



POWER SECTOR

Monthly Update

FEBRUARY 2022



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Electricity demand growth slowed down to 1.3% in Jan'22 amid rising infections; recovery seen in February 2022 with easing of restrictions

Tariffs in the spot power market increased in Feb'22 from Jan'22 with recovery in demand though remaining below the peak of Oct'21



- **Demand growth slowed down to 1.3% in Jan 2022 on a year-on-year (YoY) basis as per CEA provisional data; recovery in Feb'22 with YoY growth of over 4.0% as per POSOCO:** The all-India electricity demand slowed down to 1.3% on a YoY basis in Jan'22 against 3.2% in Dec'21, owing to the pandemic-related restrictions. Nonetheless, the demand growth recovered to over 4.0% in Feb'22 as per the provisional data from POSOCO with the slowdown in fresh infections. Also, the daily average demand remains higher in Feb'22 over Jan'22 by 7.5%. While the demand growth slowed down since September 2021 with waning of the base effect and the rise in fresh Covid-19 infections in Jan'22, the demand remains higher by 8.7% on a YoY basis in 10M FY2022 and the full-year demand growth for FY2022 is expected to remain close to 8.0%.

- **Tariffs in the spot power market increased to Rs. 4.3 per unit in Feb'22 from Rs. 3.4 per unit in Jan'22 with recovery in demand:** The spot power tariffs in the day ahead market (DAM) of Indian Energy Exchange (IEX) increased to Rs. 4.3 per unit in Feb'22 from Rs. 3.4 per unit in Jan'22 amid the recovery in demand and fuel supply constrains in certain regions. Nonetheless, the prices remain below the peak of Rs. 8.0 per unit seen in October 2021. The average spot power tariffs increased to Rs. 4.2 per unit in 10M FY2022 from Rs. 2.8 per unit in FY2021 led by recovery in demand and supply side constraints.

- **Coal supply to power sector continues to grow; slow improvement in coal stock level:** The coal supply to power sector grew at a healthy rate of ~25% since Oct'21. However, the improvement in stock level remains slow post Nov'21 with coal stock of 10 days as on Feb 15, 2022, against the normative requirement of 24 days at the all-India level, with supply and consumption remaining at par. The shortfall in stock level is prominent for state generation utilities in Rajasthan, Gujarat, Madhya Pradesh, Maharashtra, Andhra Pradesh, Karnataka, Tamil Nadu and West Bengal.



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