

POWER SECTOR

Electricity demand growth remains over 9.0% in April 2024, supported by favourable base

APRIL 2024



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Overview



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The growth in electricity demand improved to 9.4% in the first 28 days of April 2024 from 9.2% in March 2024, led by a favourable base.



- **Demand growth remains healthy at 9.4% on a YoY basis in April 2024 as per provisional data from POSOCO, up from 9.2% in March 2024:** All-India electricity demand growth stood at 9.2% (YoY) in March 2024, increasing from 7.5% in February 2024. Further, demand growth improved to 9.4% in the first 28 days of April 2024 according to the Power System Operation Corporation (POSOCO) data, with the onset of summer and a favourable base. The full-year demand growth for FY2024 was healthy at 7.6%. The demand growth is expected to moderate to 5.5-6.0% in FY2025, slightly below ICRA's GDP growth expectation of 6.5%.



- **Spot power tariffs increased in April 2024:** The average tariffs in the day-ahead market (DAM) of the Indian Energy Exchange (IEX) rose to Rs. 5.1 per unit in April 2024, up from Rs. 3.9 per unit in March 2024. This increase can be attributed to the rise in electricity demand. In FY2024, the average spot power tariffs remained elevated at Rs. 5.2 per unit, although lower than Rs. 6.0 per unit in FY2023.



- **Coal stock levels declined marginally in April 2024 at power plants; though remained higher compared to April 2023:** The coal stock levels at power plants declined to 16.9 days as on April 27, 2024, from 17.8 days as on March 31, 2024. This is led by the increase in demand growth with the onset of summer. While the stock levels remained below the normative level, they are still better compared to a year ago. Earlier, the Government extended the order to blend imported coal and operate imported coal-based plants under Section 11 until June 2024.



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