



ARUNACHAL PRADESH STATE ELECTRICITY REGULATORY COMMISSION
ITANAGAR

No. APSERC/RA-23/II/2026-27/44

dated 24th April 2026

Suo Moto-02 of 2026

IN THE MATTER OF:

Suo Moto Proceeding for non-compliance of the directives issued by the Commission in the order against petition TP-01 of 2025 dated 26.03.2025.

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

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

Impleaded Respondent: Department of Power, Government of Arunachal Pradesh.

Appearance for Respondent:

- i. Er. Dagynom Ango, Chief Engineer (Commercial) cum CEI, DOP, AP.
- ii. Er. Jomge Dulom, Executive Engineer (E), KKED, DOP, AP.
- iii. Er. N K Jha, Executive Engineer (E) (Commercial), DOP, AP.
- iv. Mr. Rajesh Sharma, Junior Engineer(Commercial), DOP, AP.

Date of Hearing: 17.04.2026.

Date of Order: 24.04.2026

ORDER

1. The Commission, upon observing substantial lapses on the part of the Respondent in complying with the directives issued for the purpose of improving the prevailing power scenario in the State, had issued several directions in tariff orders for complying with the directives. Further in the absence of any concrete or demonstrable efforts by the Respondent to comply with the said directives, the Commission was constrained to initiate suo motu proceedings.


Secretary(i/c)
APSERC

2. The Commission, taking cognizance of the continued non-compliance of directives by Respondent, initiated suo motu proceedings vide Suo Motu Case No. 2 of 2026. Accordingly, notice was issued to Respondent vide Letter No. APSERC/RA-9/I/2025-26/804 dated 31.03.2026. The matter was initially listed for hearing on 14.04.2026; however, the same was subsequently rescheduled to 17.04.2026.
3. During the course of the hearing, the Commission sought an explanation from the Respondent regarding the non-compliance with directives issued in several of its previous orders. In response, Mr. Rajesh Sharma (JE, Commercial) submitted that they been regularly furnishing the status of compliance of such directives along with the tariff petitions filed annually.
4. In this regard, the Commission stated that Respondent has been merely furnishing general responses to the directives, stating that the same will be complied with or are under process, without undertaking any concrete steps or specifying definitive timelines for compliance. The Commission further emphasized the significance of such directives, which are primarily issued to improve the power supply scenario in the State by enhancing the overall operational efficiency of the distribution utility, thereby reducing dependence on grants from the State Government and enabling the allocation of such funds towards other public welfare objectives.
5. Further, during the course of the hearing, the Commission, by way of illustration, referred to certain key directives, including consumer security deposits, which has remained pending for a considerable period without any demonstrable action towards compliance. The Commission referring to the petition filed by M/s Salasar Industries for power sale agreement and the subsequent order dated 26.11.2024 (issued vide MP-09 of 2024) observed that while the consumer's power supply commenced in 2010, prior to the notification of the prevailing Supply Code Regulations, the security deposit was computed based on the methodology prevalent with the department at that time.

6. However, notwithstanding the notification of the 2013 Supply Code Regulations, the security deposit was not subsequently reassessed or rectified in accordance with the prescribed statutory methodology. Despite specific directives issued by the Commission in the aforementioned Order requiring the Respondent to submit comprehensive details regarding consumer security deposits, the matter remains unresolved and non-compliant.
7. In response to the issue of security deposit, Mr. Rajesh Sharma submitted that the details pertaining to consumer security deposits could not be ascertained, as such deposits were made by consumers long ago and no corresponding records of such payments are presently available with the Respondent.
8. In this regard, the Commission expressed serious concern over the casual response of the Respondent and clarified that the adjustment of consumer security deposits is not contingent upon historical data. The Commission further stated that such adjustments are required to be carried out annually based on the consumption pattern of the consumers for the preceding year, and the security deposit is to be accordingly revised or adjusted.
9. The Commission has further taken cognizance of the fact that, in addition to the directives issued vide tariff orders, several other directives have remained uncomplied with by the Respondent, thereby evidencing a casual approach on its part. Among such instances, reference is made to the matter concerning the petition for execution of a tripartite agreement for sale of surplus power through exchange and bilateral modes via traders. The Commission, vide its order dated 11.12.2025 in MP-06 of 2025, had specifically directed the Respondent to submit a compliance affidavit within fifteen (15) days from the date of the said order, detailing the actions undertaken towards initiation of the bidding process, and further to complete the entire bidding process through the NIT route, including finalization of the trader, within a period of four (4) months, so as to enable

the selected trader to commence operations from 01.04.2026. The Respondent was also directed to submit monthly status reports in this regard. However, no such compliance has been furnished by the Department to date.

10. On the contrary, the Respondent, vide Letter No. CE(COM)/P-Sale(IEX)/36/2025-26/6105-10 dated 31st March 2026, requested the Commission for extension of the existing tripartite agreement and submitted that it had issued a Notice Inviting Quotation (NIQ) on 30.03.2026 after obtaining approval from the Government.
11. The Commission has noted with concern that, whereas the entire bidding process was required to be completed by 31st March, 2026 in terms of the directions issued vide order dated 11.12.2025, the Respondent initiated the process only on the penultimate date i.e. on 30.03.2026, and that too by issuing a Notice Inviting Quotation (NIQ) instead of a Notice Inviting Tender (NIT), as expressly directed by the Commission.
12. The Commission has also referred to Letter No. CE(COM)/P-Sale(IEX)/36/2024-25/2383 dated 13th August 2025, wherein the Respondent had furnished the validity of various agreements. Upon perusal thereof, the Commission observed that the banking agreement had expired on 3rd December 2025, and no provision for continuation of banking arrangements beyond the said date was indicated. Further, the tripartite agreement does not contain any provision pertaining to a banking facility. The Commission is of the considered view that, in the absence of any banking agreement, the procedure presently being followed by the Respondent for banking has neither been formalized nor communicated to the Commission.
13. Further, while emphasizing other directives, including efficient utilization of free energy, adoption of forecasting tools or engagement of agencies for demand forecasting, and reclassification of consumers, the Commission noted that Respondent had, in its petition, stated that compliance activities

were under process and that a report would be submitted to the Commission shortly. However, upon being queried regarding the status of progress, Mr. Rajesh Sharma submitted that limited action had been undertaken in this regard, citing an acute shortage of manpower, which has hindered to take action against such compliance.

14. The Commission expressed serious concern regarding the casual and inconsistent stance adopted by the Respondent wherein it had represented in its petition that steps had been undertaken towards compliance and that a report would be submitted shortly; however, in reality, no action or concrete measures have been taken in compliance with the directives.
15. The Commission stated that the Respondent should take proactive and timely steps to ensure compliance with the directives issued, rather than requiring repeated reminders from the Commission, as adherence to such directives would lead to an overall improvement in the power scenario of the State.
16. The Commission further reiterated that the Respondent must take strict and time-bound action to ensure compliance with the directives issued. It was also clarified that, in the event any assistance is required which involves support from the State Government, the Respondent may approach the Commission, and the Commission, in exercise of its powers under Section 86(2) of the Electricity Act, 2003, may advise the State Government on such matters pertaining to the electricity industry.
17. The Commission further stated that it had initiated suo-motu proceedings in respect of the non-compliance of the directives issued, and cautioned that, in the event of continued non-compliance, the next course of action would be imposition of penalties in accordance with Sections 142 and 146 of the Electricity Act, 2003, as set out hereunder.

“142. Punishment for non-compliance of directions by Appropriate Commission. –

In case any complaint is filed before the Appropriate Commission by any person or if that Commission is satisfied that any person has contravened any of the provisions of this Act or the rules or regulations made thereunder, or any direction issued by the Commission, the Appropriate Commission may after giving such person an opportunity of being heard in the matter, by order in writing, direct that, without prejudice to any other penalty to which he may be liable under this Act, such person shall pay, by way of penalty, which shall not exceed one lakh rupees for each contravention and in case of a continuing failure with an additional penalty which may extend to six thousand rupees for every day during which the failure continues after contravention of the first such direction. ”

146. Punishment for non-compliance of orders or directions. –

Whoever, fails to comply with any order or direction given under this Act, within such time as may be specified in the said order or direction or contravenes or attempts or abets the contravention of any of the provisions of this Act or any rules or regulations made thereunder, shall be punishable with imprisonment for a term which may extend to three months or with fine which may extend to one lakh rupees, or with both in respect of each offence and in the case of a continuing failure, with an additional fine which may extend to five thousand rupees for every day during which the failure continues after conviction of the first such offence:

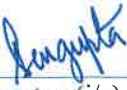
Provided that nothing contained in this section shall apply to the orders, instructions or directions issued under section 121. ”

18. The Commission, having considered the above, sought clarification from the Respondent regarding the time required to ensure compliance with the directives. In response, Mr. Rajesh Sharma requested that a period of four months be granted, within which it would undertake concrete steps towards the fulfilment of the said directives.
19. The Commission, having considered the timeline requested by the Respondent, granted a period of **four months from the date of issuance of this Order** for the Respondent to ensure compliance with the directives issued (as detailed in the Annexure) and to submit a comprehensive compliance report thereon.

20. Although the Respondent is required to furnish compliance in respect of all the directives, the Commission, taking into consideration that certain directives may not be feasible to comply within the stipulated timeline, for which in the event of non-compliance, the Respondent shall submit verifiable evidence demonstrating that concrete steps have been undertaken towards the fulfilment of such directives, along with valid and substantiated reasons for its inability to achieve full compliance within the prescribed period. However, any intentional or wilful failure on the part of the Respondent to comply with the directives shall not be accorded any consideration by the Commission.
21. Further the Respondent may also approach the Commission where it feels that intervention of the Commission is necessary for ensuring compliance with the directives.
22. Upon expiry of the stipulated timeline, the Commission shall scrutinize and verify the submissions made by the Respondent and shall thereafter take appropriate action in accordance with the provisions of the Electricity Act, 2003.
23. With the above directions, the petition Suo-Moto No-2 of 2026 stand disposed of.

Sd/-
Shri Nich Rika,
Member (Law)

Sd/-
Shri R. K. Joshi
Chairperson


Secretary(i/c)
APERC

