



# POWER SECTOR

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Monthly Update

JANUARY 2022



## 1 Overview



## 2 Trend in Electricity Demand



## 3 Trend in Capacity Addition and Generation Mix



## 4 Trend in Short-Term Tariff and Thermal PLF



## 5 Trend in Indonesian Coal Price Index



## 6 Trend in Renewable Energy Generation



## 7 Trend in Coal Production and Availability



## 8 Key Sector Updates



## 9 Key Rating Actions in Power Sector in December 2021



*Electricity demand growth remained modest at 3.4% in December 2021 and further dropped to 1.2% in first 27 days of January 2022 amid rising infections*

*Tariffs in the spot power market continue to remain well below the peak tariff reported in October 2021*



- **Demand growth remains modest at 3.4% in Dec 2021 on a Year-on-Year (YoY) basis as per CEA provisional data; demand growth at 1.2% for first 27 days of Jan 2022 as per POSOCO:** The all-India electricity demand increased by 9.6% on a YoY basis during 9M FY2022 and was also higher than the pre-Covid period by 4.9%. However, the demand growth slowed down during Sep-Dec 2021 with YoY growth of 2.6% with waning of the base effect. While demand growth was higher in Dec'21 at 3.4% against 2.2% in Nov'21, the growth moderated to 1.2% in Jan'22 as per data from POSOCO till Jan 27<sup>th</sup>. This can be attributed to rise in Covid-19 infections in January 2022 and consequent restrictions in certain states. The fresh rise in infections could be a downside risk for the 8.0% demand growth estimate for FY2022.



- **Tariffs in the spot power market remains in the range of Rs. 3.0-3.5 per unit post October 2021:** The improvement in coal supply to power stations, along with the moderation in electricity demand with the onset of winter season led to lower demand in the spot power market. As a result, the average spot tariff declined to Rs. 3.1 per unit in November 2021 from Rs. 8.0 per unit in October 2021. Thereafter, the prices have continued to remain in the range of Rs. 3.0 to 3.5 per unit up until January 2022 and is in line with our estimate of Rs. 3.5 per unit. The average tariff stood at Rs. 3.3 per unit in January 2022.



- **Coal supply to power sector continues to grow on a YoY as well as MoM basis:** The coal supply to power sector increased by 25% in Q3 FY2022 led by production growth and lower supply to other sectors. While this enabled an improvement in coal stock level at thermal power stations at all India level from the low of 4 days as of September 30, 2021 to 9 days in January 2022, it remains modest at 42% of the normative level. Given the expected increase in demand from Mar'22 with onset of summer season, it remains important to improve the fuel stock levels.



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