



POWER SECTOR

Electricity demand growth touched a 16-month low in August 2024

AUGUST 2024



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



7 Trend in Coal Production and Availability



8 Key Sector Updates



9 Key Rating Actions in Power Sector in July 2024





Overview



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Electricity demand growth declined to -4.4% during the first 28 days of August 2024 as per the POSOCO data. Heavy rains across the country adversely impacted the demand in August 2024.



- **Demand growth declined to 16-month low at -4.4% YoY in August 2024 as per provisional data from the Power System Operation Corporation (POSOCO):** All-India electricity demand growth moderated to 6.8% in July 2024 from 8.6% in June 2024 with easing of the favourable base. It further moderated to -4.4% in the first 28 days of August 2024 as per data from POSOCO, owing to heavy rains and flash floods across the country. While there is a moderation in growth in recent months, the full-year demand growth is expected to remain healthy at 6.0-6.5% in FY2025, though moderating from that in FY2024.



- **Spot power tariffs decreased in August 2024:** The average tariffs in the day-ahead market (DAM) of the Indian Energy Exchange (IEX) reduced to Rs. 4.4 per unit in August 2024, from Rs. 4.9 per unit in July 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 August 2024; albeit higher than August 2023:** The coal stock levels at power plants declined to 13.8 days as on August 27, 2024, from 15.9 days as on July 30, 2024. This is owing to the continued elevated demand from thermal generation. While the 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 levels.



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