



POWER SECTOR

Spot power tariffs reach three-year low in November 2024

NOVEMBER 2024



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Overview



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Electricity demand increased by 3.3% during the first 27 days of November 2024 on a YoY basis as per POSOCO data, improving from 1.1% in October 2024.



- **Demand growth stood at 3.3% YoY in November 2024 as per provisional data from the Power System Operation Corporation (POSOCO), higher than 1.1% in October 2024:** All-India electricity demand growth recovered to 1.1% in October after staying negative in August and September. The decline in demand was due to an unfavourable base and the adverse impact of heavy rainfall. The demand growth further recovered to 3.3% in the first 27 days of November 2024. While there has been a moderation in growth in recent months, the full-year demand growth is expected to remain reasonable at 5.5-6.0%.



- **Spot power tariffs declined to three-year low of Rs. 3.3 per unit amid subdued demand growth:** The average tariffs in the day-ahead market (DAM) of the Indian Energy Exchange (IEX) stood at Rs. 3.3 per unit in November 2024, significantly lower than Rs. 3.9 per unit in October 2024, given the subdued demand growth and improvement in generation from hydro and nuclear power sources. The spot power tariffs are at a 3-year low in November 2024 and closer to the long-term historical average of Rs. 3.0-3.5 per unit.



- **Coal stock at power plants improved in November 2024; remains significantly higher than November 2023:** The coal stock levels at power plants increased to 13.0 days as on November 26, 2024 from 11.6 days as on October 31, 2024, reversing the declining trend over the past six months. While the stocks remained below the normative level, they were better than the year-ago figures.



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