

BEFORE
THE HON'BLE ARUNACHAL PRADESH STATE ELECTRICITY
REGULATORY COMMISSION



PETITION FOR APPROVAL OF
ANNUAL PERFORMANCE REVIEW (APR) FOR FY 2025-26

SUBMITTED BY:
TRANSMISSION, PLANNING & MONITORING ZONE (TP&MZ),
DEPARTMENT OF POWER, GOVERNMENT OF ARUNACHAL
PRADESH



BEFORE THE HON'BLE ARUNACHAL PRADESH STATE ELECTRICITY REGULATORY COMMISSION

Petition No: _____ of _____

IN THE MATTER OF:

Petition for Approval of Annual Performance Review (APR) for FY 2025-26

AND

IN THE MATTER OF:

Transmission, Planning & Monitoring Zone (TP&MZ), Department of Power, Government of Arunachal Pradesh Petitioner



The Petitioner most respectfully submits as follows:

- The Petitioner, the Transmission, Planning & Monitoring Zone (TP&MZ), Department of Power, Government of Arunachal Pradesh (herein after called 'TP&MZ'), is a Government Department under the Government of Arunachal Pradesh, and is the State Electricity Transmission Utility (STU) for the State of Arunachal Pradesh.
- The petitioner, being a Government Department, is a Deemed Transmission Licensee as per Section 14 of the Electricity Act 2003.
- As per Section 64 of the Electricity Act 2003 read along with the Arunachal Pradesh State 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, the licensee has to file the Petition for Approval of APR for FY 2025-26, ARR for FY 2026-27; and Determination of Tariff for FY 2026-27.
- Accordingly, the mandated submission, is hereby filed for necessary action of the Hon'ble Commission as deemed fit.

The Petitioner further declares that the subject matter of the petition has not been raised by the Petitioner before any other competent forum, and that no other competent forum is currently seized of the matter or has passed any orders in relation thereto.



Prayers before the Hon'ble Commission:

The Petitioner respectfully prays that the Hon'ble Commission may:

- Admit the instant Petition and examine the proposal submitted by the Petitioner in the enclosed petition for a favorable dispensation;
- Approve the Petition for Annual Performance Review (APR) for FY 2025-26, under the Arunachal Pradesh State 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.
- 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.
- 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.
- 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.
- 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.
- Pass separate Order for the Petitioner against the present petition;

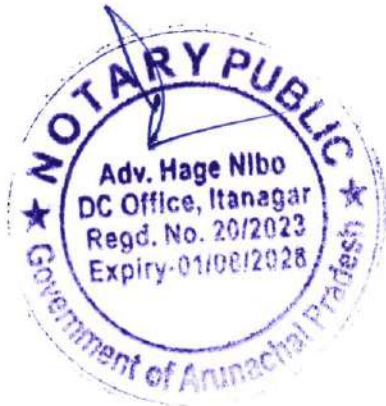




- Condone any inadvertent omissions/ errors/ shortcomings and permit the Petitioner to add/ change/ modify/ alter this filing and make further submissions as may be required at a future date;
- Pass such Order, as the Hon'ble Commission may deem fit and appropriate keeping in view the facts and circumstances of the case;
- 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;

Place: Itanagar

Date: _____



Tana Kaya Tara

(T. K. Tara)

Chief Engineer (Power)

Transmission, Planning & Monitoring Zone
(TP&MZ)

Chief Engineer (Power)
Transmission, Planning & Monitoring Zone,
Dop, Vidhyut Bhawan, Itanagar, A.P-791111.



AFFIDAVIT

I, **Shri T. K. Tara**, age about 57 Years, S/o. Late Tana Todu, presently serving as the Chief Engineer (Power), Transmission, Planning & Monitoring Zone (TP&MZ), Department of Power, Itanagar, Arunachal Pradesh, do hereby affirm and states, as follows:

- That the applicant of the application, is fully conversant with all the facts and the circumstances of the case and is competent to swear and sign this Affidavit.
- That the statements made in this Petition are true to the best of my knowledge and belief

Sworn and declared before me by the deponent at Itanagar on

24 DEC 2025

Notary, ICR, AP

OATH

Hence, I swear that, to the best of my knowledge and belief, this affidavit/ declaration is true, that it conceals nothing, and that no part of it is false, so help me God.

And I sign this Affidavit in the Hon'ble Commission Premises at Itanagar, Arunachal Pradesh, on this 24th Day of Dec. 2025.

Identified By: -

Identified/Verified/Authenticated by me on 24/12/2025

Hage Nibo
Advocate & Notary Public
D.C. Office, Itanagar

Tara Kaya Tara

DEPONENT

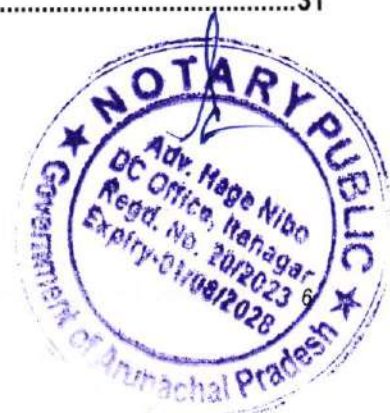
Chief Engineer (Power)
Transmission, Planning & Monitoring Zone,
Dop, Vidhyut Bhawan, Itanagar, A.P-791111

Adv. Hage Nibo
Advocate & Notary Public, Govt. of A.P
D.C Office, Chandra Nagar, Itanagar
Regd. No : 20/2023
Expiry : 01/08/2028



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List of Abbreviations

Abbreviation	Full Description
APR	Annual Performance Review
ARR	Aggregate Revenue Requirement
ATE	Appellate Tribunal for Electricity
CERC	Central Electricity Regulatory Commission
PGCIL	Power Grid Corporation India Limited
CGS	Central Generating Stations
Ckt – kms	Circuit Kilometres
Co-gen	Cogeneration Power Plant
CPP	Captive Power Plant
CWIP	Capital Work In Progress
EA - 2003	The Electricity Act 2003
FY	Financial Year
GFA	Gross Fixed Assets
GoAP	Government of Arunachal Pradesh
GoI	Government of India
HT	High Tension
HV	High Voltage
IDC	Interest During Construction
IPP	Independent Power Project
kV	Kilo Volt
LT	Low Tension
LV	Low Voltage
MCLR	Marginal Cost of Lending Rate
MoP	Ministry of Power, Government of India
MU	Million Units
MYT	Multi Year Tariff
NCE / NCES	Non-Conventional Energy Sources
SEB	State Electricity Board
SGS	State Generating Stations
S/s	Sub-Station
TO	Tariff Order
SLDC	State Load Dispatch Centre
SOC, MOC	System Operation Charges, Market Operation Charges
STOA	Short Term Open Access



1. Introduction

1.1. Background

The Arunachal Pradesh Department of Power (DoP, AP) was created in 1992 by separating from the Arunachal Pradesh Public Works Department (APPWD). At that time, the entire power management including generations, transmissions, and distributions was the responsibility of the DoP, AP. In the year 2004, a Department of Hydro Power Development (DHPD) was created by bifurcating from the DoP, AP and thereby separating the generation from the purview of the DoP, AP.

The TP&MZ, DoP, AP, a Government Department, functioning under the Government of Arunachal Pradesh is the State Electricity Transmission Utility (STU) for the State of Arunachal Pradesh as per provision of Section 14 of the Electricity Act, 2003.

Section 62 of the Electricity Act 2003 requires the STU to furnish details as may be specified by the Appropriate Commission for determination of tariff. In addition, as per the MYT Regulations issued by the Hon'ble Commission, the Petitioner is required to file for all reasonable expenses it believes would incur over the next control period and seek the approval of the Hon'ble Commission for the same. Further, as per the MYT Regulations issued by the Hon'ble Commission, 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.

The Govt. of India notified the Electricity Act, 2003 on 10th June 2003 repealing the Indian Electricity Act-1910, the Electricity (Supply) Act 1948 and the E.R.C. Act, 1998. Among the tariff related provisions, the State Electricity Regulatory Commission (SERC) has to be guided by National Electricity Policy and National Tariff Policy. The generation, transmission and distribution tariff have to be determined separately. The Hon'ble Arunachal Pradesh State Electricity Regulatory Commission has framed Regulations specifying the terms and conditions for determination of transmission tariff.

While submitting this Petition, the Petitioner has placed utmost efforts to adhere to the said Regulations framed by this Hon'ble Commission.

1.2. Rationale for filing of Instant Petition

Section 62 of the Electricity Act, 2003 requires the Transmission Licensee to furnish details as may be specified by the SERC for determination of tariff. In addition, as per the regulations issued by the Hon'ble Commission, the Petitioner is required to 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 and seek the approval of the Hon'ble Commission for the same.



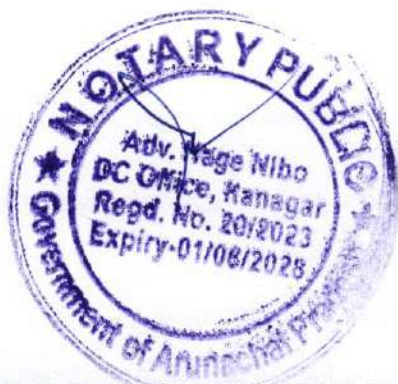


The current petition has been prepared in accordance with the provisions of the following Acts/ Policies/ Regulations:

- The Electricity Act, 2003;
- The National Electricity Policy;
- The National Tariff Policy, and amendments issued therein;
- The APERC (Multi Year Tariff) Regulations, 2024 notified by the Hon'ble Commission, vide Gazette No. 443 dated December 10, 2024, read along with its amendments and orders, as applicable, issued by the Hon'ble Commission.

The Petitioner has made genuine efforts for compiling all relevant information relating to the Business Plan as required by the regulations issued by the Hon'ble Commission and has also made every effort to ensure that the information provided to the Hon'ble Commission is accurate and free from material errors. The Petitioner therefore prays to the Hon'ble Commission that the information provided be accepted for the current filing.





2. Overall Approach and Provision of Law

2.1. Present Approach

The Petitioner is filing its Petition for Approval of Annual Performance Review (APR) for FY 2025-26 for the consideration of the Hon'ble Commission. The Petitioner requests the Hon'ble Commission to kindly approve the same in accordance with the applicable regulations.

2.2. Data and information sources

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). Further, the actual historical data pertaining to Transmission Losses has been obtained from the Commercial Wing of the Department of Power, Government of Arunachal Pradesh.

2.3. Provision of Law

Provisions for Business Plan as provided in the APSERC (Multi Year Tariff) Regulations, 2024 are as follows:

2.6. Revised ARR, Annual Performance Review and True Up

- (1) *The Generating Company, Transmission Licensee or Distribution Licensee as the case may be shall be subject to an annual review of performance of current year and determination of revised ARR and tariff for ensuing 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.*
- (2) *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.*

Provided that the Generating Company or Transmission Licensee or Distribution Licensee, as the case may be, shall submit to the Commission information in such form as may be prescribed by the Commission, together with the Audited Accounts, extracts of books of account and such other details as the Commission may require to assess the reasons for and extent of any variation in financial performance from the approved forecast of ARR and expected revenue from tariff and charges;

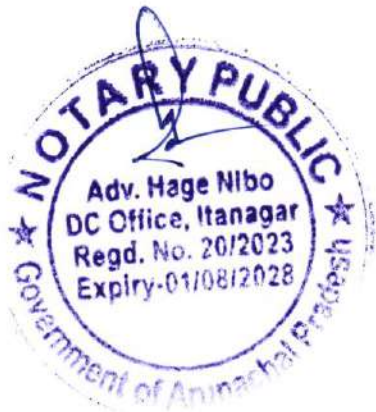
Provided further that the information for the previous year shall be based on audited accounts and in case audited accounts for previous year are not available, audited accounts for the immediately preceding previous year should be filed along with un-audited accounts for the previous year.

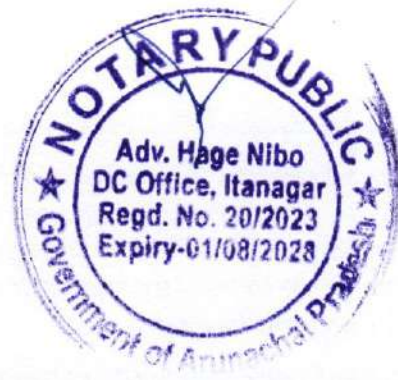
- (3) *The scope of the annual review and True up shall be a comparison of the actual performance of the Generating Company, Transmission Licensee, SLDC or Distribution Licensee with the approved forecast of Aggregate Revenue Requirement and expected revenue from tariff and charges and shall comprise the following:*



- (a) *True Up: a comparison of the audited performance of the applicant for the previous financial year with the approved forecast for such previous financial year, subject to the prudence check including pass through of impact of uncontrollable items. This includes categorisation of variations in performance with reference to approved forecast into factors within the control of the applicant (controllable items) and those caused by factors beyond the control of the applicant (un-controllable items).*
- Provided such categorization of the controllable and uncontrollable items shall be done in accordance with Regulation 2.7 of these Regulations.*
- Provided that final accounts will be submitted at the time of submission of True up Petition of the Generation Company, Transmission Licensee, Distribution Licensee or SLDC.*
- (b) *Annual Performance Review: comparison of the revised performance targets of the applicant for the current financial year with the approved forecast in the MYT order corresponding to the Control period for the current financial year subject to prudence check.*
- (4) *Upon completion of the true-up, any variations or expected variations in performance, for variables other than those specified under Regulation 2.7 below, shall not be reviewed by the Commission during the Control Period and shall be attributed entirely to controllable items.*
- (5) *The Commission shall allow carrying cost for the true-up amount (positive or negative) at interest rate equivalent to the normative interest rate of three hundred (300) basis points above the average State Bank of India MCLR (One Year Tenor) prevalent during the true-up year.*

In line with the above provisions, the Petitioner has submitted the Petition for Approval of APR for FY 2025-26.





3. Regulatory Framework

3.1. Background

As per the Constitution, the power sector in India was the combined responsibility of Central and State Government. Over the years, reforms in Indian power sector have been driven by the Union Government in an endeavour to achieve sustainable growth & improvement in operational efficiencies. One of the hallmarks of this reform Agenda is the Electricity Act, 2003 (hereinafter referred as EA, 2003 or simply the "Act" unless specified otherwise).

The Electricity Act 2003 attempts to induce competition in electricity sector for creating an environment conducive to supply good quality of electricity to all categories of consumers at affordable/reasonable prices. The access to electricity markets for captive generators, open access participants and parallel licensees has led to evolution of multi buyer market mechanism. Adequate investment in Intra-state and Inter-state transmission infrastructure would also be required for supporting power generation. This vibrant power market would act as magnet for coastal power plants based on imported fuel, competitive merchant power plants set up pursuant to the promotional policies like mega power plants etc, and incentives offered by the Government such as availability of state specific resources like land, water, rebate in local taxes, etc.

The state regulator has issued several regulations to build a strong framework and a stable business environment. The Statutory and Regulatory provisions of Hon'ble APSPERC would require that TP&MZ maintains and operates an efficient network that can service the multiple players that would enter the market and ensures that the power flow in the state is not affected.

3.2. Enabling Provisions in EA-2003

The Government of India notified The Electricity Act, 2003 with effect from 10th June 2003 requires the State Governments to initiate major changes in the Industry Structure and Operations of the state power sector. The broad objectives of the Electricity Act, 2003 as incorporated in its preamble is to consolidate the laws relating to generation, transmission, distribution, trading and use of electricity and generally for taking measures conducive to development of electricity industry through way of reforms and restructuring, promoting competition therein, protecting interest of consumers and supply of electricity to all areas, rationalization of electricity tariff, ensuring transparent policies regarding subsidies, promotion of efficient and environmentally benign policies, constitution of Central Electricity Authority, Regulatory Commissions and establishment of Appellate Tribunal and for matters connected therewith or incidental thereto.

It has introduced a number of innovative concepts like de-licensing of generation, power trading, Open Access, Appellate Tribunal, etc., and special provisions for the rural areas. The Act has made it mandatory for all the States to restructure their SEBs.

The major provisions of the electricity Act 2003 related to Transmission were:

- As per Section 3 of the Electricity Act 2003, the CEA has been entrusted with the responsibility of preparing the National Electricity Plan in accordance with the National Electricity Policy and notify such plans once in five years.



- Preparation, publication and notification of National Electricity Plan by the Central Electricity Authority. (Section 4)
- Private sector participation in transmission through grant of license by the appropriate Regulatory Commission. (Sections 12,13,14,15)
- CTU (Central Transmission Utility) / STU (State Transmission utility) to be deemed transmission licensee. (Section 14)
- Planning, coordination, development and undertaking transmission of electricity through inter-state system by the Central Transmission Utility. (Section 38)
- Planning, coordination, development and undertaking transmission of electricity through intra-state system by the State Transmission Utilities. (Section 39)
- Licensee to provide non-discriminatory open access to any licensee or generating company and to any consumer as and when open access is provided by SERC in Transmission. (Section 40)
- Open access to be provided against payment of transmission charges as determined by CERC/SERC.
- Advise to the Central Government on matters relating to the national electricity policy, formulate short-term and perspective plans for development of electricity system and coordinate the activities of the planning agencies.
- Governments, licensees or the generating companies for improved and coordinated operation of electricity system under their ownership, and advise to the Appropriate Governments and Appropriate Commissions on technical matters relating to generation, transmission and distribution of electricity by the Central Electricity Authority. (Section 73)
- Regulation and tariff determination for inter-state transmission by the Central Electricity Regulatory Commission. (Section 79)
- Facilitation and tariff determination for intra-state transmission by the State Electricity Regulatory Commissions. (Section 86)

Also, the Act has envisages competition in transmission and has provisions for grant of transmission licenses by the Central Electricity Regulatory Commission (CERC) as well as State Electricity Regulatory Commissions (SERCs). Further, the Act creates a conducive environment for investments in all segments of the industry, both for public sector and private sector, by removing barrier to entry in different segments.

CTUs and STUs functions as specified in the Act are:

- Transmission;
- Planning & co-ordination of transmission system;
- Development of efficient and economical transmission lines from generating stations to load centres;
- Providing non-discriminatory open access to the system





3.3. Legal Structure of Power Transmission in India

Ministry of Power of the Government of India (GoI) is at the helm of Indian Power Industry, providing policy guidance to the sector. The Central Electricity Authority (CEA) constituted under Electricity Supply Act 1948, is a body for advising GoI on technical matters and is responsible for preparing National Electricity Plan in accordance with the National Electricity Policy.

The Central Electricity Regulatory Commission established as per the Electricity Regulatory Commission Act, 1998, regulates the power sector at national level including functioning of central power utilities like the NTPC and NHPC, which are engaged in generation, and PGCIL, which is engaged in interstate power transmission.

At the state level, state governments control the sector through the erstwhile state electricity boards (SEBs) and electricity departments (EDs). In many states the SEBs are now unbundled or corporatized as per the EA 2003. Separate utilities are responsible for generation, transmission, and distribution, usually within their own states and territories. Intra-state transmission is exclusive domain of SEBs and State Transmission Utilities (STUs) formed out of unbundled SEBs.

3.4. National Electricity Policy

The National Electricity Policy was notified by GoI as per provisions of the Act on February 12, 2005. This Policy aims at accelerated development of the power sector, providing supply of electricity to all areas and protecting interests of consumers and other stakeholders keeping in view availability of energy resources, technology available to exploit these resources, economics of generation using different resources and energy security issues;

The development of the National Grid is an important feature of the Policy. The Policy states that the Transmission System requires adequate and timely investments and also efficient and coordinated action to develop a robust and integrated power system for the country. It further recognizes that there is need for adequately augmenting transmission capacity in view of the massive increase planned in generation and also for development of power market.

The Policy notes that in view of the required magnitude of the expansion of the sector, a sizeable part of the investment requirement will need to be brought in from the private sector. In keeping with this, it specifies that special mechanisms would be created to encourage private investment in the transmission sector so that sufficient investments are made for achieving the objective of demand to be fully met by 2012.

The National Electricity Policy notified on 12th February, 2005 inter-alia states

"5.3.1 The Transmission System requires adequate and timely investments and also efficient and coordinated action to develop a robust and integrated power system for the country.

5.3.2 Keeping in view the massive increase planned in generation and also for development of power market, there is need for adequately augmenting transmission capacity..... 5.3.10 Special mechanisms would be created to encourage private investment in transmission sector so that sufficient investments are made for achieving the objective of demand to be fully met by 2012.



5.8.1 Considering the magnitude of the expansion of the sector required, a sizeable part of the investments will also need to be brought in from the private sector. The Act creates a conducive environment for investments in all segments of the industry, both for public sector and private sector, by removing barrier to entry in different segments. Section 63 of the Act provides for participation of suppliers on competitive basis in different segments which will further encourage private sector investment.”

In order to facilitate the smooth and rapid development of transmission capacity in the country as envisaged in the National Electricity Policy, some transmission projects will be identified for tariff based competitive bidding, in which Private Investors and Transmission Utilities, both Central and State, can participate.

3.5. National Tariff Policy

Some of transmission related provisions of National Tariff Policy which have implication with regard to the National Electricity Plan are:

- Adequate and timely investments and also efficient and coordinated action to develop a robust and integrated power system for the country.
- Augmenting transmission capacity keeping in view the massive increase planned in generation and also for development of power market.
- While planning new generation capacities, requirement of associated transmission capacity would need to be worked out simultaneously in order to avoid mismatch between generation capacity and transmission facilities.

- The Central Government would facilitate the continued development of the National Grid for providing adequate infrastructure for inter-state transmission of power and to ensure that underutilized generation capacity is facilitated to generate electricity for its transmission from surplus regions to deficit regions.
- The Central Transmission Utility (CTU) and State Transmission Utility (STU) have the key responsibility of network planning and development based on the National Electricity Plan in coordination with all concerned agencies as provided in the Act. The CTU would need to coordinate with the STUs for achievement of the shared objective of eliminating transmission constraints in cost effective manner.

Network expansion should be planned and implemented keeping in view the anticipated transmission needs that would be incident on the system in the open access regime. Prior agreement with the beneficiaries would not be a pre-condition for network expansion.

Structured information dissemination and disclosure procedures should be developed by the CTU and STUs to ensure that all stakeholders are aware of the status of generation and transmission projects and plans.

- Open access in transmission has been introduced to promote competition amongst the generating companies. This should lead to availability of cheaper power. The Act mandates nondiscriminatory open access in transmission.
- To facilitate orderly growth and development of the power sector and also for secure and reliable operation of the grid, adequate margins in transmission system should be created. The transmission capacity would be planned and built to cater to both the redundancy levels and margins keeping in view international standards and practices.





3.6. SERC Regulations

The above mentioned developments at the national level were followed up by similar enabling environment at the state level also through intervention by State Regulatory Commissions. Various regulations were enacted by the Regulatory Commissions in compliance with the provisions of the EA 2003 and as guided by the National Tariff Policy and National Electricity Policy. Some of the key regulations which were enacted by the Hon'ble APERC as outlined below:

Table 1: Key Regulations notified by the Hon'ble APERC in the recent past

Sl. No.	Key Regulations issued by Hon'ble APERC
1.	APERC (Multi Year Tariff) Regulations, 2024
2.	APERC (Demand Side Management) Regulations, 2024
3.	APERC (Procedure, Terms and Conditions for grant of Distribution License and other related matters) Regulations, 2024
4.	APERC (Framework for Resource Adequacy) Regulations, 2024
5.	APERC (Standards of Performance for the Distribution Licensee) Regulations, 2024
6.	APERC (Power Purchase and Procurement Process of Licensee) Regulation, 2024
7.	APERC (Electricity Supply Code) Regulation, 2024
8.	APERC (Grid Interactive Distributed Renewable Energy System with Net Metering including Group Net Metering and Virtual Net Metering, Net-Billing/Net Feed-In, Gross Metering and Its Related Matters) Regulations, 2024
9.	APERC (Terms and Conditions for Determination of Renewable Energy Tariff) Regulations, 2024
10.	APERC (Terms and Conditions for Green Energy Open Access (GEOA) and Methodology for calculation of Charges) Regulations, 2024
11.	APERC (Conduct of Business for holding inquiry by Adjudicating Officer) Regulations, 2024
12.	APERC (Appointment of Consultants) Regulation, 2024





4. Annual Performance Review (APR) for FY 2025-26

4.1. Capitalization in FY 2025-26

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 details of such schemes are mentioned herewith,

Table 2: Asset Details in FY 2025-26

Asset/ Project Completion & Commissioning Details in FY 2025-26				
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	ICT: 20.10.2022 33 kV GIS: 26.11.2024 Handover: 26.08.2025	Comprehensive Scheme for Strengthening of T&D system in A.P
2	Construction of 132 kV Line Bay (106) at Khuppi Substation	1,94,91,395.47	19.09.2024 Handover: 28.08.2025	Comprehensive Scheme for Strengthening of T&D system in A.P
3	Construction of 132 kV Line Bay (105) at Khuppi Substation	2,05,58,012.00	08.07.2019 Handover: 28.08.2025	Comprehensive Scheme for Strengthening of T&D system in A.P
4	Construction of 132/33 kV Seppa Substation	53,75,44,006.00	17.10.2024 Handover: 29.08.2025	Comprehensive Scheme for Strengthening of T&D system in A.P
5	Construction of 132 kV S/C (on D/C Tower) Khuppi-Seppa Transmission Line	30,06,17,884.70	29.09.2024 Handover: 28.08.2025	Comprehensive Scheme for Strengthening of T&D system in A.P

Asset/ Project Completion & Commissioning Details in FY 2025-26				
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 Hologgi Transmission Line.	16,87,62,399.68	17.07.2024 Handover: 11.11.2025	Comprehensive Scheme for Strengthening of T&D system in A.P
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 T&D system in A.P



Asset/ Project Completion & Commissioning Details in FY 2025-26

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
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 T&D system in A.P
5	Construction of 132 kV Holongi Bay Extension at 132/33 kV Chimpu Sub-Station.	2,72,33,582.34	02.10.2022 Handover: 18.08.2025	Comprehensive Scheme for Strengthening of T&D system in A.P
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 T&D system in A.P
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 T&D system in A.P
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 T&D system in A.P

Asset/ Project Completion & Commissioning Details in FY 2025-26

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 T&D system in A.P
2	132/33 kV Basar Sub-Station.	36,81,01,992.00	29.08.2025	Comprehensive Scheme for Strengthening of T&D system in A.P
3	132 kV Bay Extn. at Pasighat (2 Nos).	3,41,43,720.00	25.08.2025	Comprehensive Scheme for Strengthening of T&D system in A.P
4	33 kV Bay Extn. at Pasighat (2 Nos)	38,99,889.00	25.08.2025	Comprehensive Scheme for Strengthening of T&D system in A.P
5	132 kV Bay Exn. at Aalo (2 Nos)	3,91,52,565.00	29.08.2025	Comprehensive Scheme for Strengthening of T&D system in A.P
6	132 kV Bay Extn. at Deomali (1 No.)	79,00,000.00	24.09.2025	Comprehensive Scheme for Strengthening of T&D system in A.P
7	33 kV Bay Extn. at Deomali (1 No.)	43,01,000.00	24.09.2025	Comprehensive Scheme for Strengthening of T&D system in A.P
8	132 kV Bay Extn. at Tezu (1 No.)	2,61,82,142.00	02.12.2025	Comprehensive Scheme for Strengthening of T&D system in A.P
9	LILO of 132 kV Daporijo-Aalo at Basar	4,45,58,172.00	29.08.2025	Comprehensive Scheme for Strengthening of T&D system in A.P
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 T&D system in A.P



Asset/ Project Completion & Commissioning Details in FY 2025-26				
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
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 T&D system in A.P
12	Cost of Land for Sub-Station (Napit & Basar)	3,01,09,524.00	-	Comprehensive Scheme for Strengthening of T&D system in A.P

4.2. Gross Fixed Asset (GFA)

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 (GFA) as submitted by the Petitioner

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

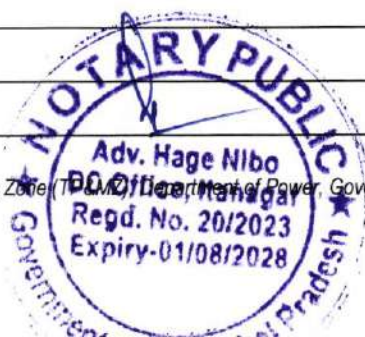
In view of the foregoing, the Petitioner prays that the Hon'ble Commission may grant approval of Gross Fixed Asset as submitted by the Petitioner.

4.3. Capex Funding Pattern

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.

Table 4: CAPEX Funding Pattern as submitted by the Petitioner

Funding Pattern		
Particulars	Unit	FY 2025-26
Grants	Rs. Cr.	325.42
Equity	Rs. Cr.	-
Debt	Rs. Cr.	-
Total Capitalization	Rs. Cr.	325.42





4.4. Operation and Maintenance (O&M) Expenses

The APERC (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:

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

4.4.1. Employee Expenses

The employee cost primarily comprises expenditure towards salaries and wages, allowances, bonuses, staff welfare and medical benefits, travel concession, earned leave encashment, and terminal benefits including pension and gratuity, among others.

The APERC (Multi Year Tariff) Regulations, 2024 states that the Employee Expenses shall be calculated as follows.

"(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);



EMPn -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;

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

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 a CAGR of 2.57% considering actual values for FY 2022-23 & FY 2024-25.

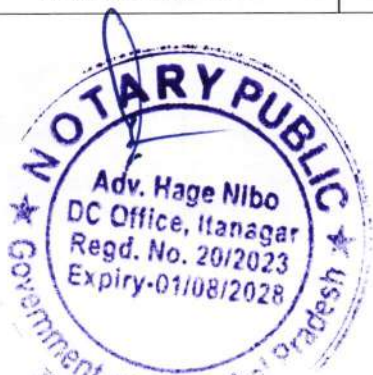
Table 5: Computation of Inflation Factor

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 (Indxn/Indxn-1)	3.06%		

The Employee Expenses as submitted by the Petitioner are presented in the table below. In view of the foregoing, the Petitioner humbly prays that the Hon'ble Commission may be pleased to consider and approve the Employee Expenses, as submitted by the Petitioner.

Table 6: Employee Expenses as submitted by the Petitioner

Employee Expenses				
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





4.4.2. Administrative and General (A&G) Expenses

A&G expenses primarily comprise expenditure towards rent, telephone and other communication charges, professional fees, conveyance and travelling allowances, and other incidental expenses.

The APERC (Multi Year Tariff) Regulations, 2024 states that the A&G Expenses shall be calculated as follows.

“(6) Administrative and General Expense

A & G expense shall be computed on actual A&G expenses of previous years escalated by appropriate escalation factor which would be determined by considering 20% weightage to the average yearly inflation derived based on the monthly wholesale price index (WPI) of the respective past three financial years as per the office of Economic Advisor of Government of India and 80% weightage to the average yearly inflation derived based on the monthly Consumer Price Index (CPI) for industrial workers of the respective past three financial years as per the Labour Bureau, Government of India and adjusted by provisions for confirmed initiatives (IT initiatives as proposed by the Licensee and validated by the Commission) or other expected one-time expenses, and shall be governed by following formula:

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

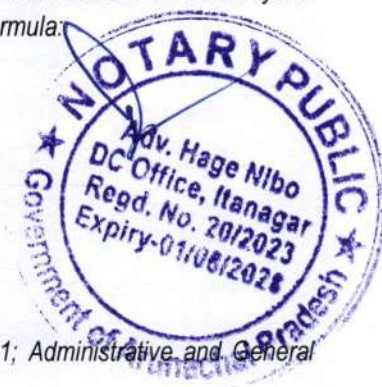
Where,

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”



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 is presented in the table below. In view of the foregoing, the Petitioner humbly prays that the Hon'ble Commission may be pleased to consider and approve the A&G Expenses, as submitted by the Petitioner.

Table 7: Administrative and General (A&G) Expenses as submitted by the Petitioner

Administration and General (A&G) Expenses				
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



4.4.3. Repair and Maintenance (R&M) Expenses

R&M expenses comprise expenditure towards procurement of spares required for maintenance activities, labour charges for repairs, and costs associated with the upkeep and repair of various classes of fixed assets.

The APERC (Multi Year Tariff) Regulations, 2024 states that the R&M Expenses shall be calculated as follows.

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

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

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

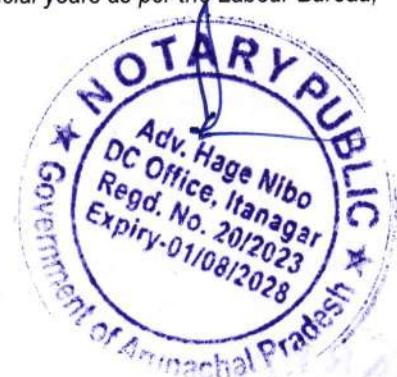
Where,

R&M_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-avis 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;



The Petitioner has estimated the R&M cost by considering the opening GFA for the year, the “K” factor as determined for the previous year and the inflation factor of 3.06%. The R&M Expenses as submitted by the Petitioner are presented in the table below. In view of the foregoing, the Petitioner humbly prays that the Hon'ble Commission may be pleased to consider and approve the R&M Expenses, as submitted by the Petitioner.

Table 8: Repair and Maintenance (R&M) Expenses as submitted by the Petitioner

Repair and Maintenance (R&M) Expenses				
Particulars	FY 2022-23	FY 2023-24	FY 2024-25	FY 2025-26
	Actual	Actual	Actual	Estimated
R&M Expenses	33.48	44.04	32.09	33.08



4.4.4. Summary of O&M Expenses

The following table provides a summary of the total O&M expenses submitted by the Petitioner.

Table 9: Operation and Maintenance (O&M) Expenses as submitted by the Petitioner

Operation and Maintenance (O&M) Expenses			
Particulars	Unit	FY 2025-26	
		Approved	Petition
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

In view of the foregoing, the Petitioner prays that the Hon'ble Commission may grant approval of the O&M Expenses as submitted by the Petitioner.

4.5. Depreciation

The methodology for computation of Depreciation on GFA is provided in the provisions of the APERC (Multi Year Tariff) Regulations, 2024 as quoted below:

Depreciation

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

In accordance with the provisions of the APERC (Multi Year Tariff) Regulations, 2024, depreciation is allowable only on the depreciable portion of the approved capital cost, excluding land and the portion of capital cost funded through consumer contributions, grants, or deposit works.

As submitted earlier, 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. Interest on Loan (IoL)

For computation of interest charges the provisions of the APERC (Multi Year Tariff) Regulations, 2024 are provided as quoted below:

"4.8. Interest and finance charges on loan capital



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

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

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

- ...
- (7) The above interest computation shall exclude interest on loan amount, normative or otherwise, to the extent of capital cost funded by Consumer Contribution, Grants or Deposit Works carried out by Transmission Licensee or SLDC or Distribution Licensee or Generating Company, as the case may be.

In accordance with the provisions of the APERC (Multi Year Tariff) Regulations, 2024, Interest on Loan is allowable only on the normative loan component forming part of the approved capital cost, excluding the portion of capital cost funded through consumer contributions, grants, or deposit works.

As submitted earlier, 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.

4.7. Return on Equity (RoE)

For computation of Return on Equity the provisions of the APERC (Multi Year Tariff) Regulations, 2024 are provided as quoted below:

"4.6. Return on Equity

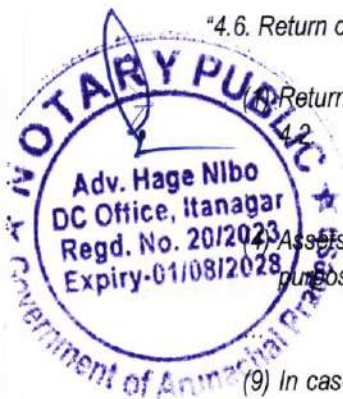
Return on equity shall be computed in rupee terms, on the equity capital determined in accordance with Regulation

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

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

In accordance with the provisions of the APERC (Multi Year Tariff) Regulations, 2024, Return on Equity (RoE) is allowable only on the equity capital forming part of the approved capital base, excluding assets funded through consumer contributions, capital subsidies, or Government grants.

As submitted earlier, 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.

4.8. Interest on Working Capital (IoWC)

The APERC (Multi Year Tariff) Regulations, 2024 provides methodology for calculation of Interest on Working Capital is as follows.

"4.11. Interest on Working Capital:

(2) Transmission

The working capital requirement of the Transmission Licensee shall cover:

- (i) Normative Operation and maintenance expenses for one month;
- (ii) Maintenance spares at fifteen per cent of the annual O&M expenditure; and
- (iii) One and a half months equivalent of the expected revenue from transmission charges at the Tariff approved in the Order for ensuing year(s);

Minus

- (iv) Amount held as security deposits in cash, if any, from Transmission System Users:

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

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

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

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 APSSRC (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.

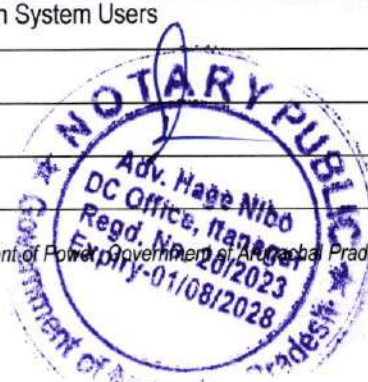
On the contrary, the regulatory framework permits the determination of the total working capital requirement through a normative and circular referencing of other approved components of the tariff, such as normative O&M expenses and expected revenues from transmission charges. Consistent with this approach, 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 10: 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
Receivables @ 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	%	-	11.50%
Interest on Working Capital	Rs. Cr.	-	2.05





4.9. Non-tariff Income (NTI)

For the determination of Non-tariff Income, the APERC (Multi Year Tariff) Regulations, 2024 states as follows.

"7.9. Non-Tariff Income

- (1) The amount of Non-Tariff Income relating to the Transmission Business as approved by the Commission shall be deducted from the Aggregate Revenue Requirement in determining annual transmission charges of the Transmission Licensee:

Provided that the Transmission Licensee shall submit full details of his forecast of Non-Tariff Income to the Commission along with its application for determination of Aggregate Revenue Requirement.

- (2) The indicative list of various heads to be considered for Non-Tariff Income shall be as under:

- (a) Income from rent on land or buildings;
- (b) Income from sale of scrap;
- (c) Income from statutory investments;
- (d) Income from interest on Fixed Deposits (including contingency reserve investment) call deposits and bank balances;
- (e) Interest on advances to suppliers/contractors;
- (f) Rental from staff quarters;
- (g) Rental from contractors;
- (h) Income from Insurance claim receipt;
- (i) Deferred Income from grant, subsidy, etc. as per Annual Accounts;
- (j) Income from hire charges from contactors and others;
- (k) Income from advertisements, sale of tender etc.;
- (l) Miscellaneous receipts like parallel operation charges;
- (m) Excess found on physical verification;
- (n) Prior period income;
- (o) Supervisory charges for contractual works;
- (p) Any other Non-Tariff Income:

Provided that the interest/dividend earned from investments made out of Return on Equity corresponding to the regulated business of the Transmission Licensee shall not be included in Non-Tariff Income."

The Petitioner respectfully 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.





4.10. Aggregate Revenue Requirement (ARR) for FY 2025-26

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 11: Aggregate Revenue Requirement (ARR) for FY 2025-26

Aggregate Revenue Requirement (ARR)			
Particulars	Unit	FY 2025-26	
		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

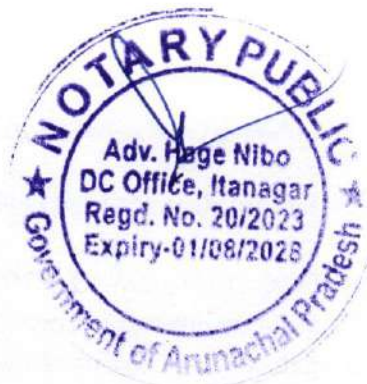
Based on the approach, the Petitioner prays before the Hon'ble Commission to approve the Aggregate Revenue Requirement for FY 2025-26, as presented herein.





5. Prayers before the Hon'ble Commission

The Petitioner respectfully prays that the Hon'ble Commission may:



- Admit the instant Petition;
- Examine the proposal submitted by the Petitioner in the enclosed petition for a favorable dispensation;
- 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 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;
- 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.
- 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.
- 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.
- 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.
- Pass separate Order for the Petitioner against the present petition;
- Condone any inadvertent omissions/ errors/ shortcomings and permit the Petitioner to add/ change/ modify/ alter this filing and make further submissions as may be required at a future date;
- Pass such Order, as the Hon'ble Commission may deem fit and appropriate keeping in view the facts and circumstances of the case;
- 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;