

**ODISHA ELECTRICITY REGULATORY COMMISSION**  
**BIDYUT NIYAMAK BHAWAN**  
**UNIT-VIII, BHUBANESWAR - 751 012**  
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**Present:      Shri S. P. Nanda, Chairperson**  
**Shri S. P. Swain, Member**  
**Shri A. K. Das, Member**

**Case No. 73/2014**

WESCO, NESCO & SOUTHCO Utilities	.....	Petitioners
Vrs.		
GRIDCO & GoO	.....	Respondents

**In the matter of: An application seeking direction of the Commission to GRIDCO Ltd. for release of Assets of DISCOMs for hypothecation to REC towards availing counterpart funding loan to execute CAPEX Scheme and submit Compliance of Order dated 29.03.2012 & corrigendum dated 30.03.2012 of the OERC on the above aspect.**

**For Petitioner:**      Shri K. C. Nanda, DGM (Fin.), WESCO Utility, Shri Saktidhar Singh, NESCO Utility, Shri Biranchi Narayan Mallick, CFO, SOUTHCO Utility, Shri Niladri Khadanga, NESCO Utility.

**For Respondent:**      Shri B. D. Ojha, GM (Economist), GRIDCO Limited, Shri S. Sahoo, AGM (Fin.), GRIDCO Limited and Ms. Niharika Pattnayak, Assistant Law Officer, DoE, GoO.

**Order**

**Date of hearing: 05.05.2015**

**Date of order: 17.06.2015**

The present application has been filed by NESCO, WESCO & SOUTHCO Utilities seeking direction to GRIDCO to release the hypothecation on the assets of the utilities retaining an asset of Rs.250 Crs. for arranging counterpart funding from REC by the utilities as directed by the Commission in Case No. 107/2011.

2. As per the revised Capex programme of Govt. of Odisha the implementation of the scheme period has been extended upto 2016 comprising of two phases. According to revised funding arrangement the Petitioners Utilities are required to arrange Rs.50.84 crs. as consolidated counterpart funding for Phase-I and Rs.681.16 crs. for Phase-II. The Petitioner Utilities had approached REC for providing loan towards required counterpart funding against which in principle sanction of loan of an amount of Rs.50.84 crs. (NESCO Utility – Rs.17.05 crs., WESCO Utility – Rs.16.25 crs. and SOUTHCO Utility – Rs.17.09 crs.) has been granted by REC on 18.12.2013. That as

per terms of sanction of loan by REC the utilities were to provide the following as security cover.

*“hypothecation of 100% future assets created out of the project cost and hypothecation of 100% identified assets as project cost (200%) security”.*

3. The Utilities have submitted that they have been regularly requesting GRIDCO to release the asset but till date the same has not been done by GRIDCO. It was also requested by Utilities that in case there is any delay in release of entire assets after retaining assets of Rs.250 crs. at least the assets created under Capex Scheme out of the funding of REC (50%) and equal GoO funding (50%) may be released so that security as per terms of REC can be provided.
4. The petitioners have further submitted that GRIDCO Ltd. on 22.04.2014 intimated the matter to the Govt. of Odisha for suitable order in line with their 153<sup>rd</sup> BOD meeting held on 15.3.2014. Further, the Distribution Utilities on 16.9.2014 have requested GRIDCO Ltd. either to relax the assets to the tune of Rs.50.00 crore each for 3 Distribution Utilities in anticipation of approval from the State Govt. or GRIDCO Ltd. may represent as a guarantor against the proposed loan so that Capex loan would be availed by them.
5. The representative of GRIDCO Ltd. has submitted that vide Commission order in Case No.107 of 2011, both GRIDCO and the then RIL managed DISCOMs had agreed for mutual settlement of Rs.400 crore NTPC bond for an amount of Rs.308.45 crore. This was done with the sole intention to settle the matter in an amicable manner between GRIDCO Ltd. and the then DISCOMs. However, the three Distribution Utilities after paying Rs.113.09 crore defaulted an amount of Rs.195.36 crore by 31.3.2013 and moved to this Commission with a plea to avoid payment or delaying the payment along with a prayer to release the assets of Rs.50 crore each to hypothecate the same to REC for availing counterpart funding loan of Rs.50.84 crore. The present dispute arises due to non payment of balance amount of NTPC bond dues in time.
6. Heard the parties at length and perused the case records. Consequent upon the revocation of licenses of the RIL Managed DISCOMs namely WESCO, NESCO & SOUTHCO, the management control of the above utilities with all assets, interests, liabilities and rights has been vested with CMD, GRIDCO Ltd. The CMD, GRIDCO Ltd. shall function under the supervision and control of the Principal Secretary to Department of Energy, Govt. of Odisha. In view of above changed set up, we are

hopeful that there should be no problem now for releasing assets by GRIDCO/ State Government for availing loan for counterpart funding by Utilities. Moreover, the Capex Scheme has been launched by the Govt. of Odisha in the interest of the consumers of the State.

Hence, the Commission advises the Govt. of Odisha to give its due approval to GRIDCO Ltd. for release of assets worth of Rs.50 crore each for 3 Distribution Utilities in order to avail counterpart funding loan of Rs.50.84 cr. from REC. The Commission also directs GRIDCO Ltd. to take necessary steps for early release of assets in order to provide security cover to REC required for reimbursement of the counterpart funding loan.

7. With the above direction the case is disposed of.

Sd/-  
**(A. K. Das)**  
**Member**

Sd/-  
**(S. P. Swain)**  
**Member**

Sd/-  
**(S. P. Nanda)**  
**Chairperson**