

SectorVector

Reading the topical trends

December 2024

Regaining spark

Industrial activity rekindles demand in November

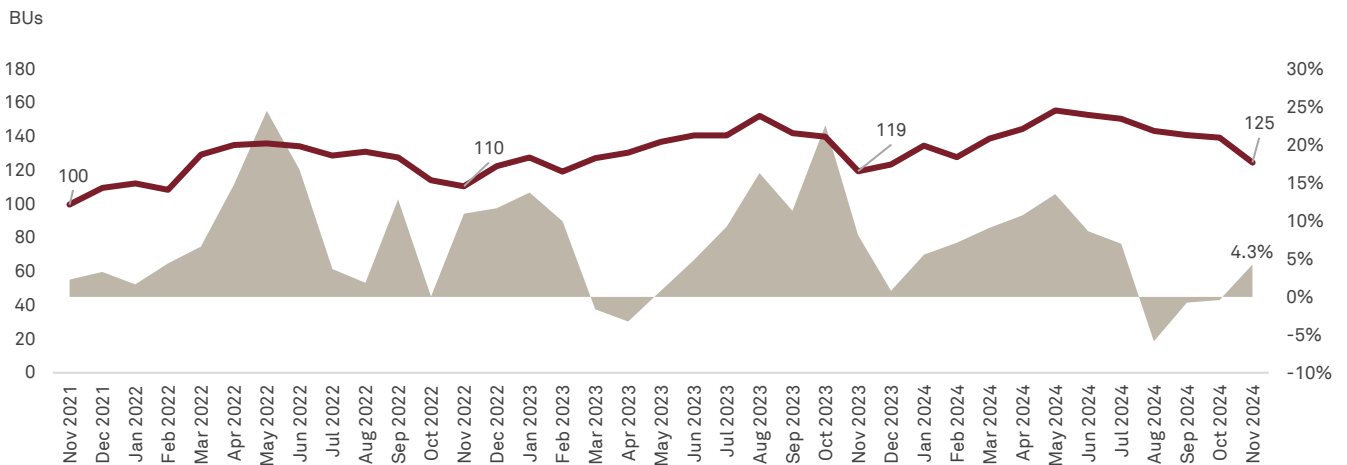
After three consecutive months of muted growth, power demand is estimated to have increased 4.3% on-year to ~125 billion units (BUs) in November.

The recovery rides on a pick-up in industrial activity, as indicated by the Purchasing Managers' Index (PMI) at 56.5, indicating expansion. Notably, industrial and commercial consumers account for almost half of India's total power demand.

Additionally, November recorded the second-highest maximum temperature of 29.37°C and the third-highest average temperature of 23.14°C for the month since 1901.

For the April-November period, power demand is up ~4.7% on-year.

Power demand rebounds in November



Note: November 2024 data from Grid India is provisional
Source: Central Electricity Authority (CEA), Grid India, CRISIL MI&A Research

Peak power demand is estimated to have marginally increased to 207 GW in November from 204 GW a year ago.

Peak power demand stable

GW	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar
FY23	216	206	212	192	197	200	187	188	206	213	210	209
FY24	217	221	224	208	238	243	221	204	213	223	222	221
FY25	224	250	245	226	217	231	219	207				

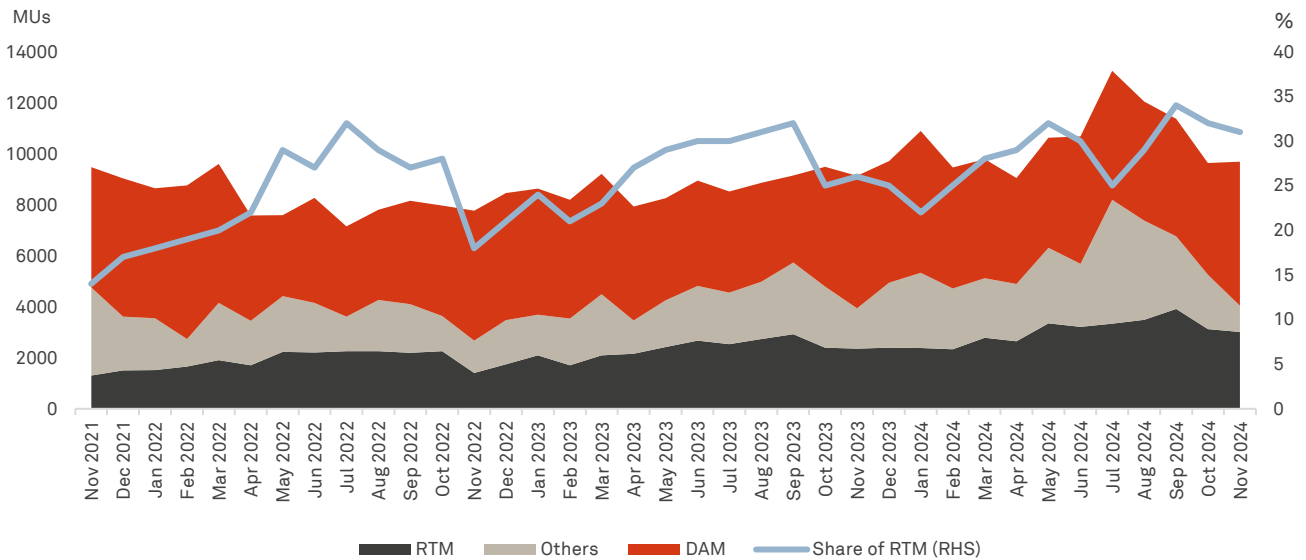
% Dev from peak ■ > 0% and <=5% ■ More than 10%
■ > 5% and <=10% ■ Peak demand for respective fiscal

Note: November 2024 data from Grid India is provisional
 Source: CEA, Grid India, CRISIL MI&A Research

The same trend was observed in the short-term power market. Volume in the real-time market (RTM) surged 28% on-year to 3,019 million units (MUs), while the day-

ahead market (DAM) increased 9.8% on-year to 5,651 MUs. The share of RTM in total Indian Energy Exchange (IEX) volume rose to 31% from 26% in November 2023.

RTM volume up ~28% on-year in November

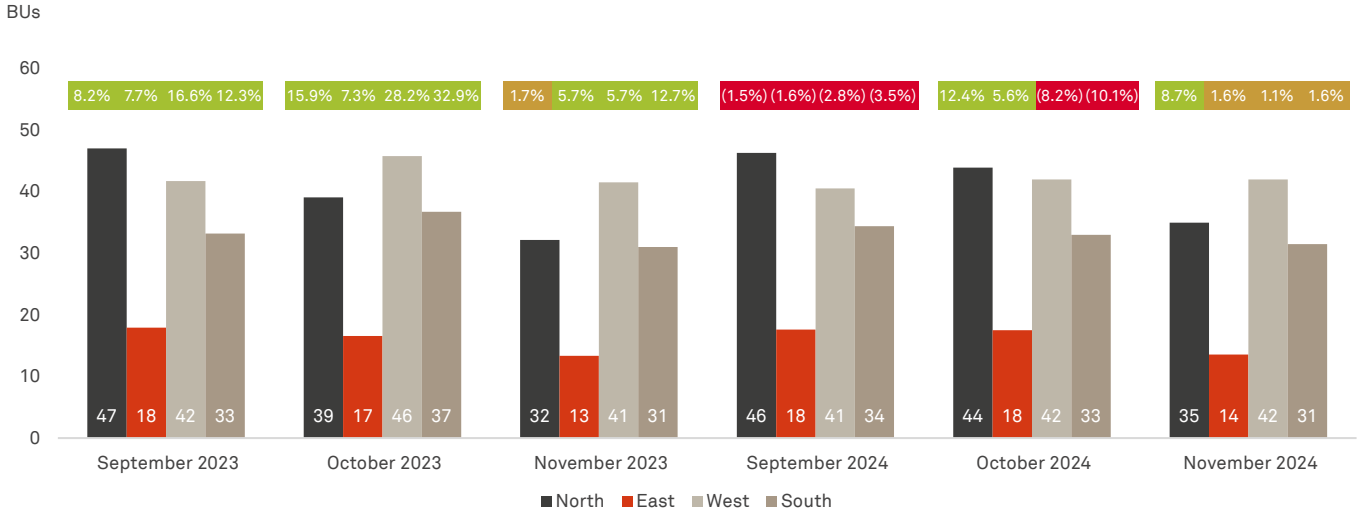


Source: IEX, CRISIL MI&A Research

Region-wise, the trend in power demand shows a wide variation. The northern states, which account for 29% of India's power demand as of fiscal 2024, recorded ~9% rise this November. The western region (the highest

share of 32%) saw just ~1% rise, while the southern and eastern regions registered a sub-2% on-year growth.

North India leads power demand growth



Notes:

- 1) November 2024 data from Grid India is provisional
 - 2) % above the bar indicates on-year power demand growth
 - 3) Red: <0%, yellow: 0-5%, green: >5%
 - 4) North: Chandigarh, Delhi, Haryana, Himachal Pradesh, Jammu and Kashmir, Ladakh, Punjab, Rajasthan and Uttarakhand; West: Chhattisgarh, Gujarat, Madhya Pradesh, Maharashtra, Dadra and Nagar Haveli and Daman and Diu, and Goa; South: Andhra Pradesh, Telangana, Karnataka, Kerala, Tamil Nadu, Puducherry and Lakshadweep. East: Bihar, Damodar Valley Corporation, Jharkhand, Odisha, West Bengal, Sikkim, and Andaman and Nicobar Islands
 - 5) Power demand numbers are rounded off to nearest integer
- Source: CEA, Grid India, CRISIL MI&A Research

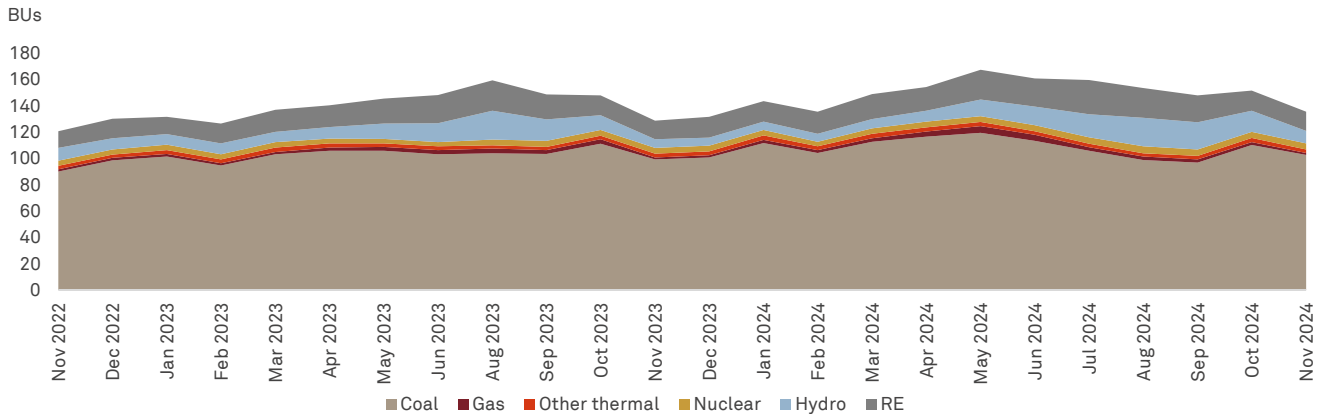
Generation mirrors demand, rises ~5.4% on-year in the month

Power generation is estimated to have increased ~5.4% on-year to ~136 BUs this November, more than meeting the monthly demand.

In a trend reversal, coal generation increased 3.5% on-year in November, after three consecutive months of decline.

Generation of hydro, nuclear and renewable energy increased 43%, 8% and 4% on-year, respectively. Higher hydro generation also rode on the base effect, considering it had declined 33% in November 2023.

Coal generation rises on-year in November after three consecutive months of on-year decline



Source: IEX, CRISIL MI&A Research

Coal stocks improve as production rises

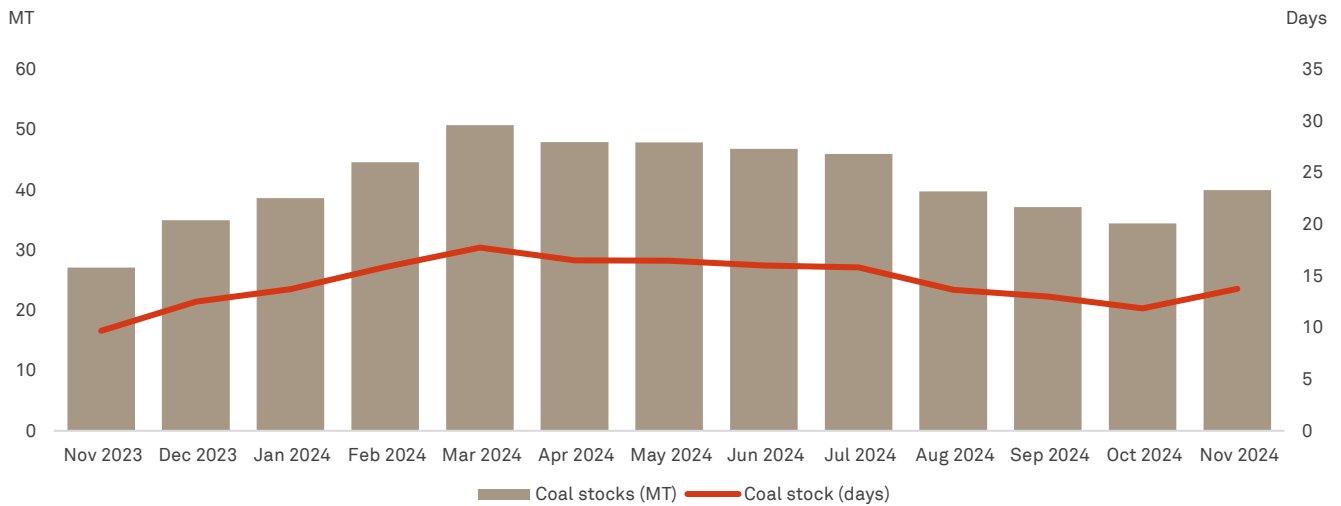
Coal remains the key source of electricity generation in India. To ensure uninterrupted generation, dispatch of coal to power plants surged 4.3% on-year over April-November, thereby increasing coal stocks. In November, dispatch increased 2.8% on-year with coal production surging 7.4% on-year post monsoon.

As on November 30, thermal power plants had 40 million tonne (MT) of coal as against 27 MT in the same

period last year. To recall, in 2023, higher temperatures due to El Nino, along with lower rainfall, significantly increased dependence on coal power, with generation surging 10% on-year in the month.

The situation is a bit better this year. As on November 30, power plants had 14 days of coal stocks vs 10 days last year.

Coal stocks sufficient on steady dispatches



Source: National Power Portal

Power demand to track economic growth this fiscal

CRISIL MI&A Research projects power demand to rise 5-6% in the current fiscal.

Vagaries of the weather, including severe and prolonged heatwaves in the first quarter and insufficient rainfall in July in northern India, have lifted power demand. With intense weather patterns expected to

continue, power demand is expected to remain high.

Strong economic activity, with estimates pointing to the country's gross domestic product expanding 6.8% on-year this fiscal, is also seen boosting demand.

However, expectation of a more moderate winter season (December 2024-February 2025), as per the India Meteorological Department, will likely rein in power demand in the fiscal.

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