

**NAGALAND ELECTRICITY REGULATORY COMMISSION  
(NERC)**



**TARIFF ORDER**

*Dated: 28<sup>th</sup> March, 2025*

**True up of FY 2023-24  
Performance Review for the FY 2024-25  
&  
Business Plan and ARR for 3<sup>rd</sup> 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](mailto:nerc_kohima@yahoo.com)/[www.nerc.org.in](http://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 <sup>rd</sup> 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 <sup>rd</sup><br>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<br>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 |