Transmission Losses is given in the table below,

Table 4: Transmission Loss Projected by the Petitioner

Particulars	Unit	Transmission Losses				
		FY 20-21	FY 21-22	FY 22-23	FY 23-24	FY 24-25
Transmission Losses	%	2.77%	3.42%	3.56%	3.55%	3.67%
Average	%	3.39%				
Particulars	Unit	Transmission Losses				
		FY 25-26	FY 26-27	FY 27-28	FY 28-29	FY 29-30
Transmission Losses	%	3.39%	3.39%	3.39%	3.39%	3.39%

3.3 Transmission System Availability as projected by the Petitioner

The Year Wise Transmission System Availability is given below: -

Table 5: Transmission System Availability as projected by Petitioner

Particulars	Unit	Transmission System Availability				
		FY 25-26	FY 26-27	FY 27-28	FY 28-29	FY 29-30
Transmission System Availability	%	98.00%	98.00%	98.00%	98.00%	98.00%

3.4 Proposed Transmission Charges (in lakhs)

TP&MZ in its petition clause no. 6.3 has submitted the projected transmission charges month wise as per regulation no. 7.11 of APSERC MYT regulation 2024, for the control period FY 2025-26 to FY 2029-30. The proposed transmission charges as submitted by the petitioner is shown in Table below.

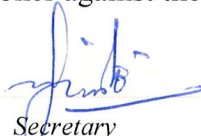
Table 6: Proposed Transmission Charge by the Petitioner

Sl. No.	Financial Year	Transmission Charges Transmission Charge (Exclusive of Incentive) Payable (Rs. In Cr)
1	FY 25-26	203.37
2	FY 26-27	230.62
3	FY 27-28	284.28
4	FY 28-29	351.11
5	FY 29-30	427.29

3.5 Prayer of the Petitioner

The petitioner respectfully prays that Hon'ble Commission may:

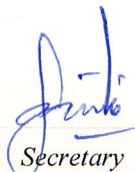
- 1) Admit the instant Petition;
- 2) Examine the proposal submitted by the Petitioner in the enclosed petition for a favorable dispensation;
- 3) Approve the Business Plan and Multi-Year Aggregate Revenue Requirement for the Control Period FY 2025-26 to FY 2029-30, under the Arunachal Pradesh State Electricity Regulatory Commission (Multi Year Tariff) Regulations, 2024 notified by the Hon'ble Arunachal Pradesh State Electricity Regulatory Commission (hereinafter called "Hon'ble Commission" or "APSERC"), vide Gazette No. 443 dated December 10, 2024, read along with its amendments and orders, as applicable, issued by the Hon'ble Commission;
- 4) Pass suitable Orders with respect to the Business Plan and Multi-Year Aggregate Revenue Requirement for the Control Period FY 2025-26 to FY 2029-30;
- 5) Pass separate Order for the Petitioner against the present petition;



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- 6) Condone any inadvertent omissions/ errors/ shortcomings and permit the Petitioner to add/ change/ modify/ alter this filing and make further submissions as may be required at a future date;
- 7) Pass such Order, as the Hon'ble Commission may deem fit and appropriate keeping in view the facts and circumstances of the case;
- 8) Allow the Petitioner to file review petition post issuance of the Hon'ble Commission's Order in case of newly found facts and circumstances of the case, in order to demonstrate the true reflection of costs incurred by the Petitioner.




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4 Business Plan for the Control Period of FY 2025–26 to FY 2029-30

4.1 Petitioners Submission - for Business Plan Capital Expenditure and Capitalization Schedule

4.1.1 Capital Expenditure and Capitalization Schedule

The Petitioner has filed the current Business Plan keeping in view the specific requirements for improving the transmission network availability and to strengthen the overall transmission network and also proposes Capital Expenditure in line with the “Transmission System requirement of North Eastern states and Sikkim by the year 2031-32” issued by the Central Electricity Authority (CEA) on October, 2024. The summary of Arunachal Pradesh’s identifies the transmission system including new substation, new transmission lines, reconductoring and augmentation required by 2031-32 and tentative expenditure required for implementation of the transmission schemes is given below.

Table 7: CEA recommended Arunachal Pradesh Transmission system strengthening summary

Particulars	UoM	Contents
Estimated Peak Electricity Demand by 2031-32	MW	560
Capacity Addition /Augmentation	MVA	160
Transmission Line addition / Reconductoring	ckm	753
Tentative Expenditure	Rs. Cr.	956

The Petitioner has further submitted that a total investment of ₹956.25 Crore is planned through the CEA-approved schemes during the third control period. Out of these, three (3) projects have already been initiated by the Petitioner and are presently at advanced stages of tendering, namely:

- Replacement of 132/33 kV, 2×20 MVA ICT with 2×50 MVA ICT at Chimpu, Itanagar Sub-station.
- KaHEP–Khuppi 132 kV D/c Line (with Zebra conductor) (20 ckm) along with associated bays.
- 2nd circuit stringing of Niglok–Napit 132 kV transmission line (20 km) along with associated bays



Table 8: Capital Expenditure Plan as projected by the Petitioner based on CEA recommendations

SL. No.	Type of Project	Name of Project	Estimated Date of Completion	Proposed Capital Expenditure (Rs. Cr.)				
				FY 25-26	FY 26-27	FY 27-28	FY 28-29	FY 29-30
1.	Reconductoring of Existing Lines	Lekhi – Chimpu 132 kV S/c line (14.5 ckm) with Panther or HTLS equivalent to existing conductor along with upgradation of requisite bay equipment	FY 2026-27	3.27	3.27			
2.	Reconductoring of Existing Lines	Ziro – Daporijo 132 kV S/c line (87 ckm) (being LIL Oed at Raga) with 900 A HTLS along with upgradation of requisite bay equipment	FY 2026-27	17.63	17.63			
3.	New transmission lines	KaHEP – Khuppi 132 kV D/c Line (with Zebra conductor) (20 ckm) alongwith associated bays	FY 2026-27	21.65	21.65			
4.	New transmission lines	2nd circuit Stringing of Sagali – Yupia 132 kV line (39 ckm) along with associated bays	FY 2026-27	6.86	6.86			
5.	Augmentation of Sub Station	Replacement of 132/33 kV, 2x20 MVA ICT with 2x50 MVA, ICT at Chimpu, Itanagar S/s.	FY 2027-28	8.5	8.5	8.5		
6.	New substations along with the associated Transmission Lines	1 (i) Establishment of new 132/33 kV, 2x10 MVA S/s at Kimin (Papum Pare)	FY 2027-28	19.6	19.6	19.6		
7.	New substations along with the associated Transmission Lines	1 (ii) LILO of Yupia - Gerukamukh 132 kV S/c line at 132/33 kV Kimin S/s. (7.5 km loop in and 7.5 km loop out.)	FY 2027-28	8.58	8.58	8.58		



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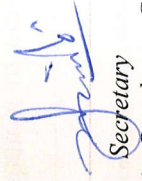
8.	New substations along with the associated Transmission Lines	1 (iii) 2nd circuit stringing of Gerukamukh - Yupia - Banderdewa (bypassed at Yupia). (84 ckm) along with associated bays at Gerukamukh & Banderdewa S/s	FY 2027-28	8.2	8.2	8.2		
9.	New substations along with the associated Transmission Lines	1 (iv) LILO of Gerukamukh - Banderdewa (bypassed at Yupia) 132 kV S/c line at 132/33 kV Kimin S/s. (7.5 km loop in and 7.5 km loop out.)	FY 2027-28	8.58	8.58	8.58		
10.	New substations along with the associated Transmission Lines	2 (i) Establishment of new 132/33 kV, 2x10 MVA S/s at Raga, (Kamle)	FY 2027-28	17.45	17.45	17.45		
11.	New substations along with the associated Transmission Lines	2 (ii) LILO of Ziro - Daporijo 132 kV S/c line at Raga (Kamle) with HTLS 1000 A. (6.5 km loop in and 6.5 km loop out.)	FY 2027-28	12.11	12.11	12.11		
12.	New substations along with the associated Transmission Lines	3 (i) Establishment of new 132/33 kV, 2x10 MVA S/s at Tato (Shi Yomi)	FY 2027-28	17.45	17.45	17.45		
13.	New substations along with the associated Transmission Lines	3 (ii) LILO of Kamba - Mechuka 132 kV S/c line at Tato (Shi Yomi)- (5 km loop in and 5 km loop out.)	FY 2027-28	5.72	5.72	5.72		
14.	New substations along with the associated Transmission Lines	3 (iii) 132 kV Bay at Kamba for Tato line	FY 2027-28	0.72	0.72	0.72		

15.	New lines	transmission	Kimin – Yachuli (Ziro-New) 132 kV D/c line (100 ckm) along with associated bays	FY 2028-29	46.21	46.21	46.21	46.21	
16.	New lines	transmission	Likabali – Basar 132 kV D/c line (160 ckm) along with associated bays	FY 2029-30		71.89	71.89	71.89	71.89
17.	New lines	transmission	2nd circuit Stringing of Gerukamukh – Likabali 132 kV S/c line on D/c tower (52 ckm) along with associated bays	FY 2029-30		4.22	4.22	4.22	4.22
18.	New lines	transmission	2nd circuit Stringing of Niglok - Napit 132 kV Transmission line (20 km) along with associated bays	FY 2029-30	4.05	4.05	4.05	4.05	4.05
19.	New lines	transmission	2nd circuit Stringing of Seijosa – Rilo 132 kV line (44 ckm) along with associated bays	FY 2029-30		3.73	3.73	3.73	3.73
20.	New lines	transmission	2nd circuit Stringing of Rilo – Sagali 132 kV line (33 ckm) along with associated bays	FY 2029-30		3.07	3.07	3.07	3.07
			TOTAL		206.58	289.48	240.08	133.16	86.95

Table 9: Capitalization Plan as projected by the Petitioner based on CEA recommendations

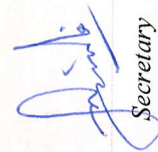
Sl. No.	Type of Project	Name of Project	Estimated Date of Completion	Proposed Capitalization (Rs. Cr.)				
				FY 25-26	FY 26-27	FY 27-28	FY 28-29	FY 29-30
1	Reconductoring of Existing Lines	Lekhi – Chimpu 132 kV S/c line (14.5 ckm) with Panther or HTLS equivalent to existing conductor along with upgradation of requisite bay equipment	FY 2026-27		6.54			
2	Reconductoring of Existing Lines	Ziro – Daporijo 132 kV S/c line (87 ckm) (being LILOed at Raga) with 900 A HTLS along with upgradation of requisite bay equipment	FY 2026-27		35.26			

3	New lines	KaHEP – Khuppi 132 kV D/c Line (with Zebra conductor) (20 ckm) along with associated bays	FY 2026-27	43.29		
4	New lines	2nd circuit Stringing of Sagali – Yupia 132 kV line (39 ckm) along with associated bays	FY 2026-27	13.72		
5	Augmentation of Sub Station	Replacement of 132/33 kV, 2x20 MVA ICT with 2x50 MVA, ICT at Chimpu, Itanagar S/s.	FY 2027-28	25.5		
6	New substations along with the associated Transmission Lines	1 (i) Establishment of new 132/33 kV, 2x10 MVA S/s at Kimin (Papum Pare)	FY 2027-28	58.81		
7	New substations along with the associated Transmission Lines	1 (ii) LILO of Yupia – Gerukamukh 132 kV S/c line at 132/33 kV Kimin S/s. (7.5 km loop in and 7.5 km loop out.)	FY 2027-28	25.75		
8	New substations along with the associated Transmission Lines	1 (iii) 2nd circuit stringing of Gerukamukh - Yupia – Banderdewa (bypassed at Yupia). (84 ckm) along with associated bays at Gerukamukh & Banderdewa S/s	FY 2027-28	24.59		
9	New substations along with the associated Transmission Lines	1 (iv) LILO of Gerukamukh – Banderdewa (bypassed at Yupia) 132 kV S/c line at 132/33 kV Kimin S/s. (7.5 km loop in and 7.5 km loop out.)	FY 2027-28	25.75		
10	New substations along with the associated Transmission Lines	2 (i) Establishment of new 132/33 kV, 2x10 MVA S/s at Raga, (Kamle)	FY 2027-28	52.36		
11	New substations along with the associated Transmission Lines	2 (ii) LILO of Ziro – Daporijo 132 kV S/c line at Raga (Kamle) with HTLS 1000 A. (6.5 km loop in and 6.5 km loop out.)	FY 2027-28	36.33		


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12	New substations along with the associated Transmission Lines	3 (i) Establishment of new 132/33 kV, 2x10 MVA S/s at Tato (Shi Yomi)	FY 2027-28					
13	New substations along with the associated Transmission Lines	3 (ii) LILO of Kamba – Mechuka 132 kV S/c line at Tato (Shi Yomi)- (5 km loop in and 5 km loop out.)	FY 2027-28			52.36		
14	New substations along with the associated Transmission Lines	3 (iii) 132 kV Bay at Kamba for Tato line	FY 2027-28			17.17		
15	New transmission lines	Kimin – Yachuli (Ziro-New) 132 kV D/c line (100 ckm) along with associated bays	FY 2028-29			2.15		
16	New transmission lines	Likabali – Basar 132 kV D/c line (160 ckm) along with associated bays	FY 2029-30				184.83	287.55
17	New transmission lines	2nd circuit Stringing of Gerukamukh – Likabali 132 kV S/c line on D/c tower (52 ckm) along with associated bays	FY 2029-30					16.86
18	New transmission lines	2nd circuit Stringing of Niglok – Napit 132 kV Transmission line (20 km) along with associated bays	FY 2029-30					20.24
19	New transmission lines	2nd circuit Stringing of Seijosa – Rilo 132 kV line (44 ckm) along with associated bays	FY 2029-30					14.92
20	New transmission lines	2nd circuit Stringing of Rilo – Sagali 132 kV line (33 ckm) along with associated bays	FY 2029-30					12.27
	TOTAL					98.81	320.77	351.84



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4.1.2 Transmission System Availability

The Petitioner proposes Transmission System Availability in line with Regulation 7.8 of the APSERC (Multi Year Tariff) Regulations, 2024. Accordingly, the year-wise projected Transmission System Availability is given below.

Table 10: Transmission System Availability as projected by the Petitioner

Particulars	Unit	Transmission System Availability				
		FY 25-26	FY 26-27	FY 27-28	FY 28-29	FY 29-30
Transmission System Availability	%	98.00%	98.00%	98.00%	98.00%	98.00%

4.1.3 Transmission Losses

The Petitioner states that as per the “Transmission Loss Data from Submission of Additional Information for approval of SLDC Charges” submitted by the SLDC vide Letter No. EE/SLDC/W-207/2024-25/117-121 dated 9th May, 2025, the Petitioner has maintained Transmission Loss from FY 20-21 to FY 24-25 ranging from 2.77% to 3.67%. Accordingly, the Petitioner has considered the Average Transmission Loss throughout these years, i.e., 3.39% and projected the same as the target Transmission Loss for the Control Period FY 2025-26 to FY 2029-30. The Petitioner’s proposal for Transmission Losses is given in the table below,

Table 11: Transmission Losses as projected by the Petitioner

Particulars	Unit	Transmission Losses				
		FY 20-21	FY 21-22	FY 22-23	FY 23-24	FY 24-25
Transmission Losses	%	2.77%	3.42%	3.56%	3.55%	3.67%
Average	%	3.39%				
Particulars	Unit	Transmission Losses				
		FY 25-26	FY 26-27	FY 27-28	FY 28-29	FY 29-30
Transmission Losses	%	3.39%	3.39%	3.39%	3.39%	3.39%



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4.2 Commissions Analysis on Business Plan

4.2.1 Commission Analysis on Capital Expenditure and Capitalization Schedule

1. The Commission has reviewed the business plan submitted by the Petitioner and has referred to Clause 2.3 subsection (2) (II) of the APSERC MYT Regulation 2024, which outlines the key aspects to be covered in the business plan as referred below:

“2.3 Business Plan

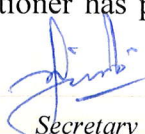
- (1) *An application for approval of the Business Plan shall be made along with the MYT Application year prior to the commencement of the Control Period, in accordance with the prevalent APSERC (Conduct of Business) Regulations, 2011, as amended from time to time, and accompanied by a such fee payable, as specified in the prevalent Arunachal Pradesh State Electricity Regulatory Commission (Fees) Regulations, 2011, as amended from time to time.*

Provided that where no separate fees have been specified for filing of a Business Plan, the applicant shall pay fees as may be applicable for filing miscellaneous applications.

II. For a Transmission Licensee

The Business Plan for the Transmission Licenses shall be for the entire control period and shall, interalia, contain-

- (a) *Capital investment plan should be commensurate with load growth and quality improvement proposed in the business plan. The investment plan should also include yearly phasing of capital expenditure along with the source of funding, financing plan and corresponding capitalisation schedule. The system augmentation/expansion plan to be submitted as a part of Capital Investment Plan by the Transmission Licensee shall be consistent with the load growth forecast/ generation evacuation requirement during the control period. Further, the Capital Investment Plan shall be in conformity with the plans made by the CEA/CTU/STU/Distribution Licensee;*
 - (b) *The appropriate capital structure of each scheme proposed and cost of financing (interest on debt) and return on equity, terms of the existing loan agreements, etc;*
 - (c) *Manpower planning*
 - (d) *Transmission loss reduction trajectory for each year of the control period, including details of the measures proposed to be taken for achieving the target loss;”*
2. As per above quoted Regulation 2.3 of the APSERC MYT Regulations, the Business Plan shall include a Capital Investment Plan for the entire Control Period, which should be commensurate with the load growth, demand forecast, system strengthening needs, and in line with the perspective transmission plan prepared by the Central Electricity Authority (CEA).
 3. The Commission notes that the Petitioner has proposed a Capital Investment of Rs.



956.25 Cr. during the Control Period FY 2025-26 to FY 2029-30, based on the CEA report “Transmission System requirement of North Eastern States and Sikkim by the year 2031-32” (October 2024). The proposed schemes broadly cover:

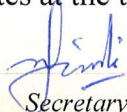
- Establishment of new substations with associated transmission lines,
- Augmentation of existing substations and ICTs,
- Reconductoring of existing transmission lines, and
- Construction of new transmission lines to strengthen the intra-state transmission system.

4. The Commission observes the following:

- **Alignment with CEA Plan:** The identified projects are consistent with the CEA’s transmission system strengthening roadmap for Arunachal Pradesh and are essential for meeting the projected peak demand of 560 MW by FY 2031-32.
- **Prioritization of Projects:** While the total tentative expenditure is Rs. 956.25 Cr., the Commission notes that some projects are to be implemented in tandem with Inter-State Transmission System (ISTS) schemes and their phasing should be carefully aligned with the commissioning of the associated ISTS elements.
- **Projects already under tendering:** The Commission acknowledges that three projects—
 - Replacement of 132/33 kV ICT at Chimpu, Itanagar,
 - KaHEP – Khuppi 132 kV D/c line, and
 - 2nd circuit stringing of Niglok – Napit 132 kV line—are at an advanced stage of tendering. The costs and timelines of these projects shall be reviewed at the time of tariff determination based on actual expenditure incurred and prudence check.
- **Regulatory Requirement:** In line with Regulation 2.3, the Commission requires the Petitioner to clearly indicate:
 - i. Year-wise capitalization schedule for each project,
 - ii. Funding plan (Equity, Debt, Grants, if any), and
 - iii. Expected impact on transmission charges and system availability during the Control Period.

5. **Conditional Approval:** The Commission provisionally accepts the Capital Investment Plan for the Control Period, subject to:

- Prudence check of cost estimates at the time of tariff approval, and



- Submission of updated phasing/implementation schedule in synchronization with ISTS projects and state load growth trajectory.

4.2.2 Commission Analysis on Transmission System Availability

6. **For Transmission System Availability:** - The Commission notes that the Petitioner has proposed a Transmission System Availability of **98.00%** for each year of the Control Period from FY 2025-26 to FY 2029-30 in line with Regulation 7.8 of the APSERC (Multi Year Tariff) Regulations, 2024. The proposed availability level is in compliance with the normative requirement specified in the Regulations.

However, the Commission observes that the Petitioner has projected a flat trajectory of 98% across all years without reflecting the expected improvement in availability on account of the planned capital investments and system strengthening measures proposed during the Control Period.

Further, the Commission also notes that the Petitioner has not submitted any Transmission Availability Certificate from the SLDC, which is required to validate the actual performance of the system.

In the absence of such certification, the Commission provisionally accepts the Petitioner's proposal of 98% Transmission System Availability for the Control Period, subject to prudence check.

The Commission further directs the Petitioner to submit the SLDC-certified Transmission System Availability Report for a year monthly basis along with the ARR and True-Up filings, failing which the availability shall not be admitted for the purpose of incentive or disincentive determination under Regulation 7.8.

4.2.3 Commission Analysis on Transmission loss

7. **For Transmission loss:** As per Regulation 2.3 of the APSERC MYT Regulations, the Business Plan is required to include a trajectory of Transmission Losses for the Control Period, duly supported by past performance, network conditions, and anticipated improvements.

The Commission notes that the Petitioner has submitted Transmission Loss data for the



period FY 2020-21 to FY 2024-25, which ranges between 2.77% and 3.67%, and has proposed to adopt the average Transmission Loss of 3.39% as the target for the Control Period FY 2025-26 to FY 2029-30.

8. While the Commission acknowledges that the proposed trajectory is based on historical performance, it is observed that:

- i. **Flat trajectory proposed:** The Petitioner has projected a uniform Transmission Loss of 3.39% for the entire Control Period without considering expected system strengthening, augmentation projects, or efficiency improvements.
- ii. **Requirement under Regulation 2.3:** The trajectory should reflect progressive improvement, taking into account ongoing and planned investments (e.g., ICT augmentation, system upgradation, new substations) as highlighted in the Business Plan submissions.
- iii. **Regulatory approach:** The Commission is of the view that adopting a static average for five years may not incentivize efficiency. Hence, a gradually declining loss trajectory aligned with system development works shall be stipulated for the Control Period.

9. Accordingly, the Commission directs the Petitioner to submit revised Transmission Loss projections factoring in:

- The impact of approved investment schemes,
- Expected improvement in network efficiency, and
- Realistic reduction in losses over the Control Period.

10. Till such submission, the Commission shall provisionally consider the average loss level of 3.39% for the control period FY 2025-26 to FY 2029-30.

11. In view of the above, the Commission hereby provisionally approves the Business Plan submitted by the Petitioner. However, the Petitioner is directed to ensure that all activities assigned for the respective years are completed on time and in accordance with the projected timelines. Additionally, the Petitioner is instructed to submit periodic (quarterly) reports to the Commission, providing updates on the status of various activities related to the capitalization schedule and outlining the initiatives undertaken to enhance the transmission system.



5 Analysis of Multi Year ARR for the Control Period FY 2025-26 - 2029-30 & Tariff for FY 2025-26

1. This section outlines the projections made by the Petitioner for the control period FY 2025-26 to FY 2029-30 along with Commission's analysis and approval.
2. The Petitioner, in line with provisions of the APSERC (Terms and Conditions for Determination of Multi Year Tariff) Regulations, 2024 has submitted the projections against various components for the control period i.e. FY 2025-26 to FY 2029-30.
3. The Commission based on the provisions of the APSERC (Terms and Conditions for Determination of Multi Year Tariff) Regulations, 2024 along with data/information's submitted by the Petitioner has carried out the approval of ARR for the FY 2025-26 to FY 2029-30.
4. The component-wise description of the Petitioner's submission and the Commission's analysis thereof is provided hereunder.

5.1 Capital Expenditure, Capitalization and Gross Fixed Asset (GFA) – Petitioner Submission

TP&MZ, in its tariff petition projected the year-wise capital expenditure and capitalization for each year of the Control Period. For this purpose, the closing balance of Capital Work-in-Progress (CWIP) of the preceding year has been considered as the opening balance of CWIP for the subsequent year. Accordingly, the closing CWIP for each year has been computed. The table below presents the projected capital expenditure and capitalization for the Control Period.

Table 12: Capital Expenditure - Petitioners Submission

Particulars	Unit	Capital Expenditure and Capitalization				
		FY 25-26	FY 26-27	FY 27-28	FY 28-29	FY 29-30
Opening CWIP	Rs. Cr.	-	206.58	397.26	316.57	264.89
Add: Capital Expenditure	Rs. Cr.	206.58	289.48	240.08	133.16	86.95
Less: Capitalization	Rs. Cr.	-	98.81	320.77	184.83	351.84
Closing CWIP	Rs. Cr.	206.58	397.26	316.57	264.89	-

For GFA the petitioner has aggregated the value of existing assets based on available division-wise provisional data received from and duly certified by the Executive Engineers (EEs) of the three operational transmission divisions, namely TD-I (Dirang),

TD-II (Itanagar), and TD-III (Pasighat).

Subsequently, the Petitioner has considered the closing Gross Fixed Assets (GFA) of the preceding year as the opening GFA for the following year. Based on the projected capital expenditure and corresponding capitalization during the MYT Control Period, the year-wise summary of the opening and closing GFA along with the proposed capitalization is presented in the table below.:

Table 13: Gross Fixed Asset (GFA) – Petitioners Submission

Particulars	Unit	Gross Fixed Asset (GFA)				
		FY 25-26	FY 26-27	FY 27-28	FY 28-29	FY 29-30
Opening GFA	Rs. Cr.	470.40	470.40	569.21	889.98	1,074.81
Add: Capitalization	Rs. Cr.	-	98.81	320.77	184.83	351.84
Less: De-capitalization	Rs. Cr.	-	-	-	-	-
Closing GFA	Rs. Cr.	470.40	569.21	889.98	1,074.81	1,426.65


5.2 Commission's Analysis on Capital Expenditure, Capitalization and Gross Fixed Asset (GFA)

The Commission notes that the total capital expenditure towards existing & new projects of TPMZ is funded through the budgetary support/ grant of the Government of Arunachal Pradesh & centrally sponsored schemes of Government of India. Accordingly, 100% of the funding is through grant, and no debt has been availed for meeting the capital expenditure requirements.

As per guidelines and Regulation, the capital cost of the existing and new projects shall not include any assets, which have been created from any grant received from either Central or State Government, which does not carry any liability of repayment for the purpose of computation of interest on loan, return on equity, and depreciation.

Therefore, it is observed that the petitioner created the said assets of existing and new projects based on grants received from the Govt. (State/Central), any assets which have been created from any grant received from either Central or State Government which does not carry any liability of repayment for the purpose of computation of interest on loan, return on equity and depreciation.

Hence, the capital expenditures & capitalization of asset created cannot be admitted for


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calculation of ARR and Tariff since it is created based on grant.

In addition, the Commission observes the following, which petitioner to note for next petition;

- a) The capital cost shall include the actual expenditure on the date of commercial operation subject to prudence check, necessary supporting documents shall be furnished with the petition.
- b) Details of new asset created for which capital investment made for the year project wise/ sub-station/ Transmission line has to be clearly spelt out and details of asset, which has been replenished/ de-capitalized, shall be clearly mentioned.
- c) The petitioner has furnished the GFA in a format, which is incomprehensive to check the cost for the respective complete system. The cost details are presented in a consolidated manner on year-to-year basis, no breakup data is furnished, and no reference of the date of capitalization of each asset and cost thereof is found with the petition.

The petitioner did not submit the transmission system details and the cost breakup for the respective transmission system such as number of substations along with its bays details, transformers /reactors with ratings, substation auxiliaries and transmission Circuit-Km details for each line section (elaborating all transmission line sections/ towers etc.) along with date of commercial operation (COD).

- d) However, it also observes that the Petitioner does not maintain a Fixed Asset Register, and the asset values pertaining to previous years have not been subjected to audit. In the absence of an audited report, the Commission cannot proceed with the approval of the gross fixed asset.
- e) However, the Petitioner is hereby directed to prepare a comprehensive Fixed Asset Register and have the same audited by a Statutory Auditor within a period of three months from the date of issuance of this Order. The audited GFA data has to be submitted along with the next petition for approval of the Commission.

5.3 Interest and Finance Charges on loan - Petitioner Submission

The Petitioner computed Interest on loan based on the provisions of the APSERC (Multi

Year Tariff) Regulations, 2024.

For the purpose of determination of Rate of Interest on Loan, the Petitioner has considered the SBI 1-year MCLR as on 1st April 2025 i.e. 9.00% plus 150 basis points, and the repayment of loan has been considered equal to the depreciation of each year. The following table shows the interest charges projected by the Petitioner for the MYT Control Period:

Table 14: Interest on Loan (IoL) as projected by the Petitioner

Particulars	Unit	Interest on Loan (IoL)				
		FY 25-26	FY 26-27	FY 27-28	FY 28-29	FY 29-30
Opening Balance of Normative Loan	Rs. Cr.	271	207.76	189.48	292.61	254.84
Less: Reduction of Normative Loan due to retirement or replacement of assets	Rs. Cr.					
Addition of Normative Loan due to capitalisation during the year	Rs. Cr.	-	69.17	224.54	129.38	246.29
Repayment of Normative loan during the year	Rs. Cr.	63.24	87.44	121.41	167.15	225.37
Closing Balance of Normative Loan	Rs. Cr.	207.76	189.48	292.61	254.84	275.76
Average Balance of Normative Loan	Rs. Cr.	239.38	198.62	241.05	273.73	265.3
Rate of Interest on Loan	%	10.50%	10.50%	10.50%	10.50%	10.50%
Interest Expenses	Rs. Cr.	25.13	20.86	25.31	28.74	27.86
Finance Charges	Rs. Cr.	-	-	-	-	-
Total Interest & Finance Charges	Rs. Cr.	25.13	20.86	25.31	28.74	27.86

In view of the foregoing, the Petitioner prays that the Hon'ble Commission may grant approval of the Interest on Loan (IoL) as projected by the Petitioner for the Control Period from FY 2025-26 to FY 2029-30.

5.4 Commission Analysis on Interest and Finance Charges on loan

As per the Petitioner's submission, "the entire funding of the capital expenditure has been done through budgetary support from the Government of Arunachal Pradesh and centrally sponsored schemes of the Government of India. Hence, no actual loans have

been availed. Therefore, the applicable interest rate is not available for calculating the interest charges on the normative loan.”

Accordingly, in line with Clause 4.8 of the APSERC (Multi Year Tariff) Regulations, 2024, the Commission does not approve the Petitioner’s claim on Interest on Loan and considers the Interest and Finance Charges as **nil** for the entire Control Period.

However, the Commission observes that the Petitioner has not furnished specific details regarding the funding arrangements for the new projects proposed during the Control Period, nor has it provided clarity on the executing agency of such projects. The Commission, therefore, directs the Petitioner to submit the requisite details regarding the source of funding and the executing agency for the new projects in its next filing.

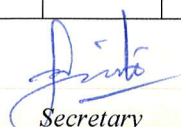
5.5 Return On Equity - Petitioner Submission

The Petitioner computed Return on Equity based on the provisions of the APSERC (Multi Year Tariff) Regulations, 2024.

The applicable return on equity has been calculated considering 15.00% rate of return as per the Applicable Regulations. The detailed calculation of return on equity is provided below.

Table 15: Return on Equity (RoE) as projected by the Petitioner

Particulars	Unit	Return on Equity (RoE)				
		FY 25-26	FY 26-27	FY 27-28	FY 28-29	FY 29-30
Regulatory Equity at the beginning of the year	Rs. Cr.	133.86	133.86	163.5	259.73	315.18
Capitalisation during the year	Rs. Cr.	-	98.81	320.77	184.83	351.84
Equity portion of capitalisation during the year	Rs. Cr.	-	29.64	96.23	55.45	105.55
Reduction in Equity Capital on account of retirement / replacement of assets	Rs. Cr.					
Regulatory Equity at the end of the year	Rs. Cr.	133.86	163.5	259.73	315.18	420.73
Return on Regulatory Equity at the beginning of the year	Rs. Cr.	20.08	20.08	24.53	38.96	47.28
Return on Regulatory Equity addition during the year	Rs. Cr.	-	2.22	7.22	4.16	7.92
Total Return on Equity	Rs. Cr.	20.08	22.3	31.74	43.12	55.19


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In view of the foregoing, the Petitioner prays that the Hon'ble Commission may grant approval of the Return on Equity (RoE) as projected by the Petitioner for the Control Period from FY 2025-26 to FY 2029-30.

5.6 Commission Analysis on Return On Equity

The Commission observes that the Transmission, Planning & Monitoring Zone (TP&MZ) is presently functioning as a State Government Department, and the Assets and Liabilities have not yet been transferred to it. Accordingly, the claim of the Petitioner to adopt a normative Debt-Equity ratio of 70:30, as referred to in Para 4.5 of the Petition, cannot be made applicable in the present circumstances.

The Commission further notes that the funding of capital assets acquired for TP&MZ has been entirely through grants/subsidies provided by the Government of India and the Government of Arunachal Pradesh. In the absence of details of any actual equity invested by the Petitioner, the return on equity is not admissible as per Regulation 4.6 of the APSERC (Multi Year Tariff) Regulations, 2024.

Accordingly, the Commission does not approve the claim of the Petitioner and considers the Return on Equity as **nil** for the entire control period.

5.7 Depreciation – Petitioner Submission

The Petitioner submitted that the Hon'ble Commission has notified the asset-class wise depreciation rates under the APSERC (Multi Year Tariff) Regulations, 2024. Accordingly, the same rates have been considered for calculation of depreciation for each year of the Control Period. The Petitioner further submitted that the methodology for computation of depreciation on Gross Fixed Assets (GFA), as provided in the Regulations.

Depreciation has been calculated on the projected GFA in accordance with the applicable provisions of the MYT Regulations. The depreciation rates considered are consistent with those specified under the Regulations and are summarized in the table below

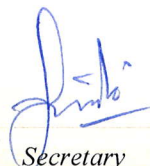


Table 16: Depreciation as projected by the Petitioner

Particulars	Unit	Depreciation				
		FY 25-26	FY 26-27	FY 27-28	FY 28-29	FY 29-30
Opening GFA	Rs. Cr.	470.4	470.4	569.2	889.98	1,074.81
Add: Capitalization	Rs. Cr.	-	98.81	320.8	184.83	351.84
Less: De-capitalization	Rs. Cr.	-	-	-	-	-
Closing GFA	Rs. Cr.	470.4	569.2	890	1,074.81	1,426.65
Depreciation	Rs. Cr.	63.24	87.44	121.4	167.15	225.37

In view of the foregoing, the Petitioner prays that the Hon'ble Commission may grant approval of the Depreciation Expenses as projected by the Petitioner for the Control Period from FY 2025-26 to FY 2029-30.

5.8 Commission Analysis on Depreciation

The Commission notes that the Petitioner has computed depreciation for the Control Period from FY 2025-26 to FY 2029-30 based on the asset-class wise rates specified under the APSERC (Multi Year Tariff) Regulations, 2024.

However, the Commission observes that TP&MZ has not furnished the asset register, audited data from the Accountant General, the asset-wise breakup of values, nor the details of funding sources (equity, grants, subsidies, or contributions). In the absence of such information, the Commission is unable to ascertain the admissible depreciation with certainty.

The Commission further notes that the capital assets acquired by TP&MZ have been entirely funded through grants and subsidies provided by the Government of India and the Government of Arunachal Pradesh. In the absence of details regarding asset additions and contributions/grants/subsidies from the State/Central Governments, and in line with Regulation 4.9 of the APSERC (Multi Year Tariff) Regulations, 2024, the claim of the Petitioner towards depreciation for the Control Period is not approved.

Accordingly, the Commission does not consider any depreciation in the ARR for the Control Period FY 2025-26 to FY 2029-30.



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5.9 Operation and Maintenance Expenses- Petitioner Submission

The Petitioner has relied upon provisional expenditure statements, duly certified by the Senior Finance & Accounts Officer (SFO), Department of Power, Government of Arunachal Pradesh, as the basis for historical expenditure data.

The Operation and Maintenance (O&M) expenses for the Control Period have been projected based on historical expenditure trends and anticipated future requirements, including the impact of capitalization. The O&M expenses for FY 2024–25 have been adopted as the base year and escalated appropriately to estimate the O&M expenses for the remaining years of the Control Period.

5.9.1 Employee Expenses – Petitioner Submission

The Petitioner has projected the employee cost for the MYT Control period by escalating the projected employee cost estimated for FY 2024-25 by the inflation factor of 3.94%. The computation of inflation factor has been given in the table below.

Table 17: Computation of Inflation Factor as projected by the Petitioner

Particulars	Wholesale Price Index (WPI)												
	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Average
FY 2022-23	152.3	155	155.4	154	153.2	151.9	152.9	152.5	150.5	150.7	150.9	151	152.5
FY 2023-24	151.1	149.4	148.9	152.1	152.5	151.8	152.5	153.1	151.8	151.2	151.2	151.4	151.4

Particulars	Consumer Price Index (WPI)												
	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Average
FY 2022-23	127.7	129	129.2	129.9	130.2	131.3	132.5	132.5	132.3	132.8	132.7	133.3	131.1
FY 2023-24	134.2	134.7	136.4	139.7	139.2	139.2	138.4	139.1	138.8	138.9	139.2	138.9	138.1

Particulars	Wholesale Price Index (WPI)	Consumer Price Index (WPI)	Total
Weightage	20.00%	80.00%	100.00%
Avg. Indexation for FY 23-24	151.42	138.06	
Avg. Indexation n (Index * Wt.)	30.28	110.45	140.73

Avg. Indexation for FY 22-23	152.53	131.12	
Avg. Indexation n-1 (Index * Wt.)	30.51	104.89	135.4
Combined Inflation (Indx n/Indxn-1)	3.94%		

The historical employee cost incurred by the Petitioner is summarized in the following table.

Table 18: Historical Employee Expenses as incurred by the Petitioner

Historical Employee Expenses					
Sr. No.	Particulars	FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25
1	Basic Salary	9.31	9.88	10.22	10.39
2	Dearness Allowance (DA)	-	-	-	-
3	Wages	2.16	2.42	2.89	2.76
4	House Rent Allowance	-	-	-	-
5	Conveyance Allowance/DTE	0.05	0.1	0.08	0.09
6	Leave Travel Allowance	0.02	0.03	0.01	0.02
7	Earned Leave Encashment	-	-	-	-
8	Other Allowances	-	-	-	-
9	Medical Reimbursement	-	0.17	-	-
10	Overtime Payment	-	-	-	-
11	Bonus/Ex-Gratia Payments	-	-	-	-
12	Interim Relief/ Wage Revision	-	-	-	-
13	Staff welfare expenses	-	-	-	-
14	VRS Expenses / Retrenchment Compensation	-	-	-	-
15	Commission to Directors	-	-	-	-
16	Death & Accident Compensation	-	-	-	-
17	Training Expenses	-	-	-	-
18	Payment under Workmen's Compensation Act	-	-	-	-
19	Net Employee Costs	-	-	-	-
20	Terminal Benefits	-	-	-	-
20.1	Provident Fund Contribution	-	-	-	-
20.2	Provision for PF Fund	-	-	-	-
20.3	Pension Payments	-	-	-	-
20.4	Gratuity Payment	-	-	-	-
21	Others (Pls. specify)	-	-	-	-
22	Gross Employee Expenses	11.54	12.6	13.2	13.26
23	Less: Expenses Capitalised	-	-	-	-
24	Net Employee Expenses	11.54	12.6	13.2	13.26

Thus, the employee cost projected by the Petitioner for the MYT Control Period considering the inflation factor of 3.94%, and a Growth Factor equivalent to the CAGR of Actual Employee Costs from FY 22 to FY 24, equating to 7.93% is summarized in the

following table.

Table 19: Employee Expenses as projected by the Petitioner

Particulars	Unit	Employee Expenses				
		FY 25-26	FY 26-27	FY 27-28	FY 28-29	FY 29-30
Employee Expenses	Rs. Cr.	15.31	16.98	18.83	20.88	23.15

In view of the foregoing, the Petitioner prays that the Hon'ble Commission may grant approval of Employee Expenses as projected by the Petitioner for the Control Period from FY 2025-26 to FY 2029-30.

5.9.2 Administrative and General (A&G) Expenses – Petitioner submission

The historical A&G Expenses incurred by the Petitioner is summarized in the following table.

Table 20: Historical A&G Expenses as incurred by the Petitioner

Sr. No.	Particulars	FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25
1	Rent Rates & Taxes	-	-	-	-
2	Insurance	-	-	-	-
3	Telephone & Postage, etc.	-	-	-	-
4	Legal charges & Audit fee (Break-up as per separate Table)	-	-	-	-
5	Professional Fee, Consultancy, Technical fee	0.07	-	-	0.05
6	Conveyance & Travel	-	-	-	-
7	Electricity charges	-	-	-	-
8	Water charges	-	-	-	-
9	Security arrangements	-	-	-	-
10	Fees & subscription	-	-	-	-
11	Books & periodicals	-	-	-	-
12	Computer Stationery	-	-	-	-
13	Printing & Stationery	-	-	-	-
14	Advertisements	-	-	-	-
15	Purchase Related Advertisement Expenses	-	-	-	-
16	Contribution/Donations	-	-	-	-
17	License Fee and other related fee	-	-	-	-
18	Vehicle Running Expenses Truck / Delivery Van/ POL(Vehicle)	0.34	0.33	0.16	0.93
19	Vehicle Hiring Expenses Truck / Delivery Van/Maint. Of Vehicle	-	-	-	-
20	Cost of services procured	-	-	-	-
21	Outsourcing of metering and billing system	-	-	-	-
22	Freight On Capital Equipment's	-	-	-	-
23	V-sat, Internet and related charges	-	-	-	-

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24	Training	-	-	-	-
25	Bank Charges	-	-	-	-
26	Miscellaneous Expenses	-	-	-	-
27	Office Expenses	0.17	0.33	0.34	0.63
28	CSR Expenses	-	-	-	-
29	Others (Office Contingency)	76.22	0.01	-	-
30	Others (Other revenue expenditure)	-	-	0.05	0.13
31	Others (Minor Work Expenditure)	-	-	-	0.08
32	Others (Repair & Maintenance)	-	-	0.03	0.13
33	Others (Pls. specify)	-	-	-	-
34	Gross A&G Expenses	76.8	0.67	0.58	1.95
35	Less: Expenses Capitalised	-	-	-	-
36	Net A&G Expenses	76.8	0.67	0.58	1.95

The Petitioner has projected the A&G Expenses for the MYT Control period by escalating the projected A&G Expenses estimated for FY 2024-25 by the inflation factor of 3.94% as summarized below,

Table 21: Administrative and General Expenses as projected by the Petitioner

Particulars	Unit	Administrative and General (A&G) Expenses				
		FY 25-26	FY 26-27	FY 27-28	FY 28-29	FY 29-30
A&G Expenses	Rs. Cr.	28.11	29.22	30.37	31.56	32.8

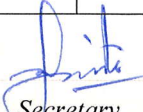
In view of the foregoing, the Petitioner prays that the Hon'ble Commission may grant approval of the A&G Expenses as projected by the Petitioner for the Control Period from FY 2025-26 to FY 2029-30.

5.9.3 Repair and Maintenance (R&M) Expenses – Petitioner Submission

The historical R&M Expenses incurred by the Petitioner is summarized in the following table.

Table 22: Historical R&M Expenses as incurred by the Petitioner

Sr. No.	Particulars	FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25
1	Plant & Machinery	5.56	5.53	6.53	6.67
2	Buildings	-	-	-	-
3	Scheme Works	27.79	27.94	37.52	25.42
4	Hydraulic Works	-	-	-	-
5	Lines & Cable Networks	-	-	-	-
6	Vehicles	-	-	-	-
7	Furniture & Fixtures	-	-	-	-
8	Office Equipment	-	-	-	-
9	Others (Pls. specify)	-	-	-	-


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10	Gross R&M Expenses	33.35	33.48	44.04	32.09
11	Less: Expenses Capitalised	-	-	-	-
12	Net R&M Expenses	33.35	33.48	44.04	32.09

As given above, the Regulations stipulate to compute the “K” factor governing the relationship between R&M costs and Gross Fixed Assets (GFA). The Petitioner has considered the R&M expenses and the GFA of FY 2023-24 for the computation of the “K” factor. The “K” has been computed as follows

Table 23: Computation of K Factor as proposed by the Petitioner

Particulars	Unit	FY 23-24
Opening GFA	Rs. Cr.	413.67
R&M Expenses	Rs. Cr.	44.04
K Factor	%	10.65%

The R&M cost for the MYT Control Period is computed by considering the opening GFA as determined for each year of the Control Period, the “K” factor as determined here and the inflation factor of 3.94%. Year wise R&M expenses proposed for the MYT Control period are given in the following table:

Table 24: Repair and Maintenance Expenses as projected by the Petitioner

Particulars	Unit	Repair and Maintenance (R&M) Expenses				
		FY 25-26	FY 26-27	FY 27-28	FY 28-29	FY 29-30
R&M Expenses	Rs. Cr.	47.58	49.46	51.4	53.43	55.53

In view of the foregoing, the Petitioner prays that the Hon’ble Commission may grant approval of the R&M Expenses as projected by the Petitioner for the Control Period from FY 2025-26 to FY 2029-30.

5.9.4 Summary of O&M Expenses by the Petitioner

The following table provides a summary of the total O&M expenses projected by the Petitioner for each year of the MYT Control Period.

Table 25: Operation and Maintenance Expenses as projected by the Petitioner

Particulars	Unit	Operation and Maintenance (O&M) Expenses				
		FY 25-26	FY 26-27	FY 27-28	FY 28-29	FY 29-30
Employee Expenses	Rs. Cr.	15.31	16.98	18.83	20.88	23.15
A&G Expenses	Rs. Cr.	28.11	29.22	30.37	31.56	32.8
R&M Expenses	Rs. Cr.	47.58	49.46	51.4	53.43	55.53
Total O&M Expenses	Rs. Cr.	91	95.65	100.6	105.9	111.5

In view of the foregoing, the Petitioner prays that the Hon’ble Commission may grant approval of the O&M Expenses as projected by the Petitioner for the Control Period from FY 2025-26 to FY 2029-30.



5.10 Commission's Analysis on Operation & Maintenance

The Commission has referred to clause 4.10 of the APSERC (Multi Year Tariff) Regulations, 2024 and the submission made by the Petitioner for computation of O&M expense.

The APSERC (Multi Year Tariff) Regulations, 2024 provides the methodology for calculation of Operation and Maintenance as follows:

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

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

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

(4) Employee Cost

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

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

Where,

EMP_n – Employee expenses of the Licensee for the nth Year (n can be 1, 2,3,4 or 5);

EMP_{n-1} - Average Employee expenses for past three years excluding any type of one-time payment, if n=1 (first year of control period); Employee expenses for (n-1)th year, otherwise.

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

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


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

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

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

$$R\&M_n = (K \times GFA_n - 1) \times (1 + EF)$$

Where,

R&M_n - Repair and Maintenance expenses of the Licensee for the nth Year;

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

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

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

(6) Administrative and General Expense

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

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

Where,

A&G_n - Administrative and General expenses of the Licensee for the nth Year;

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

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

Provision: Cost for initiatives or other one-time expenses as proposed by the Licensee and validated by the Commission

(7) Terminal liabilities

Terminal liabilities of employees of the Licensee including pension expenses etc. shall be

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

(8) For the purpose of estimation during the MYT Petition, the same value of factors –

CPI inflation and WPI inflation shall be used for all Years of the Control Period. The values shall be revised appropriately while determining the O&M expenses for determination of revised ARR for remaining four years of the control period. However, the Commission shall consider the actual values of the factors - CPI_ inflation and WPI_ inflation during the truing up exercise for the relevant year for which true up is being carried out and shall true up the O&M Expenses for that year, only to the extent of inflation.”

The Commission observes that the petitioner considered the CPI and WPI for FY 2017-18 and FY 2018-19 same as base year (FY 2016-17) which should have been average increase for immediately preceding three years which is defined as below in order to have better probability;

“CPI inflation – is the average increase in the Consumer Price Index (CPI) for immediately preceding three years; WPI inflation – is the average increase in the Wholesale Price Index (CPI) for immediately preceding three years.”

Considering the above, the Commission has re-calculated the CPI, WPI and accordingly the O&M cost is calculated.

5.10.1 Escalation Factor based on WPI and CPI growth rate

As per Regulation 4.10 of the MYT Regulations 2024, the Commission has computed the escalation factor by assigning a weightage of 20% to the average yearly inflation derived from the Wholesale Price Index (WPI) and 80% to the average yearly inflation derived from the Consumer Price Index (CPI) for Industrial Workers. The inflation rates have been calculated based on the average of the respective indices for each financial year. The Year wise WPI and CPI inflation is tabled in Annexure- II of this order.

The escalation factor is calculated as:

Escalation Factor (%) = (0.20 × Average WPI Inflation) + (0.80 × Average CPI Inflation)

The year-wise escalation factor, as derived from the weighted average of WPI and CPI inflation, is presented below:

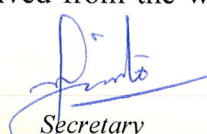

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Table 26: Weighted average of WPI and CPI inflation by the Commission

Financial Year	WPI Inflation (%)	CPI Inflation (%)	Weighted WPI (20%)	Weighted CPI (80%)	Escalation Factor (%)
2021-22	12.99	3.88	2.60	3.10	5.70
2022-23	9.41	6.05	1.88	4.84	6.72
2023-24	-0.73	5.19	-0.15	4.15	4.00
2024-25	2.27	3.38	0.45	2.71	3.16

For the purpose of tariff determination, the MYT Regulations specify that the escalation factor shall be based on the average inflation rate of the past three financial years. Accordingly, the average values of WPI and CPI inflation for FY 2022-23 to FY 2024-25 have been considered.

Table 27: WPI and CPI inflation for FY 22-23 to FY 24-25 by the Commission

Particulars	Weightage	3-Year Avg. Inflation (%)	Weighted Contribution (%)
Wholesale Price Index (WPI)	20%	3.65	0.73
Consumer Price Index (CPI)	80%	4.87	3.90
Escalation Factor (%)	100%	—	4.63


Accordingly, the average escalation factor for the latest three financial years (FY 2022-23 to FY 2024-25) works out to **4.63%**, which has been considered by the Commission for the present determination. The escalation factor shall be applied for indexing O&M expenses during the Control Period.

5.10.2 Employee Cost

The Commission has examined the details of Employee Expenses submitted by the Petitioner. It is noted that the actual employee cost has increased from ₹11.54 Cr in FY 2021-22 to ₹13.20 Cr in FY 2023-24. The average of the last three years (FY 2021-22 to FY 2023-24) works out to ₹12.45 Cr.

For the Control Period from FY 2025-26 to FY 2029-30, the Petitioner has projected the Employee Cost to increase from ₹15.31 Cr in FY 2025-26 to ₹23.15 Cr in FY 2029-30.

The Commission observes that the projected increase corresponds to a Compound Annual Growth Rate (CAGR) of around 6.9% over the Control Period, which is within reasonable limits considering inflation and expected increase in manpower costs.


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Accordingly, the Commission approves the Employee Cost for the Control Period, as per the inflation factor of 4.63% and growth rate of 6.9%, subject to prudence check at the time of true-up based on audited accounts.

Table 28: Employee Expense approved by the Commission for FY 25-26 to FY 29-30 (in Rs. Crs.)

Sl. No.	Particulars	FY 25-26	FY 26-27	FY 27-28	FY 28-29	FY 29-30
1	Employee Expense	13.88	14.59	15.34	16.12	16.93

5.10.3 Repairs and Maintenance Expenses


As per the provision of the Regulation the Commission has to determine the 'K' factor based upon the average of the previous year audited data of GFA and R&M expenses. In this particular instant as the gross fixed asset of the Petitioner and the R&M expense as submitted in the petition has not been audited hence the Commission cannot ascertain the authenticity of the data submitted to determine K factor. Hence the Commission at this instant has not considered K factor for the period. However once the figures are audited the Commission shall consider accordingly.

For the purpose of computing R&M expenses for the Control Period, the Commission has relied on the actual R&M expenses furnished in Annexure-2 of the Petition. The Commission has taken the average of the last three years' R&M expenses and applied the escalation factor to arrive at the expenses for the base year i.e FY 2024-25. Further, on the base year value, the applicable escalation factor has been applied to determine the projected R&M expenses for the Control Period. The same shall, however, be subject to verification and adjustment, if required, during the truing-up process.

The R&M expenses as approved by the Commission for the control period are indicated below:

Table 29: R&M expense as approved by the Commission for FY 25-26 to FY 29-30 (Rs. Crs.)

Sl. No.	Particulars	FY 25-26	FY 26-27	FY 27-28	FY 28-29	FY 29-30
1	R&M Expense	40.46	42.33	44.29	46.34	48.49


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5.10.4 Administration and General Expense

As per the provisions of the Regulation, the Commission is required to determine the Administrative and General (A&G) expenses of the Petitioner. On examining the details furnished in Annexure-2 of the Petition, the Commission observed that under the head “Office Contingency” for FY 2021-22, a one-time significant expenditure was incurred. Accordingly, while computing the average of three years’ expenses, this one-time expenditure has been excluded to ensure a representative assessment.

The Commission has considered the A&G expenses submitted by the Petitioner and, after excluding the one-time expenditure under “Office Contingency”, computed the average of the last three years’ expenses. The Commission has further applied the applicable escalation factor to arrive at the expenses for the base year, i.e., FY 2024-25. Based on the base year value, the applicable escalation factor has been applied to project the A&G expenses for each year of the Control Period. The same shall, however, be subject to verification and adjustment, if required, during the truing-up process.

Accordingly, the Commission approves the A&G expenses for the control period from FY 2025-26 to FY 2029-30 as detailed in the table below:

Table 30: A&G Expense as approved by the Commission for FY 25-26 to FY 29-30 (Rs. in Crs.)

Sl. No.	Particulars	FY26	FY27	FY28	FY29	FY30
1	A&G Expense	0.67	0.7	0.73	0.76	0.8

5.10.5 O&M expense as approved by the Commission for FY 2025-26 to FY 2029-30

The Commission has approved the Operation and Maintenance (O&M) expenses for the period from FY 2025-26 to FY 2029-30; however, the same shall be subject to review and adjustment, if required, during the truing-up process based on audited data.

Further, the Petitioner is directed to submit a detailed breakup of the various expenditures incurred under Employee Expenses, Repair & Maintenance (R&M) Expenses, and Administrative & General (A&G) Expenses in all future petitions.

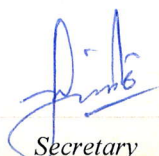


Table 31: O&M Expenses approved by the Commission

Particulars	Unit	Operation and Maintenance (O&M) Expenses				
		FY 25-26	FY 26-27	FY 27-28	FY 28-29	FY 29-30
Employee Expenses	Rs. Cr.	13.88	14.59	15.34	16.12	16.93
R&M Expenses	Rs. Cr.	40.46	42.33	44.29	46.34	48.49
A&G Expenses	Rs. Cr.	0.67	0.70	0.73	0.76	0.80
Total O&M Expenses	Rs. Cr.	55.01	57.62	60.36	63.22	66.22

5.11 Interest on Working Capital – Petitioner Submission

The Petitioner submits that it has arrived at the working capital requirement according to the applicable norms as provided in the Applicable Regulations, the calculation for which has been shown in the following table. In line with the above Regulations actual MCLR rate prevailing on 1st April, 2025 i.e. 9.00% plus 250 basis points has been considered for calculation of interest on Working Capital for the MYT Control Period.

Table 32: Interest on working Capital by the Petitioner

Particulars	Unit	Interest on Working Capital (IoWC)				
		FY 25-26	FY 26-27	FY 27-28	FY 28-29	FY 29-30
O&M Expenses for 1 Month	Rs. Cr.	7.58	7.97	8.38	8.82	9.29
Maintenance Spares @ 15% of O&M Expenses	Rs. Cr.	1.14	1.2	1.26	1.32	1.39
Receivables @ 1.5 Months of Expected Revenue from Transmission Charges	Rs. Cr.	25.42	28.83	35.53	43.89	53.41
Less: Amount of Security Deposit from Transmission System Users	Rs. Cr.	-	-	-	-	-
Total Working Capital requirement	Rs. Cr.	34.14	37.99	45.17	54.03	64.09
Interest Rate	%	11.50%	11.50%	11.50%	11.50%	11.50%
Interest on Working Capital	Rs. Cr.	3.93	4.37	5.19	6.21	7.37

In view of the foregoing, the Petitioner prays that the Hon'ble Commission may grant approval of the Interest on Working Capital (IoWC) as projected by the Petitioner for the Control Period from FY 2025-26 to FY 2029-30.

5.12 Commission's Analysis on Interest on Working Capital

Interest on Working Capital (IoWC) represents the cost incurred towards borrowing short-term funds for meeting day-to-day operational expenses, particularly in cases where there is a delay in revenue collection or billing cycles. It constitutes the interest payable on the working capital requirement financed through loans or credit. However, in the present case, the Commission observes that the entire working capital requirement of the TP&MZ is being met through grants provided by the Government of Arunachal Pradesh. Consequently, there is no interest liability on the TP&MZ in this regard.

In light of the above, the Commission is of the view that the provision for Interest on Working Capital is not applicable to the TP&MZ. Accordingly, no amount towards Interest on Working Capital has been approved for TP&MZ for the Control Period from FY 2025-26 to FY 2029-30.

5.13 Non-Tariff Income (NTI) – Petitioner Submission

The Petitioner respectfully submits that, as of the date of this filing, no Non-Tariff Income has been generated. Accordingly, the Non-Tariff Income projected by the Petitioner for the MYT Control Period is Nil.

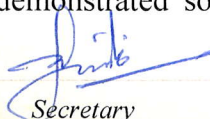
5.14 Commission's Analysis on Non-Tariff Income (NTI)

The Commission has examined the submission of the Petitioner regarding Non-Tariff Income (NTI). The Petitioner has stated that, as of the date of filing, no Non-Tariff Income has been generated and, accordingly, has projected Nil NTI for the entire MYT Control Period.

The Commission observes that NTI generally includes receipts from sources such as interest on investments, income from rent, sale of scrap, penalties/late payment surcharge, miscellaneous receipts, etc. The Petitioner has not furnished any such details or projections.

In line with Regulation 7.9 of the APSERC (Multi Year Tariff) Regulations, 2024, the Petitioner is required to maintain proper records of NTI and submit the same to the Commission.

Accordingly, in the absence of any demonstrated sources of NTI, the Commission



accepts the Petitioner's submission of **Nil NTI** for the computation of Annual Transmission Charges/ARR for the Control Period.

However, the Petitioner is directed to strictly maintain the records of NTI as per the Regulations and report the same during the True-up stage for necessary adjustments in future tariff.

5.15 Annual Revenue Requirement – Petitioner Submission

The Gross Aggregate Revenue Requirement (ARR) has been computed as the summation of Operation and Maintenance (O&M) Expenses, Depreciation, Interest on Loan (IoL), Return on Equity (RoE), and Interest on Working Capital (IoWC). The Gross ARR has thereafter been adjusted for with the Non-Tariff Income of the Petitioner to arrive at the Net ARR. A summary of the Net ARR projected for the MYT Control Period is provided in the table below.

Table 33: ARR Projected by the Petitioner

Particulars	Unit	Aggregate Revenue Requirement (ARR)				
		FY 25-26	FY 26-27	FY 27-28	FY 28-29	FY 29-30
Operation and Maintenance (O&M) Expenses	Rs. Cr.	91	95.65	100.59	105.87	111.49
Depreciation	Rs. Cr.	63.24	87.44	121.41	167.15	225.37
Interest on Loan (IoL)	Rs. Cr.	25.13	20.86	25.31	28.74	27.86
Return on Equity (RoE)	Rs. Cr.	20.08	22.3	31.74	43.12	55.19
Interest on Working Capital (IoWC)	Rs. Cr.	3.93	4.37	5.19	6.21	7.37
Gross Aggregate Revenue Requirement (ARR)	Rs. Cr.	203.38	230.62	284.25	351.09	427.28
Less: Non-Tariff Income	Rs. Cr.	-	-	-	-	-
Net Aggregate Revenue Requirement (ARR)	Rs. Cr.	203.38	230.62	284.25	351.09	427.28



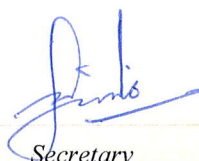
5.16 Commission's Approval on Annual Revenue Requirement/ Annual Transmission Charges

Considering the above heads of expense and revenue, the net ARR approved for the Control period FY 2025-26 to FY 2029-30 is shown Table below:

Table 34: ARR and ATC approved by the Commission for FY 2025-26 to FY 2029-30 (Rs. in Crs.)

Particulars	FY 2025-26	FY 2026-27	FY 2027-28	FY 2028-29	FY 2029-30
Return on Equity	0	0	0	0	0
Interest on Loan	0	0	0	0	0
Depreciation	0	0	0	0	0
O&M Expenses	55.01	57.62	60.36	63.22	66.22
Interest on Working Capital	0	0	0	0	0
Gross ARR	55.01	57.62	60.36	63.22	66.22
Less: Non-Tariff Income	0	0	0	0	0
Net ARR or Annual Transmission Charge	55.01	57.62	60.36	63.22	66.22

Accordingly, the **net Annual Transmission Charges / ARR** approved by the Commission shall be recoverable by the Petitioner from the beneficiaries in proportion to their contracted transmission capacity and transmission availability as per, in line with the principles of the Regulations.



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6 Directives

The Commission issues the following directives to TP&MZ with the objective of improving operational efficiency, ensuring transparency, and streamlining the flow of information. These measures will benefit both the Petitioner and the power sector of Arunachal Pradesh in the short as well as the long term.

The Petitioner shall submit periodic compliance reports on each directive to the Commission. The Commission will review the compliance status, and any non-compliance may invite appropriate action under the provisions of the Electricity Act and the APSERC Regulations. The directives as follows: -

1. Arunachal Pradesh Transmission Infrastructure Data

TP&MZ shall submit the updated details of the transmission infrastructure, including the number of substations with bays, transformer capacity and ratings, transmission line sections with circuit-km length, cost of each substation and line section, and their respective COD (Commercial Operation Date), along with the next tariff petition.

2. Transmission Availability Data

The Petitioner is directed to establish and maintain a robust mechanism for monitoring Transmission System Availability in line with APSERC Tariff Regulations. The data shall be certified by the SLDC and submitted annually with tariff applications.

3. Fixed Asset Register (GFA) and Depreciation Registers

TP&MZ shall prepare and maintain a comprehensive fixed asset registers and depreciation records covering all transmission divisions, to be updated on an annual basis and certified by the appropriate authority. The assets of each division shall be distinctly identified to enable energy audit, transmission loss assessment, and determination of availability. The same shall be furnished along with future filings.

4. Audited Financial Statements

The Petitioner shall ensure submission of audited financial statements for TP&MZ as a consolidated entity in future petitions. A harmonized and composite set of accounts must be maintained and produced annually, duly audited by the competent authority.



5. Annual Investment Plan

TP&MZ shall submit a Capital Investment Plan (excluding centrally funded projects) for all major capital works. Prior approval of the Commission shall be obtained before execution of such works.

6. Funding of Terminal Liabilities

TP&MZ shall expedite the process of securing funds from the Government of Arunachal Pradesh towards employer's contribution for terminal liabilities, based on the latest actuarial valuation.

7. Approval for Deviation in Capital Expenditure Schemes

TP&MZ shall obtain prior approval of the Commission for any addition, deletion, or modification of schemes, or any change in the funding pattern of schemes approved in the Business Plan. Prior approval shall also be taken for any emergency works to be undertaken during the Control Period, apart from those already approved.

8. Transmission Loss

The Petitioner shall independently monitor and maintain records of intra-state transmission losses within its network and shall submit details of energy received and energy sent out, supported with metered data, and provide analysis for the transmission losses observed, with section-wise details. Transmission losses should not be equated with ISTS losses, but instead be reported based on actual data duly certified by the SLDC.

9. Energy Handled

The Petitioner shall maintain and submit actual records of energy handled through its transmission system, duly reconciled with SLDC data, instead of relying solely on figures from the Distribution Business.

10. Energy Audit and Implementation of SAMAST

TP&MZ shall carry out annual Energy Audits of the State transmission network based on metered energy at all interconnection points, including the status of installed and functional meters. The Energy Audit Report, along with details of transmission losses, shall be submitted with the next tariff petition. Further, TP&MZ shall implement SAMAST at the earliest and report progress to the Commission.

11. Institutional Capacity

The Petitioner is directed to strengthen its institutional capacity by restoring systematic record-keeping practices that were affected due to loss of institutional memory. Adequate internal processes shall be developed to ensure compliance with regulatory timelines and requirements.

12. Open Access & Consumer Data

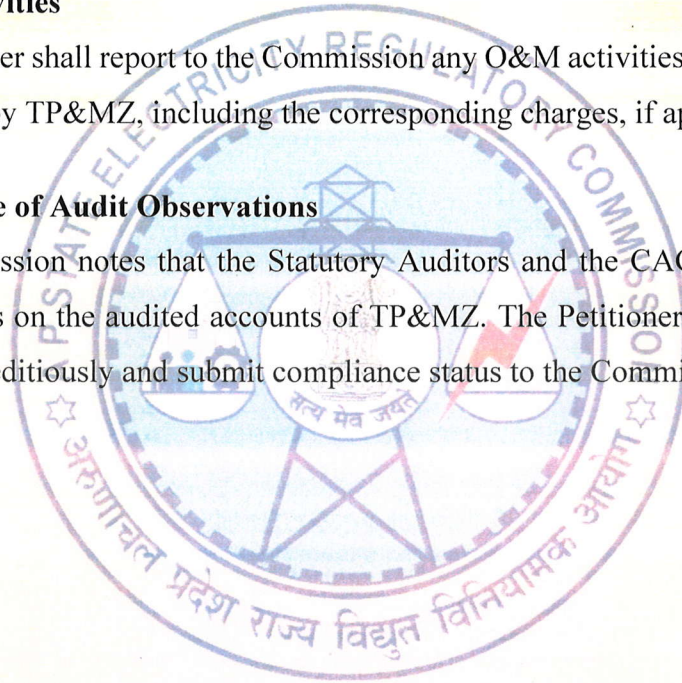
The Petitioner shall maintain and report details of any Open Access consumers or consumers directly connected to the State Transmission System, if such cases arise in future.

13. O&M Activities

The Petitioner shall report to the Commission any O&M activities undertaken on assets not owned by TP&MZ, including the corresponding charges, if applicable.

14. Compliance of Audit Observations

The Commission notes that the Statutory Auditors and the CAG have made several observations on the audited accounts of TP&MZ. The Petitioner shall take corrective actions expeditiously and submit compliance status to the Commission.



S/d
Shri Nich Rika
Member (Law)

S/d
Shri R. K. Joshi
Chairperson

Date – 13/10/2025

Place – Itanagar

Secretary
State Electricity Regulatory Commission
Arunachal Pradesh



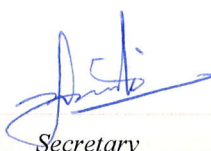
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Annexure-I

Table 35: List of Participants during public hearing

Sl. No	Name	Designation
1	Mr. Nido Taka	SE (Planning) Deptt. of Power
2	Mr. Michi Tagia	LDC, Deptt. of Power
3	Mr. Soumyajit Das	Consultant ,TP&MZ





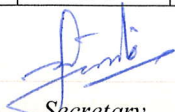
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Annexure II

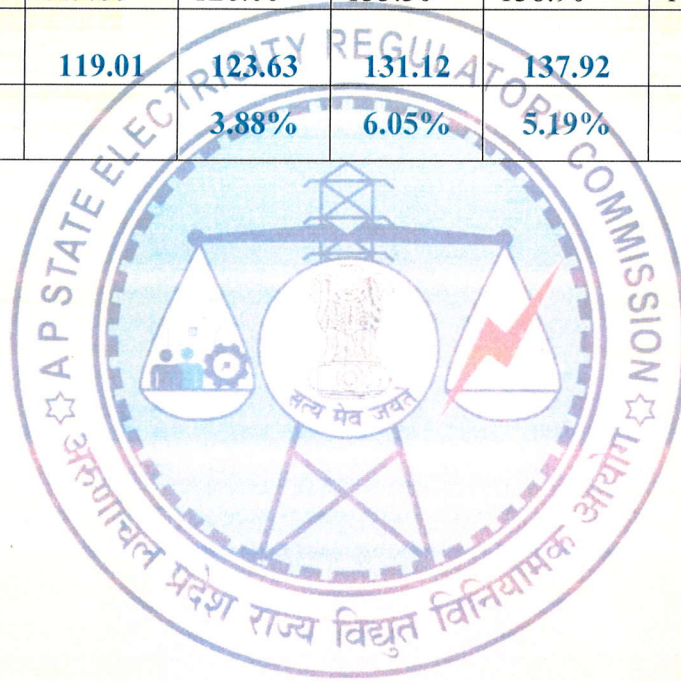
Table 36: WPI and CPI on Yearly basis

Wholesale Price Index (WPI)						
Month / Financial Year	FY 2020-21	FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25	FY 2025-26
April	119.20	132.00	152.30	151.10	152.90	154.20
May	117.50	132.90	155.00	149.40	153.50	153.70
June	119.30	133.70	155.40	148.90	154.00	153.80
July	121.00	135.00	154.00	152.10	155.30	154.40
August	122.00	136.20	153.20	152.50	154.40	
September	122.90	137.40	151.90	151.80	154.70	
October	123.60	140.70	152.90	152.50	156.70	
November	125.10	143.70	152.50	153.10	156.40	
December	125.40	143.30	150.50	151.80	155.70	
January	126.50	143.80	150.70	151.20	155.00	
February	128.10	145.30	150.90	151.20	154.90	
March	129.90	148.90	151.00	151.40	154.80	
Average	123.38	139.41	152.53	151.42	154.86	154.03
Annual Change		13.00%	9.41%	-0.73%	2.27%	-0.54%

Consumer Price Index (CPI)						
Month / Financial Year	FY 2020-21	FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25	FY 2025-26
April	-	120.10	127.70	134.20	139.40	143.50
May	-	120.60	129.00	134.70	139.90	144.00
June	-	121.70	129.20	136.40	141.40	145.00
July	-	122.80	129.90	139.70	142.70	146.50


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August	-	123.00	130.20	139.20	142.60	0
September	118.10	123.30	131.30	137.50	143.30	0
October	119.50	124.90	132.50	138.40	144.50	0
November	119.90	125.70	132.50	139.10	144.50	0
December	118.80	125.40	132.30	138.80	143.70	0
January	118.20	125.10	132.80	138.90	143.20	0
February	119.00	125.00	132.70	139.20	142.80	0
March	119.60	126.00	133.30	138.90	143.00	0
Average	119.01	123.63	131.12	137.92	142.58	144.75
Annual Change (%)		3.88%	6.05%	5.19%	3.38%	1.52%





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