

*Electricity demand is flat in August 2022 on a YoY basis after witnessing a moderate YoY growth of 3.3% in July 2022 due to heavy rainfall and high base effect.*

*Spot power tariffs reduced in Aug '22 from Jul '22 in line with the moderation in demand; however, the tariffs remain higher than the historical average.*



- **Demand growth moderated to 3.3% in July 2022 on a year-on-year (YoY) basis; the trend continues in Aug'22 with demand remaining flat on a YoY basis as per provisional data from POSOCO:** The all-India electricity demand growth moderated to 3.3% in Jul '22 on a YoY basis from 16.7% in Jun'22 with easing of the heat wave conditions and waning of the favourable base effect. Further, the demand remained flat in Aug '22 over Aug '21 as per the data from POSOCO till August 29<sup>th</sup>, owing to the impact of heavy rainfall in certain states and given the high base effect with August 2021 witnessing a significant jump in electricity demand. Nonetheless, the demand growth for FY2023 is estimated to remain healthy at 6.5-7.0%, based on the growth prospects for the economy and the healthy demand growth seen in Q1 FY2023 amid the severe heat wave.



- **Average tariffs in the day ahead spot power market dropped to Rs. 5.0 per unit in Aug'22 from Rs. 5.4 per unit in Jul '22 with moderation in demand:** The average tariffs in the day ahead market (DAM) of Indian Energy Exchange (IEX) reduced to Rs. 5.0 per unit in Aug '22 (as of August 29, 2022) from Rs. 5.4 per unit in Jul '22, with moderation in demand coupled with higher supply from non-thermal sources, like hydro and solar. However, it remains higher against the historical average due to continued supply-side constraints due to tight domestic coal supply and high international coal prices.



- **Coal stock levels continue to witness improvement, though lower than normative levels:** The stock level increased to 10.8 days as on August 27, 2022, from 8.2 days as of April 30, 2022, while remaining lower than the normative levels. The improvement is attributable to the higher supply from coal companies, moderation in electricity demand in recent months and increase in coal imports for blending. However, coal production witnessed a slowdown in July 2022 amid the impact of rainfall on mining operations and consequently, coal supply to the power sector reduced by 10% over June 2022. Further, the order to import coal for blending has been revoked in August 2022.



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