



**COMPLIANCE**

**OF**

**DIRECTIVES**

**Issued vide Tariff Order**  
**for 2025-26**  
**dated 26-03-2025**

**Submitted by:**  
**Department of Power, Arunachal Pradesh**

## Compliance of Directives

### Chapter 11: Directives

#### 11.1 Efficient utilization of Free Energy

In light of the significant free energy that the state of Arunachal Pradesh will receive from upcoming hydroelectric projects, the Petitioner is hereby directed to take immediate measures to efficiently manage and utilize this resource. Notably, large-scale projects such as the Subansiri Lower HEP 2000 MW, which is scheduled for partial commissioning by June 2025 and full commissioning by April 2026, will provide the state with approximately 87% of free power from its allocated capacity of 274 MW. In addition, other big projects such as Dibang(2880MW), TATO-I (186 MW), HEO Hydro Electric Project(240MW) etc, and others are lined up, which will further benefit the state by providing substantial free energy.

To ensure the optimal use of this free power, the GoAP should think to establish a dedicated cell within the organization that will focus specifically on managing and accounting such free power from these upcoming projects. This cell will be responsible for developing strategies and implementing mechanisms to channelise this free energy in such a way that maximizes its economic/financial returns and reduces the overall power purchase cost, resulting into improved financial health of the power sector of the state.

By efficiently utilizing free power from these projects, the Petitioner will help lower the cost of electricity for consumers, contribute to the financial sustainability of the state's power sector, and promote overall development. The Petitioner is expected to submit regular reports on the progress of these initiatives and ensure that the free power is effectively integrated into the state's energy procurement strategy. Further the Petitioner is directed to maintain an online **surplus energy accounting mechanism** to track excess power availability from different sources which shall be optimally utilized through a Dedicated Planning & Trading Cell (DPTC) within appropriate State Government Establishment, engaging in following activities in a transparent way:

- **Banking arrangements** with other utilities.
- **Sale in energy exchanges** for revenue optimization.
- **Utilization within the state** to reduce procurement costs.

**A quarterly report on such surplus energy transactions must be submitted to APERC.**

**Compliance/ Action Taken:**

The Department of Power, GoAP, acknowledges the Commission's directive regarding efficient management and utilization of free energy accruing from upcoming hydroelectric projects.

Accordingly:

1. A proposal shall be initiated to establish a "Dedicated Planning & Trading Cell (DPTC)" under the Department for the management of free and surplus energy from commissioned hydro projects (including Subansiri Lower, Dibang, Tato-I, HEO, etc.).
2. The proposed Cell will handle:
  - o Accounting of free power received;
  - o Banking and bilateral arrangements with other utilities;
  - o Sale through power exchanges for revenue optimization;
  - o Internal utilization planning to minimize power purchase costs.
3. A digital framework for surplus energy accounting and reporting shall be designed/prepared in consultation with the State Load Despatch Centre (SLDC).

The Department shall submit the Quarterly reports on surplus energy accounting from next quarter of FY 2025-26.

## **11.2 Forecasting tool or agencies**

In order to ensure optimal utilization of power procurement and maximize revenue from the sale of excess energy, the Petitioner is hereby directed to establish a proper forecasting tool or engage specialized agencies to assist in this process. This tool or agency will be responsible for accurately forecasting the state's energy demand, ensuring that procurement strategies align with demand patterns, and identifying opportunities for the sale of excess energy.

By implementing an efficient forecasting mechanism, the Petitioner will be better equipped to balance in-state demand with available energy resources, minimizing procurement costs and ensuring that any surplus energy is effectively sold at competitive rates, thereby maximizing revenue.

The Petitioner is required to submit a detailed plan on the development or engagement of the forecasting tool or agency, along with periodic reports on its performance and results.

**Compliance / Action Taken:**

1. The Department shall initiate steps to engage an appropriate consultant and set up a dedicated cell for forecasting demand and generation forecasting under competitive bidding.
2. Simultaneously, the issue will also be discussed with POSOCO/NRLDC to integrate short-term load forecasting through available tools at SLDC, Itanagar.
3. A detailed plan outlining the scope, software requirements, and expected outcomes will be submitted to APERC by March 2026.

Further, Periodic performance reports of the selected forecasting system will be furnished every quarter post-implementation.

**11.3 Finalizing Fixed Asset Register**

The Commission has previously directed the Petitioner to prepare and finalize the Fixed Asset Register, which remains pending. In view of this, the Petitioner is hereby directed to take immediate action to finalize the Fixed Asset Register, ensuring that it accurately reflects all fixed assets owned by the organization.

The Fixed Asset Register must be comprehensive, updated, and in compliance with accounting standards and regulatory requirements. The Commission further directs the Petitioner to update the status of progress on preparation of FAR within three months from the date of issue of this order.

**Compliance / Action Taken:**

1. The preparation of the Fixed Asset Register (FAR) has been initiated using data from all field divisions.
2. Asset data for transmission and distribution networks are being compiled. Verification of capitalization and assets shall also be taken up subject to approval of the competent authority.
3. The final FAR will be aligned with the APERC Regulations & Accounting Standards issued by ICAI.

A complete, verified FAR will be finalized and submitted to APERC at earliest.

**11.4 Recategorization of Consumer Classification**

The Commission has observed that the current classification of consumers into specific categories does not align with the intended profiles or nature of the consumers, leading to potential misclassifications. A simplification of present consumer categorisation also seems necessary. In light of this, the Petitioner is directed to ensure review and see that consumers are accurately categorized based on their electricity usage patterns and load requirements. Consumer classification should reflect the type of usage and capacity, and ensure that each consumer is placed in the appropriate category. Consumers must be charged tariffs that correspond to their correctly assigned categories. Unauthorized classification of consumers into inappropriate categories which do not align with their actual usage and load requirements should be strictly avoided. An annual review of the consumer classification should be carried out to ensure that all consumers are accurately categorized. Any misclassified consumers identified during the review process must be corrected within three months from the date of identification.

The Petitioner is directed to submit an action plan on the categorization of the consumer.

**Compliance / Action Taken:**

1. The Department shall form an internal committee to review existing consumer categories under the Supply Code.
2. Field data collection is ongoing to verify consumer classification based on connected load and usage. The process is being synchronised with the implementation of smart prepaid meters under RDSS (AMISP).
3. Instances of misclassification identified during billing audits shall be corrected.

An Action Plan for Consumer Reclassification will be submitted shortly.

**11.5 T&D Losses & Conducting Energy Audit**

The APDOP is directed to conduct a comprehensive energy audit to assess losses accurately in the power distribution system. For this purpose, it is essential to ensure the installation of energy meters at all feeders across the following voltage levels:

- 220 kV
- 132 kV
- 33 kV
- 11 kV
- All Distribution Transformers



The energy audit will play a crucial role in identifying high-loss areas, enabling the department to take necessary remedial measures to reduce distribution losses and improve efficiency.

S. No.	Category of feeder	No's of Feeder metered	No's of Feeder unmetered
1	220 kV		
2	132 kV		
3	33 kV		
4	11 kV		
5	Distribution Transformers		

**Compliance / Action Taken:**

1. Energy audit is being done every year. The report is attached herewith.
2. Procurement and installation of missing feeder meters are being planned through the Revamped Distribution Sector Scheme (RDSS), and the work is in progress.

**11.6 Consumer Security Deposit**

The Commission once again directs the Petitioner, the Department of Power, Government of Arunachal Pradesh (APDOP), to submit a comprehensive compliance report on the status of security deposits collected from consumers. Despite multiple directives, including the order dated 26.11.2024 in MP-09 of 2024, the Petitioner has failed to provide the required details. The relevant extract of the order is referred below:

*"35. We are of the view that security deposits of other similar consumers must also be reviewed and corrected as per the relevant regulatory provisions. As such, The petitioner i.e. The Department of Power, Government of Arunachal Pradesh is therefore directed to submit a compliance report, accompanied by an affidavit, confirming that the security deposits charged from consumers is in compliance with the applicable provisions of the Supply Code Regulations. Compliance report along with affidavit must be submitted to the Commission within 3 [three] months from date of issue of Order."*

The Commission observes that the Petitioner has merely submitted general letters from its various divisions, stating that the security deposit is being charged as per APSERC Supply Code Regulations, without providing the actual figures and details as directed. This reflects a casual approach towards regulatory compliance. The Commission reiterates that the Petitioner must furnish a comprehensive compliance report detailing the actual amounts of security deposits held across different consumer categories and the methodology for interest adjustment in consumer bills, as per APSERC Supply Code Regulations. The Petitioner is hereby directed to submit a compliance report outlining the action plan undertaken regarding security deposit management within three months from the date of issuance of this order.

**Compliance / Action Taken:**

1. The Department is compiling data on security deposits across all consumer categories from divisions statewide.
2. Reconciliation of consumer-wise deposits shall also be done.
3. Interest adjustment mechanisms, as per APSERC Supply Code Regulations, shall be implemented through appropriate mechanism/software as may be approved by the competent authority.

A comprehensive report confirming compliance with the Supply Code will be submitted to APSERC shortly.

**11.7 Renewable Purchase Obligation**

The Ministry of Power, through notification S.O. 4617(E) dated October 20, 2023, issued the latest RPO trajectory to be adhered to by the respective entities. Accordingly, the Petitioner is directed to comply with the specified trajectory for the period FY 2025-26 to FY 2029-30 and report quarterly progress on RPO fulfilment to the Commission. Additionally, the Petitioner must submit the required information in the prescribed format provided in Annexure IV.

**Compliance / Action Taken:**

1. The Department acknowledges the RPO trajectory notified by the Ministry of Power (S.O. 4617(E) dated 20.10.2023).
2. The Department is taking initiative to meet the RPO target.
3. Quarterly RPO Compliance Reports has been submitted to APSERC for all quarters of FY 2024-25.

**Annexure IV Format to be filled for RPO Compliance**

Wind RPO Compliance Statement								
NAME: Name of Distribution Licensee								
Financial Year	Actual Energy Consumption During the Year	WPO Target		Wind Energy Consumed *	Excess HPO/Other RPO adjusted as allowed by MoP	Purchase of REC ** if in future allowed to meet WPO	Total  (C+D+E)	Unfulfilled/(Surplus) as per MoP Target  [1-2]
			for Financial Year as stipulated by the MoP					
FY	(A)	(B)	[1=A*B]	(C)	(D)	(E)	[2]	[3]
	(MU)	(%)	(MU)	(MU)	(MU)	(MU)	(MU)	(MU)
2024-25				NIL				
<b>Note:-</b> * from Wind Power Projects (WPPs) commissioned after 31st March, 2024 developed, the details are to provided. **currently there is no specific mechanism to fulfill WPO through REC or any other product but if in future it is developed, the details are to provided. sumption targets shall be met either directly or through Certificate in accordance with the Central Electricity Regulatory Commission (Terms and Conditions for Renewable Energy Certificates for Renewable Energy Generation) Regulations, 2022, published in the Gazette of India, Extraordinary, Part III, Section 4, dated the 24 <sup>th</sup> May,2022								

**11.8 Payment of Annual License Fee**

Since the establishment of the Commission in FY 2011-12, licensees are mandated to pay a license fee in accordance with the Payment of Fees Regulation, 2011, and its subsequent amendments. Accordingly, DoP, AP has been liable to pay the license fee from 2011 onwards, as the Commission has already accounted for this expenditure in

the ARR for the respective years. Despite multiple communications on this matter, DoP, AP has only made a partial payment of the license fee, which did not include the applicable late fee. The Petitioner has further prayed for waiving off the late fee for previous years.

The Commission has considered the petitioners prayer for waive off the late fee charges however the Petitioner is directed to submit the principal amount due for the previous years within 3 months from the date of issue of this order. Additionally, DoP, AP must ensure timely payment of the license fee for future years in accordance with the stipulated timeline set forth in the Payment of Fees Regulation.

**Compliance / Action Taken:**

1. All dues have been cleared up to the year 2024–25 as per the APSERC (Payment of Fees) (1st Amendment) Regulations, 2017.
2. For future years, the Department will ensure timely annual payment in line with APSERC (Payment of Fees) Regulations, 2025.



(Duyu Tacho)  
Chief Engineer (Commercial)  
Department of Power  
Government of Arunachal  
Pradesh, Itanagar