

Press Release for SOUTHCO Utility

The Commission in pursuant to Section 20 of the Electricity Act, 2003, initiated the process of sale of Utility for SOUTHCO-and the bids were invited as per the issued Request for Proposal (RFP) document.

In the process and on the evaluation of the Bid, The Tata Power Company Limited (TPCL) has been selected as the Successful Bidder in SOUTHCO Utility. The Commission has issued the Letter of Intent (LoI) to the TPCL on 3rd December, 2020. TPCL will acquire fifty one percent (51%) of the ordinary share capital of the Operating Company and GRIDCO will continue to own forty nine percent (49%) of the ordinary share capital.

As per the RFP documents and LoI, all existing employees of SOUTHCO Utility, as on the date of vesting shall be transferred to the Deemed Licensee. The terms and conditions of their employment after the transfer shall not be made inferior to their existing service conditions in any manner. The TPCL has made commitment to bring down AT&C Losses in SOUTHCO to 14.80% in 10 years from the present losses of 35.29%. TPCL has committed to make the following Capital Expenditure in the first five years to improve safety, technological intervention, up gradation of network system and loss reduction.

(Rupees in Crores)

Capex Commitment

FY22	FY23	FY24	FY25	FY26
227.00	316.00	241.00	233.00	150.00

TPCL has also committed to collect arrears of 100 crores in five years time period. The Operating Company will meet its power requirement from GRIDCO through the Bulk Supply Agreement to be executed between the Deemed Licensee and GRIDCO. The current assets and liabilities pertaining to employees, consumers and suppliers, statutory payments etc. as per the existing books of account of SOUTHCO Utility shall be transferred to the Operating Company.

The Operating Company will be issued Licence for 25 years.