

**ARUNACHAL PRADESH STATE ELECTRICITY REGULATORY COMMISSION  
ITANAGAR**

---

**DRAFT NOTIFICATION**

**The [REDACTED], 2024**

**MULTI YEAR TARIFF REGULATIONS -2024**

No. APERC/Notification/[REDACTED]: In exercise of the powers conferred on it by sub-Section (2) of Section 181 read with Section 36, Section 39, Section 40, Section 41, Section 51, Section 61, Section 62, Section 63, Section 64, Section 65 and Section 86 of the Electricity Act, 2003 (Act No. 36 of 2003) (hereinafter referred to as 'the Act'), and all other powers enabling it in this behalf, the Arunachal Pradesh State Electricity Regulatory Commission hereby makes the following regulations.,

**CHAPTER - 1: PRELIMINARY**

**1.1. Short title and Commencement:**

- (1) These Regulations shall be called the **Arunachal Pradesh State Electricity Regulatory Commission (Multi Year Tariff) Regulations, 2024**.
- (2) These Regulations shall extend to the whole of the State of Arunachal Pradesh.
- (3) These Regulations shall be applicable to all existing and future Generation Companies supplying power under section 62 of Electricity Act 2003, Transmission Licensees, Distribution Licensees, State Load Despatch Centre (SLDC), and their successors, if any, for determination of Aggregate Revenue Requirement, Tariff, and Fees and Charges of SLDC in all matters covered under these Regulations from April 01, 2025 up to March 31, 2028, unless otherwise reviewed/extended.
- (4) These Regulations shall come into force from the date of their publication in the official Gazette of Arunachal Pradesh and shall remain in force till 31<sup>st</sup> March 2028, unless amended, extended or repealed by the Commission:

Provided that where a project or Scheme or a part thereof of a utility, has been declared under commercial operation before the date of commencement of these Regulations, tariff in respect of such project or scheme or such part thereof, unless the context otherwise requires, shall be determined in accordance with the APERC (Multi Year tariff) Regulation 2018 for the relevant year, as amended from time to time.

Provided that for all purposes, including review matters pertaining to the period till March 31, 2025, the issues relating to determination of Aggregate Revenue Requirement and Tariff shall be governed by the provisions of the Arunachal Pradesh State Electricity Regulatory Commission (Multi-Year Tariff) Regulations, 2018.

- (5) These Regulations supersede the “Arunachal Pradesh State Electricity Regulatory Commission (Multi-Year Tariff) Regulations, 2018” with all amendments thereto.

## **1.2. Scope and Extent of Application:**

- (1) These Regulations shall be applicable to determination of Aggregate Revenue Requirement, Tariff and Fees and Charges, including terms and conditions thereof, for the following cases:

- a. all existing and future Generating Companies, excluding supply of electricity by captive generating plant and renewable energy sources but including hydro generating stations of capacity exceeding 25 MW, supplying power to a Distribution Licensee:
- b. Intra-state Transmission Licensees,
- c. Distribution Licensees, for Intra-State Wheeling of electricity and Retail supply of electricity,
- d. SLDC and their successors, if any.

Provided that in case of distribution of electricity in the same area by two or more Distribution Licensees, the Commission may, for promoting competition among Distribution Licensees, fix only maximum ceiling of tariff for retail sale of electricity:

Provided also that where the Commission has allowed open access to certain consumers under sub-section (2) of Section 42 of the Act, such consumers, notwithstanding the provisions of clause (d) of sub-section (1) of Section 62 of the Act, may enter into an agreement with any person for supply or purchase of electricity on such terms and conditions (including tariff) as may be agreed upon by them.

- (2) These Regulations shall be applicable for the determination of tariff, Fees and Charges in all cases covered under these Regulations from 1st April, 2025 and onwards.
- (3) These regulations shall be applicable where the capital cost-based tariff is determined by the Commission. Where the tariff has been determined through the transparent

process of bidding in accordance with the guidelines issued by the Central Government, the Commission shall adopt such tariff in accordance with the provisions of Section 63 of the Act. The Petitioner shall provide such information as the Commission may require to satisfy that the guidelines issued by the Central Government has been followed while conducting the bidding process under Section 63 of the Act.

- (4) These regulations shall not apply for tariff determination of renewable energy generation projects. The tariff for such generation projects shall be determined as per Arunachal Pradesh State Electricity Regulatory Commission (Terms & Conditions for Tariff determination from Renewable Energy Sources) Regulations, 2024 as amended from time to time.

### **1.3. Definitions:**

In these regulations, unless the context otherwise requires, -

- (1) “**Accounting Statement**” means for each financial year, the following statements, namely-
- a) Balance sheet, prepared in accordance with the Part I of Schedule III to the Companies Act, 2013 as amended from time to time;
  - b) Statement of Profit and Loss account, prepared in accordance with the Part II of Schedule III to the Companies Act, 2013 or as amended from time to time;
  - c) Cash flow statement, prepared in accordance with the Accounting Standard on Cash Flow Statement (AS-3) notified by Ministry of Corporate Affairs, Government of India and as per Section 2(40) of the Companies Act, 2013, as amended from time to time;
  - d) A Statement of changes in Equity, if applicable;
  - e) Report of the statutory auditors including cost auditors and C& AG together with detailed notes to account, observation of the auditor and response thereof;
  - f) Cost records prescribed by the Central Government under Section 148 of the Companies Act, 2013 or as amended from time to time together with notes and explanatory statements thereto, and such other supporting statements and information as the Commission may direct from time to time;
  - g) Provided that in case of any local authority engaged in the business of distribution of electricity, the Accounting Statement shall mean the items, as mentioned above,

prepared and maintained in accordance with the relevant Acts or Statutes as applicable to such local authority:

- h) Provided that separate Accounting Statements shall be prepared and submitted to the Commission for each Licensed Business in accordance with the Licence conditions;
  - i) Provided that separate books of account shall be maintained by SLDC, even it is part of Intra-State Licensee, which shall be audited and certified by Auditor;
  - j) Provided further that once the Commission notifies the Regulations for submission of Regulatory Accounts, the applications for tariff determination and truing up shall be based on the Regulatory Accounts.
- (2) “**Act**” means the Electricity Act, 2003 (36 of 2003), as amended from time to time;
- (3) “**Additional capitalization**” means the capital expenditure actually incurred or projected to be incurred after the date of commercial operation of the project and admitted by the Commission after prudence check;
- (4) “**Aggregate Revenue Requirement**” means the annual requirement of the Transmission Licensee or Distribution Licensee or Generating Company or SLDC for recovery, through tariff or Fees and Charges, of allowable expenses and return on capital pertaining to its Licensed or Regulated Business for a particular FY, in accordance with these Regulations.
- (5) “**Allocation Statement**” means for each financial year, a statement in respect of each of the separate businesses of the of the Generating Company or Transmission Licensee or Distribution Licensee, showing the amounts of any revenue, cost, asset, liability, reserve or provision etc., which has been either charged from or to each such Other Business together with a description of the basis of that charge; or determined by apportionment or allocation between different businesses of the licensee including the Licensed Businesses, together with a description of the basis of the apportionment or allocation:

Provided further that such allocation statement in respect of a generating station, owned and/or maintained and/or operated by the distribution licensee, shall be maintained in a manner to enable tariff determination, stage wise, Unit wise and/or for the whole generating station.

Provided that for the purpose of this Regulation, the licensed business of the Distribution Licensee for an area of supply would be separated as Distribution Wires and Retail Supply business:

- (6) **“Applicant”** means a Generating Company or Transmission Licensee or Distribution Licensee who has made an application for determination of Annual Revenue Requirement and Tariff in accordance with the Act and these Regulations and includes a Generating Company or Transmission Licensee or Distribution Licensee whose tariff is the subject of a review by the Commission either on Suo- motu basis or on a Petition filed by any interested or affected person or as part of an Annual Performance Review;
- (7) **“Area of Supply”** means the area within which a distribution licensee is authorized by virtue of his license, to supply electricity in that area.
- (8) **“Authority”** means Central Electricity Authority referred to in Section 70 of the Act;
- (9) **“Auditor”** means an auditor appointed by an applicant, in accordance with Section 139 of Chapter X of the Companies Act, 2013 (18 of 2013) or any other law for the time being in force;
- (10) **“Auxiliary Energy Consumption”** in relation to a period in case of a generating station means the quantum of energy consumed by auxiliary equipment of the generating station, such as the equipment being used for the purpose of operating plant and machinery including switchyard of the generating station and the transformer losses within the generating station, expressed as a percentage of the sum of gross energy generated at the generator terminals of all the units of the generating station;

Provided further that power consumed in housing colony and other facilities of a Generating Station including the power consumed in construction phase shall not be included as part of the auxiliary consumption for the purpose of these Regulations.

- (11) **“Availability”** in relation to a transmission system for a given period shall mean the time in hours during that period in which the transmission system is capable of transmitting electricity at its rated voltage to the delivery point and shall be expressed in percentage of total hours in the given period. The procedure for calculation is specified in **Annexure I** of these Regulations.

- (12) **“Allotted Transmission Capacity”** means the power transfer in MW between the specified point(s) of injection and point(s) of drawl allowed to a long-term customer or a medium-term customer on the intra-State transmission system under the normal circumstances and the expression "allotment of transmission capacity" shall be construed accordingly:

Provided that the Allotted Transmission Capacity to a long-term transmission customer or a medium-term transmission customer shall be sum of the generating capacities allocated to the long-term transmission customer or the medium-term transmission customer from the generating stations and the contracted power, if any;

- (13) **“Bank Rate”** shall mean the Bank Rate declared by the Reserve Bank of India from time to time;
- (14) **“Base year”** means the financial year immediately preceding the first year of the Control Period and used for the purposes of these regulations;
- (15) **“Beneficiary” in relation to a Generating Station**, the purchaser of electricity generated at such Station whose Tariff is determined under these Regulations;

**“Beneficiary” in relation to a Transmission Licensee**, the Transmission System Users;

**“Beneficiary” in relation to the Distribution Wires Business**, the Generating Companies connected to the distribution system and consumers;

**“Beneficiary” in relation to the Retail Supply Business**, the consumers;

**“Beneficiary” in relation to the APSLDC, STU**, the Distribution Licensees and Open Access consumers who utilise the Intra-State Transmission system for transmission of electricity and / or utilise the distribution system of a Licensee in the State for wheeling of electricity and / or avail the services of the APSLDC or STU relating to scheduling and real-time grid operations, State energy accounting, operation of pool account, connectivity, GNA operationalisation, pooling and recovery of transmission charges, etc.

- (16) **“Bulk Power Transmission Agreement”** means an executed Agreement that contains the terms and conditions under which a Transmission System User is entitled to access an intra- State transmission system of a Transmission Licensee;

- (17) **“Block”** in relation to a combined cycle thermal generating station includes combustion turbine-generators, associated waste heat recovery boilers, connected steam turbine generators and auxiliaries;
- (18) **“Business Plan”** shall comprise of elements as specified in Regulation 2.3 of these Regulations;
- (19) **“Capital Cost”** means the capital cost as determined in accordance with Regulation 4.3 of these regulations.
- (20) **“Central Commission” or “CERC”** means shall mean the Central Electricity Regulatory Commission referred to in sub-section (1) of Section 76 of the Act;
- (21) **“Change in law”** means occurrence of any of the following events:
- a) enactment, bringing into effect or promulgation of any new Indian law; or
  - b) adoption, amendment, modification, repeal or re-enactment of any existing Indian law; or
  - c) change in interpretation or application of any Indian law by a competent court, Tribunal or Indian Governmental Instrumentality which is the final authority under law for such interpretation or application; or
  - d) change by any competent statutory authority in any condition or covenant of any consent or clearances or approval or licence available or obtained for the project; or
  - e) coming into force or change in any bilateral or multilateral agreement/treaty between the Government of India and any other Sovereign Government having implication for the generating station or the transmission system regulated under these Regulations.
- (22) **“Commission”** means the Arunachal Pradesh State Electricity Regulatory Commission.
- (23) **“Charges”** means payments to be collected by the Generating Company or Licensee or SLDC for the services and/ or supply of electricity rendered by it, as the case may be;
- (24) **“Competitive Bidding”** means a transparent process for procurement of equipment, services and works in which bids are invited by the project developer by open advertisement covering the scope and specifications of the equipment, services and works required for the project, and the terms and conditions of the proposed contract

as well as the criteria by which bids shall be evaluated, and shall include domestic competitive bidding and international competitive bidding;

- (25) **“Conduct of Business Regulations”** means the Arunachal Pradesh State Electricity Regulatory Commission (Conduct of Business) Regulations, 2011 or its amendment.
- (26) **“Connectivity”** means arrangement to facilitate interconnection of a licensee point, open access customer point and generating station point with arrangement to control the circuit with suitable switchgear including protection, communication and metering arrangement.
- (27) **“Connectivity Charge or Point of Connection Charge”** means charge to be recovered for cost of arranging connectivity from concerned agency for availing the connection.
- (28) **“Consumer”** means any person who is supplied with electricity for his own use by a licensee or a deemed licensee engaged in the business of supplying electricity to the public under the Act of or any other law for the time being in force and includes any person whose premises are for the time being connected for the purpose of receiving electricity with the work of a licensee.
- (29) **“Contracted Capacity”** means the capacity in MW contracted by long-term Transmission System User as part of its long-term power procurement plan through a power purchase agreement and shall be equivalent to the deemed Transmission Capacity Right of a Transmission System User.
- (30) **“Control Period”** means the period of three years from April 1, 2025 to March 31, 2028, and for every block of three years thereafter, for submission of forecast.
- (31) **“Current Year”** shall mean the year in which the petition for determination of tariff is required to be filed;
- (32) **“Cut -off Date”** means 31st March of the Year closing after three (3) Years from the Year of commercial operation of the project:  
**Provided that the “Cut-off Date”** may be extended by the Commission if it is proved on the basis of documentary evidence that the capitalisation could not be made within the Cut-off Date for reasons beyond the control of the project developer;



**(33) “Central Transmission Utility” or” CTU”** shall mean any Government company which the Central Government may notify under sub-section (1) of Section 38 of the Act;

**(34) “Date of Commercial Operation” or “COD”** means:

- a) in relation to a Unit of a hydro Generating Station, the date declared by the generating company from 00:00 hour of which, after notice to the beneficiaries, scheduling process in accordance with the Indian Electricity Grid Code / Arunachal Pradesh State Electricity Grid Code is fully implemented, and in relation to the Generating Station as a whole, the date declared by the generating company after demonstrating peaking capability corresponding to installed capacity of the Generating Station through a successful trial run, after notice to the beneficiaries:

**Note:**

- (i) In case the hydro Generating Station with pondage or storage is not able to demonstrate peaking capability corresponding to the installed capacity for the reasons of insufficient reservoir or pond level, the date of commercial operation of the last Unit of the Generating Station shall be considered as the date of commercial operation of the Generating Station as a whole, provided that it shall be mandatory for such hydro Generating Station to demonstrate peaking capability equivalent to installed capacity of the generating Unit or the Generating Station as and when such reservoir/pond level is achieved.
- (ii) In case of purely run-of-river hydro Generating Station, if the Unit or the Generating Station is declared under commercial operation during lean inflows period when the water is not sufficient for such demonstration, it shall be mandatory for such hydro Generating Station or Unit to demonstrate peaking capability equivalent to installed capacity as and when sufficient inflow is available.
- (iii) The certificate regarding commissioning of the generating station and compliance of all the Rules and Regulations in this regard and also of the CEA Technical Standards for Construction of Electric Plants and Electric Lines Regulations, 2010, shall be signed by CMD/CEO/MD of the company subsequent to its approval by the Board of Directors in the format enclosed at Annexure II:

- b) In relation to the transmission system, the date declared by the transmission licensee from 00:00 hour of which an element of the transmission system is in regular service after successful charging and trial operation for transmitting electricity and communication signal from sending end to receiving end:

Provided that where the transmission line or substation is dedicated for evacuation of power from a particular generating station, the generating company and transmission licensee shall endeavour to commission the generating station and the transmission system simultaneously as far as practicable and shall ensure the same through appropriate Implementation Agreement.

Provided further that in case an element of the transmission system is ready for regular service but is prevented from providing such service for reasons not attributable to the transmission licensee or its suppliers or its contractors but is on account of the delay in commissioning of the concerned generating station or in the commissioning of the upstream or downstream transmission system, the transmission licensee shall approach the Commission with an appropriate application to approve the date of commercial operation of such element of the transmission system.

- (35) **“Day” means the 24-hour period starting at 00:00 hour;**
- (36) **“De-Commissioning”** means removal from service of a generating station or a unit thereof or transmission system including communication system or element thereof, after it is certified by the Central Electricity Authority or any other authorized agency, either on its own or on an application made by the project developer or the beneficiaries or both, that the project cannot be operated due to non-performance of the assets on account of technological obsolescence or uneconomic operation or a combination of these factors;
- (37) **“De-capitalisation”** means reduction in Gross Fixed Assets of the project corresponding to the removal of assets as admitted by the Commission corresponding to inter-unit transfer of assets or the assets taken out from service;
- (38) **“Declared Capacity” (DC)** shall mean the capability of the generating station to deliver ex-bus electricity in MW declared by such generating station in relation to any time-block of the day as defined in the APERC Grid Code or whole of the day, duly taking into account the availability of fuel;

- (i) Declared capacity however shall be limited to Installed Capacity.
  - (ii) Daily average declared capacity means the sum of capacity declared for every fifteen Minutes block during the 24-hour period divided by 96.
- (39) **“Design Energy”** in relation to a hydro power Generating Station means the quantum of energy, which could be generated in a 90% dependable year with 95% installed capacity of the Generating Station;
- (40) **“Distribution Business”** means the business of operating and maintaining a distribution system for supplying electricity in the area of supply of the Distribution licensee.
- (41) **“Distribution System”** means the system of wires and associated facilities between the delivery points on the transmission lines or the generating station connection and the point of connection to the installation of the consumers.
- (42) **“Distribution System User”** means a retail consumer of the Distribution Licensee to whom the electricity is supplied by the Distribution licensee through their own distribution infrastructure along with the person who has been allowed open access to the distribution system of a Distribution Licensee and the consumer or a class of consumers allowed to receive supply from a person other than a Distribution Licensee;
- (43) **“Distribution Wires Business”** means the business of operating and maintaining a distribution system for wheeling of electricity in the area of supply of the Distribution Licensee;
- (44) **‘Distribution licensee’** means a licensee authorized to operate and maintain a distribution system for supplying electricity to the consumers in his area or supply.
- (45) **“Due date”** means the date by which the bill for the charges for power supplied by the Generating Company or for the transmission service provided by a Transmission Licensee are to be paid, in accordance with the Agreement, as the case may be, and if not specified in the Agreement, forty-five days from the date of presentation of the bill by such Generating Company or Transmission Licensee or STU;”
- (46) **“Element”** means an asset which has been distinctively defined under the scope of the transmission project in the Investment Approval such as transmission lines including line bays and line reactors, substations, bays, compensation device, Interconnecting Transformers, etc.;

- (47) **“Ensuing Year”** means the year immediately following the current year.
- (48) **“Event”** means an unscheduled or unplanned occurrence in the intra-State transmission system including faults, incidents and breakdowns;
- (49) **“Expected Revenue from Tariff and Charges”** means the revenue estimated to accrue to the Generating Company or Transmission Licensee or Distribution Licensee from the Regulated Business at the prevailing tariff;
- (50) **“Existing Generating Unit/Station”** means a Generating Unit/ Station declared under commercial operation prior to the date of effectiveness of these Regulations;
- (51) **“Existing Project”** means a project declared under commercial operation prior to the date of effectiveness of these Regulations;
- (52) **“Fees”** means payments to be collected by the SLDC for services rendered on account of registration, membership or any other account as determined by the Commission;
- (53) **“Financial Year”** (FY) means a period commencing on 1st April of a calendar year and ending on 31st March of the subsequent calendar year;
- (54) **“Force Majeure Event”** means, with respect to any party, any event or circumstance, which is not within the reasonable control of, and is not due to an act of omission or commission of, that party and which, by the exercise of reasonable care and diligence, could not have been prevented, and without limiting the generality of the foregoing, would include the following events:
- (a) acts of God, including but not limited to lightning, storm, action of the elements, earthquakes, flood, torrential rains, drought and natural disaster;
  - (b) strikes, lockouts, go-slow, bandh or other industrial disturbances not instigated by any party;
  - (c) acts of public enemy, wars (declared or undeclared), blockades, insurrections, riots, revolution, sabotage, vandalism and civil disturbance;
  - (d) unavoidable accident, including but not limited to fire, explosion, radioactive contamination and toxic dangerous chemical contamination;
  - (e) any shut down or interruption, which is required to avoid serious and immediate risks of a significant plant or equipment failure, directed by the State or Central Government or by the Commission or by the State Load Despatch Centre.

- (55) **“Generation Business”** means the business of production of electricity from a Generating Station for the purpose of (i) giving supply to any premises or enabling a supply to be so given (ii) for the purpose of supply of electricity to any Distribution Licensee in accordance with the Act and the rules and regulations made there under and, (iii) subject to the Regulations made under subsection (2) of Section 42 of the Act, supply of electricity to any consumer;
- (56) **"Generating Company"** means any company or body corporate or association or body of individuals, whether incorporated or not, or artificial juridical person, which owns or operates or maintains a Generating Station;
- (57) **“Generating Station”** means any station for generating electricity, including any building and plant with step-up transformer, switch-gear, switch yard, cables or other appurtenant equipment, if any, used for that purpose and the site thereof; a site intended to be used for a generating station, and any building used for housing the operating staff of a generating station, and where electricity is generated by water power, includes penstocks, head and tail works, main and regulating reservoirs, dams and other hydraulic works, but does not in any case include any sub-station;
- (58) **“Grid”** shall mean the high voltage backbone system of inter-connected transmission lines, sub-stations, and generating plants;
- (59) **“High Tension or HT” “High Tension” (or “HT”)** means all voltages above and including 11 kiloVolt;
- (60) **“Infirm power”** means electricity injected into the grid prior to the commercial operation of a Unit or Block of the Generating Station;
- (61) **“Installed Capacity”** means the summation of the name plate capacities of all the Units of the Generating Station or the capacity of the Generating Station (reckoned at the generator terminals) as approved by the Commission from time to time;
- (62) **“Intra-State Transmission System (InSTS)”** means any system for conveyance of electricity by transmission lines within the area of the State and includes all transmission lines, sub-stations and associated equipment of Transmission Licensees in the State:

**Provided that** the definition of point of separation between a transmission system and distribution system and between a Generating Station and transmission system

shall be guided by the Regulations notified by the Central Electricity Authority under clause (b) of Section 73 of the Act;

- (63) **“Licensee”** for the purpose of these Regulations shall mean a Transmission Licensee or Distribution Licensee, as the case may be, duly authorised by the Commission;
- (64) **“Licensed Business”** means the function and activities, which the licensee is required to undertake in terms of the License granted by the Commission or as deemed Licensee under the Act.
- (65) **“Long Term Transmission Customers”** means a person availing or intending to avail access to the intra-state transmission system for a period of minimum 12 years but not exceeding twenty-five years or more.
- (66) **“Maximum Available Capacity”** shall mean the following: Purely run of river power stations: The maximum capacity in MW, the generating station can generate with all units running, under the prevailing conditions of water levels and flows over the next day.
- (67) **“MCLR”** shall mean One Year Marginal Cost of Funds based Lending Rate of State Bank of India (SBI);
- (68) **“New Generating Unit/Station”** means a Generating Unit/Station declared under commercial operation on or after the date of coming into force of these Regulations;
- (69) **“Non-Tariff Income”** means income relating to the regulated business other than from tariff, excluding any income from Other Business and, in case of the Retail Supply Business of a Distribution Licensee, excluding income from wheeling and receipts on account of cross subsidy surcharge and additional surcharge on charges of wheeling;
- (70) **“Normative Annual Plant Availability Factor”** or **“NAPAF”** in relation to a hydro generating station means the availability factor specified in **Regulation 6.13** for hydro generating stations;
- (71) **“Non-Tariff Income”** means income relating to the regulated business other than from tariff, excluding any income from Other Business and, in case of the Retail Supply Business of a Distribution Licensee, excluding income from wheeling and receipts on account of cross subsidy surcharge and additional surcharge on charges of wheeling;

- (72) **“Norms”** means standards prescribed by the Commission for performance of generating station, transmission system and distribution system.
- (73) **“Open access”** means the non-discriminatory provision for use of transmission lines or distribution system or associated facilities with such lines or system by any lines or consumer or a person engaged in generation in accordance with the Regulations specified by the Commission.
- (74) **“Open Access Consumers”** means a consumer permitted by the Commission to receive supply of electricity from a person other than a distribution licensee of his area of supply and the expression includes a generating company or a licensee who has availed of or intends to avail supply of power through open access.
- (75) **“Operation and Maintenance expenses” or “O&M expenses”:**
- (a) **in relation to a Generating Company**, the expenditure incurred on operation and maintenance of the project of a Generating Company, or part thereof, and includes the expenditure on manpower, repairs, spares, consumables, insurance and overheads, but excludes fuel expenses and water charges, but excludes corporate social responsibility (CSR) expenses;
- (b) **in relation to a Transmission Licensee or SLDC or Distribution Licensee**, the expenditure incurred on operation and maintenance of the system by the Transmission Licensee or Distribution Licensee or SLDC, and includes the expenditure on manpower, repairs, spares, consumables, insurance and overheads, but excludes CSR expenses;
- (76) **“Original Project Cost”** means the capital expenditure incurred by the Generating Company or the Transmission Licensee or the Distribution Licensee, as the case may be, within the original scope of the project up to the cut-off date as admitted by the Commission;
- (77) **“Other Business”** means any business undertaken by the Generating Company, Transmission Licensee or Distribution Licensee, other than the business regulated by the Commission;
- (78) **“Plant Load Factor” or “(PLF)”** in relation to thermal generating station or unit for a given period means the total sent out energy corresponding to scheduled generation during the period, expressed as a percentage of sent out energy

corresponding to installed capacity in that period and shall be computed in accordance with the following formula:

$$PLF = 10000 * \sum_{i=1}^N \left( \frac{SG_i}{\{N * IC * (100 - AUX_n)\}} \% \right)$$

Where,

IC = Installed Capacity of the generating station or unit in MW,

SG<sub>i</sub> = Scheduled Generation in MW for the *i*th time block of the period,

N = Number of time blocks during the period, and

AUX<sub>n</sub> = Normative Auxiliary Energy Consumption as a percentage of gross energy generation;

- (79) **“Previous year”** means the year immediately preceding the current year.
- (80) **“Project”** means a Generating Station or the transmission system including communication system or the distribution system, as the case may be, and in case of a hydro Generating Station includes all components of generating facility such as dam, intake water conductor system, power generating station and generating units of the scheme, as apportioned to power generation.
- (81) **“Prudence Check”** means scrutiny of reasonableness of capital expenditure incurred or proposed to be incurred; financing plan, use of efficient technology, cost and time over-run and such other factors as may be considered appropriate by the Commission for determination of tariff. While carrying out the Prudence Check, the Commission shall look into whether the generating company or transmission licensee has been careful in its judgments and decisions for executing the project or has been careful and vigilant in executing the project;
- (82) **“Pumped storage hydro generating station”** means a hydro station which generates power through energy stored in the form of water energy, pumped from a lower elevation reservoir to a higher elevation reservoir;
- (83) **“Rated Voltage”** means the manufacturer’s design voltage at which the transmission system is designed to operate or such lower voltage at which the line is charged, for the time being, in consultation with Transmission System Users.
- (84) **“Regulated Business”** means any electricity business, which is regulated by the Commission.



- (85) **“Regulatory Asset”** means previously incurred losses that are in the nature of deferred expenditure and that can be recovered from consumers in future, provided allowed by regulatory authorities.
- (86) **“Regulatory Accounts”** means the regulatory accounts, duly audited by the auditor of the Utility containing all the financial and non-financial information of the Utility, including the filled-up formats appended to these regulations and cover the activities which includes without limitation the Statutory Accounts prepared under Companies Act, 2013 or any other law applicable to the Utility;
- (87) **“Retail Supply Business”** means the business of sale of electricity by a licensee to consumers in accordance with the terms and conditions specified in the distribution and retail supply licensee.
- (88) **“Run-of-river Generating Station”** means a hydro Generating Station, which does not have upstream pondage;
- (89) **“Run-of-river Generating Station with pondage”** means a hydro Generating Station with sufficient pondage for meeting the diurnal variation of power demand;
- (90) **“Scheduled Energy”** means the quantum of energy scheduled by the State Load Dispatch Centre to be injected into the grid by a generating station for a given time period;
- (91) **“Scheduled Generation”** at any time for any period or time-block means schedule of ex-bus generation in MW or MWh, given by the State Load Dispatch Centre;
- (92) **“State Load Dispatch Centre”** or **“SLDC”** means the centre established by the State Government for purposes of exercising the powers and discharging the functions under Section 31 of the Act;
- (93) **“Storage Type power station”** means a hydroelectric power generating station associated with large storage capacity to enable variation of generation of power according to demand;
- (94) **“Tariff”** means the schedule of charges for generation, transmission, and distribution of electricity determined by the Commission from time to time;
- (95) **“Terminal Liabilities”** means terminal benefits such as Death cum Retirement Gratuity, Ex-gratia, Pension including Family Pension, Commuted Pension, Leave Encashment, LTC, Dearness relief, Interim relief, Medical reimbursement including fixed medical allowance in respect of pensioners, etc.;

- (96) **"Thermal Generating Station"** means a Generating Station or a Unit thereof that generates electricity using fossil fuels such as coal, lignite, gas, liquid fuel or combination of these as its primary source of energy;
- (97) **"Transmission"** means conveyance of electricity by means of transmission lines.
- (98) **"Transmission Services Agreement"** means an agreement entered into between a transmission licensee and the open access customer to avail access to the licensee's transmission system for the transmission of electricity.
- (99) **"Transmission Capacity Rights"** means the right of a Transmission System User to transfer power in MW, under normal circumstances, between such points of injection and drawal as may be set out in the Bulk Power Transmission Agreement;
- (100) **"Transmission System"** means a line or a group of lines with or without associated sub-station, and includes equipment associated with transmission lines and sub-stations;
- (101) **"Transmission System User"** means a person who has been allotted transmission capacity rights to access an Intra-State transmission system pursuant to a Bulk Power Transmission Agreement, except as provided in the Arunachal Pradesh State Electricity Regulatory Commission (Terms & Conditions of Open Access) Regulations, 2012, as applicable and as amended from time to time;
- (102) **"Transmission Licensee"** means a Licensee authorised by the Commission to establish or operate transmission lines under Section 14 of the Act;
- (103) **"Trial Run"** in relation to generating station or unit thereof shall mean the successful running of the generating station or unit thereof at maximum continuous rating or installed capacity for continuous period of 72 hours in case of unit of a thermal generating station or unit thereof and 12 hours in case of a unit of a hydro generating station or unit thereof:
- Provided that where the beneficiaries have been tied up for purchasing power from the generating station, the trial run shall commence after seven days' notice by the generating company to the beneficiaries.
- (104) **"User"** means a Licensee, a Generating Company, a person who has set up a captive generating plant, or a consumer availing open access, utilizing the transmission system of a transmission Licensee or distribution system of a Distribution Licensee;

**(105) “Useful life”** in relation to a Unit of a Generating Station, transmission system and distribution from the date of commercial operation shall mean the following, namely:

Coal/Lignite based thermal generating station	- 25
Gas/Liquid fuel based thermal generating station	- 25
Hydro generating station including `pumped storage hydro generating station	- 40
AC and DC sub-station	- 35
Gas Insulated Sub-station (GIS)/Hybrid sub-station	- 35
Transmission line (including HVAC and HVDC)	- 35
Distribution line	- 35
Communication System	- 15

**(106) “Wheeling”** means the operation where by the distribution system and associated facilities of a transmission or distribution licensee, as the case may be, are used by another person for the conveyance of electricity on payment of charges to be determined under Section 62 of the Act.

**(107) “Year”** means the financial year ending on 31st March.

The words and expressions used and not defined in these Regulations, but defined in the Act, shall have the meanings respectively assigned to them in the Act. The words “Application” or “Petition” shall be interpreted synonymously.

## **CHAPTER 2- GENERAL PRINCIPLES**

### **2.1 Multi -Year Tariff Framework**

- (1)** The Commission decides to adopt Multi Year Tariff (MYT) principles for determination of tariff, Fees and Charges, in line with the provision of Section 61 of the Act.
- (2)** The Multi- Year Tariff framework aims that:
  - a) Provide regulatory certainty to the Utilities, investors and consumers by promoting transparency, consistency and predictability of regulatory approach, thereby minimizing the perception of regulatory risk.
  - b) Address the risk sharing mechanism between Utilities and consumers based on controllable and uncontrollable factors.

- c) Ensure financial viability of the sector to attract investment, ensure growth and safeguard the interest of the consumers.
  - d) Review operational norms for Generation, Transmission, Distribution and Supply Businesses, related issues and recommend suitable measures to address such issues.
  - e) Promote operational efficiency.
- (3) The Commission shall determine the tariff, Fees and Charges for matters covered under Regulation 1.2 above under a Multi-Year Tariff framework with effect from 1st April, 2025.

Provided that the Commission may, either on Suo-motu basis or upon application made to it by an applicant, exempt the determination of tariff of a Generating Company or Transmission Licensee or Distribution Licensee under the Multi-Year Tariff framework for such period as may be contained in the Order granting such an exemption.

- (4) The Multi-Year Tariff framework shall be based on the following elements, for determination of Aggregate Revenue Requirement and expected revenue from tariff, Fees and charges for Generating Company, Transmission Licensee, SLDC, Distribution Wires Business and Retail Supply Business:
- a) A detailed Multi-Year Tariff Application comprising the Business Plan for the Control Period, forecast of Aggregate Revenue Requirement for the entire Control Period and expected revenue from existing tariffs, Fees and charges for the first year of the Control Period to be submitted by the Applicant:  

Provided that the performance parameters, whose trajectories have been specified in these Regulations, shall form the basis for projection of these performance parameters in the Aggregate Revenue Requirement for the entire Control Period:
  - b) Determination of Aggregate Revenue Requirement by the Commission for the entire Control Period and the tariff, Fees and charges for the first year of the Control Period for the Generating Company, Transmission Licensee, SLDC, Distribution Wires Business and Retail Supply Business;
  - c) Truing up of previous year's expenses and revenue by the Commission based on Audited Accounts vis-à-vis the approved forecast and categorisation of variation in performance as those caused by factors within the control of the Applicant

(controllable factors) and those caused by factors beyond the control of the Applicant (uncontrollable factors):

Provided that once the Commission notifies the Regulations for submission of Regulatory Accounts, the applications for tariff determination and truing up shall be based on the Regulatory Accounts;

- d) The mechanism for pass-through of approved gains or losses on account of uncontrollable factors as specified by the Commission in these Regulations;
- e) The mechanism for sharing of approved gains or losses on account of controllable factors as specified by the Commission in these Regulations;
- f) Annual determination of tariff, Fees and charges for the Generating Company, Transmission Licensee, SLDC, Distribution Wires Business and Retail Supply Business, for each financial year within the Control Period, based on the approved forecast and results of the truing up exercise.
- g) The tariff determined shall, within the time period specified in the order, be subject to the compliance of the directions by the Generating company, SLDC and the licensees to the satisfaction of the Commission. Noncompliance of directions given in the tariff order may also lead to invocation of the provisions of section 142 of the Act.

## **2.2 Filing under MYT**

- (1) The filing under MYT by the Generating Company, SLDC or the Licensee, shall be done as per the timelines specified in these Regulations and in compliance with the principles for determination of ARR as specified in these Regulations, in such form as may be prescribed by the Commission from time to time.
- (2) The filing for the Control Period under these Regulations shall be as under:
  - a) For the first year of the Control Period, MYT Petition shall comprise of:**
    - (i) Truing up for FY 2023-24;
    - (ii) Annual Performance Review for FY 2024-25;
    - (iii) Business Plan for the Control period;
    - (iv) Multi-Year Aggregate Revenue Requirement for the entire Control Period (FY 2025-26 to FY 2027-28) with year-wise details;

(v) Revenue from the sale of power at existing tariff, Fees and charges and Projected revenue gap or revenue surplus, for the 1<sup>st</sup> year of the Control Period under these Regulations, viz., FY 2025-26;

(vi) Application for determination of tariff for FY 2025-26.

**b) From the tariff determination of second year of the Control Period and onwards, the Petition shall comprise of :**

(i) Truing up of previous year;

(ii) Annual Performance Review of current year;

(iii) Revised ARR for the ensuing year (i.e. ensuing year means applicable for FY 2026-27 and FY 2027-28);

(iv) Revenue from the sale of power at existing tariff for ensuing year and

(v) Revenue gap or revenue surplus for the ensuing year based on the ARR;

(vi) Application for determination of tariff for the ensuing year;

(3) The Generating Company, Transmission Licensee, SLDC and Distribution Licensee for the Distribution Wires Business and Retail Supply Business, shall file separate audited accounting statements with the application for determination of tariff and truing up under **Regulation 3.1** of these Regulations.

(4) In case of a vertically integrated business, the Utility shall be required to file separate applications for determination of ARR and tariff for Generation Business, Transmission Business, Distribution Business:

Till such time there is a complete segregation of audited accounts between Generation, Transmission, Wheeling and Supply Businesses, as per provisions of these regulations, the application for determination ARR and tariff and truing up for each Business shall be supported by an allocation statement to apportion costs and revenues to respective business. The allocation statement shall be approved by the head of the Organisation of the distribution licensee and accompanied with an explanation of the methodology which should be consistent over the control period.

### **2.3 Business Plan:**

(1) An application for approval of the Business Plan shall be made along with the MYT Application year prior to the commencement of the Control Period, in accordance with the prevalent APERC (Conduct of Business) Regulations, 2011, as amended from time to time, and accompanied by a such fee payable, as specified in the

prevalent Arunachal Pradesh State Electricity Regulatory Commission (Fees) Regulations, 2011, as amended from time to time.

Provided that where no separate fees have been specified for filing of a Business Plan, the applicant shall pay fees as may be applicable for filing miscellaneous applications.

(2) The Business Plan shall contain the following:

**I. For a Generation Company-**

The Business Plan for the Generating Company shall be for the entire control period and shall, interalia, contain-

- a) Capital investment plan, which shall include details of the investments planned by the Generating Company for existing stations, yearly phasing of capital expenditure along with the source of funding, financing plan and corresponding capitalisation schedule. This plan shall be commensurate with R&M schemes and proposed efficiency improvements for various plants of the company;
- b) The capital investment plan shall show separately, on-going projects that will spill over into the Control Period, and new projects (along with justification) that will commence in the Control Period but may be completed within or beyond the Control Period;
- c) The Generating Company shall submit plant-wise details of the capital structure and cost of financing (interest on debt and return on equity), after considering the existing market conditions, terms of the existing loan agreements, risks associated in generation business and creditworthiness;
- d) Details related to major shut down of machines, if any;
- e) Trajectory of performance parameters.

**II. For a Transmission Licensee**

The Business Plan for the Transmission Licenses shall be for the entire control period and shall, interalia, contain-

- a) Capital investment plan should be commensurate with load growth and quality improvement proposed in the business plan. The investment plan should also include yearly phasing of capital expenditure along with the source of funding, financing plan and corresponding capitalisation schedule. The system augmentation/expansion plan to be submitted as a part of Capital Investment

Plan by the Transmission Licensee shall be consistent with the load growth forecast/ generation evacuation requirement during the control period. Further, the Capital Investment Plan shall be in conformity with the plans made by the CEA/CTU/ STU/Distribution Licensee;

- b) The appropriate capital structure of each scheme proposed and cost of financing (interest on debt) and return on equity, terms of the existing loan agreements, etc;
- c) Manpower planning
- d) Transmission loss reduction trajectory for each year of the control period, including details of the measures proposed to be taken for achieving the target loss;

### **III. For a Distribution Licensee**

The Distribution licensees should submit the business plan including power purchase plan, for approval of the Commission, comprising the following aspects:

- a) Distribution Licensee shall provide details regarding demand assessment and forecasting, generation resource planning, procurement planning, and monitoring and compliance as per the Arunachal Pradesh State Electricity Regulatory Commission (Framework for Resource Adequacy) Regulations, 2024 or its amendment.
- b) Distribution Licensee shall submit a forecast of the expected sales of electricity to each tariff category/sub-category and to each tariff slab within such tariff category/sub category to the Commission, as specified in these Regulations.

Provided that while estimating monthly, annually and long-term (5 years) demand and energy sales forecast, the Distribution Licensee(s) should carry out for at least three scenarios – Optimistic scenario, Business As Usual (BAU) scenario & Pessimistic scenario, duly taking into consideration various factors but not limited to the following:

- Historical as well as current year data;
- New consumer addition under various categories;
- Change in Consumption Pattern, on account of various factors including ToD tariff;



- Trends with respect to open access, captive consumption, migration behaviour of consumers, existing contract durations etc;
  - Growth in the consumption of power intensive sectors;
  - Weather forecast and seasonal variations;
  - Overall economic growth;
  - Activities and Enable scenarios for load shifting such as solarisation of Agricultural connections and feeders under various schemes, etc.;
  - Projected efficiency gains due to implementation of T&D loss reduction initiatives and other improvement programmers;
  - Energy Conservation and Energy Efficiency measures planned;
  - Likely impact of implementation of Demand Side Management (DSM);
  - Increase in penetration consumption from Distributed Energy Resources viz. Rooftop Solar and Electric Mobility.
- c) The sales forecast shall be based on past data and reasonable assumptions regarding the future:
- Provided further that Distribution Licensee shall undertake sales and demand forecast based on methods and tools including load research studies, advance statistical methods including multivariate regression analysis, partial end use method (PEUM), econometric methods, and also explore use of various IT applications, including Artificial Intelligence and Machine Learning (AI/ML) to improve accuracy.
- d) The Commission shall examine the forecasts for their reasonableness based on growth in the number of consumers, pattern of consumption, losses and demand of electricity in previous years and anticipated growth in the next year and any other factor, which the Commission may consider relevant and approve. the sales forecast with such modifications as deemed fit. The Distribution Licensee shall develop a robust database of all consumers with desired particulars regarding their demand to facilitate the forecasting process in accordance with the direction given by the Commission.
- e) The power purchase plan shall be prepared considering the provisions given under the Arunachal Pradesh State Electricity Regulatory Commission (Power Purchase and Procurement Process of Licensee) Regulation, 2024.

#### **IV. For a State Load Dispatch Centre (SLDC)**

- a)** Capital Investment Plan should include yearly phasing of capital expenditure along with the source of funding, financing plan and corresponding capitalisation schedule. The system augmentation/expansion plan to be submitted as a part of Capital Investment Plan shall be consistent with the system requirement during the control period. The requirement software and hardware systems should be clearly mentioned under the Capital Investment Plan.
- b)** The Applicant shall also submit the details in respect of its manpower planning for the Control Period as part of Business Plan.

#### **2.4 Specific trajectory for certain variables**

The Commission, while approving the Multi-Year Tariff Petition, may stipulate a trajectory for certain variables, including but not limited to transmission losses, distribution losses, Aggregate Technical and Commercial Losses (AT&C Loss), collection efficiency, and payment efficiency for the entire control period.

#### **2.5 MYT Application**

- (1)** The Generating Company, Transmission licensee, SLDC and Distribution Licensee, shall submit the Business Plan, forecast of Aggregate Revenue Requirement for the entire Control Period and tariff proposal for the 1st year of the Control Period, in such manner, and within 30<sup>th</sup> November of the current year (i.e. 30<sup>th</sup> November 2024 for the present control period) and accompanied by such fee payable, as may be specified under the Arunachal Pradesh State Electricity Regulatory Commission (Fees) Regulations, 2011, as amended from time to time.
- (2)** The Applicant shall develop the forecast of Aggregate Revenue Requirement using the assumptions relating to the behaviour of individual variables that comprise the Aggregate Revenue Requirement during the Control Period.
- (3)** The Applicant shall develop the forecast of expected revenue from tariff and charges based on the following:
  - a)** In the case of a Generating Company, estimates of quantum of electricity to be generated by each Unit/Station for ensuing financial year within the Control Period;
  - b)** In the case of a Transmission Licensee, estimates of transmission capacity allocated to Transmission System Users for ensuing financial year within the Control Period;

- c) In the case of SLDC, estimates of services to be extended to the beneficiaries.
  - d) In the case of a Distribution Licensee, estimates of quantum of electricity to be supplied to consumers and to be wheeled on behalf of Distribution System Users for ensuing financial year within the Control Period;
  - e) Prevailing tariffs as on the date of making the application.
- (4) Based on the forecast of Aggregate Revenue Requirement and expected revenue from tariff, Fees and charges, the Generating Company, Transmission Licensee, SLDC and Distribution Licensee for the Distribution Wires Business and Retail Supply Business, shall propose the tariff that would meet the gap, if any, in the Aggregate Revenue Requirement.
- (5) The Applicant shall provide full details supporting the forecast, including but not limited to details of past performance, proposed initiatives for achieving efficiency or productivity gains, technical studies, contractual arrangements and/or secondary research, to enable the Commission to assess the reasonableness of the forecast.
- (6) On receipt of application, the Commission shall either:
- a) Issue an Order approving the Business Plan, Aggregate Revenue Requirement for the entire Control Period and the tariff for the first year of the Control Period, subject to such modifications and conditions as it may specify in the said Order; or
  - b) Reject the application for reasons to be recorded in writing, as the Commission may deem appropriate:
  - c) Provided that the Applicant shall be given a reasonable opportunity of being heard before rejecting his application.

## **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 and determination of revised ARR and tariff for ensuing year (with respect to determination of tariff and fees and charges for second and third year during the control period) including relevant year True Up during the Control Period in accordance with this Regulation.
- (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.

## **2.7 Controllable and uncontrollable factors**

- (1) The “**Uncontrollable factors**” shall comprise of the following factors which were beyond the control of, and could not be mitigated by the applicant:
  - a) Force Majeure events, such as acts of war, fire, natural calamities, etc.
  - b) Change in law;
  - c) Taxes and Duties;
  - d) Variation in sales;
  - e) Intra and inter-state Transmission Loss, for Distribution Licensee;
  - f) Fuel cost;
  - g) Cost on account of Inflation; and
  - h) Variation in the cost of power generation and/or power purchase due to the circumstances specified in these Regulations.
- (2) Some illustrative variations or expected variations in the performance of the applicant, which may be attributed by the Commission to “**Controllable factors**” include, but are not limited to the following:
  - a) Variations in capital expenditure on account of time and/or cost overruns/ efficiencies in the implementation of a capital project not attributable to an approved change in scope of such project;
  - b) Variations in Aggregate Technical & Commercial (AT&C) losses which shall be measured as the difference between the units input into the distribution system and the units realized (units billed and collected) wherein the units realized shall be equal to the product of units billed and collection efficiency (where Collection Efficiency shall be measured as ratio of total revenue realized to the total revenue billed for the same year);

- c) Variations in Return on Equity (RoE), depreciation and working capital requirements;
  - d) Failure to meet the standards specified in the Standards of Performance Regulations, except where exempted;
  - e) Variation in operation & maintenance expenses, except those attributable to directions of the Commission.
  - f) Variation in Wires Availability and Supply Availability.
- (3) Provided that where the applicant or any interested or affected party believes, for any variable not specified above, that there is a material variation or expected variation in performance for any financial year on account of uncontrollable factors, such applicant or interested or affected party may apply to the Commission for inclusion of such variable at the Commissions discretion, under this Regulation for such financial year.

## **2.8 Sharing of Gains and Losses:**

In this Section, the mechanism of sharing the gains and losses on account of uncontrolled and controllable factors has been elaborated.

The Profit-Sharing mechanism is intended to share the benefits of better performance of the Utility with the consumers, while at the same time ensuring that the Utility has enough incentive to improve its operational efficiency. The mechanism of sharing of gains and losses is mentioned below:

- (1) **Mechanism for pass through of gains or losses on account of uncontrollable factors**
- a) The Approved aggregate gain or loss to the Generating Company, Transmission Licensee or Distribution Licensee on account of uncontrollable factors shall be pass-through as an adjustment in the tariff of the Generating Company, Transmission Licensee or Distribution Licensee over such period as may be specified in the Order of the Commission passed under these Regulations:
  - b) The Generating Company, Transmission Licensee or Distribution Licensee shall submit such details of the variation between expenses incurred and revenue earned and the figures approved by the Commission, in the specified format to the Commission, along with the detailed computations and supporting documents as may be required for verification by the Commission.

- c) Nothing contained in this Regulation shall apply in respect of any gain or loss arising out of variations in the price of fuel and power purchase, which shall be dealt with as specified by the Commission in accordance with the Fuel and Power Purchase Adjustment Surcharge (FPPAS), specified by the Commission.

**(2) Mechanism for sharing of gains or losses on account of controllable factors**

- (a) The approved aggregate gain to the Generating company, Transmission Licensee or Distribution Licensee on account of controllable factors must be shared in following manner:
- Two-third of the amount of such gain shall be passed on as a rebate in tariff over such period as may be stipulated in the Order of the Commission;
  - The balance amount, which will amount to one-third of such gain, shall be retained.
- (b) The approved aggregate loss, if any to the Generating Company, Transmission Licensee or Distribution Licensee on account of controllable factors shall be shall be dealt in the following manner:
- One-third of the amount of such loss shall be passed on as an additional charge in tariff over such period as may be stipulated in the Order of the Commission; and
  - The balance amount, which will amount to two-third of such loss, shall be absorbed by the Licensee.

**2.9 Suo Motu Order**

The Commission shall, at all times, have the authority, either Suo-Motu or on a petition filed by any interested or affected party, to determine the Tariff, including terms and conditions thereof, of Generation Company, Transmission Licensee, SLDC and Distribution Licensees and shall initiate the process of such determination in accordance with the procedure as may be specified:

Provided that the proceedings for such determination of Tariff, including terms and conditions thereof, shall be in the same manner as set out in the APSERC (Conduct of Business Regulations) 2011, as amended from time to time.

## CHAPTER 3 - PROCEDURE FOR DETERMINATION OF TARIFF

### 3.1 Filing of MYT and Tariff Petition

- (1) An application for approval of the Business Plan along with forecast of Aggregate Revenue Requirement for the entire Control Period and tariff proposal for the 1st year of the Control Period shall be made by 30th November of the previous financial year prior to the commencement of the Control Period.
- (2) An application for determination of tariff for ensuring year (applicable for second year and third year) during the control period shall be made by 30th November of relevant current year, in such form and in such manner as specified in these Regulations and accompanied by such fees as may be specified under the Commission.
- (3) The Applicant shall provide, as part of its Petition to the Commission, in such formats as specified by the Commission from time to time, full details of its calculation of the Aggregate Revenue Requirement and Expected Revenue from Tariff and Charges, and thereafter, shall furnish such further information or particulars or documents as the Commission may reasonably require to assess such calculation:

Provided that the Petition shall be accompanied by, where relevant, tariff and charges revision proposal showing category-wise tariff for recovery of Aggregate Revenue Requirement for the respective Year of the Control Period:

Provided further that the Commission may specify additional/alternative formats for details to be submitted by the Applicant, from time to time, as it may reasonably require for assessing the Aggregate Revenue Requirement and for determining the tariff.

Provided further that the information for the previous year shall be based on audited accounts and the same should be filed along with audited accounts for the previous year:

- (4) Upon receipt of a complete application accompanied by all requisite information, particulars and documents in compliance with all the requirements specified in these Regulations, the application shall be deemed to be received and the Commission or the Secretary or the designated Officer shall intimate to the applicant that the application is registered and ready for publication.



- (5) The generating company and the Licensee shall file information in the formats for the previous year, current year and ensuing year along with their petition as specified by the Commission.
- (6) The Generating Company and Licensee along with the aforesaid petition shall submit a statement on the status of compliance of directives, if any, issued by the Commission in its last tariff order.
- (7) The petition for determination of tariff shall also include the details of actual subsidy received from the State Government vis-à-vis claimed by the Distribution Licensee.
- (8) The petition shall be supported with an affidavit by an authorized person who is acquainted with all facts and not below the Rank of SE, stated in the application or else the Petition would be marked as Null and Void.
- (9) The petition shall be sent by registered post acknowledgement due or by hand delivery. In addition to the hard copies, the information shall necessarily be submitted in such electronic form, as the Commission may require.
- (10) Every new licensee shall file with the Commission, within one (1) month of grant of license, a tariff petition along with details. Every new generating company shall file a petition with the Commission, at least three (3) months ahead of commencement of commercial operations.
- (11) The Commission may seek clarification and additional information on inadequacies in the application, if any, within fourteen (14) days of filing of the application for approval of the MYT application for determination of tariff.
- (12) The Licensee shall respond within the next ten (10) days to the Commission with all clarification and information as required.
- (13) The Commission may take the petition on record for further processing (i.e. registration of application) within seven (7) days of submission of response to the clarifications and all the required data/information by the Licensee.
- (14) The Commission may reject the petition for reasons to be recorded in writing, if such petition is not in accordance with the provisions of the Act and the rules and regulations made there under or the provisions or any other law for the time being in force. Provided that the petitioner shall be given a reasonable opportunity of being heard before rejecting his application.

- (15) Notwithstanding anything contained in these Regulations, in case of delay in filing or non-submission of MYT application for determination of tariff, the Commission may initiate Suo-motu proceedings mandating the filing of the said application.

Provided that in the event of the licensee not filing the application despite the aforesaid proceeding, the Commission may on its own, decide the tariff based on previous year's tariff details and after incorporating suitable adjustments.

### **3.2 Publication of Tariff Application**

- (1) The applicant shall, within seven (7) days after registration of the application, publish the tariff petition in such abridged form and manner as may be specified by the Commission, in at least two (2) daily newspapers, having wide circulation in the area of supply inviting objections/ suggestions within the specified date from general public and stake holders.
- (2) The applicant shall submit within fifteen (15) days of publication of the notice, copies of the newspapers wherein the notice has been published, supported by an affidavit to such effect.
- (3) The applicant shall make available a hard copy of the complete application, to any interested party, at such locations and at such rates as may be stipulated by the Commission.
- (4) Provided further that the applicant shall also put up on its website, in downloadable spreadsheet format showing detailed computations, the application made to the Commission along with all regulatory filings, information, particulars and documents in the manner so stipulated by the Commission:
- (5) Provided further that the web-link to the information mentioned in the second proviso above shall be easily accessible, archived for downloading and shall be prominently displayed on the applicant's website
- (6) All suggestions/objections in response to the public notice shall be sent to the Secretary of the Commission at its headquarters office with a copy to the applicant.
- (7) The applicant shall file his response/comments /remarks on the suggestions/ objections received within fifteen (15) days from the last date of receipt of such suggestion /objections with the Commission along with a copy to the objector.

- (8) In case the applicant is unable to respond to any objection, justifiable reasons for not responding shall be furnished. Replies such as 'no comments' etc. to any objection(s) shall not be entertained.

### **3.3 Hearing on the application**

- (1) The Commission shall initiate a proceeding on the Business Plan, MYT application and tariff proposal given by the applicant and may hold public hearing(s) to decide on such tariff proposals.
- (2) The procedure for public hearing of the tariff application shall be in the manner as specified by the Commission.

### **3.4 Order of the Commission:**

- (1) Within a period of 120 days from the date of acceptance of the tariff application and after considering the proceedings of the hearing(s) as well as suggestions / objections received in response to the public notice, the Commission shall issue the tariff order, communicating its decisions on the aggregate revenue requirement, revenue calculations and Tariff proposals to the generating company or the licensee as the case may be.
- (2) Tariff will come into force with effect from the date as specified in the Tariff order.
- (3) The Commission shall forward within seven (7) days of passing the order, a copy of the order to the State Government, the Central Electricity Authority, the concerned generating company or licensee and other authorities, as may be necessary.
- (4) The Commission shall post the tariff order in its website.
- (5) The tariff order shall, unless amended or revised, continue to be in force for such period as may be specified in the Tariff order.

### **3.5 Publication of Tariff Order**

- (1) The Applicant shall publish the tariff approved by the Commission in at least two daily newspapers having wide circulation in the State of location of Generating Company or Transmission Licensee or Area of Supply of Distribution Licensee, as the case may be, display the approved tariff schedule on its internet website, and make available for sale a booklet containing such tariff to any person upon payment of reasonable charges.

### **3.6 Review of Tariff Order**

- a) All applications for the review of tariff shall be in the form of petition accompanied by the prescribed fee. A petition for review of tariff can be admitted by the Commission as per norms prescribed in Conduct of Business Regulations.
- b) On being satisfied that there is a need to review the tariff of any generating company or the licensee, the Commission may on its own initiate process of review of the tariff of any generating company or the licensee. The Commission may also, in its own motion review any tariff order to correct any clerical error or any error apparent of the face of the record.

### **3.7 Amendment to Tariff**

The tariff determined and notified as above may not be amended more frequently than once in any financial year, except that tariff rates shall be adjusted in accordance with any adjustment formulae, including Fuel and Power Purchase Adjustment Surcharge (FPPAS), specified by the Commission, incorporated in the tariff order or in any order of the Commission.

Provided that the consequential orders, which the Commission may issue to give effect to the subsidy by the State Government shall not be constructed as amendment of the tariff notified.

### **3.8 Adherence to Tariff Order**

- (1) If any Generating Company or Transmission Licensee or SLDC or Distribution Licensee recovers a price or charge exceeding the tariff determined under Section 62 of the Act and in accordance with these Regulations, the excess amount shall be payable to the person who has paid such price or charge, along with interest equivalent to the Bank Rate of the Reserve Bank of India without prejudice to any other liability incurred by such Generating Company or Transmission Licensee or SLDC or Distribution Licensee.
- (2) The Licensees shall submit periodic returns as may be required by the Commission, containing operational and cost data to enable the Commission to monitor the implementation of its Order.

### **3.9 Determination of Generation Tariff:**

- (1) **Existing generating station**

- a) Where the Commission has, at any time prior to the date of effectiveness of these Regulations, approved a power purchase agreement or arrangement between a Generating Company and a Distribution Licensee or has adopted the tariff contained therein for supply of electricity from an existing generating Unit/Station, the tariff for supply of electricity by the Generating Company to the Distribution Licensee shall be in accordance with tariff mentioned in such power purchase agreement or arrangement for such period as may be so approved or adopted by the Commission
- b) Where, as on the date of effectiveness of these Regulations, the power purchase agreement or arrangement between a Generating Company and a Distribution Licensee for supply of electricity from an existing generating station has not been approved by the Commission or the tariff contained therein has not been adopted by the Commission or where there is no power purchase agreement or arrangement, the supply of electricity by such Generating Company to such Distribution Licensee after the date of effectiveness of these Regulations shall be in accordance with a power purchase agreement approved by the Commission:

Provided that an application for approval of such power purchase agreement or arrangement shall be made by the Distribution Licensee to the Commission within a period of three (3) months from the date of notification of these Regulations:

Provided further that the supply of electricity shall be allowed to continue under the present agreement or arrangement, as the case may be, until such time as the Commission approves of such power purchase agreement and shall be discontinued forthwith if the Commission rejects, for reasons recorded in writing, such power purchase agreement or arrangement.

## **(2) New generating stations**

The tariff for the supply of electricity by a Generating Company to a Distribution Licensee from a new generating Unit/Station shall be as per power purchase agreement approved by the Commission in line with the provision contained in para 5.5 of National Tariff Policy that came into effect on 28th January, 2016.

## **(3) Own generating stations**

- a) Where the Distribution Licensee also undertakes the business of generation of electricity, the transfer price at which electricity is supplied by the Generation

Business of the Distribution Licensee to his Retail Supply Business shall be determined by the Commission.

- b) The Distribution Licensee shall maintain separate records for the Generation Business and shall maintain an Allocation Statement so as to enable the Commission to clearly identify the direct and indirect costs relating to such business and return on equity accruing to such business:
- c) The Distribution Licensee shall submit, along with the separate application for determination of tariff for retail supply of electricity, the information required under Chapter-6 of these Regulations relating to the Generation Business.

### **3.10 Determination of Tariff for Transmission, Distribution Wires Business, Retail Supply Business and SLDC Fees and Charges**

- (1) The Commission shall determine the tariff for Transmission Business, Distribution Wires Business, Retail Supply Business and the SLDC fees and charges based on an application made by the Licensees and SLDC in accordance with the procedure contained in these Regulations.
- (2) The Commission shall determine the tariff for:
  - a) Transmission of electricity, in accordance with the terms and conditions contained in **Chapter 7** of these Regulations;
  - b) SLDC Fees & Charges, in accordance with the terms and conditions contained in **Chapter - 8** of these Regulations
  - c) Distribution Wire Business, in accordance with the terms and conditions contained in **Chapter - 9** of these Regulations; and
  - d) Retail Supply Business, in accordance with the terms and conditions contained in **Chapter - 10** of these Regulations.

### **3.11 True-Up Order**

- (1) The Commission shall True-Up expenses either as part of the Tariff order or issue Order/s for True-Up of expenses on annual basis, if required.
- (2) Truing-up shall be carried out based on the actual/audited information and prudence check by the Commission:

Provided that if revenue gaps are large, and it is not feasible to recover the same through tariff in one year alone, the Commission may take a view to create a

regulatory asset, as per the guidelines provided in clause 8.2.2 of the National Tariff Policy.

## **CHAPTER-4- FINANCIAL PRINCIPLES**

### **4.1 Financial Prudence**

- (1) The Generating Company or Licensee is required to manage its finances in an optimum and prudent manner.
- (2) In determining the Aggregate Revenue Requirement of the Generating Company or Licensee, the Commission shall assess the financial prudence exercised with regard to the following factors:
  - a) revenue earned;
  - b) revenue expenditure;
  - c) capital expenditure:

Provided that the Commission may disallow a part of the Aggregate Revenue Requirement, as efficiency measure, if it finds the exercise of such prudence to have been deficient.

- (3) The financial prudence with respect to revenue shall be assessed in terms of the following parameters:
  - a) whether category-wise sales projections are based on realistic estimates, and adequate justification has been provided for any anomalous increase in sales projected by the Distribution Licensee;
  - b) whether projected generation is based on realistic estimates, and adequate justification has been provided for any anomalous increase in generation projected by the Generating Company;
  - c) billing efficiency measured as a percentage of the units billed by the Generating Company or Licensee to the total units injected into the transmission or distribution system, as the case may be;
  - d) collection efficiency measured as a percentage of the amount collected by the Generating Company or Licensee to the total amount billed.
  - e) reduction in arrears receivable from Beneficiaries/consumers;

- f) percentage of metered consumers and metered consumption out of the total, in the case of Distribution Licensee.
  - g) percentage of bills raised on the basis of assessed consumption out of the total number of bills raised by the Distribution Licensee;
  - h) whether revenue collected is in line with the projections made in the Petition and approved by the Commission.
- (4) The financial prudence with respect to revenue expenditure shall be assessed in terms of the following parameters:
- a) monitoring of the revenue expenditure as against the revenue earned, such that the expenses and payment obligations of the Generating Company or Licensee to other entities are met in a timely manner;
  - b) mechanism put in place for monitoring adherence with the approved revenue expenditure, including schedule of interest payments for long-term loans and working capital;
  - c) transparent method of power procurement, with the objective of optimizing the power purchase expenses, as specified in Regulations 14, 27, 28 and 29:
  - d) sale of incidental surplus power in optimum manner;

Provided that the Generating Company or Licensee shall submit a detailed cash flow statement for the respective business, showing the various sources of revenue, the actual amount of cash collected against the amount billed to different consumer categories for sale of electricity, the comparison of the actual revenue expenditure and capital expenditure with the projected and approved revenue expenditure and capital expenditure:

Provided also that in case the payment obligations of the Generating Company or Licensee to other entities are not regularly met, the Generating Company or Licensee shall provide justification for such shortfall with reference to the cash flow statement.

- (5) The financial prudence with respect to capital expenditure shall be assessed in terms of the following parameters:
- a) mechanism put in place for monitoring the physical progress of projects with respect to their original schedule;



- b) Optimum drawal of loans in accordance with the physical progress of the capital expenditure schemes and efficient utilization of such loans. For this purpose, equity portion is to be inducted proportionately;
- c) in case the actual capital expenditure and capitalization exceeds that approved by the Commission, the Generating Company or Licensee shall submit detailed justification for such excess along with the Petition for True-up;
- d) In case any scheme has not been commenced during the year despite the Commission's approval for the same, detailed justification shall be submitted for the same along with the Petition for True-up. If the Commission does not satisfy with the justifications, so submitted Commission may direct to refund any excess recovery with carrying cost equivalent to average rate of interest permitted to the petitioner during truing up.

#### **4.2 Debt-equity ratio**

- (1) In the case of Existing Projects, debt to equity ratio allowed by the Commission for the determination of tariff for the period ending 31<sup>st</sup> March 2025 shall be considered:

Provided that in case of retirement or replacement or De-capitalisation of the assets, the equity capital approved as mentioned above, shall be reduced to the extent of 30% (or actual equity component based on documentary evidence, if it is lower than 30%) of the original cost of such assets:

- (2) For New Projects, the debt-equity ratio as on the Date of Commercial Operation shall be 70:30 of the amount of capital cost approved by the Commission, after prudence checks for determination of tariff:

Provided that where equity actually deployed is less than 30% of the capital cost of the capitalized asset, the actual equity shall be considered for determination of tariff:

Provided also that if the equity actually deployed is more than 30% of the capital cost, equity in excess of 30% shall be treated as a normative loan for the Licensee for determination of tariff: Provided also that the Licensee shall submit documentary evidence for the actual deployment of equity and explain the source of funds for the equity:

Provided also that the equity invested in foreign currency shall be designated in Indian rupees on the date of each investment:

Provided further that the premium, if any, raised by the Licensee while issuing share capital and investment of internal resources created out of its free reserves, for the funding of the scheme, shall be reckoned as paid up capital for the purpose of computing return on equity, provided such premium amount and internal resources are actually utilized for meeting the capital expenditure of the transmission system or the distribution system, and are within the ceiling of 30% of capital cost approved by the Commission.

- (3) Any expenditure incurred or projected to be incurred on or after April 1, 2025, as may be admitted by the Commission, as additional capital expenditure for determination of tariff, and renovation and modernisation expenditure for life extension shall be serviced in the manner specified in this Regulation.

#### **4.3 Capital Cost and Capital Structure:**

**(1) Capital Cost for a project shall include:**

- a) the expenditure incurred or projected to be incurred, including interest during construction and financing charges, any gain or loss on account of foreign exchange rate variation on the loan during construction up to the date of commercial operation of the project, as admitted by the Commission after prudence check;
- b) capitalised initial spares subject to the ceiling rates specified in these Regulations;
- c) additional capitalisation:

Provided that the assets forming part of the project but not put to use or not in use, shall be taken out of the capital cost.

- (2) The capital cost admitted by the Commission after prudence check shall form the basis for determination of tariff:

Provided that prudence check may include scrutiny of the reasonableness of the capital expenditure, financing plan, interest during construction, use of efficient technology, cost overrun and time over-run, and such other matters as may be considered appropriate by the Commission for determination of tariff.

- (3) If sufficient justification is provided for any escalation in the Capital Cost, the same may be considered by the Commission subject to the prudence check:

Provided that in case the actual capital cost is lower than the approved capital cost, then the actual capital cost will be considered for determination of tariff of the Generating Company or Transmission Licensee or Distribution Licensee.

- (4) The actual capital expenditure on COD for the original scope of work based on audited accounts of the Company limited to original cost may be considered subject to the prudence check by the Commission.
- (5) Where the power purchase agreement or bulk power transmission agreement provides for a ceiling of capital cost, the capital cost to be considered shall not exceed such ceiling.
- (6) The capital cost may include initial spares capitalised as a percentage of the Plant and Machinery cost up to Cut off Date, subject to the following ceiling norms:
- a) Coal-based/lignite-fired thermal generating stations – 4%
  - b) Gas Turbine/Combined Cycle thermal generating stations – 4%
  - c) Hydro-generating stations including pumped storage hydro generating station - 4%
  - d) Transmission and Distribution Line- 1.0%
  - e) Transmission and Distribution Substation (Green Field) - 4%
  - f) Transmission Sub-station (Brown Field) – 6%
  - g) Series Compensation devices and HVDC Sub-station – 4%
  - h) Gas Insulated Sub-station (GIS) – 5%
  - i) Communication System- 3.5%
  - j) Static Synchronous Compensator – 6%
- (7) Impact of revaluation of assets shall be permitted during the Control Period, provided it does not result in increase in tariff of Generating Company, Transmission Licensee, SLDC and Distribution Licensee.
- (8) Any benefit from such revaluation shall be passed on to persons sharing the capacity charge in case of a Generating Company and to long-term intra-State open access customers of transmission licensee or distribution licensee, or retail supply consumers in case of distribution licensees, at the time of annual truing up.
- (9) Any expenditure on replacement, renovation and modernization or extension of life of old fixed assets, as applicable to Generating Company, Transmission Licensee,

SLDC and Distribution Licensee, shall be considered after writing off the net value of such replaced assets from the original capital cost and will be calculated as follows:

$$\text{Net Value of Replaced Assets} = \text{OCFA} - \text{AD} - \text{CC};$$

Where;

OCFA: Original Capital Cost of Replaced Assets;

AD: Accumulated depreciation pertaining to the Replaced Assets;

CC: Total Consumer Contribution pertaining to the Replaced Assets.

Provided further that the amount of insurance proceeds received, if any, towards damage to any asset requiring its replacement shall be first adjusted towards outstanding actual or normative loan and the balance amount, if any, shall be utilised to reduce the capital cost of such replaced asset, and any further balance amount shall be considered as Non-Tariff Income.

#### **4.4 Additional capitalization**

- (1) The following capital expenditure, actually incurred or projected to be incurred, on the following counts within the original scope of work, after the date of commercial operation and up to the cut-off date may be admitted by the Commission, subject to the prudence check:
  - a) Due to Un-discharged liabilities within the original scope of work;
  - b) On works within the original scope of work, deferred for execution;
  - c) To meet award of arbitration and compliance of final and un-appealable order or decree of a court arising out of original scope of works;
  - d) On account of change in law;
  - e) On procurement of initial spares included in the original project costs subject to the ceiling norm specified;
  - f) Any additional works/services, which have become necessary for efficient and successful operation of a generating station or a transmission system or a distribution system but not included in the original capital cost:

Provided that original scope of work along with estimates of expenditure shall be submitted as a part of Capital Investment Plan Provided further that a list of the deferred liabilities and works deferred for execution shall be submitted along with the application for final tariff after the date of commercial operation of the generating

Unit/Station or transmission system or distribution system. Provided further that the assets forming part of the project but not put to use, shall not be considered.

- (2) Impact of additional capitalization on tariff, as the case may be, shall be considered during Truing Up of each financial year of the Control Period.

#### **4.5 Consumer contribution, Deposit Work and Grant**

The following nature of work carried out by the Generating Company, Transmission Licensee, SLDC and Distribution Licensee shall be classified under this category:

- a) Works after obtaining a part or all of the funds from the users in the context of deposit works;
- b) Capital works undertaken by utilizing the grants received from the State and Central Governments, including funds under various schemes shall be classified under the category of Grants.
- c) Any other grant of similar nature and such amount received without any obligation to return the same and with no interest costs attached to such subvention.

#### **4.6 Return on Equity**

- (1) Return on equity shall be computed in rupee terms, on the equity capital determined in accordance with **Regulation 4.2**.

- (2) Maximum Return on Equity that shall be allowed for the assets put to use for the Generating Company and Retail Supply Business up to the rate of 15.50% per annum in Indian Rupee terms and for Transmission Licensee, SLDC and Distribution Wires Business, up to the rate of 15.00% per annum in Indian Rupee terms:

Provided that Return on Equity shall be allowed in two parts viz. Base Return on Equity, and Additional Return on Equity linked to actual performance:

Provided that Additional Return on Equity linked to actual performance only applicable during true-up exercise:

Provided further that Additional Return on Equity shall be considered and trued-up for respective year based on actual performance substantiated by documentary evidence, after prudence check by the Commission.

Provided further that the Commission may conduct a third-party verification of the performance parameters based on which the additional Return on Equity is being allowed during true-up exercise.

- (3) For embedded generating station of any distribution licensee, the computation of return on equity shall be similar to that of a generating company.
- (4) 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.
- (5) The rate of return of a new project shall be reduced by 1% for such period as may be decided by the Commission, if the generating station or transmission system or distribution system is found to be declared under commercial operation without commissioning of any of the Restricted Governor Mode Operation (RGMO)/ Free Governor Mode Operation (FGMO), meter (with AMR facilities), data telemetry and communication system up to concerned load dispatch centre or protection system.
- (6) Base Return on Equity of 14.00% per annum in Indian Rupee terms shall be allowed on the equity capital for the assets put to use:  
Provided that in case Generating Company or Transmission Licensee or SLDC or Distribution Licensee claims Return on Equity at a rate lower than the normative rate specified above for any particular year, then such claim for lower Return on Equity shall be unconditional:  
Provided further that such claim for lower Return on Equity shall be allowed subject to the condition that the reduction in Return on Equity shall be foregone permanently for that year and shall not be allowed to be recouped at the time of Mid-Term Review or true-up as applicable.
- (7) The Base Return on Equity shall be computed as:
  - (a) Return at the allowable base rate as per this Regulation, applied on the amount of equity capital at the commencement of the Year; plus
  - (b) Return at the allowable base rate as per this Regulation, applied on 50 per cent of the equity capital portion of the allowable capital cost during the year, for the investments put to use in Generation Business or Transmission Business or Distribution Business or SLDC.
- (8) In case of a thermal / hydro generating unit, and SLDC with effect from April 01, 2025, the additional rate of Return on Equity of maximum 1.5% and 1%, respectively, shall be allowed during true-up, if the Commissions observes that the directives given in previous tariff orders are followed in the true-up year.

- (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%.
- (10) In case of Distribution Licensee, with effect from April 01, 2025, an additional rate of Return on Equity of maximum 1.5% (for retail business) and 1% (for wire business) shall be allowed based on achievement of certain specified target performance parameters including consumer metring, feeder and sub-station metering, percentage of assessed bills over total bills, meeting RPO Trajectory targets, CGRF performance (efficacy in dispute resolution/complaint handling) or any other performance parameter, as assessed by the Commission during the true-up.

#### 4.7 Tax on Return on Equity

- (1) The base rate of return on equity as allowed by the Commission under Regulation 4.6 shall be grossed up with the effective tax rate of the respective financial year. For this purpose, the effective tax rate shall be considered on the basis of actual tax paid in the respect of the recent financial year in line with the provisions of the relevant Finance Acts by the concerned generating company or the licensee, as the case may be. The actual tax on income from other business streams including deferred tax liability (i.e. income on business other than business of generation, transmission or distribution wire, as the case may be) shall not be considered for the calculation of “effective tax rate”.
- (2) Rate of return on equity shall be rounded off to three decimal places and shall be computed as per the formula given below:

$$\text{Rate of pre-tax return on equity} = \text{Base rate} / (1-t)$$

Where “t” is the effective tax rate in accordance with regulation 4.7(1) of these Regulations. In case of generating company or the licensee, paying Minimum Alternate Tax (MAT), “t” shall be considered as MAT rate including surcharge and cess.

Illustration: -

- a) In case of the generating company or the licensee paying Minimum Alternate Tax (MAT) @ 20.96% including surcharge and cess:

$$\text{Rate of return on equity} = 14.00 / (1 - 0.2096) = 17.71\%$$

- b) In case of generating company or the licensee paying normal corporate tax of, say 24%, including surcharge and cess:

$$\text{Rate of return on equity} = 14.00 / (1 - 0.24) = 18.42\%$$

- (3) The generating company or the licensee, as the case may be, shall claim for true up the grossed up rate of return on equity (on base rate only) based on actual tax paid or the normative tax computed on its core business based on profits such earned based on the norms of these regulation, whichever is lower, together with any additional tax demand including interest thereon, duly adjusted for any refund of tax including interest received from the income tax authorities pertaining to any base year or ensuing year.

Provided that any penalty arising on account of delay in deposit of tax amount shall not be claimed by the generating company or the licensee as the case may be during the true up.

- (4) Any under-recovery or over-recovery of grossed up rate on return on equity shall be adjusted during the truing up process.

#### **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.

- (2) The normative loan outstanding as on April 1, 2025, shall be worked out by deducting the cumulative repayment as admitted by the Commission up to March 31, 2025, from the gross normative loan.
- (3) The repayment for the year during the control period shall be deemed to be equal to the depreciation allowed for that year.
- (4) Notwithstanding any moratorium period availed by the Generating Company or the Transmission Licensee, SLDC or the Distribution Licensee, as the case may be, the



repayment of loan shall be considered from the first year of commercial operation of the project and shall be equal to the annual depreciation allowed.

- (5) The rate of interest shall be the weighted average rate of interest calculated on the basis of the actual loan portfolio at the beginning of each year applicable to the Generating Company or the Transmission Licensee or the SLDC or the Distribution Licensee:

Provided that if there is no actual loan for a particular year but normative loan is still outstanding, the last available weighted average rate of interest shall be considered:

Provided further that if the Generating Company, the Transmission Licensee, SLDC or the Distribution Licensee, as the case may be, does not avail any loan in past, then the one-year SBI MCLR (or any replacement thereof declared by SBI from time to time) plus 150 basis points shall be considered.

- (6) The interest on loan shall be calculated on the normative average loan of the year by applying the weighted average rate of interest.

Provided that at the time of Truing-up, the normative average loan of the year shall be considered on the basis of the actual asset capitalisation approved by the Commission for the year.

Provided further that neither penal interest nor overdue interest shall be allowed for computation of tariff.

- (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.

- (8) The Generating Company or the Transmission Licensee or the SLDC or the Distribution Licensee, as the case may be, shall make every effort to re-finance the loan as long as it results in net savings on interest and in that event the costs associated with such re-financing shall be borne by the beneficiaries and the net savings shall be shared between the beneficiaries and the Generating Company or the Transmission Licensee or the SLDC or the Distribution Licensee, as the case may be, in the ratio of 2:1.

Provided that the changes to the terms and conditions of the loans shall be reflected from the date of such re-financing.

Provided also that the re-financing shall not be subject to any adverse terms and conditions and additional cost:

Provided also that Generating Company or Transmission Licensee or Distribution Licensee or SLDC, as the case may be, shall submit documentary evidence of the costs associated with such re-financing

- (9) Interest shall be allowed on the amount held as security deposit held in cash from Transmission System Users, Distribution System Users and consumers at the Bank Rate as on 1st April of the financial year in which the Petition is filed.
- (10) Further, at the time of Truing-up, the interest on the amount of security deposit for the year shall be considered on the basis of the actual interest paid by the Licensee during the year, subject to prudence check by the Commission.

#### **4.9 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.
- (2) The salvage value of the asset shall be considered as 10% and depreciation shall be allowed up to maximum of 90% of the capital cost of the asset.

Provided that Generating Company or Transmission Licensee or SLDC or Distribution licensee shall submit certification from the Statutory Auditor for the capping of depreciation at ninety per cent of the allowable capital cost of the asset in the true-up application;

Provided further that salvage value for IT equipment and software shall be considered as NIL and 100% value of the assets shall be considered depreciable;

Provided that in case of hydro generating stations, the salvage value shall be as provided in the agreement signed by the developers with the State Government for creation of the site:

Provided further that the capital cost of the assets of the hydro generating station for the purpose of computation of depreciable value shall correspond to the percentage of sale of electricity under long-term power purchase agreement at regulated tariff.

- (3) In case of the existing projects, the balance depreciable value as on April 1, 2025, shall be worked out by deducting the cumulative depreciation as admitted by the Commission upto March 31, 2025, from the gross value of the assets.
- (4) Depreciation shall be calculated annually based on Straight Line Method and at rates specified in Appendix- I of these Regulations.

Provided that the remaining depreciable value as on 31st March of the year closing after a period of 12 years from date of commercial operation shall be spread over the balance useful life of the assets:

- (5) In case of projected commercial operation of the asset for part of the year, depreciation shall be calculated based on the average of opening and closing value of asset, approved by the Commission:

Provided that depreciation will be re-calculated during truing-up for assets capitalised at the time of Truing Up of each year of the Control Period, based on documentary evidence of asset capitalised by the applicant, subject to the prudence check of the Commission, such that the depreciation is calculated proportionately from the date of capitalisation.

#### **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:

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

**(4) Employee Cost**

Employee cost shall be computed on employee expenses for previous year escalated by consumer price index (CPI) 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:

$$\mathbf{EMP}_n = (\mathbf{EMP}_{n-1}) \times (1 + \mathbf{CPI}_{inflation}) + \text{Growth Factor}(G) + \text{Provisions}$$

Where,

**EMP<sub>n</sub>** – Employee expenses of the Licensee for the nth Year (n can be 1, 2 or 3);

**EMP<sub>n-1</sub>** – 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.

**CPI<sub>inflation</sub>** – is the average increase in Consumer Price Index (CPI) for immediately preceding three (3) Years before the nth Year;

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 one-time expenses as specified above.

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

Repairs and Maintenance expense shall be calculated on Actual R&M expenses incurred for previous years escalated by Wholesale Price Index (WPI) as per the following formula:

$$\mathbf{R\&M}_n = (\mathbf{R\&M}_{n-1}) \times (1 + \mathbf{WPI}_{inflation})$$

Where,

**R&M<sub>n</sub>** – Repair and Maintenance expenses of the Licensee for the nth Year;

**R&M<sub>n-1</sub>** – Average Repair and Maintenance expenses for past three years, if n=1; Repair and Maintenance expenses for (n-1)th year, otherwise.

**WPI<sub>inflation</sub>** – is the average increase in the Wholesale Price Index (WPI) for immediately preceding three (3) Years before the nth Year;

**(6) Administrative and General Expense**

A&G expense shall be computed on actual A&G expenses of previous years escalated by wholesale price index (WPI) 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:

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

Where,

**A&G<sub>n</sub>** – Administrative and General expenses of the Licensee for the nth Year;

**A&G<sub>n-1</sub>** – Average Administrative and General expenses for past three years, if n=1; Administrative and General expenses for (n-1)th year, otherwise.

**WPI<sub>inflation</sub>** – is the average increase in the Wholesale Price Index (WPI) for immediately preceding three (3) Years before the nth Year;

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

**(7) Terminal liabilities**

Terminal liabilities of employees of the Licensee including pension expenses etc. shall be approved as per actuals submitted by the Licensee, subject to prudence check or be established through actuarial studies. Additionally, any variation due to changes recommended by the pay commission shall be allowed separately by the Commission, subject to prudence check. However, if the terminal benefits are considered under employee expenses, no separate provision for terminal benefit is allowed.

- (8)** For the purpose of estimation during the MYT Petition, the same value of factors – **CPI<sub>inflation</sub>** and **WPI<sub>inflation</sub>** shall be used for all Years of the Control Period. The values shall be revised appropriately while determining the O&M expenses for determination of revised ARR for second and third year of control period. However, the Commission shall consider the actual values of the factors – **CPI<sub>inflation</sub>** and **WPI<sub>inflation</sub>** during the truing up exercise for the relevant year for which true up is being carried out and shall true up the O&M Expenses for that year, only to the extent of inflation.

**4.11 Interest on Working Capital:**

**(1) Generation:**

In case of generating stations, working capital shall cover:

- (i) Normative Operation and maintenance expenses for one month;
- (ii) Maintenance spares at one per cent of the opening Gross Fixed Assets for the Ensuring Year; and
- (iii) Receivables for sale of electricity equivalent to forty-five days of the annual fixed charges for ensuing year/s, approved in the Tariff Order, computed on normative capacity index and excluding incentive, if any:

Provided 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 sale of electricity excluding incentive, if any, and other components of working capital approved by the Commission in the Truing-up before sharing of gains and losses;

Provided further that, in case of own Generating Stations of the Retail Supply Business, no amount shall be allowed towards receivables, to the extent of supply of power by the Generation Business to the Retail Supply Business, in the computation of working capital in accordance with this Regulation.

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.

## **(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 one per cent of the opening Gross Fixed Assets for the Year; 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.

**(3) SLDC**

The working capital requirement of the SLDC shall cover:

- (i) Operation and maintenance expenses for one month;
- (ii) One and a half months equivalent of the expected revenue from levy of Annual Fixed Charges approved by the Commission for ensuing year(s):

**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 sale of electricity 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 Fees and Charges 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.

**(4) Distribution Wire Business**

The working capital requirement of the Distribution Wires Business shall cover:

- (i) Normative Operation and maintenance expenses for one month;
- (ii) Maintenance spares at one per cent of the opening Gross Fixed Assets for the Year;  
and
- (iii) One and half month equivalent of the expected revenue from charges for use of  
Distribution Wires at the Tariff approved by the Commission for ensuing year(s);

**Minus**

- (iv) Amount held as security deposits in cash from Distribution 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 actual Revenue from sale of electricity 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.

**(5) Retail Supply of Electricity**

The working capital requirement of the Retail Supply Business shall cover:

- (i) Normative Operation and maintenance expenses for one month;
- (ii) Maintenance spares at one per cent of the opening Gross Fixed Assets for the Year;  
and
- (iii) One and half months equivalent of the expected revenue from sale of electricity at  
the Tariff approved by the Commission for ensuing year/s, and including revenue  
from cross-subsidy surcharge and additional surcharge, if any;

**Minus**

- (iv) Amount held as security deposits in cash from retail supply consumers;



- (v) One month equivalent of cost of power purchased, including the Transmission Charges, SLDC Charges and STU Charges, based on the annual power procurement plan:

Provided further that for the purpose of Truing-up for any year, the working capital requirement shall be re-computed on the basis of actual Revenue from sale of electricity 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.

#### **4.12 Deviation Settlement (DS) charges/Unscheduled interruption (UI)**

- (1) Generation Company or Licensee shall make every effort to inject or draw power to/from the grid in accordance with its injection / drawl schedule as specified by SLDC.
- (2) The generating station of a generation company or licensee shall make every effort to generate power in accordance with its schedule as specified by SLDC. If there is any net DS charge receivable on actual basis for any financial year the generating station shall retain the amount.

Similarly, if there is any net DS charge payable on actual basis for any financial year the generating station shall not consider it as expense for determination of ARR.

- (3) Distribution licensee for its supply business shall make every effort to draw power from the grid in accordance with its drawl schedule. If there is any net DS charge payable on actual for any financial year by the distribution licensee on account of its distribution supply business, then such net payable DS charge will be considered as expenditure subject to maximum 0.5% of the total power purchase cost during that year. However, if there is net DS charge receivable on actual for any financial year by the distribution licensee on account of its distribution supply business, then such

amount will be shared between the distribution licensee and its consumer in a ratio of 1:3 during the truing up.

#### **4.13 Rebate**

- (1) The rebate to be provided by a Generating Company, Transmission Licensee or SLDC to a Distribution Licensee for early payment of bills shall be 1% of the billed amount, excluding taxes, cess, duties etc, if paid within 7 working days.
- (2) The rebate available to the various categories of the retail consumers shall be provided in the respective retail supply tariff orders by the Commission.
- (3) Such rebate earned by the Distribution Licensee shall be considered under Non-Tariff Income for the Distribution Licensee.
- (4) All rebates/incentives provided by the Generating Company, Transmission Licensee or SLDC to the beneficiaries shall be allowed as an expense for the Generating Company, Transmission Licensee, or SLDC as the case may be.
- (5) Penalties paid, if any, by the Generating Company or Transmission Licensee shall not be allowed as an expense for the Generating Company or Licensee.

#### **4.14 Delayed Payment Surcharge**

- (1) In case the payment of bills of generation charges or transmission charges or SLDC charges by a beneficiary is delayed beyond a period as specified in the respective bill or invoice, a late payment surcharge shall be levied on the billed amount on simple interest basis at the annual rate of SBI MCLR of one year period plus 350 basis point.
- (2) The delayed payment charge earned by the Generating Company, Transmission Licensee, SLDC or the Distribution Licensee shall not be considered under its Non-Tariff Income.
- (3) Interest on delayed payment earned by the Generating Company, Transmission Licensee, SLDC or the Distribution Licensee shall be considered under its Non-Tariff Income after subtracting the normative interest on additional working capital required by the Licensee on account of delayed payment by Consumers.
- (4) The delayed payment charge paid or payable by the Distribution Licensee to the Generating Company or the Transmission Licensee or SLDC shall not be allowed as an expense for such Distribution Licensee.
- (5) Delayed Payment Surcharge applicable for the retail consumers shall be specified by the Commission in its retail supply tariff orders.

#### **4.15 Foreign Exchange Rate Variation**

- (1) The Licensee may hedge foreign exchange exposure in respect of the interest on foreign currency loan and repayment of foreign loan acquired for the transmission system or distribution system, in part or in full at its discretion.
- (2) The Licensee shall be permitted to recover the cost of hedging of foreign exchange rate variation corresponding to the foreign debt, in the relevant Year as an expense, subject to prudence check by the Commission, and extra rupee liability corresponding to such variation shall not be allowed against the hedged foreign debt
- (3) To the extent that the foreign exchange exposure is not hedged, any extra rupee liability towards interest payment and loan repayment corresponding to the foreign currency loan in the relevant Year shall be allowed subject to prudence check by the Commission.
- (4) Every Generating Company, the Transmission Licensee, SLDC and the Distribution Licensee shall recover the cost of hedging and foreign exchange rate variation on year-to-year basis as income or expense in the period in which it arises.

#### **4.16 Regulatory Asset**

In general, the Commission shall not create any Regulatory Asset. In case of abnormal variation in income or expenses resulting in substantial revenue gap, full recovery of which in a single year is not feasible, the Commission may allow creation of Regulatory Asset as per guidelines provided in clause 8.2.2 of the Tariff Policy 2016 and its amendments and suitably provide for its recovery through tariff or as a surcharge within a period not exceeding seven years. Amortisation of the regulatory asset so created shall be dealt in accordance with the Tariff Policy, provided that the Commission may allow a carrying cost on Regulatory Asset at such rates as the Commission may deem fit.

### **CHAPTER 5- REVENUES**

#### **5.1 Tariff Income**

Income of the Generating Company, Transmission Licensee, Distribution Licensee and SLDC arising out of all the charges determined by the Commission for generation, transmission, wheeling and retail supply of electricity, SLDC charges, as the case may be, shall be considered as tariff income.

## **5.2 Other revenue**

- (1) All revenues including charges for unauthorized use of electricity and money realized through compounding, other than tariff revenue shall be grouped as other revenue
- (2) For the electricity supply to the housing colonies or townships for its operating staff drawn from the Power Station/Sub-Station bus bar, a separate account shall be maintained by the Generating Company/Transmission Licensee/Distribution Licensee/SLDC for such energy supply and revenue thereof recognised at the rate as per applicable tariff shall be reported annually to the Commission in the ARR/tariff petition, wherever applicable.
- (3) While determining the generation/transmission / Distribution or Retail Supply tariff, revenue so realised shall be considered by the Commission as one of the components of other income of the Generating Company/Transmission Licensee/SLDC/ Distribution Licensee and the same shall be reduced from the Annual Fixed Charges.

## **5.3 Surcharge and additional surcharge**

Cross Subsidy Surcharge and additional surcharge, as defined under Sections 39, 40 and 42 of the Electricity Act, 2003 shall be considered as income and treated in the manner as may be specified by the Commission.

## **5.4 Income from Other Business**

- (1) The revenue from other business shall be treated as income to the extent authorised by the Commission under Sections 41 and 51 of the Electricity Act, 2003.

Where the Transmission Licensee or Distribution Licensee is engaged in any Other Business, the income from such business shall be shall be calculated by the Commission appropriately:

Provided that the Licensee shall follow a reasonable basis for allocation of all joint and common costs between the transmission or distribution business and the Other Business and prepare Accounting Statements accordingly.

Provided further that where the sum total of the direct and indirect costs of such Other Business exceeds the revenues from such Other Business, no amount shall be allowed to be added to the Aggregate Revenue Requirement of the Licensee on account of such Other Business.

## **CHAPTER 6- GENERATION**

### **6.1 Applicability**

- (1) The Regulations specified in this Chapter shall apply for determining the tariff for supply of electricity to a Distribution Licensee from thermal and hydro generation stations of capacity more than 25 MW:
- (2) The Commission shall be guided by the Regulations contained in this Chapter in determining the tariff for supply of electricity by a Generating Company to a Distribution Licensee in the following cases:
  - a) where such tariff is pursuant to a power purchase agreement or arrangement entered into subsequent to the date of effectiveness of these Regulations; or
  - b) where such tariff is pursuant to a power purchase agreement or arrangement entered into prior to the date of effectiveness of these Regulations and either the Commission has not previously approved such agreement/arrangement or the agreement/ arrangement envisages that the tariff shall be based on the APERC Tariff Regulations; or
  - c) where the Distribution Licensee is engaged in the business of generation of electricity, in determining the transfer price at which electricity is supplied by the Generation Business of the Distribution Licensee to its Retail Supply Business;

Provided that the Commission may deviate from the norms contained in this Chapter or specify alternative norms for particular cases, where it so deems appropriate, having regard to the circumstances of the case: Provided further that the reasons for such deviation(s) shall be recorded in writing.

Notwithstanding anything contained in this Chapter 6, the Commission shall adopt the tariff if such tariff has been determined through transparent process of bidding in accordance with the guidelines issued by the Central Government.

### **6.2 Petition for determination of generation tariff**

- (1) A Generating Company/utility is required to file a Petition for determination of tariff for supply of electricity to Distribution Licensees in accordance with the provisions of Chapter 3 of these Regulations.
- (2) The tariff for Hydroelectric projects is determined in accordance with the provisions contained in para 5.7 of the National Tariff Policy, dated 28.01.2016.

- (3) Tariff in respect of a Generating Station under these Regulations may be determined Stage-wise, Unit-wise or for the whole Generating Station. The terms and conditions for determination of tariff for Generating Stations specified in this Part shall apply in like manner to Stages or Units, as the case may be, as to Generating Stations.
- (4) Where the tariff is being determined for a Stage or Unit of a Generating Station, the Generating Company shall adopt a reasonable basis for allocation of capital cost relating to common facilities and allocation of joint and common costs across all Stages or Units, as the case may be:

Provided that the Generating Company shall maintain an Allocation Statement providing the basis for allocation of such costs, which shall be duly audited and certified by the statutory auditors, and submit such audited and certified statement to the Commission along with the application for determination of tariff.

- (5) A Generating Company may file a Petition for determination of provisional tariff in advance of the anticipated Date of Commercial Operation of the Unit or Stage or Generating Station as a whole, as the case may be, based on the capital expenditure actually incurred up to the date of making the Petition or a date prior to making of the Petition, duly audited and certified by the statutory auditors and the provisional tariff shall be charged from the date of commercial operation of such Unit or Stage or Generating Station, as the case may be.
- (6) A Generating Company shall file a fresh Petition in accordance with these Regulations, for determination of final tariff based on actual capital expenditure incurred up to the date of commercial operation of the Generating Station duly certified by the statutory auditors based on Annual Audited Accounts.
- (7) Any difference in provisional tariff and the final tariff determined by the Commission and not attributable to the Generating Company may be adjusted at the time of determination of final tariff for the following year as directed by the Commission.
- (8) In relation to multi-purpose, hydroelectric Projects, with irrigation, flood control and power components, the capital cost chargeable to the power component of the Project only shall be considered for determination of tariff.

### **6.3 Components of Tariff**

- (1) The tariff for sale of electricity from a thermal Power Generating Station shall comprise of two parts, namely, the Annual Fixed Charges (for recovery of Fixed Charges) and Energy Charges (for recovery of primary and secondary fuel cost).

Provided that the recovery mechanism of Annual Fixed Charges (for recovery of Fixed Charges) and Energy Charges (for recovery of primary and secondary fuel cost) for a thermal Generating station shall be as per provisions contained in the applicable CERC Tariff Regulations.

- (2) The tariff for sale of electricity from a Hydro Generating Station shall comprise of two parts, namely, the Capacity Charge and Energy Charge to be derived in the manner specified for recovery of Annual Fixed Charges.

### **6.4 Annual Fixed Charges**

The fixed cost of a generating station eligible for recovery through the Annual Fixed Charges and shall comprise of the following elements

- (a) Return on Equity Capital;
- (b) Interest on Loan Capital;
- (c) Depreciation;
- (d) Operation & Maintenance Expenses;
- (e) Interest on Working Capital;

**Less**

- (a) Non-Tariff Income.

Provided that O&M, Depreciation, Interest and finance charges on Loan Capital, Interest on Working Capital and Return on Equity for Generating Stations shall be allowed in accordance with the provision specified in **Chapter 4** of these Regulations.

### **6.5 Capital Cost**

- (1) The Commission shall issue guidelines for:
  - a. Verifying the capital cost of generating projects by an independent agency or expert and in such a case, the capital cost as vetted by such agency or expert may be considered by Commission while determining the tariff for generating station.
  - b. Scrutiny and approval of commissioning schedule for hydroelectric power projects of a developer, not being a state controlled or owned company as envisaged in the National Tariff policy dated 28.1.2016.

- (2) In case the site of a hydro generating station is awarded to a developer (not being a state controlled or owned company), by a State Government by following a two-stage transparent process of bidding, any expenditure incurred or committed to be incurred by the project developer for getting the project site allotted shall not be included in the capital cost.

Provided the capital cost in case of such hydro station shall include: Cost of approved rehabilitation and resettlement (R&R) plan of the project in conformity of National R&R policy and (R&R) package as approved.

## **6.6 Renovation and Modernisation**

- (1) The generating company for meeting the expenditure on renovation and modernization (R&M) for the purpose of extension of life beyond the useful life of the generating station or a unit thereof, shall submit such detailed report giving complete scope, justification, cost benefit analysis, estimated life extension from a reference date, financial package, phasing of expenditure, schedule of completion, reference price level, estimated completion cost including foreign exchange component, (if any) record of consultation with beneficiaries and any other information considered to be relevant by the generating company for approval of the Commission.
- (2) Where generating company makes such application for approval of its proposal for renovation and modernization the Commission shall give its approval after due consideration of reasonableness of cost estimates, financing plan, schedule of completion, interest during construction, use of efficient technology, cost benefit analysis and such other factors which the Commission may consider relevant.
- (3) Any expenditure incurred or projected to be incurred and admitted by the Commission after prudent check, based on estimates for renovation and modernization already recovered from original project cost, shall form the basis for determination of tariff.

## **6.7 Computation and Payment of Capacity and Energy Charges**

### **Capacity Charges**

- (1) The Capacity Charges of a Hydro Generating Station shall be computed on annual basis, based on norms specified under these Regulations, and recovered on monthly



basis under capacity charge (inclusive of incentive) and Energy Charge, which shall be payable by the beneficiaries in proportion to their respective share in the capacity of the generating station.

Provided that during the period between the date of commercial operation of the first unit of the generating station and the date of commercial operation of the generating station, the annual fixed cost shall provisionally be worked out based on the latest estimate of the completion cost for the generating station, for the purpose of determining the capacity charge and energy charge payment during such period.

- (2) The capacity charge (inclusive of incentive) payable to a hydro generating station for a calendar month shall be -

$$= [\text{AFC} \times 0.5 \times (\text{NDM} / \text{NDY}) \times (\text{PAFM} / \text{NAPAF})] \text{ (in Rupees)}$$

Where,

AFC = Annual fixed cost specified for the year (i.e. ARR), in Rupees.

NAPAF = Normative plant availability factor in percentage

NDM = Number of days in the month

NDY = Number of days in the year

PAFM = Plant availability factor achieved during the month, in Percentage

- (3) The PAFM shall be computed in accordance with the following formula:

$$\text{PAFM} = \frac{10000 \times \sum_{i=1}^N \text{DC}_i}{\{N \times \text{IC} \times (100 - \text{AUX})\}} \%$$

Where,

AUX = Normative auxiliary energy consumption in percentage.

DC<sub>i</sub> = Declared capacity (in ex-bus MW) for the i<sup>th</sup> day of the Month which the station can deliver for at least three (3) hours, as certified by the load dispatch centre after the day is over.

IC = Installed capacity (in MW) of the complete generating station.

N = Number of days in the month.

#### **Energy Charges**

- (4) The energy charge shall be payable by every beneficiary for the total energy scheduled to be supplied to the beneficiary, excluding free energy, if any, during the

calendar month, on ex power plant basis, at the computed energy charge rate. Total Energy charge payable to the generating company for a month shall be:

= **(Energy charge rate in Rs. / kWh) x {Scheduled energy (ex-bus) for the month in kWh} x (100 – FEHS) / 100.**

- (5) Energy charge rate (ECR) in Rupees per kWh on ex-power plant basis, for a hydro generating station, shall be determined up to three decimal places based on the following formula

$$\text{ECR} = \text{AFC} \times 0.5 \times 10 / \{\text{DE} \times (100 - \text{AUX}) \times (100 - \text{FEHS})\}$$

Where,

DE = Annual design energy specified for the hydro generating station, In MWh, subject to the provision in Regulations below.

% of free energy charges, FEHS = Free energy for home State, in per cent.

- (6) In case actual total energy generated by a hydro generating station during a year is less than the design energy for reasons beyond the control of the generating company, the following treatment shall be applied on a rolling basis:
- a) in case the energy shortfall occurs within ten years from the date of commercial operation of a generating station, the ECR for the year following the year of energy shortfall shall be computed based on the formula specified in these regulations with the modification that the DE for the year shall be considered as equal to the actual energy generated during the year of the shortfall, till the energy charge shortfall of the previous year has been made up, after which normal ECR shall be applicable;
  - b) in case the energy shortfall occurs after ten years from the date of commercial operation of a generating station, the following shall apply:
  - c) Suppose the specified annual design energy for the station is DE MWh, and the actual energy generated during the concerned (first) and the following (second) financial years are A1 and A2 MWh respectively, A1 being less than DE. Then, the design energy to be considered in the formula in these Regulation for calculating the ECR for the third financial year shall be moderated as (A1 + A2 – DE) MWh, subject to a maximum of DE MWh and a minimum of A1 MWh.
  - d) Actual energy generated (e.g. A1, A2) shall be arrived at by multiplying the net metered energy sent out from the station by  $100 / (100 - \text{AUX})$ .

- (7) In case the energy charge rate (ECR) for a hydro generating station, as computed above, exceeds one hundred (100) paise per kWh, and the actual saleable energy in a year exceeds  $\{DE \times (100 - AUX) (100 - FEHS) / 10000\}$  MWh, the Energy charge for the energy in excess of the above shall be billed at one hundred (100) paise per kWh only:
- (8) The concerned Load Despatch Centre shall finalise the schedules for the hydro generating stations, in consultation with the beneficiaries, for optimal utilization of all the energy declared to be available, which shall be scheduled for all beneficiaries in proportion to their respective allocations in the generating station.

The State Load Despatch Centre shall certify the declared capacity of the generating stations on daily basis and shall also issue a Certificate at the end of the year, validating the PAFM during the year, to the generating company.

- (9) The computation of capacity and energy charges for thermal power projects and Pumped Storage Hydro Projects shall be as per applicable CERC Tariff Regulations, in force.

#### **6.8 Demonstration of declared capacity**

- (1) The Generating Company may be required to demonstrate the declared capacity of its generating station as and when asked by the Arunachal Pradesh State Load Despatch Centre. In the event of the Generating Company failing to demonstrate the declared capacity, the capacity charges due to the Generating Company shall be reduced as a measure of penalty.
- (2) The quantum of penalty for the first mis-declaration for any duration/block in a day shall be the charges corresponding to two days' fixed charges. For the second mis-declaration, the penalty shall be equivalent to fixed charges for four days and for subsequent mis-declarations in the year, the penalty shall be multiplied in the geometrical progression.
- (3) The operating logbooks of the generating station shall be available for review by the Arunachal Pradesh State Load Despatch Centre. These books shall keep record of machine operation and maintenance.

## **6.9 Non-Tariff Income**

The amount of Non-Tariff Income relating to the Generation Business as approved by the Commission shall be deducted from the Annual Fixed Cost in determining the Annual Fixed Charge of the Generation Company:

Provided that the Generation Company shall submit full details of its forecast of Non-Tariff Income to the Commission in such form as may be stipulated by the Commission from time to time.

The indicative list of various heads to be considered for non-tariff income shall be as under:

- a) Income from rent of land or buildings, sale of scrap, statutory investments, sale of Ash/rejected coal, hire charges from contactors and others, advertisements etc.
- b) Interest on advances to suppliers/contractors, on investments fixed and call deposits and bank balances;
- c) Rental from staff quarters, from contractors;
- d) Deferred Income from grant, subsidy, etc., as per Annual Accounts;
- e) Excess found on physical verification;
- f) Prior period income, etc.:

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

## **6.10 Unscheduled Interchange (UI) charges (Intra State ABT scenario)**

- (1) UI charges for intra-state transactions will arise after intra-state ABT is notified by the Commission and becomes effective.
- (2) Variation between actual generation and scheduled generation shall be accounted for through Unscheduled Interchange (UI) Charges. UI for a generating station shall be equal to its actual generation minus its scheduled generation. UI shall be worked out for each 15 minutes' time block. Charges for all UI transactions shall be based on Commission's direction given under intra-state ABT.

## **6.11 Norms of operation for Thermal and Hydro Generating Stations**

- (1) The norms for thermal generating stations and Pumped Storage Hydro Projects shall be approved by the Commission on case to case basis.

- (2) The following Normative annual plant availability factor (NAPAF) shall apply to hydro generating station:
  - a. Storage and Pondage type plants with head variation between Full Reservoir Level (FRL) and Minimum Draw Down Level (MDDL) of up to 8%, and where plant availability is not affected by silt : 90%.
  - b. In case of storage and pondage type plants with head variation between full reservoir level and minimum draw down level is more than 8% and when plant availability is not affected by silt, the month wise peaking capability as provided by the project authorities in the DPR (approved by CEA or the State Government) shall form basis of fixation of NAPAF.
  - c. Pondage type plants where plant availability is significantly affected by silt: 85%.
  - d. Run-of-river type plants: NAPAF to be determined plant-wise, based on 10-day design energy data, moderated by past experience where available/relevant.
- (3) A further allowance may be made by the Commission in NAPAF determination under special circumstances, e.g. abnormal silt problem or other operating conditions, and known plant limitations.
- (4) Auxiliary Energy Consumption
  - a. Surface Hydroelectric Power Generating Stations
    - i) With rotating exciters mounted on the generator shaft - 0.7%.
    - ii) With static excitation system: 1%.
  - b. Underground hydro Generating Station
    - i. With rotating exciters mounted on the generator shaft - 0.9%.
    - ii. With static excitation system: 1.2%.

## **6.12 Connectivity and SLDC Charges**

Connectivity charges and SLDC charges as determined by the Commission shall be considered as expenses. SLDC charges and transmission charges paid for energy sold outside the state shall not be considered as expenses for determining generation tariff.

## **6.13 Sale of Infirm Power**

- (1) The tariff for sale of infirm power from a thermal generating station to the Distribution Licensee shall be equivalent to the actual fuel cost, including the secondary fuel cost, as the case may be, incurred during that period subject to prudence check:

**Provided that** any revenue earned by the Generating Company from supply of Infirm Power after accounting for the fuel cost shall be used for reduction in Capital Cost and shall not be treated as revenue.

- (2) The tariff for sale of infirm power from a hydro-electric generating station to the Distribution Licensee shall be equivalent to the Energy Charge Rate (ECR) for the first financial year and revenue recovered from sale of infirm power shall be deducted from the capital cost.

#### **6.14 Incentive**

- (1) Incentive shall be payable at a flat rate of 50 paise/kWh for actual energy generation in excess of ex-bus energy corresponding to Normative plant availability factor.

Provided that the actual generation shall also consider the generation loss on account of any backing down instruction from the State Load Despatch Centre.

- (2) The Incentive amount shall be computed and billed on monthly basis based on the cumulative Plant Load Factor till the respective month in a Year, subject to adjustment at the end of the year.

#### **6.15 Scheduling, Accounting and Billing**

- (1) **Scheduling:** The methodology for scheduling and dispatch for the generating station shall be in accordance with the provisions of the State Grid Code.
- (2) **Metering and Accounting:** The provisions of the State Grid Code shall be applicable.
- (3) **Billing and Payment of Charges:** The Billing and Payment of Capacity Charges and Energy Charges for Hydro Generating Stations including pumped storage, shall be done on a monthly basis.
- (4) Payment of capacity charge and energy charge for a hydro generating station shall be shared by the beneficiaries of the generating station in proportion to their shares (inclusive of any allocation out of the unallocated capacity) in the saleable capacity (to be determined after deducting the capacity corresponding to free energy to home State as per Note 2 herein).

#### **Note -1**

Notwithstanding anything contained contrary to any regulation of the Commission, if there is some unallocated generation capacity in the state, any

distribution licensee in the state to meet its demand may request SLDC to allocate such unallocated generation capacity against it. SLDC shall in consultation with the beneficiaries and depending upon network conditions allocate the quantum of energy and the duration of such power to the distribution licensee upon their request.

**Note- 2**

FEHS = Free energy for home State, in percent and shall be taken as 12% +1%.

Provided that in cases where the site of a hydro project is awarded to a developer, by the State Government by following a two-stage transparent process of bidding, the “free energy” shall be taken as 12% +1%, in addition to energy corresponding to 100 units of electricity to be provided free of cost every month to every project affected family for a period of 10 years from the date of commercial operation of the generating station:

Provided further that the generating company shall submit detailed quantification of energy corresponding to 100 units of electricity to be provided free of cost every month to every project affected family for a period of 10 years from the date of commercial operation.

## CHAPTER 7- INTRA-STATE TRANSMISSION

### 7.1 Applicability

- (1) The Regulations contained in this Chapter shall apply to determination of tariff for access and use of the Intra-State Transmission System pursuant to a Bulk Power Transmission Agreement or other arrangement entered into with a Transmission System User in the State:

**Provided also that** these Regulations will not be applicable for any new transmission system set up by a Transmission Licensee selected through competitive bidding under section 63 of the Electricity Act 2003.

### 7.2 For Intra-State Transmission System (InSTS) Projects under Section 63 of the Act:

- (1) All new and augmentation of Intra-State Transmission projects of required voltage level (including associated equipment of downstream voltage level) or having estimated cost excluding land cost of more than Rs. ....Crores, being part of the STU Transmission Plan, shall be implemented through Tariff Based Competitive Bidding (TBCB) in accordance with the guidelines issued under Section 63 of the Act and any deviation

from the guidelines should have prior approval of the Commission. The tariff of such Intra-State Transmission projects shall be discovered under Section 63 of the Act:

- (2) The Empowered Committee has to frame guidelines in this regard within four months from the date of notification of these Regulations.

### **7.3 Tariff Determination for InSTS Projects under Section 62 of the Act:**

- (1) Tariff for all other Intra-State Transmission projects not covered above, being part of the STU Transmission Plan, shall be determined in accordance with RTM framework under Section 62 of the Act.
- (2) The Commission shall be guided by the Regulations contained in this Chapter in specifying the rates, charges, terms and conditions for use of intervening transmission facilities pursuant to an application made in this regard by a Licensee under the proviso to Section 36 of the Act.

### **7.4 Components of tariff**

- (1) The Annual Transmission Charges for each financial year of the Control Period shall be decided for the recovery of the Aggregate Revenue Requirement of the Transmission Licensee for the respective financial year of the Control Period, as reduced by the amount of Non-Tariff Income, income from Other Business and short-term transmission charges of the previous year, as approved by the Commission:  
Provided that in case of competitively awarded transmission system projects in pursuance of Section 63 of the Act and in accordance with guidelines for competitive bidding for transmission, the annual transmission charges shall be as per the annual Transmission Service Charges (TSC) quoted by such competitively awarded transmission projects.
- (2) The Annual Transmission Charges of the Transmission Licensee shall be determined by the Commission on the basis of an application for determination of Aggregate Revenue Requirement made by the Transmission Licensee in accordance with Chapter-2 of these Regulations.

### **7.5 Aggregate Revenue Requirement**

- (1) Aggregate Revenue Requirement of the Transmission Licensee for the respective Year of the Control period shall comprise of the following components:
  - a. Operation and maintenance expenses;



- b. Depreciation;
  - c. Interest on Loan Capital;
  - d. Interest on working capital;
  - e. Expenditure for Research & Development, if any;
  - f. Return on Equity Capital;
- minus:**
- g. Non-Tariff income;
  - h. Income from Other Business, to the extent specified in these Regulations;
  - i. Income from Short-Term Open Access charges;
  - j. Transmission charges received as the Point of Connection (PoC) transmission charges for flow of inter-state power in accordance with the Regulations and Orders of the Central Electricity Regulatory Commission, if applicable.

Provided that Depreciation, Interest on Loan Capital, Interest on working capital, O&M and Return on Equity for Transmission Licensees shall be allowed in accordance with the provisions specified in **Chapter 4** of these Regulations:

Provided that in case of competitively awarded transmission projects in pursuance of Section 63 of the Act and in accordance with the guidelines for competitive bidding for transmission issued by the Central Government, the Commission shall adopt the Annual Transmission Charges quoted by such competitively awarded transmission projects.

- (2) The Annual Transmission Charges of the Transmission Licensee shall be determined by the Commission on the basis of a Petition for determination of Aggregate Revenue Requirement filed by the Transmission Licensee in accordance with these Regulations.

## **7.6 Capital Investment Plan**

- (1) The Transmission Licensee shall submit a detailed capital investment plan, financing Plan and physical targets for each year of the Control Period for meeting the requirement of load growth, improvement in quality of supply, reliability, metering, reduction in congestion, etc., to the Commission for approval, as a part of the Business Plan and Multi-Year Aggregate Revenue Requirement for the entire Control Period:

Provided that the Capital Investment Plan shall be submitted for each year of the Control Period:

Provided further that the Capital Investment Plan shall be accompanied by such information, particulars and documents as may be required including but not limited to the information such as number of bays, name, configuration and location of grid substations, substation capacity (MVA), transmission line length (ckt km) showing the need for the proposed investments, alternatives considered, cost/benefit analysis and other aspects that may have a bearing on the transmission charges.

- (2) The Capital Investment Plan of the Transmission Licensee shall be consistent with the transmission system plan for the intra-State transmission system.

### **7.7 Renovation and Modernisation**

A transmission licensee shall make an application before the Commission for approval of a proposal for meeting expenditure on renovation and modernization (R&M) and the Commission shall accord approval after scrutinising the proposal.

### **7.8 Norms for operation**

- (1) Auxiliary Energy Consumption in the Sub-Station. The cost of auxiliary consumption in the sub-station for the purpose of air conditioning, lighting, and consumption in other equipment shall be borne by the transmission licensee and considered as part of Operation and Maintenance expenses under the head General and Administration Overhead.
- (2) Target availability for full recovery of annual transmission charges The Normative Annual Transmission Availability Factor (NATAF) of the Transmission System shall be as follows:
  - AC system: 98 %.
  - HVDC bi-pole links & HVDC back-to-back stations: 95 %.

Provided that for new HVDC station NATAF shall be considered as 95% for first three years of operations for the purpose of incentive:

- (3) For incentive consideration:
  - AC system: 98.5 %.
  - HVDC bi-pole links & HVDC back-to-back stations: 97.5 %.

Provided that no incentive shall be payable above the availability of 99.75%:

Provided further that the computation of incentive/disincentive shall be undertaken during annual performance review and true-up, after submission of certificate about actual Annual Transmission Availability Factor from SLDC for the true-up year.

## **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.

#### **7.10 Income from Other Business**

Where the Transmission Licensee is engaged in any Other Business, an amount equal to **two third of the revenues** from such Other Business after deduction of all direct and indirect costs attributed to such Other Business shall be deducted from the ARR in calculating the annual transmission charges of the Transmission Licensee:

Provided that the Transmission Licensee shall follow a reasonable basis for allocation of all joint and common costs between the Transmission Business and the Other Business and shall submit the Allocation Statement, duly audited and certified by the Statutory Auditor, to the Commission along with his application for determination of tariff:

Provided further that where the sum total of the direct and indirect costs of such Other Business exceeds the revenues from such Other Business, no amount shall be deducted from the ARR of the Transmission Licensee on account of such Other Business.

#### **7.11 Transmission Charges**

- (1) The transmission charges shall be computed on annual basis, in accordance with norms contained in these regulations, aggregated as appropriate, and recovered on monthly basis as transmission charge from the users, who shall share these charges in the manner specified in these Regulations.
- (2) The transmission charge (exclusive of incentive) payable for a calendar month for a transmission system or part thereof by each beneficiary shall be  
$$\text{AFC} \times (\text{NDM} / \text{NDY}) \times (\text{TAFM} / \text{NATAF}) \times (\text{CL/SCL})$$

Where,

AFC= Annual fixed cost (i.e. ARR) specified for the year, in Rupees

NATAF= Normative annual transmission availability factor, in per cent

NDM = Number of days in the month

NDY = Number of days in the year

TAFM = Transmission system availability factor for the month, in Percent (%). The procedure for calculation of TAFM is shown in **Annexure I**.

CL = Allotted Transmission Capacity to the beneficiary.

SCL = Sum of the Allotted Transmission Capacities to all the beneficiaries of the State transmission system.

- (3) The transmission licensee shall raise the bill for the transmission charge (exclusive of incentive) for a month based on its estimate of TAFM.

### **7.12 Incentive**

- (1) The Transmission Licensee shall be entitled to incentive for increase in annual availability beyond the target availability prescribed under these Regulation, in accordance with the following formula:

$$\text{Incentive} = \text{AFC} \times [\text{Annual availability achieved} - \text{Target Availability}] / \text{Target Availability}$$

Where;

AFC= Annual Fixed Cost (i.e. ARR) determined by the Commission for the transmission system of the Transmission Licensee for the concerned year.

Target Availability = Normative annual transmission availability factor for incentive

- (2) Incentive shall be shared by the long-term and medium-term customers in the ratio of their average allotted Transmission capacity for the year.

### **7.13 Open Access Transactions**

All the matters related to Open Access Transactions shall be dealt in accordance with Arunachal Pradesh State Electricity Regulatory Commission (Terms and Condition for Open Access) Regulations, 2012 as applicable and as amended from time to time.

### **7.14 Transmission losses**

- (1) The Commission shall examine the filing made by the Transmission Licensee in respect of transmission loss and shall approve a transmission loss trajectory for each year of the Control Period based on the opening loss levels, licensee's filings/submissions, past trends, objections raised by the stakeholders and any other factor considered relevant by the Commission. This approved loss target will be used for computing estimated energy for transmission in licensee's system for that year.

- (2) Energy losses in the transmission system of the Transmission Licensee, as determined by the State Load Despatch Centre, shall be borne by the Transmission System Users in proportion to their usage of the Intra-State Transmission System.

**Provided that** the quantum of energy consumed by the auxiliary equipment of a transmission substation and the station transformer losses within the sub-station shall not be accounted for under the Transmission Losses:

**Provided further that** the energy consumed for supply of power by the transmission sub-station to the associated offices of the Licensee, its housing colony and other facilities, and for construction works at the sub-station, shall not be considered as energy consumed by the auxiliary equipment of a transmission sub-station:

**Provided further that** Transmission Licensee shall place the details of energy accounts (weekly/monthly settlements) of all the transmission system users, the month-wise transmission system availability as certified by SLDC, on its website along with the transmission loss for a month, by the end of the succeeding month.

#### **7.15 Payment Modalities**

- (1) State Transmission Utility (STU) shall raise monthly bill for Intra-State Transmission Charges on every Transmission System User (TSU) on 1st working day of the Month for the Transmission Charges of preceding month.
- (2) The monthly bill for transmission tariff for each calendar month shall be payable on 7th day of subsequent calendar month by the TSUs.

#### **7.16 Scheduling and Metering**

All the provisions, including the methodology for scheduling, dispatch and metering for the generating station shall be as specified in the State Grid Code Regulations as amended from time to time.

### **CHAPTER 8- SLDC FEES AND CHARGES**

#### **8.1 Applicability**

The Regulations in this part shall apply to the users of intra-State transmission system (i.e. Generating Companies, Licensees (i.e. Transmission, Distribution & Trading Companies) and Open Access Customers), who are monitored/served by the State Load

Despatch Centre (SLDC) for determination of Fees and Charges to be collected by the SLDC in the state of Arunachal Pradesh after April 01, 2025.

## **8.2 Application for Registration with SLDC**

- (1) Each of the users of intra-State transmission system, i.e. all generating stations, distribution licensees, intra-State transmission licensees, traders and the buyers and sellers intending to avail the Grid Access, shall register themselves with the SLDC, within a month of coming into force of these Regulations, by filing an application to the SLDC along with the fee as specified by the Commission from time to time.

Provided that the generating companies, licensees, buyers and sellers who have been registered as per previous Arunachal Pradesh State Electricity Regulatory Commission (Multi Year Tariff) Regulations, as amended time to time, shall be deemed to have been registered with the SLDC, under these Regulations and they shall not be required to pay the registration fee as required under Sub-Regulation (1) above.

- (2) The new users of intra-State transmission system coming under the purview of SLDC, shall submit an application to the SLDC, at least one month before the proposed date of connection to the Intra-State transmission system, along with the required Fee.
- (3) After being satisfied with the completeness and correctness of the information furnished in the application, the SLDC, shall register the application in its records and duly intimate the applicant regarding such registration.
- (4) The SLDC shall maintain consolidated information about all the users connected to the Intra- State transmission system and being monitored / serviced by it, on their web-site.

## **8.3 Capital Investment Plan**

The SLDC shall submit a detailed capital investment plan, financing plan and physical targets for each year to the Commission for approval, as a part of the Business Plan and Multi-Year Aggregate Revenue Requirement for the entire Control Period as specified in **Chapter 2** of these Regulations.

#### **8.4 Levy and Collection of Charges from Generating Companies, Licensees and MTOA beneficiaries**

- (1) All expenses incurred by the SLDC shall be accounted separately.
- (2) Expenses incurred by the SLDC in the discharge of its functions as specified in Section 32 of the Electricity Act shall be recovered from the Generating Companies, Licensees and MTOA beneficiaries through Charges.
- (3) The Charges to be recovered from Generating Companies, Licensees and MTOA beneficiaries shall be determined taking into account the following expenses
  - a. Return on Equity Capital;
  - b. Depreciation;
  - c. Operation and maintenance expenses;
  - d. Interest and finance charges; and
  - e. Interest on working capital

**Minus:**

  - f. Non-Tariff Income; and
- (4) Provided that O&M, Depreciation, Interest and finance charges on Loan Capital, Interest on Working Capital and Return on Equity for the Distribution Wires Business shall be allowed in accordance with the provisions specified in **Chapter - 4** of these Regulations.

#### **8.5 Determination of SLDC Fees and Charges**

- (1) Upon the Commission being satisfied that all the information and clarification sought for by it have been produced and that sufficient opportunity has been afforded to all the parties concerned, the Commission shall pass appropriate orders on the estimated expenses and determine the Fees and Charges recoverable from the Generating Companies, the Licensees and MTOA beneficiaries.
- (2) The Fees and Charges so determined by the Commission shall be valid till the approval of next revision.
- (3) The SLDC Fees and Charges shall be determined by the Commission on the basis of application made by SLDC, for determination Fees and Charges, in accordance with **Chapter - 3** of these Regulations.
- (4) Open access users of the Grid shall pay such scheduling and system operation Charges as may be stipulated by the Commission.



## **8.6 Billing and Collection of SLDC Charges**

- (1) The SLDC shall furnish necessary monthly bills to the users of intra State Transmission System, the Generating Companies, Licensees and MTOA beneficiaries for each billing month within seven days after the last day of the preceding month, on the basis of the following formula:

$$\text{SLDC Charges payable for a month} = (\text{SC}/12) * (\text{ACi}/\text{SACi})$$

where,

SC = Approved SLDC Aggregate Revenue Requirement for the year;

ACi = Actual installed capacity in case of generating stations/long term and medium term contracted capacities in case of sellers/aggregated allocated capacity and contracted capacity in case of distribution licensee/long term contracted capacity in case of buyer for the month 'i';

SACi = Sum of Actual installed capacity in case of generating stations, long term and medium term contracted capacities in case of sellers, aggregated allocated capacity and contracted capacity in case of distribution licensee and long term contracted capacity in case of buyer for the month 'i'.

## **CHAPTER 9- TARIFF FOR DISTRIBUTION WHEELING BUSINESS**

### **9.1 Applicability**

The Regulations contained in this Chapter shall apply to the determination of tariff payable for usage of distribution wires of a Distribution Licensee by a Distribution System User. Explanation: Distribution system users for the purpose of this regulation shall mean consumers using the distribution network of a Distribution Licensee, including consumers taking supply from other sources through open access.

### **9.2 Separation of accounts**

The distribution licensee shall segregate the accounts of the licensed business into Wheeling Business and Retail Supply Business and submit separate ARR for respective business. The ARR for wheeling business shall be used to determine wheeling charges recoverable from open access consumers and the ARR for Retail Supply Business to determine retail supply tariff for sale of electricity to different categories of consumers of the licensee, which will be inclusive of wheeling charges.

### **9.3 Estimate of Energy Requirement**

Based on the estimated energy sales and the proposed distribution losses, the Licensee may determine the quantum of electricity required to meet the estimated sales and shall submit to Commission which may approve the power purchase requirement with such modifications, as it deems fit, for the ensuing year or for the tariff period.

### **9.4 Components of ARR for Distribution Wheeling Business**

- (1) The Wheeling Charges for Distribution Wires Business of the Distribution Licensee shall provide for the recovery of the ARR, which shall comprise of the following:
  - a. Return on Equity Capital;
  - b. Interest on Loan Capital;
  - c. Depreciation;
  - d. Operation and maintenance expenses;
  - e. Interest on working capital and deposits from Distribution System Users; and
  - f. Provision for Bad and doubtful debts.

#### **Minus**

- g. Non-Tariff Income; and
    - h. Income from Other Business, to the extent specified in these Regulations;
- (2) Provided that O&M, Depreciation, Interest and finance charges on Loan Capital, Interest on Working Capital and Return on Equity for the Distribution Wires Business shall be allowed in accordance with the provisions specified in **Chapter - 4** of these Regulations:

Provided further that prior period the Commission at the time of truing up shall allow income/expenses based on audited accounts, on a case-to-case basis, subject to prudence check.

- g. Non-Tariff Income; and
    - h. Income from Other Business, to the extent specified in these Regulations;
- (3) The wheeling charges of the Distribution Licensee shall be determined by the Commission based on an application for determination of tariff made by the Distribution Licensee in accordance with these Regulations.

Provided that the Wheeling Charges may be denominated in terms of Rupees/kWh or Rupees/kW/month, for the purpose of recovery from the Distribution System User, or any such denomination, as stipulated by the Commission from time to time.

## 9.5 Allocation Matrix

The Wheeling Charges of the Distribution Licensee shall be determined by the Commission on the basis of segregated accounts of Distribution Wires Business:

Provided that where the Distribution Licensee is not able to submit audited and certified separate accounts for Distribution Wires Business and Retail Supply Business, the following Allocation Matrix shall be applicable:

**Table 1 Allocation matrix for segregation of expenses between Distribution Wires Business and Retail Supply Business**

Particulars	Wires Business (%)	Retail Supply Business (%)
Power Purchase Expenses	0	100
Intra-State Transmission Charges (Intra and Inter both)	0	100
SLDC Charges	0	100
Employee Expenses	60%	40%
Administration & General Expenses	50%	50%
Repair & Maintenance Expenses	90%	10%
Depreciation	90%	10%
Interest on Long-term Loan Capital	90%	10%
Interest on Working Capital and on consumer security deposits	10	90
Bad Debts Written off	0	100
Contribution to contingency reserves, if any	100	0
Return on Equity	90	10
Non-Tariff Income	10	90

## 9.6 Capital Investment Plan

- (1) The Distribution Licensee shall submit a detailed capital investment plan, financing plan and physical targets for each year of the Control Period in the manner as specified in **Chapter 2** of these Regulations.

- (2) The Distribution Licensee shall be required to ensure optimum investments to enhance efficiency, productivity and meet performance standards prescribed by the Commission.

### **9.7 Bad and Doubtful Debts**

The Commission may after the distribution licensee gets the receivables audited, allow a provision for bad debts not exceeding an amount equal to 1 percent receivables in the revenue requirement of the licensee. (Information furnished as per Formats for Distribution Licensee).

### **9.8 Revenue Gap**

- (1) For the tariff year, the difference between the net Annual Revenue Requirement and the expected Revenue at the prevailing tariff shall be the 'Revenue Gap'.
- (2) The revenue gap shall be bridged by measures such as improvements in internal efficiency, utilization of reserves, tariff changes etc. as may be approved by the Commission.

### **9.9 Non-Tariff Income**

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

Provided that the Distribution Licensee shall submit full details of its forecast of Non-Tariff Income to the Commission along with its application for determination of wheeling charges.

- (2) The indicative list of various heads to be considered for Non-Tariff Income shall be as under:
  - a. Income from rent of land or buildings or other assets;
  - b. Income from sale of scrap;
  - c. Income from statutory investments;
  - d. Income from interest on Fixed Deposits (including contingency reserve investment);
  - e. Interest on advances to suppliers/contractors;
  - f. Rental from staff quarters;

- g. Rental from contractors;
- h. Income from hire charges from contactors and others;
- i. Income from Insurance claim receipt;
- j. Deferred Income from grant, subsidy, etc. as per Annual Accounts;
- k. Income from advertisements, sale of tender document, etc.;
- l. Miscellaneous receipts;
- 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 Distribution Wires Business of the Distribution Licensee shall not be included in Non-Tariff Income.

#### **9.10 Income from Other Business**

Where the Distribution Licensee has engaged in any Other Business, an amount equal to **two third of the revenues** from such Other Business after deduction of all direct and indirect costs attributed to such Other Business shall be deducted from the Aggregate Revenue Requirement in determining the wheeling charges of Distribution Wheeling Business of the Distribution Licensee:

Provided that the Distribution Licensee shall follow a reasonable basis for allocation of all joint and common costs between the Distribution Business and the Other Business and shall submit the Allocation Statement to the Commission, duly audited and certified by the Statutory Auditor, along with its application for determination of wheeling charges:

Provided further that where the sum total of the direct and indirect costs of such Other Business exceeds the revenues from such Other Business, no amount shall be allowed to be added to the Aggregate Revenue Requirement of the Distribution Licensee on account of such Other Business.

Provided further that nothing contained in these Regulations shall apply to a local authority engaged, before the commencement of the Act, in the business of distribution of electricity.

### **9.11 Wheeling Charges**

The Commission shall specify the Wheeling Charge of Distribution Wires Business of the Distribution Licensee in its Tariff Order passed under sub-section (3) of Section 64 of the Act:

Provided that the Wheeling Charges payable by a Distribution System User, other than the retail consumers getting electricity supply from the same Distribution Licensee, may comprise any combination of fixed/demand charges, and variable charges, as may be stipulated by the Commission in such Order:

Provided further that the revenue from Wheeling Charges paid by the Distribution System Users under the above proviso shall be used to reduce the Aggregate Revenue Requirement of the Wires Business to be recovered from the retail consumers of the concerned Distribution Licensee, in accordance with the Regulations in Chapter 9. Wheeling charges so worked out shall be apportioned supply voltage- wise.

### **9.12 Wheeling losses**

The Distribution Licensee shall be allowed to recover, in kind, the approved level of wheeling losses arising from the operation of the distribution system, as stipulated in the respective Tariff Order.

Provided that any variation between the actual level of wheeling losses and the approved level shall be dealt with, as part of the Annual Performance Review, in accordance with the mechanisms provided in these Regulations.

## **CHAPTER 10- TARIFF FOR RETAIL SUPPLY BUSINESS**

### **10.1 Applicability**

These Regulations shall apply for determination of tariff for retail supply of electricity by a Distribution Licensee to its consumers.

### **10.2 Components of Aggregate Revenue Requirement:**

- (1) The tariff for retail supply by a Distribution Licensee shall provide for recovery of the Aggregate Revenue Requirement of the Distribution Licensee for the financial year, as approved by the Commission and comprising the following:
  - a. Return on Equity Capital;
  - b. Interest on Loan Capital;

- c. Depreciation;
- d. Cost of own power generation /power purchase expenses;
- e. Inter-State Transmission Charges or CTU charges;
- f. Intra-State Transmission Charges;
- g. Charges for intervening transmission facilities, if any;
- h. Fees and charges of NLDC/RLDC/SLDC etc.;
- i. Operation and Maintenance expenses;
- j. Interest on working capital and on consumer security deposits; and
- k. Provision for Bad and doubtful debts.

Minus

- l. Non-tariff income;
- m. Income from wheeling charges recovered from open access customers;
- n. Income from Other Business, to the extent specified in these Regulations;
- o. Receipts from cross-subsidy surcharge from open access consumers; and
- p. Receipts from additional surcharge on charges of wheeling from open access consumers.
- q. Any revenue subsidy or grant received from the State Government other than the subsidy under Section 65 of the Electricity Act, 2003.

Provided that O&M, Depreciation, Interest and finance charges, Interest on Working Capital and Return on Equity for the Retail Supply Business shall be allowed in accordance with the provisions specified in **Chapter - 4** of these Regulations:

The tariff for retail supply by a Distribution Licensee shall be determined by the Commission on the basis of segregated accounts of Retail Supply Business:

Provided that where the Distribution Licensee is not able to submit audited and certified separate accounts for Distribution Wires Business and Retail Supply Business, the Allocation Matrix as given in Table-1 shall be applicable:

- (2) The tariff for retail supply by the Distribution Licensee shall be determined by the Commission on the basis of an application for determination of tariff made by the Distribution Licensee in accordance with **Chapter - 3** of these Regulations.
- (3) The Distribution Licensee shall be allowed to offer a rebate to the consumers on tariff and charges determined by the Commission:

Provided that the Distribution Licensee shall submit details of such rebates to the Commission every quarter, in the manner and format, as stipulated by the Commission from time to time.

Provided that the impact of such rebates on the Distribution Licensee shall be borne entirely by the Distribution Licensee and impact of such rebate shall not be allowed by the Commission to be passed through to the consumers, in any form.

Provided that such rebates should not to be offered selectively to any consumer/s, and shall have to be offered to the entire consumer category/sub-category/consumption slab in a non-discriminatory manner.

### **10.3 Power Purchase Cost**

- (1) The Licensee shall procure power from approved sources. Additional energy required after taking into account the availability of energy from such approved sources, shall be reasonably estimated well in advance and procurement arrangements made for such long- and medium-term purchases, by following standard contractual procedures.
- (2) For purchase of electricity from sources outside the state, the transmission loss level agreed to in the Power Purchase Agreement (PPA) or worked out from energy accounts of RLDC/ SLDC shall be taken into account for purchase of power from such sources.
- (3) The cost of power purchased from the central generating companies shall be worked out based on the tariff determination by the Central Electricity Regulatory Commission (CERC).
- (4) Where power is purchased by the licensee from State-owned existing generating stations, the cost of power purchase shall be worked out based on the price determined by the State Commission and in case of power purchased from Renewable energy sources the quantum and the cost shall be as per the policy approved by the State Commission / Central Commission.
- (5) The cost of power purchase from IPPs shall be considered based on existing Power Purchase Agreement if any, till the agreement period is over.
- (6) In case of short-term power purchase necessitated based on unprecedented development, the licensee may resort to short term procurement.



- (7) Power purchased by the licensee in excess of the approved requirement of power, the Commission shall consider the need for such additional power at the time of truing up of the approved tariff.

#### **10.4 Transmission Charges:**

The Distribution Licensee shall be allowed to recover transmission charges payable for access to and use of the intra-State transmission system in accordance with the tariff approved by the Commission under **Chapter 7** of these Regulations and the inter-state transmission system as per prevalent CERC Tariff Regulations.

#### **10.5 Unscheduled Interchange (UI) Charges**

Variation between actual drawl and scheduled drawl shall be accounted for through Unscheduled Interchange (UI) Charges. UI shall be worked out for each 15 minutes' time block. Charges for all UI transactions shall be based on average frequency of the time block and rates as specified by CERC from time to time.

#### **10.6 Capital Investment Plan**

- (1) The Distribution Licensee shall submit a detailed Capital investment plan, financing plan and physical targets for each year of the Control Period for meeting the requirement of load growth, reduction in distribution losses, increase in collection efficiency, metering, consumer services, etc. to the Commission in accordance with **Regulation 2.3**.
- (2) The Commission shall approve the Capital investment plan in accordance with the principles specified in these Regulations.

#### **10.7 Power Procurement Plan**

- (1) Distribution Licensee shall prepare a plan for procurement of power to serve the demand for electricity in its area of supply during the control period and submit such plan along with the Petition for determination of Business Plan, MYT and Tariff to the Commission for approval:
- (2) The power procurement plan of the Distribution Licensee shall comprise the following:
  - (a) quantitative forecast of the base load and peak load for electricity within its area of supply;
  - (b) an estimate of the quantities of electricity supply from the identified sources of power purchase, including own generation if any;

- (c) an estimate of availability of power to meet the base load and peak load requirement;
  - (d) measures proposed for energy conservation, energy efficiency, and Demand Side Management;
  - (e) requirement for new sources of power procurement, including augmentation of own generation capacity, if any, and identified new sources of supply, based on (a) to (d) above;
  - (f) sources of power, quantities and cost estimates for such procurement;
- (3) The Commission shall approve the power procurement plan for the Control Period as part of its Order on the Business Plan and MYT Petition.

### **10.8 Assessment of Availability of Power**

- (1) Distribution License shall assess the availability of power from different sources for meeting power demand (MW) and energy required (MU) during peak and off-peak periods for the ensuing year.
- (2) The assessment of availability shall be based on the relevant information and inputs but not limited to the following:
  - (a) share of power from existing generating stations owned or operated by the Distribution Licensee or the State and the Central Sector Generating Plants and other sources of power;
  - (b) availability of power from renewable energy sources within and outside the State
  - (c) expected share of the Distribution Licensee from new generating stations due for commissioning for which PPA has been signed or in the process of signing;
  - (d) power banking arrangements;
  - (e) trends in captive power consumption;
  - (f) uprating of existing power plants;
  - (g) phase out of old stations or non-availability of power due to extended period of maintenance/ renovation & modernization of old generating plants;
  - (h) planned maintenance schedules of generating stations;
  - (i) Renewable Purchase Obligation (RPO)
- (3) For assessment / calculation of Peak Demand (MW) and Energy Requirement (MU), the following methodology shall be adopted.
  - (a) generation from existing hydro generating stations shall be based on design energy and average of actual generation during last 3 years with suitable adjustments;
  - (b) generation from thermal generating stations shall be based on the average of actual generation during last three (3) years with suitable adjustments,

- (c) generation from existing renewable energy plants shall be taken as actual generation in the previous year; whereas for new plants, capacity utilisation factor (CUF) and auxiliary consumption shall be considered as per applicable norms;
- (d) for existing and new Nuclear Power Plants, the plant availability factor and auxiliary consumption shall be considered as per applicable norms;
- (e) transmission losses for both Inter-State and Intra-State Transmission System shall be considered same as that of previous year.

**Provided that**, in case of any deviation from above methodology for assessment of availability of power, proper justification shall be provided.

### **10.9 Power procurement plan and approval of the Commission**

- (1) Distribution Licensee shall undertake its power procurement during the year in accordance with the power procurement plan for the Control Period, which may include long-term, medium-term and short-term power procurement, approved by the Commission in accordance with these Regulations.
- (2) All future procurement of short-term or medium-term or long-term power, including Renewable Energy, shall invariably be undertaken through competitive bidding in accordance with Guidelines notified by the Government of India under Section 63 of the Act:
- (3) Every long-term/medium-term agreement or arrangement for power procurement, including on a Standby basis, by a Distribution Licensee from a Generating Company or Trading Licensee or from another source of supply, and any change to an existing agreement or arrangement shall come into effect only with the prior approval of the Commission:

**Provided that** prior approval of the Commission shall not be required for purchase of power from Renewable Energy sources at the generic/preferential tariff determined by the Commission for meeting its Renewable Purchase Obligation (RPO).

- (4) The Petition for approval of power purchase agreement or arrangement shall include the power procurement plan for its duration:

**Provided that** public consultation shall not be required for adoption of tariff discovered through competitive bidding under Section 63 of the Act:

**Provided further that** in case of power procurement under Section 62 of the Act, public consultation shall be followed.

- (5) The Commission shall consider a Petition for approval of power procurement agreement or arrangement having regard to the approved power procurement plan of the Distribution Licensee and the following factors:
- (a) requirement of power procurement under the approved power procurement plan;
  - (b) adherence to a transparent process of bidding in accordance with guidelines issued by the Central Government under Section 63 of the Act, or adherence to the terms and conditions for determination of tariff specified under **Chapter 3** of these Regulations;
  - (c) competitiveness of the proposed tariff vis-a-vis the tariff prevalent in the market and/or tariff discovered through competitive bidding under Section 63 of the Act;
  - (d) availability (or expected availability) of capacity in the Intra-State Transmission System for evacuation and supply of power procured under the agreement or arrangement; and
  - (e) need to promote co-generation and generation of electricity from renewable sources of energy.
- (6) Upon completion of its consideration of the power procurement agreement or arrangement, the Commission shall: (a) issue an Order approving the power procurement agreement or arrangement, subject to such modifications and conditions as it may stipulate; or (b) reject the Petition for reasons to be recorded in writing, after giving the Petitioner an opportunity to be heard.

#### **10.10 Approval of additional power procurement**

- (1) Distribution Licensee may initiate the process of additional power procurement during the year, in accordance with the Guidelines for Procurement of Power by Distribution Licensees issued by the Commission, as amended from time to time and with prior approval of the Commission.

Provided that the prior approval of the Commission shall not be required for purchase of power from Renewable Energy sources at the generic/preferential tariff determined by the Commission for meeting its Renewable Purchase Obligation (RPO).

- (2) Where Distribution Licensee is to procure power on a short-term basis or there is a shortfall due to any reason whatsoever, or failure in the supply of electricity from any approved source of supply during the year, for any reason whatsoever, the licensee may enter into a short-term arrangement or agreement for procurement of power through

power exchanges or through a transparent process of open tendering and competitive bidding.

**Provided that** Distribution Licensee shall submit its details, including the quantum, Tariff computations, duration, supplier particulars, method of supplier selection and any such other details to the Commission within fifteen days from the date of entering into an agreement or arrangement, as the Commission may require so as to carry out the prudence check.

**Provided further that** in case procurement of short-term power exceeds the approved annual short term procurement plan, the Distribution Licensee shall obtain prior approval from the Commission or any appropriate body as may have been constituted for the purpose by the Commission.

- (3) Where Distribution Licensee has identified a new short-term source of supply from which power can be procured at a tariff that reduces its approved total power procurement cost or when faced with emergency conditions that threaten the stability of the Distribution System, or when directed to do so by the SLDC to prevent grid failure, it may enter into a short-term power procurement agreement or arrangement with such supplier without the prior approval of the Commission.

Provided that Distribution Licensee shall submit to the Commission its details, including the quantum, tariff computations, duration, supplier particulars, method of supplier selection and any such other details as the Commission may require so as to carry out the prudence check within fifteen days from the date of entering into an agreement or arrangement.

- (4) The Commission may permit any Distribution Licensee to make purchase of power without prior approval subject to competitive and transparent process in the event of an unforeseen and an exceptional situation. However, the Distribution Licensee shall not, thereby, be exempted from demonstrating the need and the reason for departure from a competitive process together with the economic justification for the purchase, the means, whereby, in the absence of competition, the Distribution Licensee proposes to secure the best possible terms and such other information as the Commission may require.

**Provided that** the Commission shall indicate the ceiling of short-term power purchase price and volume for the ensuing quarter based on the availability of power, past

requirement, approved quantum of short-term power in Aggregate Revenue Requirement, approval granted for past quarter and past market performance. The Commission may ask for additional information and data as it may deem necessary for reviewing the forecast for the ensuing quarter and the distribution licensee shall furnish such information within 2 weeks from being asked to do so;

**Provided that**, where the Commission has reasonable grounds to believe that the agreement or arrangement entered into by the Distribution Licensee does not meet the criteria specified in this Regulation, it may disallow any increase in the total cost of power procurement over the approved level arising therefrom or any loss incurred by the Distribution Licensee as a result, from being passed through to consumers.

#### **10.11 Sales forecast**

- (1) The accurate projection of category wise sales is very essential for the assessment of energy input requirement to determine the quantum of generation and quantum of energy to be purchased for the correct assessment of revenue requirement for generation and power purchase.
- (2) The licensee may follow the detailed directions given under Business Plan (Chapter 2) in this regard.

#### **10.12 Non-Tariff Income**

- (1) The amount of Non-Tariff Income relating to the Retail Supply of electricity as approved by the Commission shall be deducted from the Aggregate Revenue Requirement in calculating the tariff for retail supply of electricity by the Distribution Licensee:

Provided that the Distribution Licensee shall submit full details of his forecast of Non- Tariff Income to the Commission along with his application for determination of tariff.

- (2) The indicative list of various heads to be considered for Non-Tariff Income shall be as under:
  - a) Income from rent of land or buildings or other asset;
  - b) Income from sale of scrap;
  - c) Income from statutory investments;
  - d) Income from interest on Fixed Deposits (including contingency reserve investment)

- e) Interest on advances to suppliers/contractors;
- f) Rental from staff quarters;
- g) Rental from contractors;
- h) Income from hire charges from contractors and others;
- i) Income from Insurance claim receipt;
- j) Deferred Income from grant, subsidy, etc. as per Annual Accounts;
- k) Income from advertisements, sale of tender, etc.;
- l) Meter/metering equipment/service line rentals;
- m) Service charges, supervision charges for contractual works, etc;
- n) Customer charges;
- o) Recovery for theft and pilferage of energy;
- p) Miscellaneous receipts;
- q) Prior period income,
- r) Any Other Non-Tariff Income:

Provided that the interest/dividend earned from investments made out of Return on Equity corresponding to the Retail Supply Business of the Distribution Licensee shall not be included in Non-Tariff Income:

### **10.13 Income from Other Business**

In case of the Distribution Licensee is engaged in any Other Business under Section 51 of the Act, other than Retail Supply Business, for optimum utilisation of its assets, an amount equal to two-third of the revenues from such Other Business after deduction of all direct and indirect costs attributed to such Other Business shall be deducted from the Aggregate Revenue Requirement in calculating the tariff from retail supply of electricity by the Distribution Licensee:

Provided that the Distribution Licensee shall follow a reasonable basis for allocation of all joint and common costs between the Distribution Business and the Other Business and shall submit the Allocation Statement, duly audited and certified by the statutory auditors, to the Commission along with his application for determination of tariff;

Provided further that Distribution Licensee shall maintain separate books of accounts for regulated and non-regulated business:

Provide also that nothing contained in this Regulation shall apply to a local authority engaged, before the commencement of the Act, in the business of distribution of electricity.

#### **10.14 Receipts on account of cross-subsidy surcharge& Additional surcharge**

The cross-subsidy surcharge &Additional surcharge received by the Distribution Licensee in accordance with the Arunachal Pradesh State Electricity Regulatory Commission (Terms and Conditions of Intra-State Open Access) Regulations, 2012, as amended from time to time, at the rate approved by the Commission shall be deducted from the Aggregate Revenue Requirement in calculating the tariff for retail supply of electricity by such Distribution Licensee, at the time of truing up.

#### **10.15 Aggregate Technical and Commercial (AT&C) Losses**

The Distribution Licensee shall recover the approved level of AT&C losses arising from the Retail Supply of electricity:

While filing a Tariff Application, the licensee shall provide complete information of the total AT&C Losses during the previous year and that projected for the year for which the application is being made, including the basis on which such losses have been worked out. (Information to be furnished as per the Format of Distribution Licensee in given in **Annexure III**):

Provided that it shall be obligatory on the licensee whose AT&C losses during the previous year are in excess of 30 percent, to project reduction of such losses by a minimum of 5 percent during the year for which a Tariff Application is made. Any shortfall in the projected level of AT&C losses for such year, in this regard, shall be penalized by an amount equivalent to the cost of the quantum of energy to be lost due to inability of the licensee to plan and achieve reduction of AT&C losses by a minimum of 5 percent from the previous year's level. Such amount shall be calculated at the average over all unit cost of sale of power, as approved by the Commission for such year.

Provided further that failure of a licensee to reduce the AT&C losses during the previous year by 5 percent would be penalized on the same basis as stated against clause given above.



Provided also that in the case of a licensee whose AT&C losses during the previous year were less than 30 percent, it would be obligatory for such licensee to reduce such AT&C losses by a minimum of 3 percent only during the year for which a Tariff Application is made. Failure to achieve this level of reduction would be penalized in the same manner as set out above.

#### **10.16 Determination of Tariff**

- (1) The Commission may categorize consumers on the basis of their load factor, power factor, voltage, total consumption of electricity during any specified period or the time at which the supply is required or the geographical position of any area, the nature of supply and the purpose for which the supply is required.
- (2) The retail supply tariff for different consumer categories shall be determined on the basis of the average cost of supply, computed as the ratio of the aggregate revenue requirement of the Distribution Licensee for the financial year calculated in accordance with these Regulation to the total sales of the Distribution Licensee for the respective financial year.
- (3) The Commission shall endeavour to reduce gradually the cross-subsidy between consumer categories with respect to the average cost of supply in accordance with the provisions of the Act.
- (4) While determining the tariff the Commission may also keep in view the cost of supply at different voltage levels and the need to minimise tariff shock to any category of consumers.

### **CHAPTER 11- MISCELLANEOUS**

#### **11.1 Hearing**

- (1) The Commission may hold hearing(s) on the ARR/tariff filing and hear such persons as the Commission may consider appropriate to decide on such ARR/tariff filing.
- (2) The procedure of hearing on the ARR/Tariff filing shall be as per the provisions of the APERC (Conduct of Business) Regulations, 2011 as amended from time to time or in the manner as the Commission may decide from time to time.

### **11.2 Issue of Orders and Directions**

Subject to the provision of the Act and these regulations, the Commission may, from time to time, issue orders and directions in regard to the implementation of these regulations and procedure to be followed on various matters.

### **11.3 Interpretation**

If a question arises relating to the interpretation of any provision of these regulations, the decision of the Commission shall be final.

### **11.4 Norms of operation to be ceiling norms**

Norms of operation specified in these regulations are the ceiling norms and shall not preclude the generating company or the transmission licensee or the distribution licensee, as the case may be, and the beneficiaries and the long-term transmission and distribution customers from agreeing to the improved norms of operation and in case the improved norms are agreed to, such improved norms shall be applicable for determination of tariff.

### **11.5 Power to Amend**

The Commission may, at any time, vary, alter, modify or amend any provisions of these Regulations.

### **11.6 Power to remove difficulties**

If any difficulty arises in giving effect to any of the provisions of these regulations, the Commission may, by general or special order, do or undertake or direct the licensees to do or undertake things, which in the opinion of the Commission is necessary or expedient for the purpose of removing the difficulties.

### **11.7 Power to Relax**

The Commission may in public interest and for reason recorded in writing, relax any of the provision of these regulations

### **11.8 Saving of Inherent Powers of the Commission**

- (1) Nothing in these regulations shall be deemed to limit or otherwise affect the inherent power of the Commission to make such orders as may be necessary for ends of justice to meet or to prevent abuses of the process of the Commission.

- (2) Nothing in these regulations shall bar the Commission from adopting, in conformity with the provisions of the Act, a procedure, which is at variance with any of the provisions of these regulations, if the Commission, in view of the special circumstances of a matter or class of matters and for reasons to be recorded in writing, deems it necessary or expedient for dealing with such a matter or class of matters.
- (3) Nothing in these regulations shall, expressly or impliedly, bar the Commission dealing with any matter or exercising any power under the Act for which no regulations or codes have been framed, and the Commission may deal with such matters, powers and functions in a manner it thinks fit in the public interest.

### **11.9 Review of Regulations**

The Commission at the end of three years from the date of publishing these regulations or even earlier, if considered just, proper and desirable by it considering the circumstances then prevailing shall undertake a comprehensive review of these regulations with the objective of improvement in the principles, procedures and methodologies.

(By the Order of the Commission)

Sd/-

Secretary

Arunachal Pradesh State Electricity Regulatory Commission

## Appendix- I

### Depreciation Schedule

(Refer to Chapter-4, & Regulation 4.9)

Sl. No.	Asset Particular	Depreciation (%) (SLM), (Salvage Value= 10%)
<b>A)</b>	Land under full ownership	
<b>B)</b>	Land held under lease	
<b>a)</b>	for the purpose of creation of assets	3.34
<b>b)</b>	for cost of clearing the site	3.34
<b>c)</b>	Land for reservoir in case of Hydro generating station	3.34
<b>C)</b>	Assets purchased new	
<b>a)</b>	PI & Machinery in generating stations	
<b>(i)</b>	Hydro Electric	5.28
<b>(ii)</b>	Steam electric NHRB & waste heat recovery boilers	5.28
<b>(iii)</b>	Diesel electric and gas plant	5.28
<b>b)</b>	Cooling towers & circulating water systems	5.28
<b>c)</b>	Hydraulic works forming part of the Hydro	
<b>(i)</b>	Dams, Spillways, Weirs, Canals, Reinforced concrete flumes and siphons	5.28
<b>(ii)</b>	Reinforced concreted pipelines and surge tanks, steel pipelines, sluice gates, steel surge tanks, hydraulic control valves and hydraulic works.	5.28
<b>d)</b>	Building & Civil Engineering works of a	
<b>(i)</b>	Offices and showrooms	3.34
<b>(ii)</b>	Containing thermo-electric generating plant	3.34

<b>(iii)</b>	Containing hydro-electric generating plant	3.34
<b>(iv)</b>	Temporary erections such as wooden structures	100
<b>(v)</b>	Roads other than kutcha roads	3.34
<b>(vi)</b>	Others	3.34
<b>e)</b>	Transformers, Kiosk, Sub-station equipment & other fixed apparatus (including plant)	
<b>(i)</b>	Transformer including foundations having rating of 100 KVA and over	5.28
<b>(ii)</b>	Others	5.28
<b>f)</b>	Switchgear including cable connections	5.28
<b>g)</b>	Lightning arrestor	
<b>(i)</b>	Station type	5.28
<b>(ii)</b>	Pole type	5.28
<b>(iii)</b>	Synchronous Condenser	5.28
<b>h)</b>	Batteries	
<b>(i)</b>	Underground cable including joint boxes and disconnected boxes	5.28
<b>(ii)</b>	Cable duct system	5.28
<b>i)</b>	Overhead lines including cable support	
<b>(i)</b>	Lines on fabricated steel operating at terminal voltages higher than 66 KV	5.28
<b>(ii)</b>	Lines on steel supports operating at terminal voltages higher than 13.2 KV but not exceeding 66 KV	5.28
<b>(iii)</b>	Lines on steel on reinforced concrete support	5.28
<b>(iv)</b>	Lines on treated wood support	5.28
<b>j)</b>	Meters	5.28
<b>k)</b>	Self- Propelled Vehicles	9.5
<b>l)</b>	Air Conditioning Plants	
<b>(i)</b>	Static	5.28

<b>(ii)</b>	Portable	9.5
<b>m)</b>	Office furniture and furnishing	
<b>(i)</b>	Office equipment	6.33
<b>(ii)</b>	Internal wiring including fittings and apparatus	6.33
<b>(iii)</b>	Street Light fittings	5.28
<b>n)</b>	Apparatus let on hire	
	Other than motors	9.5
<b>o)</b>	Communication equipment	
<b>(i)</b>	Radio and high frequency carrier system	6.33
<b>(ii)</b>	Telephone lines and telephones	6.33
<b>p)</b>	I. T Equipment including software	15.0
<b>q)</b>	Any other assets not covered above	5.28

## **Annexure – I**

### **(Refer to Regulation 7.11 & Chapter 7)**

- (1) The transmission elements under outage due to following reasons not attributable to the Transmission Licensee shall be deemed to be available:
  - a. Shut down of Transmission Licensee's transmission elements availed by other agency/ agencies for maintenance or construction of their transmission system.
  - b. Manual tripping of Transmission Licensee's line due to over voltage and manual tripping of switched bus reactor as per the directions of SLDC/RLDC.
- (2) Outage time of Transmission Licensee's transmission elements for the following contingencies shall be excluded from the total time of the element under period of consideration.
  - a. Outage of elements due to acts of God and force majeure events beyond the control of the Transmission Licensee. However, onus of satisfying the SLDC that element outage was due to aforesaid events and not due to design, failure shall rest on the Transmission Licensee. A reasonable restoration time for the element shall be allowed by SLDC and any additional time taken by the Transmission Licensee for restoration of the element beyond the reasonable time shall be treated as outage time attributable to the Transmission Licensee. SLDC may consult the Transmission Licensee or any expert for intimation of restoration time. Circuits restored through ERS (Emergency Restoration System) shall be considered as available.
  - b. Outage caused by grid incident/disturbance not attributable to the Transmission Licensee, e.g. faults in substation or bays owned by other agency causing outage of Transmission Licensee's elements, tripping of lines, ICTs, HVDC back-to-back stations etc. due to grid disturbance. However, if the element is not restored on receipt of direction from SLDC/RLDC while normalizing the system following grid incident/disturbance within reasonable time, the element will be considered not available for whole period of outage and outage time shall be attributable to the Transmission Licensee.
- (3) If the outage of any element causes loss of generation at Central/State Sector Station(s) then the outage period for that element should be deemed to be twice the actual outage period for the day(s) on which such loss of generation has taken place.

- (4) If the outage of any element causes power cut in the area of supply of the distribution licensee, then the outage period for that element shall be deemed to be twice the actual outage period for that day(s) on which such power cut has taken place.
- (5) In case of delay in commissioning of any transmission element beyond the scheduled date given while getting investment plan approved from the Commission, the transmission element shall be deemed to be commissioned from such date and shall be considered to be unavailable due to forced outage for the purpose of calculating the overall availability of the transmission system.

Provided that in exceptional Force Majeure cases where the licensee produces evidence/ reasons to the satisfaction of the Commission that the delay was for reasons beyond its control the delay may be condoned by the Commission to the extent deemed fit by it.

**Procedure for Calculation of Transmission System Availability Factor for a Month**

- (1) Transmission system availability factor for a calendar month (TAFM) shall be calculated by the respective transmission licensee, got verified by the concerned RLDC and certified by the Member-Secretary, Regional Power Committee (RPC) of the region concerned, separately for each AC and HVDC transmission system and grouped according to sharing of transmission charges.
- (2) TAFM, in percent, shall be equal to  $(100 - 100 \times \text{NAFM})$ , where NAFM is the non-availability factor in per unit for the month, for the transmission system / sub-system.
- (3) NAFM for A.C. systems / sub-systems shall be calculated as follows:

$$\text{NAFM} = \left[ \sum_{i=1}^R (\text{OH}_i \times \text{Ckt kmi} \times \text{NSC}_i) + \sum_{t=1}^T (\text{OH}_t \times \text{MVA}_t \times 2.5) \right] \div \left[ \sum_{r=1}^R (\text{OHR}_r \times \text{MVAR}_r \times 4) + \sum_{i=1}^R (\text{Ckt kmi} \times \text{NSC}_i) + \sum_{t=1}^T (\text{MVA}_t \times 2.5) \right]$$

Where,

i= identifies a transmission line circuit



t= identifies a transformer / ICT

r= identifies a bus reactor, switchable line reactor or SVC

L= total number of line circuits

T= total number of transformers and ICTs

R= total number of bus reactors, switchable line reactors and SVCs

OH= Outage hours or hours of non-availability in the month, excluding the duration of outages not attributable to the transmission licensee, if any, as per regulations.

Ckt km= Length of a transmission line circuit in km

NSC= Number of sub-conductors per phase

MVA = MVA rating of a transformer / ICT

MVAR = MVAR rating of a bus reactor, switchable line reactor or an SVC (in which case it would be the sum of inductive and capacitive capabilities).

THM = Total hours in the month.

- (4) NAFM for each HVDC system shall be calculated separately, as follows:

$$\text{NAFM} = [ \Sigma (\text{TCR} \times \text{hours}) ] \div [ \text{THM} \times \text{RC} ]$$

Where,

TCR = Transmission capability reduction of the system in MW

RC = Rated capacity of the system in MW.

For the above purpose, the HVDC terminals and directly associated EHV / HVDC lines of an HVDC system shall be taken as one integrated system.

- (5) The transmission elements under outage due to following reasons shall be deemed to be available:
- a. Shut down availed for maintenance or construction of elements of another transmission scheme. If the other transmission scheme belongs to the transmission licensee, the Member- Secretary, RPC may restrict the deemed availability period to that considered reasonable by him for the work involved.
  - b. Switching off of a transmission line to restrict over voltage and manual tripping of switched reactors as per the directions of RLDC.
- (6) Outage time of transmission elements for the following contingencies shall be excluded from the total time of the element under period of consideration.
- a. Outage of elements due to acts of God and force majeure events beyond the control of the transmission licensee. However, onus of satisfying the Member Secretary, RPC that

element outage was due to aforesaid events and not due to design failure shall rest with the transmission licensee. A reasonable restoration time for the element shall be considered by Member Secretary, RPC and any additional time taken by the transmission licensee for restoration of the element beyond the reasonable time shall be treated as outage time attributable to the transmission licensee. Member Secretary, RPC may consult the transmission licensee or any expert for estimation of reasonable restoration time. Circuits restored through ERS (Emergency Restoration System) shall be considered as available.

- b. Outage caused by grid incident/disturbance not attributable to the transmission licensee, e.g. faults in substation or bays owned by other agency causing outage of the transmission licensee's elements, and tripping of lines, ICTs, HVDC, etc. due to grid disturbance.

However, if the element is not restored on receipt of direction from RLDC while normalizing the system following grid incident/disturbance within reasonable time, the element will be considered not available for the period of outage after issuance of RLDC's direction for restoration.

## **Annexure - II**

### **(For Hydro based Generating Stations)**

[Refer to Chapter-1, Regulation 1.3 ]

It is to certify that the (Name of the Station) has fulfilled all the key provisions as prescribed below in accordance with Regulation 3(20)(b)v) of these Regulation;

- (1) All documents as prescribed in Regulation 3(8) of the CEA Technical Standards for Construction of Electric Plants and Electric Lines Regulations - 2010 have been retained at site and are available at site.
- (2) All requirements as per Regulation 5 of the CEA Technical Standards for Construction of Electric Plants and Electric Lines Regulations – 2010 have been complied.
- (3) The unit operating capability shall be in conformity to Regulation 14 (2), 14(3), 14(4), 14(5) and 14(7) of the CEA Technical Standards for Construction of Electric Plants and Electric Lines Regulations – 2010.
- (4) All requirements as per Regulation 17 and Regulations 9(2), 9(4), 9(9), 9(15), 9(16), 9(18) of the CEA Technical Standards for Construction of Electric Plants and Electric Lines Regulations 2010 have been complied for the Steam Turbine.

**Name : (CMD/CEO/MD)**

## **Annexure – III**

Formats for Generating Company, Transmission Licensee, SLDC, Distribution Wires Business and Retail Supply Business are prepared herewith which are separately shown in Excel Sheets. The index file of those formats is shown herewith.

### **(1) MYT Petition, True-up Petition Formats – Generation**

<b>Sl. No.</b>	<b>Title</b>	<b>Reference</b>
1	Aggregate Revenue Requirement - Summary Sheet	Form 1
2	Summary of Tariff Proposal	Form 1.1
3	Salient Features of Hydroelectric Project	Form 1.2
4	Operational Parameters - Hydro Generation	Form 2.1
5	Capacity Charge & Energy Charge Rate - Hydro Generation	Form 2.2
6	Interest on Working Capital - Hydro Generation	Form 2.3
7	Planned & Forced Outages	Form 2.4
8	% Annual Availability of Generating Stations	Form 2.5

9	Summary of Operations and Maintenance Expenses	Form 3
10	Normative O&M Expenses	Form 3.1
11	Employee Expenses	Form 3.2
12	Administration & General Expenses	Form 3.3
13	Repair & Maintenance Expenses	Form 3.4
14	Summary of Capital Expenditure and Capitalisation	Form 4
15	Capital Expenditure Plan	Form 4.1
16	Capitalisation Plan	Form 4.2
17	Capital Work in Progress	Form 4.3
18	Assets & Depreciation	Form 5
19	Interest Expenses	Form 6
20	Return on Regulatory Equity	Form 7
21	Non-Tariff Income	Form 8
22	Formats for New Projects	Form 9.A to 9.I

**(2) MYT Petition, True-up Petition Formats – Transmission**

<b>Sl. No.</b>	<b>Title</b>	<b>Reference</b>
1	Aggregate Revenue Requirement - Summary Sheet	Form 1
2	Normative Operation and Maintenance Expenses	Form 2
3	Operations and Maintenance Expenses	Form 2.1
4	Transmission Network Details	Form 2.2
5	Employee Expenses	Form 2.3
6	A&G Expenses	Form 2.4
7	R&M Expenses	Form 2.5
8	Summary of Capital Expenditure & Capitalisation	Form 3
9	Capital Expenditure Plan	Form 3.1
10	Capitalisation Plan	Form 3.2
11	Capital Work-in-Progress	Form 3.3
12	Assets & Depreciation	Form 4
13	Interest Expenses	Form 5
15	Interest on Working Capital	Form 6
16	Return on Regulatory Equity	Form 7
17	Non-tariff Income	Form 8
18	Contribution to contingency reserves	Form 9

19	Transmission Losses	Form 10
20	Transmission Availability	Form 11
21	Truing Up Summary	Form 12
22	Break-up of Revenue	Form 12.1
23	Formats for New Projects	Form 13.A to 13.I

**(3) MYT Petition, True-up Petition Formats- Fee and Charges for SLDC**

<b>Sl. No.</b>	<b>Title</b>	<b>Reference</b>
1	SLDC Charges - Summary Sheet	Form 1
2	O&M Expenses -Summary Sheet	Form 2
3	O&M Expenses for Control Period	Form 2.1
4	Employee Expenses	Form 2.2
5	A&G Expenses	Form 2.3
6	R&M Expenses	Form 2.4
7	Summary of Capital Expenditure and Capitalisation	Form 3
8	Capital Expenditure Plan	Form 3.1
9	Capitalisation Plan	Form 3.2
10	Capital Work-in-Progress	Form 3.3
11	Assets & Depreciation	Form 4
12	Interest & Finance Charges	Form 5
13	Interest on Working Capital	Form 6
14	Return on Regulatory Equity	Form 7
15	Non-tariff Income	Form 8
16	Revenue from Transmission System Users and others	Form 9

**(4) MYT Petition, True-up Petition Formats-Distribution & Retail Supply**

<b>Sl. No.</b>	<b>Title</b>	<b>Reference</b>
1	Aggregate Revenue Requirement - Summary Sheet	ARR-Summary
2	Customer Sales Forecast	Form 1
3	Transmission & Distribution (T&D) Losses	Form 2
4	Power Purchase Expenses	Form 3
5	Summary of Operations and Maintenance Expenses	Form 4
6	Normative O&M Expenditure	Form 5
7	Employee Expenses	Form 6
8	A&G Expenses	Form 7

9	R&M Expenses	Form 8
10	Summary of Capital Expenditure & Capitalisation	Form 9
11	Capital Expenditure Plan	Form 10
12	Capitalisation Plan	Form 11
13	Assets & Depreciation	Form 12
14	Return on Regulatory Equity	Form 13
15	Non-tariff Income	Form 14
16	Revenue for True Year	Form 15
17	Expected Revenue at Existing Tariff - FY 2017-18	Form 16
18	Truing Up Summary	Form 17
19	Cross-subsidy Trajectory	Form 18
20	Wheeling and Open Access Charges	Form 19
21	Aggregate Technical & Commercial (AT&C) losses	Form 20
22	Energy Requirement and Energy Balance	Form 21