



# POWER SECTOR

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Monthly Update

MARCH 2022



## 1 Overview



## 2 Trend in Electricity Demand



## 3 Trend in Capacity Addition and Generation Mix



## 4 Trend in Renewable Energy Generation



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



## 6 Trend in Indonesian Coal Price Index



# Agenda

## 7 Trend in Coal Production and Availability



## 8 Key Sector Updates



## 9 Key Rating Actions in Power Sector in February 2022



*Electricity demand growth improved to 5.1% in Feb'22 amid lifting of Covid-19-restrictions; sustained in March 2022 with the onset of summer*

*Tariffs in the spot power market increased in Mar'22 as a result of tight domestic coal supply situation and high international coal prices*



- **Demand growth increased to 5.1% in Feb 2022 on a year-on-year (YoY) basis as per CEA provisional data; growth sustained in Mar'22 with YoY growth of over 4.6% as per POSOCO:** The all-India electricity demand improved by 5.1% on a YoY basis in Feb'22 against 1.6% in Jan'22, owing to the slowdown in Covid-19 infections and restrictions lifted across the country. The demand continued to grow in Mar'22 with YoY growth of 4.6% as per the provisional data from POSOCO for the first 27 days with the onset of summer. While demand growth was healthy at 8.4% on a YoY basis in 11M FY22, it slowed down since Sep'21 with waning of the base effect and Covid-19 infections having surfaced in Jan'22. Nonetheless, with the recovery in Feb'22-Mar'22, demand growth is estimated to close the year at 8.0%. The demand growth for FY2023 is estimated at 6.0-6.5%.
- **Tariffs in the spot power market increased to Rs. 8.0 per unit in Mar'22 from Rs. 4.4 per unit in Feb'22 with rise in coal prices coinciding with recovery in demand:** The prices in the day ahead market (DAM) of Indian Energy Exchange (IEX) increased to Rs. 8.0 per unit in Mar'22 from Rs. 3.4 per unit in Jan'22 amid tight domestic coal supply and increase in international coal prices owing to the Russia-Ukraine conflict along with the electricity demand recovery. The prices have risen back to the October 2021 peak and are expected to remain elevated in the near term, i.e. till the easing of the domestic fuel supply and pick-up in generation from other sources..
- **Improvement in coal stock level is slow and remains a cause for concern in the run-up to the peak summer months:** Coal supply to the power sector increased by 24% since Oct'21 to meet the growing demand from power utilities. However, the improvement in stock levels remains slow with coal stock at 9 days as on Mar 27, 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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