



**ARUNACHAL PRADESH STATE ELECTRICITY REGULATORY
COMMISSION**

Tariff Order for FY 2019-20

Tariff Order for FY 2020-21

Tariff Order for FY 2021-22

Tariff Order for FY 2022-23

Tariff Order for FY 2023-24

For

**Department of Power,
Government of Arunachal Pradesh**

Issued on 25th October, 2023

Arunachal Pradesh State Electricity Regulatory Commission

अरुणाचल प्रदेश राज्य विद्युत नियामक आयोग

2ND FLOOR, O. T. BUILDING, NITI VIHAR MARKET, T. T. MARG,

ITANAGAR-791111

Tel No: 0360-3562791 Website: www.apserc.nic.in

टेलीफोन नः 0360- 3562791

Before

The Arunachal Pradesh State Electricity Regulatory Commission (APSERC)

Itanagar, Arunachal Pradesh

Petition No. TP 01 of 2023

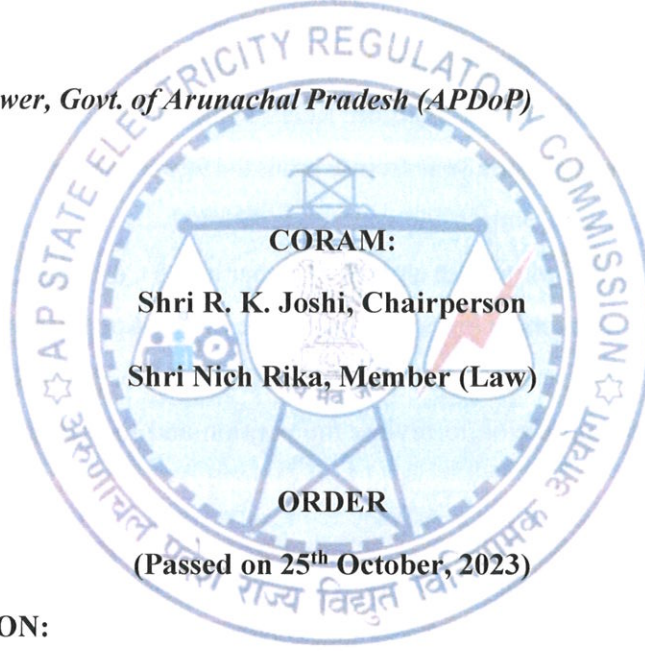
In the matter of:

Prayer & Petition for allowing the Retail Tariffs approved vide Tariff Order dated 31-05-2018 for FY 2018-19 to be continued for the FY 19-20, 20-21, 21-22, 22-23 & 2023-24

In the matter:

Department of Power, Govt. of Arunachal Pradesh (APDoP)

----- Petitioner



A: INTRODUCTION:


1. The Arunachal Pradesh State Electricity Regulatory Commission (APSERC) was constituted after notification dated 07.05.2010 by the Government of Arunachal Pradesh, as per provisions of The Electricity Act 2003. The Commission started functioning with effect from 02.03.2011 to discharge its function as per Section 86 of Electricity Act-2003.
2. The APSERC was functioning as per provisions of prevalent laws/rules till the retirement of Shri RP Singh the then Chairperson of the APSERC from the post of Chairperson on 31st December 2019.
3. The Post of Chairperson remained vacant till 17th July 2023 and hence no regulatory activities were taken up during this intervening period.

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4. After about three and half years Shri RK Joshi and Shri Nich Rika joined as Chairperson and Member (Law) respectively, on 18th July 2023 and regulatory activities started again.
5. The Petitioner (APDoP) is a Government department functioning under the Government of Arunachal Pradesh, and is the sole electricity Distribution Utility for the entire state of Arunachal Pradesh functioning as deemed Distribution Licensee as per Section 14, proviso 3 of the Electricity Act 2003. APDoP is also functioning as deemed STU as well as the SLDC.

B: BRIEF BACKGROUND OF THE CASE:

1. As per Section-64 of the Indian Electricity Act 2003 read with Multi-Year Tariff Regulation 2018 notified by Arunachal Pradesh State Electricity Regulatory Commission, the Distribution Licensees require to file Petition for determination of Aggregate Revenue Requirement (ARR) and Retail Tariff every year by the end of November.
2. On 07/07/2023, the Petitioner filed the Retail Multi Year Tariff Petition for the FY 2023-24 to 2025-26 and True up for the year from FY 2018-19 to 2021-22, at that time no action was taken on the petition as the Commission was not functional.
3. After the joining of Chairperson and the Member in the Commission on 18/07/2023, the scrutiny of the petition was taken up immediately. As the filing of petition was late by about nine months, the petition was returned to the petitioner vide letter No..APSERC/RA-9/I/2023-24/154 dated 25/07/2023 with a direction to review the petition and incorporate the latest data/information and resubmit the petition for control period 2024-25 to 2026-27 on or before 30th November 2023.
4. The Petitioner prayed vide letter CE(COM)/Tariff/31/2023-24/940-42 Dated 31st July 2023 to consider the continuation of tariff of FY18-19 until the new order is issued based on the fresh petition as interim measure to ensure uninterrupted services to the consumers and also to meet the mandatory pre-qualification requirements of RDSS a flagship program of Government of India (GoI).
5. APDoP also filed a Petition vide CE(COM)/Tariff/31/2023-24/1097-98 Dated 21st August 2023 for Allowing the Tariff approved vide Order dated 31/05/2018 for FY 2018-19 to be continued for FY 2023-24.
6. This was admitted on 14/09/2023 and the petitioner was directed to publish the petition in abridge form for inviting comments/suggestions/objections from the stakeholders.


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7. On 23/09/2023 abridge form of petition was published by APDoP in two local newspapers namely The Arunachal Times and Eastern Sentinel inviting comments/suggestions/objections from the stakeholders on or before 09-10-2023.
8. The Commission did not receive any objections/comments/ suggestions till the last date i.e. 09.10.2023.

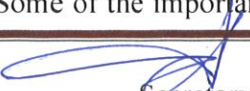
C: PRAYERS BEFORE THE HON'BLE COMMISSION:

The petitioner prayed

1. To consider the prayer made vide letter dated 31.07.2023 for continuation of retail tariff approved for FY 18-19 into FY19-20, FY 20-21, FY 21-22, FY 22-23.
2. To admit the petition for extension of tariff approved for the FY 2018-19 for the current financial year i.e. FY 2023-24.
3. To grant any other relief as the Hon'ble Commission may consider appropriate.
4. To pass any other order as the Hon'ble Commission may deem fit and appropriate under the circumstances of the case and in the interest of justice.
5. The petitioner craves leave of the Hon'ble Commission to allow further submission, additions and alterations to this petition as may be necessary from time to time.

D: OBSERVATIONS:

1. Commission has observed that, APDoP is not submitting petitions for Retail tariff timely. Whatever tariff petitions are submitted are not "cost reflective." The petition are also not supported with letter of Government of Arunachal Pradesh regarding assurance of providing Grants for the Total Revenue gap.
2. It is also observed that Tariff petitions are getting submitted not following "Two part tariff" means tariff should have two components visibly separated into fixed charges & Energy Charges.
3. In the petition for ARR and Retail tariff of distribution licensee, expenses like employee cost, R&M and Administrative & General Expenses of transmission Zone and SLDC are included, which should have been excluded.
4. No business plan and mid-term review is submitted to Commission by utilities (APDoP).
5. The Commission is not reported on the compliance report as reflected in the tariff order of FY-18-19 para 2.2 of order. Some of the important areas are of Prepaid metering, Energy auditing


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& accounting, T&D Losses identification, sale of power outside Arunachal Pradesh etc. Regarding Energy audit, APDoP had committed in reply that under IPDS, DDUGJY and Comprehensive Schemes, provisions of metering are included and after completion of these schemes energy auditing shall be conducted. Regarding sale of power outside of Arunachal Pradesh, APDoP had committed that APDoP shall stop purchasing surplus power and selling it to outside Arunachal Pradesh. However, compliance of the above is not yet reported.

6. In last orders of the Commission, Consumer's Category wise connected load was sought in next tariff petition, which is yet to be provided.
7. Procurement of Power through strictly based on "Merit Order Dispatch Principles" was ordered, compliance of which is yet to be informed to Commission.
8. Business Plan and Power procurement plan was sought by Commission, compliance on which is still awaited.
9. APDoP has created assets with the Budget Grant from GoAP, but those assets are not recorded in a consolidated form resulting into non-optimisation of available resources. APDoP vide reply dated 20.03.2013 informed the Commission that asset register is not maintained, on which APDoP was ordered to maintain the asset register in the format already supplied by the Commission. However, compliance of the above is not yet reported.
10. The funds for Capital expenditure, Operation & Maintenance, Working Capital etc. are arranged by the GoAP, and APDoP is utilising the funds without accounting "Cost of Money" into its accounts. However to actually know the efficiency of APDoP in utilising these funds of Government Exchequer, the concept of "Cost of Money" in form of ROE, ROI, Interest etc., were ordered by the Commission. However, compliance of the above is not yet reported.
11. Discrepancy in Energy drawl and Energy projected data was also reported by Commission. However, report on the above is not yet submitted.
12. APDoP was consistently advised by the Commission in regards to the AT&C losses since tariff order of FY 2013-14. APDoP was given the approval of following AT&C losses.

2013-14	53 %
2014-15	50%
2015-16	47%
2016-17	44%
2017-18	41%


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APDoP needs to submit the report on this by separately sub-dividing into T&D loss, Collection Loss, Billing Loss etc.

13. Govt. of India has directed to ensure 100% pre-paid metering of the Consumers and release of new connections only through pre-paid meters. Action Plan in this regard, not yet received by Commission.
14. APDoP has been asked to submit some data for the use in the Commission, which are not yet submitted.


E: COMMISSION'S ANALYSIS:

1. In 2019, due to non-filing of tariff petition for the FY 2019-20, the Commission allowed to continue the retail tariff of FY 2018-19 through an Order Sheet dated 06.09.2019.
2. During the intervening period of FY19-20, FY 20-21, FY 21-22, FY 22-23 and FY 2023-24 (till the time for tariff petition of FY-23-23 i.e November, 2022) Commission was not functional.
3. Consumers of the Arunachal Pradesh were continuously fed by APDoP with the support of Grants of Government of Arunachal Pradesh for power purchase and other expenses of APDoP.
4. During this period FY19-20, FY 20-21, FY 21-22, FY 22-23 and FY 2023-24 (till date of petition), consumers were billed by APDoP in the prevailing retail tariff of FY2018-19.
5. During the period, APDoP also continued the Power Purchase, Power Banking, Surplus power Trading etc. hopefully following all legal processes, in transparent manner employing best practices towards goal of making the state power sector efficient, responsive, financially viable, consumer friendly and encouraging to investors.

F: ORDER

1. Therefore, in the above backdrop, the Commission hereby approves to adopt the approved retail tariffs of FY 2018-19 by the Commission for FY 19-20, FY 20-21, FY 21-22, FY 22-23 and FY 2023, considering the same assumptions of Projected ARR, Projected Energy Sale, Projected AT&C losses, Projected Total Energy Requirement, Projected Power Purchase, Projected Power Purchase Cost, Projected Average Cost of supply etc. as assumed during the tariff order of FY 2018-19.

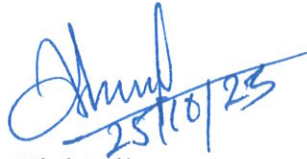
G: DIRECTIVES:


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1. The Petitioner shall file tariff petition as per APSERC MYT REGULATION- 2018, in "Two Part Tariff" on or before 30 November 2023 for control period starting from 2024-25.
2. The expenses of Distribution licensee, STU and SLDC shall not be clubbed.
3. The Petitioner shall file True Up petition on the same assumptions of ARR etc of their petition of FY 2018-19 vis-à-vis actuals of each corresponding FY19-20, FY 20-21, FY 21-22, FY 22-23 and FY 2023-24, separately.
4. AT&C loss and RPO trajectory as issued by Ministry of Power, Govt of India and agreed by APDoP with GoI, should be considered for trueing up of each period of FY19-20, FY 20-21, FY 21-22, FY 22-23 and FY 2023-24.
5. For period before FY 17-18 and FY 18-19, the AT&C loss trajectory as approved by Commission in its earlier orders should be followed in true up petitions.
6. The Petitioner shall file Performance Review Petition for FY 2023-24.
7. The petitioner should attend the observations as specifically detailed in observation sub-head above and submit report of compliance immediately.
8. This retail tariff order shall remain effective till March 2024 and shall be given vide publicity by the petitioner for information to the general public within 7 days of the issue of the order positively

With the above terms the instant Petition hereby disposed of.

Date: 25.10.23
Place: Itanagar


25/10/23
Nich Rika
Member(Law)


25/10/23
R. K. Joshi
Chairperson


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State Electricity Regulatory Commission
Arunachal Pradesh