



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

**Order on**

**Petition for Approval of Annual Performance Review FY 2025-26**

**&**

**ARR & SLDC charges for FY 2026-27**

**for**

**State Load Despatch Centre**

**Government of Arunachal Pradesh**

**Issued on 07/07/2026**

**Arunachal Pradesh State Electricity Regulatory Commission**

**अरुणाचल प्रदेश राज्य विद्युत नियामक आयोग**

**O. T. BUILDING, T. T. MARG, NITI VIHAR MARKET**

**ITANAGAR-791111**

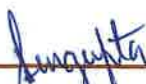
**Website: [www.apserc.nic.in](http://www.apserc.nic.in)**

**Table of Contents**

|                                                                                            |           |
|--------------------------------------------------------------------------------------------|-----------|
| <b>List of Tables .....</b>                                                                | <b>3</b>  |
| <b>Chapter 1: INTRODUCTION.....</b>                                                        | <b>7</b>  |
| Arunachal Pradesh State Electricity Regulatory Commission .....                            | 7         |
| Arunachal Pradesh - Geographical Reality.....                                              | 9         |
| Arunachal Pradesh State Load Despatch Centre (SLDC) .....                                  | 9         |
| <b>Chapter 2: BRIEF FACTS ABOUT THE PETITION .....</b>                                     | <b>11</b> |
| APR for FY 2025-26 .....                                                                   | 11        |
| ARR for FY 2026-27 .....                                                                   | 11        |
| Petitioners Prayer.....                                                                    | 12        |
| <b>Chapter 3: PROCEDURAL HISTORY .....</b>                                                 | <b>13</b> |
| Information Gaps in the Petition.....                                                      | 13        |
| Inviting Public Comments/Suggestions.....                                                  | 13        |
| Submission of Comments/Suggestions and Conduct of Public Hearing.....                      | 14        |
| <b>CHAPTER 4: PUBLIC CONSULTATION PROCESS .....</b>                                        | <b>15</b> |
| <b>CHAPTER 5: Annual Performance Review of FY 2025-26 .....</b>                            | <b>16</b> |
| Capital Expenditure .....                                                                  | 16        |
| Depreciation.....                                                                          | 17        |
| Interest and Finance Charges on loan capital .....                                         | 18        |
| Interest on Working Capital.....                                                           | 20        |
| Return on Equity .....                                                                     | 21        |
| Operation and Maintenance Expense .....                                                    | 23        |
| Non-Tariff Income.....                                                                     | 29        |
| Aggregate Revenue Requirement for FY 2025-26 .....                                         | 30        |
| <b>Chapter 6: Analysis of ARR for FY2026-27.....</b>                                       | <b>32</b> |
| Capital Expenditure .....                                                                  | 32        |
| Depreciation.....                                                                          | 33        |
| Interest and Finance Charges.....                                                          | 34        |
| Return on Equity .....                                                                     | 36        |
| Operation and Maintenance Expense .....                                                    | 38        |
| Interest on Working Capital.....                                                           | 44        |
| Non-Tariff Income.....                                                                     | 45        |
| ARR for FY 2026-27 .....                                                                   | 45        |
| <b>Chapter 7 Determination of SLDC charges for FY 2026-27 .....</b>                        | <b>47</b> |
| <b>Chapter 8: Status of Earlier Directives .....</b>                                       | <b>50</b> |
| <b>Chapter 9 : Directives.....</b>                                                         | <b>53</b> |
| <b>Annexure-1 .....</b>                                                                    | <b>55</b> |
| <b>Annexure-2-Details of Publication of Abridge form of Petition.....</b>                  | <b>56</b> |
| <b>Annexure -3 -Details of publication of notice of Public Hearing by Commission .....</b> | <b>57</b> |

## List of Tables

|                                                                                               |    |
|-----------------------------------------------------------------------------------------------|----|
| TABLE 1 ANNUAL PERFORMANCE REVIEW FOR FY 2025-26 AS SUBMITTED BY THE PETITIONER (IN LAKHS)    | 11 |
| TABLE 2 AGGREGATE REVENUE REQUIREMENT FOR FY 2026-27 AS SUBMITTED BY THE PETITIONER(IN LAKHS) | 11 |
| TABLE 3 SLDC CHARGES AS SUBMITTED BY THE PETITIONER FOR FY 2026-27(IN LAKHS)                  | 11 |
| TABLE 4 LIST OF NEWSPAPERS AND DATES OF PUBLICATION OF PUBLIC NOTICE BY PETITIONER            | 13 |
| TABLE 5 LIST OF NEWSPAPER AND DATE OF PUBLICATION OF PUBLIC NOTICE BY THE COMMISSION          | 14 |
| TABLE 6 SUMMARY OF CAPITAL EXPENDITURE AS PROJECTED BY THE PETITIONER FOR FY26 (RS LAKHS)     | 16 |
| TABLE 7 ESCALATION FACTOR AS COMPUTED BY THE PETITIONER                                       | 25 |
| TABLE 8 ACTUAL EMPLOYEE COST AS SUBMITTED BY THE PETITIONER FOR FY 2024-25(RS.LAKHS)          | 25 |
| TABLE 9 DETAILS OF MANPOWER AS SUBMITTED BY THE PETITIONER                                    | 25 |
| TABLE 10 GROWTH FACTOR AS SUBMITTED BY THE PETITIONER                                         | 26 |
| TABLE 11EMPLOYEE COST ESTIMATION AS SUBMITTED BY THE PETITIONER FOR FY 2025-26(RS. LAKHS)     | 26 |
| TABLE 12 EMPLOYEE COST AS SUBMITTED BY THE PETITIONER FOR FY 2025-26(RS.LAKHS)                | 26 |
| TABLE 13 COMPUTATION OF K FACTOR BY THE PETITIONER                                            | 26 |
| TABLE 14 R&M EXPENSE ESTIMATED BY THE PETITIONER FOR FY 2025-26(IN RS LAKHS)                  | 27 |
| TABLE 15 REPAIR & MAINTENANCE EXPENSE AS SUBMITTED BY THE PETITIONER FOR FY 26(RS IN LAKHS)   | 27 |
| TABLE 16 ACTUAL A&G EXPENSE AS SUBMITTED BY THE PETITIONER FOR FY 2024-25(IN RS LAKHS)        | 27 |
| TABLE 17A&G EXPENSE CALCULATED BY THE PETITIONER FOR FY 2025-26(IN RS LAKHS)                  | 27 |
| TABLE 18 A&G EXPENSE AS SUBMITTED BY THE PETITIONER FOR FY 2025-26(IN RS LAKHS)               | 28 |
| TABLE 19 SUMMARY OF O&M EXPENSES AS SUBMITTED BY THE PETITIONER FOR FY 2025-26(IN RS. LAKHS)  | 28 |
| TABLE 20 O&M EXPENSE APPROVED BY THE COMMISSION FOR APR FY 2025-26(IN RS.LAKHS)               | 29 |
| TABLE 21 NON-TARIFF INCOME AS ESTIMATED BY THE PETITIONER FOR FY 2025-26(IN LAKHS)            | 29 |
| TABLE 22 AGGREGATE REVENUE REQUIREMENT AS SUBMITTED BY THE PETITIONER FOR FY 26(IN RS LAKHS)  | 30 |
| TABLE 23 ARR APPROVED BY THE COMMISSION FOR APR OF FY 2025-26(IN RS LAKHS)                    | 30 |
| TABLE 24 PROJECTED CAPITAL EXPENDITURE OF SLDC FOR FY 2026-27(IN RS LAKHS)                    | 32 |
| TABLE 25 ESCALATION FACTOR DETERMINED BY THE PETITIONER                                       | 41 |
| TABLE 26 COMPUTATION OF K FACTOR BY THE PETITIONER                                            | 41 |
| TABLE 27 R&M EXPENSE AS PROJECTED BY THE PETITIONER FOR FY 2026-27(IN RS.LAKHS)               | 41 |
| TABLE 28 DETAILS OF NUMBER OF EMPLOYEES AS SUBMITTED BY THE PETITIONER                        | 42 |
| TABLE 29 GROWTH FACTOR AS SUBMITTED BY THE PETITIONER FOR FY 2026-27                          | 42 |
| TABLE 30 EMPLOYEE COST PROJECTED BY THE PETITIONER FOR FY 2026-27(RS LAKHS)                   | 42 |
| TABLE 31 A&G EXPENSE PROJECTED BY THE PETITIONER FOR FY 2026-27(RS.LAKHS)                     | 43 |
| TABLE 32 SUMMARY OF O&M EXPENSES PROJECTED BY THE PETITIONER FOR FY 2026-27(RS LAKHS)         | 43 |
| TABLE 33 O&M EXPENSE AS APPROVED BY THE COMMISSION FOR FY 2026-27(IN LAKHS)                   | 43 |
| TABLE 34 NON-TARIFF INCOME PROJECTED BY THE PETITIONER FOR FY 2026-27(IN LAKHS)               | 45 |
| TABLE 35 NON-TARIFF INCOME AS APPROVED BY THE COMMISSION FOR FY2026-27(IN LAKHS)              | 45 |
| TABLE 36 SUMMARY OF ARR AS PROJECTED BY THE PETITIONER FOR FY 2026-27(IN LAKHS)               | 45 |
| TABLE 37 ARR APPROVED BY THE COMMISSION FOR FY 2026-27(IN LAKHS)                              | 46 |
| TABLE 38INTRA STATE TRANSMISSION NETWORK USERS AS SUBMITTED BY THE PETITIONER                 | 47 |
| TABLE 39 SLDC CHARGES SUBMITTED BY THE PETITIONER FOR FY 2026-27(IN RS LAKHS)                 | 48 |
| TABLE 40 SLDC CHARGES AS APPROVED BY THE COMMISSION FOR FY 2026-27                            | 49 |
| TABLE 41 STATUS OF EARLIER DIRECTIVES                                                         | 50 |
| TABLE 42LIST OF PARTICIPANTS DURING PUBLIC HEARING                                            | 55 |

  
Secretary  
APSERC

## Abbreviations

| Abbreviation | Description                                               |
|--------------|-----------------------------------------------------------|
| A&G          | Administration & General                                  |
| ACT          | Electricity Act, 2003                                     |
| APSERC       | Arunachal Pradesh State Electricity Regulatory Commission |
| ARR          | Aggregate Revenue Requirement                             |
| APTEL        | Appellate Tribunal For Electricity                        |
| CEA          | Central Electricity Authority                             |
| CERC         | Central Electricity Regulatory Commission                 |
| Cr./ Crs     | Crore/ Crores                                             |
| D/E          | Debt Equity                                               |
| DOP, AP      | Department of Power, Govt. of Arunachal Pradesh           |
| FY           | Financial Year                                            |
| GFA          | Gross Fixed Assets                                        |
| GoAP         | Government of Arunachal Pradesh                           |
| IoWC         | Interest on Working Capital                               |
| MW           | Mega Watt                                                 |
| O&M          | Operation & Maintenance                                   |
| NTI          | Non-Tariff Income                                         |
| ROE          | Return on Equity                                          |
| Rs.          | Rupees                                                    |
| SBI          | State Bank of India                                       |
| SBI-MCLR     | State Bank of India- Marginal Cost Lending Rate           |
| SERC         | State Electricity Regulatory Commission                   |
| SLDC         | State Load Despatch Centre                                |
| YoY          | Year on Year                                              |

**Before**

**The Arunachal Pradesh State Electricity Regulatory Commission (APSERC)**

**Itanagar, Arunachal Pradesh**

**Petition No. TP – 02 of 2026**

**In the matter of:**

**Petition approval of Annual Performance Review for FY2025-26 and ARR and SLDC charges for FY 2026-27 by State Load Despatch Centre, Arunachal Pradesh.**

**In the matter:**

**State Load Despatch Centre,  
Govt. of Arunachal Pradesh. Itanagar -----Petitioner**

**PRESENT:**

**Hon'ble R.K Joshi**

**Hon'ble Nich Rika**

**Chairperson, APSERC**

**Member (Law), APSERC**

**ORDER**

**(Passed on 07.07.2026)**

1. The Commission in exercise of the powers vested in it under section 62 (1) (a) read with 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 Annual Performance Review for FY 2025-26 and ARR & charges for the FY 2026-27 for State Load Despatch Centre, Government of Arunachal Pradesh. The relevant Regulation issued by the Commission requires that the State Load Despatch Centre shall file petition for approval of ARR before the Commission, complete in all respects, along with requisite fee as prescribed in the APSERC (Fees) Regulations, 2011 and amendments thereof on or before 30<sup>th</sup> November of the preceding year. Accordingly, the petition for APR for FY 2025-26 & ARR for FY 2026-27 should have been filed by the SLDC on or before 30<sup>th</sup> November, 2024. However, SLDC filed the said petition before the Commission on vide No SE/W-67/2024-25/900-903 dated the 6<sup>th</sup> February 2026.

  
Secretary  
APSERC

2. While issuing the order on petitions the Commission has taken into consideration of the following:
  - (a) Provisions of APERC (Multi Year Tariff) Regulations, 2024.
  - (b) Documents and information submitted by the Petitioner.
  - (c) MYT order dated 11.07.2025
3. This order consists of nine chapters, which include detailed analysis of Annual Performance Review for FY 2025-26 & Aggregate Revenue Requirement for FY 2026-27 and SLDC charges for the FY 2026-27. The Commission hereby directs SLDC to take all necessary steps for implementation of this order from the date specified below.
4. The directives contained in Chapter-9 shall be strictly adhered to and compliance thereof, as desired by the Commission must be placed before the commission within the stipulated time.
5. This order shall be effective from **1<sup>st</sup> April 2026** and shall remain in force till the next tariff order is issued by the Commission.

**Date: 07.07.2026**

**Place: Itanagar**



**Sd/-**  
**Shri Nich Rika**  
**Member (Law)**

**Sd/-**  
**Shri R.K. Joshi**  
**(Chairperson)**

  
**Secretary**  
**APERC**

## **Chapter 1: INTRODUCTION**

### **Arunachal Pradesh State Electricity Regulatory Commission**

1.1 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 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;
- c) facilitate intra-State transmission and wheeling of electricity;
- d) issue licenses to persons seeking to act as transmission licensees, distribution

---

  
Secretary  
APSERC

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.

1.3 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.

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

1.5 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.

### **Arunachal Pradesh - Geographical Reality**

1.6 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.

### **Arunachal Pradesh State Load Despatch Centre (SLDC)**

1.7 The State Load Despatch Centre (herein after referred as 'SLDC' or 'Petitioner') is the apex body constituted vide section 31 of the Indian Electricity Act-2003(Central Act No.36 of 2003) and complies with the directions stipulated in Section 33 to ensure integrated operation of the power system in the state of Arunachal Pradesh. The SLDC (State Load Despatch Centre) in Arunachal Pradesh is a government established centre responsible for managing the state's power grid, monitoring electricity generation and distribution and ensuring a stable supply of power across the region, essentially acting as the 'nerve centre' for power management within the state as per the Electricity Act,2003.Arunachal Pradesh SLDC Division was created along with the Transmission Division-II in the year 2015.Later the SLDC Division was bifurcated from the Transmission Division-II in the year 2019.

1.8 The functions of State Load Despatch Centre as per Electricity Act 2003 is given below:

***"Section 32. (Functions of State Load Despatch Centres): --- (1) The State Load Despatch Centre shall be the apex body to ensure integrated operation of the power system in a State.***  
***(2) The State Load Despatch Centre shall –***  
***(a) be responsible for optimum scheduling and despatch of electricity within a State, in accordance with the contracts entered into with the licensees or the generating companies***

  
Secretary  
APSERC

*operating in that State;*

*(b) monitor grid operations;*

*(c) keep accounts of the quantity of electricity transmitted through the State grid;*

*(d) exercise supervision and control over the intra-State transmission system; and*

*(e) be responsible for carrying out real time operations for grid control and despatch of electricity within the State through secure and economic operation of the State grid in accordance with the Grid Standards and the State Grid Code.*

*(3) The State Load Despatch Centre may levy and collect such fee and charges from the generating companies and licensees engaged in intra-State transmission of electricity as may be specified by the State Commission.*



\*\*\*

## Chapter 2: BRIEF FACTS ABOUT THE PETITION

2.1 The following chapter summarizes the Petition for approval of Annual Performance Review for FY 2025-26 & Aggregate Revenue Requirement and SLDC charges for FY 2026-27 as submitted by the Petitioner for Commission's approval.

### APR for FY 2025-26

2.2 The Petitioner has submitted for approval of Annual Performance Review for FY 2025-26 as given in the table below:

**Table 1 Annual Performance Review for FY 2025-26 as submitted by the Petitioner (in Lakhs)**

| S.No | Particulars                 | Approved in MYT order dated 11.07.2025 | Estimated     |
|------|-----------------------------|----------------------------------------|---------------|
| 1    | Employee Cost               | 360.93                                 | 290.89        |
| 2    | R&M Expenses                | 168.21                                 | 343.50        |
| 3    | A&G Expenses                | 58.76                                  | 58.39         |
| 4    | Depreciation                | 0.00                                   | 0.00          |
| 5    | Interest on Loan Capital    | 0.00                                   | 0.00          |
| 6    | Interest on Working Capital | 0.00                                   | 0.00          |
| 7    | Return on Equity            | 0.00                                   | 0.00          |
| 8    | <b>Total ARR</b>            | <b>587.90</b>                          | <b>692.78</b> |
| 9    | Less: Non-Tariff Income     | 0.70                                   | 0.70          |
| 10   | <b>Net ARR</b>              | <b>587.20</b>                          | <b>692.08</b> |

### ARR for FY 2026-27

2.3 The Petitioner has submitted approval of Aggregate Revenue Requirement for FY 2026-27 as given in the table below:

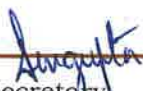
**Table 2 Aggregate Revenue Requirement for FY 2026-27 as submitted by the Petitioner (in Lakhs)**

| S.No | Particulars                 | Approved in MYT order dated 11.07.2025 | Projected     |
|------|-----------------------------|----------------------------------------|---------------|
| 1    | Employee Cost               | 381.91                                 | 323.38        |
| 2    | R&M Expenses                | 177.99                                 | 343.50        |
| 3    | A&G Expenses                | 62.17                                  | 61.10         |
| 4    | Depreciation                | 0.00                                   | 0.00          |
| 5    | Interest on Loan Capital    | 0.00                                   | 0.00          |
| 6    | Interest on Working Capital | 0.00                                   | 0.00          |
| 7    | Return on Equity            | 0.00                                   | 0.00          |
| 8    | <b>Total ARR</b>            | <b>622.08</b>                          | <b>727.97</b> |
| 9    | Less: Non-Tariff Income     | 0.70                                   | 0.70          |
| 10   | <b>Net ARR</b>              | <b>621.38</b>                          | <b>727.27</b> |

2.4 The Petitioner has submitted the SLDC charges for FY 2026-27 by considering the ARR submitted for FY 2026-27 as given in the table below:

**Table 3 SLDC charges as submitted by the Petitioner for FY 2026-27 (in lakhs)**

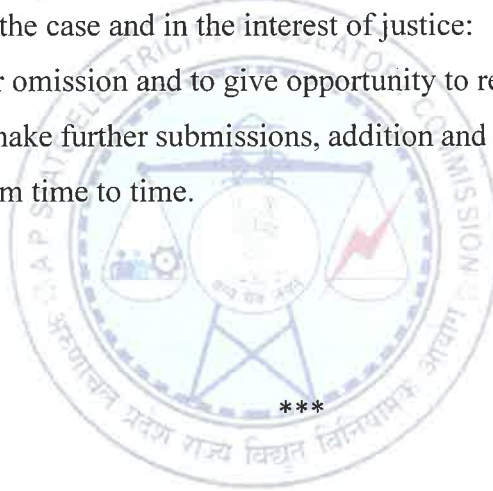
| S.No | Particulars                    | Unit     | Amount |
|------|--------------------------------|----------|--------|
| 1    | Annual SLDC Operating Charges  | Rs.Lakhs | 727.27 |
| 2    | Monthly operating SLDC Charges | Rs.Lakhs | 60.61  |

  
Secretary  
APSERC

**Petitioners Prayer**

2.5 The Petitioner in the Filing of Petition has prayed for the following:

- a) Accept the APR for FY 2025-26, ARR for FY 2026-27 & proposal for SLDC charges for FY 2026-27.
- b) To admit the Tariff Petition as per the provisions of the APERC (MYT) Regulations 2024.
- c) To consider present Petition for further proceedings before Hon'ble Commission.
- d) To approve the total recovery of ARR as proposed by SLDC.
- e) To allow the ARR based on assumptions wherever considered, till the segregation of accounts of SLDC is carried out.
- f) To grant any other relief as the Hon'ble Commission may consider appropriate.
- g) To pass any other order as the Hon'ble Commission may deem fit and appropriate under the circumstances of the case and in the interest of justice:
- h) To condone any error omission and to give opportunity to rectify the same.
- i) To permit SLDC to make further submissions, addition and alteration to this Petitions as may be necessary from time to time.



  
Secretary  
APERC

## Chapter 3: PROCEDURAL HISTORY

### Information Gaps in the Petition

- 3.1 The Petitioner had filed the petition before the Commission on 6<sup>th</sup> February 2026 and which was admitted by the Commission on 18<sup>th</sup> February 2026 with a direction to Petitioner to publish the petition in abridged form in three daily newspapers for inviting comments and suggestions giving a time of 21 days.
- 3.2 In exercise of Tariff determination process, deficiencies/information gaps were found in the Petition submitted by the Petitioner and the same was communicated to the Petitioner vide APSERC/RA-28/II/2026-27/52 dated 27<sup>th</sup> April 2026.
- 3.3 In response, the Petitioner furnished information to the Commission vide letter No SE/SOPSC/W-67/2026-27/90-93 dated Itanagar the 30<sup>th</sup> April 2026.
- 3.4 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 and in order to ensure transparency in the process of tariff determination, the Commission decided to hold a Public Hearing on 7<sup>th</sup> April 2026.
- 3.5 The Commission has scrutinized the Petition and the additional data/information furnished by the Petitioner and has considered the same while passing this Order.

### Inviting Public Comments/Suggestions

- 3.6 The Commission after admission of the Petition had directed the petitioner to publish a public notice inviting comments/suggestions from public and to make available copies of the Petition to the members of general public on request. Accordingly, Public Notice was published by the Petitioner in the newspapers and a period of twenty-one (21) days was given for submitting the comments/suggestions by the general public:

**Table 4 List of Newspapers and dates of publication of public notice by Petitioner**

| Newspaper          | Language | Date of Publication |
|--------------------|----------|---------------------|
| Arunachal Observer | English  | 24.02.2026          |
| The Arun Khabar    | English  | 24.02.2026          |
| Arunbhoomi         | English  | 24.02.2026          |

- 3.7 The Commission has also uploaded the petition on its website [www.apserc.nic.in](http://www.apserc.nic.in). 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, the Commission also held a public hearing on 7<sup>th</sup> April 2026. The details of the newspaper wherein the notice of public hearing was published is given in the

table below:

**Table 5 List of Newspaper and date of publication of public notice by the Commission**

| Newspaper             | Language | Date of Publication |
|-----------------------|----------|---------------------|
| The Arunachal Age     | English  | 19.03.2026          |
| Eastern Sentinel      | English  | 19.03.2026          |
| The Arunachal Pioneer | English  | 19.03.2026          |

### **Submission of Comments/Suggestions and Conduct of Public Hearing**

- 3.8 No comments or suggestions on the Petition were received following the publication of the public notice. Furthermore, no comments or objections were raised during the public hearing. The details pertaining to the public hearing is being discussed in Chapter 4 of this Order.



\*\*\*

  
Secretary  
APSERC

## **CHAPTER 4: PUBLIC CONSULTATION PROCESS**

4.1 A Public Hearing was held by the Commission on 7<sup>th</sup> April 2026 for giving additional opportunity to all the stakeholders to submit their comments/suggestions on the said petition. However, no specific comments/objections have been received on the petition by the Commission. The list of the attendees in the public hearing is mentioned in Annexure-I of this Order.



\*\*\*

---

  
Secretary  
APSERC

## CHAPTER 5: Annual Performance Review of FY 2025-26

### Capital Expenditure

#### Petitioners Submission

5.1 The Petitioner has submitted that in accordance with Regulation 8.3 of the APSERC – (Multi Year Tariff Regulations), 2024, SLDC has estimated the capital expenditure for FY 2025-26 as given in the table below:

**Table 6 Summary of Capital Expenditure as projected by the Petitioner for FY 2025-26 (Rs Lakhs)**

| SL No | Particulars                          | Capital Expenditure Estimation |
|-------|--------------------------------------|--------------------------------|
| 1     | C/o Backup SLDC at Niglok, Pasighat. | 400                            |

5.2 The Petitioner has further stated that the proposed capitalization is envisaged through Grant from the Government of Arunachal Pradesh and has requested the Hon'ble Commission to approve the funding of Capitalization for FY 2025-26.

#### Commissions Analysis

- 5.3 The Commission has duly examined the Capital Investment Plan and the Capitalization Schedule submitted by the Petitioner for FY 2025-26 which is a backup SLDC to be established at Pasighat. The same scheme was already approved by the Commission in the MYT order dated 11.07.2025.
- 5.4 The Commission has also noted that the entire expenditure is being supported by the Government of Arunachal Pradesh as a budgetary grant with no external borrowing.
- 5.5 Further the Commission in the MYT order dated 11.07.2025 had directed the SLDC to submit quarterly reports to the Commission providing updates on the various activities related to the capitalization schedule and outlining the initiatives undertaken to enhance the functioning of the SLDC however the same is not submitted by SLDC. In this regard the Commission hereby further directs the Petitioner to apprise the various ongoing schemes for upgradation of SLDC to the Commission on quarterly basis.

## **Depreciation**

### **Petitioners Submission**

5.6 The Petitioner has referred to Regulation 4.9 of APERC (Multi Year Tariff) Regulations, 2024 provides as follows

*(1) Land other than the land held under lease and the land for reservoir in case of hydro generating station shall not be a depreciable asset and its cost shall be excluded from the capital cost while computing depreciable value of the asset. Further, capital cost to the extent of capital cost funded by Consumer Contribution, Grants or Deposit Works carried out by Transmission Licensee or SLDC or Distribution Licensee or Generating Company, as the case may be, shall not be considered for depreciation calculation.*

*(2) The salvage value of the asset shall be considered as 10% and depreciation shall be allowed upto maximum of 90% of the capital cost of the asset.*

*Provided that Generating Company or Transmission Licensee or SLDC or Distribution licensee shall submit certification from the Statutory Auditor for the capping of depreciation at ninety percent of the allowable capital cost of the asset in the true-up application;*

*Provided further that salvage value for IT equipment and software shall be considered as NIL and 100% value of the assets shall be considered depreciable;*

*Provided that in case of hydro generating stations, the salvage value shall be as provided in the agreement signed by the developers with the State Government for creation of the site:*

*Provided further that the capital cost of the assets of the hydro generating station for the purpose of computation of depreciable value shall correspond to the percentage of sale of electricity under long-term power purchase agreement at regulated tariff.*

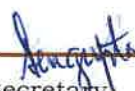
*(3) In case of the existing projects, the balance depreciable value as on April 1, 2025, shall be worked out by deducting the cumulative depreciation as admitted by the Commission upto March, 31, 2025, from the gross value of the assets.*

*(4) Depreciation shall be calculated annually based on Straight Line Method and at rates specified in Appendix- I of these Regulations.*

*Provided that the remaining depreciable value as on 31st March of the year closing after a period of 12 years from date of commercial operation shall be spread over the balance useful life of the assets:*

*(5) In case of projected commercial operation of the asset for part of the year, depreciation shall be calculated based on the average of opening and closing value of asset, approved by the Commission:*

*Provided that depreciation will be re-calculated during truing-up for assets capitalised at the time of Truing Up of each year of the Control Period, based on documentary evidence of asset capitalised by the applicant, subject to the prudence check of the Commission, such that the depreciation is calculated proportionately from the date of capitalisation.*

  
Secretary  
APERC

5.7 The above Regulation provides that the capital cost to the extent funded by Consumer Contribution, Grants or Deposit Works, shall not be considered for depreciation calculation. It is submitted that the entire assets of APSLDC is being funded by Government of Arunachal Pradesh as a grant, accordingly, APSLDC has not claimed any depreciation for FY 2025-26.

### **Commissions Analysis**

5.8 In view of the submissions made by the Petitioner in the foregoing paragraph and the provisions of the APSERC (Multi Year Tariff) Regulations, 2024, the Commission has not allowed any depreciation for FY 2025–26, considering that the entire asset has been financed through grants from the State Government.

### **Interest and Finance Charges on loan capital**

#### **Petitioners Submission**

5.9 The Petitioner has referred to Regulation 4.8 Regulation 4.8 of APSERC- Multi Year Tariff Regulations, 2024 as follows:

- *The loans arrived at in the manner indicated in these Regulations shall be considered as Gross normative loan for calculation of interest on loan:  
Provided that interest and finance charges on capital works in progress shall be excluded.  
Provided further that in case of retirement or replacement of assets, the loan capital approved as mentioned above, shall be reduced to the extent of outstanding loan component of the original cost of the retired or replaced assets, based on documentary evidence*
- *The normative loan outstanding as on April 1, 2025, shall be worked out by deducting the cumulative repayment as admitted by the Commission upto March 31, 2025, from the gross normative loan.*
- *The repayment for the year during the control period shall be deemed to be equal to the depreciation allowed for that year.*
- *Notwithstanding any moratorium period availed by the Generating Company or the Transmission Licensee, SLDC or the Distribution Licensee, as the case may be, the repayment of loan shall be considered from the first year of commercial operation of the project and shall be equal to the annual depreciation allowed.*
- *The rate of interest shall be the weighted average rate of interest calculated on the basis of the actual loan portfolio at the beginning of each year applicable to the Generating Company or the Transmission Licensee or the SLDC or the Distribution Licensee:*

*Provided that if there is no actual loan for a particular year but normative loan is still outstanding, the last available weighted average rate of interest shall be considered:*

*Provided further that if the Generating Company, the Transmission Licensee, SLDC or the Distribution Licensee, as the case may be, does not avail any loan in past, then the one-year SBI MCLR (or any replacement thereof declared by SBI from time to time) plus 150 basis points shall be considered.*

- *The interest on loan shall be calculated on the normative average loan of the year by applying the weighted average rate of interest.*

*Provided that at the time of Truing-up, the normative average loan of the year shall be considered on the basis of the actual asset capitalisation approved by the Commission for the year.*

*Provided further that neither penal interest nor overdue interest shall be allowed for computation of tariff.*

- *The above interest computation shall exclude interest on loan amount, normative or otherwise, to the extent of capital cost funded by Consumer Contribution, Grants or Deposit Works carried out by Transmission Licensee or SLDC or Distribution Licensee or Generating Company, as the case may be.*
- *The Generating Company or the Transmission Licensee or the SLDC or the Distribution Licensee, as the case may be, shall make every effort to re-finance the loan as long as it results in net savings on interest and in that event the costs associated with such re-financing shall be borne by the beneficiaries and the net savings shall be shared between the beneficiaries and the Generating Company or the Transmission Licensee or the SLDC or the Distribution Licensee, as the case may be, in the ratio of 2:1.*

*Provided that the changes to the terms and conditions of the loans shall be reflected from the date of such re-financing.*

*Provided also that the re-financing shall not be subject to any adverse terms and conditions and additional cost:*

*Provided also that Generating Company or Transmission Licensee or Distribution Licensee or SLDC, as the case may be, shall submit documentary evidence of the costs associated with such re-financing*

- *Interest shall be allowed on the amount held as security deposit held in cash from Transmission System Users, Distribution System Users and consumers at the Bank Rate as on 1st April of the financial year in which the Petition is filed.*
- *Further, at the time of Truing-up, the interest on the amount of security deposit for the year shall be considered on the basis of the actual interest paid by the Licensee during the year, subject to prudence check by the Commission.*

5.10 The Petitioner has stated that the above Regulation provides that the interest computation shall exclude interest on loan amount, normative or otherwise, to the extent of capital cost funded by Consumer Contribution, Grants or Deposit Works carried out by SLDC. It is submitted that the entire assets of APSLDC is being funded by Government of Arunachal Pradesh as a grant, accordingly, APSLDC has not claimed any interest and financial charges on loan for the control period. SLDC submits that it will claim interest and financial

charges on loan in accordance with the above regulation in case loan is availed in future.

**Commissions Analysis**

5.11 In view of the submissions made by the Petitioner in the foregoing paragraph and in accordance with the provisions of the APERC (Multi Year Tariff) Regulations, 2024, the Commission has not considered any Interest on Loan for FY 2025–26, as the entire asset base has been financed through grants provided by the State Government.

**Interest on Working Capital**

**Petitioners Submission**

5.12 The Petitioner has referred to Regulation 4.11.3 of APERC- Multi Year Tariff Regulations, 2024 provides as follows:

*The working capital requirement of the SLDC shall cover:*

- (i) *Operation and maintenance expenses for one month;*
- (ii) *One and a half months equivalent of the expected revenue from levy of Annual Fixed Charges approved by the Commission for ensuing year(s):*

***Provided further that*** for the purpose of Truing-up for any year, the working capital requirement shall be re-computed on the basis of the values of revised normative Operation & Maintenance expenses and actual Revenue from sale of electricity excluding incentive, if any, and other components of working capital approved by the Commission in the Truing-up before sharing of gains and losses;

***Rate of interest on working capital shall be on normative basis and shall be equal to the SBI MCLR of one-year period as on the date on which the Petition for determination of Fees and Charges is filed, plus 250 basis points:***

***Provided that*** for the purpose of Truing-up for any year, interest on working capital shall be allowed at a rate equal to the weighted average SBI MCLR of one-year period prevailing during the concerned Year plus 250 basis points.

5.13 The Petitioner has further submitted that, as per the Tariff Order dated 11.07.2025, the Hon'ble Commission has not approved the claim of Interest on Working Capital for SLDC for the control period from FY 2025-26 to FY 2029-30 as referred below:

***"6.42 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 State Load Despatch Centre (SLDC) is being met through grants provided by the Government of Arunachal Pradesh, Consequently, there is no interest liability on the SLDC in this regard.*

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

5.14 In view of the above, APSLDC has not claimed any Interest on Working Capital for FY 2025-26.

### **Commissions Analysis**

5.15 In view of the submissions made by the Petitioner in the foregoing paragraph and in accordance with the provisions of the APSERC (Multi Year Tariff) Regulations, 2024, the Commission has not considered any Interest on Working Capital for FY 2025–26.

### **Return on Equity**

#### **Petitioners Submission**

5.16 The Petitioner has referred to Regulation 4.6 of the APSERC (Multi Year Tariff) Regulations, 2024 as referred below:

*"Return on equity shall be computed in rupee terms, on the equity capital determined in accordance with Regulation 4.2.*

*Maximum Return on Equity that shall be allowed for the assets put to use for the Generating Company and Retail Supply Business up to the rate of 15.50% per annum in Indian Rupee terms and for Transmission Licensee, SLDC and Distribution Wires Business, up to the rate of 15.00% per annum in Indian Rupee terms:*

*Provided that Return on Equity shall be allowed in two parts viz. Base Return on Equity, and Additional Return on Equity linked to actual performance:*

*Provided that Additional Return on Equity linked to actual performance only applicable during true-up exercise:*

*Provided further that Additional Return on Equity shall be considered and trued-up for respective year based on actual performance substantiated by documentary evidence, after prudence check by the Commission.*

*Provided further that the Commission may conduct a third-party verification of the performance parameters based on which the additional Return on Equity is being allowed during true-up exercise.*

*For embedded generating station of any distribution licensee, the computation of return on equity shall be similar to that of a generating company.*

  
Secretary  
APSERC

*Assets funded by consumer contributions; capital subsidies/Govt. grants shall not form part of the capital base for the purpose of calculation of Return on Equity.*

*The rate of return of a new project shall be reduced by 1% for such period as may be decided by the Commission, if the generating station or transmission system or distribution system is found to be declared under commercial operation without commissioning of any of the Restricted Governor Mode Operation (RGMO)/ Free Governor Mode Operation (FGMO), meter (with AMR facilities), data telemetry and communication system up to concerned load dispatch centre or protection system.*

*Base Return on Equity of 14.00% per annum in Indian Rupee terms shall be allowed on the equity capital for the assets put to use Provided that in case Generating Company or Transmission Licensee or SLDC or Distribution Licensee claims Return on Equity at a rate lower than the normative rate specified above for any particular year, then such claim for lower Return on Equity shall be unconditional: Provided further that such claim for lower Return on Equity shall be allowed subject to the condition that the reduction in Return on Equity shall be foregone permanently for that year and shall not be allowed to be recouped at the time of Mid-Term Review or true-up as applicable*

*The Base Return on Equity shall be computed as:*

*(a) Return at the allowable base rate as per this Regulation, applied on the amount of equity capital at the commencement of the Year; plus*

*(b) Return at the allowable base rate as per this Regulation, applied on 50 per cent of the equity capital portion of the allowable capital cost during the year, for the investments put to use in Generation Business or Transmission Business or Distribution Business or SLDC.*

*In case of a thermal / hydro generating unit, and SLDC with effect from April 01, 2025, the additional rate of Return on Equity of maximum 1.5% and 1%, respectively, shall be allowed during true-up, if the Commissions observes that the directives given in previous tariff orders are followed in the true-up year.*

*In case of a Transmission Licensee, with effect from April 01, 2025, the additional rate of Return on Equity shall be allowed during true-up @0.25%, for each reduction of Transmission Loss by 0.05% from last year level; subject to maximum additional rate of Return on Equity of 1%.*

*In case of Distribution Licensee, with effect from April 01, 2025, an additional rate of Return on Equity of maximum 1.5% (for retail business) and 1% (for wire business) shall be allowed based on achievement of certain specified target performance parameters including consumer metering, feeder and sub-station metering, percentage of assessed bills over total bills, meeting RPO Trajectory targets, CGRF performance (efficacy in dispute resolution/complaint handling) or any other performance parameter, as assessed by the Commission during the true-up.*

5.17 The Petitioner has stated that above Regulation provides that the Assets funded by consumer contributions; capital subsidies/Govt. grants shall not form part of the capital base for the purpose of calculation of Return on Equity. It is submitted that the entire assets of APSLDC is being funded by Government of Arunachal Pradesh as a grant, accordingly, APSLDC has not claimed Return on Equity for FY 2025-26.

### **Commissions Analysis**

5.18 In view of the submissions made by the Petitioner in the foregoing paragraph and in accordance with the provisions of the APSERC (Multi Year Tariff) Regulations, 2024, the Commission has not considered any Return on Equity for FY 2025-26.

  
Secretary  
APSERC

## Operation and Maintenance Expense

### Petitioners Submission

5.19 The Petitioner has referred to clause 4.10 of the APERC (Multi Year Tariff) Regulations, 2024 for determination of O&M expenses for FY 2025-26. The relevant extract from the Regulation is referred below:

#### ***“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<sub>n</sub> – Employee expenses of the Licensee for the nth Year (n can be 1, 2,3,4 or 5);*

*EMP<sub>n-1</sub> – 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;*

*Provision: Provision for expenses beyond control of the Licensee and expected one-time 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:

$$R\&Mn = (K \times GFA_{n-1}) \times (1 + EF)$$

Where,

*R&Mn* – Repair and Maintenance expenses of the Licensee for the nth Year;

*GFA<sub>n-1</sub>* – 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-a vis 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:

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

Where,

*A&Gn*– Administrative and General expenses of the Licensee for the nth Year;

*A&G<sub>n-1</sub>*– 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

  
Secretary  
APSERC

*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."*

5.20 Accordingly, in accordance with the provisions of the Regulations, the Petitioner has computed the WPI and CPI inflation rates and determined the Escalation Factor by applying the respective weightages prescribed therein. The Escalation Factor as calculated by the Petitioner is presented in the table below:

**Table 7 Escalation factor as computed by the Petitioner**

| Particulars                   | Weightage | Weightage (%) |
|-------------------------------|-----------|---------------|
| WPI                           | 0.2       | 0.73%         |
| CPI                           | 0.8       | 3.90%         |
| <b>Escalation Factor (EF)</b> |           | <b>4.63%</b>  |

### **Employee Expense**

5.21 The Petitioner has calculated the normative employee expense by considering the actual employee cost for FY 2024-25 and applying the computed escalation factor and growth factor year over year to determine the employee cost for FY 2025-26. The actual employee cost as submitted by the Petitioner based on audited accounts for FY 2024-25 is given in the table below:

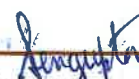
**Table 8 Actual employee cost as submitted by the Petitioner for FY 2024-25(Rs.Lakhs)**

| SL No | Particulars                             | Amount        |
|-------|-----------------------------------------|---------------|
| 1     | Salaries                                | 135.99        |
| 2     | Wages                                   | 40.88         |
| 3     | Dearness Allowance                      | 70.94         |
| 4     | Pensionary Charges & Gratuity           | 0.00          |
| 5     | DTE (Emp. TA)                           | 2.12          |
| 6     | Medical Expenses (Re-imbursement)       | 0.00          |
| 7     | Other Allowances                        | 27.46         |
| 8     | Earned Leave Encashment                 | 0.63          |
| 9     | Prof. Fee                               | 0.00          |
| 10    | Contribution to provident & Other Funds | 0.00          |
| 11    | <b>Grand Total</b>                      | <b>278.02</b> |

5.22 The Petitioner has also submitted the actual manpower of FY 2024-25 & estimated FY 2025-26 as given in the table below:

**Table 9 Details of manpower as submitted by the Petitioner**

| Description             | Category of Employees  | FY 2024-25(Actual) | FY 2025-26(Estimate) |
|-------------------------|------------------------|--------------------|----------------------|
| Opening No of Employees | Regular Employees      | 18                 | 18                   |
|                         | Work Charged Employees | 8                  | 8                    |
|                         | Casual Employees       | 22                 | 22                   |
|                         | <b>TOTAL</b>           | <b>48</b>          | <b>48</b>            |
|                         | Regular Employees      | 0                  | 0                    |

  
Secretary  
APSERC

|                                     |                        |           |           |
|-------------------------------------|------------------------|-----------|-----------|
| Addition during the year            | Work Charged Employees | 0         | 0         |
|                                     | Casual Employees       | 0         | 0         |
|                                     | <b>TOTAL</b>           | <b>0</b>  | <b>0</b>  |
| Retirement during the year          | Regular Employees      | 0         | 0         |
|                                     | Work Charged Employees | 0         | 0         |
|                                     | Casual Employees       | 0         | 0         |
|                                     | <b>TOTAL</b>           | <b>0</b>  | <b>0</b>  |
| Closing no of employees in the year | Regular Employees      | 18        | 18        |
|                                     | Work Charged Employees | 8         | 8         |
|                                     | Casual Employees       | 22        | 22        |
|                                     | <b>TOTAL</b>           | <b>48</b> | <b>48</b> |

**Table 10 Growth Factor as submitted by the Petitioner**

| S.No | Particulars     | FY 2024-25        | FY 2025-26 |
|------|-----------------|-------------------|------------|
| 1    | No of Employees | 48                | 48         |
| 2    |                 | Growth Factor (G) | 0.00%      |

**Table 11 Employee Cost estimation as submitted by the Petitioner for FY 2025-26(Rs. Lakhs)**

| SL No | Particulars            | Actual FY 2024-25 | Estimation FY 2025-26 |
|-------|------------------------|-------------------|-----------------------|
| 1     | Base Employee Cost     | 278.02            | 278.02                |
| 2     | Escalation Factor (EF) |                   | 4.63%                 |
| 3     | Growth Factor (G)      |                   | 0.00%                 |
| 4     | <b>Employee Cost</b>   | <b>278.02</b>     | <b>290.89</b>         |

5.23 The summary of employee cost as approved in MYT order and as submitted by the Petitioner is given in the table below:

**Table 12 Employee Cost as submitted by the Petitioner for FY 2025-26(Rs.Lakhs)**

| Sl. No | Particulars   | Approved in Tariff Order Dt 11.07.2025 | Estimated |
|--------|---------------|----------------------------------------|-----------|
| 1      | Employee Cost | 360.93                                 | 290.89    |

### Repair & Maintenance

5.24 The Petitioner has stated that in accordance with the above Regulations, 'K' factor has been calculated based on the opening GFA for the FY 2024-25 & actual R&M expenses for the year. The calculation of the 'K' factor is provided below:

**Table 13 Computation of K factor by the Petitioner**

| Sl.No. | Particulars                 | FY 2024-25  |
|--------|-----------------------------|-------------|
| 1      | Opening GFA ( Lakhs)        | 2517.83     |
| 2      | Actual R&M Expenses (lakhs) | 264.62      |
| 3      | <b>K Factor</b>             | <b>0.11</b> |

5.25 Thereafter the Petitioner stated that R&M expenses for FY 2025-26 have been calculated considering projected opening GFA & 'K' factor & the escalation factor (EF) as calculated

  
Secretary  
APERC

above. The details of normative R&M calculated based on the above methodology is provided below:

**Table 14 R&M Expense estimated by the Petitioner for FY 2025-26(in Rs Lakhs)**

| Sl.No. | Particulars            | FY 2025-26 |
|--------|------------------------|------------|
| 1      | Opening GFA            | 3123.71    |
| 2      | K factor               | 0.11       |
| 3      | Escalation Factor (EF) | 4.63%      |
| 4      | R&M Expenses           | 343.50     |

5.26 The summary of the approved Repair & Maintenance Expenses in the tariff order dated 11/07/2025 and the estimated Repair & Maintenance Expenses for the FY 2025-26 is given below:

**Table 15 Repair & Maintenance Expense as submitted by the Petitioner for FY 2025-26(Rs in Lakhs)**

| Sl. No | Particulars  | Approved in Tariff Order Dt 11.07.2025 | Estimated |
|--------|--------------|----------------------------------------|-----------|
| 1      | R&M Expenses | 168.21                                 | 343.50    |

### **Administrative & General Expense**

5.27 The Petitioner has stated that in accordance with the Regulations, actual A&G expenses for the FY 2024-25 have been considered as base & the same has been escalated considering the escalation factor (EF) year over year to determine the A&G expenses for FY 2025-26. The details of normative A&G expenses calculated based on the above methodology is provided below:

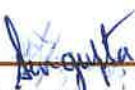
**Table 16 Actual A&G expense as submitted by the Petitioner for FY 2024-25(in Rs Lakhs)**

| S.No | Particulars                                                      | FY 2024-25   |
|------|------------------------------------------------------------------|--------------|
| 1    | Capacity Building and Training of Staff                          | 20.00        |
| 2    | Annual Contribution towards NERPC Secretariat Establishment fund | 5.35         |
| 3    | POL Vehicle                                                      | 25.96        |
| 4    | Office Expenses                                                  | 4.50         |
| 5    | <b>Total A&amp;G Expenses</b>                                    | <b>55.81</b> |

**Table 17 A&G Expense calculated by the Petitioner for FY 2025-26(in Rs Lakhs)**

| Sl.No. | Particulars             | FY 2024-25(Actual ) | FY 2025-26(Estimated) |
|--------|-------------------------|---------------------|-----------------------|
| 1      | Base A&G Expenses       | 55.81               | 55.81                 |
| 2      | Escalation Factor (EF)  |                     | 4.63%                 |
| 3      | <b>A&amp;G Expenses</b> | <b>55.81</b>        | <b>58.39</b>          |

5.28 The summary of the approved Administrative & General Expenses in the tariff order dated 11/07/2025 and the Estimated Administrative & General Expenses for FY 2025-26 is given

  
Secretary  
APSERC

below:

**Table 18 A&G Expense as submitted by the Petitioner for FY 2025-26(in Rs Lakhs)**

| Sl. No | Particulars  | Approved in Tariff Order Dt 11.07.2025 | Estimated(FY 2025-26) |
|--------|--------------|----------------------------------------|-----------------------|
| 1      | A&G Expenses | 58.76                                  | 58.39                 |

5.29 The Summary of O&M expenses as submitted by the Petitioner for FY 2025-26 is given in the table below:

**Table 19 Summary of O&M expenses as submitted by the petitioner for FY 2025-26(in Rs. Lakhs)**

| Sl. No | Particulars   | Approved in Tariff Order Dt 11.07.2025 | FY2025-26(Estimated) |
|--------|---------------|----------------------------------------|----------------------|
| 1      | R&M Expenses  | 168.21                                 | 343.50               |
| 2      | Employee Cost | 360.93                                 | 290.89               |
| 3      | A&G Expenses  | 58.76                                  | 58.39                |
| 4      | <b>TOTAL</b>  | <b>587.90</b>                          | <b>692.78</b>        |

### **Commissions Analysis**

5.30 The Commission observes that the Petitioner has submitted the actual Operation and Maintenance (O&M) expenses, comprising Employee Expenses, Repair & Maintenance (R&M) Expenses, and Administrative & General (A&G) Expenses, for FY 2024-25 and has considered the same as the base year values for projecting the O&M expenses for FY 2025-26 through escalation.

5.31 However, in accordance with the provisions of the APSERC (Multi Year Tariff) Regulations, 2024, the financial data for FY 2024-25 proposed to be considered as the base year values shall be supported by duly audited accounts. The Petitioner is therefore required to submit the audited accounts/reports for FY 2024-25 to substantiate the claimed O&M expenses and enable prudence check by the Commission. The relevant definition of "Regulatory Accounts" as specified under the APSERC (Multi Year Tariff) Regulations, 2024 is reproduced below:

*"(87)"Regulatory Accounts" means the regulatory accounts, duly audited by the auditor of the Utility containing all the financial and non-financial information of the Utility, including the filled-up formats appended to these regulations and cover the activities which includes without limitation the Statutory Accounts prepared under Companies Act, 2013 or any other law applicable to the Utility;"*

5.32 The Commission observes that the Petitioner has submitted the proforma/provisional accounts for FY 2024-25 along with a report prepared by M/s RSA & Co., Chartered

  
Secretary  
APSERC

Accountants, wherein it has been stated that the accounts of the SLDC for FY 2024-25 have been verified. However, upon examination of the said report, the Commission notes that there is no explicit certification or declaration indicating that the accounts have been audited. The Commission is of the view that audited accounts constitute a mandatory requirement for determination of the base year values to be considered for protection under the APERC (Multi Year Tariff) Regulations, 2024. The mere verification of accounts cannot be construed as an audit for the purposes of compliance with the said Regulations.

5.33 Accordingly, in the absence of duly audited accounts/audit report for FY 2024-25, the Commission is unable to accept or process the submissions made by the Petitioner based on the proforma accounts. Since FY 2025-26 is the first year of the current Control Period and the present petition pertains to the Annual Performance Review (APR) for FY 2025-26, the Commission has, for the time being, relied upon the values approved in its Order dated 11.07.2025.

5.34 However, the Petitioner is hereby directed to submit the duly audited accounts along with the Audit Report for FY 2024-25 & FY 2025-26 at the time of filing the ensuing petition in November. The Audit Report shall clearly indicate that the accounts have been audited by the statutory auditor and mentioned as "Audit Report". The Commission shall consider the audited figures during the True-up exercise, and any consequential adjustments deemed appropriate shall be carried out for the Control Period in accordance with the provisions of the APERC (Multi Year Tariff) Regulations, 2024.

5.35 The O&M Expenses approved for FY 2025-26 by the Commission is given in the table below:

**Table 20 O&M expense approved by the Commission for APR FY 2025-26(in Rs.Lakhs)**

| Sl. No | Particulars   | Petition(Estimated) | Approved      |
|--------|---------------|---------------------|---------------|
| 1      | R&M Expenses  | 343.50              | 168.21        |
| 2      | Employee Cost | 290.89              | 360.93        |
| 3      | A&G Expenses  | 58.39               | 58.76         |
| 4      | <b>TOTAL</b>  | <b>692.78</b>       | <b>587.90</b> |

## **Non-Tariff Income**

### **Petitioners Submission**

5.36 The Petitioner has estimated non-tariff income for FY 2025-26 as given in the table below:

**Table 21 Non-Tariff Income as estimated by the Petitioner for FY 2025-26(in Lakhs)**

  
Secretary  
APERC

| Sl. No       | Particulars                       | Approved in Tariff Order Dt 11.07.2025 | Estimation  |
|--------------|-----------------------------------|----------------------------------------|-------------|
| 1            | Application Fee/ Registration fee | 0.50                                   | 0.50        |
| 2            | Scheduling Charges                | 0.20                                   | 0.20        |
| <b>TOTAL</b> |                                   | <b>0.70</b>                            | <b>0.70</b> |

### Commissions Analysis

5.37 In accordance with the submissions made by the Petitioner, the Commission has considered the Non-Tariff Income for FY 2025–26. However, the same shall be subject to review during the True-up exercise.

### Aggregate Revenue Requirement for FY 2025-26

5.38 The Petitioner has submitted the Aggregate Revenue Requirement for FY 2025-26 in accordance with the submission made in the above section of this order. The details is given in the table below:

**Table 22 Aggregate Revenue Requirement as submitted by the Petitioner for FY 2025-26(in Rs lakhs)**

| Sl. No. | Particulars                 | Approved in Tariff Order Dt 11.07.2025 | Estimation    |
|---------|-----------------------------|----------------------------------------|---------------|
| 1       | Employee cost               | 360.93                                 | 290.89        |
| 2       | R&M expenses                | 168.21                                 | 343.50        |
| 3       | A&G expenses                | 58.76                                  | 58.39         |
| 4       | Depreciation                | 0.00                                   | 0.00          |
| 5       | Interest on Loan Capital    | 0.00                                   | 0.00          |
| 6       | Interest on Working Capital | 0.00                                   | 0.00          |
| 7       | Return on Equity            | 0.00                                   | 0.00          |
| 8       | <b>Total ARR</b>            | <b>587.90</b>                          | <b>692.78</b> |
| 9       | Less: Non-Tariff Income     | <b>0.70</b>                            | <b>0.70</b>   |
| 10      | <b>Net ARR (8-9)</b>        | <b>587.20</b>                          | <b>692.08</b> |

### Commissions Analysis

5.39 In accordance with the approval made by the Commission for the components of ARR in the above section of this order, the Commission hereby approves APR for FY 2025-26 as given in the table below however same shall be reviewed during truing up exercise:

**Table 23 ARR approved by the Commission for APR of FY 2025-26(in Rs Lakhs)**

| Sl. No. | Particulars   | Approved in Tariff Order Dt 11.07.2025 | Petition | Approved for APR FY 2025-26 |
|---------|---------------|----------------------------------------|----------|-----------------------------|
| 1       | Employee cost | 360.93                                 | 290.89   | 360.93                      |
| 2       | R&M expenses  | 168.21                                 | 343.50   | 168.21                      |
| 3       | A&G expenses  | 58.76                                  | 58.39    | 58.76                       |

  
Secretary  
APERC

**Order on Petition for Approval of APR for FY 26 & ARR and SLDC charges for FY27**

| Sl. No. | Particulars                 | Approved in<br>Tariff Order Dt<br>11.07.2025 | Petition      | Approved for APR FY<br>2025-26 |
|---------|-----------------------------|----------------------------------------------|---------------|--------------------------------|
| 4       | Depreciation                | 0.00                                         | 0.00          | 0.00                           |
| 5       | Interest on Loan Capital    | 0.00                                         | 0.00          | 0.00                           |
| 6       | Interest on Working Capital | 0.00                                         | 0.00          | 0.00                           |
| 7       | Return on Equity            | 0.00                                         | 0.00          | 0.00                           |
| 8       | <b>Total ARR</b>            | <b>587.90</b>                                | <b>692.78</b> | <b>587.90</b>                  |
| 9       | Less: Non-Tariff Income     | <b>0.70</b>                                  | <b>0.70</b>   | <b>0.70</b>                    |
| 10      | <b>Net ARR (8-9)</b>        | <b>587.20</b>                                | <b>692.08</b> | <b>587.20</b>                  |



\*\*\*

  
Secretary  
APERC

## **Chapter 6: Analysis of ARR for FY2026-27**

- 6.1 This section deals with the determination of Aggregate Revenue Requirement of SLDC for FY 2026-27 based on the projections made for the current year over the previous year by the Petitioner along with Commission's analysis and approval.
- 6.2 The Commission, based on the provisions of the APERC (Multi Year Tariff) Regulations, 2024, the data and information submitted by the Petitioner, and the MYT Order dated 11.07.2025, has undertaken a prudence check and determined the Aggregate Revenue Requirement (ARR) for FY 2026-27.
- 6.3 The component-wise description of the Petitioner's submission and the Commission's analysis thereof is provided hereunder.

### **Capital Expenditure**

#### **Petitioners Submission**

- 6.4 The Petitioner has stated that in accordance with Regulation 8.3 of the APERC(MYT)Regulations,2024 SLDC has projected capital expenditure for FY 2026-27 as given in the table below:

**Table 24 Projected Capital Expenditure of SLDC for FY 2026-27(in Rs Lakhs)**

| SL No | Particulars                                             | Capital Expenditure Projection |
|-------|---------------------------------------------------------|--------------------------------|
| 1     | On Going Scheme<br>C/o Backup SLDC at Niglok, Pasighat. | 50                             |

- 6.5 The Petitioner has further stated that the funding of the proposed capitalization is envisaged through Grant from the Government of Arunachal Pradesh.

#### **Commissions Analysis**

- 6.6 The Commission has duly examined the Capital Investment Plan and the Capitalization Schedule submitted by the Petitioner for FY 2026-27 which is a backup SLDC to be established at Pasighat. The same scheme was initially approved by the Commission in the MYT order dated 11.07.2025.
- 6.7 The Commission has also noted that the entire expenditure is being supported by the Government of Arunachal Pradesh as a budgetary grant with no external borrowing.
- 6.8 Further the Commission in the MYT order dated 11.07.2025 had directed the SLDC to submit quarterly reports to the Commission providing updates on the various activities

related to the capitalization schedule and outlining the initiatives undertaken to enhance the functioning of the SLDC however the same is not submitted by SLDC. In this regard the Commission hereby further directs the Petitioner to apprise the various ongoing schemes for upgradation of SLDC to the Commission on quarterly basis.

## **Depreciation**

### **Petitioners Submission**

6.9 The Petitioner has referred to clause 4.9 of the APERC (Multi Year Tariff) Regulations, 2024 for determination of depreciation for the control period FY 2026-27. The relevant extract from the Regulation is referred below:

#### **“4.9 Depreciation**

*Land other than the land held under lease and the land for reservoir in case of hydro generating station shall not be a depreciable asset and its cost shall be excluded from the capital cost while computing depreciable value of the asset. Further, capital cost to the extent of capital cost funded by Consumer Contribution, Grants or Deposit Works carried out by Transmission Licensee or SLDC or Distribution Licensee or Generating Company, as the case may be, shall not be considered for depreciation calculation.*

*The salvage value of the asset shall be considered as 10% and depreciation shall be allowed upto maximum of 90% of the capital cost of the asset.*

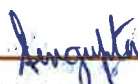
*Provided that Generating Company or Transmission Licensee or SLDC or Distribution licensee shall submit certification from the Statutory Auditor for the capping of depreciation at ninety percent of the allowable capital cost of the asset in the true-up application;*

*Provided further that salvage value for IT equipment and software shall be considered as NIL and 100% value of the assets shall be considered depreciable;*

*Provided that in case of hydro generating stations, the salvage value shall be as provided in the agreement signed by the developers with the State Government for creation of the site:*

*Provided further that the capital cost of the assets of the hydro generating station for the purpose of computation of depreciable value shall correspond to the percentage of sale of electricity under long-term power purchase agreement at regulated tariff.*

---

  
Secretary  
APERC

*In case of the existing projects, the balance depreciable value as on April 1, 2025, shall be worked out by deducting the cumulative depreciation as admitted by the Commission upto March, 31, 2025, from the gross value of the assets.*

*Depreciation shall be calculated annually based on Straight Line Method and at rates specified in Appendix- I of these Regulations.*

*Provided that the remaining depreciable value as on 31st March of the year closing after a period of 12 years from date of commercial operation shall be spread over the balance useful life of the assets:*

*In case of projected commercial operation of the asset for part of the year, depreciation shall be calculated based on the average of opening and closing value of asset, approved by the Commission:*

*Provided that depreciation will be re-calculated during truing-up for assets capitalised at the time of Truing Up of each year of the Control Period, based on documentary evidence of asset capitalised by the applicant, subject to the prudence check of the Commission, such that the depreciation is calculated proportionately from the date of capitalisation.*

6.10 The Petitioner has stated that the above Regulation provides that the capital cost to the extent funded by Consumer Contribution, Grants or Deposit Works, shall not be considered for depreciation calculation. It is submitted that the entire assets of APSLDC is being funded by Government of Arunachal Pradesh as a grant, accordingly, APSLDC has not claimed any depreciation for the control period FY 2026-27.

#### **Commissions Analysis**

6.11 The Commission referring to clause 4.9 of the APERC (Multi Year Tariff) Regulations, 2024 and the submission made by the Petitioner has not considered any depreciation for the control period FY 2026-27.

#### **Interest and Finance Charges**

##### **Petitioners Submission**

6.12 The Petitioner has referred to clause 4.8 of the APERC (Multi Year Tariff) Regulations, 2024 for determination of interest and finance charges for the control period FY2026-27. The relevant extract from the Regulation is referred below:

##### ***“4.8 Interest and finance charges on loan capital***

*(1) The loans arrived at in the manner indicated in these Regulations shall be considered as Gross normative loan for calculation of interest on loan:*

  
Secretary  
APERC

*Provided that interest and finance charges on capital works in progress shall be excluded.*

*Provided further that in case of retirement or replacement of assets, the loan capital approved as mentioned above, shall be reduced to the extent of outstanding loan component of the original cost of the retired or replaced assets, based on documentary evidence*

- (2) The normative loan outstanding as on April 1, 2025, shall be worked out by deducting the cumulative repayment as admitted by the Commission upto March 31, 2025, from the gross normative loan.*
- (3) The repayment for the year during the control period shall be deemed to be equal to the depreciation allowed for that year.*
- (4) Notwithstanding any moratorium period availed by the Generating Company or the Transmission Licensee, SLDC or the Distribution Licensee, as the case may be, the repayment of loan shall be considered from the first year of commercial operation of the project and shall be equal to the annual depreciation allowed.*
- (5) The rate of interest shall be the weighted average rate of interest calculated on the basis of the actual loan portfolio at the beginning of each year applicable to the Generating Company or the Transmission Licensee or the SLDC or the Distribution Licensee:*

*Provided that if there is no actual loan for a particular year but normative loan is still outstanding, the last available weighted average rate of interest shall be considered:*

*Provided further that if the Generating Company, the Transmission Licensee, SLDC or the Distribution Licensee, as the case may be, does not avail any loan in past, then the one-year SBI MCLR (or any replacement thereof declared by SBI from time to time) plus 150 basis points shall be considered.*

- (6) The interest on loan shall be calculated on the normative average loan of the year by applying the weighted average rate of interest.*

*Provided that at the time of Truing-up, the normative average loan of the year shall be considered on the basis of the actual asset capitalisation approved by the Commission for the year.*

*Provided further that neither penal interest nor overdue interest shall be allowed for computation of tariff.*

- (7) The above interest computation shall exclude interest on loan amount, normative or otherwise, to the extent of capital cost funded by Consumer Contribution, Grants or Deposit Works carried out by Transmission Licensee or SLDC or Distribution Licensee or Generating Company, as the case may be.*
- (8) The Generating Company or the Transmission Licensee or the SLDC or the Distribution Licensee, as the case may be, shall make every effort to re-finance the loan as long as it results in net savings on interest and in that event the costs associated with such re financing shall be borne by the beneficiaries and the net savings shall be shared between the beneficiaries and the Generating Company or the Transmission Licensee or the SLDC or the Distribution Licensee, as the case may be, in the ratio of 2:1.*

  
Secretary  
APSERC

*Provided that the changes to the terms and conditions of the loans shall be reflected from the date of such re-financing.*

*Provided also that the re-financing shall not be subject to any adverse terms and conditions and additional cost:*

*Provided also that Generating Company or Transmission Licensee or Distribution Licensee or SLDC, as the case may be, shall submit documentary evidence of the costs associated with such re-financing*

- (9) *Interest shall be allowed on the amount held as security deposit held in cash from Transmission System Users, Distribution System Users and consumers at the Bank Rate as on 1st April of the financial year in which the Petition is filed.*

- (10) *Further, at the time of Truing-up, the interest on the amount of security deposit for the year shall be considered on the basis of the actual interest paid by the Licensee during the year, subject to prudence check by the Commission.*

6.13 The Petitioner has stated that the above Regulation provides that the interest computation shall exclude interest on loan amount, normative or otherwise, to the extent of capital cost funded by Consumer Contribution, Grants or Deposit Works carried out by SLDC. It is submitted that the entire assets of APSLDC is being funded by Government of Arunachal Pradesh as a grant, accordingly, APSLDC has not claimed any interest and financial charges on loan for the control period. SLDC submits that it will claim interest and financial charges on loan in accordance with the above regulation in case loan is availed in future.

#### **Commissions Analysis**

6.14 The Commission referring to clause 4.8 of the APSERC (Multi Year Tariff) Regulations, 2024 and the submission made by the Petitioner has not considered any interest on loan for the control period FY 2026-27.

#### **Return on Equity**

##### **Petitioners Submission**

6.15 The Petitioner has referred to clause 4.6 of the APSERC (Multi Year Tariff) Regulations, 2024 for determination of return on equity for the control period FY 2025-26 to FY 2029-30. The relevant extract from the Regulation is referred below:

##### **“4.6 Return on Equity**

*Return on equity shall be computed in rupee terms, on the equity capital determined in accordance with Regulation 4.2.*

*Maximum Return on Equity that shall be allowed for the assets put to use for the Generating Company and Retail Supply Business up to the rate of 15.50% per annum in Indian Rupee terms and for Transmission Licensee, SLDC and Distribution Wires Business, up to the rate of 15.00% per annum in Indian Rupee terms:*

  
Secretary  
APSERC

*Provided that Return on Equity shall be allowed in two parts viz. Base Return on Equity, and Additional Return on Equity linked to actual performance:*

*Provided that Additional Return on Equity linked to actual performance only applicable during true-up exercise:*

*Provided further that Additional Return on Equity shall be considered and trued-up for respective year based on actual performance substantiated by documentary evidence, after prudence check by the Commission.*

*Provided further that the Commission may conduct a third-party verification of the performance parameters based on which the additional Return on Equity is being allowed during true-up exercise.*

*For embedded generating station of any distribution licensee, the computation of return on equity shall be similar to that of a generating company.*

***Assets funded by consumer contributions; capital subsidies/Govt. grants shall not form part of the capital base for the purpose of calculation of Return on Equity.***

*The rate of return of a new project shall be reduced by 1% for such period as may be decided by the Commission, if the generating station or transmission system or distribution system is found to be declared under commercial operation without commissioning of any of the Restricted Governor Mode Operation (RGMO)/ Free Governor Mode Operation (FGMO), meter (with AMR facilities), data telemetry and communication system up to concerned load dispatch centre or protection system.*

*Base Return on Equity of 14.00% per annum in Indian Rupee terms shall be allowed on the equity capital for the assets put to use Provided that in case Generating Company or Transmission Licensee or SLDC or Distribution Licensee claims Return on Equity at a rate lower than the normative rate specified above for any particular year, then such claim for lower Return on Equity shall be unconditional: Provided further that such claim for lower Return on Equity shall be allowed subject to the condition that the reduction in Return on Equity shall be foregone permanently for that year and shall not be allowed to be recouped at the time of Mid-Term Review or true-up as applicable*

*The Base Return on Equity shall be computed as:*

*(a) Return at the allowable base rate as per this Regulation, applied on the amount of equity capital at the commencement of the Year; plus*

*(b) Return at the allowable base rate as per this Regulation, applied on 50 per cent of the equity capital portion of the allowable capital cost during the year, for the investments put to use in Generation Business or Transmission Business or Distribution Business or SLDC.*

*(8) In case of a thermal / hydro generating unit, and SLDC with effect from April 01, 2025, the additional rate of Return on Equity of maximum 1.5% and 1%, respectively, shall be allowed during true-up, if the Commissions observes that the directives given in previous tariff orders are followed in the true-up year.*

*(9) In case of a Transmission Licensee, with effect from April 01, 2025, the additional rate of Return on Equity shall be allowed during true-up @0.25%, for each reduction of Transmission*

  
Secretary  
APSERC

*Loss by 0.05% from last year level; subject to maximum additional rate of Return on Equity of 1%.*

*(10) In case of Distribution Licensee, with effect from April 01, 2025, an additional rate of Return on Equity of maximum 1.5% (for retail business) and 1% (for wire business) shall be allowed based on achievement of certain specified target performance parameters including consumer metering, feeder and sub-station metering, percentage of assessed bills over total bills, meeting RPO Trajectory targets, CGRF performance (efficacy in dispute resolution/complaint handling) or any other performance parameter, as assessed by the Commission during the true-up.*

6.16 The Petitioner has stated that as per the Regulation mentioned above the Assets funded by consumer contributions; capital subsidies/Govt. grants shall not form part of the capital base for the purpose of calculation of Return on Equity.

6.17 The Petitioner has further submitted that the entire assets of APSLDC is being funded by Government of Arunachal Pradesh as a grant, accordingly, APSLDC has not claimed Return on Equity the control period FY 2026-27.

#### **Commissions Analysis**

6.18 The Commission referring to clause 4.6 of the APSERC (Multi Year Tariff) Regulations, 2024 and the submission made by the Petitioner has not considered any return on equity for the control period FY 2026-27.

#### **Operation and Maintenance Expense**

##### **Petitioners Submission**

6.19 The Petitioner has referred to clause 4.10 of the APSERC (Multi Year Tariff) Regulations, 2024 for determination of O&M expenses for the control period FY 2025-26 to FY 2029-30. The relevant extract from the Regulation is referred below:

##### ***“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<sub>n</sub>** – Employee expenses of the Licensee for the nth Year (n can be 1, 2, 3, 4 or 5);

**EMP<sub>n-1</sub>** – 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;

Provision: Provision for expenses beyond control of the Licensee and expected one-time 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<sub>n</sub>** – Repair and Maintenance expenses of the Licensee for the nth Year;

  
Secretary  
APSERC

*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-a vis 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 & Gn– Administrative and General expenses of the Licensee for the nth Year;*

*A & Gn- 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.”*

6.20 The Petitioner in accordance with the above provision of the Regulation has computed the escalation factor 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 has determined the escalation factor as given in the table below:

**Table 25 Escalation factor determined by the Petitioner**

| Particulars            | Weightage | Weightage (%) |
|------------------------|-----------|---------------|
| WPI                    | 0.2       | 0.73%         |
| CPI                    | 0.8       | 3.90%         |
| Escalation Factor (EF) |           | 4.63%         |

### **R&M Expense**

6.21 In accordance with the above provision of the Regulation the Petitioner has computed the “K” factor based on the opening GFA for the FY 2024-25 and actual R&M expenses for the year. The calculation of the “K” factor is provided below:

**Table 26 Computation of K factor by the Petitioner**

| Sl.No. | Particulars                 | FY 2024-25 |
|--------|-----------------------------|------------|
| 1      | GFA (Lakhs)                 | 2517.83    |
| 2      | Actual R&M Expenses (lakhs) | 264.62     |
| 3      | K Factor                    | 0.11       |

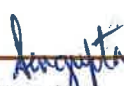
6.22 Thereafter the Petitioner has calculated the R&M expense for FY 2026-27 by considering projected opening GFA & K factor & Escalation Factor as calculated above and arrived at the R&M expense for FY 2026-27 as given in the table below:

**Table 27 R&M expense as projected by the Petitioner for FY 2026-27(in Rs.Lakhs)**

| Sl.No. | Particulars            | FY 2026-27 |
|--------|------------------------|------------|
| 1      | Opening GFA            | 3123.71    |
| 2      | K factor               | 0.11       |
| 3      | Escalation Factor (EF) | 4.63%      |
| 4      | R&M Expenses           | 343.50     |

### **Employee Expense**

6.23 The Petitioner in accordance with the provisions for employee expense as outlined in the APSERC MYT Regulations 2024 has computed the employee cost for the FY 2026-27, by

  
Secretary  
APSERC

considering actual employee expense incurred for FY 2025-26 as the base & then escalated the same considering the escalation factor (EF) & Growth Factor (G) year over year to determine the employee cost for FY 2026-27. The details of normative is provided below:

**Table 28 Details of number of employees as submitted by the Petitioner**

| Description                         | Category of Employees  | FY 2024-25(Actual) | FY 2025-26(Estimate) | FY 2026-27(Projected) |
|-------------------------------------|------------------------|--------------------|----------------------|-----------------------|
| Opening No of Employees             | Regular Employees      | 18                 | 18                   | 18                    |
|                                     | Work Charged Employees | 8                  | 8                    | 8                     |
|                                     | Casual Employees       | 22                 | 22                   | 22                    |
|                                     | <b>TOTAL</b>           | <b>48</b>          | <b>48</b>            | <b>48</b>             |
| Addition during the year            | Regular Employees      | 0                  | 0                    | 3                     |
|                                     | Work Charged Employees | 0                  | 0                    | 0                     |
|                                     | Casual Employees       | 0                  | 0                    | 0                     |
|                                     | <b>TOTAL</b>           | <b>0</b>           | <b>0</b>             | <b>3</b>              |
| Retirement during the year          | Regular Employees      | 0                  | 0                    | 0                     |
|                                     | Work Charged Employees | 0                  | 0                    | 0                     |
|                                     | Casual Employees       | 0                  | 0                    | 0                     |
|                                     | <b>TOTAL</b>           | <b>0</b>           | <b>0</b>             | <b>0</b>              |
| Closing no of employees in the year | Regular Employees      | 18                 | 18                   | 21                    |
|                                     | Work Charged Employees | 8                  | 8                    | 8                     |
|                                     | Casual Employees       | 22                 | 22                   | 22                    |
|                                     | <b>TOTAL</b>           | <b>48</b>          | <b>48</b>            | <b>51</b>             |

**Table 29 Growth Factor as submitted by the Petitioner for FY 2026-27**

| SL No | No of Employees     |            |
|-------|---------------------|------------|
|       | FY 2025-26          | FY 2026-27 |
| 1     | 48                  | 51         |
| 2     | Growth Factor ( G ) | 6.25%      |

**Table 30 Employee Cost projected by the Petitioner for FY 2026-27(Rs lakhs)**

| SL No | Particulars            | Estimation FY 2025-26 | Projection FY 2026-27 |
|-------|------------------------|-----------------------|-----------------------|
| 1     | Base Employee Cost     | 278.02                | 290.89                |
| 2     | Escalation Factor (EF) | 4.63%                 | 4.63%                 |
| 3     | Growth Factor (G)      | 0.00%                 | 6.25%                 |
| 4     | <b>Employee Cost</b>   | <b>290.89</b>         | <b>323.38</b>         |

### **Administrative & General Expense**

6.24 In accordance with the provision of the Regulation the Petitioner has estimated the A&G expense for FY 2026-27 by considering the expense of FY 2025-26 as base and escalating the same with the escalation factor as determined above. The details is as given below:

  
Secretary  
APERC

**Table 31 A&G Expense projected by the Petitioner for FY 2026-27(Rs.Lakhs)**

| Sl.No. | Particulars             | Estimation FY2025-26 | Projection FY2026-27 |
|--------|-------------------------|----------------------|----------------------|
| 1      | Base A&G Expenses       | 55.81                | 58.39                |
| 2      | Escalation Factor ( EF) | 4.63%                | 4.63%                |
| 3      | <b>A&amp;G Expenses</b> | <b>58.39</b>         | <b>61.10</b>         |

6.25 The Summary of O&M cost projected by the Petitioner for FY 2026-27 is given in the table below:

**Table 32 Summary of O&M expenses projected by the Petitioner for FY 2026-27(Rs Lakhs)**

| Sl. No | Particulars   | Approved in Tariff Order Dt<br>11.07.2025 | Projection    |
|--------|---------------|-------------------------------------------|---------------|
| 1      | R&M Expenses  | 177.99                                    | 343.50        |
| 2      | Employee Cost | 381.91                                    | 323.38        |
| 3      | A&G Expenses  | 62.17                                     | 61.10         |
| 4      | <b>TOTAL</b>  | <b>622.08</b>                             | <b>727.97</b> |

### **Commissions Analysis**

6.26 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.

6.27 The Commission, as discussed in the preceding section of this Order while approving the O&M Expenses for FY 2025-26, has adopted the methodology and rationale considered in the MYT Order dated 11.07.2025. Accordingly, the Commission, at this stage, has restricted its approval to the norms and approach adopted therein. However, the matter shall be revisited during the True-up exercise, and appropriate adjustments, if any, shall be carried out based on the audited data and supporting records.

6.28 Further, as directed in the earlier sections of this Order, the Petitioner is hereby directed to submit the duly audited accounts along with the Audit Reports (to be mentioned in report) for both FY 2024-25 and FY 2025-26 in the forthcoming petition to be filed in November.

The O&M Expenses approved by the Commission are presented in the table below:

**Table 33 O&M expense as approved by the Commission for FY 2026-27(in Lakhs)**

| Sl.No. | Particulars       | Petition      | Approved      |
|--------|-------------------|---------------|---------------|
| 1      | Employee Expenses | 323.38        | 381.91        |
| 2      | R&M Expenses      | 343.50        | 177.99        |
| 3      | A&G Expenses      | 61.10         | 62.17         |
| 4      | <b>Total</b>      | <b>727.97</b> | <b>622.08</b> |

  
Secretary  
APSERC

## Interest on Working Capital

### Petitioners Submission

6.29 The Petitioner has referred to clause 4. (11). (3) of the APERC (Multi Year Tariff) Regulations, 2024 for determination of Interest on Working Capital for the control period FY 2025-26 to FY 2029-30. The relevant extract from the Regulation is referred below:

**“4.11. Interest on Working Capital:**

**(3) SLDC**

*The working capital requirement of the SLDC shall cover:*

*(iii) Operation and maintenance expenses for one month;*

*(iv) One and a half months equivalent of the expected revenue from levy of Annual Fixed Charges approved by the Commission for ensuing year(s):*

*Provided further that for the purpose of Truing-up for any year, the working capital requirement shall be re-computed on the basis of the values of revised normative Operation & Maintenance expenses and actual Revenue from sale of electricity excluding incentive, if any, and other components of working capital approved by the Commission in the Truing-up before sharing of gains and losses;*

*Rate of interest on working capital shall be on normative basis and shall be equal to the SBI MCLR of one-year period as on the date on which the Petition for determination of Fees and Charges is filed, plus 250 basis points.”*

*Provided that for the purpose of Truing-up for any year, interest on working capital shall be allowed at a rate equal to the weighted average SBI MCLR of one-year period prevailing during the concerned Year plus 250 basis points.*

6.30 The Petitioner has submitted that as per the Tariff Order dated 11.07.2025, the Hon'ble Commission has not approved the claim of Interest on Working Capital for SLDC for the control period from FY 2025-26 to FY 2029-30 as referred below:

*“6.42 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 State Load Despatch Centre (SLDC) is being met through grants provided by the Government of Arunachal Pradesh, Consequently, there is no interest liability on the SLDC in this regard.*

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

6.31 In view of the above the Petitioner has not claimed any Interest on Working Capital for FY 2026-27.

**Commission's Approval**

6.32 The Commission in line with the submission of the Petitioner and in accordance with MYT order dated 11.07.2025 has not considered any Interest on Working capital for FY 2026-27.

**Non-Tariff Income**

**Petitioners Submission**

6.33 The Petitioner has projected Non-Tariff Income for the period FY 2026-27 as given in the table below:

**Table 34 Non-Tariff Income projected by the Petitioner for FY 2026-27(in lakhs)**

| Sl.No. | Particulars                       | Approved in Tariff Order dated 11.07.2025 | Projected |
|--------|-----------------------------------|-------------------------------------------|-----------|
| 1      | Application Fee/ Registration fee | 0.5                                       | 0.5       |
| 2      | Scheduling Charges                | 0.2                                       | 0.2       |
| 3      | Total Non-Tariff Income           | 0.70                                      | 0.70      |

**Commission's Analysis**

6.34 The Commission has considered the submission made by the Petitioner for Non –Tariff Income for the period FY 2026-27 however same shall be reviewed during true up exercise. The Non-Tariff Income as approved by the Commission for FY 2026-27 is given in the table below:

**Table 35 Non-Tariff Income as approved by the Commission for FY2026-27(in Lakhs)**

| Sl.No. | Particulars                       | Petition | Approved |
|--------|-----------------------------------|----------|----------|
| 1      | Application Fee/ Registration fee | 0.5      | 0.5      |
| 2      | Scheduling Charges                | 0.2      | 0.2      |
| 3      | Total Non-Tariff Income           | 0.70     | 0.70     |

**ARR for FY 2026-27**

**Petitioners Submission**

6.35 The summary of ARR as projected by the Petitioner for FY 2026-27 is given in the table below:

**Table 36 Summary of ARR as projected by the Petitioner for FY 2026-27(in Lakhs)**

| Sl.No | Particulars                 | Approved in Tariff Order dated 11.01.2025 | Petition      |
|-------|-----------------------------|-------------------------------------------|---------------|
| 1     | Employee cost               | 381.91                                    | 323.38        |
| 2     | R&M expenses                | 177.99                                    | 343.50        |
| 3     | A&G expenses                | 62.17                                     | 61.10         |
| 4     | Depreciation                | 0.00                                      | 0.00          |
| 5     | Interest on Loan Capital    | 0.00                                      | 0.00          |
| 6     | Interest on Working Capital | 0.00                                      | 0.00          |
| 7     | Return on Equity            | 0.00                                      | 0.00          |
| 8     | <b>Total ARR</b>            | <b>622.08</b>                             | <b>727.97</b> |
| 9     | Less: Non-Tariff Income     | 0.70                                      | 0.70          |
| 10    | <b>Net ARR</b>              | <b>621.38</b>                             | <b>727.27</b> |

  
Secretary  
APSERC

**Commission's Analysis**

6.36 The Commission based on the approval as highlighted in the above section of this order approves the ARR for FY 2026-27 to FY 2029-30 as given in the table below however same shall be reviewed during true up exercise:

**Table 37 ARR approved by the Commission for FY 2026-27(in Lakhs)**

| Sl.No | Particulars                 | Petition      | Approved      |
|-------|-----------------------------|---------------|---------------|
| 1     | O&M Expense                 | 727.97        | 622.08        |
| 2     | Depreciation                | 0.00          | 0.00          |
| 3     | Interest on Loan Capital    | 0.00          | 0.00          |
| 4     | Return on Equity            | 0.00          | 0.00          |
| 5     | Interest on Working Capital | 0.00          | 0.00          |
| 6     | <b>Total ARR</b>            | 727.97        | 622.08        |
| 7     | Less: Non-Tariff Income     | 0.70          | 0.70          |
| 8     | <b>Net ARR</b>              | <b>727.27</b> | <b>621.38</b> |



  
Secretary  
APERC

## Chapter 7 Determination of SLDC charges for FY 2026-27

### Petitioners Submission

7.1 The Petitioner has referred to Regulation 8.6 of the APERC Multi Year Tariff Regulations, 2024 as referred below:

“ 8.6. *Billing and Collection of SLDC Charges*

(1) *The SLDC shall furnish necessary monthly bills to the users of intra State Transmission System, the Generating Companies, Licensees and MTOA beneficiaries for each billing month within seven days after the last day of the preceding month, on the basis of the following formula:*

*SLDC Charges payable for a month = (SC/12) \* (ACi/SACi) where,*

*SC = Approved SLDC Aggregate Revenue Requirement for the year;*

*ACi = Actual installed capacity in case of generating stations/long term and medium term contracted capacities in case of sellers/aggregated allocated capacity and contracted capacity in case of distribution licensee/long term contracted capacity in case of buyer for the month 'i';*

*SACi = Sum of Actual installed capacity in case of generating stations, long term and medium term contracted capacities in case of sellers, aggregated allocated capacity and contracted capacity in case of distribution licensee and long term contracted capacity in case of buyer for the month 'i'.”*

7.2 The primary user of the intra-state transmission system is the Department of Power, Government of Arunachal Pradesh (the deemed distribution licensee of the state), along with a few open access consumers, primarily industrial users, Details of which is given in the table below:

**Table 38 Intra State Transmission Network users as submitted by the Petitioner**

| SNo | Name                                                 | Particulars                                                   |
|-----|------------------------------------------------------|---------------------------------------------------------------|
| 1   | Department of Power, Government of Arunachal Pradesh | Deemed Distribution Licensee of Arunachal Pradesh             |
| 2   | SMS Smelters Ltd                                     | Industrial Consumer availing open access as and when required |
| 3   | Satyam Steels & Alloys                               | Industrial Consumer availing open access as and when required |
| 4   | Satyam ISPAT (North East Limited)                    | Industrial Consumer availing open access as and when required |
| 5   | Satyaratan Steel Private Limited                     | Industrial Consumer availing open access as and when required |
| 6   | Salasar Industries Private Limited                   | Industrial Consumer availing open access as and when required |
| 7   | Platinum Alloys Private Limited                      | Industrial Consumer availing open access as and when required |
| 8   | Smelters Limited                                     | Industrial Consumer availing open access as and when required |

7.3 The Petitioner on the basis of the ARR for the FY 2026-27 has computed the SLDC charges for the FY 2026-27 as detailed in the table below:

**Table 39 SLDC charges submitted by the Petitioner for FY 2026-27(in Rs Lakhs)**

| Sl.No. | Particulars                    | Projection |
|--------|--------------------------------|------------|
| 1      | Annual SLDC operating charges  | 727.27     |
| 2      | Monthly SLDC operating charges | 60.61      |

### **Commissions Analysis**

7.4 The Commission has referred to clause 8.6 of the APERC (Multi Year Tariff) Regulations, 2024 for computing SLDC charges, the relevant extract is given below:

#### ***“8.6. Billing and Collection of SLDC Charges***

- (1) *The SLDC shall furnish necessary monthly bills to the users of intra State Transmission System, the Generating Companies, Licensees and MTOA beneficiaries for each billing month within seven days after the last day of the preceding month, on the basis of the following formula:*

$$\text{SLDC Charges payable for a month} = (SC/12) * (AC_i/SAC_i)$$

*where, SC = Approved SLDC Aggregate Revenue Requirement for the year;*

*AC<sub>i</sub> = Actual installed capacity in case of generating stations/long term and medium-term contracted capacities in case of sellers/aggregated allocated capacity and contracted capacity in case of distribution licensee/long term contracted capacity in case of buyer for the month 'i';*

*SAC<sub>i</sub> = Sum of Actual installed capacity in case of generating stations, long term and medium-term contracted capacities in case of sellers, aggregated allocated capacity and contracted capacity in case of distribution licensee and long-term contracted capacity in case of buyer for the month 'i'.”*

7.5 The Commission observed that the Petitioner had not submitted the details of the contracted capacity, as referred in the preceding paragraph and as considered in the MYT Order dated 11.07.2025. The information furnished by the Petitioner was incomplete. Accordingly, the Commission, vide Letter No. APERC/RA-28/II/2026-27/52 dated 27.04.2026, sought details of the contracted capacity. In response, the Petitioner, vide Letter No. SE/SOPSC/W-67/2026-27/90-93 dated 30.04.2026, furnished the requisite details.

7.6 Accordingly considering the data furnished by the Petitioner and in provision of the APSERC MYT Regulations 2024 the Commission has approved the SLDC charges for FY 2026-27 as given in the table below:

**Table 40 SLDC charges as approved by the Commission for FY 2026-27**

| Sl. No. | Particulars                 | Unit     | FY 2026-27 |
|---------|-----------------------------|----------|------------|
| 1       | ARR approved for FY 2026-27 | Rs Lakhs | 621.38     |
| 2       | Monthly SLDC charges        | Rs.Lakhs | 51.78      |

7.7 The Commission hereby directs SLDC to charge/bill entities considering the provision of clause 8.6 of the APSERC MYT Regulations 2024 along with the above rates approved for FY 2026-27 pro-rata on monthly basis from the transmission system users.



\*\*\*

  
Secretary  
APSERC

## Chapter 8: Status of Earlier Directives

8.1 The Commission in its order dated 11.07.2025 had issued directives to the Petitioner and the status of the directives as on date is given in the table below:

Table 41 Status of Earlier directives

| S.No | Directives                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    | Reply from Petitioner                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    | Commissions Observation                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |
|------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 1    | <p><b>Timeliness and Data Adequacy in Next Tariff Petition</b></p> <p>The Commission directs the Petitioner to submit the next tariff petition after addressing the deficiencies identified in this Order. The Petitioner must ensure that all data provided is accurate and duly certified. Furthermore, the Commission instructs the Petitioner to file the upcoming tariff petition within the timeline prescribed under the APSLRC (Multi Year Tariff) Regulations, 2024, and to ensure the authenticity and correctness of the submitted data. Non-compliance with these directions may attract appropriate action under the provisions of the Electricity Act, 2003</p> | <p>With due respect we regret to inform you that the petition could not be filed within the timeline due to the reason stated in the letter no. SLDC/W-207/2024-25/1028-33 dated 30/12/2025, wherein we had requested for extension of timeline for submission of petition. In this regard the Honourable Commission vide its letter no. APERC/RA-28/11/2025-26/604 dated 06/01/2026 had granted an extension till 10/02/2026 for submission of petition. The data provided herein with the petition are correct and duly certified.</p> | <p>The Commission has observed that, in the last two tariff filings, the Petitioner has failed to adhere to the timeline prescribed under the APERC (Multi Year Tariff) Regulations, 2024, which mandate the submission of the tariff petition by 30th November of the relevant year. The Commission is of the view that the Petitioner should adequately plan and prepare for the filing process, taking into account any potential deficiencies or data gaps, so as to ensure timely submission of the petition rather than seeking extensions at the last moment.</p> <p>Accordingly, the Commission hereby directs the Petitioner to strictly comply with the timelines stipulated under the APERC (Multi Year Tariff) Regulations, 2024 and ensure that future tariff petitions are filed within the prescribed timeframe.</p> |
| 2    | <p><b>Statutory Audit</b></p> <p>In the interest of ensuring financial transparency, accountability, and compliance with regulatory standards, the</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        | <p>The same has been submitted along with the tariff petition</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                        | <p>As referred in the above section of this order the Commission has observed that the Petitioner has submitted proforma accounts report</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |

  
Secretary  
APERC

|   |                                                                                                                                                                                                                                                                                                                                                                                                                                                  |                                                                    |                                                                                                                                       |
|---|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------|
|   | <p>Petitioner is directed to ensure that the accounts of SLDC are audited by a qualified Statutory Auditor in accordance with applicable accounting and audit standards. The audit must be completed prior to the submission of the next tariff petition.</p>                                                                                                                                                                                    |                                                                    | <p>instead of Audit report. The Commission hereby directs the Petitioner to submit the audit report in the next tariff petition .</p> |
| 3 | <p><b>Fixed Asset Register</b></p> <p>The Petitioner is directed to create and maintain a comprehensive Fixed Asset Register (FAR) in accordance with applicable regulations and accounting practices. A copy of the FAR, duly certified by the Statutory Auditor, must be submitted along with the next tariff petition. The Petitioner must ensure that the audited values of fixed assets is being submitted in the next tariff petition.</p> | <p>The same has been submitted along with the tariff petition.</p> | <p>Noted.</p>                                                                                                                         |
| 4 | <p><b>Detailed Break up of O&amp;M Expense</b></p> <p>The Petitioner is hereby directed to ensure that detailed break up of O&amp;M expenses is being provided in the next tariff petition as mentioned in form 2.1 of the APSERC (Multi Year Tariff) Regulations 2024.</p>                                                                                                                                                                      | <p>The same has been submitted along with the tariff petition.</p> | <p>Noted.</p>                                                                                                                         |

|   |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |
|---|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 5 | <p><b>Roadmap for upgradation</b></p> <p>The Petitioner is directed to furnish a roadmap for the enhancement of the State Toad Dispatch Centre (SLDC), encompassing technological advancements, capacity building of employees, and recruitment of skilled manpower. This blueprint should outline detailed plans and strategies for each aspect including timelines enhancing the SLDC capabilities to efficiently manage the state's power system network. Periodic (Quarterly) report on the progress must be submitted to the Commission.</p> | <p>In this matter we would like to inform the Honourable Commission that for the enhancement of operational capabilities and efficiency of AP SLDC works in various front is being taken up as mentioned below:</p> <p>a) Several new technological infrastructures like SOC (Security Operation Centre) and NOC (Network Operation Centre) have been planned to be developed with the help of PSDF and State government.</p> <p>b) New Back up SLDC is planned to established at Niglok, Pasighat.</p> <p>c) Staffs of SLDC are encouraged to attend the trainings and workshops which are organized by NPTI, NERLDC etc. from time to time.</p> | <p>The Commission has observed that the Petitioner has failed to submit the quarterly progress reports on the upgradation measures undertaken, despite specific directions issued by the Commission in its earlier Order dated 11.07.2025. The Commission takes a serious view of this non-compliance and emphasizes the need for strict adherence to its directives.</p> <p>Accordingly, the Commission hereby directs the Petitioner to submit quarterly progress reports detailing the status of the upgradation activities undertaken, along with the milestones achieved and challenges encountered, to enable effective monitoring by the Commission.</p> |
| 6 | <p><b>The Petitioner is further directed to furnish to the Commission copies of the bills on monthly basis raised against the various intra state system users.</b></p>                                                                                                                                                                                                                                                                                                                                                                           | <p>The modalities of raising the bill for collection of SLDC Charges as approved by the Honourable Commission is currently under discussion with the Chief Engineer (Commercial Zone) for approval. Once approved, the bill shall be raised on monthly basis to the users, the copy of which shall be submitted to the Honourable Commission on regular basis.</p>                                                                                                                                                                                                                                                                                | <p>The Petitioner is directed to fastrack the process .</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |

\*\*\*

  
Secretary  
APSERC

## **Chapter 9: Directives**

### **Timeliness and Data Adequacy in the Next Tariff Petition**

9.1 The Commission directs the Petitioner to file the next tariff petition, after removing the deficiencies highlighted in this tariff order. The Petitioner should ensure that the data submitted to the Commission is accurate with proper certification. The Commission also directs the Petitioner to ensure submission of the next tariff petition within the time frame as stipulated in APSERC (Multi Year Tariff) Regulations, 2024. Failure to comply with the directions will make the Petitioner liable for appropriate action under the provisions of the Electricity Act, 2003.

### **Submission of Audit Report**

9.2 The Commission, in its Order dated 11.07.2025, had directed the Petitioner to submit the audited accounts/audit report in the subsequent petition. However, in the present petition, the Petitioner has submitted only the proforma accounts for FY 2024-25, which cannot be treated as an audit report. Accordingly, the Petitioner is hereby directed to submit the duly audited accounts/audit reports for FY 2024-25 and FY 2025-26 along with the next tariff petition scheduled to be filed in November. The audit process shall be completed prior to the submission of the said tariff petition.

### **Roadmap for upgradation**

9.3 The Petitioner is directed to furnish a roadmap for the enhancement of the State Load Dispatch Centre (SLDC), encompassing technological advancements, capacity building of employees, and recruitment of skilled manpower. This blueprint should outline detailed plans and strategies for each aspect including timelines enhancing the SLDC's capabilities to efficiently manage the state's power system network. **Periodic (Quarterly) report on the progress must be submitted to the Commission.**

9.4 The Petition TP-02 of 2026 is being disposed of with the aforesaid directions.

9.5 This order shall be effective from 01/04/2026 and shall remain in force till the next tariff order is being issued by the Commission.

---

  
Secretary  
APSERC

**Date: 07.07.2026**

**Place: Itanagar**

**Sd/-  
Shri Nich Rika  
Member (Law)**

**Sd/-  
Shri R.K. Joshi  
(Chairperson)**



---

  
Secretary  
APERC

## Annexure-1

Table 42 List of Participants during public hearing

| S.No | Name             | Designation        |
|------|------------------|--------------------|
| 1    | Er.Ojing Jerang  | SLDC,Dept of Power |
| 2    | Er.Dani Byai     | SLDC,Dept of Power |
| 3    | Mr.Sayank Mondal | Consultant ,SLDC   |



  
Secretary  
APERC

## Page 56 of 57

## Annexure -3 -Details of publication of notice of Public Hearing by Commission



ARUNACHAL PRADESH STATE ELECTRICITY REGULATORY COMMISSION  
O.T. BUILDING, 2<sup>ND</sup> FLOOR, NITI VIHAR MARKET, T.T. MARG  
NITI VIHAR, ITANAGAR - 791111  
Tel : 0360-3562791, E-mail : [apserc-arn@gov.in](mailto:apserc-arn@gov.in)  
website : [www.apserc.nic.in](http://www.apserc.nic.in)

No. APSERC/RA-28/II/2025-26/ 768-71

Dated the 18<sup>th</sup> March 2026

### PUBLIC NOTICE

**Sub: Public Hearing on Tariff Petition for SLDC Fees and Charges**

It is for the information that the Arunachal Pradesh State Electricity Regulatory Commission has fixed a public hearing on petition filed by SLDC, Department of Power, GoAP for the following:

- Annual Performance Review for FY 2025-26.
- Approval of ARR & SLDC charges for FY 2026-27.

In this regard, interested person/stakeholders/consumers may also attend the hearing by registering their names on or before 6<sup>th</sup> April 2026 in the office of the Commission.

Copies of tariff petition can be availed from the office of SLDC, Department of Power and can also be accessed on the official website of the Commission website([www.apserc.nic.in](http://www.apserc.nic.in)).

#### **Details of Hearing:**

- **Date:** 7<sup>th</sup> April 2026
- **Time:** 11:00 AM
- **Venue:** Court Room, APSERC  
Arunachal Pradesh State Electricity Regulatory Commission  
O.T. Building, 2<sup>nd</sup> Floor, Niti Vihar Market, T.T. Marg  
Itanagar-791111, Arunachal Pradesh

**By Order of the Commission**

**Sd/-  
Secretary(i/c), APSERC**

  
Secretary  
APERC

