



IN THE MATTER OF:

**CORAM: Mr. R.K. Joshi, Hon'ble Chairperson,
Mr. Nich Rika, Hon'ble Member (Law).**

1. The Department of Power, Arunachal Pradesh (DOP,AP), represented by the Chief Engineer (P) Commercial cum CEI, Vidut Bhawan, Itanagar. (DOP, AP)

2. M/s Arun Shakti Energy Private Limited, registered office at Namsai Trijunction Road, Deobeel, NH-15, P.O & P.S Namsai 792103, District Namsai, Arunachal Pradesh. (ASEPL)

1. Er. N K Jha, EE (Com), DOP, AP.
2. Er. Monya Tanyang AE (E) DOP,AP
3. Er. Nabadip Barman JE (E) DOP, AP
4. Er. Subham Mahato JE (E) DOP,AP
5. Mr. Monjeet Mukerjee, senior Project Manager, M/s Arun Shakti Energy Private Limited.

Date of Hearing: 02. 09. 2026.

Date of Order: 02. 09. 2026.

ORDER

1. This Order relates to the Miscellaneous Petition filed by the Department of Power, Arunachal Pradesh (DOP, AP) represented by the Chief Engineer (P) Commercial cum CEI, for approval of Draft Power Purchase Agreement (PPA) to be executed between Department of Power, Government of Arunachal Pradesh and developer M/s Arun Shakti Energy Private Limited for purchase of power from Kamlang Small Hydro Electric Project (24.60 MW) situated at Lohit District, Arunachal Pradesh.

2. The Petitioner being a deemed distribution licensee is responsible for procurement and distribution of electricity within the State of Arunachal Pradesh and M/s Arun Shakti Energy Private Limited is a company incorporated under the Companies Act, 2013.

SUBMISSION OF THE PETITIONER:

3. That on 23.07.2024, a Memorandum of Agreement (MoA) was signed between the Government of Arunachal Pradesh and M/s Arun Shakti Energy Private Limited for development, implementation, commissioning, operation and maintenance of Kamlang Small Hydro Project (3 x 8.2 MW = 24.60 MW) in Lohit district, Arunachal Pradesh on Build, Own, operate and transfer (BOOT) basis.

4. As per under Clause 5.2 of the MoA, the State of Arunachal Pradesh has first right to purchase the power generated from the project at a tariff 10 paisa lower than the tariff as determined by the Hon'ble Commission.



5. The petitioner submitted that the developer M/s Arun Shakti Energy Private Limited by Office Memorandum No. HPD(M)-12/10/2024-(Com No. 181015)/2058-67 dated 29.01.2026, issued by the Department of Hydro Power Development Lohit & Tirap Basin, Government of Arunachal Pradesh was accorded Techno Economic Clearance (TEC). Further the developer M/s Arun Shakti Energy Private Limited vide file no. 3 AN C 316/2025/GHY/292-93 dated 06.08, 2025 has already obtained "In-principal Stage -I Forest Clearance" from the Ministry of Environment, Forest & Climate Change, Sub-Office, Guwahati.

6. The petitioner further submitted that both parties have accepted, signed and given their consent to the terms and conditions of the Draft Power Purchase Agreement (PPA), hence seeks approval from the Hon'ble Commission.

COMMISSION'S OBSERVATIONS:

7. To put on record, the parties have already agreed to the terms and conditions of the PPA and is submitted to the Commission for approval. The Commission having perused the available petition, relied documents placed on records, note that the requisite PPP document has not submitted by the petitioner. As mandated under the Regulation 6 and 8 of the Arunachal Pradesh State Electricity Regulatory Commission (Power Purchase and Procurement Process of Licensee) Regulations,2024 and Regulation 5 of Resource adequacy framework of Arunachal Pradesh State Electricity Regulatory Commission (Framework for Resource Adequacy) Regulations,2024. The responsibility lies on the distribution licensee to prepare a Power Procurement Plan (PPP) for procuring balance power and energy under short term power procurement plan and long-term power procurement plan duly approved by the Commission.



8. It is seen that in earlier petition MP 05 of 2024, being approval of PPA of M/s Buru Energy Private Limited. The Commission in its Record of Proceedings (ROP) dated 25.07.2024 had directed the petitioner to file an affidavit within three weeks undertaking that PPP shall be finalised by the petitioner and filed it before next tariff petition, but same has not been submitted by the petitioner for past two years. The approach of the present petitioner was very causal and not appreciated in any way. When the matter connected to MP 05 of 2024 was taken up for hearing on dated 07.07.2026, the authorised representative of the petitioner has assured this Commission that PPP is at the final stage and shall be filed within short span. On 10.07.2026 the petitioner had filed the petition for approval of PPP for FY 2026-27 to FY 2035-36 under APSERC (Power Procurement Plant process of Licensee) Regulation, 2024. A power point presentation was given by authorised representative of the petitioner, consultant shri Arvind Tiwari on 18.08.2026.

9. Going through the available documents placed before the Commission, we see that M/s Arun Shakti Energy Private Limited by Office Memorandum No. HPD(M)-12/10/2024- (Com No. 181015)/2058-67 dated 29.01.2026, issued by the Department of Hydro Power Development Lohit & Tirap Basin, Government of Arunachal Pradesh was accorded Techno Economic Clearance (TEC). Further the developer M/s Arun Shakti Energy Private Limited vide file no. 3 AN C 316/2025/GHY/292-93 dated 06.08, 2025 has already obtained "In-principal Stage -I Forest Clearance" from the Ministry of Environment, Forest & Climate Change, Sub-Office, Guwahati.

10. It is to our understanding that TEC has a validity for 12 months from the date of issue and shall expire if the implementation of the projects is not started at field within 12 months from the date of TEC. It is obvious that M/s Arun Shakti Energy Private Limited shall have to

face unnecessary burden to go for revalidation once the term expired as per TEC, as a result it will cause adverse financial implication on the developer, which ultimately goes against the principle and intent of State policy towards Small Hydro Electric Project.

11. The Section 86 (1) (e) of the Electricity Act, 2003 makes it incumbent upon the Commission to 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. Therefore, it is the duty of the Commission to facilitate signing of PPA in the aforesaid case.

12. In terms of the Draft Power Purchase Agreement placed for approval, the Commission has look into Clause 2 Sub Clause 2.3 of the Draft PPA, which states that:

“2.0 GENERATION FACILITIES, INSTALLED CAPACITY & ALLOCATION OF POWER

2.3 As per the provisions contained in Clause 5.1 of MOA, State Government shall be given free power @ 5 % free power from the power generated after the moratorium period of 1 (one) years from the date of COD.”

13. Going by Clause 2 Sub Clause 2.3 of the Draft PPA, the Commission finds that provision inconsistent and not in conformity as per Small Hydro Electric Policy of the State, prevalent at the time when the project was awarded to the developer.

14. The Commission has also taken considerable time, scrutinizing the aspects of Clause 14.0 of the Draft PPA, which states that:

“14.0 DURATION OF THE AGREEMENT

“14.0 The agreement shall come into force from the date of signing of this agreement and shall remain valid for period of 25 (twenty-five) years from COD of 1st (first) unit

of Kamlang HEP 24.6 MW subject to the following conditions –

(a) The intervening period from the date of signing of this agreement and the COD of the first unit of the project is not more than 60 (sixty) months.

(b) unless due to force as per clause 13, this agreement shall be inoperative after 60 (sixty) months automatically in pursuant to sub-clause 14 (a) above.”

15. The Commission in its earlier Order has emphasised and highlighted the power sector fabric of the State is changing rapidly. Holding onto economically unviable projects with PPAs in hand could misrepresent the availability of power to the distribution licensee and the Government of Arunachal Pradesh. Past PPAs signed by the distribution licensee rely on uncertain timelines, leading to a false sense of power availability. This situation could hinder the licensee's ability to secure economically viable resources for consumption. The licensee should review all such PPAs and develop a realistic pool of resources with clear timelines in its procurement plan and resource. As for the viability of the project the Commission would consider the validity of the period to be on BOOT basis, which should be in consonance with MoA i.e fifty [50] years. Further there is need to substitute Sub Clause (a) of clause 14 specifying the time line for the period of date of signing of the agreement and the COD of the first unit of the project which should be as per Detail Project Report (DPR) submitted by developer on which TEC has been accorded by the Committee on System Coordination and Techno Economic Clearance (TEC) of Government of Arunachal Pradesh for HE projects.



16. The Commission reiterate that due to non-compliance on the part of petitioner, the PPP approval is still pending for consideration. As of the consequence the developer is faced to endured hardship and financial loss. This act can be seen as a discouraging to the capable entrepreneur who wish to invest in the State power project. We come to conclusion that the Draft for Power Purchase Agreement to be entered

and signed between Department of Power, Government of Arunachal Pradesh and M/s Arun Shakti Energy Private Limited (24.6 MW) can be approved and considered subject to changes in Clause 2 Sub Clause 2.3 and Clause 14.0 of the Draft PPA.

DIRECTION:

17. Considering that the developer is faced to endured hardship and financial loss due to non-approval of PPP, the Commission in anticipation that the petitioner in the short span of time shall submit all requisite documents connected to PPP for approval and consideration before the Commission, the Draft for Power Purchase Agreement to be entered and signed between Department of Power, Government of Arunachal Pradesh and M/s Arun Shakti Energy Private Limited (24.6 MW) is approved and considered subject to the modification made in Clause 2 Sub Clause 2.3 and Clause 14.0 of the Draft PPA, which shall reads as:

"2.0 GENERATION FACILITIES, INSTALLED CAPACITY & ALLOCATION OF POWER

2.3 As per the provisions contained in Clause 5.1 of MOA, State Government should be given free power, moratorium applicable and other concessions as per Small Hydro Policy of the State, prevailing at the time when the project was awarded to the developer.

"14.0 DURATION OF THE AGREEMENT

"14.0 The agreement shall come into force from the date of signing of this agreement and shall remain valid for period of 50 (fifty) years BOOT period from COD of 1st (first) unit of Kamlang SHEP 24.6 MW subject to the following conditions –

(a) The intervening period from the date of signing of this agreement and the COD of the first unit of the project shall



be regulated as per Detail Project Report (DPR) of developer on which TEC has been accorded by the Committee on System Coordination and Techno Economic Clearance (TEC) of Government of Arunachal Pradesh for HE projects.

(b) unless due to Force Majure as per clause 13, this agreement shall be inoperative automatically in pursuant to sub-clause 14 (a) above.”

18. With the above directions, the petition MP 06 of 2026 is disposed of accordingly.



BY ORDER OF THE COMMISSION

Secretary
APSERC