



POWER SECTOR

Monthly Update

OCTOBER 2022



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Electricity demand growth moderated to ~0.3% (YoY) in October 2022 from 12.4% in September 2022 owing to heavy rainfall in first half of Oct '22.

Spot power tariffs declined in Oct '22 over Sep '22 with the sharp moderation in demand outweighing the domestic coal supply constraints



- **Demand growth increased to 12.4% in September 2022 YoY; demand growth moderated to ~0.3% YoY in Oct '22, as per provisional data from POSOCO:** The all-India electricity demand growth increased to 12.4% in Sep'22 on a year-on-year (YoY) basis, from 1.8% in Aug '22 owing to the low base effect and deficient rainfall in the early part of Sep '22. However, the demand growth reduced to 0.3% on a YoY basis for the first 30 days of Oct '22, as per data from POSOCO, owing to heavy rainfall in first half of Oct '22. On a month-on-month (MoM) basis, the demand reduced by 3.0% in Sep '22 over Aug '22, in line with the demand seasonality. The demand is expected to reduce by ~9-10% in Oct '22 over Sep '22. Despite the slowdown in Oct '22, the demand growth remains healthy for the year so far and is estimated to remain at 6.5-7.0% for full year FY2023.



- **Average tariffs in the day-ahead spot power market dipped to Rs. 3.8 per unit in Oct '22 from Rs. 5.6 per unit in Sep '22:** The average tariffs in the day-ahead market (DAM) of the Indian Energy Exchange (IEX) declined to Rs. 3.8 per unit in Oct '22 (as of October 31, 2022) from Rs. 5.6 per unit in Sep '22, with the sharp moderation in demand outweighing the domestic coal supply constraints. Further, the tariffs in Oct '22 have nearly converged to the historical average of Rs. 3.0-3.5 per unit after remaining on the higher side for the past eight months.



- **Coal stock levels increase marginally albeit remaining lower than normative levels:** The coal stock level of the power stations at all-India level increased slightly to 10.0 days as on October 30, 2022 from 9.3 days as on September 30, 2022, though remaining below the normative level of 19.3 days. Coal production slowed since June 2022, given the impact of the rainfall on mining operations, leading to moderation in the coal supply to power stations. Nonetheless, this was offset by the slowdown in demand growth in recent months (though Sep '22 was an exception). The shortfall in coal stocks is prominent for state GENCOs of Haryana, Rajasthan, Andhra Pradesh and Tamil Nadu.



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