

POWER SECTOR

**Demand growth rebounds in Nov'22;
spot power tariffs remain elevated**

NOVEMBER 2022



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Electricity demand growth rebounded to ~12.0% (YoY) in November 2022 from -0.7% in October 2022

Spot power tariffs rose in Nov'22 over Oct'22 and are expected to fluctuate at elevated levels in FY2023 due to high coal prices and subdued domestic stock levels



- **Demand growth moderated to -0.7% in October 2022 YoY; demand growth rebound to ~12.0% YoY in Nov'22, as per provisional data from POSOCO:** The all-India electricity demand growth moderated to -0.7% in Oct'22 on a YoY basis, from 12.7% in Sep'22, owing to heavy rainfall caused by the delayed monsoon withdrawal. However, the demand growth rebounded to 12.3% (YoY) for the first 29 days of Nov'22, as per data from POSOCO. On a MoM basis, demand in Nov'22 is estimated to be ~1.4% lower than Oct'22 due to demand seasonality. Despite the slowdown in Oct'22, the demand growth for the full year is estimated to remain healthy at ~7.0%, led by the high growth witnessed in 7M FY2023. Further, the demand growth for FY2024 is estimated at 5.0-5.5% on the basis of the growth prospects of the Indian economy.



- **Average tariffs in the day-ahead spot power market increased to Rs. 4.6 per unit in Nov'22 from Rs. 3.8 per unit in Oct'22:** The average tariffs in the day-ahead market (DAM) of the Indian Energy Exchange (IEX) rose to Rs. 4.6 per unit in Nov'22 (as of November 29, 2022) from Rs. 3.8 per unit in Oct'22. While the prices have moderated post Q1 FY2023 following the moderation in demand and higher supply from RE and hydro stations, they are expected to fluctuate at elevated levels in FY2023 due to high coal prices and subdued domestic coal stock level.



- **Coal stock levels improve gradually, albeit remaining lower than normative levels:** The coal stock position of the power stations at the all-India level increased slightly to 10.9 days as on November 28, 2022 from 10.0 days as on October 31, 2022, though remaining below the normative level of 20.3 days. This is led by the increase in supply by the coal companies on a MoM basis and moderation in electricity demand. The sustainability of the same remains to be seen. The shortfall is prominent for the state gencos of Rajasthan, Madhya Pradesh, Andhra Pradesh, Tamil Nadu and West Bengal.



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