

ARUNACHAL PRADESH STATE ELECTRICITY REGULATORY COMMISSION,
ITANAGAR

Petition No. MP-07 of 2024

Subject : Miscellaneous Petition under Regulation 12, 13 and 43 of Arunachal Pradesh State Electricity Regulatory Commission (Conduct of Business) Regulations, 2011("CRB 2011") read with Regulation 8.7 of the Arunachal Pradesh State Electricity Regulatory Commission (Electricity Supply Code) Regulations, 2024, ("Supply Code, 2024") seeking relaxation of Regulation 3.21.4(1) read with Annexure 10.10 of Supply Code relating to security deposit for the new connection.

Petitioner : Aether Alloys LLP

Respondent : Department of Power, Government of Arunachal Pradesh & Anr.

Date of Hearing : 27.8.2024


Coram : Shri R. K. Joshi, Chairperson
Shri Nich Rika, Member (Law)

Parties Present : Shri H.K. Jamoh, Advocate, Aether Alloys LLP
Shri Anand Shankar Roy, Aether Alloys LLP
Shri Niraj Sharma, Aether Alloys LLP
Shri Okom Siram, Department of Power, Government of A.P.
Shri Rajesh Sharma, Department of Power, Government of A.P.

Record of Proceeding

The representative of the Petitioner made the following submissions:

- a. The Petitioner is at advanced stage of establishing a greenfield ferro alloy unit. It is a power intensive industry, and its first furnace requires 18 MW of power.
- b. The Petitioner was attracted to set up a Ferro Alloy Industry considering its shortages of Ferro Silicon in Country as most of the domestic demand is presently met by Imports. Arunachal Pradesh is selected by the Petitioner to avail the benefits of its low industrial tariff and availability of surplus power.
- c. The Petitioner was enthused by the Arunachal Pradesh State Industrial and Investment Policy, 2020 which laid emphasis on creating income and employment, economic development of the State and provided for conducive environment of setting up of manufacturing units.

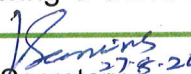

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- d. The agreement for lease of land inside Niglok-Industrial Growth centre has already been signed with the Government of Arunachal Pradesh in 27.9.2018
- e. The Petitioner has already completed a 132kV LILO & 132/33 kV, 2X25 MVA Sub-station in the allotted premises at his own cost.
- f. To supply the required power to us, an agreement with Department of Power has been signed for 36 MW with the Security Deposit (SD) for this new power connections at the rate Rs. 5 lakh per MW.
- g. While approached the banks for the loan on the strength of these agreements in hand, bank denied the loan on the plea that the asset of 132kV LILO & 132/33 kV, 2X25 MVA Sub-station completed on the project cost cannot be an asset of Department of Power, which otherwise was a clause in the agreement.
- h. The Petitioner again approached Department of Power and a fresh agreement for 18 MW power was signed on 30.6.2022.
- i. While entering into a fresh agreement with the Department of Power, Government of Arunachal Pradesh on 30.6.2022, security deposit to be paid for fresh connection was increased to Rs. 4,34,16,000/-.
- j. As such power availability agreement was necessary to avail the loan, there was no alternative with the Petitioner and he succumbed to the condition imposed by the Department of Power and signed the agreement.
- k. The Petitioner's manufacturing unit is ready for commissioning. However, the Petitioner is unable to commission its unit as he is not able to deposit the total required Security Deposit of Rs. 4.34 crore (approx..).
- l. The delay in depositing security deposit is further delaying commissioning of the unit and causing financial losses to the Petitioner.
- m. The instant petition is filed for relaxing the provisions of the Supply Code.
- n. The Department of Power, AP, also does not have objections in relaxing the provisions in respect of the Security Deposit.

2. The learned counsel of the Petitioner submitted that the instant petition is filed for relaxing the provisions relating to Security Deposit under its Power to Relax, as provided under Regulation 43 of the Conduct of Business Regulations, 2011 read with Regulation 8.7 of the Electricity Supply Code Regulation, 2024. He submitted that the Petitioner is praying for relaxing the provisions in respect of the Security Deposit on the ground of "**public interest**" and in the "**interest of justice**". In this regard he referred to the Hon'ble Supreme Court judgement in **Premium Granite Vs. State of Tamil Nadu and others (1994)**, wherein the Hon'ble Supreme Court relaxed the provisions of the MMRD Act, 1957 in the public interest. He also requested to *suo motu* implead the Department of Industry, Government of Arunachal Pradesh as a Respondent in the matter.

3. The Petitioner is directed to submit the statements made in the hearing on affidavit alongwith a comparative statement of the power tariff and the Security Deposit, one has to pay in case a new EHT connections is applied in the neighbouring States like Assam, Meghalaya and other NE States. The Petitioner is also required to establish the "public interest" involved in the matter. The Petitioner is also directed to submit the data showing a trend that low Industrial tariff and power


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availability in Arunachal has attracted Investors in last decade since when the Industrial tariff of state is lowest in NE States.

4. The representative of the Department of Power submitted that the Petitioner has been neither impleaded it as a party nor served copy of the petition on them. Therefore, they are not in a position to make any submissions in the matter.

5. The Petitioner is directed to

- a. Implead the Department of Power, Government of Arunachal Pradesh represented by Chief Engineer, (Commercial cum CEI) as Respondent No. 1 and the Department of Industry, Government of Arunachal Pradesh represented by Director (Industries) as Respondent No. 2.
- b. To file revised memo of parties and provide a copy of the petition alongwith the relevant documents to the parties.

6. The Respondents are directed to file their reply by 9.9.2024 with a copy to the Petitioner and the Petitioner to file a rejoinder, if any, by 23.9.2024.

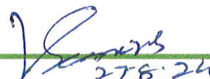
7. The matter is listed for final hearing on 24.9.2024.

Sd/-

(**Nich Rika**)
Member (Law)

Sd/-

(**R.K.Joshi**)
Chairperson


27.8.24

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