



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

ORDER on

Petition for Approval of

ANNUAL PERFORMANCE REVIEW (APR) for

FY 2025-26,

ANNUAL REVENUE REQUIREMENT (ARR) for

FY 2026-27

And

Tariff for FY 2026-27

for

Transmission Planning & Monitoring Zone (TP & MZ)

Petition No. TP- 01 of 2026

Issued On 10/06/2026

Arunachal Pradesh State Electricity Regulatory Commission
अरुणाचल प्रदेश राज्य विद्युत नियामक आयोग

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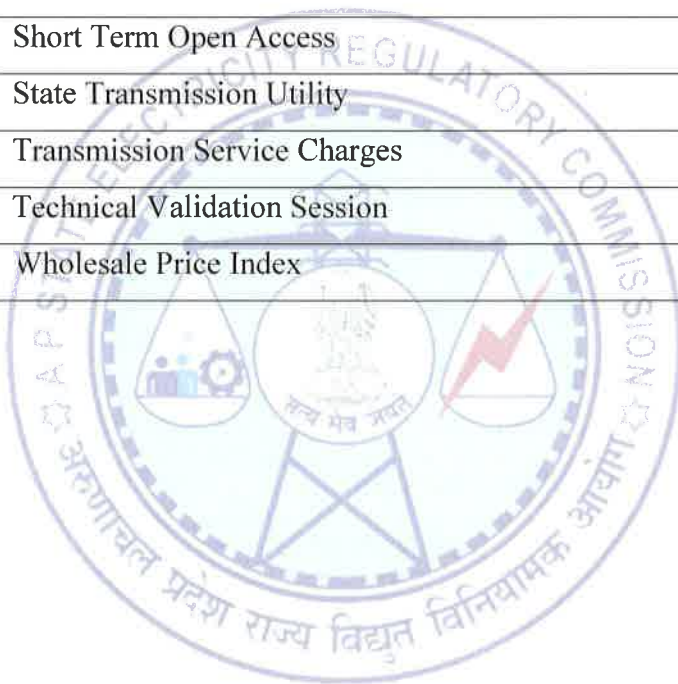
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2 List of Abbreviations

A&G	Administrative and General
APR	Annual Performance Review
ARR	Aggregate Revenue Requirement
AS	Accounting Standards
ATC	Annual Transmission Charge
CAG/C&AG	Comptroller and Auditor General
CEA	Central Electricity Authority
CERC	Central Electricity Regulatory Commission
CPI	Consumer Price Index
CTU	Central Transmission Utility
CWIP	Capital Work-In-Progress
DA	Dearness Allowance
Act/EA 2003	Electricity Act, 2003
FAR	Fixed Asset Register
FCC	Financial Completion Certificate
GFA	Gross Fixed Assets
GPF	General Provident Fund
ICT	Inter-Connecting Transformer
IWC/IoWC	Interest on Working Capital
kW	kilo Watt
kWh	kilo Watt Hour
MNRE	Ministry of New & Renewable Energy
MYT	Multi Year Tariff
MU	Million Units
MW	Mega Watt
NEC	North Eastern Council
NERPSIP	North Eastern Region Power System Improvement Project
NTI	Non-Tariff Income
O&M	Operation and Maintenance


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PCC	Physical Completion Certificate
PGCIL	Power Grid Corporation of India Limited
PoC	Point of Connection
PSDF	Power System Development Fund
R&M	Repairs and Maintenance
RoE	Return on Equity
ROI	Rate of Interest
SAMAST	Scheduling, Accounting, Metering and Settlement of Transactions in Electricity
SBI	State Bank of India
SLDC	State Load Despatch Centre
STOA	Short Term Open Access
STU	State Transmission Utility
TSC	Transmission Service Charges
TVS	Technical Validation Session
WPI	Wholesale Price Index



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State Electricity Regulatory Commission
Arunachal Pradesh

Before

The Arunachal Pradesh State Electricity Regulatory Commission (APSERC)

Itanagar, Arunachal Pradesh

Petition No. TP 01 of 2026

In the matter of:

Petition for approval of Annual Performance Review (APR) for FY 2025-26 and Annual Revenue Requirement (ARR) and Tariff for FY 2026-27

AND

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

-----Petitioner

Present:

Hon'ble R.K Joshi, Chairperson, APSERC

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

ORDER

(Passed on 10-06-2026)

- 1) The Transmission Planning & Monitoring Zone, Department of Power, Government of Arunachal Pradesh considering a deemed licensee in terms of section 14 of the Electricity Act 2003 is engaged in the business of transmission who is allowed to function as Transmission Utility for the State of Arunachal Pradesh. The TP&MZ is part of Department of Power (DOP), Arunachal Pradesh.
- 2) TP&MZ, DOP filed Petition for approval of Annual Performance Review (APR) for FY 2025-26 and Annual Revenue Requirement (ARR) for FY 2026-27 and determination tariff for FY 2026-27 with reply to Compliance of Directive of the Tariff Order Petition No. 08 of 2025 under section 61,62 & 64 of the Electricity Act 2003 on 15 January 2026.


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- 3) 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, for approval of Annual Performance Review (APR) for FY 2025-26 and Annual Revenue Requirement (ARR) for FY 2026-27 and determination tariff for FY 2026-27 for Transmission Planning and Monitoring Zone, Department of Power, Government of Arunachal Pradesh.
- 4) The relevant Regulation issued by the Commission requires that the licensee shall file petition for approval of APR and ARR before the Commission for a FY, complete in all respects, along with requisite fee as prescribed in the APSERC (Fees) Regulations, 2025 and amendments thereof on or before 30th November of the preceding year. Accordingly, the petition for the FY 2026-27 should have been filed by the TP&MZ on or before 30th November, 2025.
- 5) In view above and no tariff petition submitted by the TP&MZ, the Commission with vide letter no. APSERC/Ra-7/II/2025-26/551 dated 10th December 2025, directed the TP&MZ to file the tariff petition for determination of transmission charges within one Month.
- 6) Later on, TP&MZ filed the said petition before the Commission with vide letter no. CE(P)/TPMZ/W-15/2025-26/4083-89 dated the 26th December 2025 on 15th January 2026.
- 7) Although the TP&MZ had submitted the tariff petition beyond the stipulated deadline and without the complete requisite fee, the Commission taking into consideration the time lapsed and in order to avoid further delay finally admitted the petition on 22nd January 2026.
- 8) On admission of the Petition, in accordance with Section 64 of the Electricity Act 2003, the Commission directed TP&MZ, DOP to publish a summary of the ARR and Tariff petition filings in abridged form in local dailies, which was finally published on 03.02.2026 by the petitioner.
- 9) While analysis of the Petition and the Commission found that the Petition was incomplete in material particulars. Therefore, additional data and clarifications on the Petition were sought from TP&MZ, DoP vide letter no. APSERC/RA-7/II/2026-27/01 dated 2nd April 2026. Later on, TP&MZ vide Letter no. CE/(P)/TPMZ/TRNS/W-15(Vol. III)/2026-27/428


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dated 7th May 2026 filed the additional information to the Commission.

- 10) While issuing the order on petitions the Commission has taken into consideration of the following:
- Provisions of APSERC (Multi Year Tariff) Regulations, 2024.
 - Documents and information submitted by the Petitioner.
- 11) The Commission, now in exercise of its powers vested under Sections 61, 62, 86 and 181 of the Electricity Act, 2003 and all other powers enabling it in this behalf and taking into consideration the submissions made by the Petitioner, has approved the Annual Performance Review (APR) for FY 2025-26 and Annual Revenue Requirement (ARR) for FY 2026-27 and determination tariff for FY 2026-27 as detailed in subsequent pages.
- 12) This order consists of seven chapters that includes detailed analysis of the APR (FY 2025-26), ARR and approved Transmission Tariff for the FY 2026-27. Further, the Commission directs the Licensee to take all necessary steps for implementation of this order so that the energy bills are prepared accordingly, strictly in terms of the approved tariff. The directives contained in the Chapter- 6 & 7 should be strictly adhered to and compliance thereof, as desired by the Commission must be placed before it within the stipulated time by TP&MZ, DOP.
- 13) The Commission directs the licensee to publish the order in two leading newspapers, having wide circulation in the State within 7 days of the issue of this Tariff Order.
- 14) This order shall be effective from 01.04.2025 and shall remain in force till the next tariff order is issued by the Commission.

S/d-
Shri Nich Rika
Member (Law)

S/d-
Shri R. K. Joshi
Chairperson

Date – 10/06/2026

Place - Itanagar


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State Electricity Regulatory Commission
Arunachal Pradesh

1 INTRODUCTION

1.1 Constitution of the Commission

In exercise of the powers conferred by the Electricity Act, 2003, (hereinafter referred to as Act) the Government of Arunachal Pradesh constituted the Electricity Regulatory Commission for the State of Arunachal Pradesh to be known as “Arunachal Pradesh State Electricity Regulatory Commission” (APSERC) as notified on 07.05.2010 (hereinafter referred to as Commission).

The Arunachal Pradesh State Electricity Regulatory Commission has been functioning with effect from 02.03.2011 with the objective and purpose for which the Commission has been established i.e., to discharge its functions as per Section 86 of the Act.

1.2 Functions of the Commission

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

(1) The State Commission shall discharge the following functions, namely: -

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 licensees and electricity traders with respect to their operations within the State;

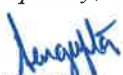
e) promote cogeneration and generation of electricity from renewable sources of energy by providing suitable measures for connectivity with the grid and sale of electricity to any person, and also specify, for purchase of electricity from such sources, a percentage of the total consumption of electricity 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


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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.*

- (2) The Commission shall advise the State Government 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.**
- (3) The State Commission ensures transparency while exercising its powers and discharging its functions.*
- (4) In discharge of its functions, the State Commission is also guided by the National Electricity policy, National Electricity Plan and Tariff Policy notified by the Government of India under Section 3.*

1.3 Arunachal Pradesh – Geographical Reality

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

1.4 Transmission Planning & Monitoring Zone, DOP, AP

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

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

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


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During the financial year 2024–25, TPMZ successfully transmitted 1,158.84 million units (MUs) of power within the state.

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

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

- (a) *to undertake transmission of electricity through the intra-State transmission system;*
- (b) *to discharge all functions of planning and coordination relating to the intra-State transmission system with:*
 - (i) *Central Transmission Utilities (CTUs);*
 - (ii) *State Governments;*
 - (iii) *Generating companies;*
 - (iv) *Regional Power Committees;*
 - (v) *Authority;*
 - (vi) *Licensees;*
 - (vii) *any other person notified by the State Government in this behalf*
- (c) *to ensure development of an efficient, coordinated, and economical system of intra State transmission lines for smooth flow of electricity from generating stations to load centres.*
- (d) *to provide non-discriminatory open access to its transmission system for use by:*
 - (i) *any licensee or generating company, on payment of the transmission charges; or*
 - (ii) *any consumer, as and when such open access is provided by the State Commission under sub section (2) of section 42, on payment of transmission charges and a surcharge thereon, as may be specified by the State Commission.*

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

It shall be the duty of a transmission licensee:

- (a) *to build, maintain and operate an efficient, co-ordinated, and economical transmission system — whether inter-State or intra-State, as the case may be;*
- (b) *to comply with the directions of the Regional Load Despatch Centre (RLDC), and State Load Despatch Centre (SLDC), as the case may be;*
- (c) *To provide non-discriminatory open access to its transmission system for use by--*
 - (i) *any licensee or generating company, on payment of the transmission charges; or*
 - (ii) *any consumer, as and when such open access is provided by the State Commission under Section 42(2), on payment of transmission charges and a surcharge thereon, as may be specified by the State Commission.*

1.6 Layout of the Order

This Order is organized into Seven Chapters:

- 1) Chapter 1 provides a brief about APSERC, TP&MZ, DOP, some of the details about the tariff setting process, the admission process of petition.
- 2) Chapter 2 provides about the procedural history and Public Consultation Process


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- 3) Chapter 3 provides Summary of the Petition submitted by TP&MZ, DOP for determination of APR, ARR and Transmission Tariff proposal for the Financial Year.
- 4) Chapter 4 provides summary of the Annual Performance Review (APR) for FY 2025-26 and Commission's Approval on the same.
- 5) Chapter 5 provides analysis of ARR for the FY 2026-27 & Tariff for FY 2026-27 and Commission's approval on the same.
- 6) Chapter 6 Compliance of Earlier Directives and Advisories issued by the Commission to TP&MZ, DOP.
- 7) Chapter 7 list out various Directives and Advisories issued by the Commission to TP&MZ, DOP.



2 Procedural History and Public Consultation Process

2.1 Filing of Petition for APR of FY 2025-26 and ARR for the FY 2026-27

As per the Regulation 2.6 of APSERC (Multi Year Tariff) Regulations, 2024, the Generating Company, Transmission Licensee, SLDC and Distribution Licensee shall be subject to an annual review of performance of current year and determination of revised ARR and tariff for ensuring year including relevant year True Up during the Control Period in accordance with this Regulation. This process shall continue for determination of tariff and fees and charges during each year of the control period. The Licensee shall file an application for annual performance review of current year, Truing up of the previous year, Revised ARR and determination of tariff for the ensuing year in not less than 120 days before the close of current year for each year of the control period. However, TP&MZ filed petition for APR of FY 2025-26 and revised ARR and tariff for the FY 2026-27 on 15-01-2026, which should have been filed on or before 30-11-2025 as per the above said Regulations.

2.2 Admission of Petition and Public Hearing Process

TP&MZ filed the aforesaid petition before the Commission vide Letter No. CE(P)/TPMZ/W-15/2025-26/4083-89 dated 26th December, 2025, which was received by the Commission on 15th January, 2026.

Although the Petitioner submitted the tariff petition beyond the stipulated timeline prescribed under the APSERC (MYT) Regulations, 2024 and without payment of the complete requisite filing fee, the Commission, considering the time already elapsed and in order to avoid further delay in the tariff determination process, admitted the petition on 22nd January, 2026 as Case No. TP-01 of 2026.

Upon admission of the petition, the Commission, in accordance with Section 64 of the Electricity Act, 2003, directed TP&MZ, Department of Power, Government of Arunachal Pradesh, to publish the summary of the Petition in abridged form in local daily newspapers inviting comments, suggestions, and objections from stakeholders and the general public on the proposed APR for FY 2025-26, revised ARR, and Transmission Tariff for FY 2026-27. In compliance with the aforesaid directions of the Commission, the Petitioner

published the abridged form in the following newspapers on 03.02.2026:

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

Sl. No	Name of the Newspaper	Language	Date of Publication
1.	Echo of Arunachal	English	03.02.2026
2.	Eastern Sentinel	English	03.02.2026

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

2.3 Public Response to the Tariff Petition:

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

The Commission has also uploaded the petition on its official website www.apserc.nic.in for wider circulation. Further in order to provide adequate opportunities to all stakeholders and general public, as mandated under Section 64 (3) of the Electricity Act 2003 and in relevant provisions of Regulations framed by the Commission, a Public Hearing was conducted on 02.04.2026. The details of the newspaper wherein the notice of public hearing was published is given in the table below:

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

Newspaper	Language	Date of Publication
Arun Bhoomi	Hindi	10/03/2026
The Arun Khabar	English	10/03/2026
Echo of Arunachal	English	10/03/2026
Arunachal Observer	English	10/03/2026 and 14/03/2026
The Arunachal Age	English	14/03/2026
Arunachal Pioneer	English	14/03/2026

The Commission observes that no comments, objections, or suggestions on the Petition were received from any stakeholder or member of the general public pursuant to the publication of the public notice.


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2.4 Public Hearing:

A Public Hearing was held by the Commission on 02.04.2026 to provide an additional opportunity to all stakeholders to submit their comments/suggestions on the said Petition. However, no specific comments/objections were received by the Commission. The list of attendees present during the Public Hearing is enclosed as Annexure-I of this Order.



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3 Summary of Petition

3.1 Summary of the Petition

The Petitioner has relied upon expenditure statements, duly provided by the Senior Finance & Accounts Officer (SFO), Department of Power, Government of Arunachal Pradesh, as the basis for historical expenditure data. Further, the value of existing assets has been aggregated based on available division-wise data received from the Executive Engineers (EEs) of the three operational transmission divisions, namely TD-I (Dirang), TD-II (Itanagar), and TD-III (Pasighat).

The actual historical Transmission Availability & Available Transfer Capacity has been obtained from the State Load Dispatch Centre (SLDC).

3.2 Annual Performance Review (APR) for FY 2025-26 - Petitioner's Submission-

The petitioner has capitalized various assets worth Rs. 325.42 Cr. several of which had already been commissioned by Power Grid under the Comprehensive Scheme for Strengthening of T&D system in A.P & Sikkim and handed over to TP&MZ in FY 2025-26.

The value of existing assets has been aggregated based on available division-wise data received from the Executive Engineers (EEs) of the three operational transmission divisions, namely TD-I (Dirang), TD-II (Itanagar), and TD-III (Pasighat). Subsequently, the Petitioner has considered the closing Gross Fixed Assets (GFA) of the preceding year as the opening GFA for the following year. The summary of the opening and closing GFA is presented in the table below.

Table 3 : Gross Fixed Asset for FY 2025-26 - Petitioner Submission

Gross Fixed Asset (GFA)		
Particulars	Unit	FY 2025-26
Opening GFA	Rs. Cr.	469.44
Add: Capitalization	Rs. Cr.	325.42
Less: De-Capitalization	Rs. Cr.	-
Closing GFA	Rs. Cr.	794.85

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TP&MZ in its petition Table 11 has submitted the net ARR for the FY 2025-26 is shown in Table below.

Table 4: Aggregate Revenue Requirement for FY 2025-26 - Petitioner Submission

S. No.	Particulars	Unit	FY 25-26
1	Employees Cost	Rs. Cr.	14.01
2	Admin. & General Expenses	Rs. Cr.	2.01
3	Repairs & Maintenance	Rs. Cr.	33.08
4	Operation & Maintenance Expenses	Rs. Cr.	49.09
5	Depreciation	Rs. Cr.	-
6	Interest on loan(lol)	Rs. Cr.	-
7	Return on Equity	Rs. Cr.	-
8	Interest on Working Capital	Rs. Cr.	-
9	Income Tax	Rs. Cr.	0
10	Gross Aggregate Revenue Requirement	Rs. Cr.	55.01
11	Less: Non-Tariff Income	Rs. Cr.	0
12	Net Annual Transmission Charges	Rs. Cr.	51.15

3.3 Annual Revenue Requirement (ARR) for FY 2026-27 - Petitioner's Submission

The Petitioner has submitted that all transmission projects are being undertaken through grants and budgetary support provided to the Transmission, Planning & Monitoring Zone (TP&MZ), Department of Power, Government of Arunachal Pradesh. Accordingly, the Petitioner has not planned any capitalization during the relevant year.

The Petitioner has further submitted that the assets to be commissioned by Power Grid under the Comprehensive Scheme for Strengthening of T&D System in Arunachal Pradesh & Sikkim are expected to be handed over to TP&MZ in FY 2026-27 upon completion of bilateral contractual obligations. Post such transfer, the said assets shall be capitalized by the Petitioner. However, the Petitioner has clarified that these projects are entirely grant-funded and, as per the applicable provisions of the Regulations, are not recoverable through tariff mechanisms.

In view of the above, the Petitioner has not projected any capitalization for FY 2026-27 in the present Petition. The Petitioner has, however, submitted that any actual capitalization, if arising, shall be placed before the Hon'ble Commission during the

Annual Performance Review (APR) and True-up proceedings for the relevant year, in accordance with the applicable Regulations.

TP&MZ in its petition Table 9 has submitted the net ARR for the FY 2026-27, as shown in Table below.

Table 5: Aggregate Revenue Requirement for FY 2026-27 - Petitioner Submission

S. No.	Particulars	Unit	FY 25-26
1	Employees Cost	Rs. Cr.	14.86
2	Admin. & General Expenses	Rs. Cr.	2.07
3	Repairs & Maintenance	Rs. Cr.	34.09
4	Operation & Maintenance Expenses	Rs. Cr.	51.02
5	Depreciation	Rs. Cr.	-
6	Interest on loan(lol)	Rs. Cr.	-
7	Return on Equity	Rs. Cr.	-
8	Interest on Working Capital	Rs. Cr.	-
9	Income Tax	Rs. Cr.	0
10	Gross Aggregate Revenue Requirement	Rs. Cr.	53.11
11	Less: Non-Tariff Income	Rs. Cr.	0
12	Net Annual Transmission Charges	Rs. Cr.	53.11

3.4 Transmission System Availability as projected by the Petitioner

The Transmission System Availability for FY 2026-27 is given below: -

Table 6 : Transmission System Availability as projected by Petitioner

Particulars	Unit	FY 2026-27
Transmission System Availability	%	98.00%

3.5 Proposed Transmission Charges (in lakhs)

TP&MZ in its petition has submitted the projected transmission charges month wise for FY 2026-27. The proposed transmission charges as submitted by the petitioner is shown in Table below.

Table 7: Proposed Transmission Charge for FY 2026-27 by the Petitioner

Particulars		Apr il	Ma y	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Ma r
Aggregate Revenue Requirement from Transmission Tariff	AFC	53.11	53.11	53.11	53.11	53.11	53.11	53.11	53.11	53.11	53.11	53.11	53.11

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Number of Days in the Month	NDM	30	31	30	31	31	30	31	30	31	31	28	31
Number of Days in the Year	NDY	365	365	365	365	365	365	365	365	365	365	365	365
Transmission System Availability Factor for the Month	TAF M (%)	98	98	98	98	98	98	98	98	98	98	98	98
Normative Annual Transmission Availability Factor	NAT AF (%)	98	98	98	98	98	98	98	98	98	98	98	98
Allotted Transmission Capacity to the Beneficiary - DoP, GoAP	CL	245	245	245	245	245	245	245	245	245	245	245	245
Sum of the Allotted Transmission Capacities to all Beneficiaries	SCL	245	245	245	245	245	245	245	245	245	245	245	245
Transmission Charge (Exclusive of Incentive) Payable	Rs. Cr.	4.36	4.51	4.36	4.51	4.51	4.36	4.51	4.36	4.51	4.51	4.07	4.51

3.6 Prayer of the Petitioner

The petitioner respectfully prays that Hon'ble Commission may:

- 1) Admit the instant Petition;
- 2) Examine the proposal submitted by the Petitioner in the enclosed petition for a favorable dispensation;
- 3) Approve the Petition for APR for FY 2025-26, ARR for FY 2026-27; and Determination of Tariff for FY 2026-27 under the Arunachal Pradesh State


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 State Electricity Regulatory Commission
 Arunachal Pradesh

Electricity Regulatory Commission (Multi Year Tariff) Regulations, 2024 notified by the Hon'ble Arunachal Pradesh State Electricity Regulatory Commission (hereinafter called "Hon'ble Commission' or "APSERC"), vide Gazette No. 443 dated December 10, 2024, read along with its amendments and orders, as applicable, issued by the Hon'ble Commission;

- 4) A separate Petition for Annual Revenue Requirement (ARR) for FY 2026-27; and Determination of Tariff for FY 2026-27 shall be filed under the Arunachal Pradesh State Electricity Regulatory Commission (Multi Year Tariff) Regulations, 2024 notified by the Hon'ble Commission.
- 5) The Hon'ble Commission notified the APSERC (Multi Year Tariff) Regulations, 2024 vide Gazette No. 443 dated December 10, 2024, for the Control Period from FY 2025-26 to FY 2029-30, and subsequently issued the Order dated October 13, 2025 on the Petition for Approval of Business Plan and Multi Year Tariff for FY 2025-26 to FY 2029-30 for the Petitioner. However, the regulatory proceedings under the existing framework does not encompass FY 2024-25. Accordingly, as the performance and financial benchmarks under the MYT, ARR, and APR frameworks were not set for FY 2024-25, the Petitioner has not filed a separate Petition for True-up for the said year.
- 6) However, the Petitioner respectfully submits that the actual expenditure incurred and the technical performance achieved during FY 2024-25 have been duly considered and submitted as a part of the Tariff Formats while preparing the instant Petition for APR for FY 2025-26, ARR for FY 2026-27, and determination of tariff for FY 2026-27, in accordance with the applicable provisions of the APSERC (Multi Year Tariff) Regulations, 2024.
- 7) In view of the foregoing, the Petitioner humbly prays that the Hon'ble Commission may be pleased to take the above submission on record and consider the actual expenditure and performance data of FY 2024-25, as duly incorporated in the instant Petition, while adjudicating upon the reliefs sought herein.
- 8) Pass separate Order for the Petitioner against the present petition;
- 9) Condone any inadvertent omissions/ errors/ shortcomings and permit the


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Petitioner to add/ change/ modify/ alter this filing and make further submissions as may be required at a future date;

- 10) Pass such Order, as the Hon'ble Commission may deem fit and appropriate keeping in view the facts and circumstances of the case;
- 11) Allow the Petitioner to file review petition post issuance of the Hon'ble Commission's Order in case of newly found facts and circumstances of the case, in order to demonstrate the true reflection of costs incurred by the Petitioner.



4 Annual Performance Review of FY 2025–26

4.1 Capital Expenditure and Capitalization Schedule - Petitioners Submission

4.1.1 Capitalization in FY 2025-26 - Petitioner submission

The Petitioner has submitted that it has capitalized various assets amounting to ₹325.42 Crore, several of which were commissioned by Power Grid under the Comprehensive Scheme for Strengthening of the Transmission & Distribution system in Arunachal Pradesh and Sikkim and were subsequently handed over to TP&MZ during FY 2025–26. The details of such schemes have been furnished herewith:

Table 8: Asset Details in FY 2025-26 – Petitioners Submissions

Actual Asset Addition/ Project Completion & Commissioning Details in FY 2025-26 (Current Year)				
Transmission Division (TD) - I				
Sl. No.	Name of Project	Total Cost of Project	Date of Commissioning	Name of Scheme under which project has been developed
1	Installation of 16 MVA, 132/33 kV Transformer and associated systems at Dukumpani	10,58,88,488.14	Date of Commissioning (ICT): 20.10.2022 Date of Commissioning (33 kV GIS): 26.11.2024 Date of Taking Over: 26.08.2025	Comprehensive Scheme for Strengthening of Transmission and Distribution System in Arunachal Pradesh
2	Construction of 132 kV Line Bay (106) at Khuppi Substation	1,94,91,395.47	Date of Commissioning: 19.09.2024 Date of Taking Over: 28.08.2025	Comprehensive Scheme for Strengthening of Transmission and Distribution System in Arunachal Pradesh
3	Construction of 132 kV Line Bay (105) at Khuppi Substation	2,05,58,012.00	Date of Commissioning: 08.07.2019 Date of Taking Over: 28.08.2025	Comprehensive Scheme for Strengthening of Transmission and Distribution System in Arunachal Pradesh


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4	Construction of 132/33 kV Seppa Substation	53,75,44,006.00	Date of Commissioning: 17.10.2024 Date of Taking Over: 29.08.2025	Comprehensive Scheme for Strengthening of Transmission and Distribution System in Arunachal Pradesh
5	Construction of 132 kV S/C (on D/C Tower) Khuppi-Seppa Transmission Line	30,06,17,884.70	Date of Commissioning: 29.09.2024 Date of Taking Over: 28.08.2025	Comprehensive Scheme for Strengthening of Transmission and Distribution System in Arunachal Pradesh

Actual Asset Addition/ Project Completion & Commissioning Details in FY 2025-26 (Current Year)

Transmission Division (TD) - II				
Sl. No.	Name of Project	Total Cost of Project	Date of Commissioning	Name of Scheme under which project has been developed
1	Installation of restorative New Pile Foundation Transmission Tower at Location 08 of Nirjuli-Dikrong 132 kV LILO Transmission Line Between NDTL and Lekhi Sub-Station	3,33,45,000.00	03.10.2025	Budget Estimate of GoAP
2	Construction of 132 kV (S/C on D/C towers) Chimpu to Holongi Transmission Line.	16,87,62,399.68	17.07.2024 Handover: 11.11.2025	Comprehensive Scheme for Strengthening of Transmission and Distribution System in Arunachal Pradesh
3	Construction of 132 kV Double Circuit Ziro (PG) to Ziro New (Yachuli) Transmission Line.	13,38,38,647.54	14.05.2025 Handover: 26.09.2025	Comprehensive Scheme for Strengthening of Transmission and Distribution System in Arunachal Pradesh
4	Construction of 3 Nos. 33 kV Bay Extensions at 132/33 kV Chimpu Substation.	1,93,21,347.57	09.09.2023 Handover: 24.09.2025	Comprehensive Scheme for Strengthening of Transmission and Distribution System in Arunachal Pradesh
5	Construction of 132 kV Holongi Bay Extension at 132/33	2,72,33,582.34	02.10.2022 Handover: 18.08.2025	Comprehensive Scheme for Strengthening of Transmission and

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	kV Chimpu Sub-Station.			Distribution System in Arunachal Pradesh
6	Construction of 132/33 kV Holongi Sub-Station.	29,94,13,890.48	17.06.2024 Handover: 30.08.2025	Comprehensive Scheme for Strengthening of Transmission and Distribution System in Arunachal Pradesh
7	Construction of 132/33 kV Ziro New (Yachuli) Sub-Station.	40,37,24,853.57	14.05.2025 Handover: 30.08.2025	Comprehensive Scheme for Strengthening of Transmission and Distribution System in Arunachal Pradesh
8	Construction of 132 kV Ziro New (Yachuli) Bay Extension at 132/33 kV Ziro (PG) Sub-Station.	4,72,94,859.27	14.05.2025 Handover: 30.08.2025	Comprehensive Scheme for Strengthening of Transmission and Distribution System in Arunachal Pradesh

Actual Asset Addition/ Project Completion & Commissioning Details in FY 2025-26 (Current Year)

Transmission Division (TD) - III

Sl. No.	Name of Project	Total Cost of Project	Date of Commissioning	Name of Scheme under which project has been developed
1	132/33 kV Napit Sub-Station	34,56,55,637.00	30.08.2025	Comprehensive Scheme for Strengthening of Transmission and Distribution System in Arunachal Pradesh
2	132/33 kV Basar Sub-Station.	36,81,01,992.00	29.08.2025	Comprehensive Scheme for Strengthening of Transmission and Distribution System in Arunachal Pradesh
3	132 kV Bay Extn. at Pasighat (2 Nos).	3,41,43,720.00	25.08.2025	Comprehensive Scheme for Strengthening of Transmission and Distribution System in Arunachal Pradesh
4	33 kV Bay Extn. at Pasighat (2 Nos)	38,99,889.00	25.08.2025	Comprehensive Scheme for Strengthening of Transmission and Distribution System in Arunachal Pradesh
5	132 kV Bay Exn. at Aalo (2 Nos)	3,91,52,565.00	29.08.2025	Comprehensive Scheme for Strengthening of Transmission and Distribution System in Arunachal Pradesh

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6	132 kV Bay Extn. at Deomali (1 No.)	79,00,000.00	24.09.2025	Comprehensive Scheme for Strengthening of Transmission and Distribution System in Arunachal Pradesh
7	33 kV Bay Extn. at Deomali (1 No.)	43,01,000.00	24.09.2025	Comprehensive Scheme for Strengthening of Transmission and Distribution System in Arunachal Pradesh
8	132 kV Bay Extn. at Tezu (1 No.)	2,61,82,142.00	02.12.2025	Comprehensive Scheme for Strengthening of Transmission and Distribution System in Arunachal Pradesh
9	LILO of 132 kV Daporijo-Aalo at Basar	4,45,58,172.00	29.08.2025	Comprehensive Scheme for Strengthening of Transmission and Distribution System in Arunachal Pradesh
10	132 kV D/C Pasighat Old (Dura) - Pasighat New (Napit) Transmission Line	11,99,97,109.00	09.09.2025	Comprehensive Scheme for Strengthening of Transmission and Distribution System in Arunachal Pradesh
11	132 kV S/C on D/C Tower Niglok-Napit Transmission Line	11,21,17,373.00	18.10.2025	Comprehensive Scheme for Strengthening of Transmission and Distribution System in Arunachal Pradesh
12	Cost of Land for Sub-Station (Napit & Basar)	3,01,09,524.00	-	Comprehensive Scheme for Strengthening of Transmission and Distribution System in Arunachal Pradesh

4.1.2 Gross Fixed Asset (GFA) – Petitioner Submission

Petitioner submitted that the value of existing assets has been aggregated based on available division-wise data received from the Executive Engineers (EEs) of the three operational transmission divisions, namely TD-I, (Dirang), TD-II (Itanagar), and TD-III (Pasighat). Subsequently, the Petitioner has considered the closing Gross Fixed Assets (GFA) of the preceding year as the opening GFA for the following year. The summary of the opening and closing GFA is presented in the table below.

Table 9: Gross Fixed Asset (GFA) as submitted by the Petitioner

Particulars	unit	FY 2025-26
Opening GFA	Rs. Cr.	469.44
Add: Capitalization	Rs. Cr.	325.42
Less: Capitalization	Rs. Cr.	-
Closing GFA	Rs. Cr.	794.85

The Petitioner respectfully submits the funding pattern adopted for the capitalization of its assets, as detailed in the table below. All transmission projects are to be executed through grants and budgetary support made available to the Transmission, Planning & Monitoring Zone (TP&MZ), Department of Power, Government of Arunachal Pradesh. In view of the foregoing, the Petitioner humbly prays that the Hon'ble Commission may be pleased to take the funding pattern on record and accord its approval, as submitted by the Petitioner

4.2 Commission Analysis on Capital Expenditure and Capitalization Schedule

The Commission has examined the submission of the Petitioner regarding the Gross Fixed Assets (GFA) and the associated funding pattern for FY 2025–26.

At the outset, the Commission notes that the Petitioner has derived the value of existing assets based on division-wise data compiled from the Executive Engineers of Transmission Divisions TD-I (Dirang), TD-II (Itanagar), and TD-III (Pasighat). While such an approach may be necessitated in the absence of a centralized and audited asset register, the Commission observes that reliance on aggregated divisional data may not fully ensure accuracy, completeness, and traceability of assets. The Petitioner is therefore advised to progressively move towards maintaining a consolidated and audited asset register in line with regulatory requirements.

The Commission further observes that the Petitioner has considered the closing GFA of the preceding year as the opening GFA for the current year, which is in line with standard accounting principles and is hereby noted.

With regard to capitalization, the Petitioner has proposed an addition of Rs. 325.42 crore during FY 2025–26, resulting in a closing GFA of Rs. 794.85 crore. However, the


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Commission notes that a substantial portion of the capitalized assets pertains to schemes executed by external agencies, including Power Grid, under the Comprehensive Scheme for Strengthening of T&D System in Arunachal Pradesh and Sikkim, which are to be handed over to TP&MZ. In this regard, the Commission emphasizes that capitalization of such assets shall be subject to actual commissioning, proper asset transfer documentation, and verification of asset actual utilization status.

Further, the Commission observes that no decapitalization or asset retirement has been reported during the year. The Petitioner is directed to ensure that any asset decommissioned, replaced, or no longer in use is duly reflected in the accounts to present a true and fair view of the asset base.

Regarding the funding pattern, the Commission takes note of the Petitioner's submission that all transmission projects are financed through Government grants and budgetary support routed through TP&MZ, Department of Power, Government of Arunachal Pradesh. While the Commission acknowledges this funding structure, it is clarified that approval of the funding pattern does not automatically imply approval of the associated capitalization for tariff determination. The admissibility of capitalization shall be subject to prudence check, verification of supporting documents, and compliance with applicable regulations.

In view of the above, the Commission provisionally takes on record the GFA and funding pattern as submitted by the Petitioner, subject to detailed prudence check. At the time of true up the Petitioner is directed to submit:

- (i) Scheme-wise and asset-wise details of capitalization along with commissioning certificates;
- (ii) Asset transfer documents in respect of assets handed over by Power Grid or any other agency;
- (iii) Funding details duly reconciled with audited accounts; and
- (iv) A comprehensive fixed asset register, duly certified, for verification in future filings.

The Commission shall consider the admissibility of the claimed capitalization and corresponding funding in the tariff determination after due verification and prudence check.

4.3 Operation and Maintenance Expenses- Petitioner Submission

The Petitioner has projected the O&M cost for the year by escalating the actual O&M cost for FY 2024-25 with an inflation factor of 3.06% and a CAGR of 2.57% considering actual values for FY 2022-23 & FY 2024-25.

4.3.1 Employee Expenses – Petitioner Submission

The Petitioner has projected the employee cost for the year by escalating the actual employee cost for FY 2024-25 with an inflation factor of 3.06% and CAGR of 2.57% considering actual values for FY 2022-23 & FY 2024-25. The computation of inflation factor and employee expenses submitted by the petitioner has been given in the table below.

Table 10 : Computation of Inflation Factor as submitted by the Petitioner

Particulars	Wholesale Price Index (WPI)	Consumer Price Index (WPI)	Total
Weightage	20.00%	80.00%	100.00%
Avg. Indexation for FY 23-24	154.86	142.58	
Avg. Indexation n (Index * Wt.)	30.97	114.07	145.04
Avg. Indexation for FY 22-23	151.42	138.06	
Avg. Indexation n-1 (Index * Wt.)	30.28	110.45	140.73
Combined Inflation (Index_n/Index_{n-1})	3.06%		

Table 11 : Employee Expenses as submitted by the Petitioner

Employee Expense				
Particulars	FY 2022-23	FY 2023-24	FY 2024-25	FY 2025-26
	Actual	Actual	Actual	Estimated
Employee Expenses	12.60	13.20	13.26	14.01

4.3.2 Administrative and General (A&G) Expenses – Petitioner Submission

The Petitioner has projected the A&G Expenses by escalating the actual cost for FY 2024-25 with an inflation factor of 3.06%. The A&G Expenses submitted by the petitioner has been given in the table below.


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Table 12 : Administrative and General (A&G) Expenses as submitted by the Petitioner

Employee Expense				
Particulars	FY 2022-23	FY 2023-24	FY 2024-25	FY 2025-26
	Actual	Actual	Actual	Estimated
A&G Expenses	0.67	0.58	1.95	2.01

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

The Petitioner has projected the R&M Expenses by considering the opening GFA for the year, the “K” factor as determined for the previous year and inflation factor of 3.06%. The R&M Expenses submitted by the petitioner has been given in the table below.

Table 13 : Repair and Maintenance (R&M) Expenses as submitted by the Petitioner

Employee Expense				
Particulars	FY 2022-23	FY 2023-24	FY 2024-25	FY 2025-26
	Actual	Actual	Actual	Estimated
R&M Expenses	33.48	44.04	32.06	33.08

4.3.4 Summary of O&M Expenses – Petitioner Submission

The following table provides a summary of the total O&M expenses projected by the Petitioner for the FY 2024-25

Table 14 : Operation and Maintenance (O&M) Expenses as submitted by the Petitioner

Operation and Maintenance (O&M) Expenses			
Particulars	Unit	O&M Approved by the Commission in previous Order	Petitioner Submission in Annual Performance Review (APR)
Employee Expenses	Rs. Cr.	13.88	14.01
A&G Expenses	Rs. Cr.	40.46	2.01
R&M Expenses	Rs. Cr.	0.67	33.08
Total O&M Expenses	Rs. Cr.	55.01	49.09

4.4 Commission analysis on Operation and Maintenance Expenses

The Commission has examined the submissions of the Petitioner regarding Operation and Maintenance (O&M) expenses for FY 2025-26, including Employee Expenses, Administrative & General (A&G) Expenses, and Repair & Maintenance (R&M) Expenses.


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The Petitioner has projected O&M expenses by applying an inflation factor of 3.06% on the actual expenses of FY 2024-25. Further, for Employee Expenses, the Petitioner has also considered a CAGR of 2.57% based on actual values for FY 2022-23 and FY 2024-25.

The Commission notes that the methodology for computation of O&M expenses is explicitly governed by the provisions of the APSERC (Multi Year Tariff) Regulations, 2024, which mandate that the escalation factor shall be derived by assigning 20% weightage to the average inflation based on Wholesale Price Index (WPI) and 80% weightage to the average inflation based on Consumer Price Index (CPI), computed over the past three financial years. The Commission has examined the inflation factor of 3.06% submitted by the Petitioner and observes that the same has not been computed in accordance with the aforesaid regulatory provisions. Further, the submitted calculation does not reconcile with the underlying index values, and the derived inflation rate appears inconsistent with the data furnished by the Petitioner. This indicates that there may be an error in the computation of the inflation factor. In view of the above, the Commission has not considered the Petitioner's inflation estimates and has instead computed the escalation factor independently, strictly in line with the methodology prescribed under the MYT Regulations.

Accordingly, the Commission has computed the escalation factor for FY 2025-26 based on the three-year average inflation of WPI and CPI, with weightages of 20% and 80%, respectively. Based on the available data, the Commission has derived an escalation factor of 4.63%, which is higher than the inflation factor considered by the Petitioner as shown in the table below: -

Table 15 : WPI and CPI Inflation (%) by the Commission

FY	WPI Average	WPI Inflation (%)	CPI Average	CPI Inflation (%)
2020-21	123.38	—	119.01	—
2021-22	139.41	13.00%	123.63	3.88%
2022-23	152.53	9.41%	131.12	6.05%
2023-24	151.42	-0.73%	137.92	5.19%
2024-25	154.86	2.27%	142.58	3.38%


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Table 16 : Escalation Factor by the Commission

For FY 2025-26			
Particulars	Weightage	3-Year Avg. Inflation (%)	Weighted Contribution (%)
Wholesale Price Index (WPI)	20%	3.65%	0.73%
Consumer Price Index (CPI)	80%	4.87%	3.90%
Escalation Factor (%)	100%	4.63%	

Further, the Commission notes the following:

- The Employee Expenses projected by the Petitioner are slightly higher than the Employee Expenses approved in the previous Tariff Order.
- The A&G Expenses submitted by the Petitioner exhibit significant variation vis-à-vis historical trends and the normative levels approved earlier.
- The R&M Expenses have been computed by the Petitioner based on opening Gross Fixed Assets (GFA) and a “K” factor; however, the resultant figures are lower than the normative R&M levels approved by the Commission in the previous Tariff Order.

Accordingly, while the Petitioner has claimed total O&M expenses of Rs. 49.09 Cr. for FY 2025-26, the same is lower than the O&M expenses of Rs. 55.01 Cr. already approved by the Commission for the said year.

The Commission further observes that in the previous Tariff Order issued under the APSERC (Multi Year Tariff) Regulations, 2024, O&M expenses for the entire control period were determined on a normative basis. During the present Annual Performance Review (APR), the Petitioner has proposed O&M expenses which are lower than the approved normative values for FY 2025-26.

In view of the above, the Commission finds no justification to deviate from the normative O&M expenses already approved for the control period. Accordingly, the Commission retains and approves the O&M expenses for FY 2025-26 as determined in the previous Tariff Order, as tabulated below. The same shall, however, be subject to prudence check at the time of Truing-Up based on audited accounts, in accordance with the applicable Regulations.


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Table 17 : Operation and Maintenance (O&M) Expenses as approved by the Commission

Operation and Maintenance (O&M) Expenses as projected by the Commission for the FY 2025-26				
Particulars	Unit	O&M Approved by the Commission in previous Order	Petitioner Submission in Annual Performance Review (APR)	Approved APR O&M for FY 2025-26
Employee Expenses	Rs. Cr.	13.88	14.01	13.88
R&M Expenses	Rs. Cr.	40.46	2.01	40.46
A&G Expenses	Rs. Cr.	0.67	33.08	0.67
Total O&M Expenses	Rs. Cr.	55.01	49.09	55.01

4.5 Depreciation – Petitioners Submission

Petitioner submitted that, all transmission projects of the Petitioner have been executed entirely through grants and budgetary support provided to the Transmission, Planning & Monitoring Zone (TP&MZ), Department of Power, Government of Arunachal Pradesh. Accordingly, in line with the applicable regulatory provisions, such assets do not qualify for inclusion in the capital base for the purpose of computation of depreciation. Hence, no depreciation has been computed by the Petitioner for the relevant year.

4.6 Commission Analysis on Depreciation

In the present case, the Commission observes that the Petitioner has not capitalized any assets funded through its own resources and has stated that all assets have been funded through grants and budgetary support. Accordingly, such assets do not qualify for depreciation in terms of the applicable Regulations.

However, the Commission directs the Petitioner to furnish detailed asset-wise and scheme-wise break-up of funding sources, duly certified, clearly indicating the extent of grant, budgetary support, and any other funding components, if any. This is necessary to ensure that no portion of assets eligible for depreciation is inadvertently excluded.

In view of the above, the Commission provisionally accepts the submission of the

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Petitioner and approves **nil** depreciation for the relevant year. The same shall be subject to prudence check at the time of Truing-Up based on audited accounts and supporting documentation.

4.7 Interest on Loan – Petitioners Submissions

Petitioner submitted that, all transmission projects of the Petitioner have been executed entirely through grants and budgetary support provided to the Transmission, Planning & Monitoring Zone (TP&MZ), Department of Power, Government of Arunachal Pradesh. Accordingly, in line with the applicable regulatory provisions, such assets do not qualify for inclusion in the capital base for the purpose of computation of Interest on loan. Hence, no Interest on loan has been computed by the Petitioner for the relevant year.

4.8 Commission Analysis on Interest on Loan

In View of the above submission of the petitioner, no Interest on loan is approved for the FY 2025-26.

4.9 Return on Equity – Petitioners Submission

Petitioner submitted that, all transmission projects of the Petitioner have been executed entirely through grants and budgetary support provided to the Transmission, Planning & Monitoring Zone (TP&MZ), Department of Power, Government of Arunachal Pradesh. Accordingly, in line with the applicable regulatory provisions, such assets do not qualify for inclusion in the capital base for the purpose of computation of Return on Equity. Hence, no return on equity has been computed by the Petitioner for the relevant year.

4.10 Commission Analysis on Return on Equity

In View of the above submission of the petitioner, no Return on Equity is approved for the FY 2025-26.

4.11 Interest on Working Capital – Petitioners Submission

The Petitioner submits that it has arrived at the working capital requirement according

to the applicable norms as provided in the Applicable Regulations, the calculation for which has been shown in the following table. In line with the above Regulations 1-Year SBI MCLR rate prevailing on 1st April, 2025 i.e. 9.00% plus 250 basis points has been considered for calculation of Interest on Working Capital.

The Hon'ble Commission in its order dated 13/10/2025 on the Petition for Approval of Business Plan and Multi Year Tariff for FY 2025-26 to FY 2029-30 for Transmission Planning & Monitoring Zone (TP&MZ) in Petition No. TP- 08 of 2025 has disallowed the IoWC by stating as follows,

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

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

However, it is respectfully submitted that the provisions of the APSERC (Multi Year Tariff) Regulations, 2024 expressly envisage the allowance of Interest on Working Capital (IoWC) on a normative basis, and not on the basis of actual financing arrangements undertaken by the Petitioner. The Regulations do not stipulate, either expressly or by implication, that the Petitioner is required to actually avail working capital loans in order to be eligible for the allowance of interest on such normative working capital.

On the contrary, the regulatory framework permits the determination of the total working capital requirement through a normative and circular referencing of other approved components of the tariff, such as normative O&M expenses and expected revenues from transmission charges. Consistent with this approach, the applicable rate


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of interest for IoWC is also prescribed on a normative basis, being linked to the SBI MCLR of the relevant tenure plus the specified margin, rather than the actual interest rate at which any working capital facility may or may not be availed by the Petitioner.

The underlying regulatory jurisprudence governing the allowance of normative working capital is intended to ensure that the Transmission Licensee is able to operate seamlessly over the entire regulated billing and collection cycle as envisaged under the tariff framework. This normative construct recognizes the inherent time lag between the incurrence of operational expenditures and the realization of corresponding revenues within the approved billing period. Any delay beyond such period attracts a delayed payment surcharge, which is again normatively linked to the SBI MCLR, thereby reinforcing the consistency of the normative approach adopted across the regulatory framework.

Accordingly, it is submitted that the entire jurisprudence for the computation and allowance of Interest on Working Capital under the Applicable Regulations is founded on a normative principle, rather than on an actual cost or actual borrowing principle. In light of the foregoing, the Petitioner most humbly prays that the Hon'ble Commission may be pleased to allow the Interest on Working Capital (IoWC) as computed and presented in the table below.

Table 18 : Interest on Working Capital (IoWC) as submitted by the Petitioner

Interest on Working Capital (IoWC)			
Particulars	Unit	FY 2025-26	
		Approved	Petition
O&M Expenses for 1 Month	Rs. Cr.	-	4.09
Maintenance Spares @ 15% of O&M Expenses	Rs. Cr.	-	7.36
Receivable @1.5 Months of Expected Revenue from Transmission Charges	Rs. Cr.	-	6.39
Less: Amount of Security Deposit from Transmission System Users	Rs. Cr.	-	
Total Working Capital Requirement	Rs. Cr.	-	17.85
Interest Rate	%	-	11.5%
Interest on Working Capital	Rs. Cr.	-	2.05

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4.12 Commission Analysis on Interest on Working Capital

The Commission has examined the submissions of the Petitioner regarding the allowance of Interest on Working Capital (IoWC). The Petitioner has computed the working capital requirement in accordance with the applicable provisions of the APSERC (Multi Year Tariff) Regulations, 2024 and has applied an interest rate equivalent to the 1-year SBI MCLR prevailing as on 1st April, 2025 (i.e., 9.00%) plus 250 basis points. The Petitioner has further contended that IoWC should be allowed on a normative basis irrespective of the actual financing arrangements.

The Commission notes that the issue of allowance of IoWC for the Petitioner has already been examined in detail in its earlier Tariff Order dated 13.10.2025 in Petition No. TP-08 of 2025, wherein the Commission had categorically disallowed IoWC for the entire control period from FY 2025-26 to FY 2029-30. The said decision was based on the specific factual position that the entire working capital requirement of the Petitioner is being met through grants and budgetary support from the Government of Arunachal Pradesh, and therefore, no actual interest liability is incurred by the Petitioner.

While the Petitioner has emphasized the normative nature of IoWC under the MYT framework, the Commission observes that the normative principles enshrined in the Regulations are to be applied in a manner that reflects the operational and financial realities of the utility. The intent of allowing IoWC on a normative basis is to compensate the licensee for the financing cost associated with maintaining working capital during the billing and collection cycle. However, in the present case, since the working capital requirement is fully funded through Government grants, there is no financing cost being incurred by the Petitioner.

Accordingly, the Commission finds no merit in the submission of the Petitioner for reconsideration of IoWC. The Commission reiterates its earlier decision and **does not approve** any amount towards Interest on Working Capital for the Petitioner for FY 2025-26.

The same shall be subject to review at the time of Truing-Up, in case there is any material change in the funding pattern or if the Petitioner demonstrates actual incurrence of working capital interest liability, supported by documentary evidence.

4.13 Non-Tariff Income - Petitioners Submission

The Petitioner in the petition submits that, as of the date of this filing, no Non-Tariff income has been generated. Accordingly, the Non-Tariff income submitted by the Petitioner for the relevant year is **Nil**.

Further, in compliance with the directives of the Commission, the Petitioner has submitted as follows:

Directive by Commission	Petitioner Submission on Compliance of Directive
13. O&M Activities The Petitioner shall report to the Commission any O&M activities undertaken on assets not owned by TP&MZ, including the corresponding charges, if applicable.	In Compliance with the directives of the Hon'ble Commission the Petitioner submits the Agreement between NER-II Transmission Limited & DoP for O&M at Chimpu Substation. As per the agreement, the O&M charges are 8 % of the Final Capital Cost. The Petitioner further undertakes to report to the Commission any operation and maintenance activities undertaken on assets not owned by TP&MZ along with Corresponding charges, wherever applicable.

During the Process of tariff Order, Commission vide letter no. APSERC/RA-7/II/2026-27/01 dated 02/03/2026 sought additional information with respect of Tariff Petition including details on Non-Tariff Income. The Petitioner's Reply to the information sought is as follows: -

Commission query	Petitioner Reply
2. Non-Tariff Income: - As per the compliance of directives submitted along with the petition, it is observed that the Petitioner has been earning income from other business activities since FY 2022. However, in the APR and ARR	The Petitioner respectfully submits that due to an inadvertent error, the details of non-tariff income were not reported in the initial tariff filings, wherein the non-tariff income was inadvertently reflected as "Nil". The Petitioner submits that such non-tariff income pertains primarily to operation and maintenance (O&M) activities undertaken on assets not owned by TP&MZ. In rectification of the aforesaid omission, the Petitioner had submitted the Agreement between NER-II Transmission

filings, the Non-Tariff Income has been reflected as 'Nil'. In view of the above, the Petitioner is directed to justify the same and submit detailed information on Non-Tariff Income, along with relevant supporting documents	Limited & DoP, GoAP for O&M at Chimpu Substation with the reply to compliance of directives. The Agreement between NER-II Transmission Limited & DoP, GoAP for O&M at Chimpu Substation is re-submitted as annexure to this reply for immediate reference of the Hon'ble Commission. As per the terms of the Agreement, the annual operation and maintenance (O&M) charges are payable at the rate of 8% (eight per cent) per annum of the final capital cost of the erected equipment, amounting to Rs.4,83,96,190. 00. Accordingly, the applicable annual O&M charges work out to Rs. 38,71,695,20. The Petitioner undertakes to report to the Commission any operation and maintenance activities undertaken on assets not owned by TP&MZ, along with corresponding charges, and other non-tariff income wherever applicable.
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4.14 Commission analysis on Non-Tariff Income

The Commission has carefully examined the submissions made by the Petitioner with regard to Non-Tariff Income in the petition, compliance of directives, and subsequent replies furnished in response to the Commission's queries.

At the outset, the Commission notes that the Petitioner had initially submitted that no Non-Tariff Income had been generated during the relevant year and accordingly considered the same as 'Nil' in the ARR and APR filings. However, upon scrutiny of the compliance of directives and additional information sought by the Commission, it has been observed that the Petitioner has been undertaking Operation and Maintenance (O&M) activities on assets not owned by TP&MZ, particularly under the Agreement executed with NER-II Transmission Limited for the Chimpu Substation.

The Commission does not accept the Petitioner's contention that the non-reporting of Non-Tariff Income in the initial filings was due to an inadvertent error. The Commission observes that the Petitioner had filed the APR, ARR, and Compliance of Directives simultaneously before the Commission. Therefore, all submissions ought to

have been carefully examined, reconciled, and presented in a consistent and accurate manner. The omission of Non-Tariff Income, despite the existence of supporting agreements and related disclosures in the compliance filings, reflects a lack of due diligence and proper scrutiny while preparing and submitting the petition. The Commission is of the considered view that such omission constitutes negligence on the part of the Petitioner rather than an inadvertent error.

The Commission emphasizes that tariff filings are statutory submissions and carry significant regulatory and financial implications. Hence, the Petitioner is expected to exercise utmost care, consistency, and accuracy in all its filings. Any lapse in this regard undermines the transparency and reliability of the regulatory process. Accordingly, the Commission directs the Petitioner to ensure strict diligence and internal verification mechanisms in future filings to avoid recurrence of such discrepancies.

The Commission further notes that the Non-Tariff Income pertains to O&M charges receivable under the aforesaid agreement, wherein the annual charges are computed at 8% of the final capital cost of the assets, amounting to Rs. 38,71,695.20. While the Commission takes cognizance of the Petitioner's subsequent clarification and the resubmission of the relevant agreement, it expresses concern over the omission of material information in the original tariff filings. Accurate and complete disclosure of Non-Tariff Income is essential, as such income is required to be considered for the purpose of tariff determination in accordance with the applicable Regulations.

In view of the above, the Commission hereby directs as follows:

- The Non-Tariff Income arising from O&M activities, including that from the Chimpu Substation, shall be duly considered in the ARR for the relevant year, subject to prudence check and verification of supporting documents.
- The Petitioner shall ensure that all sources of Non-Tariff Income are comprehensively identified, properly accounted for, and disclosed in future tariff filings without any omission.
- The Petitioner is further directed to submit, along with future petitions: - Detailed statements of Non-Tariff Income on a yearly basis, Supporting agreements/documents, Basis of computation of such income.

- Any income from O&M activities undertaken on assets not owned by TP&MZ shall mandatorily be reported along with corresponding charges, in compliance with the Commission's earlier directives.

The Commission cautions the Petitioner to exercise due diligence in future filings and avoid recurrence of such discrepancies. Non-compliance or misreporting may attract appropriate regulatory action.

Accordingly, the submission of the Petitioner on Non-Tariff Income is noted, the same shall be subjected to review during the True Up exercise. The Non-Tariff Income approved by the Commission for FY 2024-25 is given in table below:

Table 19 : Non-Tariff Income approved by the Commission for FY 2025-26

Particulars	Unit	FY 2024-25
Non-Tariff Income	Rs. Cr.	0.3872

4.15 Annual License Fee and Petition Fee – Commission Analysis

As per the provisions of the APSERC (Fee) Regulations, 2011 and APSERC (Fee) Regulations, 2025, along with subsequent amendments thereto, every licensee, including a Deemed Licensee, is required to pay the Annual Licence Fee.

In this regard, TP&MZ, being the deemed transmission licensee, is liable to comply with the said provisions. Further, such annual fee shall be paid on or before 15th April of each financial year. Any delay in payment shall attract a penalty at the rate of 1.5% per month or part thereof.

Further, in terms of the provisions of the Electricity Act, 2003, particularly Sections 14 and 62 read with the applicable regulatory framework, every licensee is bound to comply with the conditions of licence and directions issued by the Commission, including payment of prescribed fees and charges.

The transmission licensee, i.e., TP&MZ, is therefore directed to comply with the aforesaid Regulations and statutory provisions and ensure payment of the requisite fees within the stipulated time period.

The Commission, upon review of the records, observes that the Petitioner has not paid


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the Annual Licence Fee for any year since the inception of the Commission. Accordingly, the Petitioner (TP&MZ) is hereby directed to clear all outstanding dues towards Licence Fee at the earliest and, in any case, prior to filing of the next tariff petition.

As per the APSERC (Fee) Regulations, 2025, the Petitioner has deposited the APR fee of Rs. 5 lakhs, which is hereby allowed and approved as part of the ARR.

4.16 Aggregate Revenue Requirement(ARR) for FY2025-26 - Petitioner submission

The Gross Aggregate Revenue Requirement (ARR) has been computed as the summation of Operation and Maintenance (O&M) Expenses, Depreciation, Interest on Loan (IoL), Return on Equity (RoE), and Interest on Working Capital (IoWC).

The Gross ARR has thereafter been adjusted for with the Non-Tariff Income of the Petitioner to arrive at the Net ARR. A summary of the Net ARR projected for the year is provided in the table below.

Table 20 : Aggregate Revenue Requirement (ARR) for FY 2025-26 as projected by the Petitioner

Particulars	Unit	Aggregate Revenue Requirement (ARR)	
		Approved	Petition
Operation and Maintenance (O&M) Expenses	Rs. Cr.	55.01	49.09
Depreciation	Rs. Cr.	-	-
Interest on Loan (IoL)	Rs. Cr.	-	-
Return on Equity (RoE)	Rs. Cr.	-	-
Interest on Working Capital (IoWC)	Rs. Cr.	-	2.05
Gross Aggregate Revenue Requirement (ARR)	Rs. Cr.	55.01	51.15
Less: Non-Tariff Income	Rs. Cr.	-	-
Net Aggregate Revenue Requirement (ARR)	Rs. Cr.	55.01	51.15


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4.17 Commission Approval on Aggregate Revenue Requirement for FY 2025-26

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

Table 21 : Aggregate Revenue Requirement (ARR) for FY 2025-26 as Approved by the Commission

Particulars	Unit	Aggregate Revenue Requirement (ARR)		
		Approved ARR in previous order	Petition Projected ARR	Now APR Approved ARR
Operation and Maintenance (O&M) Expenses	Rs. Cr.	55.01	49.09	55.01
Depreciation	Rs. Cr.	-	-	-
Interest on Loan (IoL)	Rs. Cr.	-	-	-
Return on Equity (RoE)	Rs. Cr.	-	-	-
Interest on Working Capital (IoWC)	Rs. Cr.	-	2.05	-
Annual License Fee	Rs. Cr.	-	-	-
Petition Fee	Rs. Cr.	-	-	0.05
Gross Aggregate Revenue Requirement (ARR)	Rs. Cr.	55.01	51.15	55.06
Less: Non-Tariff Income	Rs. Cr.	-	-	0.387
Net Aggregate Revenue Requirement (ARR)	Rs. Cr.	55.01	51.15	54.67

The Commission notes that the Net ARR for FY 2025-26 is approved at **Rs. 54.67 Cr.**, after considering the Non-Tariff Income of **Rs. 0.387 Cr.**

In view of the foregoing analysis and after due prudence check, the Commission hereby approves the APR for FY 2025-26 of the Transmission Licensee. The approved figures shall be considered for tariff determination and shall form the basis for future true-up, subject to adjustments, if any, in accordance with the applicable Regulations and directions issued by the Commission.


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5 Revised ARR for the TP&MZ for FY 2026-27

& Tariff for FY 2026-27

1. This section outlines the projections made by the Petitioner for the FY 2026-27 along with Commission's analysis and approval.
2. The Petitioner, in line with provisions of the APSERC (Terms and Conditions for Determination of Multi Year Tariff) Regulations, 2024 has submitted the projections against various components for the FY 2026-27.
3. The Commission based on the provisions of the APSERC (Terms and Conditions for Determination of Multi Year Tariff) Regulations, 2024 along with data/information's submitted by the Petitioner has carried out the approval of ARR for the FY 2026-27.
4. The component-wise description of the Petitioner's submission and the Commission's analysis thereof is provided hereunder.

5.1 Capitalization and Gross Fixed Asset (GFA) for FY 2026-27 – Petitioner Submission

TP&MZ, in its tariff petition submits that since all transmission projects are through grants and budgetary support made available to the Transmission, Planning & Monitoring Zone (TP&MZ), Department of Power, Government of Arunachal Pradesh, the Petitioner itself has not planned any capitalization in the relevant year. Assets which are to be commissioned by Power Grid under the Comprehensive Scheme for Strengthening of T&D system in A.P & Sikkim shall be handed over to TP&MZ in FY 2026-27 upon completion of bilateral contractual obligations, post which such assets shall be capitalized by the petitioner. However, it is respectfully clarified that such projects are entirely grant-funded and, in accordance with the applicable provisions of the Regulations, are exempt from recovery through tariff mechanisms.

In light of the foregoing, the Petitioner has not projected any capitalization during FY 2026-27 for the purpose of the present Petition. However, the Petitioner undertakes to place the actual capitalization, if any, before the Hon'ble Commission through the Annual Performance Review (APR) and True-up proceedings for the relevant year, in accordance with the Applicable Regulations.

For GFA the petitioner has aggregated the value of existing assets based on available division-wise provisional data received from and duly certified by the Executive

Engineers (EEs) of the three operational transmission divisions, namely TD-I (Dirang), TD-II (Itanagar), and TD-III (Pasighat).

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

Table 22 : Gross Fixed Asset (GFA) – Petitioners Submission

Gross Fixed Asset (GFA)		
Particulars	Unit	FY 26-27
Opening GFA	Rs. Cr.	794.85
Add: Capitalization	Rs. Cr.	-
Less: De-capitalization	Rs. Cr.	-
Closing GFA	Rs. Cr.	794.85

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

The Commission has examined the submissions of the Petitioner regarding capitalization and Gross Fixed Assets (GFA) for FY 2026-27.

The Petitioner has submitted that no capitalization has been projected during the relevant year on the grounds that all transmission projects are being executed through grants and budgetary support provided to TP&MZ, Department of Power, Government of Arunachal Pradesh. The Commission notes the submission that assets under the Comprehensive Scheme for Strengthening of T&D system in Arunachal Pradesh & Sikkim, being implemented by Power Grid, shall be handed over to TP&MZ upon completion of bilateral contractual obligations and are expected to be capitalized in FY 2026-27. The Petitioner has further contended that such assets are fully grant-funded and, therefore, are not to be considered for tariff recovery in accordance with the applicable Regulations.

The Commission observes that while assets created through grants may not be eligible for tariff recovery to the extent specified under the applicable Regulations, the same are nevertheless required to be duly accounted for in the books of accounts and reflected in the Gross Fixed Assets (GFA) of the licensee upon capitalization. The treatment of such assets for tariff purposes shall be governed strictly in accordance with the provisions of

the prevailing Regulations.

With regard to the Petitioner's submission of nil capitalization for FY 2026-27, the Commission notes that the proposed handing over of assets from Power Grid is contingent upon completion of contractual formalities. In the absence of certainty regarding the actual transfer and commissioning during the year, the Commission finds the Petitioner's approach of not projecting capitalization to be conservative. However, the Commission directs that any capitalization arising during the year, including assets received under grant-funded schemes, shall be duly reported along with complete details during the APR/True-up proceedings.

Further, the Commission notes that the Petitioner has arrived at the GFA based on provisional, division-wise data certified by the Executive Engineers of the respective transmission divisions. While the Commission takes note of this approach in the absence of audited asset records, reliance on provisional data may not reflect the accurate asset base. The Petitioner is, therefore, directed to undertake proper asset verification and reconciliation and submit audited and reconciled GFA details in future filings.

The Commission also notes that the Petitioner has considered the closing GFA of the preceding year as the opening GFA for FY 2026-27 and, in the absence of any capitalization or de-capitalization, has projected the closing GFA at Rs. 794.85 Cr.

In view of the above, the Commission provisionally accepts the GFA of Rs. 794.85 Cr for FY 2026-27, subject to true-up based on actual capitalization, de-capitalization, asset transfer, and submission of audited accounts in accordance with the applicable Regulations.

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

- a) The capital cost shall include the actual expenditure on the date of commercial operation subject to prudence check, necessary supporting documents shall be furnished with the petition.
- b) Details of new asset created for which capital investment made for the year project wise/ sub-station/ Transmission line has to be clearly spelt out and details of asset,

which has been replenished/ de-capitalized, shall be clearly mentioned.

- c) The petitioner did not submit the transmission system details and the cost breakup for the respective transmission system such as number of substations along with its bays details, transformers /reactors with ratings, substation auxiliaries and transmission Circuit-Km details for each line section (elaborating all transmission line sections/ towers etc.) along with date of commercial operation (COD).
- d) However, it also observes that the Petitioner does not maintain a Fixed Asset Register, and the asset values pertaining to previous years have not been subjected to audit. In the absence of an audited report, the Commission cannot proceed with the approval of the gross fixed asset.
- e) However, the Petitioner is hereby directed to prepare a comprehensive Fixed Asset Register and have the same audited by a Statutory Auditor within a period of three months from the date of issuance of this Order. The audited GFA data has to be submitted along with the next petition for approval of the Commission.

5.3 Transmission Loss – Petitioners Submission

For the FY 2026-27 Petition is silent on transmission loss projection and nor speak on any achievement adopted to minimize the loss.

In reply to the directives given in MYT Order dated 13.10.2025 in Petition No. TP 08 of 2025 as follows: -

Directive by the Commission	Petitioner Submission	SLDC reply in Annexure
8. Transmission Loss The Petitioner shall independently monitor and maintain records of intra-state transmission losses within its network and shall submit details of energy received and energy sent out, supported with metered	In Compliance with directives of the Hon'ble Commission, the petitioner submits records of intra-state transmission losses within its network, including details of energy received and energy sent out, supported by metered data and section wise	As of now SLDC is not maintain the data on intra-state transmission loss due to non-availability of meters at both ends of many 132/33 kV sub stations.

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data, and provide analysis for the transmission losses observed, with section-wise details. Transmission losses should not be equated with ISTS losses, but instead be reported based on actual data duly certified by the SLDC.	analysis. The information has been duly certified and provided by the SLDC and is submitted as an annexure to this reply.	
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While processing the Petition, the Commission vide letter no. APSERC/RA-7/II/2026-27/01 dated 02/03/2026 seeks additional clarity on transmission loss. The Petitioner vide letter no. CE(P)/TPMZ/TRNS/W-15(Vol.III)/2026-27/428 dated 07/05/2026 replied to the Commission as follow:

Commission Query	Petitioners reply
3. Transmission Loss Trajectory It is observed that the petition is silent regarding transmission loss. The Petitioner is therefore required to submit the trajectory of transmission loss for the entire control period, duly supported by past performance, existing network conditions, and proposed/ anticipated improvements.	The Petitioner humbly submits that the State Load Dispatch Centre (SLDC) is presently not maintaining comprehensive data on intra-state transmission losses, primarily due to the non-availability of energy meters at both ends of several 132/33 kV substations within the State transmission network. The Petitioner submits that this limitation has constrained the ability to compute and report intra-state transmission losses based on actual metered data. The Petitioner reiterates that the above position has already been communicated in earlier compliance submissions. It is further submitted that all Transmission Division (TD) offices maintain substation level records pertaining to transmission losses for certain substations at their respective locations.

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	However, such data is presently maintained in a decentralised manner and has not yet been consolidated at the central level. The Petitioner submits that compilation, validation, and reconciliation of the aforesaid substation level data across all TD offices would require a reasonable period of time. Accordingly, the Petitioner respectfully submits that a long-term institutional mechanism shall be developed to enable systematic monitoring of transmission losses. The data generated through such institutionalized monitoring arrangements shall thereafter be duly reported to the Hon'ble Commission and shall also be utilized by TP&MZ for developing appropriate frameworks for forecasting transmission losses.
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5.4 Commission analysis on Transmission Loss

The Commission has examined the submissions made by the Petitioner regarding transmission losses for FY 2026-27. The Commission observes that the Petition is silent on the projection of transmission loss trajectory for the financial period and does not specify any concrete measures or initiatives proposed for reduction and monitoring of transmission losses within the intra-State transmission system.

The Commission further notes that, in the MYT Order dated 13.10.2025 in Petition No. TP 08 of 2025, the Petitioner was specifically directed to independently monitor and maintain records of intra-State transmission losses within its network and submit details of energy received and energy sent out, supported by metered data along with section-wise analysis duly certified by the SLDC. The purpose of the said directive was to establish a reliable mechanism for assessment and monitoring of actual intra-State transmission losses, distinct from ISTS losses.

In response to the aforesaid directive, the Petitioner submitted that records relating to intra-State transmission losses were being furnished based on available information and annexures certified by the SLDC. However, the Commission notes from the reply of the SLDC that comprehensive data on intra-State transmission losses is presently not being maintained due to non-availability of meters at both ends of several 132/33 kV substations.

Further, during prudence check of the Petition, the Commission sought additional clarification regarding the transmission loss trajectory for the entire Control Period. In reply, the Petitioner submitted that substation-level records pertaining to transmission losses are being maintained by individual Transmission Divisions in a decentralized manner, but such data has not yet been consolidated at the central level. The Petitioner further submitted that compilation, validation, and reconciliation of such data would require reasonable time and that a long-term institutional mechanism would be developed for systematic monitoring and forecasting of transmission losses.

The Commission notes the constraints highlighted by the Petitioner regarding absence of complete metering infrastructure and centralized data consolidation. However, the Commission is of the considered view that accurate assessment and monitoring of intra-State transmission losses is essential for efficient operation, planning, and performance evaluation of the transmission system. The absence of reliable and consolidated transmission loss data adversely affects regulatory oversight and assessment of network efficiency.

The Commission is also of the view that a substantial portion of the transmission assets under TP&MZ have been created through grants and transfer schemes implemented by Power Grid Corporation of India Limited under various Central Government programs. Such assets transferred by PGCIL would ordinarily have been equipped with requisite energy metering infrastructure at the time of commissioning and transfer. Therefore, the contention that all substations are without metering arrangement does not appear to be entirely substantiated. The Commission is of the view that metering facilities may already be available at several substations, though certain substations may still remain unmetered.

Accordingly, the Commission directs the Petitioner to initiate monitoring of transmission

losses on a pilot basis by utilizing available meter readings from substations where meters are already installed and operational. The Petitioner shall compile, analyse, and submit such transmission loss data before the Commission on a periodic basis. Simultaneously, the Petitioner shall undertake necessary measures for expeditious installation of meters at all remaining substations at the earliest.

The Petitioner is further directed to furnish detailed information regarding substations where meters are presently not available, along with the status of action taken, proposed implementation plan, and timelines for meter installation across the transmission network. The Petitioner shall also develop a centralized mechanism for monitoring, compilation, validation, and reporting of intra-State transmission losses and submit a realistic and data-backed transmission loss trajectory in future filings, supported by historical performance, prevailing network conditions, and proposed system improvement measures.

5.5 Transmission System Availability – Petitioner Submission

Petitioner submission on transmission system availability as follows: -

Table 23 : Transmission System Availability submitted by the Petitioner

Normative Transmission System Availability		
Particulars	Unit	FY 2026-27
Normative Transmission system Availability	%	98.00

5.6 Commission Analysis Transmission System Availability

The Commission has examined the submission of the Petitioner regarding the Normative Transmission System Availability for FY 2026-27. The Petitioner has considered the Normative Transmission System Availability at 98%, in accordance with the provisions of the MYT Regulations, 2024.

The Commission notes that the said availability level is in line with the normative parameters specified under the applicable Regulations for recovery of full transmission charges. Accordingly, the Commission accepts the Transmission System Availability of 98% considered by the Petitioner for FY 2026-27. However, any incentive or disincentive arising on account of actual Transmission Availability achieved during the year shall be


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dealt with at the time of truing up, in accordance with the provisions of the MYT Regulations, 2024.

5.7 Operation and Maintenance Expenses- Petitioner Submission

The Petitioner has projected the O&M cost for the year by escalating the estimated O&M cost for FY 2025-26 with an inflation factor of 3.06% and a CAGR of 3.01% considering actual values for FY 2023-24 & estimated value for FY 2025-26.

5.7.1 Employee Expenses – Petitioner Submission

The Petitioner has projected the employee cost for the year by escalating the estimated employee cost for FY 2025-26 with an inflation factor of 3.06% and a CAGR of 3.01% considering actual values for FY 2023-24 & estimated value for FY 2025-26. The computation of inflation factor has been given in the table below.

Table 24 : Computation of Inflation Factor as projected by the Petitioner

Particulars	Wholesale Price Index (WPI)	Consumer Price Index (WPI)	Total
Weightage	20.00%	80.00%	100.00%
Avg. Indexation for FY 23-24	154.86	142.58	
Avg. Indexation n (Index * Wt.)	30.97	114.07	145.04
Avg. Indexation for FY 22-23	151.42	138.06	
Avg. Indexation n-1 (Index * Wt.)	30.28	110.46	140.73
Combined Inflation (Index n/Indexn-1)	3.06%		

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

Table 25 : Actual Employee Expenses for FY 2024-25 as incurred by the Petitioner

Employee Expenses		
Sr. No.	Particulars	FY 2024-25 (Actual)
1	Basic Salary	10.39
2	Dearness Allowance (DA)	-
3	Wages	2.76
4	House Rent Allowance	-
5	Conveyance Allowance/DTE	0.09
6	Leave Travel Allowance	0.02
7	Earned Leave Encashment	-
8	Other Allowances	-
9	Medical Reimbursement	-

10	Overtime Payment	-
11	Bonus/Ex-Gratia Payments	-
12	Interim Relief / Wage Revision	-
13	Staff welfare expenses	-
14	VRS Expenses / Retrenchment Compensation	-
15	Commission to Directors	-
16	Death & Accident Compensation	-
17	Training Expenses	-
18	Payment under Workmen's Compensation Act	-
19	Net Employee Costs	-
20	Terminal Benefits	-
20.1	Provident Fund Contribution	-
20.2	Provision for PF Fund	-
20.3	Pension Payments	-
20.4	Gratuity Payment	-
21	Others (Pls. specify)	-
22	Gross Employee Expenses	13.26
23	Less: Expenses Capitalised	-
24	Net Employee Expenses	13.26

Thus, the employee cost projected by the Petitioner for the FY 2026-27 as presented in table below: -

Table 26 : Employee Expenses as projected by the Petitioner

Particulars	Unit	Employee Expenses			
		FY 23-24 (Actual)	FY 24-25 (Actual)	FY 25-26 (Estimated)	FY 26-27 (Estimated)
Employee Expenses	Rs. Cr.	13.20	13.26	14.01	14.86

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

The Petitioner has projected the A&G Expenses by escalating the estimated cost for FY 2025-26 with an inflation factor of 3.06%. The Actual A&G Expenses incurred in FY 2024-25 by the Petitioner is summarized in the following table.

Table 27: Actual A&G Expenses for FY 2024-25 as incurred by the Petitioner

Sr. No.	Particulars	FY 2024-25 (Actual)
1	Rent Rates & Taxes	-
2	Insurance	-
3	Telephone & Postage, etc.	-
4	Legal charges & Audit fee (Break-up as per separate Table)	-
5	Professional Fee, Consultancy, Technical fee	0.05
6	Conveyance & Travel	-
7	Electricity charges	-
8	Water charges	-


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9	Security arrangements	-
10	Fees & subscription	-
11	Books & periodicals	-
12	Computer Stationery	-
13	Printing & Stationery	-
14	Advertisements	-
15	Purchase Related Advertisement Expenses	-
16	Contribution/Donations	-
17	License Fee and other related fee	-
18	Vehicle Running Expenses Truck / Delivery Van/ POL (Vehicle)	0.93
19	Vehicle Hiring Expenses Truck / Delivery Van/ Maint. of Vehicle	-
20	Cost of services procured	-
21	Outsourcing of metering and billing system	-
22	Freight On Capital Equipment's	-
23	V-sat, Internet and related charges	-
24	Training	-
25	Bank Charges	-
26	Miscellaneous Expenses	-
27	Office Expenses	0.63
28	CSR Expenses	-
29	Others (Office Contingency)	-
30	Others (Other revenue expenditure)	0.13
31	Others (Minor Work Expenditure)	0.08
32	Others (Repair & Maintenance)	0.13
33	Others (Pls. specify)	-
34	Gross A&G Expenses	1.95
35	Less: Expenses Capitalised	-
36	Net A&G Expenses	1.95

The Petitioner has projected the A&G Expenses for the FY 2026-27 as presented in table below: -

Table 28 : Administrative and General Expenses as projected by the Petitioner

Particulars	Unit	Administrative and General (A&G) Expenses			
		FY 23-24 (Actual)	FY 24-25 (Actual)	FY 25-26 (Estimated)	FY 26-27 (Estimated)
A&G Expenses	Rs. Cr.	0.58	1.95	2.01	2.07

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

The Petitioner has projected the R&M Expenses by considering the opening GFA for the

year, the “K” factor as determined for the previous year and inflation factor of 3.06%. The Actual R&M Expenses incurred by the Petitioner is summarized in the following table.

Table 29 : Actual R&M Expenses for FY 2024-25 as incurred by the Petitioner

Sr. No.	Particulars	FY 2024-25 (Actual)
1	Plant & Machinery	6.67
2	Buildings	-
3	Scheme Works	25.42
4	Hydraulic Works	-
5	Lines & Cable Networks	-
6	Vehicles	-
7	Furniture & Fixtures	-
8	Office Equipment	-
9	Others (Pls. specify)	-
10	Gross R&M Expenses	32.09
11	Less: Expenses Capitalised	-
12	Net R&M Expenses	32.09

Thus, the R&M cost projected by the Petitioner for the FY 2026-27 as presented in table below: -

Table 30 : Repair and Maintenance Expenses as projected by the Petitioner

Particulars	Unit	Repair and Maintenance (R&M) Expenses			
		FY 23-24 (Actual)	FY 24-25 (Actual)	FY 25-26 (Estimated)	FY 26-27 (Estimated)
R&M Expenses	Rs. Cr.	44.04	32.09	33.08	34.09

5.7.4 Summary of O&M Expenses by the Petitioner

The following table provides a summary of the total O&M expenses projected by the Petitioner for FY 2026-27.

Table 31 : Operation and Maintenance Expenses as projected by the Petitioner

Particulars	Unit	Operation and Maintenance (O&M) Expenses	
		Approved in Previous MYT Order	Petitioner Submission for FY 26-27
Employee Expenses	Rs. Cr.	14.59	14.86
A&G Expenses	Rs. Cr.	0.7	2.07
R&M Expenses	Rs. Cr.	42.33	34.09
Total O&M Expenses	Rs. Cr.	57.62	51.02

In view of the foregoing, the Petitioner prays that the Hon'ble Commission may grant approval of the O&M Expenses as projected by the Petitioner for the FY 2026-27.

5.8 Commission's Analysis on Operation & Maintenance

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

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

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

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

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

(4) Employee Cost

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

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

Where,

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

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

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

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


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

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

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

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

Where,

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

GFA_{n-1} - Gross Fixed Asset of the licensee for the n-1th year;

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

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

Where,

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

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

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

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

(7) Terminal liabilities

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

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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.”

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

The Commission observes that the Petitioner has projected the O&M Expenses for FY 2026-27 by considering an escalation factor of 3.06%. However, upon prudence check of the submissions and supporting calculations furnished by the Petitioner, the Commission notes that the methodology adopted for computation of the escalation factor is not in conformity with the provisions of Regulation 4.10 of the APSERC (MYT) Regulations, 2024. Further, the submitted computations do not reconcile with the underlying CPI and WPI index values furnished in the Petition, and the resultant inflation factor appears inconsistent with the prescribed weighted average methodology under the Regulations.

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

5.8.1 Escalation Factor based on WPI and CPI growth rate

The Commission notes that Regulation 4.10 of the APSERC (MYT) Regulations, 2024 provides that the escalation factor shall be derived by assigning 20% weightage to the average WPI inflation and 80% weightage to the average CPI inflation for the immediately preceding three financial years.

The Commission notes that the average increase in the Wholesale Price Index (WPI) and Consumer Price Index (CPI) for the immediately preceding three financial years forms the basis for determination of WPI and CPI inflation for the base year in accordance with

Regulation 4.10 of the APSERC (MYT) Regulations, 2024. The Commission further observes that the CPI data published by the Office of the Labour Bureau, Government of India is presently available up to FY 2024-25. Accordingly, the Commission has considered the available WPI and CPI data up to FY 2024-25 for computation of the escalation factor applicable for FY 2026-27.

Based on the weighted average methodology prescribed under the Regulations, the resulting WPI and CPI inflation values considered by the Commission for computation of escalation factor for FY 2026-27 are tabulated below:

The escalation factor is calculated as:

$$\text{Escalation Factor (\%)} = (0.20 \times \text{Average WPI Inflation}) + (0.80 \times \text{Average CPI Inflation})$$

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

Table 32 : WPI and CPI inflation by the Commission

Financial Year	WPI Average	WPI Inflation (%)	CPI Average	CPI Inflation (%)
2021-22	123.38	—	119.01	—
2022-23	139.41	13.00%	123.63	3.88%
2023-24	152.53	9.41%	131.12	6.05%
2024-25	151.42	-0.73%	137.92	5.19%

Table 33 : Escalation Factor for FY 2026-27 by the Commission

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

Accordingly, the escalation factor for the financial years (FY 2026-27) works out to **4.63%**, which has been considered by the Commission for the present determination. The escalation factor shall be applied for indexing O&M expenses during the Control Period.

5.8.2 Employee Cost

The Commission has examined the Employee Expenses submitted by the Petitioner for FY 2026-27 in accordance with the provisions of Regulation 4.10 of the APSERC (MYT) Regulations, 2024.


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The Petitioner has submitted that the actual Employee Expenses incurred during FY 2024-25 are Rs. 13.26 Crore. Based on the same, the Petitioner has projected the Employee Expenses for FY 2026-27 at Rs. 14.86 Crore by considering an inflation factor of 3.06% along with a CAGR/Growth Rate of 3.01%.

The Commission notes that in the MYT Order dated 13.10.2025 in Petition No. TP 08 of 2025, the Employee Expenses approved for FY 2026-27 were Rs. 14.59 Crore.

Upon scrutiny of the submissions made by the Petitioner, the Commission observes that the projected Employee Expenses for FY 2026-27 are marginally higher than the Employee Expenses approved by the Commission in the aforesaid MYT Order. Further, the Commission notes that the Employee Expenses considered by the Petitioner are based on provisional/unaudited figures for FY 2024-25. The Commission also observes discrepancies in the computation of the inflation factor and escalation methodology adopted by the Petitioner, which are not in accordance with the provisions of the APSERC (MYT) Regulations, 2024.

In view of the above, the Commission has considered it prudent to rely upon the Employee Expenses already approved in the MYT Order dated 13.10.2025 in Petition No. TP 08 of 2025 for determination of Employee Expenses for FY 2026-27.

Accordingly, the Commission approves the Employee Expenses for the Control Period by considering the escalation factor and growth factor, as approved in the MYT Order dated 13.10.2025, subject to prudence check and true-up based on audited accounts.

Table 34 : Employee Expense approved by the Commission for FY 2026-27 (in Rs. Crs.)

Sl. No.	Particulars	As per MYT Order for FY 26-27	Petitioner Submission for FY 2026-27	Now Approved by the Commission for FY 2026-27
1	Employee Expense	14.59	13.26	14.59

5.8.3 Administration and General Expense

The Commission has examined the A&G expenses submitted by the Petitioner for FY 2026-27 in accordance with the provisions of Regulation 4.10 of the APSERC (MYT) Regulations, 2024.

The Petitioner has submitted that the actual A&G expenses incurred during FY 2024-

25 are Rs. 1.95 Crore. Based on the same, the Petitioner has projected the A&G expenses for FY 2026-27 at Rs. 2.07 Crore by considering an inflation factor of 3.06%.

The Commission notes that in the MYT Order dated 13.10.2025 in Petition No. TP 08 of 2025, the A&G expenses approved for FY 2026-27 were Rs. 0.7 Crore.

Upon examination of the submissions made by the Petitioner, the Commission observes that the projected A&G Expenses for FY 2026-27 are significantly higher than the A&G Expenses approved by the Commission in the aforesaid MYT Order. The Commission further notes that the A&G Expenses considered by the Petitioner are based on provisional/unaudited figures for FY 2024-25. In addition, the inflation factor adopted by the Petitioner has not been computed in accordance with the methodology prescribed under Regulation 4.10 of the APSERC (MYT) Regulations, 2024.

The Commission is of the view that the substantial variation in the projected A&G Expenses has not been adequately justified by the Petitioner through supporting documents or detailed break-up of expenses. Accordingly, the Commission considers it prudent to adopt the A&G Expenses already approved in the MYT Order dated 13.10.2025 in Petition No. TP 08 of 2025.

Accordingly, the Commission approves the A&G Expenses for FY 2026-27 as per the values approved in the MYT Order dated 13.10.2025, subject to prudence check and true-up based on audited accounts, as detailed in the table below:

Table 35 : A&G Expense as approved by the Commission for FY 2026-27 (Rs. in Crs.)

Sl. No.	Particulars	As per MYT Order for FY 26-27	Petitioner Submission for FY 2026-27	Now Approved by the Commission for FY 2026-27
1	A&G Expense	0.7	2.07	0.7

5.8.4 Repairs and Maintenance Expenses

The Commission has examined the Repairs & Maintenance (R&M) Expenses submitted by the Petitioner for FY 2026-27 in accordance with the provisions of Regulation 4.10 of the APSERC (MYT) Regulations, 2024.

The Commission notes that as per the aforesaid Regulations, the R&M Expenses are required to be computed based on the Gross Fixed Assets (GFA) and the “K” factor,

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escalated by the applicable inflation factor. The Regulations further provide that the “K” factor is to be determined by the Commission considering the past trend of R&M Expenses vis-à-vis GFA, benchmarking analysis and other relevant factors.

In the present case, the Commission observes that the Gross Fixed Assets and the R&M Expenses submitted by the Petitioner are based on provisional/unaudited figures. Since the audited values of GFA and R&M Expenses are not presently available, the Commission is unable to verify and ascertain the authenticity and correctness of the data submitted by the Petitioner for determination of the “K” factor in accordance with the MYT Regulations.

Accordingly, the Commission is of the view that the “K” factor cannot be determined at this stage based on unaudited data. The Commission, however, clarifies that the “K” factor shall be considered appropriately once the audited figures of GFA and R&M Expenses are made available by the Petitioner.

The Petitioner has submitted that the actual R&M Expenses incurred during FY 2024-25 are Rs. 32.09 Crore. Based on the same, the Petitioner has projected the R&M Expenses for FY 2026-27 at Rs. 34.09 Crore by considering the opening GFA for the year, the “K” factor determined for the previous year and an inflation factor of 3.06%.

The Commission notes that in the MYT Order dated 13.10.2025 in Petition No. TP 08 of 2025, the R&M Expenses approved for FY 2026-27 were Rs. 42.33 Crore.

Upon prudence check of the submissions made by the Petitioner, the Commission observes that the inflation factor considered by the Petitioner has not been computed in accordance with the methodology prescribed under Regulation 4.10 of the APSERC (MYT) Regulations, 2024. Further, the Commission notes that the projected R&M Expenses are based on provisional figures and unsupported assumptions regarding the “K” factor.

In view of the above, and considering the absence of audited data for determination of the “K” factor, the Commission considers it prudent to adopt the R&M Expenses already approved in the MYT Order dated 13.10.2025 in Petition No. TP 08 of 2025.

Accordingly, the Commission approves the R&M Expenses for FY 2026-27 as per the

values approved in the MYT Order dated 13.10.2025, subject to prudence check and true-up based on audited accounts.

Table 36 : R&M expense as approved by the Commission for FY 2026-27 (Rs. Crs.)

Sl. No.	Particulars	As per MYT Order for FY 26-27	Petitioner Submission for FY 2026-27	Now Approved by the Commission for FY 2026-27
1	R&M Expense	42.33	34.09	42.33

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

The Commission has approved the Operation and Maintenance (O&M) expenses for the FY 2026-27; however, the same shall be subject to review and adjustment, if required, during the truing-up process based on audited data.

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

Table 37 : O&M Expenses approved by the Commission

Particulars	Unit	Operation and Maintenance (O&M) Expenses		
		As per MYT Order for FY 26-27	Petitioner Submission for FY 2026-27	Now Approved by the Commission for FY 2026-27
Employee Expenses	Rs. Cr.	14.59	14.86	14.59
A&G Expenses	Rs. Cr.	0.7	2.07	0.7
R&M Expenses	Rs. Cr.	42.33	34.09	42.33
Total O&M Expenses	Rs. Cr.	55.01	51.02	55.01

5.9 Interest and Finance Charges on loan - Petitioner Submission

Petitioner submitted that, all transmission projects of the Petitioner have been executed entirely through grants and budgetary support provided to the Transmission, Planning & Monitoring Zone (TP&MZ), Department of Power, Government of Arunachal

Pradesh. Accordingly, in line with the applicable regulatory provisions, such assets do not qualify for inclusion in the capital base for the purpose of computation of Interest on loan. Hence, no Interest on loan has been computed by the Petitioner for the relevant year.

5.10 Commission Analysis on Interest and Finance Charges on loan

In View of the above submission of the petitioner, no Interest on Loan is approved for the FY 2026-27.

5.11 Return On Equity - Petitioner Submission

Petitioner submitted that, all transmission projects of the Petitioner have been executed entirely through grants and budgetary support provided to the Transmission, Planning & Monitoring Zone (TP&MZ), Department of Power, Government of Arunachal Pradesh. Accordingly, in line with the applicable regulatory provisions, such assets do not qualify for inclusion in the capital base for the purpose of computation of Return on Equity. Hence, no return on equity has been computed by the Petitioner for the relevant year.

5.12 Commission Analysis on Return On Equity

In View of the above submission of the petitioner, no Return on Equity is approved for the FY 2026-27

5.13 Depreciation – Petitioner Submission

Petitioner submitted that, all transmission projects of the Petitioner have been executed entirely through grants and budgetary support provided to the Transmission, Planning & Monitoring Zone (TP&MZ), Department of Power, Government of Arunachal Pradesh. Accordingly, in line with the applicable regulatory provisions, such assets do not qualify for inclusion in the capital base for the purpose of computation of depreciation. Hence, no depreciation has been computed by the Petitioner for the relevant year.

5.14 Commission Analysis on Depreciation

In the present case, the Commission observes that the Petitioner has not capitalized any

assets funded through its own resources and has stated that all assets have been funded through grants and budgetary support. Accordingly, such assets do not qualify for depreciation in terms of the applicable Regulations.

However, the Commission directs the Petitioner to furnish detailed asset-wise and scheme-wise break-up of funding sources, duly certified, clearly indicating the extent of grant, budgetary support, and any other funding components, if any. This is necessary to ensure that no portion of assets eligible for depreciation is inadvertently excluded.

In view of the above, the Commission provisionally accepts the submission of the Petitioner and approves nil depreciation for the relevant year. The same shall be subject to prudence check at the time of Truing-Up based on audited accounts and supporting documentation.

5.15 Interest on Working Capital – Petitioner Submission

The Petitioner submits that it has arrived at the working capital requirement according to the applicable norms as provided in the Applicable Regulations, the calculation for which has been shown in the following table. In line with the above Regulations 1-Year SBI MCLR rate prevailing on 30th September, 2025 i.e. 8.75% plus 250 basis points has been considered for calculation of Interest on Working Capital.

The Hon'ble Commission in its order dated 13/10/2025 on the Petition for Approval of Business Plan and Multi Year Tariff for FY 2025-26 to FY 2029-30 for Transmission Planning & Monitoring Zone (TP&MZ) in Petition No. TP- 08 of 2025 has disallowed the IoWC by stating as follows,

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

In light of the above, the Commission is of the view that the provision for Interest on Working Capital is not applicable to the TP&MZ. Accordingly, no amount towards interest on Working


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Capital has been approved for TP&MZ for the Control Period from FY 2025-26 to FY 2029-30."

However, it is respectfully submitted that the provisions of the APSERC (Multi Year Tariff) Regulations, 2024 expressly envisage the allowance of Interest on Working Capital (IoWC) on a normative basis, and not on the basis of actual financing arrangements undertaken by the Petitioner. The Regulations do not stipulate, either expressly or by implication, that the Petitioner is required to actually avail working capital loans in order to be eligible for the allowance of interest on such normative working capital.

On the contrary, the regulatory framework permits the determination of the total working capital requirement through a normative and circular referencing of other approved components of the tariff, such as normative O&M expenses and expected revenues from transmission charges. Consistent with this approach, the applicable rate of interest for IoWC is also prescribed on a normative basis, being linked to the SBI MCLR of the relevant tenure plus the specified margin, rather than the actual interest rate at which any working capital facility may or may not be availed by the Petitioner.

The underlying regulatory jurisprudence governing the allowance of normative working capital is intended to ensure that the Transmission Licensee is able to operate seamlessly over the entire regulated billing and collection cycle as envisaged under the tariff framework. This normative construct recognizes the inherent time lag between the incurrence of operational expenditures and the realization of corresponding revenues within the approved billing period. Any delay beyond such period attracts a delayed payment surcharge, which is again normatively linked to the SBI MCLR, thereby reinforcing the consistency of the normative approach adopted across the regulatory framework.

Accordingly, it is submitted that the entire jurisprudence for the computation and allowance of Interest on Working Capital under the Applicable Regulations is founded on a normative principle, rather than on an actual cost or actual borrowing principle. In light of the foregoing, the Petitioner most humbly prays that the Hon'ble Commission may be pleased to allow the Interest on Working Capital (IoWC) as computed and presented in the table below

Table 38 : Interest on working Capital by the Petitioner

Particulars	Unit	Interest on Working Capital (IoWC) FY 2026-27
O&M Expenses for 1 Month	Rs. Cr.	4.25
Maintenance Spares @ 15% of O&M Expenses	Rs. Cr.	7.65
Receivables @ 1.5 Months of Expected Revenue from Transmission Charges	Rs. Cr.	6.64
Less: Amount of Security Deposit from Transmission System Users	Rs. Cr.	-
Total Working Capital requirement	Rs. Cr.	18.54
Interest Rate	%	11.25%
Interest on Working Capital	Rs. Cr.	2.09

5.16 Commission's Analysis on Interest on Working Capital

The Commission has examined the submissions of the Petitioner regarding the allowance of Interest on Working Capital (IoWC). The Petitioner has computed the working capital requirement in accordance with the applicable provisions of the APSERC (Multi Year Tariff) Regulations, 2024 and has applied an interest rate equivalent to the 1-year SBI MCLR prevailing as on 1st April, 2025 (i.e., 9.00%) plus 250 basis points. The Petitioner has further contended that IoWC should be allowed on a normative basis irrespective of the actual financing arrangements.

The Commission notes that the issue of allowance of IoWC for the Petitioner has already been examined in detail in its earlier Tariff Order dated 13.10.2025 in Petition No. TP-08 of 2025, wherein the Commission had categorically disallowed IoWC for the entire control period from FY 2025-26 to FY 2029-30. The said decision was based on the specific factual position that the entire working capital requirement of the Petitioner is being met through grants and budgetary support from the Government of Arunachal Pradesh, and therefore, no actual interest liability is incurred by the Petitioner.

While the Petitioner has emphasized the normative nature of IoWC under the MYT framework, the Commission observes that the normative principles enshrined in the Regulations are to be applied in a manner that reflects the operational and financial realities of the utility. The intent of allowing IoWC on a normative basis is to compensate

the licensee for the financing cost associated with maintaining working capital during the billing and collection cycle. However, in the present case, since the working capital requirement is fully funded through Government grants, there is no financing cost being incurred by the Petitioner.

Accordingly, the Commission finds no merit in the submission of the Petitioner for reconsideration of IoWC. The Commission reiterates its earlier decision and does not approve any amount towards Interest on Working Capital for the Petitioner for FY 2025-26.

The same shall be subject to review at the time of Truing-Up, in case there is any material change in the funding pattern or if the Petitioner demonstrates actual incurrence of working capital interest liability, supported by documentary evidence.

5.17 Non-Tariff Income (NTI) – Petitioner Submission

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

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

The Commission has carefully examined the submissions made by the Petitioner with regard to Non-Tariff Income in the petition, compliance of directives, and subsequent replies furnished in response to the Commission's queries.

At the outset, the Commission notes that the Petitioner had initially submitted that no Non-Tariff Income had been generated during the relevant year and accordingly considered the same as 'Nil' in the ARR and APR filings. However, upon scrutiny of the compliance of directives and additional information sought by the Commission, it has been observed that the Petitioner has been undertaking Operation and Maintenance (O&M) activities on assets not owned by TP&MZ, particularly under the Agreement executed with NER-II Transmission Limited for the Chimpu Substation.

The Commission does not accept the Petitioner's contention that the non-reporting of Non-Tariff Income in the initial filings was due to an inadvertent error. The Commission observes that the Petitioner had filed the APR, ARR, and Compliance of Directives simultaneously before the Commission. Therefore, all submissions ought to

have been carefully examined, reconciled, and presented in a consistent and accurate manner. The omission of Non-Tariff Income, despite the existence of supporting agreements and related disclosures in the compliance filings, reflects a lack of due diligence and proper scrutiny while preparing and submitting the petition. The Commission is of the considered view that such omission constitutes negligence on the part of the Petitioner rather than an inadvertent error.

The Commission emphasizes that tariff filings are statutory submissions and carry significant regulatory and financial implications. Hence, the Petitioner is expected to exercise utmost care, consistency, and accuracy in all its filings. Any lapse in this regard undermines the transparency and reliability of the regulatory process. Accordingly, the Commission directs the Petitioner to ensure strict diligence and internal verification mechanisms in future filings to avoid recurrence of such discrepancies.

The Commission further notes that the Non-Tariff Income pertains to O&M charges receivable under the aforesaid agreement, wherein the annual charges are computed at 8% of the final capital cost of the assets, amounting to Rs. 38,71,695.20. While the Commission takes cognizance of the Petitioner's subsequent clarification and the resubmission of the relevant agreement, it expresses concern over the omission of material information in the original tariff filings. Accurate and complete disclosure of Non-Tariff Income is essential, as such income is required to be considered for the purpose of tariff determination in accordance with the applicable Regulations.

In view of the above, the Commission hereby directs as follows:

- The Non-Tariff Income arising from O&M activities, including that from the Chimpu Substation, shall be duly considered in the ARR for the relevant year, subject to prudence check and verification of supporting documents.
- The Petitioner shall ensure that all sources of Non-Tariff Income are comprehensively identified, properly accounted for, and disclosed in future tariff filings without any omission.
- The Petitioner is further directed to submit, along with future petitions: - Detailed statements of Non-Tariff Income on a yearly basis, Supporting agreements/documents, Basis of computation of such income.

- Any income from O&M activities undertaken on assets not owned by TP&MZ shall mandatorily be reported along with corresponding charges, in compliance with the Commission's earlier directives.

The Commission cautions the Petitioner to exercise due diligence in future filings and avoid recurrence of such discrepancies. Non-compliance or misreporting may attract appropriate regulatory action.

Accordingly, the submission of the Petitioner on Non-Tariff Income is noted, the same shall be subjected to review during the True Up exercise. The Non-Tariff Income approved by the Commission for FY 2026-27 is given in table below:

Table 39 : Non-Tariff Income approved by the Commission for FY 2026-27

Particulars	Unit	FY 2026-27
Non-Tariff Income	Rs. Cr.	0.3872

5.19 Annual License Fee and Petition Fee – Commission Analysis

As per the provisions of the APSERC (Fee) Regulations, 2011 and APSERC (Fee) Regulations, 2025, along with subsequent amendments thereto, every licensee, including a Deemed Licensee, is required to pay the Annual Licence Fee.

In this regard, TP&MZ, being the deemed transmission licensee, is liable to comply with the said provisions. Further, such annual fee shall be paid on or before 15th April of each financial year. Any delay in payment shall attract a penalty at the rate of 1.5% per month or part thereof.

Further, in terms of the provisions of the Electricity Act, 2003, particularly Sections 14 and 62 read with the applicable regulatory framework, every licensee is bound to comply with the conditions of licence and directions issued by the Commission, including payment of prescribed fees and charges.

The transmission licensee, i.e., TP&MZ, is therefore directed to comply with the aforesaid Regulations and statutory provisions and ensure payment of the requisite fees within the stipulated time period.

The Commission, upon review of the records, observes that the Petitioner has not paid

the Annual Licence Fee for any year since the inception of the Commission. Accordingly, the Petitioner (TP&MZ) is hereby directed to clear all outstanding dues towards Licence Fee at the earliest and, in any case, prior to filing of the next tariff petition.

As per the APSERC (Fee) Regulations, 2025, the Petitioner has deposited the ARR fee of **Rs. 10 lakhs**, which is hereby allowed and approved as part of the ARR

5.20 Annual Revenue Requirement – Petitioner Submission

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

Table 40 : ARR Projected by the Petitioner

Particulars	Unit	FY 2026-27	
		Approved	Petition
Operation and Maintenance (O&M) Expenses	Rs. Cr.	57.62	51.02
Depreciation	Rs. Cr.	-	-
Interest on Loan (IoL)	Rs. Cr.	-	-
Return on Equity (RoE)	Rs. Cr.	-	-
Interest on Working Capital (IoWC)	Rs. Cr.	-	2.09
Gross Aggregate Revenue Requirement (ARR)	Rs. Cr.	57.62	53.11
Less: Non-Tariff Income	Rs. Cr.	-	-
Net Aggregate Revenue Requirement (ARR)	Rs. Cr.	57.62	53.11


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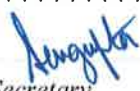
5.21 Commission's Approval on Annual Revenue Requirement/ Annual Transmission Charges

Considering the above heads of expense and revenue, the net ARR approved for the FY 2026-27 is shown Table below:

Table 41 : ARR and ATC approved by the Commission for FY 2026-27 (Rs. in Crs.)

Particulars	Unit	Aggregate Revenue Requirement (ARR) for FY 2026-27		
		Approved ARR in previous MYT order dated 13.10.2025	Petition Projected ARR	Now APR Approved ARR
Operation and Maintenance (O&M) Expenses	Rs. Cr.	57.62	49.09	57.62
Depreciation	Rs. Cr.	-	-	-
Interest on Loan (IoL)	Rs. Cr.	-	-	-
Return on Equity (RoE)	Rs. Cr.	-	-	-
Interest on Working Capital (IoWC)	Rs. Cr.	-	2.05	-
Annual License Fee	Rs. Cr.	-	-	-
Petition Fee	Rs. Cr.	-	-	0.1
Gross Aggregate Revenue Requirement (ARR)	Rs. Cr.	57.62	51.15	57.72
Less: Non-Tariff Income	Rs. Cr.	-	-	0.387
Net Aggregate Revenue Requirement (ARR)	Rs. Cr.	57.62	51.15	57.33

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


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6 Compliance of Earlier Directives

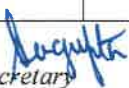
The Commission in its earlier order has issued various directives to be complied by the petitioner. The Compliance status of directive is given in table below: -

Directive	Compliance by TP&MZ	Reply of the Petitioner
1. Arunachal Pradesh Transmission Infrastructure Data: TP&MZ shall submit the updated details of the transmission infrastructure, including the number of substations with bays, transformer capacity and ratings, transmission line sections with circuit-km length, cost of each substation and line section, and their respective COD (Commercial Operation Date), along with the next tariff petition.	Complied	In compliance with the directives of the Hon'ble Commission, the Petitioner hereby submits updated details of the State transmission infrastructure. The information includes division-wise details of substations along with bay configuration, transformer capacities and ratings, transmission line sections with circuit-kilometre length, capital cost of each substation and line section, and their respective Commercial Operation Dates (COD). The requisite data has been furnished in the form of Excel sheets and is submitted as a soft copy along with the present reply.
2. Transmission Availability Data: The Petitioner is directed to establish and maintain a robust mechanism for monitoring Transmission System Availability in line with APSERC Tariff	Partially complied	In compliance with the directives of the Hon'ble Commission, the Petitioner submits the Transmission System Availability data duly certified by the State Load Dispatch Centre (SLDC).

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Regulations. The data shall be certified by the SLDC and submitted annually with tariff applications.		he Petitioner submits that the data has been prepared in accordance with the provisions of the APSERC Tariff Regulations and shall be submitted on an annual basis along with future tariff filings.
3. Fixed Asset Register (GFA) and Depreciation Registers: TP&MZ shall prepare and maintain a comprehensive fixed asset registers and depreciation records covering all transmission divisions, to be updated on an annual basis and certified by the appropriate authority. The assets of each division shall be distinctly identified to enable energy audit, transmission loss assessment, and determination of availability. The same shall be furnished along with future filings.	Not complied	In compliance with the directives of the Hon'ble Commission, the Petitioner has prepared and submitted updated division-wise fixed asset details covering all transmission divisions. The assets have been distinctly identified to facilitate energy audit, transmission loss assessment, and determination of system availability. The Petitioner undertakes to maintain comprehensive Fixed Asset Registers and Depreciation Registers, duly updated on an annual basis and certified by the appropriate authority, and to submit the same along with future tariff filings.
4. Audited Financial Statements: The Petitioner shall ensure submission of audited financial statements for TP&MZ as a consolidated entity in future petitions. A harmonized and composite set of accounts must be maintained and produced annually, duly audited by the competent authority.	Not complied	In compliance with the directives of the Hon'ble Commission, the Petitioner submits the response received from the Senior Finance & Accounts Officer, Department of Power, Government of Arunachal Pradesh, regarding submission of audited financial statements for TP&MZ as a consolidated entity.

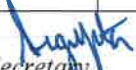

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5. Annual Investment Plan TP&MZ shall submit a Capital Investment Plan (excluding centrally funded projects) for all major capital works. Prior approval of the Commission shall be obtained before execution of such works.	Partially Complied	In compliance with the Directives of the Hon'ble Commission, the Petitioner submits that all transmission projects are through grants and budgetary support made available to the Transmission, Planning & Monitoring Zone (TP&MZ), Department of Power, Government of Arunachal Pradesh, and as such are exempt from recovery through tariff mechanisms. The details of such projects are submitted within the instant petitions submitted by TP&MZ. The Petitioner further undertakes that prior approval of the Hon'ble Commission shall be obtained before execution of any major capital works (excluding grant funded projects), and the same shall be appropriately placed before the Commission in forthcoming tariff petitions.
6. Funding of Terminal Liabilities TP&MZ shall expedite the process of securing funds from the Government of Arunachal Pradesh towards employer's contribution for terminal liabilities, based on the latest actuarial valuation.	Noted by the Petitioner	In compliance with the directives of the Hon'ble Commission, the Petitioner submits the response received from the Senior Finance & Accounts Officer, Department of Power, Government of Arunachal Pradesh, regarding Funding of Terminal Liabilities
7. Approval for Deviation in Capital Expenditure Schemes	Noted by the Petitioner	In compliance with the Directives of the Hon'ble Commission, the petitioner undertakes that prior approval of the Commission shall be obtained for any addition, deletion

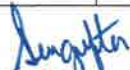
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TP&MZ shall obtain prior approval of the Commission for any addition, deletion, or modification of schemes, or any change in the funding pattern of schemes approved in the Business Plan. Prior approval shall also be taken for any emergency works to be undertaken during the Control Period, apart from those already approved.		or modification of schemes or any change in the funding pattern of forthcoming schemes in its forthcoming tariff petition. Further, the petitioner undertakes that prior approval shall also be sought for any emergency works to be undertaken during the Control Period
8. Transmission Loss The Petitioner shall independently monitor and maintain records of intra-state transmission losses within its network and shall submit details of energy received and energy sent out, supported with metered data, and provide analysis for the transmission losses observed, with section-wise details. Transmission losses should not be equated with ISTS losses, but instead be reported based on actual data duly certified by the SLDC.	Not complied	In compliance with the directives of the Hon'ble Commission, the Petitioner submits records of intra-state transmission losses within its network, including details of energy received and energy sent out, supported by metered data and section-wise analysis. The information has been duly certified and provided by the SLDC and is submitted as an annexure to this reply.
9. Energy Handled The Petitioner shall maintain and submit actual records of energy handled through its transmission system, duly reconciled with SLDC data, instead of	complied	In compliance with the directives of the Hon'ble Commission, the Petitioner submits actual records of energy handled through its transmission system, duly reconciled with SLDC data. The information, as certified by the SLDC,

relying solely on figures from the Distribution Business.		is attached as an annexure to this reply. The Petitioner undertakes to continue maintaining and submitting such records in future tariff filings.
10. Energy Audit and Implementation of SAMAST TP&MZ shall carry out annual Energy Audits of the State transmission network based on metered energy at all interconnection points, including the status of installed and functional meters. The Energy Audit Report, along with details of transmission losses, shall be submitted with the next tariff petition. Further, TP&MZ shall implement SAMAST at the earliest and report progress to the Commission.	Partially complied	In compliance with the directives of the Hon'ble Commission, the Petitioner submits the response received from the State Load Dispatch Centre (SLDC) regarding Energy Audits of the State transmission network based on metered energy at all interconnection points, including the status of installed and functional meters and implantation of SAMAST.
11. Institutional Capacity The Petitioner is directed to strengthen its institutional capacity by restoring systematic record-keeping practices that were affected due to loss of institutional memory. Adequate internal processes shall be developed to ensure compliance with regulatory timelines and requirements.	Partially complied	In compliance with the directives of the Hon'ble Commission, the Petitioner submits that, with a view to restoring institutional memory and strengthening internal capacity, tariff filing support consultancy services have been procured through a transparent and competitive bidding process, as already brought to the notice of the Hon'ble Commission earlier. The Letter of Award issued for the same is enclosed as an annexure to this reply.


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		The Petitioner further undertakes to strengthen institutional capacity and internal processes through development and implementation of a structured framework for systematic record-keeping, data management, and regulatory compliance. The Petitioner also submits that it shall, as required, explore engagement of long-term comprehensive support to ensure timely and effective compliance with regulatory timelines and requirements, in accordance with the directives of the Hon'ble Commission and with a view to maintaining regulatory discipline in the Arunachal Pradesh power system.
12. Open Access & Consumer Data The Petitioner shall maintain and report details of any Open Access consumers or consumers directly connected to the State Transmission System, if such cases arise in future.	Partially complied	In compliance with the directives of the Hon'ble Commission, the Petitioner submits the Standing Clearance issued by the SLDC for Open Access consumers. The Petitioner further undertakes to maintain and report details of any Open Access consumers or consumers directly connected to the State Transmission System, should such cases arise in future, and to submit the same as part of the relevant regulatory filings.


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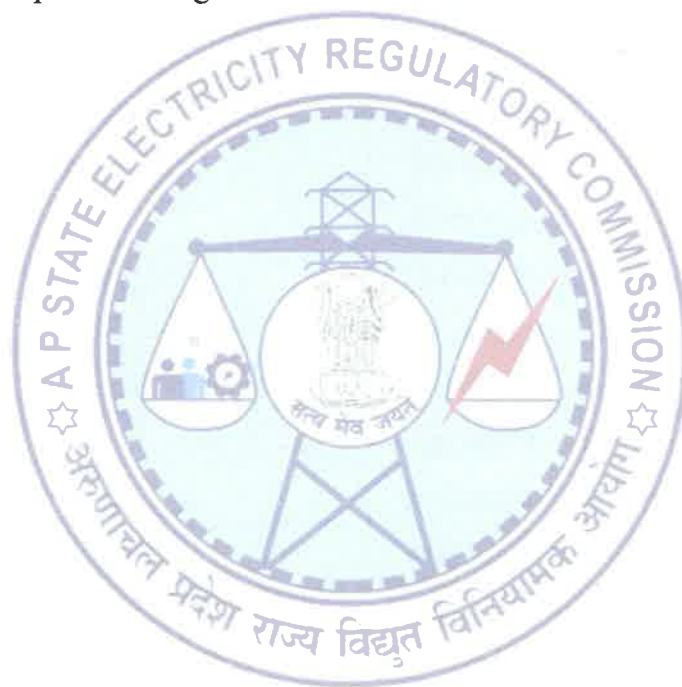
13. O&M Activities The Petitioner shall report to the Commission any O&M activities undertaken on assets not owned by TP&MZ, including the corresponding charges, if applicable.	complied	In compliance with the directives of the Hon'ble Commission, the Petitioner submits the Agreement between NER-II Transmission Limited & DoP, GoAP for O&M at Chimpu Substation. As per the agreement, the O&M charges are 8% of the Final Capital Cost. The Petitioner further undertakes to report to the Commission any operation and maintenance activities undertaken on assets not owned by TP&MZ, along with corresponding charges, wherever applicable.
14. Compliance of Audit Observations The Commission notes that the Statutory Auditors and the CAG have made several observations on the audited accounts of TP&MZ. The Petitioner shall take corrective actions expeditiously and submit compliance status to the Commission.	Not complied	In compliance with the Directives of the Hon'ble Commission, the response from the Senior Finance & Accounts Officer, DoP for compliance status for actions on observations on the audited accounts of the TP&MZ by the Statutory Auditors and the CAG is attached as Annexure to this reply.

Commission View:

The Commission has examined the compliance status submitted by the Petitioner against the directives issued in the previous Tariff Order. The Commission notes that while the Petitioner has complied or partially complied with certain directives, several important directives relating to maintenance of Fixed Asset Register and Depreciation Register, submission of audited financial statements, transmission loss monitoring, and compliance of audit observations are yet to be fully complied with. The Commission observes that in several cases the


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Petitioner has only furnished undertakings or enclosed replies received from other authorities instead of demonstrating actual compliance. The Commission reiterates that maintenance of proper asset records, audited accounts, transmission loss data, and regulatory reporting are essential for ensuring transparency, accountability, and efficient performance of the transmission utility. The Commission therefore directs the Petitioner to ensure complete and time-bound compliance of all pending directives and submit the detailed compliance status along with supporting documents with the next tariff petition filing.



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7 Directives

In addition to the directives issued in the previous Tariff Order, the Commission hereby issues the additional directives to TP&MZ with the objective of improving operational efficiency, ensuring transparency, strengthening institutional accountability, and streamlining the flow of information. The Petitioner shall submit periodic compliance reports and action taken on each of the following directives to the Commission. The directives are as follows:

1. Timely Filing of Tariff Petition

The Petitioner shall file the tariff petition within the timelines specified under the APSERC MYT Regulations along with the requisite fees as prescribed under the APSERC Fee Regulations. Any delay in filing shall be supported with proper justification and approval of the competent authority.

2. Submission of Complete Petition

The Petitioner shall submit complete tariff petitions along with all supporting documents, detailed information, unit-wise data, detailed break-up of expenses, and all applicable formats/forms prescribed under the APSERC MYT Regulations and APSERC Conduct of Business Regulations. The Petitioner shall also ensure consistency and accuracy of data submitted in various formats and annexures.

3. Submission of Transmission Licensee Fee

The Petitioner is directed to submit the applicable transmission licensee fee, which has remained pending since the inception of the Commission, in accordance with the provisions of the APSERC Fee Regulations and its amendment. The Petitioner shall also furnish year-wise details of licensee fees payable, fees already paid, outstanding dues, and status of compliance along with future tariff petitions. Any delay in payment of the applicable fee shall be properly explained before the Commission.

4. Transmission Availability Data

The Petitioner shall establish and maintain a proper mechanism for monitoring and recording Transmission System Availability in accordance with the provisions of the

APSERC MYT Regulations, 2024. The Petitioner shall submit monthly Transmission Availability data, duly certified by the SLDC, along with future tariff petitions. The methodology adopted for computation of availability and supporting records shall also be furnished to the Commission.

5. Transmission Loss

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

6. Metering and Transmission Loss Monitoring Mechanism

The Petitioner shall furnish detailed information regarding substations where meters are presently not available, along with the status of action taken, implementation plan, and timelines for installation of meters across the transmission network. The Petitioner shall also develop a centralized mechanism for monitoring, compilation, validation, and reporting of intra-State transmission losses and submit a realistic and data-backed transmission loss trajectory in future filings.

7. Employee Bifurcation and Manpower Details

The Petitioner shall submit detailed employee bifurcation data for TP&MZ in future tariff petitions, including category-wise details of regular, contractual, casual, ad-hoc, outsourced, and deputed employees. The Petitioner shall also furnish division-wise manpower strength, sanctioned posts, vacant positions, employee expenses, and staff deployed against transmission functions to enable proper assessment of employee cost and operational efficiency.

8. Energy Handled

The Petitioner shall maintain complete and accurate records of energy handled through its transmission system, including details of energy received, energy transmitted, and energy delivered at various interconnection points within the State transmission network. The data

shall be supported by meter readings and duly reconciled with SLDC records on a monthly basis. The Petitioner shall also furnish voltage-wise and division-wise details of energy handled, along with supporting schedules and methodology adopted for reconciliation. Any variation observed between SLDC data and TP&MZ records shall be properly explained in future tariff petitions.

9. Open Access Charges and Consumer Data

The Petitioner shall maintain and report details of Open Access consumers and consumers directly connected to the State Transmission System, along with applicable Open Access charges, energy wheeled, billing details, and related data, if such cases arise in future. The Petitioner shall also submit details of applications received, approvals granted or rejected, and the methodology adopted for determination and recovery of applicable charges in accordance with the prevailing Regulations and Orders of the Commission.

10. Submission of Supporting Documents

The Petitioner shall ensure that all claims relating to O&M expenses, capitalization, grants, transmission charges, and other expenditure are supported by proper documentary evidence, approvals, and audited records in future filings.

11. Status of Government Grants and Funding Support

The Petitioner shall submit detailed statements of grants, budgetary support, and funding received from the Government of Arunachal Pradesh, Government of India, and other agencies, along with utilization status and asset capitalization details in future filings.

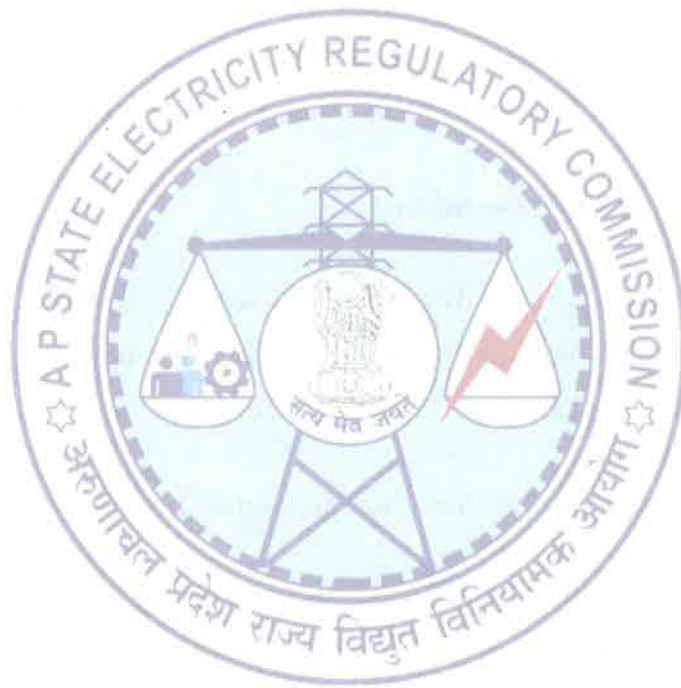
**S/d-
Shri Nich Rika
Member (Law)**

**S/d-
Shri R. K. Joshi
Chairperson**

Date – 10/06/2026

Place – Itanagar

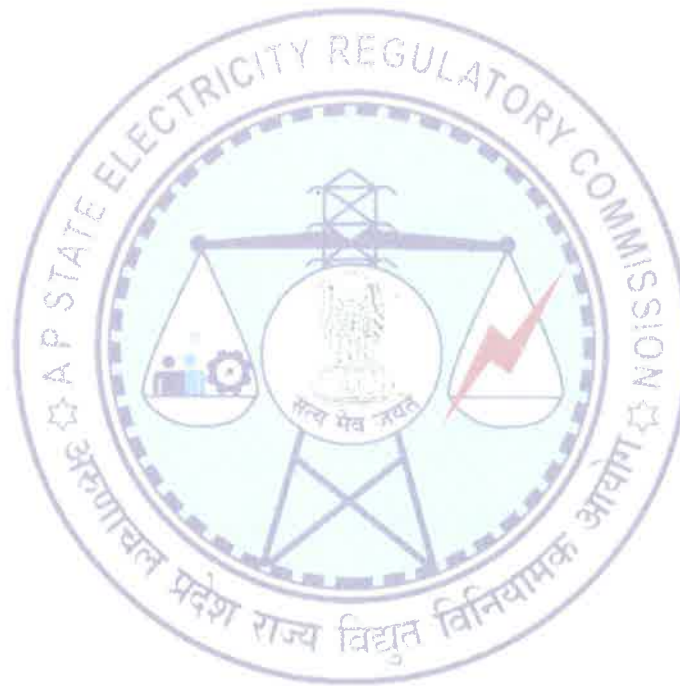

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Annexure-I

Table 42 : List of Participants during public hearing

Sl. No	Name	Designation
1	Er. Dagyom Ango	C.E (Com. cum CEI)
2	Mr. Moli Kamki	EE (E) TD-I
3	Mr. Jowge Dulom	EE (E), KKED
4	Mr. Niranjana Kumar Jha	EE (Comm.)
5	Mr. Soumyajit Das	Consultant ,TP&MZ



[Handwritten Signature]

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