

# POWER SECTOR

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**Demand growth continues to remain strong in Jan '23**

**JANUARY 2023**



## 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



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Trend in Coal Production and Availability



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Key Sector Updates



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Key Rating Actions in Power Sector in December 2022





## Overview

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*Electricity demand growth robust at ~12.2% (YoY) in January 2023 after having increased to 8.9% in December 2022.*

*Spot power tariffs spiked in Jan '23 over Dec '22 and are expected to fluctuate at elevated levels in FY2023 due to strong demand growth in recent months and high coal prices.*



- **Demand growth healthy at 8.9% in December 2022; strong demand growth continued in Jan '23 at ~12.2%, as per provisional data from POSOCO:** The all-India electricity demand growth remained healthy at 8.9% in Dec '22 on a YoY basis. The demand growth continues to remain strong at 12.2% (YoY) for the first 30 days of Jan '23, as per data from POSOCO. Further, the demand in Jan '23 is estimated to be ~5.5% higher than Dec '22. This is attributable to the resilient economic activity and a favourable base. The all-India electricity demand growth is healthy at 10.4% on a YoY basis in 10M FY2023, led by a severe heat wave across North and Central India, a favourable base effect due to Covid in FY2022 and improved economic activity. The demand growth for the full year FY2023 is estimated to remain strong.



- **Average tariffs in the day-ahead spot power market increased to Rs. 6.2 per unit in Jan'23 from Rs. 5.2 per unit in Dec'22:** The average tariffs in the day-ahead market (DAM) of the Indian Energy Exchange (IEX) rose to Rs. 6.2 per unit in Jan'23 (as on Jan 30, 2023) from Rs. 5.2 per unit in Dec '22. While the prices had 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 strong demand growth and high coal prices.



- **Coal stock movement flat; remains lower than normative levels:** The stock level remained largely similar at 11.9 days as on January 28, 2023 compared to 11.6 days as on December 31, 2022, although lower than the normative level of 22.4 days. This reflects that the higher supply by the coal companies on a MoM basis is matched by the higher electricity demand. In this context, the Government has directed all domestic coal-based generators to import and blend coal to the extent of 6% of their needs for the balance period of FY2023 and H1 FY2024.



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