

**NAGALAND ELECTRICITY REGULATORY COMMISSION
(NERC)**



TARIFF ORDER

Dated: 28th March, 2025

**True up of FY 2023-24
Performance Review for the FY 2024-25
&
Business Plan and ARR for 3rd Control Period
from FY 2025-26 to FY 2029-30
and
Aggregate Revenue Requirement (ARR) for FY 2025-26**

For -

**DEPARTMENT OF POWER,
GOVERNMENT OF NAGALAND**

341 Upper Agri Colony, Kohima – 797001, Nagaland

nerc_kohima@yahoo.com/www.nerc.org.in

LIST OF CONTENTS

1.	Introduction	4
1.1	Nagaland Electricity Regulatory Commission.....	4
1.2	ARR and Tariff Petition	6
1.3	Admission of the Petition and Public Hearing Process	6
1.4	Notice for Public Hearing.....	7
1.5	Public Hearing	7
1.6	State Advisory Committee	7
2.	Summary of MYT ARR for the 3 rd Control Period of FY 2025-26 to FY 2029-30 ..	8
2.1	Multi Year Aggregate Revenue Requirement (ARR)	8
2.2	Tariff	8
2.3	Prayers of DPN	10
3.	Power Sector in Nagaland – Overview	12
3.1	Introduction.....	12
3.2	Power Supply	12
3.2.1	Own Generation	12
3.2.2	Power Purchase	12
3.3	Transmission and Distribution Network in the State	13
3.4	Transmission and Distribution (T&D) Losses	16
3.5	Consumer Profile and Energy sales	16
3.6	Demand.....	17
3.7	Energy Audit.....	17
3.8	Energy Metering	17
4.	Public Hearing	18
4.1	Public Response to the Petition	18
4.2	Public Hearing	18
4.3	Proceedings of Public Hearing	18
4.4	Minutes of the Hearing.....	19
5.	True up of FY 202324.....	31
5.1	Preamble	31
5.2	Energy Demand (Sales)	32
5.3	Transmission and Distribution Losses (T&D Losses)	32
5.4	Energy Availability	33
5.4.1.	Own Generation	33
5.4.2.	Power Purchase	34
5.5	Energy Balance.....	34
5.6	Fuel Cost	35
5.7	Power Purchase Cost	35
5.8	Operation and Maintenance Expenses	36
5.8.1.	Employee Cost	36

5.8.2.	Administrative and General Expenses.....	37
5.8.3.	Repair and Maintenance Expenses	37
5.8.4.	Summary of O&M Expenditure approved by the Commission.....	37
5.9	Capital Expenditure & Capitalisation	38
5.10	Gross Fixed Assets (GFA) and Depreciation.....	38
5.11	Interest and Finance Charges	39
5.12	Interest on Working Capital	39
5.13	Bad Debts.....	39
5.14	Return on Equity	39
5.15	Non-Tariff Income.....	39
5.16	Revenue from Existing Tariff.....	40
5.17	Aggregate Revenue Requirement (ARR).....	40
6.	Annual Performance Review of FY 2024 -25.....	42
6.1	Preamble	42
6.2	Energy demand (Sales)	42
6.3	Transmission and Distribution Losses (T&D Losses)	43
6.4	Energy Availability	44
6.4.1	Own Generation	44
6.4.2	Power Purchase	44
6.5	Energy Balance.....	45
6.6	Fuel Cost	46
6.7	Power Purchase Cost	47
6.8	Operation and Maintenance Expenses.....	48
6.8.1	Employee Cost.....	48
6.8.2	Administrative and General Expenses.....	49
6.8.3	Repair and Maintenance Expenses	49
6.8.4	Summary of O&M Expenditure approved by the Commission.....	49
6.9	Capital Expenditure & Capitalization.....	50
6.10	Gross Fixed Assets (GFA) and Depreciation.....	50
6.11	Interest and Finance Charges	51
6.12	Interest on Working Capital	52
6.13	Bad Debts.....	53
6.14	Return on Equity	53
6.15	Non-Tariff Income.....	54
6.16	Revenue from Existing Tariff.....	54
6.17	Aggregate Revenue Requirement (ARR).....	55
7.	Business Plan and Multi Year Aggregate Revenue Requirement (ARR) of 3 rd Control Period of FY 2025 -26 to FY 2029-30	57
7.1	Energy Sales	57
7.2	Consumer Categories.....	57
7.3	Growth of Consumers and Connected Load.....	57

7.4	Category-wise Energy Sales.....	58
7.4.1	Analysis of Energy Sales Projections by DPN and the Commission's decision	59
7.5	Category-Wise Energy Sales	64
7.6	Transmission and Distribution Losses (T&D Losses)	65
7.7	Energy Requirement	66
7.8	Energy Availability	67
7.8.1	Own Generation	67
7.8.2	Power Purchase	67
7.8.3	Assumption of Power Purchase Projection	68
7.8.4	Energy Draws from CGS and Other Sources	68
7.9	Energy Balance.....	69
7.10	Aggregate Revenue Requirement	71
7.11	Projected expenses by DPN and decisions of the Commission.....	71
7.12	Cost of Generation.....	71
7.13	Power Purchase Cost	72
7.14	Transmission and Other Charges.....	74
7.15	Operation and Maintenance Expenses.....	75
7.15.1	Employee Cost	75
7.15.2	Administrative and General Expenses.....	76
7.15.3	Repair and Maintenance Expenses	77
7.15.4	Summary of O&M Expenditure approved by the Commission.....	77
7.16	Capital Expenditure & Capitalization.....	78
7.17	Gross Fixed Assets (GFA) and Depreciation.....	79
7.18	Interest and Finance Charges	80
7.19	Interest on Working Capital	80
7.20	Bad Debts.....	81
7.21	Return on Equity	81
7.22	Non-Tariff Income.....	82
7.23	Revenue from Existing Tariff.....	82
7.24	Aggregate Revenue Requirement (ARR).....	83
7.25	Revenue Gap	85
7.26	Recovery of Revenue Gap for the FY 2025-26	85
7.27	Government Subsidy	87
8.	TARIFF PRINCIPLES AND DESIGN	90
8.1	Background	90
8.2	Tariff Proposed by the DPN and approved by the Commission	92
8.2.1	Tariff Categories	92
8.2.2	Existing & Proposed Tariff.....	93
8.2.3	Tariff approved by the Commission.....	96
8.2.4	Tariff for prepaid metered consumers approved by the Commission.....	100

8.2.5	Common Items.....	101
8.2.6	Miscellaneous Charges	101
9.	Directives.....	104
10.	WHEELING CHARGES.....	108
10.1	Wheeling Charges	108
10.2	Segregation of Cost	108
10.3	Wheeling Tariff	109
11.	FUEL AND POWER PURCHASE COST ADJUSTMENT.....	110

LIST OF TABLES

Table 2-1: Projected Multi Year Aggregate Revenue Requirement (Rs. Cr.)	8
Table 2-2: Existing Tariffs v/s Proposed Tariffs for the FY 2025-26	9
Table 3.1: Power allocation from Central Generating Stations (CGS)	12
Table 3.2: T&D Losses claimed by the DPN	16
Table 3.3: Consumer Profile and Energy Sales for FY 2025-26	16
Table 5.1: Energy Sales approved by Commission (in MUs)	32
Table 5.2: T&D Losses approved by Commission	33
Table 5.3: Power Generation approved by Commission	33
Table 5.4: Power Purchase approved by Commission (in MUs)	34
Table 5.5: Energy Balance approved by Commission	34
Table 5.6: Fuel Cost approved by Commission (Rs. Cr.)	35
Table 5.7: Power Purchase Cost approved by Commission	36
Table 5.8: Employee Cost approved by Commission (Rs. Cr.)	36
Table 5.9: A&G Expenses approved by Commission (Rs. Cr.)	37
Table 5.10: R&M Expenses approved by Commission (Rs. Cr.)	37
Table 5.11: O&M Expenses approved by Commission (Rs. Cr.)	37
Table 5.12: Capital Works in Progress (CWIP) (Rs. Cr.)	38
Table 5.13: Gross Fixed Assets (Rs. Cr.)	38
Table 5.14: Depreciation approved by Commission (Rs. Cr.)	38
Table 5.15: Non-Tariff Income approved by Commission (Rs. Cr.)	40
Table 5.16: Revenue from Sales approved by Commission (Rs. Cr.)	40
Table 5.17: approved Aggregate Revenue Requirement (Rs. Cr.)	41
Table 6.1: Energy Sales approved by Commission for FY 2024-25 (in MUs)	42
Table 6.2: T&D Losses approved by Commission for FY 2024-25	44
Table 6.3: Power Generation approved by Commission for the FY 2024-25 (MUs)	44
Table 6.4: Power Purchase approved by Commission for the FY 2024-25 (MUs)	45
Table 6.5: Energy Balance approved by Commission for the FY 2024-25	46
Table 6.6: Fuel Cost approved by Commission for the FY 2024-25	47
Table 6.7: Approved Power Purchase Cost for the FY 2024-25 (Rs. Cr.)	47
Table 6.8: Employee Cost approved by Commission for the 2024-25 (Rs. Cr.)	48
Table 6.9: Administrative and General Expenses approved by Commission for the FY 2024-25 (Rs. Cr.)	49
Table 6.10: Repair and Maintenance Expenses approved by Commission for the FY 2024-25 (Rs. Cr.)	49
Table 6.11: O&M Expenses approved by Commission for the FY 2024-25 (Rs. Cr.)	50
Table 6.12: Gross Fixed Assets for the FY 2024-25	50
Table 6.13: Depreciation approved by Commission for the FY 2024-25	51
Table 6.14: Non-Tariff Income approved by Commission for the FY 2024-25 (Rs. Cr.)	54
Table 6.15: Revenue from Sales approved by Commission for the FY 2024-25 (Rs. Cr.)	54
Table 6.16: Aggregate Revenue Requirement approved by Commission for the FY 2024-25 (Rs. Cr.)	55
Table 7.1: Category of Consumers	57
Table 7.2: Number of Consumers approved by Commission	58
Table 7.3: Projected Energy Sales (in MUs)	58
Table 7.4: Consumer Category-wise growth in Energy Sales	59

Table 7.5: Approved Energy Sales for Domestic including BPL	60
Table 7.6: Approved Energy Sales for Commercial Category	61
Table 7.7: Approved Energy Sales for Industrial Category	61
Table 7.8: Approved Energy Sales for Public Lighting	62
Table 7.9: Approved Energy Sales for Public Water Works	62
Table 7.10: Approved Energy Sales for Irrigation and Agriculture	63
Table 7.11: Approved Energy Sales for Bulk Supply Category	64
Table 7.12: Category-wise energy sales approved by the Commission (in MUs).....	64
Table 7.13: Projections of T&D Losses for FY 2025-26 to FY 2029-30	65
Table 7.14: Approved of T&D Losses for FY 2025-26 to FY 2029-30	65
Table 7.15: Energy Requirement Projected by DPN (in MUs)	66
Table 7.16: Energy Requirement approved by the Commission	66
Table 7.17: Power Allocation from Central Sector and Other Generating Stations	67
Table 7.18: Summary of Power Purchase projected by DPN	68
Table 7.19: Power Purchase approved by the Commission (in MUs).....	69
Table 7.20: Energy Balance approved by the Commission (in MUs)	70
Table 7.21: Cost of Generation projected by DPN (Rs. Cr.)	71
Table 7.22: Power Purchase Cost projected by DPN (Rs. Cr.)	73
Table 7.23: Power Purchase Cost approved by the Commission (Rs. Cr.).....	73
Table 7.24: Transmission and Other Charges projected by DPN (Rs. Cr.).....	74
Table 7.25: Transmission and Other Charges Approved by Commission (Rs. Cr.)	74
Table 7.26: Employee Cost projected by DPN (Rs. Cr.)	75
Table 7.27: Employee Cost approved by the Commission (Rs. Cr.).....	76
Table 7.28: Administrative and General Expenses projected by DPN (Rs. Cr.)	76
Table 7.29: Administrative and General Expenses approved by the Commission (Rs. Cr.).....	76
Table 7.30: Repair and Maintenance Expenses projected by DPN (Rs. Cr.)	77
Table 7.31: Repair and Maintenance Expenses approved by the Commission (Rs. Cr.)	77
Table 7.32: Operation & Maintenance Expenditure approved by Commission (Rs. Cr.).....	78
Table 7.33: Capitalisation approved by Commission for FY 2025-26 to FY 2029-30 (Rs. Cr.).....	78
Table 7.34: Depreciation projected by DPN (Rs. Cr.)	79
Table 7.35: Depreciation approved by the Commission (Rs. Cr.)	79
Table 7.36: Non-Tariff Income for FY 2025-26 to FY 2029-30 (Rs. Cr.)	82
Table 7.37: Revenue from Existing Tariff approved by the Commission for FY 2025-26.....	83
Table 7.38: Aggregate Revenue Requirement approved by the Commission (Rs. Cr.)	84
Table 7.39: Revenue at Existing Tariff and Gap (Rs. Cr.)	85
Table 7.40: Revenue from revised Tariff for FY 2025-26 approved by the Commission	86
Table 7.41: Full Cost Tariff based Expected Revenue for FY 2025-26	88
Table 7.42: Average Cost of Electricity Supply within Nagaland for FY 2025-26	89
Table 8.1: Existing Tariff v/s Proposed Tariff for FY 2025-26.....	93
Table 8.2: Other Charges proposed by DPN for FY 2025-26.....	94
Table 8.3: Tariff approved by the Commission for FY 2025-26.....	96
Table 8.4: Full Cost Tariff approved by the Commission for FY 2025-26.....	98
Table 8.5: Other Charges approved by the Commission for FY 2025-26	99
Table 8.6: Tariff for Prepaid Metered Consumers for FY 2025-26.....	100
Table 10.1: Allocation Matrix	108
Table 10.2: Segregation of Wire and Retail Supply Costs for FY 2024-25	109
Table 10.3: Wheeling Tariff approved by the Commission	109

ABBREVIATIONS

Abbreviation	Description
ABT	Availability Based Tariff
A&G	Administration & General
APTEL	Appellate Tribunal for Electricity
ARR	Aggregate Revenue Requirement
CAGR	Compounded Annual Growth Rate
CD	Contract Demand
CERC	Central Electricity Regulatory Commission
CGS	Central Generating Stations
CoS	Cost of Supply
CPSU	Central Power Sector Undertakings
Cr	Cr
Crs	Cr
CT	Current Transformer
CWIP	Capital Work in Progress
DE	Debt Equity
DPN	Department of Power, Govt. of Nagaland
EHT	Extra High Tension
ER	Eastern Region
FAC	Fuel Adjustment Costs
FDR	Fixed Deposits Receipts
FPPCA	Fuel Power Purchase Cost Adjustment
FY	Financial Year
GCV	Gross Calorific Value
GFA	Gross Fixed Assets
HP	Horse Power
HT	High Tension
KV	Kilovolt
KVA	Kilo volt Amps
KW	Kilo Watt
kWh	kilo Watt hour
LNG	Liquefied Natural Gas
LT	Low Tension
MU	Million Units

Abbreviation	Description
MVA	Million-volt Amps
MW	Mega Watt
MYT	Multi Year Tariff
NER	North Eastern Region
NERC	Nagaland Electricity Regulatory Commission
NTP	National Tariff Policy
O&M	Operation & Maintenance
PLF	Plant Load Factor
PLR	Prime Lending Rate
R&M	Repairs and Maintenance
RIMS	Regulatory Information and Management System
RoR	Rate of Return
Rs.	Rupees
S/s	Sub Station
SBI	State Bank of India
SERC	State Electricity Regulatory Commission
T&D	Transmission & Distribution
UI	Unscheduled Interchange
YoY	Year on Year

Before the,
Nagaland Electricity Regulatory Commission for the State of
Nagaland

Case No.: 03/2024-25.

In the matter of,

Determination of Truing up of FY 2023-24, Annual Performance Review for the FY 2024-25 and Business Plan & Multi Year Aggregate Revenue Requirement (MYT ARR) for 3rd Control Period of FY 2025-26 to FY 2029-30 & Tariff for the FY 2025-26 filed by the Department of Power, Government of Nagaland, herein after referred to as **"DPN or The Petitioner."**

Present: **Shri. Khose Sale**
Chairman-cum-Member
NERC, Kohima.

ORDER

1. The Department of Power, Government of Nagaland (herein after referred to as DPN) is a deemed licensee in terms of section 14 of the Electricity Act, 2003 (herein after referred to as Act), engaged in the business of Generation, Transmission and Distribution of electricity in the state of Nagaland.
2. As per the MYT Regulations, 2016, the DPN has filed the Petition for truing up of FY 2023-24 annual performance review for the FY 2024-25 and Business Plan & MYT ARR for 3rd Control Period of FY 2025-26 to FY 2029-30 and determination of Retail Tariff for the FY 2025-26 on 18/12/2024.
3. In exercise of the powers vested under section 62(1) read with section 62(3) and section 64 3(a) of the Electricity Act, 2003 and Regulation 5.2 of NERC MYT Regulations, 2016 (Notified on 21.04.2016) (herein after referred to as Tariff Regulations) and other enabling provisions in this behalf, the Commission issues this order for approval of the Revised ARR and determination of retail Tariff for the FY 2025-26 along with truing up of FY

2023-24, annual performance review of FY 2024-25 and MYT ARR for the Control Period of FY 2025-26 to FY 2029-30 for supply of electricity in the state of Nagaland under NERC (MYT) Regulations, 2016.

4. Tariff Regulations specify that the distribution licensee shall file its Multi Year ARR along with Truing up for previous year and performance Review for Current year and Tariff Petition for upcoming year in all aspects along with requisite fee as specified in Commission's Conduct of Business Regulations on or before 30th November of the preceding year before commencing of the control period. Accordingly, the DPN has filed its Business Plan & Multi Year ARR for the Control Period of FY 2025-26 to FY 2029-30 along with the truing up of FY 2023-24 based on the audited annual accounts, Performance Review for the FY 2024-25 based on actual six (06) month expenditure and Tariff Petition for the FY 2025-26.
5. Regulation 17 of the NERC MYT Regulations, 2016 provides for giving adequate opportunities to all stake holders and general public for making suggestions/objections on the Tariff Petition as mandated under section 64(3) of the Electricity Act 2003. Accordingly, the Commission directed DPN to publish the Business Plan and MYT Tariff Petition for the FY 2025-26 in an abridged form as public notice in newspapers having wide circulation in the state inviting suggestions/objections on the Tariff Petition.
6. Accordingly, DPN has published the Tariff Petition in abridged form as public notice in various newspapers on 30/01/2025 and the Tariff petition was also placed on the website of DPN. The last date of submission of suggestions/objections was fixed on 10/02/2025.
7. The Commission, to ensure transparency in the process of Tariff determination and for providing proper opportunity to all stake holders and general public for making suggestions/objections on the tariff petition and for convenience of the consumers and general public across the state, decided to hold the public hearing at Kohima 26/02/2025.
8. The Commission took into consideration the facts presented by the Petitioner in its Petition and subsequent filings, suggestions/objections received from stakeholders, consumer organizations & general public and response of the Petitioner to those suggestions/objections.
9. The Commission taking into consideration all the facts which came up during the public hearing on the matter of Truing up of FY 2023-24, Annual Performance Review for the FY 2024-25, Business Plan & Multi Year ARR for

the Control Period of FY 2025-26 to FY 2029-30 and the retail Tariff for the FY 2025-26.

10. The Commission has reviewed the directives issued earlier in the Order for the FY 2024-25 and noted that some of the directives are compiled and some are partially attended. The Commission has dropped the directives compiled with and the remaining directives are consolidated and fresh directives are added.
11. This order is in ten chapters as detailed below:
 - (a) Chapter 1: Introduction.
 - (b) Chapter 2: Summary of Business Plan & MYT ARR for the control period of FY 2025-26 to FY 2029-30 and Tariff petition for the FY 2025-26.
 - (c) Chapter 3: Power Sector in Nagaland - An overview.
 - (d) Chapter 4: Public hearing.
 - (e) Chapter 5: Truing up of FY 2023-24
 - (f) Chapter 6: Performance Review for the FY 2024-25
 - (g) Chapter 7: Analysis of Business Plan & MYT ARR for the control period of FY 2025-26 to FY 2029-30 along with Tariff Petition for the FY 2025-26 and approval of the Commission.
 - (h) Chapter 8: Tariff principles and design.
 - (i) Chapter 9: Directives.
 - (j) Chapter 10: Wheeling Charges for the FY 2025-26.
 - (k) Chapter 11: Fuel and Power Purchase Cost Adjustment.
12. The DPN should ensure implementation of the Tariff Order from the effective date after issuance of a public notice in such a font size which is clearly visible in two daily newspapers having wide circulation in the state within a week, and compliance of the same shall be submitted to the Commission.
13. This Order shall be effective from 01st April, 2025 and shall remain in force till the next Tariff Order of the Commission.

Dated: 28th March, 2025.

Place: Kohima.

Sd/-
KHOSE SALE
Chairman-cum-Member,
NERC, Kohima.

1. Introduction

1.1 Nagaland Electricity Regulatory Commission

- (a) In exercise of the powers conferred by the Electricity Act, 2003, the State Government of Nagaland constituted an Electricity Regulatory Commission to be known as “Nagaland Electricity Regulatory Commission” for the State of Nagaland, as notified on 21st February, 2008.
- (b) The Commission is a one-member body designated to function as an autonomous authority responsible for regulation of the power sector in the State of Nagaland. The powers and the functions of the Commission are as prescribed in the Electricity Act, 2003. The head office of the Commission is presently located at Kohima, Nagaland.
- (c) The Nagaland Electricity Regulatory Commission for the State of Nagaland started to function with effect from 4th March, 2008 with the objectives and purposes for which the Commission has been established.
- (d) The Department of Power, Government of Nagaland herein called DPN or the Petitioner, a deemed licensee under section 14 of the Electricity Act, 2003, is carrying on the business of distribution and retail supply of electricity in the state of Nagaland.

1.1.1. In accordance with the provisions of the Act, the Nagaland Commission discharges the following functions:

- (a) Determine the tariff for generation, supply, transmission and wheeling of electricity, wholesale, bulk or retail, as the case may be, within the State: Provided that where open access has been permitted to a category of consumers under Section 42, the State Commission shall determine only the wheeling charges and surcharge thereon, if any, for the said category of consumers;
- (b) Regulate electricity purchase and procurement process of distribution licensees including the price at which electricity shall be procured from the generating companies or licensees or from other sources through agreements for purchase of power for distribution and supply within the State;
- (c) Facilitate intra-State transmission and wheeling of electricity;

- (d) Issue licenses to persons seeking to act as transmission licensees, distribution licensees and electricity traders with respect to their operations within the State;
- (e) Promote co-generation and generation of electricity from renewable sources of energy by providing suitable measures for connectivity with the grid and sale of electricity to any person, and also specify, for purchase of electricity from such sources, a percentage of the total consumption of electricity in the area of a distribution licensee;
- (f) Adjudicate upon the disputes between the licensees and generating companies; and to refer any dispute for arbitration;
- (g) Levy fee for the purposes of this Act;
- (h) Specify State Grid Code consistent with the Grid Code specified under Clause (h) of sub-section (1) of Section 79;
- (i) Specify or enforce standards with respect to quality, continuity and reliability of service by licensees;
- (j) Fix the trading margin in the intra-State trading of electricity, if considered, necessary;
- (k) Discharge such other functions as may be assigned to it under the Act.

1.1.2. Further, the Commission also advises the State Government on all or any of the following matters namely:

- a) Promotion of competition, efficiency and economy in activities of the electricity industry;
- b) Promotion of investment in electricity industry;
- c) Reorganization and restructuring of electricity industry in the State;
- d) Matters concerning generation, transmission, distribution and trading of electricity or any other matter referred to the State Commission by that Government.

1.1.3. The State Commission ensures transparency while exercising its powers and discharging its functions.

1.1.4. In discharge of its functions, the State Commission is guided by the National Tariff Policy (NTP) as brought out by GOI in compliance to Section 3 of the Act. The objectives of the NTP are to:

- (a) Ensure availability of electricity to consumers at reasonable and competitive rates;
- (b) Ensure financial viability of the sector and attract investments;
- (c) Promote transparency, consistency and predictability in regulatory approaches across jurisdictions and minimize perceptions of regulatory risks;
- (d) Promote competition, efficiency in operations and improvement in quality of supply.

1.2 ARR and Tariff Petition

- (a) DPN, being an integrated utility, is responsible for generation, transmission, and distribution of electricity in the State of Nagaland.
- (b) As per the NERC MYT Regulations, 2016 the licensee was required to submit its Business Plan and Multi Year Annual Revenue requirement for the entire control period before commencing of the Control Period. Accordingly, the Petitioner has filed its Business Plan & Multi Year ARR for the control period of FY 2025-26 to FY 2029-30 along with truing up of FY 2023-24 based on audited annual accounts, Annual Performance Review for the FY 2024-25 based on actual 6-month expenditure and estimates for balance 06 months and retail tariff petition for the FY 2025-26. In the petition, the DPN had projected net ARR of Rs. 938.54 Cr. for FY 2025-26, Rs. 1007.79 Cr. for FY 2026-27, Rs. 1067.62 Cr. for FY 2027-28, Rs. 1128.94 Cr. for FY 2028-29 and Rs. 1193.94 Cr. for the FY 2029-30.

1.3 Admission of the Petition and Public Hearing Process

The Commission observed that the petition filed by the petitioner required several details & clarifications on various aspects of the petition as specified in Commission's Regulations on Terms and Conditions for Determination of Tariff.

DPN was asked to provide/explain the required information. Pending receipt of additional information/explanations, the MYT ARR and Tariff Petition was admitted to avoid delay in processing of ARR.

The Commission directed the DPN to publish the summary of the MYT ARR for the 3rd control period of FY 2025-26 to FY 2029-30 and Tariff proposal in the abridged form and manner as approved in accordance with section 64 of the Electricity Act, 2003 to ensure public participation.

The notification of the proposed MYT ARR for the 3rd control period of FY 2025-26 to FY 2029-30 and the Tariff schedule for the FY 2025-26 was published by the Petitioner in the following newspapers.

Sl. No.	Name of the Newspaper	Language	Date of Publication
1	Nagaland Post	English	30/01/2025
2	Morung Express	English	30/01/2025

Through the public notice, the stakeholders/public were invited to file their objections and suggestions on the petition on or before 10/02/2025.

The Commission received one written Objections/suggestions were from Mr. Meren Paul, a resident of Kohima.

1.4 Notice for Public Hearing

A notification was published by the Commission in the following leading newspapers for giving due intimation to all stakeholders, general public, interested parties, and consumers about the public hearing to be held in the Office of the Commission, Kohima on 26/02/2025.

Sl. No.	Name of the Newspaper	Language	Date of Publication
1	Nagaland Post	English	19/02/2025
2	Morung Express	English	19/02/2025
3	Eastern Mirror	English	19/02/2025

1.5 Public Hearing

Public hearing was held as scheduled at the Conference Hall of the Commission. During the public hearing No participants were present to provide their views on the petition of DPN before the Commission. The details of the public hearing are given in **Chapter – 4**.

1.6 State Advisory Committee

The 18th State Advisory Committee was held on 13/03/2025 at Japfu Hotel, Kohima and discussed the Business Plan and Multi Year ARR for 3rd Control period of FY 2025-26 to FY 2029-30 along with True up of FY 2023-24, APR for FY 2024-25 and Tariff proposal for FY 2025-26. The Minutes of the Advisory Committee meeting are given in **Appendix – IV**.

2. Summary of MYT ARR for the 3rd Control Period of FY 2025-26 to FY 2029-30

2.1 Multi Year Aggregate Revenue Requirement (ARR)

The DPN in its MYT petition has projected the Aggregate Revenue Requirement for each year of the 3rd control period of FY 2025-26 to FY 2029-30 and retail Tariff proposal for the FY 2025-26 for meeting its expenses and the projected revenue during the financial year with the existing tariff. The projected MYT ARR for the FY 2025-26 to FY 2029-30 are shown in Table below.

Table 2-1: Projected Multi Year Aggregate Revenue Requirement (Rs. Cr.)

Sl. No.	Particulars	FY 2025-26 (Proj.)	FY 2026-27 (Proj.)	FY 2027-28 (Proj.)	FY 2028-29 (Proj.)	FY 2029-30 (Proj.)
1	Cost of power purchase	496.47	532.29	570.69	611.86	656.00
2	Transmission charges	84.68	85.12	91.26	97.85	104.91
3	Cost of Generation	16.45	16.96	16.96	17.47	17.47
4	Employee Expenses	187.97	198.72	210.09	222.10	234.81
5	Repair & Maintenance Expenses	16.85	17.81	18.83	19.91	21.05
6	Administration & General Expenses	4.31	4.55	4.81	5.09	5.38
7	Operational Expenses-Smart Prepaid Metering	27.01	44.89	44.89	44.89	44.89
8	Interest and finance charges	0.00	0.00	0.00	0.00	0.00
9	Depreciation	110.50	113.44	116.38	116.38	116.38
10	Interest on working capital	0.00	0.00	0.00	0.00	0.00
11	Return on Equity	0.00	0.00	0.00	0.00	0.00
12	Total Revenue Requirement (1 to 11)	944.24	1,013.79	1,073.91	1,135.54	1,200.87
13	Less: Non-Tariff Income	5.71	5.99	6.29	6.61	6.94
14	Net Revenue Requirement (12-13)	938.54	1,007.79	1,067.62	1,128.94	1,193.94

2.2 Tariff

Based on the projected ARR of FY 2025-26, the DPN has also submitted its proposed retail tariff for the FY 2025-26 as per the table below:

Table 2-2: Existing Tariffs v/s Proposed Tariffs for the FY 2025-26

Sl No.	CATEGORY		Existing Rate Rs./kwh	Proposed Rate Rs./kwh
1	2		3	4
A	1	CATEGORY 'A' DOMESTIC		
		(a) 0 to 30 kwh	5.60	5.90
		(b) 31 to 100 kwh	6.10	6.40
		(c) 101 to 250 kwh	6.80	7.15
		(d) > 250 kwh	7.45	7.80
	2	CATEGORY 'B' INDUSTRIAL		
		(a) < 500 kwh	6.80	7.15
		(b) 501 to 5000 kwh	7.35	7.75
		(c) > 5000 kwh	7.85	8.25
	3	CATEGORY 'C' BULK	7.25	7.60
	4	CATEGORY 'D' COMMERCIAL		
		(a) < 60 kwh	7.75	8.15
		(b) 61 to 240 kwh	9.00	9.45
		(c) > 240 kwh	9.40	9.85
	5	CATEGORY 'E' P.W.W.	7.80	8.20
	6	CATEGORY 'F' Public Light	To be recovered from consumers *	To be recovered from consumers *
	7	CATEGORY 'G' INTERSTATE	6.60	6.90
	8	CATEGORY 'H' AGRICULTURE	3.50	3.65
	9	CATEGORY 'I' TEMPORARY CONNECTION	DLF Rs.11.50 Others Rs. 14.70	DLF Rs.11.50 Others Rs. 14.70
	10	Kutir Jyoti(point)	Same as DLF	Same as DLF
	11	SINGLE POINT METERED RURAL	5.60	5.90
	12	SINGLE POINT METERED URBAN	5.80	6.10
	*	Charges for public lighting have to be recovered from the Consumers of Domestic, Commercial, Industrial and Bulk categories at the rates shown below:		

Sl No.	CATEGORY		Existing Rate Rs./kwh	Proposed Rate Rs./kwh
1	2		3	4
		Domestic	Rs. 10 per connection / month	Rs. 10 per connection / month
		Commercial	Rs. 15 per connection / month	Rs. 15 per connection / month
		Industrial	Rs. 20 per connection / month	Rs. 20 per connection / month
		Bulk Supply	Rs. 25 per connection / month	Rs. 25 per connection / month

Sl. No.	CATEGORY	Existing Rate Rs./kwh	Proposed Rate Rs./kwh
1	2	3	4
1	CATEGORY 'A' DOMESTIC		
	All Units	5.75	6.05
2	CATEGORY 'B' INDUSTRIAL		
	All Units	6.75	7.10
3	CATEGORY 'C' BULK		
	All Units	7.00	7.35
4	CATEGORY 'D' COMMERCIAL		
	All Units	8.60	9.05
5	CATEGORY 'H' AGRICULTURE		
	All Units	3.30	3.45

2.3 Prayers of DPN

The DPN has prayed in its petition for the following:

- ❖ Examine the proposal submitted by the Petitioner for a favourable dispensation as detailed in the enclosed proposal;
- ❖ Consider the submissions and allow the Business Plan & MYT ARR for 3rd Control Period of FY 2025-26 to FY 2029-30 along with truing up of FY 2023-24, Performance Review of FY 2024-25 and retail Tariff for FY 2025-26;
- ❖ Approve the revenue gap and appropriate tariff increase as detailed in the enclosed proposal;

- ❖ Pass suitable orders for implementation of the tariff proposals for the FY 2025-26;
- ❖ Approve the terms and conditions of Tariff Schedules and various other matters as and the proposed changes therein;
- ❖ Condone any inadvertent delay/ omissions/ errors/ shortcomings and permit DPN to add/ change/ modify/ alter this filing and make further submissions as may be required at a future date petition;
- ❖ Pass such orders as the Commission may deem fit and proper, keeping in view the facts and circumstances of the case;

3. Power Sector in Nagaland – Overview

3.1 Introduction

The DPN is responsible for supply and distribution of electricity in the State of Nagaland which has a total area of 16,527 Sq.km. The total population of Nagaland State is around 19.81 lakhs as per 2011 census. The DPN serves 3,24,284 consumers of various categories with an annual energy consumption of about 448.81 MUs for the FY 2023-24.

3.2 Power Supply

3.2.1 Own Generation

DPN has its own hydel generation capacity of 28 MW at Likhimro Hydro Power Project and other MHEPs. Apart from this, the power supply requirements of the DPN are met from its share from Central Generating Stations (CGS) which is wheeled through the PGCIL network of NER and power purchases from electricity traders/other sources.

3.2.2 Power Purchase

The State is dependent on outside sources for meeting its energy requirement. The State has share from Central Sector Generating Stations and total firm share from the Central Sector Generating Stations of NEEPCO, NHPC, NTPC and OTPC including own Generation is 198.48 MW. The total allocation to Nagaland from the generating stations is depicted in the Table below:

Table 3.1: Power allocation from Central Generating Stations (CGS)

S. No.	Source	Name of Project	Type	Capacity	Total Avg Entitlement in %	Entitlement in MW
1	NTPC	Farakka STPS	Coal	1600.00	0.43	6.88
2		Kahalgaon STPS	Coal	840.00	0.43	3.57
3		Talcher STPS	Coal	1000.00	0.42	4.25
4		BGTPP	Coal	750.00	4.93	12.33
5	NHPC	Loktak HEP	Hydel	105.00	6.43	6.75
6	NEEPCO	DOYANG HEP	Hydel	75.00	17.81	13.35
7		AGBPP	Gas	291.00	5.81	16.89
8		AGTPP	Gas	135.00	5.74	4.82
9		KHANDONG HEP	Hydel	50.00	6.65	3.33
10		KOPILI HEP	Hydel	200.00	6.15	12.29

S. No.	Source	Name of Project	Type	Capacity	Total Avg Entitlement in %	Entitlement in MW
11		RANGANADI HEP	Hydel	405.00	5.34	21.61
12		KOPILI - II HEP	Hydel	25.00	5.74	1.43
13		PARE	Hydel	110.00	5.40	5.94
14		KAMENG	Hydel	600.00	1.50	9.00
15	OTPC	Palatana	Gas	726.60	7.16	52.04
16	LHEP	Own Generation	Hydel	24.00	100.00	24.00

3.3 Transmission and Distribution Network in the State

Nagaland being a hilly State with its population unevenly dispersed to the remote areas, the State of Nagaland is having large network of HT and LT lines as well as distribution transformers.

The details of transmission and distribution network, owned & operated by DPN as on 31.03.2024 are given in table below:

I. District wise length of lines

District	HT Line	
	33 kV	11 KV
Kohima	221	362.83
Dimapur	25.6	230.13
Chumukedima	119.5	617.95
Wokha	114.9	143.1
Phek	228.5	253
Mokokchung	160.9	424.2
Changtongya	132.7	173.6
Zunheboto	119.8	794.4
Tuensang	184.5	427.6
Mon	87.4	411.9
Peren	60.9	338.9
Kiphire	70.5	327
Total	1526.2	4504.6

II. Voltage wise sub-stations

Sl. No.	Voltage Level	No. of Sub-Station
1.	132/66 kV	3
2.	132/33 kV	4
3.	66/33 kV	19
4.	66/11 kV	3

Sl. No.	Voltage Level	No. of Sub-Station
5.	33/11 kV	92
6.	33/0.4 kV	193
7.	11/0.4 kV	3753
8.	Total:	4067

III. Power Transformers

Sl. No.	Description	Quantity (No.)	Capacity (In MVA)	Total Capacity (In MVA)
1	100 MVA, 132/66 kV	1	100	100
2	25 MVA, 132/66 kV	2	25	50
3	10 MVA, 132/66 kV	3	10	30
4	100 MVA, 132/33 kV	1	100	100
5	12.5 MVA, 132/33 kV	2	12.5	25
6	8 MVA, 132/33 kV	6	8	48
7	5 MVA, 132/33 kV	2	5	10
8	20 MVA, 66/33 kV	1	20	20
9	10 MVA, 66/33 kV	5	10	50
10	7.5 MVA, 66/33 kV	4	7.5	30
11	5 MVA, 66/33 kV	6	5	30
12	2.5 MVA, 66/33 kV	3	2.5	7.5
13	20 MVA, 66/11 kV	2	20	40
14	10 MVA, 66/11 kV	2	10	20
15	10 MVA, 33/11 kV	10	10	100
16	5 MVA, 33/11 kV	20	5	100
17	2.5 MVA, 33/11 kV	19	2.5	47.5
18	1.6 MVA, 33/11 kV	34	1.6	54.4
19	1.2 MVA, 33/11 kV	1	1.2	1.2
20	1 MVA, 33/11 kV	2	1	2
21	0.5 MVA, 33/11 kV	19	0.5	9.5
22	Total	145		875.10

IV. Distribution Transformers

Sl. No.	Capacity (In KVA)		Quantity (No.)	Capacity (In MVA)	Total Capacity (In MVA)
1	1000	33/0.4 kV	1	1	1
2	800	33/0.4 kV	1	0.8	0.8
3	750	33/0.4 kV	1	0.75	0.75
4	500	33/0.4 kV	4	0.5	2
5	315	33/0.4 kV	1	0.315	0.315
6	250	33/0.4 kV	10	0.25	2.5
7	100	33/0.4 kV	10	0.1	1
8	63	33/0.4 kV	17	0.063	1.071
9	50	33/0.4 kV	2	0.05	0.1
10	25	33/0.4 kV	20	0.025	2.5
11	1200	11/0.4 kV	6	1.2	7.2
12	1000	11/0.4 kV	3	0	0
13	800	11/0.4 kV	2	0.8	0.6
14	750	11/0.4 kV	10	0.75	7.5
15	500	11/0.4 kV	202	0.5	101
16	400	11/0.4 kV	-	0	0
17	315	11/0.4 kV	4	0.315	1.26
18	250	11/0.4 kV	599	0.25	149.75
19	200	11/0.4 kV	-	0.2	0
20	160	11/0.4 kV	-	0.16	0
21	125	11/0.4 kV	-	0.125	0
22	100	11/0.4 kV	651	0.1	65.1
23	63	11/0.4 kV	1065	0.063	67.095
24	50	11/0.4 kV	-	0.05	0
25	25	11/0.4 kV	2816	0.025	70.4
26	16	11/0.4 kV	-	0.016	0
27	10	11/0.4 kV	-	0	0
28	Total		5425		480.941

3.4 Transmission and Distribution (T&D) Losses

The DPN has submitted its actual distribution loss at 46.20% and Intra-State transmission loss at 8% for the FY 2023-24. Further, it has also projected T&D losses for APR of FY 2024-25 and for control period of FY 2025-26 to FY 2029-30. The summary of the claimed T&D losses is as follows:

Table 3.2: T&D Losses claimed by the DPN

Particulars	FY 2023-24 (Actual)	FY 2024- 25 (Est.)	FY 2025- 26 (Proj.)	FY 2026- 27 (Proj.)	FY 2027- 28 (Proj.)	FY 2028- 29 (Proj.)	FY 2029- 30 (Proj.)
Transmission Loss	8.00%	8.00%	5.00%	5.00%	5.00%	5.00%	5.00%
Distribution Loss	46.20%	37.00%	30.00%	22.00%	22.00%	22.00%	22.00%
T&D Losses	54.20%	45.00%	35.00%	27.00%	27.00%	27.00%	27.00%

3.5 Consumer Profile and Energy sales

The consumers profile and corresponding energy sales projected by DPN for the FY 2025-26, are given in the table below:

Table 3.3: Consumer Profile and Energy Sales for FY 2025-26

Sl. No.	Category	Projected Energy Sales (In MUs)	Consumer (In No.)
1	Domestic including BPL	263.89	1,86,005
2	Industrial	12.20	4,663
3	Bulk Supply	87.13	2,556
4	Commercial	64.92	21,615
5	Public water works & sewage	0.14	38
6	Public Lighting	1.25	621
7	Agriculture	0.01	8
8	Single Point Metered Rural	63.84	1,22,445
9	Single Point Metered Urban	13.06	11,897
10	Outside state	203.61	-
11	Total	710.05	3,49,848

3.6 Demand

The actual connected load for the FY 2023-24 is 213.69 MW, which has been projected as 295.24 MW during FY 2029-30. The allocation (firm and infirm) from various central generating stations is 174.48 MW apart from own generation capacity of 24 MW.

The energy drawl projected by DPN during the FY 2025-26 is 982.95 MUs apart from own generation of 86.07 MUs.

3.7 Energy Audit

The DPN is required to conduct periodical & regular Energy Audit effectively, as a matter of fact, energy audit should be conducted Voltage wise and computed with standard norms. Any high loss areas should be identified and analysed and effective measures to be taken to bring down the losses to the permissible limits. To achieve this all the line feeders, transformers and consumers should be provided with standard meters. The Department is required to conduct the Energy Audit Report every year.

3.8 Energy Metering

DPN has completed 100% consumers metering. Most of the meters are static type. Some are not tested for many years. Metering of 33 KV, 11 KV feeders and DTs are not completed.

4. Public Hearing

4.1 Public Response to the Petition

On admitting the MYT ARR for the control period of FY 2025-26 to FY 2029-30 and Tariff Petition for the FY 2025-26 including True up of FY 2023-24 and Annual Performance Review for the FY 2024-25, the Commission directed the DPN to make copies of the petition available to the general public, post the petition on their website and also publish the same in newspapers in abridged form and invite comments/objections from them.

One written Objections/suggestions was received from public during the time period fixed by the Commission.

4.2 Public Hearing

In order to ensure transparency in the process of determination of tariff as envisages in the Electricity Act, 2003, public hearing was held at Kohima on 26/02/2025 as scheduled.

4.3 Proceedings of Public Hearing

After admitting the MYT ARR for the control period of FY 2025-26 to FY 2029-30 and Tariff Petition for the FY 2025-26 including True up of FY 2023-24 and Annual Performance Review for the FY 2024-25, the Commission directed the Department of Power, Government of Nagaland (DPN) to publish the Petition in newspapers in an abridged form duly inviting Comments/Objections from public/stakeholders.

In order to ensure transparency in the process of determination of tariff as envisaged in the Electricity Act, 2003, the DPN arranged publication of petition in abridged form in 2 leading Newspapers on 30/01/2025, calling for objections/suggestions/comments, if any to be filed on or before 10/02/2025. The DPN/Commission received one written objections/comments from the public.

The Commission arranged issuing of Public Notice by publishing in 3 leading Newspapers on 19/02/2025 calling for public hearing to be conducted on 26/02/2025 in the Conference Hall of the Commission. Accordingly, the Public Hearing was conducted as scheduled.

Though the notice was duly published by the Commission calling the consumers to come forward and express their objection/suggestion, if any, to

the tariff petition filed by the DPN, there was no public representation on the day of public hearing.

4.4 Minutes of the Hearing

The DPN filed the True Up for FY 2023-24, APR for FY 2024-'25 and ARR for the control period of FY 2025-26 to FY 2029-30 and Tariff Petition for the FY 2025-26 on 18-12-2024. The Commission perused the Petition and admitted the same on 15/01/2025 as case no. 03/2024-25. Thereafter, in order to ensure transparency in the process of determination of Tariff as envisaged in the Electricity Act, 2003, the Commission vide letter dated 22/01/2025 directed the DPN to publish the said petition in an abridged form at least in 3 (three) leading local newspapers having wide circulation within the State of Nagaland, calling for Comments/Objections from public/stakeholders.

As directed by the Commission, the DPN published the said Notice on 30th January, 2025 in 2 (two) leading local newspapers indicating 10/02/2025 as the last date for filing of Objection/Suggestion, if any, from the consumers/stakeholders on the aforesaid petition. The said newspaper publication was intimated to the Commission by the DPN vide letter dated 30/01/2025.

In response to the Public Notice issued by the DPN, the Commission received one written comment/suggestion from a bonified consumer of the DPN on 30-01-2025. Therefore, in order to ensure transparency in the process of determination of Tariff as envisaged in the Electricity Act, 2003, the Commission on 19/02/2025 published the Notice calling for Public Hearing in 3 (three) leading local newspapers, to be held on 26/02/2025 from 11:00 a.m. onwards. The Public Hearing was conducted as scheduled.

Hearing on the Tariff Petition:

In response to the Commission Public Notice dated 18-02-2025, no stakeholder was present during the course of Hearing. However, the Commission in order to ensure transparency in the process of Tariff determination provided ample opportunities to the DPN Officials to present their case. The DPN Officials presented a Power Point Presentation on the True-Up, Annual Performance Report, Annual Revenue Requirement, Revenue Gap, Energy Requirement, Time of the Day Tariff, Impact of Tariff Hike and Prepaid Metering in the State.

True Up for FY 2023-24:

The DPN Officials presented that the Commission in its Tariff Order dated 27-03-2023 has approved ARR @ Rs. 796.62 Crs, whereas the actual ARR incurred for the same year was @ Rs. 836.91 Crs. The Revenue from retail sales was targeted and approved @ Rs. 423.62 Crs whereas the actual Revenue collected by the DPN was only @ Rs. 323.97 Crs. therefore, the gap between the ARR & Revenue from Tariff is funded through revenue subsidy granted by the State Government. Hence, there is no net Gap for the same year.

Annual Performance Report for FY 2024-25:

The DPN Officials presented that the Commission in its Tariff Order dated 13-03-2024 has approved ARR @ Rs. 867.18 Crs, whereas the estimated ARR to be incurred for the FY 2024-25 is projected @ Rs. 851.65 Crs. The Revenue from retail sales was targeted and approved @ Rs. 539.87 Crs whereas the expected Revenue to be collected at the end of the FY 2024-25 is projected @ Rs. 380.10 Crs only. therefore, the gap between the ARR & Revenue from Tariff will be met through revenue subsidy from the State Government. Hence, there will be no net Gap for the same year.

Annual Revenue Requirement for FY 2025-26:

In regard to the ARR, the DPN has proposed Rs. 938.54 Crs in their petition. The expected Revenue to be collected at the end of the FY 2025-26 is projected @ Rs. 446.30 Crs. DPN being a Government Department funded by budgetary support from the State Government has proposed that the unrecovered Gap be absorb through subsidy from the State Government.

However, the Commission observed that in the ARR for FY 2025-26, the proposed depreciation has been projected @ Rs.110.50 Crs. during FY 2025-26, whereas, in the True Up for the FY 2023-24, the actual depreciation has been projected @ Rs. 77.64 Crs. Therefore, the Commission suggest the DPN to reduce the depreciation taking into consideration the actual data projected in the previous True up.

Energy Requirement:

The Commission in its Tariff Order dated 27-03-2023 has approved Energy sale within the state at 711.58 MU, whereas, the DPN in its True up for FY 2023-24 has submitted the actual Energy sale at 448.81 MU. Further, the Commission in the aforesaid order has approved the Distribution losses at 20% & NER losses at 2.66%, however, the DPN has incurred 46.20% & 8.90%

respectively during the FY 2023-24. The foresaid rate of Losses are unreasonably high for operation of any commercial utility. Hence the Commission directed the DPN to curb down the Losses in their system of Operation.

Time of the Day Tariff:

In pursuance to the Amendment of Electricity (Rights of Consumers) Rules, 2023 by the Ministry of Power, GoI requirement of ToD Tariff was incorporated for Commercial, Industrial, Bulk & Domestic categories of Consumers. In compliance with the aforesaid rules the DPN has filed the ToD proposed tariff requesting for Commission consideration and approval.

Pre-paid meters:

The DPN officials submitted that there are 26,752 nos. of prepaid consumers in operation within the State. And in line with the directions issued by the Ministry of Power, GoI Smart meters will be installed both in urban and rural areas in the subsequent year. Further, the DPN Officials submitted that in view of enforcement of the Additional Conditions of Supply of Electricity to Villages (First Amendment) Rules, 2024, the Single Point Metering (SPM) has ceased its existence. However, the annual Tariff approved by the Commission in respect of SPM consumers shall continue till such time the SPM is replaced by Smart Meters.

Hearing on the letter dated 30-01-2025 filed by Mr. Meren Paul:

The Commission has taken into consideration to the above letter and the same was placed before the DPN Officials present in the hearing to provide the information as sought for. However, the DPN officials requested the Commission to provide more time for submission of written response. The Department vide letter No. CEL/RMC/R-21/2601 dated 19-03-2025 furnished their responses as under:

Sl. No. vii. Operational expenses – Smart prepaid Meter (Rs. in Crore) 27.01; 44.89; 44.89; 44.89; 44.89.

1. How many prepaid meters are in operation as on date?

Reply: There are 26752 nos of prepaid meters in operation.

2. How much revenue are collected through the prepaid meter?

Reply: For current FY 2024-25 (upto Feb'25) an approximate of Rs 24.46 Cr has been collected through prepaid meter.

3. How many meter readers (employees) are retrenched after introducing the prepaid meter?

Reply: In the absence of retrenchment clause while appointing the Meter Reader, it may not be possible to retrench the said employees. However efforts are being made to redeploy the services of Meter Reader for other relevant works.

4. What is the total salary component saved through this retrenchment?

Reply: Does not arise.

5. Is the prepaid meter operation run by the department or out sourced?

Reply: Department

6. What is the unit cost maintenance per meter?

Reply: Details provided in Annexure-1

7. What is the reason of quantum jump of operational cost from 27.01 to 44.89?

Reply: The operational cost of meters has increased proportionately based on the number of meters installed in the respective year. The year wise details of meters installed and operation cost is provided in Annexure-1

8. What is the unit cost of the prepaid meter?

Reply: Details of cost & trajectory of recovery of cost is provided in the Annexure-1

9. On what basis the cost of maintenance is worked out?

Reply: Cost of meters & operational cost over the respective years have been arrived at based on the quoted lowest bidder (L1 rate) by the Advance Metering Infrastructure Service Provider (AMISP) for implementation of Smart Prepaid Metering works on DBFOOT basis under RDSS scheme.

Sl. No. ix. Depreciation (Rs. in Crore) 110.50; 113.44; 116.38; 116.38; 116.38.

10. What are the items on which depreciation are worked out?

Reply: The details of assets for the FY 2023-24 on which depreciation is worked out is provided as Annexure-2. Further, details of depreciation calculation for the control period is provided as Annexure-3

11. What are their installed cost and how old are they?

Reply: The value/details of GFA for the FY 2023-24 is provided in the Annexure-2. The life of individual assets vary depending on the date of commissioning/procurement. However, life of the assets for purpose of depreciation is considered as per the NERC Tariff Regulations.

12. For how many years the depreciation are on the effect on the particular item?

Reply: Life of assets & corresponding depreciation rates are defined in the Tariff Regulations. The prescribed life of assets & depreciation rates vary depending on category of assets. The depreciation rates as prescribed in the Regulations is provided as *Annexure-4*.

13. What formula are applied to work out the depreciation?

Reply: Depreciation is calculated based on the capital cost of the asset and depreciation rates as prescribed in the Tariff Regulations.

14. Why the depreciation raise up instead of scaling down?

Reply: Depreciation is calculated based on the value of Gross Fixed Assets (GFA) for the respective years. The value of GFA increases year over year on account of addition of new infrastructure/assets. Hence, the depreciation is increasing year over year.

Annexure - 1

COST BENEFIT ANALYSIS - SMART PREPAID METERING UNDER RDSS

	Particulars	Units	Lumpsum	Year-1 FY 2025-26	Year-2 FY 2026-27	Year-3 FY 2027-28	Year-4 FY 2028-29	Year-5 FY 2029-30
A	Meter Installation Target (Cumulative)							
	1 Consumer Meter	Nos		180417	317202	317202	317202	317202
	a) 1Ph Meter			148771	285564	285564	285564	285564
	b) 3Ph Meter			31646	31646	31646	31646	31646
	c) DTR Meter			6276	6276	6276	6276	6276
	d) Feeder Meter			392	392	392	392	392
b)	TOTEX RECOVERY							
	Item		Rate PMPM less Subsidy					
	1Ph Meter	94.37	1350	19.44	37.31	37.31	37.31	37.31
	3Ph Meter	118	1350	5.03	5.03	5.03	5.03	5.03
	DTR Meter	255	5175	2.34	2.34	2.34	2.34	2.34
	Feeder Meter	325	9450	0.20	0.20	0.20	0.20	0.20
	TOTAL TOTEX Recovery			27.01	44.89	44.89	44.89	44.89

NAGALAND POWER DEPARTMENT

FIXED ASSETS & PROVISION FOR DEPRECIATION

Sl. No.	ASSETS GROUP	Gross Block			Provision for Depreciation			Net Block	
		At the end of Previous year (INR)	Addition for Prev. Year (INR)	Addition (INR)	At the end of Previous year (INR)	Depreciation for Prev. Year (INR)	Depreciation for the year (INR)	At the end of the year (INR)	At the end of the Previous year (INR)
1	Land & Land Rights	2,25,76,219.36	0.00	0.00	0.00	0.00	0.00	2,25,76,219.36	2,25,76,219.36
2	Buildings	39,08,00,107.50	0.00	2,23,31,231.00	41,31,31,338.50	0.00	1,22,82,604.15	21,21,72,367.49	20,21,23,740.64
3	Hydraulic Works	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
4	Other Civil Works	1,03,29,94,215.24	0.00	4,83,420.00	1,03,34,77,635.24	0.00	3,42,32,446.73	58,51,15,367.10	44,83,62,268.14
5	Plant & Machinery	6,11,97,37,740.53	0.00	1,24,16,774.00	6,13,21,54,514.53	0.00	26,37,38,204.68	3,12,50,99,781.98	3,00,70,54,732.55
6	Lines & Cable Network	9,00,29,14,271.39	0.00	0.00	9,00,29,14,271.39	0.00	39,67,78,152.44	4,35,43,91,639.48	4,64,85,22,631.91
7	Vehicles	18,38,37,463.72	0.00	1,45,61,973.00	19,83,99,436.72	0.00	57,64,471.43	13,40,88,637.75	6,43,10,798.97
8	Furniture & Fixtures etc.	93,55,581.52	0.00	6,59,484.00	1,00,15,065.52	0.00	2,83,487.28	58,97,841.88	41,17,223.64
9	IT Equipments	68,33,30,006.77	0.00	59,431.00	68,33,89,437.77	0.00	6,29,85,212.42	47,20,12,314.66	21,13,77,123.11
10	Office Equipments etc.	72,17,154.62	0.00	0.00	72,17,154.62	0.00	3,56,364.92	41,45,550.16	30,71,604.46
	SUB - TOTAL =====>	17,45,27,62,760.65	0.00	5,05,12,313.00	17,50,32,75,073.65	0.00	77,64,20,944.05	8,88,17,10,104.02	8,62,15,64,969.63
11	Capital Expenditure resulting in an Asset not belonging to the Board								
12	Spare Units/Service Units								
13	Capital Spares at Generating Station								
14	Assets taken over from Licensees pending final valuation.								
15	TOTAL =====>	17,45,27,62,760.65	0.00	5,05,12,313.00	17,50,32,75,073.65	0.00	77,64,20,944.05	8,88,17,10,104.02	8,62,15,64,969.63
	Total for Previous Year	17,05,45,79,536.65	29,69,81,394.00	10,12,01,830.00	17,45,27,62,760.65	4,85,461.01	77,37,02,315.66	8,10,52,89,159.97	9,34,74,73,600.68

Annexure -3

Depreciation

(Rs. In Cr.)

Sr. No.	Particulars	Estimated for FY 2024-25	Projected for FY 2025-26	Projected for FY 2026-27	Projected for FY 2027-28	Projected for FY 2028-29	Projected for FY 2029-30
1	Opening Assets at the Beginning of the year	1,750.33	2,487.53	2,487.53	2,619.90	2,619.90	2,619.90
2	Addition of Assets during the year	737.20	-	132.37	-	-	-
3	Gross Fixed Assets at the end of the year (1+3)	2,487.53	2,487.53	2,619.90	2,619.90	2,619.90	2,619.90
4	Average GFA (1+3)/2	2118.93	2487.53	2553.71	2619.90	2619.90	2619.90
	Average Rate of Depreciation (%) - As per Assets register of FY 2023-24 as below	4.44	4.44	4.44	4.44	4.44	4.44
5							
6	Depreciation for the year (4 X 5)/100	94.13	110.50	113.44	116.38	116.38	116.38

Sr. No.	Particulars	FY 2023-24
1	Opening GFA	1745.28
2	Addition	5.05
3	Closing (1+2)	1750.33
4	Average GFA (1+3)/2	1747.80
	Dep for the year - As per Assets register of FY 2023-24	77.64
6	Average Rate of Depreciation (%) - (5/4)* 100	4.44

Annexure - 4

Depreciation Schedule

SI. No	Asset Particulars	Useful life (Years)	Depreciation (Straight line) (%)
A	Land under full ownership	Infinite	0
B	Land under lease		
	for investment in the land	The period of lease or the period remaining unexpired on the Assignment of the lease	0
	for cost of clearing the site	The period of lease remaining unexpired at the date of clearing the date	0
C	Assets purchased new		
(a)	Plant and Machinery in generating plants		
	(i)Hydro electric	35	5.28%
	(ii)Coal based and WHRB based thermal plants	25	5.28%
	(iii)Diesel electric and gas plant	15	6.33%
(b)	Cooling towers & Circulating Water Systems	25	5.28%
(c)	Hydraulic works forming part of the Hydro-electric project		
	(i)Dams, Spillways, Weirs, Canals, Reinforced concrete flumes and siphons	50	5.28%

Sl. No	Asset Particulars	Useful life (Years)	Depreciation (Straight line) (%)
	(ii) Reinforced concrete pipelines and surge tanks, steel pipelines, sluice gates, steel surge tanks, hydraulic control valves and hydraulic works	35	5.28%
D	Building & Civil Engineering works of as permanent character, not mentioned above		
(i)	Offices and showrooms	50	3.34%
(ii)	Containing thermo- electric generating plant	25	3.34%
(iii)	Containing hydro-electric generating plant	35	3.34%
(iv)	Temporary erections such as wooden structures	-	100%
(v)	Roads other than Kutcha roads	50	3.34%
(vi)	Others	50	3.34%
E	Transformers, transformer Kiosk, Sub-Station equipment & other fixed apparatus (including plant foundations)		
(i)	Transformers including foundations having rating of 100 KVA and over	25	5.28%
(ii)	Others	25	5.28%
F	Switchgear including cable connections	25	5.28%
G	Lightning arrestors		
	(i) Station type	25	5.28%

Sl. No	Asset Particulars	Useful life (Years)	Depreciation (Straight line) (%)
	(ii) Pole type	15	6.33%
	(iii) Synchronous condenser	35	5.28%
H	Batteries	5	18.0%
I	Underground cable including joint boxes and disconnected boxes	35	5.28%
J	Cable duct system	50	5.28%
K	Overhead lines including supports		
	(i) Lines on fabricated steel towers operating at 1 nominal voltages higher than 66 KV	35	5.28%
	(ii) Lines on steel supports operating at nominal voltages higher than 13.2 KV but not exceeding 66 KV	25	5.28%
	(iii) Lines on steel or Reinforced concrete supports	25	5.28%
	(iv) Lines on treated wood supports	25	5.28%
L	Meters	15	6.33%
M	Self propelled vehicles	5	18.00%
N	Air Conditioning Plants		
	(i) Static	15	6.33%
	(ii) Portable	5	18.00%
O	Office equipments		
	(i) Office furniture and furnishing	15	6.33%
	(ii) Office equipment	15	6.33%

Sl. No	Asset Particulars	Useful life (Years)	Depreciation (Straight line) (%)
	(iii)Internal wiring including fittings and apparatus	15	6.33%
	(iv)Street Light fittings	15	6.33%
P	Apparatus let on hire		
	(i)Other than motors	5	18.00%
	(ii)Motors	15	6.33%
Q	Communication equipment		
	(i)Radio and high frequency carrier system	15	6.33%
	(ii)Telephone lines and telephones	15	6.33%
R	IT equipments	6	15.00%
S	Any other assets not covered above	15	6.33%

Decision of the Commission:

The Commission has taken into consideration the presentations and clarifications submitted by the DPN Officials during the course of hearing as well as the information furnished by the DPN vide letter No. CEL/RMC/R-21/2601 dated 19-03-2025. Hence, at the stage of final determination of the instant Tariff petition, the Commission will take into consideration the aforesaid aspect.

Sd/-

Er. HEKAVI N AYEMI
Deputy Director,
Nagaland Electricity Regulatory
Commission (NERC), Kohima.

**TRUE-UP
FOR
FY 2023-24**

5. True up of FY 2023-24

5.1 Preamble

Nagaland Electricity Regulatory Commission (Multi Year Tariff) Regulations, 2016 provides that the licensees shall file petition for Truing-Up of the actual expenses for previous years. The relevant regulations are provided below:

Regulation 5.3 of the NERC MYT Regulations, 2016 provides as below:

*“The Generating Company, Transmission Licensee, 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 10**”*

Regulation 10 of the NERC MYT Regulations, 2016 further provides as below:

- “10.1. Where the **Aggregate Revenue Requirement** and expected revenue from tariff and charges of a Generating Company or Transmission Licensee or Distribution Licensee is covered under a Multi-Year Tariff framework, then such Generating Company or Transmission Licensee or Distribution Licensee, as the case may be, **shall be subject to truing up of expenses and revenue** during the Control Period in accordance with these Regulations.*
- 10.2. The Generating Company or Transmission Licensee or **Distribution Licensee shall file an Application for Truing up of the previous year** and determination of tariff for the ensuing year, within the time limit specified in these Regulations: 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 Aggregate Revenue Requirement and expected revenue from tariff and charges:*
- 10.3. The scope of the truing up shall be a comparison of the performance of the Generating Company or Transmission Licensee or Distribution Licensee with the approved forecast of Aggregate Revenue Requirement and expected revenue from tariff and charges and shall comprise of the following:*
- (i) 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 factors;*
 - (ii) Review of compliance with directives issued by the Commission from time to time;*
 - (iii) Other relevant details, if any.....”*

In line with the above provisions, the DPN has submitted its true up of FY 2023-24 duly furnishing the actuals for the year as per audited accounts.

The Commission had approved the ARR and Tariff for the FY 2023-24 vide its Order dated 27th March 2023, based on the projected data submitted by the DPN. Now, the Commission has considered the actual audited data for the year for approving the True up for the year. This is discussed in the succeeding paragraphs.

5.2 Energy Demand (Sales)

The energy sales approved by the Commission, vide its Tariff Order for the FY 2023-24, the actual sales given by DPN, as per accounts with the True-up Petition for the year and now approved by the Commission, are summarised in the table below.

Table 5.1: Energy Sales approved by Commission (in MUs)

Sl. No.	Categories	Approved in T.O. dated 27th March 2023	FY 2023-24 (Actual)	Now approved by the Commission
1	Domestic	424.56	229.02	229.02
2	Industrial	46.71	11.24	11.24
3	Bulk Supply	115.75	78.64	78.64
4	Commercial	123.27	58.89	58.89
5	Public water works & sewage	0.04	0.12	0.12
6	Public Lighting	1.22	1.13	1.13
7	Agriculture	0.02	0.01	0.01
8	Single Point Metered Rural	0.00	57.91	57.91
9	Single Point Metered Urban	0.00	11.84	11.84
10	Total (Within the State)	711.58	448.81	448.81
11	Outside state sale	131.56	60.50	60.50
12	Total Sale	843.14	509.31	509.31

The Commission now approves energy sales as above for the FY 2023-24 as per the actuals furnished by DPN.

5.3 Transmission and Distribution Losses (T&D Losses)

The Commission in its order for the FY 2023-24, had fixed the target of T&D Losses at 23% for the year. The DPN in its True-up Petition, has stated that the actual T&D Losses during the year is 54.20%.

Commission's Analysis:

The Commission has considered the total energy procured & input energy at the state periphery as per the power procurement statement/bills for the year & actual sales within the state for arriving at the losses. Further, the inter-state transmission loss (pool loss) for the FY 2023-24 has been considered at 8%. The T&D Loss approved for the year is as shown in table below. The detailed calculation is provided in the subsequent Paras.

Table 5.2: T&D Losses approved by Commission

Sl. No.	Particulars	Approved in T.O. dated 27th March 2023	FY 2023-24 (Actual)	Now approved by the Commission
1	Transmission Loss	3.00%	8.00%	8.00%
2	Distribution Loss	20.00%	46.20%	46.20%
3	T&D Losses	23.00%	54.20%	54.20%

The Commission accordingly approves T&D Losses as above for the FY 2023-24.

5.4 Energy Availability

5.4.1. Own Generation

The Own Generation approved by the Commission vide its Tariff Order for the FY 2023-24, the actual generation given by DPN with the True-up Petition for the year and now approved by the Commission, are summarised in the table below.

Table 5.3: Power Generation approved by Commission

Sl. No.	Particulars	Approved in T.O. dated 27th March 2023	FY 2023-24 (Actual)	Now approved by the Commission
1	Total Generation	108.30	78.37	78.37
2	Total	108.30	78.37	78.37

The Commission now approves Own Generation of DPN during the year as per actuals furnished by DPN.

5.4.2. Power Purchase

The Commission in its Tariff Order for the FY 2023-24 had approved the power purchase from various CGSs & free power quantity. Now, the DPN has furnished actuals for the year in the True-up Petition as detailed in table below.

Table 5.4: Power Purchase approved by Commission (in MUs)

Sl. No.	Particulars	Approved in T.O. dated 27th March 2023	FY 2023-24 (Actual)	Now approved by the Commission
1	Energy Purchased from Eastern Region	94.15	100.16	100.16
2	Energy Purchased from North Eastern Region	873.92	841.46	841.46
3	Total	968.07	941.61	941.61

The Commission approves power purchase including free power for the FY 2023-24 as in the above Table.

5.5 Energy Balance

The details of energy requirement and availability approved by the Commission in its Tariff Order for the FY 2023-24 and the actuals furnished by the DPN, and now approved by the Commission, are presented in table below:

Table 5.5: Energy Balance approved by Commission

Sl. No.	Particulars	Unit	Approved in T.O. dated 27th March 2023	FY 2023-24 (Actual)	Now approved by the Commission
A	Energy Requirement				
1	Energy sales within State	MU	711.58	448.81	448.81
2	Distribution Loss %	%	20.00	46.20	46.20
3	Distribution Loss	MU	177.90	385.38	385.38
4	Energy Requirement	MU	889.48	834.19	834.19
B	Energy Availability				
5	Own Generation	MU	108.30	78.37	78.37
6	Power from ER	MU	94.15	100.16	100.16
7	ER Total Losses %	%	2.26	2.26	2.26
8	Regional Losses	MU	2.13	2.26	2.26
9	Net enrgy from Eastern Region (6-8)	MU	92.02	97.89	97.89
10	Power from NER	MU	873.92	841.46	841.46

Sl. No.	Particulars	Unit	Approved in T.O. dated 27th March 2023	FY 2023-24 (Actual)	Now approved by the Commission
11	Total Power Purchase (9+10)	MU	965.94	939.35	939.35
12	NER Tr. Loss %	%	2.66	8.90	8.90
13	NER Tr. Loss	MU	25.69	83.61	83.61
14	Net power available (11-13)	MU	940.25	855.74	855.74
15	UI/Deviation	MU	0	15.63	15.63
16	Interstate Sale/ Energy Traded	MU	131.56	60.50	60.50
17	<u>Banking (Net)</u>	MU	0.00	17.50	17.50
18	Total power available at state Periphery (5+14+15-16+17)	MU	916.99	906.73	906.73
19	Intra state Tr. Loss%	%	3.00	8.00	8.00
20	Intra state Tr. Loss	MU	27.51	72.54	72.54
21	Net power available for sale in Distribution (18-20)	MU	889.48	834.19	834.19
22	Surplus (21-4)	MU	0.00	0.00	0.00

5.6 Fuel Cost

The details of fuel cost approved by the Commission in its Tariff Order for the FY 2023-24 and the actuals furnished by the DPN, and now approved by the Commission, are presented in table below:

Table 5.6: Fuel Cost approved by Commission (Rs. Cr.)

Sl. No.	Particulars	Approved in T.O. dated 27th March 2023	FY 2023-24 (Actual)	Now approved by the Commission
1	Fuel Cost	20.06	14.52	14.52

The Commission approves the fuel cost for the FY 2023-24, as per actuals furnished by DPN.

5.7 Power Purchase Cost

The details of power purchase cost approved by the Commission in its Tariff Order for the FY 2023-24 and the actuals furnished by the DPN, and now approved by the Commission, are presented in table below:

Table 5.7: Power Purchase Cost approved by Commission

Sl. No.	Source	Approved in T.O. dated 27th March 2023	FY 2023-24 (Actual)	Now approved by the Commission
1	Power Purchase Cost	599.65	557.90	557.90
	Total	599.65	557.90	557.90

The Commission now approves the power purchase cost for the FY 2023-24, as per actuals furnished by DPN.

5.8 Operation and Maintenance Expenses

Operation & Maintenance expenses comprise of the following heads of expenditure viz.

- Employee Expenses
- Administration & General Expenses
- Repair & Maintenance Expenses

Details of Employee Expenses, Administration & General Expenses and Repair & Maintenance Expenses are discussed in the subsequent paras.

5.8.1. Employee Cost

The Commission vide its Order for the FY 2023-24, had approved employee cost. The DPN has furnished actuals for the FY 2023-24 as per the audited accounts. The actual cost & the cost now approved by the Commission are given in the table below.

Table 5.8: Employee Cost approved by Commission (Rs. Cr.)

Particulars	Approved in T.O. dated 27th March 2023	FY 2023-24 (Actual)	Now approved by the Commission
Employee Expenses	154.38	174.96	174.96

The Commission approves the employee cost for the FY 2023-24 as per actuals furnished by DPN.

5.8.2. Administrative and General Expenses

The Commission vide its Order for the FY 2023-24 had approved A&G expenses for the year. The DPN has furnished actuals for FY 2023-24 as per audited accounts. The actual cost & the cost now approved by the Commission are given in the table below.

Table 5.9: A&G Expenses approved by Commission (Rs. Cr.)

Particulars	Approved in T.O. dated 27th March 2023	FY 2023-24 (Actual)	Now approved by the Commission
A & G Expenses	3.25	5.19	5.19

The Commission now approves the A&G Expenses for the FY 2023-24, as per actuals furnished by DPN.

5.8.3. Repair and Maintenance Expenses

The Commission vide its Order for the FY 2023-24 had approved Repair & Maintenance expenses for the year. The DPN has furnished actuals for FY 2023-24 as per audited accounts. The actual cost & the cost now approved by the Commission are given in the table below.

Table 5.10: R&M Expenses approved by Commission (Rs. Cr.)

Particulars	Approved in T.O. dated 27th March 2023	FY 2023-24 (Actual)	Now approved by the Commission
R & M Expenses	34.61	11.87	11.87

The Commission now approves the Repair & Maintenance Expenses for the FY 2023-24, as per actuals furnished by DPN.

5.8.4. Summary of O&M Expenditure approved by the Commission

The summary O&M Expenditure approved by the Commission is tabulated below:

Table 5.11: O&M Expenses approved by Commission (Rs. Cr.)

Particulars	Approved in T.O. dated 27th March 2023	FY 2023-24 (Actual)	Now approved by the Commission
Employee Expenses	154.38	174.96	174.96
R & M Expenses	34.61	11.87	11.87
A & G Expenses	3.25	5.19	5.19
Total O&M Expenses	192.24	192.03	192.03

5.9 Capital Expenditure & Capitalisation

The capital expenditure plan envisaged will also assist in reducing system losses. Approved Capital investment and capitalisation during the FY 2023-24 are shown in table below:

Table 5.12: Capital Works in Progress (CWIP) (Rs. Cr.)

Sl. No.	Particulars	Actuals
1	Opening balance of CWIP	40.12
2	Capital Investment during the year	5.05
3	Total (1+2)	45.17
4	Capitalisation during the year	5.05
5	Closing balance of CWIP (3-4)	40.12

The Commission approves the capital investment & capitalization for the FY 2023-24 as detailed in the above Table.

5.10 Gross Fixed Assets (GFA) and Depreciation

The DPN in its True-up Petition for the FY 2023-24, has furnished the GFA for the year as detailed in table below:

Table 5.13: Gross Fixed Assets (Rs. Cr.)

Sl. No.	Particulars	Actuals
1	GFA Additions during the year	5.05

Commissions Analysis:

The Commission vide Tariff Order for the FY 2023-24 had approved Depreciation for the year. The DPN has furnished actual opening GFA, addition during the year and closing GFA. The DPN has also furnished depreciation for the year as per the audited annual accounts. The details are provided in the Table below.

Table 5.14: Depreciation approved by Commission (Rs. Cr.)

Particulars	Approved in T.O. dated 27th March 2023	FY 2023-24 (Actual)	Approved by the Commission
Depreciation for the year	0.00	77.64	77.64

The Commission now approves the Depreciation for the FY 2023-24, as per actuals furnished by DPN.

5.11 Interest and Finance Charges

DPN has submitted that the entire capital employed has been funded through infusion of funds by Government of Nagaland through budgetary support without any external borrowings on part of the DPN. As such, the DPN has not claimed interest on loan for the year.

Accordingly, no Interest on Loan has been approved for the year.

5.12 Interest on Working Capital

DPN has submitted that the entire operating expenses of the Department is provided by the Government of Nagaland without any external borrowings toward working capital. Hence, DPN does not have any working capital loan. As such, the DPN has not claimed interest on Working Capital for the year.

Accordingly, no Interest on interest on Working Capital has been approved for the year.

5.13 Bad Debts

DPN has submitted that it has not written off any bad debt during the year, hence it has not claimed bad debt for the FY 2023-24.

Accordingly, no bad debt has been approved for the year.

5.14 Return on Equity

DPN submitted that that the entire capital employed has been funded through infusion of funds by Government of Nagaland through budgetary support. There is no paid-up equity capital nor DPN is paying any return on equity to the Government of Nagaland. In view of the above, the DPN has not claimed Return on Equity for the year.

Accordingly, no Return on Equity has been approved for the year.

5.15 Non-Tariff Income

The Commission vide its Tariff Order had approved Non-Tariff Income for the FY 2023-24. In the True-up Petition for the year, DPN has furnished actuals Non-Tariff Income. The details are provided in the Table below.

Table 5.15: Non-Tariff Income approved by Commission (Rs. Cr.)

Particulars	Approved in T.O. dated 27th March 2023	FY 2023-24 (Actual)	Approved by the Commission
Non-Tariff Income	15.33	5.18	5.18

The Commission approves the Non-Tariff Income for the FY 2023-24, as per actuals furnished by DPN.

5.16 Revenue from Existing Tariff

The Commission has approved the revenue for FY 2023-24 in its Tariff order for the FY 2023-24. Against of that approved revenue, the DPN submits its actual revenue as per audited annual accounts of FY 2023-24. The details of approved revenue, actuals claimed by the DPN and now approved by the Commission are furnished in the table below.

Table 5.16: Revenue from Sales approved by Commission (Rs. Cr.)

Particulars	Approved in T.O. dated 27th March 2023	FY 2023-24 (Actual)	Approved by the Commission
Revenue from sale of Power	432.62	323.97	323.97
Total	432.62	323.97	323.97

The Commission approves the revenue from the tariff including revenue from outside sales for the FY 2023-24, as per the actuals furnished by DPN.

5.17 Aggregate Revenue Requirement (ARR)

The ARR for the FY 2023-24 approved by the Commission in its Tariff Order for the year, actuals furnished by the DPN and now approved by the Commission are furnished in the table below.

Table 5.17: approved Aggregate Revenue Requirement (Rs. Cr.)

S. No.	Particulars	Approved in T.O. dated 27th March 2023	FY 2023-24 (Actual)	Now approved by the Commission
1	Cost of Generation	20.06	14.52	14.52
2	Power Purchase cost	599.65	557.90	557.90
3	O&M Expenses:			
a	Employee cost	154.38	174.96	174.96
b	Repairs & Maintenance expenses	34.61	11.87	11.87
c	Administration and General Expenses	3.25	5.19	5.19
4	Depreciation	0.00	77.64	77.64
5	Interest & Finance charges including interest on Consumers Security Deposit	0	0.00	0.00
6	Interest on working capital	0	0.00	0.00
7	Provision for bad debts	0	0.00	0.00
8	Return on equity	-	0.00	0.00
9	Total Revenue Requirement (1 to 8)	811.95	842.09	842.09
10	Less non-tariff income	15.33	5.18	5.18
11	Aggregate Requirement (9 - 10)	796.62	836.91	836.91
12	Revenue from retail sales	432.62	323.97	323.97
13	Revenue Subsidy from Govt.		544.08	544.08
14	Revenue Surplus/(Gap) for the Year (12+13-11)	(364.00)	31.14	31.14

The DPN submitted that it has received Rs. 544.08 Cr. as revenue subsidy from the Government of Nagaland and based on same it has claimed Revenue Surplus of Rs. 31.14 Cr. for the FY 2023-24.

The Commission has gone through all the submissions made by the DPN as detailed in above paras and accordingly the Commission approves the Revenue Surplus of Rs. 31.14 Cr. for the FY 2023-24.

**ANNUAL
PERFORMANCE
REVIEW OF FY 2024-25**

6. Annual Performance Review of FY 2024-25

6.1 Preamble

The Commission had approved the ARR and Retail Tariff for the FY 2024-25 in its order dated 13th March 2024 based on the projected data furnished by the DPN. Now, the DPN has submitted its proposals for review of the FY 2024-25 duly furnishing data based on the actual expenses of 06 months and estimates for balance 06 months.

6.2 Energy demand (Sales)

Vide its Tariff Order dated 13th March 2024, the Commission had approved energy sales of 731.64 MUs for the FY 2024-25. The DPN in its Review Petition for the FY 2024-25 has submitted the estimated sales considering actual for a certain period and estimate for the balance period.

Accordingly, comparative statements of category-wise energy sales approved by the Commission for the FY 2024-25, estimate by DPN and approved by the Commission are shown in table below.

Table 6.1: Energy Sales approved by Commission for FY 2024-25 (in MUs)

S. No.	Categories	Approved in T.O. dated 13th March 2024	Estimated for FY 2024-25	Now approved by the Commission
1	Domestic including BPL	255.07	245.84	245.84
2	Industrial	11.33	11.71	11.36
3	Bulk Supply	76.03	82.78	82.59
4	Commercial	50.07	61.83	60.65
5	Public water works & sewage	0.37	0.13	0.13
6	Public Lighting	1.13	1.19	1.16
7	Agriculture	0.04	0.01	0.01
8	Single Point Metered Rural	62.64	60.80	59.64
9	Single Point Metered Urban	14.52	12.43	12.20
10	Total Sale (Within the State)	471.21	476.73	473.58
11	Outside State Sale	260.43	138.66	284.43
12	Grand Total	731.64	615.39	758.01

The Commission now approves energy sales for the FY 2024-25 as detailed above.

6.3 Transmission and Distribution Losses (T&D Losses)

The Commission in its order dated 13th March 2024, had fixed the target of T&D Losses at 33.60% for the FY 2024-25. The DPN now claimed T&D losses at 45% (Distribution Loss at 37% and Intra-State Transmission Loss at 8%) for the FY 2024-25.

The Commission had directed the Petitioner in previous Tariff Orders to replace faulty meters, identify high losses area and identify technical and commercial losses separately by conducting feeder wise and transformer wise Energy Audit. In spite of conducting energy audit, the DPN does the calculation of loss by taking the energy input at 132 kV and energy sales at consumer end and the difference is shown as distribution loss. However, the Petitioner has failed to comply the directions issued by the Commission.

The Commission observed that high losses affected the state with the unexpected increase in demand and expenses towards power purchase.

Further, it is observed that the REC vide its letter no REC/RDSS/Nagaland/DoPN/2022-23/390 dated 16.01.2023 has communicated the approval of the action plan and DPR of Department of Power, Nagaland under Revamped Distribution Sector Scheme (RDSS) and set the trajectories for A&TC losses at 34% for the FY 2023-24.

However, it is also observed that against of 34% of T&D Losses as set by the REC under RDSS, the DPN has claimed actual T&D losses at 54.20%.

Keeping in view of the facts, the Commission at this stage approves the T&D losses at 25.60% and Intra-State transmission losses at 8% for the FY 2024-25 as approved in its Tariff Order for the FY 2024-25.

Further, the Commission retains its directions to replace faulty meters, identify high losses area and identify technical and commercial losses separately by conducting feeder wise and transformer wise Energy Audit.

Further, the Commission has also directed the petitioner to restricts its T&D losses as set by the Commission to avoid any penalties for not achieving its trajectories for T&D Losses.

The detailed calculation is provided in the Para no. 6.5.

Table 6.2: T&D Losses approved by Commission for FY 2024-25

Sl. No.	Particulars	Approved in T.O. dated 13th March 2024	Estimated for FY 2024-25	Now approved by the Commission
1	T&D Losses (In %)	33.60%	45%	33.60%

Therefore, the Commission approves Distribution Loss at 25.60% and Intra State Transmission Loss at 8% for the FY 2024-25.

6.4 Energy Availability

6.4.1 Own Generation

The Commission in its Tariff Order dated 13th March 2024 had approved Own Generation for DPN at 84.40 MUs for the FY 2024-25. The DPN now proposed a revision in Own Generation to 82.06 MUs for the FY 2024-25 based on actual generation of past months. Therefore, the Commission now approves the same towards own Generation as detailed in the table below.

Table 6.3: Power Generation approved by Commission for the FY 2024-25 (MUs)

Sl. No.	Particulars	Approved in T.O. dated 13th March 2024	Estimated for FY 2024-25	Now approved by the Commission
1	Own Generation	84.40	82.06	82.06

The Commission now approves Own Generation of DPN during the FY 2023-24 at 84.40 MUs, as per details furnished by DPN.

6.4.2 Power Purchase

The Commission in its Tariff Order dated 13th March 2024 had approved the power purchase quantity of 933.22 MUs including free power quantity of 16.56 MUs. Now, the DPN has revised its estimates for the FY 2024-25 at 982.95 MUs including free power of 22.87 MUs, as detailed in table below.

Table 6.4: Power Purchase approved by Commission for the FY 2024-25 (MUs)

Particulars	Approved in T.O. dated 13th March 2024	Estimated for FY 2024-25	Approved for FY 2024-25
	Units (in MUs)	Units (in MUs)	Units (in MUs)
Central Sectors			
Farakka STPS	41.47	47.68	47.68
Kahalgaon STPS	21.57	24.53	24.53
Talcher STPS	30.11	27.16	27.16
BGTPP	190.53	230.37	230.37
Loktak HEP	16.72	35.61	35.61
DOYANG HEP	9.73	14.19	14.19
AGBPP	70.94	80.92	80.92
AGTPP	34.50	32.91	32.91
KHANDONG HEP	-	0.00	-
KOPII HEP	27.96	29.68	29.68
RANGANADI HEP	63.50	59.07	59.07
KOPII - II HEP	9.93	8.48	8.48
PARE HEP	24.95	21.45	21.45
KAMENG	40.39	39.75	39.75
Palatana	334.36	281.74	281.74
Others			
DEVIATION/SHORTTERM	-	26.53	24.18
Free Power	16.56	22.87	22.87
Total power purchase	933.22	982.95	980.60

The Commission approves power purchase of 980.60 MUs for the FY 2024-25 including free power of 22.87 MUs.

6.5 Energy Balance

The details of energy requirement and availability approved by the Commission in its Tariff Order dated 13th March 2024 for the FY 2024-25 and estimated by the DPN and now approved by the Commission are presented in table below:

Table 6.5: Energy Balance approved by Commission for the FY 2024-25

Energy Available	Approved in T.O. dated 13th March 2024	Estimated for FY 2024- 25	Now approved by the Commission
Energy Sales with the State	471.21	476.73	473.58
Distribution Loss %	25.60	37.00	25.60
Distribution Loss (MUs)	162.14	279.98	162.95
Total Energy Requirement	633.35	756.71	636.54
Energy Availability			
Own Generation	84.40	82.06	82.06
Power from ER	93.15	99.37	99.37
ER Total Loss (%)	2.26%	2.26%	2.26%
Regional Loss (MUs)	2.11	2.25	2.25
Net Energy from ER (MU's)	91.05	97.13	97.13
Power from NER	840.06	857.04	857.04
Total Power purchased	931.11	954.17	954.17
NER Tr. Loss %	7.16%	8.90%	8.90%
NER Tr. Loss	66.67	84.93	84.93
Net Energy Available	864.45	869.24	869.24
<u>Add: Over Drawn/Short term</u>	0.00	24.18	24.18
<u>Add: Banking (Import)</u>	0.00	2.35	17.50
<u>Less: Outside state sale</u>	260.43	138.66	284.43
<u>Less: Banking (Export)</u>	0.00	16.66	16.66
Total Energy Available at state periphery	688.42	822.51	691.89
Intra State Tr. Loss (%)	8.00	8.00	8.00
Intra State Tr. Loss (Mus)	55.07	65.80	55.35
Net Energy available for Sale	633.35	756.71	636.54
Demand Supply (Gap)/ Surplus	0.00	0.00	0.00

6.6 Fuel Cost

The details of fuel cost approved by the Commission in its Tariff Order dated 13th March 2024 for the FY 2024-25 and estimated by the DPN, and now approved by the Commission, are presented in table below:

Table 6.6: Fuel Cost approved by Commission for the FY 2024-25

Particulars	Approved in T.O. dated 13th March 2024	Estimated for FY 2024-25	Now approved by the Commission
Cost of Generation	16.13	15.68	15.68

The Commission now approves the fuel cost of Rs. 15.68 Cr. for the FY 2024-25, as per revised estimate by DPN.

6.7 Power Purchase Cost

The details of power purchase cost approved by the Commission in its Tariff Order dated 13th March 2024 for the FY 2024-25, estimated by the DPN, and now approved by the Commission, are presented in table below:

Table 6.7: Approved Power Purchase Cost for the FY 2024-25 (Rs. Cr.)

Particulars	Approved in T.O. dated 13th March 2024	Estimated for FY 2024-25	Approved for FY 2024-25
Central Sectors			
Farakka STPS	181.12	184.33	184.33
Kahalgaon STPS			
Talcher STPS			
BGTPP			
Loktak HEP	8.96	12.95	12.95
DOYANG HEP	155.75	158.78	158.78
AGBPP			
AGTPP			
KHANDONG HEP			
KOPII HEP			
RANGANADI HEP			
KOPII - II HEP			
PARE HEP			
KAMENG			
Palatana	124.26	98.65	98.65
Others			
DEVIATION/SHORTTERM	-	15.77	15.77
Total	470.08	470.48	470.48
REC Purchase	-	-	-

Particulars	Approved in T.O. dated 13th March 2024	Estimated for FY 2024-25	Approved for FY 2024-25
Other Charges		0.01	0.00
Total Power purchase	470.08	470.48	470.48
PGCIL- Transmission Charges	105.44	76.36	76.36
NERLDC/NERPC Charges	6.67	2.62	2.62
Grand Total	582.20	549.46	549.46

The Commission now approves the power purchase cost of Rs. 549.46 Cr. for the FY 2024-25 as claimed by the DPN.

6.8 Operation and Maintenance Expenses

Operation & Maintenance expenses comprise of the following heads of expenditure viz.

- Employee Expenses
- Administration & General Expenses
- Repair & Maintenance Expenses

Details of Employee Expenses, Administration & General Expenses and Repair & Maintenance Expenses are discussed in the subsequent paras.

6.8.1 Employee Cost

The Commission vide its Order dated 13th March 2024, had approved employee cost at Rs. 191.37 Cr. for the FY 2024-25. The DPN has estimated at Rs. 177.80 Cr. for the FY 2024-25 and the cost now approved by the Commission are given in the table below.

Table 6.8: Employee Cost approved by Commission for the 2024-25 (Rs. Cr.)

Particulars	Approved in T.O. dated 13th March 2024	Estimated for FY 2024-25	Now approved by the Commission
Employee Expenses	191.37	177.80	177.80

The Commission now approves the employee cost of Rs. 177.80 Cr. for the FY 2024-25 as per revise estimated by DPN.

6.8.2 Administrative and General Expenses

The Commission vide its Order dated 13th March 2024, had approved A&G expenses at Rs. 3.81 Cr. for the FY 2024-25. The DPN has estimated at Rs. 4.07 Cr. for the FY 2024-25 and the same now approved by the Commission are given in the table below.

Table 6.9: Administrative and General Expenses approved by Commission for the FY 2024-25 (Rs. Cr.)

Particulars	Approved in T.O. dated 13th March 2024	Estimated for FY 2024-25	Now approved by the Commission
A&G Expenses	3.81	4.07	4.07

The Commission now approves the A&G Expenses of Rs. 4.07 Cr. for the FY 2024-25, as per review estimated by DPN.

6.8.3 Repair and Maintenance Expenses

The Commission vide its Order dated 13th March 2024, had approved Repair & Maintenance expenses at Rs. 19.38 Cr. for the FY 2024-25. The DPN has estimated at Rs. 15.94 Cr. for the FY 2024-25 and the cost now approved by the Commission are given in the table below.

Table 6.10: Repair and Maintenance Expenses approved by Commission for the FY 2024-25 (Rs. Cr.)

Particulars	Approved in T.O. dated 13th March 2024	Estimated for FY 2024-25	Now approved by the Commission
R&M Expenses	19.38	15.94	15.94

The Commission accordingly approves the Repair & Maintenance Expenses of Rs. 15.94 Cr. for the FY 2024-25 as estimated by DPN to ensure the quality supply and consumer satisfaction in the region.

6.8.4 Summary of O&M Expenditure approved by the Commission

The summary O&M Expenditure approved by the Commission is tabulated below:

Table 6.11: O&M Expenses approved by Commission for the FY 2024-25 (Rs. Cr.)

Particulars	Approved in T.O. dated 13th March 2024	Estimated for FY 2024-25	Now approved by the Commission
Employee Expenses	191.37	177.80	177.80
R&M Expenses	19.38	15.94	15.94
A&G Expenses	3.81	4.07	4.07
Total O&M Expenses	214.56	197.81	197.81

The Commission approves each component of O&M expenses as per Petitioner claim for the FY 2024-25, as the same is necessary for smooth functioning of the DPN.

6.9 Capital Expenditure & Capitalization

The DPN estimated Capital Expenditure of Rs. 737.20 Cr. for the FY 2024-25. The DPN has also submitted the project details for the same. Based on the same, the Commission provisionally approves the capital expenditure of Rs. 737.20 Cr. for the FY 2024-25 to ensure consumer satisfaction and reduction in T&D losses by improving the system.

Further, the Commission directs DPN to submit project wise details of capital expenditure incurred and projects Capitalized in True-up Petition for the respective year.

6.10 Gross Fixed Assets (GFA) and Depreciation

The DPN has claimed GFA addition for FY 2024-25, the details as per table below:

Table 6.12: Gross Fixed Assets for the FY 2024-25

Particulars	Approved in T.O. dated 13th March 2024	Estimated for FY 2024-25	Now approved by the Commission
Opening GFA	1,845.28	1,750.33	1,750.33
Asset Capitalized	100.00	737.20	737.20
Closing GFA	1,945.28	2,487.53	2,487.53

Commissions Analysis:

The Commission vide its Order dated 13th March 2024, had approved depreciation of Rs. 84.99 Cr. for the FY 2024-25 based on the projected GFA addition. The DPN has now revised its claim to Rs. 94.13 Cr. for the FY 2024-25 towards depreciation.

The Commission observed that the projected GFA addition during FY 2024-25 is Rs. 737.20 Cr. Accordingly, the projected depreciation is Rs. 94.13 Cr. subject to actual addition of the proposed GFA during the year. At this stage, the Commission has considered the Depreciation as approved in the True up of FY 2023-24.

Further, the Commission shall approve the variations during its truing up exercise based on the audited annual accounts and Fixed Assets Register of the respective year. The Details of the claim and provisional approval is as below:

Table 6.13: Depreciation approved by Commission for the FY 2024-25

Particulars	Approved in T.O. dated 13th March 2024	Estimated for FY 2024- 25	Now approved by the Commission
Opening Assets at the Beginning of the year	1,845.28	1,750.33	1,750.33
Addition of assets during the year	100.00	737.20	737.20
Gross Fixed assets at the end of the year	1,945.28	2,487.53	2,487.53
Depreciation Computed for the year	84.99	94.13	94.13
Depreciation Approved for FY 2024-25	84.99	94.13	77.64

The Commission at this stage approves the Depreciation of Rs. 77.64 Cr. for FY 2024-25 as approved in the true up of FY 2023-24.

6.11 Interest and Finance Charges

The DPN vide their ARR & Tariff Petition for the FY 2024-25 has been submitted that the entire capital employed has been funded through infusion of funds by Government of Nagaland through budgetary support without any external borrowings on part of the DPN. Therefore, the DPN has not considered interest on loan for the FY 2024-25.

Commission's Analysis:

Regulation 27 of the Nagaland Electricity Regulatory Commission (Multi Year Tariff) Regulations, 2016 provides that the DPN has entitled for interest and finance charges.

Further, Regulation 22 of the NERC Multi Year Tariff Regulations, 2016 specify the normative debt equity ratio for calculation of interest on loan.

However, the DPN has stated that the entire capital employed has been funded through infusion of funds by Government of Nagaland through budgetary support without any external borrowings. As such, the Commission has not considered interest on loan for the FY 2024-25.

6.12 Interest on Working Capital

The Commission vide Tariff Order dated 13th March 2024 has not approved any amount for Interest on Working Capital for the FY 2024-25.

The DPN vide their MYT ARR and Tariff Petition for the FY 2025-26 has been stated that the entire operating expenses of the Department is provided by the Government of Nagaland without any external borrowings toward working capital. Hence, The DPN does not have any working capital loan. Therefore, the DPN has not claimed interest on Working Capital for the FY 2024-25.

Commission's Analysis:

As per clause 29.4 of NERC MYT Regulations 2016 the working capital of a licensee shall consist of

- a. Operation and maintenance expenses for one month; plus
- b. Maintenance spares at one (1) per cent of the historical cost escalated at 6% from the date of commercial operation; plus
- c. Receivables equivalent to one (1) month of the expected revenue from sale of electricity at the prevailing tariffs; minus
- d. Amount held as security deposits under clause (a) and clause (b) of sub-section (1) of Section 47 of the Act from consumers except the security deposits held in the form of Bank Guarantees;

and the rate of interest on working capital shall be equal to the SBI Advance rate on 1st April of the relevant year.

The Petitioner in their Review Petition for the FY 2024-25 has been submitted as follows.

“However, it is submitted that the entire operating expenses of the Department is provided by the Government of Nagaland without any external borrowings toward working capital. Hence, DPN does not have any working capital loan. As such, the DPN has not claimed interest on Working Capital for the FY 2024-25.”

In the view of the above submission, the Commission has not considered any Interest on Working Capital for the FY 2024-25.

6.13 Bad Debts

Regulation 89.8 of NERC MYT Regulations, 2016 provides as follows:

“ The Commission may allow bad debts written off as a pass through in the aggregate revenue requirement, subject to prudence check.”

The DPN has submitted vide their Annual Performance Review Petition for the FY 2024-25 as follows.

“DPN proposes to claim the Bad debt after the Annual Accounts for the year are finalised and audited. Hence, the same shall be claimed at the time of True-up for the FY 2024-25. Hon’ble Commission may allow the same.”

In view of the above the Commission has not considered any Bad Debts for the FY 2024-25.

6.14 Return on Equity

Regulation 26 of MYT Regulations 2016 provides for Return on Equity (RoE) as follows:

“Return on equity shall be computed on the paid-up equity capital determined in accordance with Regulation 22 relatable to the Generating Company or Transmission Licensee or Distribution Licensee as the case may be and shall be allowed at the rate of 15.5% for Generating Companies, including hydro generation stations above 25 MW, Transmission Licensee, and Distribution Licensee”

However, the DPN has submitted that the entire capital employed has been funded through infusion of funds by Government of Nagaland through budgetary support. There is no paid-up equity capital nor DPN is paying any return on equity to the Government of Nagaland. Therefore, the DPN has not claimed Return on Equity for the FY 2024-25.

The expenses of the Petitioner are funded by the Government through budgetary support. Therefore, the commission at this stage has not considered any return on equity for the FY 2024-25.

6.15 Non-Tariff Income

The Commission vide its Order dated 13th March 2024, had approved Non-Tariff Income at Rs. 16.10 Cr. for the FY 2024-25. The DPN has revised its claim to Rs. 5.43 Cr. by its APR Petition for the FY 2024-25. therefore, the Commission now approves the Non-Tariff Income as given in the table below.

Table 6.14: Non-Tariff Income approved by Commission for the FY 2024-25 (Rs. Cr.)

Particulars	Approved in T.O. dated 13th March 2024	Estimated for FY 2024-25	Now approved by the Commission
Non-Tariff Income	16.10	5.43	5.43

The Commission approves the Non-Tariff Income of Rs. 5.43 Cr. for the FY 2024-25, as per Petitioner Claim.

6.16 Revenue from Existing Tariff

The DPN has claimed of Rs. 380.10 Cr. towards Revenue from existing Tariff for the FY 2024-25. The Revenue figures now approved by the Commission are furnished in the table below.

Table 6.15: Revenue from Sales approved by Commission for the FY 2024-25 (Rs. Cr.)

S. No.	Category / Slab of Consumers	Approved in T.O. dated 13th March 2024	Estimated for FY 2024-25	Now approved by the Commission
1	Domestic	160.85	154.39	154.39
2	Industrial	8.13	8.41	8.15
3	Bulk Supply	55.12	60.01	59.87
4	Commercial	40.45	50.10	49.15
5	Public water works & sewage	0.29	0.10	0.10
6	Public Lighting	2.43	2.36	2.31
7	Agriculture	0.02	0.00	0.00
8	Single Point Metered Rural	35.08	34.05	33.40

S. No.	Category / Slab of Consumers	Approved in T.O. dated 13th March 2024	Estimated for FY 2024-25	Now approved by the Commission
9	Single Point Metered Urban	8.42	7.21	7.07
10	Total (Within the State)	310.79	316.63	314.45
11	Outside state sale	229.09	63.47	130.18
12	Total Sale	539.88	380.10	444.64

The Commission has approved Energy sales of 758.01 MUs for the FY 2024-25 as against the claim of 615.39 MUs in previous para.

Further the Commission has considered approved Tariff rate while calculating Revenue from existing tariff.

In light of the above, the Commission approves Rs. 444.64 Cr. as Revenue from Existing Tariff including outside state sales of Rs. 130.18 Cr. for the FY 2024-25.

6.17 Aggregate Revenue Requirement (ARR)

The Commission has approved ARR for the FY 2024-25 vide Tariff Order dated 13th March 2024. Now, the DPN has requested the Commission to approve the ARR based on the revised claim for the FY 2024-25. The summary of Revised Claim by DPN and approved by the Commission are as follows.

Table 6.16: Aggregate Revenue Requirement approved by Commission for the FY 2024-25 (Rs. Cr.)

S. No.	Particulars	Approved in T.O. dated 13th March 2024		Estimated for FY 2024-25		Approved for Review of FY 2023-24	
1	Cost of power purchase	470.08		470.48		470.48	
2	Transmission charges	112.11		78.98		78.98	
3	Total cost of power purchase (1+2)		582.19		549.46		549.46
4	Cost of Generation		16.13		15.68		15.68
5	Employee Expenses	191.37		177.80		177.80	
6	Repair & Maintenance Expenses	19.38		15.94		15.94	
7	Administration & General Expenses	3.81		4.07		4.07	
8	Total O & M Expenses (5+6+7)		214.56		197.81		197.81
9	Interest and finance						-

S. No.	Particulars	Approved in T.O. dated 13th March 2024		Estimated for FY 2024-25		Approved for Review of FY 2023-24	
	charges						
10	Depreciation		84.99		94.13		77.64
11	Interest on working capital		0.00		0.00		-
12	Return on Equity		0.00		0.00		-
13	Total Revenue Requirement (3+4+8+9+10+11+12)		897.87		857.09		840.59
14	Less: Non-Tariff Income		16.10		5.43		5.43
15	Less: Surplus of FY 2022-23		14.59				
16	Net Revenue Requirement (13-14-15)		867.18		851.65		835.16
17	Revenue from Sales		539.87		380.10		444.64
18	Revenue Subsidy- Govt. of Nagaland		214.56		197.81		197.81
19	Additional Subsidy- Govt. of Nagaland		112.75		273.74		192.71
20	Revenue Surplus/(Gap) for the Year (17+18+19-16)		0.00		0.00		0.00

The Commission approves Revenue Gap of Rs. 192.71 Cr. as against Rs. 273.74 Cr. estimated by the DPN.

As the utility is a Government Department fully covered under the budgetary support of the State Government, the gap, if any is funded through Revenue/Additional Subsidy from the Government of Nagaland. Therefore, the Commission has approved the Revenue GAP as NIL for the FY 2024-25.

**AGGREGATE REVENUE
REQUIREMENT (ARR) OF
3RD CONTROL PERIOD OF
FY 2025-26 TO FY 2029-30
AND
TARIFF ORDER FOR FY 2025-26**

7. Business Plan and Multi Year Aggregate Revenue Requirement (ARR) of 3rd Control Period of FY 2025-26 to FY 2029-30

7.1 Energy Sales

Proper estimation of category wise energy sales is essential to determine the quantum of power purchase and the assessment of revenue. This section examines in detail the consumers category wise sales projected by the DPN in their petition for assessment of Multi Year ARR.

7.2 Consumer Categories

DPN serves about 3.24 lakhs consumers at the end of 31st March, 2024 in their licensed area and the consumers are categorized as under.

Table 7.1: Category of Consumers

Sl. No.	Category
1	Category 'A' Domestic
2	Category 'B' Industrial
3	Category 'C' Bulk
4	Category 'D' Commercial
5	Category 'E' PWW
6	Category 'F' Public Light
7	Category 'G' Inter-state
8	Category 'H' Agriculture
9	Category 'I' Temporary Connection
10	Kuti Jyoti (Point)
11	Single Point Metered Rural
12	Single Point Metered Urban

DPN serves the consumers at different voltage levels at which the consumers avail supply. The Commission has considered the same categories as existing categories.

7.3 Growth of Consumers and Connected Load

The DPN served nearly about 3.24 Lakh consumers at the end of 31st March, 2024. The Commission has analysed all the data/ trends provided by the DPN and accordingly approves the No. of consumers for each year of the Control Period.

Table 7.2: Number of Consumers approved by Commission

Sl. No.	Categories	FY 2025-26 (Approved)	FY 2026-27 (Approved)	FY 2027-28 (Approved)	FY2028-29 (Approved)	FY 2029-30 (Approved)
1	Domestic including BPL	1,84,144	1,89,106	1,94,203	1,99,436	2,04,811
2	Industrial	4,663	4,750	4,838	4,927	5,019
3	Bulk Supply	2,556	2,654	2,757	2,863	2,973
4	Commercial	21,615	22,300	23,008	23,738	24,491
5	Public water works & sewage	38	38	38	38	38
6	Public Lighting	621	621	621	621	621
7	Agriculture	8	8	8	8	8
8	Single Point Metered Rural	1,17,825	1,21,359	1,25,000	1,28,750	1,32,613
9	Single Point Metered Urban	11,435	11,779	12,132	12,496	12,871
10	Total	3,42,905	3,52,616	3,62,604	3,72,877	3,83,444

7.4 Category-wise Energy Sales

DPN has projected category wise energy sales for the control period of FY 2025-26 to FY 2029-30, as given in the table below:

Table 7.3: Projected Energy Sales (in MUs)

Sl. No.	Categories	FY 2025-26 (Proj.)	FY 2026-27 (Proj.)	FY 2027-28 (Proj.)	FY 2028-29 (Proj.)	FY 2029-30 (Proj.)
1	Domestic including BPL	263.89	283.26	304.06	326.39	350.35
2	Industrial	12.20	12.71	13.25	13.80	14.38
3	Bulk Supply	87.13	91.72	96.54	101.62	106.97
4	Commercial	64.92	68.17	71.58	75.16	78.92
5	Public water works & sewage	0.14	0.14	0.15	0.16	0.17
6	Public Lighting	1.25	1.31	1.37	1.44	1.51
7	Agriculture	0.01	0.01	0.01	0.01	0.01
8	Single Point Metered Rural	63.84	67.04	70.39	73.91	77.60
9	Single Point Metered	13.06	13.71	14.39	15.11	15.87

Sl. No.	Categories	FY 2025-26 (Proj.)	FY 2026-27 (Proj.)	FY 2027-28 (Proj.)	FY 2028-29 (Proj.)	FY 2029-30 (Proj.)
	Urban					
10	Total Sale (Within the State)	506.44	538.07	571.75	607.60	645.78
11	Outside state	203.61	239.03	193.59	145.20	93.68
12	Total	710.05	777.10	765.33	752.80	739.46

7.4.1 Analysis of Energy Sales Projections by DPN and the Commission's decision

The Commission has gone through the actual sales during the FY 2018-19 to FY 2023-24 and the sales growth rate is worked out as detailed in the table below:

Table 7.4: Consumer Category-wise growth in Energy Sales

Sl. No.	Categories	FY19	FY20	FY21	FY22	FY23	FY24	CAGR for 5 Years	CAGR for 3 Years	CAGR for 2 Years	CAGR for 1 Years
1	Domestic including BPL	160.71	174.15	215.09	221.72	232.32	229.02	7.34%	2.11%	1.63%	-1.42%
2	Industrial	9.15	10.12	10.90	11.15	10.83	11.24	4.19%	1.05%	0.41%	3.83%
3	Bulk Supply	60.86	70.34	67.90	94.31	73.70	78.64	5.26%	5.02%	-8.68%	6.70%
4	Commercial	29.12	35.69	32.51	29.63	45.42	58.89	15.12%	21.90%	40.98%	29.65%
5	Public water works & sewage	0.05	0.15	0.08	0.07	0.33	0.12	22.05%	14.05%	33.38%	-62.71%
6	Public Lighting	0.01	0.23	1.13	1.13	-	1.13	151.01%	0.00%	0.00%	#DIV/0!
7	Agriculture	0.00	0.01	0.01	0.01	0.04	0.01	28.34%	-4.42%	1.29%	-74.63%
8	Single Point Metered Rural	32.55	50.25	61.58	72.19	57.35	57.91	12.21%	-2.03%	-10.44%	0.97%
9	Single Point Metered Urban	6.14	12.27	15.14	15.20	13.58	11.84	14.06%	-7.87%	-11.73%	-12.79%
10	Total Sale (Within the State)	298.58	353.21	404.34	445.41	433.57	448.81				
11	Outside state	44.35	41.01	67.05	46.32	141.28	60.50	8.49%	3.54%	0.38%	3.51%
12	Total	342.93	394.22	471.39	491.73	574.85	509.31				

Considering the data submitted in the petition, the category-wise sales projected by the DPN and Commission's approvals are discussed below.

Domestic including BPL

The DPN has projected energy sales to domestic category at 263.89 MUs for the FY 2025-26 to 350.35 MUs for FY 2029-30 with a CAGR of 7.34%, while the actual sales during FY 2023-24 is 229.02 MUs.

It is observed from the table 7.4 of the Order, the five-year growth rate is 7.34%, three-year growth rate is 2.11%, two-year growth rate is 1.63% and YoY growth rate is (1.42%).

The Commission has analysed actual growth rate of energy sales and deems it feels to consider the 5 years growth rate of 7.34% as claimed by the DPN. Therefore, the projection of sales for each year of the 3rd Control Period of FY 2025-26 to FY 2029-30 works out as follows:

Table 7.5: Approved Energy Sales for Domestic including BPL

Sl. No.	Categories	FY 2025-26 (Approved)	FY 2026-27 (Approved)	FY 2027-28 (Approved)	FY 2028-29 (Approved)	FY 2029-30 (Approved)
1	Domestic including BPL	263.89	283.26	304.06	326.39	350.35

Accordingly, the Commission approves the sales for Domestic including BPL category during FY 2025-26 to FY 2029-30 as above.

Commercial

The DPN has projected energy sales for this category at 64.92 MUs for the FY 2025-26 and 78.92 MUs for FY 2029-30 with CAGR of 5%, while the actual sales during FY 2023-24 is 58.89 MUs.

The Commission observes that, the five-year growth rate for Commercial Category is 15.12%, three-year growth rate is 21.90%, two-year growth rate is 40.98% and YoY growth rate is 29.65%.

The Commission analysed actual growth rate of commercial category during past years and provisionally considered the CAGR at 3% for approval of sales during the FY 2025-26 to FY 2029-30. The details of the same is as follows:

Table 7.6: Approved Energy Sales for Commercial Category

S. No.	Categories	FY 25-26 (Approved)	FY 26-27 (Approved)	FY 27-28 (Approved)	FY 28-29 (Approved)	FY 29-30 (Approved)
1	Commercial	62.47	64.35	66.28	68.27	70.32

Accordingly, the Commission approves the sales at 62.47 MUs for the FY 2025-26 for Commercial category.

Industrial

The DPN has projected energy sales for this category at 12.20 MUs for the FY 2025-26 to 14.38 MUs for the FY 2029-30 with CAGR of 4.19%, while the actual sales during FY 2023-24 is 11.24 MUs.

The five-year growth rate is 4.19%, three-year growth rate is 1.05%, two-year growth rate is 0.41% and YoY growth rate is 3.83%.

The Commission analysed actual growth rate of Industrial category and considered three-year growth rate of 1.05% as reasonable. Therefore, the approved sales during the FY 2025-26 with three-year growth rate works out to 11.48 MUs. The details of the approved sale under this category for FY 2025-26 to FY 2029-30 is as follows:

Table 7.7: Approved Energy Sales for Industrial Category

Sl. No.	Categories	FY 2025-26 (Approved)	FY 2026-27 (Approved)	FY 2027-28 (Approved)	FY 2028-29 (Approved)	FY 2029-30 (Approved)
1	Industrial	11.48	11.60	11.72	11.84	11.96

Accordingly, the Commission approves the sales for the FY 2025-26 to FY 2029-30 for Industrial category as tabulated above.

Public Lighting

The DPN has projected energy sales for this category at 1.25 MUs for the FY 2025-26 to 1.51 MUs for FY 2029-30, while the actual sales during FY 2023-24 is 1.13 MUs.

The Commission observed that the growth rate for three-year, two-year and YoY is 0% for Public Light Category.

Therefore, the Commission at this stage allow sales under this category with a CAGR of 3%. the year wise approved sale for this category is as follows:

Table 7.8: Approved Energy Sales for Public Lighting

Sl. No.	Categories	FY 2025-26 (Approved)	FY 2026-27 (Approved)	FY 2027-28 (Approved)	FY 2028-29 (Approved)	FY 2029-30 (Approved)
1	Public Lighting	1.20	1.23	1.27	1.31	1.35

Accordingly, the Commission approves the sales for Public Lighting category during entire control period of FY 2025-26 to FY 2029-30 as above.

Public Water Works

The DPN has projected energy sales for this category at 0.14 MUs for the FY 2025-26 to 0.17 MUs for FY 2029-30, while the actual sales during FY 2023-24 is 0.12 MUs.

The Commission observed that the five-year growth rate is 22.05%, three-year growth rate is 14.05%, two-year growth rate is 33.38% and YoY growth rate is (62.71%).

The Commission has analysed the actuals sales of energy during past years for this category, and observed that the growth rate of Public Water Works category is not showing any specific growth trend.

Therefore, the Commission approves the energy sales for this category with CAGR of 3% for each year of the Control Period of FY 2025-26 to FY 2029-30. the details of approved sales is as follows:

Table 7.9: Approved Energy Sales for Public Water Works

Sl. No.	Categories	FY 2025-26 (Approved)	FY 2026-27 (Approved)	FY 2027-28 (Approved)	FY 2028-29 (Approved)	FY 2029-30 (Approved)
1	Public water works & sewage	0.13	0.14	0.14	0.14	0.15

Accordingly, the Commission approves the sales at 0.13 MUs for the FY 2025-26 for Public Water Works category. However, the DPN may approach the Commission with the actual data in True-up Petition for the year.

Irrigation and Agriculture

The DPN has projected energy sales for this category at 0.01 MUs for the FY 2025-26 and claimed the growth rate at CAGR of 5% for each year of the control period, while the actual sales during FY 2023-24 is 0.01 MUs.

On the basis of the past actual sales data, the Commission has considered the CAGR rate of 3% for approval of sales under this category. The details of the approved sale under this category is tabulated below:

Table 7.10: Approved Energy Sales for Irrigation and Agriculture

Sl. No.	Categories	FY 2025-26 (Approved)	FY 2026-27 (Approved)	FY 2027-28 (Approved)	FY 2028-29 (Approved)	FY 2029-30 (Approved)
1	Agriculture	0.01	0.01	0.01	0.01	0.01

Accordingly, the Commission approves the sales for each year of the control period of FY 2025-26 to FY 2029-30 for Irrigation and Agriculture category as tabulated above.

Bulk Supply

The DPN has projected energy sales for this category at 87.13 MUs for the FY 2025-26 to 106.97 MUs for FY 2029-30, while the actual sales during FY 2023-24 is 78.64 MUs.

The Commission observed that the five-year growth rate is 5.26%, three-year growth rate is 5.02%, two-year growth rate is (8.68%) and YoY growth rate is - 6.70%.

The Commission analysed actual growth rate of Bulk Supply category and considered three-year growth rate of 5.02% as reasonable. Projection of sales during the FY 2025-26 with three-year growth rate works out to 86.73 MUs. the Details of year wise approved sales is as follows:

Table 7.11: Approved Energy Sales for Bulk Supply Category

Sl. No.	Categories	FY 2025-26 (Approved)	FY 2026-27 (Approved)	FY 2027-28 (Approved)	FY 2028-29 (Approved)	FY 2029-30 (Approved)
1	Bulk Supply	86.73	91.08	95.65	100.45	105.50

Accordingly, the Commission approves the sales for the FY 2025-26 to FY 2029-30 for Bulk Supply category as above.

7.5 Category-Wise Energy Sales

As discussed in above, the total category wise energy sales approved by the Commission for the control period of FY 2025-26 to FY 2029-30 are tabulated below:

Table 7.12: Category-wise energy sales approved by the Commission (in MUs)

Sl. No.	Categories	FY 2025-26 (Approved)	FY 2026-27 (Approved)	FY 2027-28 (Approved)	FY 2028-29 (Approved)	FY 2029-30 (Approved)
1	Domestic including BPL	263.89	283.26	304.06	326.39	350.35
2	Industrial	11.48	11.60	11.72	11.84	11.96
3	Bulk Supply	86.73	91.08	95.65	100.45	105.50
4	Commercial	62.47	64.35	66.28	68.27	70.32
5	Public water works & sewage	0.13	0.14	0.14	0.14	0.15
6	Public Lighting	1.20	1.23	1.27	1.31	1.35
7	Agriculture	0.01	0.01	0.01	0.01	0.01
8	Single Point Metered Rural	61.43	63.28	65.18	67.13	69.14
9	Single Point Metered Urban	12.56	12.94	13.33	13.73	14.14
10	Total Sale (Within the State)	499.91	527.89	557.64	589.27	622.92

7.6 Transmission and Distribution Losses (T&D Losses)

DPN has projected the T&D losses at 35% for FY 2025-26 and 27% for FY 2026-27 to FY 2029-30. The projections of T&D losses for each year of the control period of FY 2025-26 to FY 2029-30 as follows:

Table 7.13: Projections of T&D Losses for FY 2025-26 to FY 2029-30

Sl. No.	Particulars	FY 2025-26 (Proj.)	FY 2026-27 (Proj.)	FY 2027-28 (Proj.)	FY 2028-29 (Proj.)	FY 2029-30 (Proj.)
1	Transmission Loss	5.00%	5.00%	5.00%	5.00%	5.00%
2	Distribution Loss	30.00%	22.00%	22.00%	22.00%	22.00%
3	T&D Losses	35.00%	27.00%	27.00%	27.00%	27.00%

Commission's Analysis:

The DPN has not complied the Commission's direction to identify the area of losses.

Further, it is observed that the REC vide its letter no REC/RDSS/Nagaland/DoPN/2022-23/390 dated 16.01.2023 has communicated the approval of the action plan and DPR of Department of Power, Nagaland under Revamped Distribution Sector Scheme (RDSS) and set the trajectories for A&TC losses at 25.60% for the FY 2024-25. Keeping in view the pre-qualifying criteria set in the RDSS approval, the Commission at this stage approves the A&TC losses at 25% and transmission losses at 5% for the FY 2025-26. Further, the T&D loss for the subsequent years of the control period is approved at 27% (5%+22%). The approved T&D losses for FY 2025-26 to FY 2029-30 are as follows:

Table 7.14: Approved of T&D Losses for FY 2025-26 to FY 2029-30

Sl. No.	Particulars	FY 2025-26 (Approved)	FY 2026-27 (Approved)	FY 2027-28 (Approved)	FY 2028-29 (Approved)	FY 2029-30 (Approved)
1	Transmission Loss	5%	5%	5%	5%	5%
2	Distribution Loss	25%	22%	22%	22%	22%
3	T&D Losses	30%	27%	27%	27%	27%

Accordingly, the Commission approves Transmission Losses and Distribution Losses for each year of the Control Period of FY 2025-26 to FY 2029-30 as above.

7.7 Energy Requirement

The energy requirement for DPN is estimated based on the retail sales projections grossed up by estimated loss levels. The energy requirement expected for the FY 2025-26 to FY 2029-30 is as given below:

Table 7.15: Energy Requirement Projected by DPN (in MUs)

Particulars	FY 2025-26 (Proj.)	FY 2026-27 (Proj.)	FY 2027-28 (Proj.)	FY 2028-29 (Proj.)	FY 2029-30 (Proj.)
Energy Sales within the State	506.44	538.07	571.75	607.60	645.78
Distribution Loss %	30.00%	22.00%	22.00%	22.00%	22.00%
Distribution Loss (MUs)	217.05	151.76	161.26	171.37	182.14
Total Energy Requirement	723.49	689.84	733.01	778.98	827.92

Commission's Analysis:

The Commission has worked out Energy Requirement based on approved sales within the state and approved distribution losses.

The approved energy requirement for the FY 2025-26 to FY 2029-30 is as detailed in table below:

Table 7.16: Energy Requirement approved by the Commission

Particulars	FY 2025-26 (Approved)	FY 2026-27 (Approved)	FY 2027-28 (Approved)	FY 2028-29 (Approved)	FY 2029-30 (Approved)
Energy Sales within the State	499.91	527.89	557.64	589.27	622.92
Distribution Loss %	25.00%	22.00%	22.00%	22.00%	22.00%
Distribution Loss (MUs)	166.64	148.89	157.28	166.21	175.70
Total Energy Requirement	666.55	676.78	714.92	755.48	798.61

7.8 Energy Availability

7.8.1 Own Generation

The DPN is having hydro generation installed capacity of 28 MW. The DPN has projected own generation of 86.07MUs during each year of FY 2025-26 to FY 2029-30.

Accordingly, the Commission approves the own generation (Net) at 86.07 MUs for each year of the control period of FY 2025-26 to FY 2029-30 from its own generating stations as projected by DPN.

7.8.2 Power Purchase

DPN has allocation of power from various central generating stations in north eastern region of NTPC, NEEPCO, NHPC & OTPC, eastern region of NTPC and from Own generating stations as given below:

Table 7.17: Power Allocation from Central Sector and Other Generating Stations

Sl. No.	Source	Name of Project	Type	Capacity	Total Avg Entitlement in %	Entitlement in MW
1	NTPC	Farakka STPS	Coal	1600.00	0.43	6.88
2		Kahalgaon STPS	Coal	840.00	0.43	3.57
3		Talcher STPS	Coal	1000.00	0.42	4.25
4		BGTPP	Coal	750.00	4.93	12.33
5	NHPC	Loktak HEP	Hydel	105.00	6.43	6.75
6	NEEPCO	DOYANG HEP	Hydel	75.00	17.81	13.35
7		AGBPP	Gas	291.00	5.81	16.89
8		AGTPP	Gas	135.00	5.74	4.82
9		KHANDONG HEP	Hydel	50.00	6.65	3.33
10		KOPILI HEP	Hydel	200.00	6.15	12.29
11		RANGANADI HEP	Hydel	405.00	5.34	21.61
12		KOPILI - II HEP	Hydel	25.00	5.74	1.43
13		PARE	Hydel	110.00	5.40	5.94
14		KAMENG	Hydel	600.00	1.50	9.00
15	OTPC	Palatana	Gas	726.60	7.16	52.04
16	LHEP	Own Generation	Hydel	24.00	100.00	24.00

7.8.3 Assumption of Power Purchase Projection

The DPN has submitted that the merit order dispatch principles are to be adopted when determining the power purchases from various generating stations. However, in a power deficit scenario, these principles do not play a significant role as the utilities will try and purchase all the power that is available at its disposal. Accordingly, DPN has considered purchase of the entire power available from all the possible sources during the period to meet the demand to the extent possible.

7.8.4 Energy Draws from CGS and Other Sources

The DPN projected energy drawl for FY 2025-26 to FY 2029-30, as detailed in table below:

Table 7.18: Summary of Power Purchase projected by DPN

S. No.	Name of Project	FY 25-26 (Proj.)	FY 26-27 (Proj.)	FY 27-28 (Proj.)	FY 28-29 (Proj.)	FY 29-30 (Proj.)
	Central Sectors					
1	Farakka STPS	47.68	47.68	47.68	47.68	47.68
2	Kahalgaon STPS	24.53	24.53	24.53	24.53	24.53
3	Talcher STPS	27.16	27.16	27.16	27.16	27.16
4	BGTPP	230.37	230.37	230.37	230.37	230.37
5	Loktak HEP	35.61	35.61	35.61	35.61	35.61
6	DOYANG HEP	14.19	14.19	14.19	14.19	14.19
7	AGBPP	80.92	80.92	80.92	80.92	80.92
8	AGTPP	32.91	32.91	32.91	32.91	32.91
9	KHANDONG HEP	0.00	0.00	0.00	0.00	0.00
10	KOPI LI HEP	29.68	29.68	29.68	29.68	29.68
11	RANGANADI HEP	59.07	59.07	59.07	59.07	59.07
12	KOPI LI - II HEP	8.48	8.48	8.48	8.48	8.48
13	Pare HEP	21.45	21.45	21.45	21.45	21.45
14	Kameng	39.75	39.75	39.75	39.75	39.75
15	Palatana	281.74	281.74	281.74	281.74	281.74
	Others	0.00	0.00	0.00	0.00	0.00
16	DEVIATION/SHORTTERM/BANKING	26.53	26.53	26.53	26.53	26.53
17	Free Power	22.87	22.87	22.87	22.87	22.87
18	Own Generation	86.07	86.07	86.07	86.07	86.07
	Total	1,069.01	1,069.01	1,069.01	1,069.01	1,069.01

Commission's Analysis:

The DPN had projected the power purchase including free energy at 22.87 MUs for each year of the control period. Now, the approved power quantity for the FY 2025-26 to FY 2029-30 is provided in the table below.

Table 7.19: Power Purchase approved by the Commission (in MUs)

S. N o.	Name of Project	FY 25-26 (Appro ved)	FY 26-27 (Appro ved)	FY 27-28 (Appro ved)	FY 28-29 (Appro ved)	FY 29-30 (Appro ved)
	Central Sectors					
1	Farakka STPS	47.68	47.68	47.68	47.68	47.68
2	Kahalgaon STPS	24.53	24.53	24.53	24.53	24.53
3	Talcher STPS	27.16	27.16	27.16	27.16	27.16
4	BGTPP	230.37	230.37	230.37	230.37	230.37
5	Loktak HEP	35.61	35.61	35.61	35.61	35.61
6	DOYANG HEP	14.19	14.19	14.19	14.19	14.19
7	AGBPP	80.92	80.92	80.92	80.92	80.92
8	AGTPP	32.91	32.91	32.91	32.91	32.91
9	KHANDONG HEP	0.00	0.00	0.00	0.00	0.00
10	KOPI LI HEP	29.68	29.68	29.68	29.68	29.68
11	RANGANADI HEP	59.07	59.07	59.07	59.07	59.07
12	KOPI LI - II HEP	8.48	8.48	8.48	8.48	8.48
13	Pare HEP	21.45	21.45	21.45	21.45	21.45
14	Kameng	39.75	39.75	39.75	39.75	39.75
15	Palatana	281.74	281.74	281.74	281.74	281.74
	Others	0.00	0.00	0.00	0.00	0.00
16	DEVIATION/SHORTERM/ BANKING	-	-	-	-	-
17	Free Power	22.87	22.87	22.87	22.87	22.87
18	Own Generation	86.07	86.07	86.07	86.07	86.07
	Total	1,042.48	1,042.48	1,042.48	1,042.48	1,042.48

The Commission now approves the power purchase of 1042.48 MUs for the FY 2025-26 including 22.87 MUs free power.

7.9 Energy Balance

The DPN has procured power from Eastern Region (ER) and North Eastern Region (NER). The power purchase from ER will be influenced by both ER and NER transmission losses while power purchased from NER will be influenced by only NER transmission losses.

Considering the above factors, the energy balance approved by the Commission are shown as detailed in Table below:

Table 7.20: Energy Balance approved by the Commission (in MUs)

Particulars	FY 2025-26 (Approved)	FY 2026-27 (Approved)	FY 2027-28 (Approved)	FY 2028-29 (Approved)	FY 2029-30 (Approved)
Energy Sales within the State	499.91	527.89	557.64	589.27	622.92
Distribution Loss %	25.00%	22.00%	22.00%	22.00%	22.00%
Distribution Loss (MUs)	166.64	148.89	157.28	166.21	175.70
Total Energy Requirement	666.55	676.78	714.92	755.48	798.61
Energy Availability					
Own Generation	86.07	86.07	86.07	86.07	86.07
Power from ER	99.37	99.37	99.37	99.37	99.37
ER Total Loss (%)	2.26%	2.26%	2.26%	2.26%	2.26%
Regional Loss (MUs)	2.25	2.25	2.25	2.25	2.25
Net Energy from ER (MU's)	97.13	97.13	97.13	97.13	97.13
Power from NER	857.04	857.04	857.04	857.04	857.04
Total Power purchased	954.17	954.17	954.17	954.17	954.17
NER Tr. Loss %	8.90%	8.90%	8.90%	8.90%	8.90%
NER Tr. Loss	84.93	84.93	84.93	84.93	84.93
Net Energy Available	869.24	869.24	869.24	869.24	869.24
Add: Over Drawn/Short term	0.00	0.00	0.00	0.00	0.00
Less: Outside state sale	253.67	242.90	202.75	160.06	114.65
Banking (Net)	0.00	0.00	0.00	0.00	0.00
Total Energy Available at state periphery	701.63	712.40	752.55	795.24	840.65
Intra State Tr. Loss (%)	5.00%	5.00%	5.00%	5.00%	5.00%
Intra State Tr. Loss (Mus)	35.08	35.62	37.63	39.76	42.03
Net Energy available for Sale	666.55	676.78	714.92	755.48	798.61
Demand Supply (Gap) / Surplus	-	-	-	-	-

7.10 Aggregate Revenue Requirement

The components for calculation of revenue requirement (Total expenses) for the FY 2025-26 to FY 2029-30 are as follows:

- Cost of Power Purchase
- Cost of Generation
- Cost of Fuel
- Operation and Maintenance Expenses
- Transmission charges
- SLDC Fees & Charges
- Intra-state Transmission Charges
- Interest & Finance Charges
- Depreciation
- Interest on working capital
- Return on Equity
- Prior Period Expenses
- Provision for bad debts

7.11 Projected expenses by DPN and decisions of the Commission

The Projected expenses by DPN under each head with analysis and decisions of the Commission are discussed below.

7.12 Cost of Generation

DPN has submitted that it is an integrated utility whereby, function wise cost details w.r.t. all the parameters of ARR are not readily available. The consolidated ARR of DPN is inclusive of the ARR of the Generation function. DPN has also submitted the O&M expenses incurred towards Likimro HEP, the cost furnished by DPN for the FY 2025-26 to FY 2029-30 is provided in Table below.

Table 7.21: Cost of Generation projected by DPN (Rs. Cr.)

Particulars	FY 25-26 (Proj.)	FY 26-27 (Proj.)	FY 27-28 (Proj.)	FY 28-29 (Proj.)	FY 29-30 (Proj.)
Cost of Generation	16.45	16.96	16.96	17.47	17.47

Commission's Analysis:

The Generation system is being operated & maintained by DPN, cost towards generation has not been separately calculated in the petition. The cost of generation furnished by DPN is only the O&M charges paid for Likimro HEP. Other components of ARR has not been furnished. Further, function wise segregated accounts have also not been furnished. Therefore, cost of generation has not been approved separately. The same shall be approved separately after DPN segregates the accounts on the basis of function viz. Distribution, Transmission & Generation.

In view of the above the Commission approves Cost of Generation for FY 2025-26 to FY 2029-30 as projected by the DPN.

7.13 Power Purchase Cost

Petitioner's Submission:

DPN has projected power purchase cost at Rs. 496.47 Cr. for the FY 2025-26.

The assumptions for power purchase costs are as detailed below:

Power Purchase cost is a function of the energy requirement and price of available power from the different sources for meeting the energy requirement. The energy requirement of DPN for the FY 2025-26 is proposed to be met from own generation & power purchase from available sources. The DPN had projected of Rs. 496.47 Cr. Further, the Commission directs DPN to project the revised Cost as per the actual data/documents available in the time of Review & True-up.

Commission Analysis:

The DPN has claimed the power purchase cost at Rs. 496.47 Cr. for the FY 2025-26. The Commission has analysed the power requirement and cost. Accordingly, the power purchase cost for the FY 2025-26 to FY 2029-30 is worked out, as detailed in the tables below. The Commission has not considered any cost towards REC certificates for compliance of RPO Regulations. However, actual expenses towards the same shall be allowed at the time of True up for the year after prudence check.

Station-wise power purchase cost projected & approved for the FY 2025-26 are furnished in table below.

Table 7.22: Power Purchase Cost projected by DPN (Rs. Cr.)

Plant	Projected Cost for FY 2025-26 (in Rs. Cr.)	Approved for FY 2025-26 (in Rs. Cr.)
Central Sectors		
Farakka STPS	189.67	189.67
Kahalgaon STPS		
Talcher STPS		
BGTPP		
Loktak HEP	13.89	13.89
DOYANG HEP	170.23	170.23
AGBPP		
AGTPP		
KHANDONG HEP		
KOPI LI HEP		
RANGANADI HEP		
KOPI LI - II HEP		
Pare HEP		
Palatana	105.77	105.77
Others		
DEVIATION/SHORTTERM/BANKING	16.90	0.00
Free Power		
Total	496.47	479.56
Cost of REC certificates		
Other Charges	0.01	0.00
Grand Total	496.47	479.56

Based on the above, the Commission has approved the power purchase cost for the control period of FY 2025-26 to FY 2029-30 as detailed below:

Table 7.23: Power Purchase Cost approved by the Commission (Rs. Cr.)

Particulars	FY 2025-26	FY 2026-27	FY 2027-28	FY 2028-29	FY 2029-30
Total Power Purchase Cost claimed	496.47	532.29	570.69	611.86	656.00
Total Power Purchase Cost approved	479.56	514.16	551.25	591.02	633.65

Accordingly, the Commission approves the power purchase cost for the control period as above.

7.14 Transmission and Other Charges

The Transmission charges payable to CTUIL & PGCIL including SLDC Fees & Charges are estimated based on the quantum of power proposed for wheeling during the respective year. The same is proposed at Rs. 84.68 Cr. for FY 2025-26 to Rs. 104.91 Cr. for FY 2029-30

The Transmission & Other Charges furnished by DPN for the FY 2025-26 to FY 2029-30 are provided in the Table below.

Table 7.24: Transmission and Other Charges projected by DPN (Rs. Cr.)

Particulars	FY 2025-26 (Proj.)	FY 2026-27 (Proj.)	FY 2027-28 (Proj.)	FY 2028-29 (Proj.)	FY 2029-30 (Proj.)
PGCIL Charges	81.87	82.11	88.04	94.39	101.20
NERLDC/NERPC fees and charges	2.81	3.01	3.23	3.46	3.71
Total	84.68	85.12	91.26	97.85	104.91

Commission's Analysis:

The intra-state transmission system is being operated & maintained by DPN, transmission charges has not been separately calculated in the petition. Further, function wise segregated accounts have also not been furnished. Therefore, intra-state transmission charges have not been approved separately at this stage. However, DPN is directed to maintain separate cost details of the transmission function and propose intra-state transmission charges from the next petition onwards.

The Commission approves the Interstate transmission charges as claimed by the DPN.

Accordingly, the Commission approves Transmission and Other Charges for FY 2025-26 to FY 2029-30 as tabulated below:

Table 7.25: Transmission and Other Charges Approved by Commission (Rs. Cr.)

Particulars	FY 25-26 (Approved)	FY 26-27 (Approved)	FY 27-28 (Approved)	FY 28-29 (Approved)	FY 29-30 (Approved)
PGCIL Charges	81.87	82.11	88.04	94.39	101.20
NERLDC/NERPC fees and charges	2.81	3.01	3.23	3.46	3.71
Total	84.68	85.12	91.26	97.85	104.91

7.15 Operation and Maintenance Expenses

Operation & Maintenance expenses comprise of the following heads of expenditure viz.

- Employee Expenses
- Administration & General Expenses
- Repair & Maintenance Expenses

DPN has submitted that it is now gearing up for meeting the operational requirement of servicing for existing and additional new consumers in line with the Standards of Performance which the licensees have to adhere to. Hence, there would be an increase in O&M expenditure to support full-fledged distribution business operations.

The operation & maintenance expenses have been arrived in accordance with the Regulation 89.6 of The NERC (Multi Year Tariff) Regulations, 2016. Details of Employee Expenses, Administration & General Expenses and Repair & Maintenance Expenses are discussed in the subsequent paras.

7.15.1 Employee Cost

The expense head of employee cost consists of salary and allowance, bonus, Leave Travel Concession (LTC) & Honorarium etc. The DPN has projected the employee cost in accordance with the Regulation 89.6 of The NERC (Multi Year Tariff) Regulations, 2016 for each year of the control period of FY 2025-26 to FY 2029-30. The employee expenses as projected by DPN are provided in the table below.

Table 7.26: Employee Cost projected by DPN (Rs. Cr.)

Particulars	FY 25-26 (Proj.)	FY 26-27 (Proj.)	FY 27-28 (Proj.)	FY 28-29 (Proj.)	FY 29-30 (Proj.)
Employee Expense	187.97	198.72	210.09	222.10	234.81

Commission's Analysis and Approval:

The Petitioner furnished the employee expenses at Rs. 187.97 Cr. for the FY 2025-26 to Rs. 234.81 Cr. for FY 2029-30. Further, the Commission directs DPN to furnish the head wise details of Employee Cost at the time of Review & True-up.

The details of the Employee expenses approved by the Commission are as follows:

Table 7.27: Employee Cost approved by the Commission (Rs. Cr.)

Particulars	FY 2025-26 (Approved)	FY 2026-27 (Approved)	FY 2027-28 (Approved)	FY 2028-29 (Approved)	FY 2029-30 (Approved)
Employee Expense	187.97	198.72	210.09	222.10	234.81

Accordingly, the Commission provisionally approves Employee Expenses for FY 2025-26 to FY 2029-30 as projected by DPN.

7.15.2 Administrative and General Expenses

A&G expenses comprise of the following broad subheads of expenditure, viz.

- Domestic Travelling Expenses
- Office Expenses
- Legal, Regulatory & Consultancy Fees
- Insurance etc.

The DPN has projected the A&G expenses in accordance with the Regulation 89.6 of The NERC (Multi Year Tariff) Regulations, 2016 for the FY 2025-26 to FY 2029-30. The A&G expenses as projected by DPN are provided in the table below.

Table 7.28: Administrative and General Expenses projected by DPN (Rs. Cr.)

Particulars	FY 25-26 (Proj.)	FY 26-27 (Proj.)	FY 27-28 (Proj.)	FY 28-29 (Proj.)	FY 29-30 (Proj.)
A&G Expense	4.31	4.55	4.81	5.09	5.38

Commission's Analysis:

The Petitioner furnished A&G Expenses for each year of the Control Period of FY 2025-26 to FY 2029-30. Further, the Commission directs DPN to furnish the head wise details of A&G Expenses at the time of Review & True-up.

Table 7.29: Administrative and General Expenses approved by the Commission (Rs. Cr.)

Particulars	FY 2025-26 (Approved)	FY 2026-27 (Approved)	FY 2027-28 (Approved)	FY 2028-29 (Approved)	FY 2029-30 (Approved)
A&G Expense	4.31	4.55	4.81	5.09	5.38

Accordingly, the Commission provisionally approves A&G Expenses for the FY 2025-26 to FY 2029-30 as projected by DPN.

7.15.3 Repair and Maintenance Expenses

DPN has been undertaking various Repair and Maintenance activities as a step towards improvement of systems, reduction in breakdowns, reduction in response time and increasing preventive maintenance.

The DPN has projected the R&M expenses in accordance with the Regulation 89.6 of The NERC (Multi Year Tariff) Regulations, 2016 for the FY 2025-26 to FY 2029-30. The R&M expenses as projected by DPN are provided in the table below.

Table 7.30: Repair and Maintenance Expenses projected by DPN (Rs. Cr.)

Particulars	FY 25-26 (Proj.)	FY 26-27 (Proj.)	FY 27-28 (Proj.)	FY 28-29 (Proj.)	FY 29-30 (Proj.)
R&M Expense	16.85	17.81	18.83	19.91	21.05

Commission's Analysis:

The Petitioner furnished the Repair & Maintenance Expenses for the FY 2025-26 to FY 2029-30. Further, the Commission directs DPN to furnish the head wise details of R&M Expenses at the time of Review & True-up.

Table 7.31: Repair and Maintenance Expenses approved by the Commission (Rs. Cr.)

Particulars	FY 25-26 (Approved)	FY 26-27 (Approved)	FY 27-28 (Approved)	FY 28-29 (Approved)	FY 29-30 (Approved)
R&M Expense	16.85	17.81	18.83	19.91	21.05

Accordingly, the Commission approves Repair & Maintenance Expenses as projected by DPN for the FY 2025-26 to FY 2029-30.

7.15.4 Summary of O&M Expenditure approved by the Commission

The summary of O&M Expenditure projected by the DPN and now approved by the Commission for the 3rd Control Period of FY 2025-26 to FY 2029-30 are tabulated below:

Table 7.32: Operation & Maintenance Expenditure approved by Commission (Rs.Cr.)

Particulars	FY 23-24 (Approved)	FY 24-25 (Approved)	FY 25-26 (Approved)	FY 26-27 (Approved)	FY 27-28 (Approved)	FY 28-29 (Approved)	FY 29-30 (Approved)
Employee Expense	174.96	177.80	187.97	198.72	210.09	222.10	234.81
R&M Expense	11.87	15.94	16.85	17.81	18.83	19.91	21.05
A&G Expense	5.19	4.07	4.31	4.55	4.81	5.09	5.38
Operational Expenses - Smart Prepaid Metering	-	-	27.01	44.89	44.89	44.89	44.89
Total O&M Expenses	192.03	197.81	236.14	265.97	278.62	291.99	306.12

7.16 Capital Expenditure & Capitalization

The DPN estimated Capital Expenditure Nil for FY 2025-26 to FY 2029-30, except for FY 2027-28 they have projected capitalisation of Rs. 132.37 Cr. However, the Petitioner has not submitted project wise details regarding CWIP and Capitalization for the FY 2027-28. In absence of details, the Commission has not carried out prudence check of the same. However, the Commission provisionally approves the capital expenditure of Rs. 132.37 Cr. for the FY 2027-28 to ensure consumer satisfaction and reduction in T&D losses by improving the system.

Further, the Commission directs DPN to submit project wise details of capital expenditure incurred and projects Capitalized in True-up Petition for the respective year.

With this observation, the capitalization of Rs. 132.37 Cr. during the FY 2027-28 is approved. The year-wise capitalisation approved by the Commission are tabulated below:

Table 7.33: Capitalisation approved by Commission for FY 2025-26 to FY 2029-30 (Rs. Cr.)

Particulars	FY 2025-26 (Approved)	FY 2026-27 (Approved)	FY 2027-28 (Approved)	FY 2028-29 (Approved)	FY 2029-30 (Approved)
Opening GFA	3,224.72	3,224.72	3,224.72	3,357.09	3,357.09
Asset Capitalized	-	-	132.37	-	-
Closing GFA	3,224.72	3,224.72	3,357.09	3,357.09	3,357.09

7.17 Gross Fixed Assets (GFA) and Depreciation

DPN has projected the Gross Fixed Asset in accordance with the Regulation 23 of The NERC (Multi Year Tariff) Regulations, 2016.

The DPN has submitted that the assets of the utility have been segregated on the basis of their functions i.e, Generation, Transmission & Distribution. The assets and corresponding depreciation as projected by DPN is detailed in table below:

Table 7.34: Depreciation projected by DPN (Rs. Cr.)

Particulars	FY 25-26 (Proj.)	FY 26-27 (Proj.)	FY 27-28 (Proj.)	FY 28-29 (Proj.)	FY 29-30 (Proj.)
Depreciation for the year	110.50	113.44	116.38	116.38	116.38

Commissions Analysis:

The Commission observed that the DPN has projected its depreciation based on the projection of GFA addition during the year. However, the year-wise computation of the same has not furnished by the Petitioner. Therefore, the Commission at this stage provisionally approved the depreciation same as approved in true up of FY 2023-24. the Commission directs the DPN to furnish the detail computation of depreciation for each year along with its Fixed Assets Register for the respective year during truing up exercise.

Table 7.35: Depreciation approved by the Commission (Rs. Cr.)

Particulars	FY 2025-26 (Approved)	FY 2026-27 (Approved)	FY 2027-28 (Approved)	FY 2028-29 (Approved)	FY 2029-30 (Approved)
Depreciation for the year	77.64	77.64	77.64	77.64	77.64

7.18 Interest and Finance Charges

Regulation 27 of The NERC (Multi Year Tariff) Regulations, 2016 provides the methodology for calculation of the Interest & Finance Charges. It provides that 30% of the capital employed shall be considered as equity and balance 70% is to be considered as loan. Repayment of the normative loan during the respective year has been considered equivalent to the depreciation in line with the MYT Regulations.

The DPN has been submitted that the entire capital employed has been funded through infusion of funds by Government of Nagaland through budgetary support without any external borrowings on part of the DPN. Therefore, the DPN has not considered interest on loan for the control period of FY 2025-26 to FY 2029-30.

Commission's Analysis:

The DPN has stated that the entire capital employed has been funded through infusion of funds by Government of Nagaland through budgetary support without any external borrowings. As such, the Commission has not considered interest on loan for the control period of FY 2025-26 to FY 2029-30.

7.19 Interest on Working Capital

The DPN has been submitted that the entire operating expenses of the Department is provided by the Government of Nagaland without any external borrowings toward working capital. Hence, the DPN does not have any working capital loan. Therefore, the DPN has not claimed interest on Working Capital for the control period of FY 2025-26 to FY 2029-30.

Commission's Analysis:

As per the Regulations, for the purpose of computation of normative working capital and Interest on working capital, the components of working capital are as follows:

- a) Operation and maintenance expenses for one month; plus
- b) Maintenance spares at one (1) per cent of the historical cost escalated at 6% from the date of commercial operation; plus

- c) Receivables equivalent to one (1) month of the expected revenue from sale of electricity at the prevailing tariffs; minus
- d) Amount held as security deposits under clause (a) and clause (b) of sub-section (1) of Section 47 of the Act from consumers except the security deposits held in the form of Bank Guarantees;

Interest is required to be calculated at a rate equal to the State Bank Advance Rate (SBAR) as on 1st April of the financial year in which the Petition is filed.

Interest on working capital has been calculated accordingly as detailed in the table below:

The DPN has been submitted that the entire operating expenses of the Department is provided by the Government of Nagaland without any external borrowings toward working capital. Hence, The DPN does not have any working capital loan.

Therefore, the Commission has not considered any Interest on Working Capital for the control period of FY 2025-26 to FY 2029-30.

7.20 Bad Debts

Regulation 89.8 of The NERC (Multi Year Tariff) Regulations, 2016 provides that bad debts written off may be allowed as a pass through in the ARR.

The DPN submitted in their Tariff Petition for the FY 2024-25 as follows:

"DPN proposes to claim the Bad debt after the Annual Accounts for the year are finalised and audited. Hence, the same shall be claimed at the time of True-up for the FY 2024-25. Hon'ble Commission may allow the same."

In view of the above the Commission has not allowed Bad Debts for the control period of FY 2025-26 to FY 2029-30.

7.21 Return on Equity

Regulation 26 of The NERC (Multi Year Tariff) Regulations, 2016 read with Regulation 22 provides the methodology for calculation of the Return on Equity. It provides that 30% of the capital employed shall be considered as equity and balance 70% is to be considered as loan.

The DPN has submitted that being a Government Department, the entire capital employed till date has been funded through fund infusion by the

Government in form of budgetary support which are generally in the nature of grants and aids through financial institutions under various schemes like APDRP, RGGVY etc.

Therefore, the Commission has not considered any return on equity for the control period of FY 2025-26 to FY 2029-30.

7.22 Non-Tariff Income

Regulation 90 of The NERC (Multi Year Tariff) Regulations, 2016 provides that the Non-Tariff Income shall be deducted from the ARR in calculating the Tariff. The Non-Tariff income includes revenue from Meter Rent, Meter Testing Charge, Disconnection/Reconnection Charge and Other Departmental Charges.

The Non-Tariff income for the FY 2025-26 to FY 2029-30 has been projected by the DPN. The Non-Tariff Income projected by the department and approved by the Commission for each year of the Control Period of FY 2025-26 to FY 2029-30 are provided in table below:

Table 7.36: Non-Tariff Income for FY 2025-26 to FY 2029-30 (Rs. Cr.)

Particulars	FY 2025-26	FY 2026-27	FY 2027-28	FY 2028-29	FY 2029-30
Non-Tariff Income projected by the DPN	5.71	5.99	6.29	6.61	6.94
Non-Tariff Income approved by the Commission	5.71	5.99	6.29	6.61	6.94

Accordingly, the Commission approves the Non-Tariff Income for FY 2025-26 to FY 2029-30 as projected by DPN.

7.23 Revenue from Existing Tariff

The DPN has projected revenue from sale of energy with existing tariff at Rs. 429.46 Cr. Including outside state sale of Rs. 93.16 Cr. for the FY 2025-26.

Commissions Analysis:

It is observed that the revenue from domestic category contributes about 52.11%, Hence, impact of change in tariff on the revenue is mostly dependent on these categories. However, Commercial, Industrial & Bulk category also has significant consumption. With the approved sales of 499.91 MUs within the state for the FY 2025-26, the revenue approved at the existing Tariff is detailed in table below:

Table 7.37: Revenue from Existing Tariff approved by the Commission for FY 2025-26

Sl. No.	Category / Slab of Consumers	Projected for FY 2025-26	Approved Energy Sales (MUs)	Average Rate (Rs./Kwh)	Approved Revenue by the Commission for FY 2025-26 (Rs. Cr.)
A	Domestic	165.90	263.89	6.29	165.90
B	Industrial	8.76	11.48	7.18	8.24
C	Bulk Supply	63.17	86.73	7.25	62.88
D	Commercial	52.55	62.47	8.09	50.57
E	Public water works & sewage	0.11	0.13	7.80	0.10
F	Public Lighting	2.45	1.20	19.63	2.35
H	Agriculture	0.00	0.01	3.50	0.00
I	Single Point Metered Rural	35.75	61.43	5.60	34.40
J	Single Point Metered Urban	7.57	12.56	5.80	7.29
K	Total - within the sate	336.27	499.91	6.64	331.74
L	Outside state sale	93.19	253.67	4.58	116.11
M	Total Sale	429.46	753.58	5.94	447.85

Accordingly, the Commission approves the revenue from the existing tariff at Rs. 331.74 Cr. from sale of 499.91 MUs within the State at an average rate of Rs. 6.64/kWh.

7.24 Aggregate Revenue Requirement (ARR)

Commission has analyzed various items of expenditure as discussed earlier and approves the expenses and net ARR as shown in the table below.

Table 7.38: Aggregate Revenue Requirement approved by the Commission (Rs. Cr)

Sl. No.	Particulars	FY 2025-26 (Approved)	FY 2026-27 (Approved)	FY 2027-28 (Approved)	FY 2028-29 (Approved)	FY 2029-30 (Approved)
1	Cost of power purchase	479.56	514.16	551.25	591.02	633.65
2	Transmission charges	84.68	85.12	91.26	97.85	104.91
3	Cost of Generation	16.45	16.96	16.96	17.47	17.47
4	Employee Expenses	187.97	198.72	210.09	222.10	234.81
5	Repair & Maintenance Expenses	16.85	17.81	18.83	19.91	21.05
6	Administration & General Expenses	4.31	4.55	4.81	5.09	5.38
7	Operational Expenses-Smart Prepaid Metering	27.01	44.89	44.89	44.89	44.89
8	Interest and finance charges	0.00	0.00	0.00	0.00	0.00
9	Depreciation	77.64	77.64	77.64	77.64	77.64
10	Interest on working capital	0.00	0.00	0.00	0.00	0.00
11	Return on Equity	0.00	0.00	0.00	0.00	0.00
12	Total Revenue Requirement (1 to 11)	894.47	959.86	1,015.73	1,075.96	1,139.79
13	Less: Non-Tariff Income	5.71	5.99	6.29	6.61	6.94
14	Less: Surplus of FY 2023-24	31.14	-	-	-	-
15	Net Revenue Requirement (12-13-14)	857.63	953.86	1,009.44	1,069.36	1,132.86

The Commission approves the Net Revenue Requirement for the control period as above.

7.25 Revenue Gap

DPN submitted that the Government of Nagaland provides revenue grant towards Employee expenses, Repair & Maintenance (R&M) and Administrative & General Expenses (A&G). The above revenue grant may be considered as revenue and included for calculation of Net Gap for the year.

The Commission has analysed the submission of the DPN and is of the view that the National tariff Policy emphasis on reduction of the Cross Subsidy. Further, reduction of Gap between ACS & ARR has also been mandated. The non-consideration of revenue grant as part of revenue shall result in inflated revenue gap. Further, the revenue grant provided by the Government of Nagaland should be passed on to the consumers. Accordingly, the estimated revenue grant of Rs. 209.12 Cr. for the FY 2025-26 has been considered as a part of revenue.

Based on the approved Aggregate Revenue Requirement and revenue from existing tariffs at approved sales for the FY 2025-26, the resultant GAP is as shown in the table below.

Table 7.39: Revenue at Existing Tariff and Gap (Rs. Cr.)

S. No.	Particulars	FY 2025-26	Approved for the FY 2025-26
1	Net Revenue Requirement	938.54	857.63
2	Revenue from sale of energy at Existing Tariff	429.46	447.85
3	Revenue Subsidy- Govt. of Nagaland	209.12	209.12
4	Revenue Surplus/(Gap) for the Year (2+3-1)	(299.95)	(200.65)

7.26 Recovery of Revenue Gap for the FY 2025-26

As seen from para 7.25 above there is a revenue gap of Rs. 200.65 Cr. which is about 23.40% of net ARR for the FY 2025-26.

In this Petition the DPN has submitted as below:

“There is substantial gap between cost of supply and average revenue. DPN does not propose to recover the entire Gap in cost of supply & average revenue as these may result in huge burden on the consumers. Tariff is a sensitive subject having substantial impact on social, economic and financial well-being of the public at large as well as the viability and growth of power sector. Recovery of entire Gap through tariff increase is not practicable as this would make

power unaffordable to the general consumers. DPN being a Government Department funded by budgetary support from State Government, it proposes to absorb the unrecovered gap.

In view of the above, the tariff proposal for FY 2024-25 for individual categories is given below along with the comparison of existing and proposed energy charges. The table below presents the existing and proposed tariff for various categories."

However, DPN proposed an average increase in tariff by Rs. 0.24/Kwh to bridge the gap partially.

The Commission considers it appropriate to revise the tariffs without giving much tariff shock to consumers to bridge the gap partially. Owing to revision of tariffs, the DPN is expected to get additional revenue of Rs. 16.61 Cr. as detailed in table below:

Table 7.40: Revenue from revised Tariff for FY 2025-26 approved by the Commission

S. No.	Category / Slab of Consumers	Projected for FY 2025-26	Approved Energy Sales (MUs)	Average Rate (Rs./Kwh)	Approved for the FY 2025-26 (Rs. Cr.)
A	Domestic	174.21	263.89	6.56	173.02
B	Industrial	9.23	11.48	7.53	8.64
C	Bulk Supply	66.22	86.73	7.60	65.91
D	Commercial	55.26	62.47	8.40	52.47
E	Public water works & sewage	0.11	0.13	8.20	0.11
F	Public Lighting	2.45	1.20	14.93	1.79
G	Agriculture	0.00	0.01	3.65	0.00
H	Single Point Metered Rural	37.67	61.43	5.90	36.25
I	Single Point Metered Urban	7.96	12.56	6.10	7.66
K	Total within the State	353.11	499.91	6.92	345.86
L	Outside state sale	93.19	253.67	4.58	116.11
M	Total Sale	446.30	753.58	6.13	461.97

With the revision of tariff, the DPN will generate additional revenue of Rs. 14.12 Cr. Thereby, the revenue gap is revised to Rs. 186.54 Cr. (i.e. Rs. 200.65 Cr. – Rs. 14.12 Cr.), which the DPN shall meet from the Additional Revenue Subsidy from the Government and by improving internal efficiency.

The Commission, accordingly, approves revenue from revised tariffs at Rs. 461.97 Cr. with the energy sales of 753.58 MUs. In view of the approved tariff hike and consideration of additional revenue subsidy from the Government, the revenue gap is approved as NIL for the FY 2025-26.

7.27 Government Subsidy

As seen from the above it is clear that the revenue from sale of power & revenue subsidy is not sufficient to meet the expenditure of DPN. As a result of this the DPN shall continue to depend upon the additional subsidy from Government of Nagaland. Accordingly, Rs. 184.05 Cr. shall be met from additional Government subsidy.

The Licensee, in their submitted Tariff Petition, had proposed a tariff hike of 2.20% over the prevailing tariffs of FY 2024-25 resulting in a revenue gap amounting to Rs. 283.12 Cr. which needs to be funded through additional revenue subsidy from the Government of Nagaland.

Further, any additional gap on account of difference in the Full Cost Tariff & Approved/Subsidised Tariff is also required to be funded through revenue subsidy by the Government. In order to achieve the objective of year-on-year tariffs progressively to reflect the cost of electricity supply, the grant of subsidy shall have to be reduced every year in decrementing fashion and ultimately make the power utility to manage without Government subsidy support.

The Section 65 of the Electricity Act, 2003 mandates that the State Government shall release subsidy amount due to the Licensee in advance so as to enable the licensee to implement the subsidized tariffs to their consumers as per subsidised Tariff rates (Detailed Revenue calculation of subsidised Tariff is given at Annexure-I). The State Government should release the above stated subsidy amount in Twelve (12) equal monthly instalments amounting to Rs. 15.34 Cr. (Rupees Fifteen Cr. Thirty-Four Lakhs only) every month in advance as enshrined in Section 65 of Electricity Act, 2003. However, in the event of delay or non-receipt of subsidy in advance in any month from the Government, the licensee shall adopt the applicable full cost tariff (FCT) rates indicated below while issuing the monthly energy bill for that relevant month/months. Detailed calculation of FCT is placed at Annexure-II for reference. A brief summary is tabulated below for reference.

Table 7.41: Full Cost Tariff based Expected Revenue for FY 2025-26

S. No.	Category / Slab of Consumers	Approved Energy Sales (MUs)	Average Rate (Rs./Kwh)	Approved for the FY 2025-26 (Rs. Cr.)
A	Domestic	263.89	14.41	380.33
B	Industrial	11.48	16.44	18.87
C	Bulk Supply	86.73	16.00	138.77
D	Commercial	62.47	17.54	109.58
E	Public water works & sewage	0.13	12.20	0.16
F	Public Lighting	1.20	14.83	1.78
G	Agriculture	0.01	10.15	0.01
H	Single Point Metered Rural	61.43	12.40	76.18
I	Single Point Metered Urban	12.56	12.60	15.83
K	Total within the State	499.91	14.83	741.51

There could be a situation, where the outstanding monthly subsidy pending was released by the Government after passage of much time elapse and thereby consumers were to be billed at full cost tariffs in those relevant month or months when subsidy was not paid in advance. Given the situation, the entire excess amount so charged to all consumers on account of full cost tariff adoption shall have to be refunded as deduction by treating such excess amount laying with Licensee as an advance payment to the licensee to be settled at one time in the immediate monthly billing cycle where bills are being issued to respective consumers soon after receipt of such pending subsidy relating to the past month/months. If in case, the excess amount so refundable is exceeding the monthly billing amount to be so adjusted in case of any consumer/consumers, then such excess amount unrefunded may be carried forward and be adjusted in the immediately following monthly bill/bills to be issued to such consumer/consumers until full settlement is done in toto.

Lastly, the brief summary of the Commission's calculations in support of subsidy amount deduced, the average of supply and the average revenue realization details are tabulated in the following table.

Table 7.42: Average Cost of Electricity Supply within Nagaland for FY 2025-26

Sl. No.	Particulars	Proposed by DPN	Approved by Commission
1	Net Revenue Requirement	938.54	857.63
2	Revenue from Retail Sales at proposed Tariff	353.11	345.86
3	Revenue from Sale of Power-Exchange	93.19	116.11
4	Revenue Subsidy - Govt. of Nagaland	209.12	209.12
5	Gap (1-2-3-4)	283.12	186.54
6	Additional Govt. Subsidy/Support	283.12	186.54
7	Net Gap (5-6)	0.00	0.00
8	Energy Sales within the state (In MUs)	506.44	499.91
9	Average cost (In Rs./kWh)	16.69	14.83
10	Average revenue realisation (In Rs./kWh)	6.97	6.92
11	Average rate of subsidy (In Rs./kWh)	9.72	7.91

8. TARIFF PRINCIPLES AND DESIGN

8.1 Background

- (a) The Commission in determining the revenue requirement of DPN for the FY 2025-26 and the retail tariff for the FY 2025-26 has been guided by the provisions of the Electricity Act, 2003, the National Tariff Policy (NTP), Regulations on Terms and Conditions of Tariff issued by the Central Electricity Regulatory Commission (CERC) and Regulations on Terms and Conditions of Tariff notified by the NERC. Section 61 of the Act lays down the broad principles, which shall guide determination of retail tariff. As per these principles the tariff should “Progressively reflect cost of supply” and also reduce cross subsidies “within the period to be specified by the Commission”. The Act lays special emphasis on safeguarding consumer interests and also requires that the costs should be recovered in a reasonable manner. The Act mandates that tariff determination should be guided by the factors, which encourage competition, efficiency, economical use of resources, good performance and optimum investment.

The NTP notified by Government of India provides comprehensive guidelines for determination of tariff as also working out the revenue requirement of power utilities. The Commission has endeavored to follow these guidelines as far as possible.

- (b) The mandate of the NTP on cross subsidy is that tariff should be within plus / minus 20% of the average cost of supply. This could not be achieved due to high cost of power, low paying capacity of the consumers and lack of industrialization. The DPN has not furnished the voltage-wise cost of supply. A directive has been issued in this order to build up data to arrive at cost of supply at various voltage levels etc. Hence, in working out the cost of supply, the Commission has gone on the basis of average cost of supply in the absence of relevant data for working out consumer category wise cost of supply. However, in this tariff order an element of performance target has been indicated by maintaining the set target for T&D loss reduction. This guides the DPN for better performance by reduction of loss level, which will result in substantial reduction in average cost of supply.
- (c) Section 8.3 of National Tariff Policy lays down the following principles for tariff design:

- (i) In accordance with the National Electricity Policy, consumers below poverty line who consume below a specified level, say 30 units per Month, may receive a special support through cross subsidy. Tariffs for such designated group of consumers will be at least 50% of the average cost of supply. This provision will be re-examined after five years.
- (ii) For achieving the objective that the tariff progressively reflects the cost of supply of electricity, the SERC would notify the roadmap, with a target that tariffs are within $\pm 20\%$ of the average cost of supply. The road map would have intermediate milestones, based on the approach of a gradual reduction in cross subsidy.
- (iii) For example, if the average cost of service is Rs. 3.00 per unit, at the end of year 2010-11 the tariff for the cross subsidized categories excluding those referred to in para-1 above should not be lower than Rs. 2.40 per unit and that for any of the cross subsidizing categories should not go beyond Rs. 3.60 per unit.
- (iv) While fixing tariff for agricultural use, the imperatives of the need of using ground water resources in a sustainable manner would also need to be kept in mind in addition to the average cost of supply. The tariff for agricultural use may be set at different levels for different parts of the State depending on the condition of the ground water table to prevent excessive depletion of ground water.”
- (v) NERC MYT Regulations, 2016 specifies that
 - a. The cross subsidy for a consumer category means the difference between the average per unit rate based on tariff schedule of the Commission for that Category and the combined average cost of supply per unit expressed in percentage terms as a portion of the combined average cost of supply.
 - b. In the first phase, the Commission shall determine the tariff, so that it progressively reflects the combined average cost of supply of electricity and also reduce cross-subsidies within a reasonable period. In the second phase, the Commission shall consider moving towards category wise cost of supply as a basis for determination of tariff.
 - (d) NEP aims at increased access to electricity, supply of reliable and quality power at reasonable rates, minimum lifeline consumption,

financial turnaround of consumer interest. The Commission has considered factors as far as possible which aim at achieving the objectives of NEP while determining the revenue requirement of the DPN and designing the retail tariff for its consumers. It has also aimed to raise the per capita consumption of the State from the existing level. The Commission endeavors that the tariff progressively reflects cost of supply in a shortest period and the government subsidy is reduced gradually. The Tariff has been rationalized with regards to inflation, paying capacity and avoid Tariff shock.

8.2 Tariff Proposed by the DPN and approved by the Commission

8.2.1 Tariff Categories

In the ARR and Tariff Petition of DPN for the control period of FY 2025-26 to FY 2029-30 has not proposed any changes in the existing categories of consumers and tariff structure.

The Commission considers retaining the existing categories as stated below:

- 1 Category 'A' Domestic
- 2 Category 'B' Industrial
- 3 Category 'C' Bulk
- 4 Category 'D' Commercial
- 5 Category 'E' PWW
- 6 Category 'F' Public Light
- 7 Category 'G' Agriculture
- 8 Category 'H' Temporary Connection
- 9 Category 'I' Inter-state
- 10 Kuti Jyoti (Point)
- 11 Single Point Metered Rural
- 12 Single Point Metered Urban

8.2.2 Existing & Proposed Tariff

DPN in its tariff petition for the FY 2025-26 has proposed for revision of the existing retail tariffs to various categories of consumers to earn additional revenue of Rs. 16.84 Cr. to meet the gap partially as shown below:

The DPN has proposed tariff revision with an average increase of 2.20% from the existing tariff. in this Tariff proposal only partial recovery of cost is proposed. The summary of the tariff proposal by DPN for the FY 2025-26 is tabulated below:

Table 8.1: Existing Tariff v/s Proposed Tariff for FY 2025-26

Sl No.	CATEGORY		Existing Rate Rs./kwh	Proposed Rate Rs./kwh
1	2		3	4
A	1	CATEGORY 'A' DOMESTIC		
		(a) 0 to 30 kwh	5.60	5.90
		(b) 31 to 100 kwh	6.10	6.40
		(c) 101 to 250 kwh	6.80	7.15
		(d) > 250 kwh	7.45	7.80
	2	CATEGORY 'B' INDUSTRIAL		
		(a) < 500 kwh	6.80	7.15
		(b) 501 to 5000 kwh	7.35	7.75
		(c) > 5000 kwh	7.85	8.25
	3	CATEGORY 'C' BULK	7.25	7.60
	4	CATEGORY 'D' COMMERCIAL		
		(a) < 60 kwh	7.75	8.15
		(b) 61 to 240 kwh	9.00	9.45
		(c) > 240 kwh	9.40	9.85
	5	CATEGORY 'E' P.W.W.	7.80	8.20
	6	CATEGORY 'F' Public Light	To be recovered from consumers *	To be recovered from consumers *
	7	CATEGORY 'G' INTERSTATE	6.60	6.90
	8	CATEGORY 'H' AGRICULTURE	3.50	3.65

Sl No.	CATEGORY		Existing Rate Rs./kwh	Proposed Rate Rs./kwh
1	2		3	4
	9	CATEGORY 'I' TEMPORARY CONNECTION	DLF Rs.11.50 Others Rs. 14.70	DLF Rs.11.50 Others Rs. 14.70
	10	Kutir Jyoti(point)	Same as DLF	Same as DLF
	11	SINGLE POINT METERED RURAL	5.60	5.90
	12	SINGLE POINT METERED URBAN	5.80	6.10
	*	Charges for public lighting have to be recovered from the Consumers of Domestic, Commercial, Industrial and Bulk categories at the rates shown below:		
		Domestic	Rs. 10 per connection / month	Rs. 10 per connection / month
		Commercial	Rs. 15 per connection / month	Rs. 15 per connection / month
		Industrial	Rs. 20 per connection / month	Rs. 20 per connection / month
		Bulk Supply	Rs. 25 per connection / month	Rs. 25 per connection / month

Table 8.2: Other Charges proposed by DPN for FY 2025-26

Sl. No.	Category		Proposed by DPN
B	OTHER CHARGES		
	(a)	Disconnection charges	Rs.
		i. Single phase L.T.	150/connection
		ii. Three phase L.T.	250/connection
		iii. H.T. consumers (11KV above)	1500/connection
	(b)	Reconnection charges	
		i. Single phase L.T.	150/connection
		ii. Three phase L.T.	250/connection
		iii. H.T. consumers (11KV above)	1500/connection
C	METER RENT		Rs. per meter/month
	i.	Single phase L.T.	20.00

Sl. No.	Category		Proposed by DPN
	ii.	Three phase L.T. (whole current)	50.00
	iii.	Three phase L.T. (CT operated)	100.00
	iv.	11 kv H.T.	500.00
	v.	33 kv H.T.	750.00
	vi.	66 kv EHV	900.00
	vii.	132 kv EHV	1000.00
D	METER TESTING CHARGES		Rs. per meter per test
	i.	Single phase L.T.	100.00
	ii.	Three phase L.T.	300.00
	iii.	Three phase L.T. (11 KV above)	1,000.00
E	SECURITY DEPOSIT		Rs. per connection
	i.	Single phase L.T.	250.00
	ii.	Three phase L.T.	750.00
	iii.	Three phase L.T. (11 KV above)	3,000.00
F	SURCHARGES (DELAYED PAYMENT)		Re.0.10/kwhpm or part thereof
G	BILLING PERIODICALLY		Monthly
H	CHARGES OF POLES USAGE FOR ADVIRTISEMENT		Rupees
	1	Charges for application and agreement forms	100.00
	2	Charges towards dismantling of hoardings/banners	300.00
	3	The pole rental charges for advertisements: -	Rs./per month
		a. Category I-Commercial area (Max size 3'x2')	100.00
		b. Category II-Residential area (Max size 3'x2')	60.00
		c. Category III-National Highway (Max size 3'x2') (Outside the city/town limit)	40.00

Commissions analysis:

The Commission after detailed analysis and prudent scrutiny of the aggregate revenue requirement filed by the DPN, has arrived at a more realistic revenue requirement.

8.2.3 Tariff approved by the Commission

(a) Subsidized Tariff approved for FY 2025-26

Having considered the petition of DPN for approval of Annual Revenue Requirement (ARR) and determination of Retail Tariff for supply of energy and having approved the Annual Revenue Requirement (ARR) with a gap of Rs. 184.05 Cr., the Commission considers to revise the tariff under Telescopic billing as detailed below:

Table 8.3: Tariff approved by the Commission for FY 2025-26

Sl No.	CATEGORY	Existing Rate Rs./kwh	Proposed Rate Rs./kwh	Approved Rate Rs./Kwh
1	2	3	4	
A	1 CATEGORY 'A' DOMESTIC			
	(a) 0 to 30 kwh	5.60	5.90	5.90
	(b) 31 to 100 kwh	6.10	6.40	6.40
	(c) 101 to 250 kwh	6.80	7.15	7.15
	(d) > 250 kwh	7.45	7.80	7.80
	Monthly Minimum charges – Rural		Rs. 150/- pm/kw of contract demand or part thereof	
	Monthly Minimum charges – Urban		Rs. 200/- pm/kw of contract demand or part thereof	
	Monthly Minimum charges – Under Rooftop		Rs. 200/- pm/kw	
	2 CATEGORY 'B' INDUSTRIAL			
	(a) < 500 kwh	6.80	7.15	7.15
	(b) 501 to 5000 kwh	7.35	7.75	7.75
	(c) > 5000 kwh	7.85	8.25	8.25
	Monthly Minimum charges		Rs. 200/- pm/kv of contract demand or part thereof	
	3 CATEGORY 'C' BULK	7.25	7.60	7.60
	Monthly Minimum charges		Rs. 200/- pm/kva of contract demand or part thereof	
	4 CATEGORY 'D' COMMERCIAL			
	(a) < 60 kwh	7.75	8.15	8.15
	(b) 61 to 240 kwh	9.00	9.45	9.45
	(c) > 240 kwh	9.40	9.85	9.85
	Monthly Minimum charges		Rs. 200/- pm/kw of contract demand or part thereof	
	5 CATEGORY 'E' P.W.W.	7.80	8.20	8.20
	Monthly Minimum charges		Rs. 200/- pm/kv or part thereof	
6	CATEGORY 'F' Public Light	To be recovered from consumers *	To be recovered from consumers *	To be recovered from consumers *

SI No.	CATEGORY		Existing Rate Rs./kwh	Proposed Rate Rs./kwh	Approved Rate Rs./Kwh
1	2		3	4	
	7	CATEGORY 'G' INTERSTATE	6.60	6.90	6.90
	8	CATEGORY 'H' AGRICULTURE	3.50	3.65	3.65
	9	CATEGORY 'I' TEMPORARY CONNECTION	DLF Rs.11.50 Others Rs. 14.70	DLF Rs.11.50 Others Rs. 14.70	DLF Rs.11.50 Others Rs. 14.70
	10	Kutir Jyoti(point)	Same as DLF	Same as DLF	Same as DLF
	11	SINGLE POINT METERED RURAL	5.60	5.90	5.90
	12	SINGLE POINT METERED URBAN	5.80	6.10	6.10
<p>* Note: Part-II Metering and Billing of the Communitisation of Electricity management in village Model Rules for Village Electricity Management Board (First Amendment) 2024 states:</p> <p>4(i) "In view of the mandate for ensuring 100% smart metering of all Distribution transformer for proper energy audit and accounting and 100% smart metering of consumers, the billing on single point metering shall cease to exist. The SPM (Smart Meter) shall be utilized as a reference meter for online energy audit and accounting".</p>					
	*	Charges for public lighting have to be recovered from the Consumers of Domestic, Commercial, Industrial and Bulk categories at the rates shown below:			
		Domestic	Rs. 10 per connection / month	Rs. 10 per connection / month	
		Commercial	Rs. 15 per connection / month	Rs. 15 per connection / month	
		Industrial	Rs. 20 per connection / month	Rs. 20 per connection / month	
		Bulk Supply	Rs. 25 per connection / month	Rs. 25 per connection / month	

The above table depicts fixed and energy charge only. However, Tariff Charges with detailed description are given in the Tariff Schedule chapter of this Order.

(b) Full Cost Tariff (FCT) approved for FY 2025-26

With the approved ARR for FY 2025-26, the Commission has worked out the average cost of supply at the rate of Rs. 14.83/kWh. In the event of non-receipt of subsidy in advance in any respective month from the State Government, the Commission considers to indicate the Full Cost Tariff (FCT) for charging the consumer during such month/months as tabulated below:

Table 8.4: Full Cost Tariff approved by the Commission for FY 2025-26

Sl. No.	Category	Energy Charges (Rs./kWh)
1	Category 'A' Domestic	
a)	Up to 30 kwh	14.10
b)	31 to 100 kwh	14.50
c)	101-250 kwh	14.65
d)	Above 250 kwh	14.85
2	Category 'B' Industrial	
a)	Up to 500 kwh	16.10
b)	501 to 5000 kwh	16.60
c)	Above 5000 kwh	17.10
3	Category 'C' Bulk	16.00
4	Category 'D' Commercial	
a)	Up to 60 kwh	17.55
b)	61 to 240 kwh	18.25
c)	Above 240 kwh	18.55
5	Category 'E' PWW	12.20
6	Category 'F' Public Light	14.83
7	Category 'G' Agriculture	10.15
8	Single Point Metered Rural	12.40
9	Single Point Metered Urban	12.60

The above table depicts fixed and energy charge only. However, Tariff Charges with detailed description are given in the Tariff Schedule chapter of this Order.

Table 8.5: Other Charges approved by the Commission for FY 2025-26

Sl. No.	Particulars		Approved by the Commission
B	OTHER CHARGES		
	(a)	Disconnection charges	Rs.
		i. Single phase L.T.	150/connection
		ii. Three phase L.T.	250/connection
		iii. H.T. consumers (11KV above)	1500/connection
	(b)	Reconnection charges	
		i. Single phase L.T.	150/connection
		ii. Three phase L.T.	250/connection
		iii. H.T. consumers (11KV above)	1500/connection
C	METER RENT		Rs. per meter/month
	i.	Single phase L.T.	20.00
	ii.	Three phase L.T. (whole current)	50.00
	iii.	Three phase L.T. (CT operated)	100.00
	iv.	11 kv H.T.	500.00
	v.	33 kv H.T.	750.00
	vi.	66 kv EHV	900.00
	vii.	132 kv EHV	1000.00
D	METER TESTING CHARGES		Rs. per meter per test
	i.	Single phase L.T.	100.00
	ii.	Three phase L.T.	300.00
	iii.	Three phase L.T. (11 KV above)	1,000.00
E	SECURITY DEPOSIT		Rs. per connection
	i.	Single phase L.T.	250.00
	ii.	Three phase L.T.	750.00
	iii.	Three phase L.T. (11 KV above)	3,000.00
F	SURCHARGES (DELAYED PAYMENT)		Re.0.10/kwhpm or part thereof
G	BILLING PERIODICALLY		Monthly
H	CHARGES OF POLES USAGE FOR ADVIRTISEMENT		Rupees
	1	Charges for application and agreement forms	100.00
	2	Charges towards dismantling of hoardings/banners	300.00
	3	The pole rental charges for advertisements: -	Rs./per month
		a. Category I-Commercial area (Max	100.00

Sl. No.	Particulars	Approved by the Commission
	size 3'x2')	
	b. Category II-Residential area (Max size 3'x2')	60.00
	c. Category III-National Highway (Max size 3'x2') (Outside the city/town limit)	40.00

Details are given in tariff schedule in the Appendix.

8.2.4 Tariff for prepaid metered consumers approved by the Commission

The DPN has introduced prepaid metering as pilot scheme for selected subdivisions. The scheme has improved the billing & collection efficiency of the billing function. In order encourage consumers to opt for the prepaid metering system, department proposes separate Tariff Schedule for the prepaid metered consumers. Under prepaid category, Consumers also pay 100% upfront in advance. The tariff for prepaid is therefore proposed at a simple fixed rate for a particular Category as an incentive. Accordingly, an in principle separate Tariff Schedule is proposed for the prepaid metered consumers by DPN for the FY 2025-26. The Tariff proposal for prepaid metered consumers by DPN and approved by the Commission for the FY 2025-26, as detailed below:

(a) Subsidized Tariff approved for FY 2025-26

Table 8.6: Tariff for Prepaid Metered Consumers for FY 2025-26

Sl No.	CATEGORY	Proposed Rate Rs./kwh	Approved Rate Rs./kwh
1	CATEGORY 'A' DOMESTIC		
	All Units	6.05	5.75
2	CATEGORY 'B' INDUSTRIAL		
	All Units	7.10	6.75
3	CATEGORY 'C' BULK		
	All Units	7.35	7.00
4	CATEGORY 'D' COMMERCIAL		
	All Units	9.05	8.60
5	CATEGORY 'H' AGRICULTURE		
	All Units	3.45	3.30

(b) Full Cost Tariff (FCT) approved for FY 2025-26

Sl. No.	Category	Energy Charges (Rs./kWh)
1	Category 'A' Domestic	13.80
2	Category 'B' Industrial	16.00
3	Category 'C' Bulk	15.50
4	Category 'D' Commercial	17.23

Details are given in tariff schedule in the Appendix.

(include minimum charges as part of tariff schedule as approved by Commission)

8.2.5 Common Items

DPN has not proposed any changes in rates and general conditions of supply of electricity to consumers. The Commission has approved it as given in Tariff Schedule in Appendix.

8.2.6 Miscellaneous Charges

DPN has not proposed any changes in the miscellaneous items. The Commission has approved the same rates for all miscellaneous items of services as given in the Tariff Schedule in Appendix.

8.2.7 Time of Day Tariff

Ministry of Power, Government of India vide Notification Dt. 14th June, 2023 Electricity (Rights of Consumers) Amendment Rules, 2023 there by amending the Electricity (Rights of Consumers) Rules, 2020. In the above amendment, requirement of Time-of-Day Tariff was incorporated. The relevant extract of the Rules is provided below:

“(8A) Time of Day Tariff.-The Time of Day tariff for Commercial and Industrial consumers having maximum demand more than ten Kilowatt shall be made effective from a date not later than 1st April, 2024 and for other consumers except agricultural consumers, the Time of Day tariff shall be made effective not later than 1st April, 2025 and a Time of Day tariff shall be made effective immediately after installation of smart meters, for the consumers with smart meters:

Provided that, the Time-of-Day Tariff specified by the State Commission for Commercial and Industrial consumers during peak period of the day shall not be less than 1.20 times the normal tariff and for other consumers, it shall not be less than 1.10 times the normal tariff:

Provided further that, tariff for solar hours of the day, specified by the State Commission shall be at least twenty percent less than the normal tariff for that category of consumers:

Provided also that the Time-of-Day Tariff shall be applicable on energy charge component of the normal tariff: Provided also that the duration of peak hours shall not be more than solar hours as notified by the State Commission or State Load Despatch Centre.

Explanation: - For the purposes of this rule, the expression “solar hours” means the duration of eight hours in a day as specified by the State Commission.....”

In compliance with the above rules, the DPN has proposed its Time of Day Tariff as follows:

a. For Commercial & Industrial Consumers:

<u>Time of Day Tariff</u>	
Time Slot	Energy charge (Rs./kWh)
0600-0800 hrs (peak)	(+) 20% of Normal Rate
0800 -1600 hrs (Solar Hour)	(-) 20% of Normal Rate
1600-2100 hrs (peak)	(+) 20% of Normal Rate
2100-0600 hrs (off-peak)	As Approved

b. For Domestic & Bulk Supply:

<u>Time of Day Tariff</u>	
Time Slot	Energy charge (Rs./kWh)
0600-0800 hrs (peak)	(+) 10% of Normal Rate
0800 -1600 hrs (Solar Hour)	(-) 20% of Normal Rate
1600-2100 hrs (peak)	(+) 10% of Normal Rate
2100-0600 hrs (off-peak)	As Approved

Commission’s Analysis:

It is observed that the Petitioner has claimed Time of Day Tariff for Commercial, Industrial, Domestic & Bulk and Consumers. However, the DPN has not estimated the additional revenue in respect of the same.

In response to the query, the DPN submits that the installation of smart meters is not implemented throughout the state. Therefore, the consumption and corresponding revenue cannot be estimated at this time.

Therefore, the Commission at this stage provisionally approves the Time of Day Tariff as claimed by the DPN. The details of the approved Time of Day Tariff are as follows:

For Commercial & Industrial Consumers:

<u>Time of Day Tariff</u>	
Time Slot	Energy charge (Rs./kWh)
0600-0800 hrs (peak)	(+) 20% of Normal Rate
0800 -1600 hrs (Solar Hour)	(-) 20% of Normal Rate
1600-2100 hrs (peak)	(+) 20% of Normal Rate
2100-0600 hrs (off-peak)	As Approved

c. For Domestic & Bulk Supply:

<u>Time of Day Tariff</u>	
Time Slot	Energy charge (Rs./kWh)
0600-0800 hrs (peak)	(+) 10% of Normal Rate
0800 -1600 hrs (Solar Hour)	(-) 20% of Normal Rate
1600-2100 hrs (peak)	(+) 10% of Normal Rate
2100-0600 hrs (off-peak)	As Approved

Further, the Commission shall approve the revenue received from the Time-of-day Tariff during truing up of the respective year based on the actual sales.

Further, the Commission directs the DPN to submit the quarterly report on the status of installation of smart meters throughout the state of Nagaland.

This order shall come into force from 01.04.2025 and shall remain effective till revised/amended by the Commission. The Order shall be given wide publicity by the petitioner for information of the general public.

By Order of the Commission.

Place: Kohima.

Dated: 28/03/2025

Sd/-
KHOSE SALE
 Chairman
 NERC, Kohima

9. Directives

Background

While examining the information and data contained in the proposed Tariff petition for the control period of FY 2025-26 to FY 2029-30, it is observed that there are data gaps and many vital information were based on certain assumptions; and as a result, there has been difficulties in finalization of Revised ARR and determination of Tariff. Most of the areas of the operational and financial performance of DPN require substantial improvement.

Directives were issued in the previous orders for reducing costs and improving efficiency in the operation of the department. The Commission expected that DPN would take prompt action on the directives and monitor their implementation. DPN is yet to take action on most of the directives. In some cases, action has been initiated but monitoring of the implementation is essential to achieve the objectives of the directives.

In the above background the Commission is constrained to reiterate most of the directives which were issued in the earlier tariff orders and which have not been fully complied with and also hereby issue specific new directives.

Directive 1: Maintenance of Asset Registers and Audited Annual Accounts

DPN is directed to compile & submit the updated Fixed Asset Register and the Annual Accounts along with the Tariff Petition every year. Fixed Asset Register is required to be updated yearly.

Directive 2: Management Information System (MIS)

The DPN has not maintained proper data in respect of sales (slab and sub slab wise), revenue and revenue expenses as also the category wise / slab wise number of consumers, connected load / demand etc. for proper analysis of the past data, based on actuals and estimation of proper projections in consideration of the ARR and Tariff Petition.

The DPN was directed to take steps to build credible and accurate data base and management information system (MIS) to meet the requirements for filing ARR & Tariff Petition as per regulatory requirement and also to suit the Multi Year Tariff principles. The formats, software and hardware are required to be synchronized with the Regulatory Information and Management System (RIMS) circulated by Central Electricity Regulatory Commission (CERC).

DPN has not submitted any compliance in respect of the above directive. DPN is again directed to comply with the directive and submit report on the same along with the next petition.

Directive 3: Pilferage of Energy

Pilferage of energy may be by illegal tapings/hooking from electrical lines, tampering of meters etc. The Commission feels that there is need to launch an extensive drive to remove illegal connections, if any, check meter tampering, replace the defective meters, maintain proper account of un-metered services and keep constant vigil so that corrective measures could be taken to reduce the AT & C losses. Requisite action may be taken as per the provisions under sections 135 and 138 of Electricity Act, 2003.

The DPN was directed to chalk out an action plan and submit to the Commission.

DPN has not submitted any compliance in respect of the above directive. DPN is again directed to comply with the directive and submit report on the same along with the next petition.

Directive 4: Replacement of Non-Functional / Defective Meters

Information on non-functional meters may be obtained from field officers and ensured that data is maintained correctly. Replacement is to be planned and pursued.

DPN is directed to comply with the directive and submit report on the same along with the next petition.

Directive 6: Energy Audit

DPN was directed to get the energy audit done every year & submit the report along with Tariff Petition.

DPN has not submitted any compliance in respect of the above directive. DPN is again directed to comply with the directive and submit report on the same along with the next petition.

Directive 7: Approval of Commission for Investment Plan

DPN was directed to submit the separate proposal for approval of works costing more than Rs. 5 Cr to the Commission.

DPN has not submitted any compliance in respect of the above directive. DPN is again directed to comply with the directive and submit report on the same along with the next petition.

Directives 8: Interest on Security Deposit

The DPN was directed to compile the details of security deposits from consumers and submit the same.

DPN has not submitted any compliance in respect of the above directive. DPN is again directed to comply with the directive and submit report on the same along with the next petition.

Directives 9: Revenue Realization

DPN was directed to sort out an action plan to improve collections by conducting special drive and disconnecting supply to all defaulting consumers effectively.

The DPN has not complied with the direction. Revenue realization is foremost task of the DPN to sustain financially. Top priority is to be given to realize the dues. The commission reiterates its directive and directs the DPN to report the action taken in this regard before filing of the next Tariff Petition.

Directives 10: Transformer failures

The DPN was directed to submit the details of transformer failures during the FY 2023-24 along with steps taken to bring down the same.

DPN has not submitted any compliance in respect of the above directive. DPN is again directed to comply with the directive and submit report on the same along with the next petition.

Directives 13: Specific Tariff to Public Lighting

Charges towards Public Lighting are being collected from other categories of consumers. The Commission is of the view to fix a specific tariff to public lighting as in the case of other categories to be paid by the concerned local bodies being custodians of public lighting. As such the DPN was directed to provide meters to all public lighting connections and take inventory of the connected load and measure the monthly consumption of each public lighting connection and propose specific tariff to public lighting as is prevailing in other electricity utilities in the country from the next tariff filing invariably.

DPN has not submitted any compliance in respect of the above directive. DPN is again directed to comply with the directive and submit report on the same along with the next petition.

Directive 14: Details of Single Point Consumers

Number of Single Point Connections released (Urban & Rural separately) and actual consumption and amount billed during the previous year and estimated for current year and projected for ensuring year was directed to be filed along with the tariff filing. Further, point wise number of consumers existing as on the date should also directed to be furnished.

DPN has not submitted any compliance in respect of the above directive. DPN is again directed to comply with the directive and submit report on the same along with the next petition.

Directive 15: Physical verification of Consumer connections

It was directed that the Physical verification of all consumer connections be done to verify the number of no meter connections, defective meters, wrong classification of categories, unauthorized connections, unauthorized additional load, tempered seal of the meter etc.

For this purpose, an action plan should be chalked out making each sub-division as a unit and deploying all staff in the sub-division for one day in a week to check all connections in a nominated section on that day. Thus, in a month, four sections will be covered.

A brief outcome of the operation was directed be reported to the Commission along with action proposed on the reports.

DPN has not submitted any compliance in respect of the above directive. DPN is again directed to comply with the directive and submit report on the same along with the next petition.

Directive 17: Assessment of arrears

DPN was directed to conduct an exercise of review of Arrears from sale of power. This is required to be done category wise and division wise. The ageing analysis of the arrears is also required to be done. DPN should also identify the bad debts and recoverable debts.

DPN has not submitted any compliance in respect of the above directive. DPN is again directed to comply with the directive and submit report on the same along with the next petition.

10. WHEELING CHARGES

10.1 Wheeling Charges

The net ARR has been approved in chapter 7 is Rs. 857.63 Cr. for the FY 2025-26. The ARR approved is segregated into wire business and retail supply business in accordance with the matrix prescribed in Regulation 72. The allocation matrix is provided in table below:

Table 10.1: Allocation Matrix

(In %)

Sl. No.	Particulars	Wire Business	Retail Supply Business
1	Power Purchase Expenses	0	100
2	Standby Charges	0	100
3	Employee Expenses	60	40
4	Administration & General Expenses	50	50
5	Repair & Maintenance Expenses	90	10
6	Depreciation	90	10
7	Interest on Long-term Loan Capital	90	10
8	Interest on Working Capital and on consumer security deposits	10	90
9	Bad Debts Written off 0% - 100% Income Tax	90	10
10	Transmission Charges intra-State	0	100
11	Contribution to contingency reserves, if any	100	0
12	Return on Equity	90	10
13	Non-Tariff Income	10	90

10.2 Segregation of Cost

The total fixed cost excluding power purchase/generation costs and transmission charges are segregated into wire business and retail supply business as per the above matrix as detailed in table below:

Table 10.2: Segregation of Wire and Retail Supply Costs for FY 2024-25

S. No.	Particulars	FY 25-26 (Approved)	Wire Business	Retail Supply Business
1	Cost of power purchase	479.56		479.56
2	Transmission charges	84.68		84.68
3	Cost of Generation	16.45		16.45
4	Employee Expenses	187.97	112.78	75.19
5	Repair & Maintenance Expenses	16.85	15.16	1.68
6	Administration & General Expenses	4.31	2.15	2.15
7	Operational Expenses- Smart Prepaid Metering	27.01		27.01
8	Interest and finance charges	-		
9	Depreciation	77.64	69.88	7.76
10	Interest on working capital	-		
11	Return on Equity	-		
12	Total Revenue Requirement (1 to 11)	894.47	199.98	694.50
13	Less: Non-Tariff Income	5.71	0.57	5.14
14	Less: Surplus of FY 2023-24	31.14	3.11	28.03
15	Net Revenue Requirement (12-13-14)	857.63	196.29	661.33

10.3 Wheeling Tariff

The wheeling charges have been computed on the basis of approved costs of DPN for wire business and the total energy expected to be wheeled through its network. In the absence of segregated data on costs of operation of 33 kV and 11 kV networks and sales, wheeling charges are not segregated voltage wise. Combined wheeling charges determined are given in table below:

Table 10.3: Wheeling Tariff approved by the Commission

Sl. No.	Particulars	FY 2025-26
1	ARR for wheeling function approved by the Commission (Rs. in Cr.)	196.29
2	Total sales within State - approved (In MUs)	499.91
3	Wheeling Tariff (Rs./kWh)	3.92

The Commission approves wheeling Tariff at Rs. 3.92/kWh for the FY 2025-26.

11. FUEL AND POWER PURCHASE COST ADJUSTMENT

11.1 Background

Section 62 sub-section 4 of the Electricity Act, 2003 provides that no tariff or part of any tariff may ordinarily be amended, more frequently than once in every financial year, except in respect of any changes expressly permitted under the terms of any fuel surcharge formula as may be specified. This provision of the Act requires the Commission to specify the formula for fuel surcharge.

Accordingly, the Commission has specified the formula for working out the Fuel and Power Purchase Cost Adjustment (FPPCA) charges and other terms and conditions of FPPCA allowed the distribution licensee to recover the FPPCA charges from the consumers vide Regulation 98 (13) of NERC (Terms and Conditions for determination of Tariff) Regulations, 2010.

Accordingly, the amount of Fuel and Power Purchase Cost Adjustment (FPPCA) charges shall be computed as under:

$$\text{FPPCA (Ps./kWh)} = \frac{Q_c(RC_2 - RC_1) + Q_0(RO_2 - RO_1) + Q_{pp}(R_{pp2} - R_{pp1}) + V_z + A}{(Q_{Pg1} + Q_{pp1} + Q_{pp2}) \times \left[1 - \frac{L}{100} \right]} \times 100$$

Where,

Q_c = Quantity of coal consumed during the adjustment period in Metric Tons (MT).

= $(SHR \times Q_{pg}) (1 + TSL) \times 1000 / GCV$, or actual whichever is less.

R_{c1} = Weighted average base rate of coal supplied ex-power station coal yard as approved by the Commission for the adjustment period in Rs./MT

R_{c2}	=	Weighted average base rate of coal supplied ex-power station coal yard for the adjustment period in Rs./MT
Q_o	=	Actual Quantity of oil (in KL) consumed during the adjustment period or normative oil consumption as per Tariff order whichever is less.
R_{o1}	=	Weighted average base rate of oil ex-power station (Rs./KL) approved by the Commission for the adjustment period.
R_{o2}	=	Weighted average actual rate of oil ex-power station supplied (Rs./KL) during the adjustment period.
Q_{pp}	=	Total power purchased from different sources(kWh)= $Q_{pp2}+Q_{pp3}$
Q_{pp1}	=	$Q_{pp3} \left[1 - \frac{TL}{100}\right]$ in kWh
TL	=	Transmission loss (CTU) (in percentage terms).
Q_{pp2}	=	Power Purchase from sources with delivery point within the state transmission or distribution system (in kWh)
Q_{pp3}	=	Power Purchase from sources on which CTU transmission loss is applicable (in kWh)
R_{pp1}	=	Average rate of Power Purchase as approved by the Commission (Rs./kWh)
R_{pp2}	=	Average rate of Power Purchase as approved by the Commission (Rs./kWh)
Q_{pg}	=	Own power generation (kWh)

Q_{pg1}	=	Own Power generation (kWh) at generator terminal – approved auxiliary consumption
L	=	Percentage T&D loss as approved by the Commission or actual, whichever is lower.
SHR	=	Station Heat Rate as approved by the Commission (Kcal / kWh)
TSL	=	Percentage Coal Transit and Stacking Loss as approved by the Commission
GCV	=	Weighted average gross calorific value of coal as fired basis during the adjustment period (Kcal / Kg)
V_z	=	Amount of variable charges on account of change of cost of unknown factors like water charges, taxes or any other unpredictable and unknown factors not envisaged at the time of Tariff fixation subject to prior approval of the Commission (Rs.)
A	=	Adjustment, if any, to be made in the current period to account for any excess / shortfall in recovery of fuel of Power Purchase cost in the past adjustment period, subject to the approval of the Commission (Rs.)

If there are more than one power stations owned by the Licensee Q_c , R_{c1} , R_{c2} , Q_o , R_{o1} , R_{o2} , Q_{pg} and Q_{pg1} will be computed separately for each power station and sum of the increase/decrease of cost of all power stations shall be taken into consideration.

The Generating Company can levy FPPCA charges with the prior approval of the Commission.

Terms and conditions for application of the FPPCA formula

- 1) The basic nature of FPPCA is 'adjustment' i.e. passing on the increase or decrease in the fuel costs and power purchase cost, as the case may be, compared to the approved fuel costs and power purchase costs in this Tariff Order.

- 2) The operational parameters / norms fixed by the Commission in the Tariff Regulations / Tariff Order shall be the basis of calculating FPPCA charges.
- 3) The FPPCA will be recovered every month in the form of an incremental energy charge (Rs./kwh) in proportion to the energy consumption and shall not exceed 10% of the approved avg. cost of supply in the Tariff order and balance amount, if any, in the FPPCA over and above this ceiling shall be carried forward to be billed in subsequent month.
- 4) Incremental cost of power purchase due to deviation in respect of generation mix or power purchase at higher rate shall be allowed only if it is justified to the satisfaction of the Commission.
- 5) Any cost increase by the licensee by way of penalty, interest due to delayed payments, etc. and due to operational inefficiencies shall not be allowed.
- 6) FPPCA charges shall be levied on all categories of consumers.
- 7) Distribution licensee shall file detailed computation of actual fuel cost in Rs./kWh for each month for each of power stations of the state generators as well as cost of power purchase (Fixed and Variable) from each source/station and a separate set of calculations with reference to permitted level of these costs.
- 8) The data in support of the FPPCA claims shall be duly authenticated by an officer of the licensee, not below the rank of Chief Engineer on an affidavit supported with the certified copy of energy bills of power purchase, transmission and RLDC charges, bill for coal purchase and its transportation cost, oil purchase bill and the quantity of coal and oil consumed during the month.
- 9) Levy of FPPCA charge will be allowed only when it is ten (10) paise or more per unit. If it is less than 10 (ten) paise/unit, the same may be carried forward for adjustment in the next month.
- 10) The incremental cost per kWh due to this FPPCA arrived for a month shall be recovered in the energy bill of the month subsequent to the order of the Commission approving FPPCA with full details of rate and unit(s) on which FPPCA charges have been billed. The Generating Company and the Distribution Companies shall provide along with the proposal of FPPCA (as applicable to them) for a month, a compliance report of the previous order of the commission in respect of FPPCA.

ANNEXURE – I

REVENUE FROM APPROVED/REVISED TARIFF FOR THE FY 2025-26

Sl. No.	Category	No. of Consumers	Energy Sales (In MUs)	Energy Charges (Rs./kWh)	Revenue (Rs. in Crs.)
1	Category 'A' Domestic				
a)	Up to 30 kwh		39.71	14.10	56.00
b)	31 to 100 kwh		106.87	14.50	154.96
c)	101-250 kwh		33.79	14.65	49.51
d)	Above 250 kwh		43.97	14.85	65.30
	Total	1,64,083	224.35		325.76
2	Category 'B' Industrial				
a)	Up to 500 kwh		3.73	16.10	6.01
b)	501 to 5000 kwh		5.36	16.60	8.90
c)	Above 5000 kwh		1.38	17.10	2.36
	Total	4,083	10.47		17.27
3	Category 'C' Bulk	2,554	86.72	16.00	138.75
4	Category 'D' Commercial				
a)	Up to 60 kwh		40.61	17.55	71.27
b)	61 to 240 kwh		2.40	18.25	4.38
c)	Above 240 kwh		2.96	18.55	5.49
	Total	15,506	45.96		81.13
5	Category 'E' PWW	38	0.13	12.20	0.16
6	Category 'F' Public Light	621	1.20	14.83	1.78
7	Category 'G' Agriculture	8	0.01	10.15	0.01
9	Single Point Metered Rural	1,17,825	61.43	12.40	76.18
10	Single Point Metered Urban	11,435	12.56	12.60	15.83
11	Grand Total	3,16,153	442.84		656.86

Sl. No.	Category	No. of Consumers	Energy Sales (In MUs)	Energy Charges (Rs./kWh)	Revenue (Rs. in Crs.)
1	Category 'A' Domestic	20,061	39.54	13.80	54.57
2	Category 'B' Industrial	580	1.01	16.00	1.61
3	Category 'C' Bulk	2	0.02	15.50	0.02
4	Category 'D' Commercial	6,109	16.51	17.23	28.45
	Total	26,752	57.07		84.65

ANNEXURE – II

FULL COST TARIFF BASED REVENUE FOR THE FY 2025-26

Sl. No.	Category	No. of Consumers	Energy Sales (In MUs)	Energy Charges (Rs./kWh)	Revenue (Rs. in Crs.)	Average Revenue (Rs./kWh)
<i>Calculation of Revenue from Postpaid Connection</i>						
1	Category 'A' Domestic					
a)	Up to 30 kwh		39.71	14.10	56.00	
b)	31 to 100 kwh		106.87	14.50	154.96	
c)	101-250 kwh		33.79	14.65	49.51	
d)	Above 250 kwh		43.97	14.85	65.30	
	Total	1,64,083	224.35		325.76	14.52
2	Category 'B' Industrial					
a)	Up to 500 kwh		3.73	16.10	6.01	
b)	501 to 5000 kwh		5.36	16.60	8.90	
c)	Above 5000 kwh		1.38	17.10	2.36	
	Total	4,083	10.47		17.27	16.49
3	Category 'C' Bulk	2,554	86.72	16.00	138.75	16.00
4	Category 'D' Commercial					
a)	Up to 60 kwh		40.61	17.55	71.27	
b)	61 to 240 kwh		2.40	18.25	4.38	
c)	Above 240 kwh		2.96	18.55	5.49	
	Total	15,506	45.96		81.13	17.65
5	Category 'E' PWW	38	0.13	12.20	0.16	12.20
6	Category 'F' Public Light	621	1.20	14.83	1.78	
7	Category 'G' Agriculture	8	0.01	10.15	0.01	10.15
8	Category 'H' Temporary Connection					
9	Category 'I' Inter-state					
10	Kuti Jyoti (Point)					
11	Single Point Metered Rural	1,17,825	61.43	12.40	76.18	12.40
12	Single Point Metered Urban	11,435	12.56	12.60	15.83	12.60

Sl. No.	Category	No. of Consumers	Energy Sales (In MUs)	Energy Charges (Rs./kWh)	Revenue (Rs. in Crs.)	Average Revenue (Rs./kWh)
13	Grand Total	3,16,153	442.84		656.86	14.83

<i>Calculation of Revenue from Prepaid Connection</i>						
Sl. No.	Category	No. of Consumers	Energy Sales (In MUs)	Energy Charges (Rs./kWh)	Revenue (Rs. in Crs.)	Average Revenue (Rs./kWh)
1	Category 'A' Domestic	20,061	39.54	13.80	54.57	
2	Category 'B' Industrial	580	1.01	16.00	1.61	
3	Category 'C' Bulk	2	0.02	15.50	0.02	
4	Category 'D' Commercial	6,109	16.51	17.23	28.45	
	Total	26,752	57.07		84.65	14.83

ANNEXURE – III

Sl. No.	Category	Full Cost Tariff			Subsidy			Approved Tariff		
		Full Cost Tariff (Rs./kWh)	Units (In MU/s)	Revenue (Rs. In Crs.)	Subsidy (Rs./kWh)	Units (In MU/s)	Revenue (Rs. In Crs.)	Approved Tariff (Rs./kWh)	Units (In MU/s)	Revenue (Rs. In Crs.)
1	DOMESTIC									
	(a) 0 to 30 kwh	14.10	39.71	56.00	8.20	39.71	32.57	5.90	39.71	23.43
	(b) 31 to 100 kwh	14.50	106.87	154.96	8.10	106.87	86.56	6.40	106.87	68.39
	(c) 101 to 250 kwh	14.65	33.79	49.51	7.50	33.79	25.34	7.15	33.79	24.16
	(d) > 250 kwh	14.85	43.97	65.30	7.05	43.97	31.00	7.80	43.97	34.30
2	INDUSTRIAL									
	(a) < 500 kwh	16.10	3.73	6.01	8.95	3.73	3.34	7.15	3.73	2.67
	(b) 501 to 5000 kwh	16.60	5.36	8.90	8.85	5.36	4.75	7.75	5.36	4.16
	(c) > 5000 kwh	17.10	1.38	2.36	8.85	1.38	1.22	8.25	1.38	1.14
3	BULK	16.00	86.72	138.75	8.40	86.72	72.84	7.60	86.72	65.90
4	COMMERCIAL									
	(a) < 60 kwh	17.55	40.61	71.27	9.40	40.61	38.17	8.15	40.61	33.09
	(b) 61 to 240 kwh	18.25	2.40	4.38	8.80	2.40	2.11	9.45	2.40	2.27
	(c) > 240 kwh	18.55	2.96	5.49	8.70	2.96	2.57	9.85	2.96	2.91
5	P.W.W.	12.20	0.13	0.16	4.00	0.13	0.05	8.20	0.13	0.11

Sl. No.	Category	Full Cost Tariff			Subsidy			Approved Tariff		
		Full Cost Tariff (Rs./kWh)	Units (In MUs)	Revenue (Rs. In Crs.)	Subsidy (Rs./kWh)	Units (In MUs)	Revenue (Rs. In Crs.)	Approved Tariff (Rs./kWh)	Units (In MUs)	Revenue (Rs. In Crs.)
6	INTERSTATE							6.90		
7	AGRICULTURE	10.15	0.01	0.01	6.50	0.01	0.01	3.65	0.01	0.00
8	TEMPORARY CONNECTION									
	DLF							11.50		
	Others							14.70		
9	PUBLIC LIGHTING	14.93	1.20	1.79	0.00	1.20	0.00	14.93	1.20	1.79
10	SINGLE POINT METERED RURAL	12.40	61.43	76.18	6.50	61.43	39.93	5.90	61.43	36.25
11	SINGLE POINT METERED URBAN	12.60	12.56	15.83	6.50	12.56	8.17	6.10	12.56	7.66
12	Total Postpaid within the State (1 to 11)		442.84	656.88		442.84	348.63		442.84	308.24

II. Full Cost Tariff, Subsidy & Subsidised Proposed Tariff for the FY 2025 -26 (Prepaid)										
Sl. No.	Category	Full Cost Tariff			Subsidy			Approved Tariff		
		Full Cost Tariff (Rs./kWh)	Units (In MU/s)	Revenue (Rs. In Crs.)	Subsidy (Rs./kWh)	Units (In MU/s)	Revenue (Rs. In Crs.)	Approved Tariff (Rs./kWh)	Units (In MU/s)	Revenue (Rs. In Crs.)
1	DOMESTIC									
	All Units	13.80	39.54	54.57	8.05	39.54	31.83	5.75	39.54	22.74
2	INDUSTRIAL									
	All Units	16.00	1.01	1.61	9.25	1.01	0.93	6.75	1.01	0.68
3	BULK									
	All Units	15.50	0.02	0.02	8.50	0.02	0.01	7.00	0.02	0.01
4	COMMERCIAL									
	All Units	17.23	16.51	28.45	8.63	16.51	14.25	8.60	16.51	14.20
5	AGRICULTURE									
	All Units									
6	Total Prepaid within the State (1 to 5)		57.07	84.65		57.07	47.02		57.07	37.62
7	Total Postpaid & Prepaid within the State [(I (12) + II (6)]		499.91	741.53		499.91	395.65		499.91	345.86

Minutes of the 19th Meeting of the State Advisory Committee (SAC)

Venue : Hotel Japfu, Kohima, Nagaland.
Date : 13th March, 2025 (Thursday)
List of Participants : Enclosed as Annexure-I

The meeting was chaired by Shri. Khose Sale, Chairman, Nagaland Electricity Regulatory Commission (NERC). He welcomed the SAC Members, representatives from Department of Power (DPN), New & Renewable Energy (N&RE), Electrical Inspectorate and M/s. Esen Electricals and expressed his wish for a good interaction and a fruitful discussion ahead.

DISCUSSION ON AGENDA ITEMS:

1. Power Point Presentation by Department of Power Nagaland:

The DPN Officials presented a Power Point Presentation on the following topics:

True Up for FY 2023-24:

The DPN Officials presented that the Commission in its Tariff Order dated 27-03-2023 has approved ARR @ Rs. 796.62 Crs, whereas the actual ARR incurred for the same year was @ Rs. 836.91 Crs. The Revenue from retail sales was targeted and approved @ Rs. 423.62 Crs whereas the actual Revenue collected by the DPN was only @ Rs. 323.97 Crs. therefore, the gap between the ARR & Revenue from Tariff is funded through revenue subsidy granted by the State Government. Hence, there is no net Gap for the same year.

Annual Performance Report for FY 2024-25:

The DPN Officials presented that the Commission in its Tariff Order dated 13-03-2024 has approved ARR @ Rs. 867.18 Crs, whereas the estimated ARR to be incurred for the FY 2024-25 is projected @ Rs. 851.65 Crs. The Revenue from retail sales was targeted and approved @ Rs. 539.87 Crs whereas the expected Revenue to be collected at the end of the FY 2024-25 is projected @ Rs. 380.10 Crs only. therefore, the gap between the ARR & Revenue from Tariff will be met through revenue subsidy from the State Government. Hence, there will be no net Gap for the same year.

Annual Revenue Requirement for FY 2025-26:

In regard to the ARR, the DPN has proposed Rs. 938.54 Crs in their petition. The expected Revenue to be collected at the end of the FY 2025-26 is projected @ Rs. 446.30 Crs. The DPN being a Government Department funded by budgetary support from the State Government has proposed that the unrecovered Gap be absorb through subsidy from the State Government.

Energy Requirement:

The Commission in its Tariff Order dated 27-03-2023 has approved Energy sale within the state at 711.58 MU, whereas, the DPN in its True up for FY 2023-24 has submitted the actual Energy sale at 448.81 MU. Further, the Commission in the aforesaid order has approved the Distribution losses at 20% & NER losses at 2.66%, however, the DPN has incurred 46.20% & 8.90% respectively during the FY 2023-24.

Time of the Day Tariff:

In pursuance to the Amendment of Electricity (Rights of Consumers) Rules, 2023 by the Ministry of Power, GoI requirement of ToD tariff was incorporated for Commercial, Industrial, Bulk & Domestic categories of Consumers. In compliance with the aforesaid rules the DPN has filed the ToD proposed tariff requesting for Commission consideration and approval.

Pre-paid meters:

The DPN officials submitted that there are 26,752 nos. of prepaid consumers in operation within the State. And in line with the directions issued by the Ministry of Power, GoI Smart meters will be installed both in urban and rural areas in the subsequent year. Further, the DPN Officials presented that in view of notification by the State Government namely the "Additional Conditions of Supply of Electricity to Villages (First Amendment) Rules, 2024", the Single Point Metering (SPM) has ceased its existence. However, the annual Tariff approved by the Commission in respect of SPM consumers shall continue till such time the SPM is replaced by Smart Meters.

2. Discussion on:**i. Retail Tariff for FY 2025-26 for the Power Department:**

The members present after taking note of the Power Point Presentation presented by the officials of the DPN on Tariff Proposal for FY 2025-26 raised certain queries to the DPN officials regarding revision of tariff in respect of domestic consumers every year.

The DPN officials present in the meeting clarified that 90% of the total consumers in the State are under domestic category. Hence, the revenue generated under domestic category has a direct impact on the total revenue collection of the DPN. Moreover, the average Full Cost Tariff of the DPN is Rs.13.22/kWh but since the DPN being a Government Department funded by budgetary support from the State Government has proposed the Tariff at the subsidised rate. Therefore, the revision of tariff under all category of consumer is required to meet atleast the proposed power purchase cost of the DPN during the FY 2025-26.

Considering the above, the Members present advised the Commission to go ahead with the final determination of the instant Petition filed by the DPN.

ii. Reforms and restructuring of power sector (prepaid meter and corporatization of Department of power, Nagaland):

The DPN officials present in the meeting informed the members present that as on date the department has already installed thirty thousand of prepaid meters within the State. And in view of the direction issued by the Ministry of Power, GoI Smart Metering shall be installed in both urban and rural areas within the State in subsequent years. Further, informed the members that in terms of the “Additional Conditions of Supply of Electricity to Villages (First Amendment) Rules 2024” notified vide Notification dated 27.08.2024 Single Point Metering (SPM) shall cease to exist, however, the SPM annual tariff as determined by the Commission shall continue till their meters are replaced by Smart Meters.

Taking into consideration the views expressed by the DPN officials regarding objection raised by certain NGOs in department initiatives of installation of Smart Meters, the members present advised the DPN officials to organised awareness programme to sensitize the consumer on the benefits and advantages of usages of Smart Meters.

Further, the DPN Officials apprised the Members present that the DPN’s proposal to the State Government for Corporatisation of the Power Department is still pending for approval of the State Cabinet.

iii. Solar Projects in the State (Understanding Hovukhu Solar Project)

Er. Chichanbeni representing the Directorate of New & Renewable Energy (NRE) presented a power point presentation highlighting DNRE achievement and initiatives on Hovukhu Solar Power Plant, Niuland. She informed the

members that the project is established on 50 acres of land allocated by the State Government with a capacity of 5MW as Phase-I commenced on 20th April, 2022. The present Power generated is evacuated through a dedicated 33KV line to Nuiland Substation. The project is funded through Special Assistance from the Central Government under SASCE and the State Government Assistance. Henceforth, the NERC has approved the Full Cost Tariff @ Rs. 3.87/kWh and subsidised Tariff @ Rs.0.47/kWh (against O&M expenditure) after considering the financial assistance from the Central/State Government. The signing of Power Purchase Agreement with the Department of Power, Nagaland is under process.

Further, she informed the members present that the Phase-II is under construction in the same allocated land with a capacity of another 5 MW which is expected to be completed by April 2025. The Tariff petition for determination of Tariff for the said plant is yet to be submitted to the NERC.

iv. Rooftop Solar (Installation and Implementation):

- a. The DPN Officials presented a power Point Presentation on PM Surya Ghar: Muft Bijli Yojana (PMSG:MBY) which was launched on 13th February 2024 by the GoI empowering the Residential Household to generate their own electricity tied with the Grid supply through installation of RTS. He further emphasis on the CFA & State Govt. Subsidies under the said scheme ranging upto 96% to 85% subsidy of the benchmark cost. Under the said scheme, Net Meters will be installed without any charge initially, however, the Cost of the Net Meters shall be recovered from the electricity bills during the first 6 months after commissioning of the RTS system.
- b. The representative of the M/s. Esen Electricals as a Resource Person in the Meeting also presented a Power Point Presentation on the Installation and Implementation of Rooftop Solar in the State as under:

➤ Type of Rooftop Solar Systems:

Sl. No	Type of Rooftop	Remarks
1.	On-Grid System	A system Without Battery (to save electricity bills) and is suitable for cities and heavy consumer (With No or less power outage). It has a Zero Export Device (ZED). Subsidy is available under this system.

2.	Hybrid System	System with Battery (to keep your critical Load running during power outage) and is suitable for a place with frequent Load shedding. Subsidy is available for special category of Hybrid Inverter.
3.	Off-Grid System	System with more Batteries and is suitable for a place where no Grid Supply is available like Farm House/Paddy Field/Hamlets etc. Subsidy not available under this system.

➤ **Approximate cost per kW for On-Grid system as per MNRE:**

1Kw	→	Rs 85,000/- Onwards
2Kw	→	Rs 1,70,000/- Onwards
3Kw	→	Rs 2,15,000/- Onwards
4Kw	→	Rs 2,85,000/- Onwards
5Kw	→	Rs 3,57,000/- Onwards
10Kw	→	Rs 6,07,000/- Onwards

Note :- The above Cost are exclusive of Installation Charges/Transportation Cost

➤ **Subsidy Component:**

The Govt. of India has Sanctioned 75,000/- Crores for subsidy, where consumer can avail subsidy as below:

- i) Rs 30,000/- for 1kW Capacity.
- ii) Rs 60,000/- for 2kW Capacity.
- iii) Rs 78,000/- for 3kW Capacity .
- iv) Above 3kW and upto 10kW Subsidy remains the same as 3kW.
- v) 10% extra subsidy will be provided for NE Region & special category state.
- vi) Consumer will get subsidy amount directly to His/her Account around 30 days after installation.

➤ **Requirement as per usage:**

Sl. No.	Capacity	Remarks
1.	1 kWp RTS	Suitable for low energy consumption household where only few Bulbs, Fans, TV and computer are used.
2.	2 kWp RTS	Suitable for household where extra appliances like washing machine, fridge, AC etc are used.
3.	3 kWp RTS	Suitable for household where more additional Loads like Water Pump, Motor etc are used.
4.	Above 3 kWp RTS	If further additional Load like ACU are required.

➤ **Advantages of installing RTS:**

- a. By generating your own Electricity from Solar Energy, you can significantly lower your monthly electricity bill.
- b. Generating your own Electricity with Solar panels provides you with Energy Independence.
- c. While there is initial investment in installing a solar system, it can lead to long-term saving over the lifespan of the system.
- d. Solar Energy is abundant and inexhaustible, providing reliable source of power even during outages or emergencies.
- e. Theft of Energy and unauthorized usage of electricity contribute to higher energy purchase cost (*while under RTS System, Prosumer will try to export energy to the Grid and hence Theft of Energy may not arise*)

- ESEN Electricals has also informed that the firm has installed 3kW On-Grid system in Fellowship Colony at Dimapur on 31st January 2025, where the system has already generated 397 Units and has exported 170.5 Units to the Grid as on 11th March 2025.

Concluding Remarks:

The Chairperson thanked the SAC Members present and the Departmental officers present for the Successful & Fruitful discussions in the meeting concerning Power Sector in the state and requested to extend their support & cooperation in the days to come.

The Meeting was adjourned accordingly.

(**Er. HEKAVI N AYEMI**)
Deputy Director,
Nagaland Electricity Regulatory
Commission (NERC), Kohima.