

POWER SECTOR

**Electricity demand growth at over
7.0% in July 2024**

JULY 2024



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Overview



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Electricity demand growth was healthy at 7.6% during the first 27 days of July 2024 as per the POSOCO data. However, it moderated from June 2024 with easing of the base effect.



- **Demand growth remained healthy at 7.6% YoY in July 2024 as per provisional data from the Power System Operation Corporation (POSOCO), though moderating from 8.2% in June 2024:** All-India electricity demand growth stood at 8.2% (YoY) in June 2024, decreasing from 13.5% in May 2024 owing to easing of favourable base effect. Further, it moderated to 7.6% in the first 27 days of July 2024 as per the data from POSOCO, with easing of the base effect and progress in monsoon rainfall. While the growth may moderate with easing of the base effect, it is expected to remain healthy in FY2025 supported by the growth in economic activity.



- **Spot power tariffs decreased in July 2024:** The average tariffs in the day-ahead market (DAM) of the Indian Energy Exchange (IEX) reduced to Rs. 4.9 per unit in July 2024, from Rs. 5.4 per unit in June 2024. This is owing to the moderation in the demand growth and pick-up in generation from other sources like hydro and wind. However, the tariffs continue to remain healthy and higher than the historical average, remaining positive for the projects exposed to the merchant market.



- **Coal stock at power plants declined in July 2024; albeit higher than July 2023:** The coal stock levels at power plants declined to 16.1 days as on July 28, 2024, from 16.4 days as on June 30, 2024. This is owing to the continued elevated demand from thermal generation. While stocks remained below the normative level, they were better than a year ago. Moreover, the Government extended its order to blend imported coal by thermal power stations till October 15, 2024, to ensure adequate coal stock level.



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