

Power Generation & Distribution

Feb-24: Lower Demand Drags Overall Generations Down by 8%/y

- As per latest data available on NEPRA's website, overall power generation during the month of Feb-24 decreased by -8%YoY to 7,116Gwh. Power production through Hydel/Coal/RFO clocked in at 1,766/1,129/0Gwh. Moreover, generation through Gas-LNG declined by -3%YoY to 2,237Gwh during Feb-24. Generation is down by -14%MoM during Feb-24 compared to Jan-24.
- Owing to higher cost of generation and lower demand, no generation was recorded through RFO in Feb-24 compared to 750Gwh produced in Jan-24, as none of the plants generated power through RFO.
- Gas/LNG based power generation decreased by -3%YoY (2,312Gwh) to 2,237Gwh whereas coal based power generation increased by +3%YoY (1,091Gwh) to 1,129Gwh during Feb-24.
- We expect demand to remain subdued owing to higher electricity prices led by elevated cost of generation. Generation mix is likely to be led by coal, gas and LNG plants owing to lower cost of generation. Gas based generation is likely to pick up as domestic demand drops post winter season.

Power production decreased by -8%/y during Feb-24

As per latest data available on NEPRA's website, overall power generation during the month of Feb-24 decreased by -8%/y to 7,116Gwh. Power production through Hydel/Coal/RFO clocked in at 1,766/1,129/0Gwh. Moreover, generation through Gas-LNG declined by -3%/y to 2,237Gwh during Feb-24. Generation is down by 14%m/m during Feb-24 compared to Jan-24. This brings total generation for 8MFY24 to 84,410Gwh down by -1%/y primarily led by -44% decline in production through RFO and +8%/y incline in production through Hydel contributing 2%/32% of the total power generation while contribution from Gas/LNG based power generation is down to 9% as compared to 11% in 8MFY23.

FO: Lower Demand led to no Generation from RFO Plants

Owing to higher cost of generation and lower demand, no generation was recorded through RFO in Feb-24 compared to 750Gwh produced in Jan-24, as none of the plants generated power through RFO. This brings total generation for 8MFY24 to 2,103Gwh down by -44%YoY owing to overall lower generation from Hub Plant, Attock Gen, Hub Narowal, Liberty Power and Atlas etc.

Analyst

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Power Generation Source-wise								
Gwh	Feb-24	Feb-23	YoY	Jan-24	MoM	FY24TD	FY23TD	YoY
Hydel	1,766	2,052	-14%	924	91%	26,950	24,935	8%
RFO	0	108	-100%	750	-100%	2,102	3,756	-44%
Gas	787	850	-7%	1,035	-24%	7,394	9,742	-24%
LNG	1,450	1,462	-1%	1,514	-4%	14,755	12,454	18%
HSD	0	0	N/A	102	-100%	108	206	-47%
Coal	1,129	1,091	3%	1,949	-42%	14,574	13,102	11%
Nuclear	1,660	1,883	-12%	1,728	-4%	14,684	16,737	-12%
Imported Iran	26	33	-22%	29	-12%	214	357	-40%
Mixed	0	2	-100%	0	N/A	0	78	-100%
BAGGASSE	101	100	0%	106	-5%	476	704	-32%
Wind	108	92	17%	128	-16%	2,488	2,161	15%
Solar	90	82	10%	48	88%	564	608	-7%
Total	7,116	7,756	-8%	8,314	-14%	84,410	84,841	-1%

Source: NEPRA, IGI Research

Gas/LNG generation down by 3%YoY during Feb-24

Gas/LNG based power generation decreased by -3%/y (2,312Gwh) to 2,237Gwh in Feb-24 on the back of lower generation from a) QATPL (down by 130Gwh) and other small IPPs (cumulatively down by 134Gwh) while generation from other IPPs increased during the month of Feb-24. This brings total generation in 8MFY24 to 22,150Gwh down by -0.2%/y led by lower generation from Genco II, Saif Energy, QATPL and other smaller IPPs.

Coal based power production is up by +3%/y during Feb-24

Coal based power generation increased by +3%/y (1,091Gwh) to 1,129Gwh during Feb-24 on the back of higher generation from Thar Coal Block-I (up by 110Gwh) and Engro PowerGen (up by 57Gwh). For 8MFY24 generation is up by 11%/y to 14,574 Gwh led by higher generation from plants such as Thar Coal Block-I, Thal Nova and Thar Energy Limited.

Exhibit: Cost of generation (According to Data released by NEPRA)

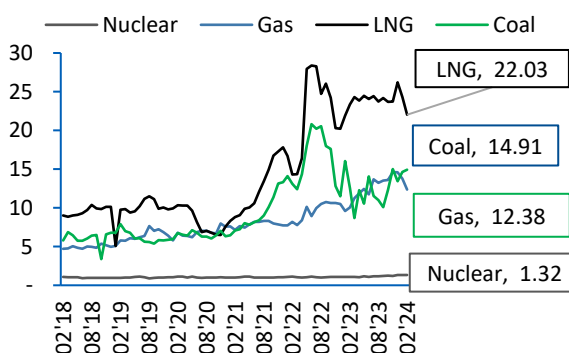
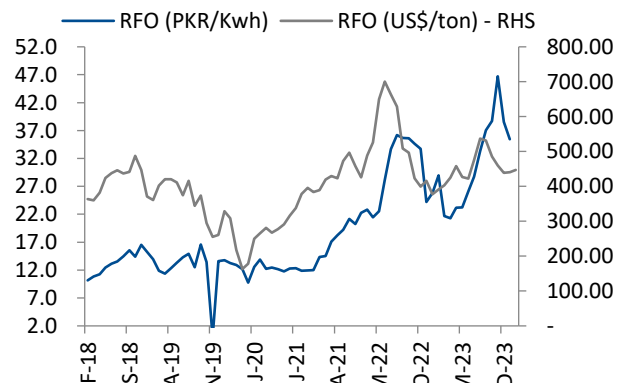


Exhibit: FO Prices (USD/Mton) and Fuel Prices (PKR/Mton)



Total Cost of Generation up by 9%/y during Feb-24

As per NEPRA, total cost of generation increased by +9%/y to PKR 8.7/kwh during Feb-24. Power cost on Coal during Feb-24 is up by +19%/y (or +2%m/m) to PKR 14.91/Kwh. However, gas based power generation increased to PKR 12.38/Kwh, up by +23%/y, while generation cost through LNG stood PKR 22.03/Kwh, down by 6%/y and 9%m/m. For the month of Mar-24, international RFO prices have averaged USD 474.3/Mton as compared to USD 447.2/Mton in the preceding month.

Exhibit: Fuel Wise Generation Mix (%)

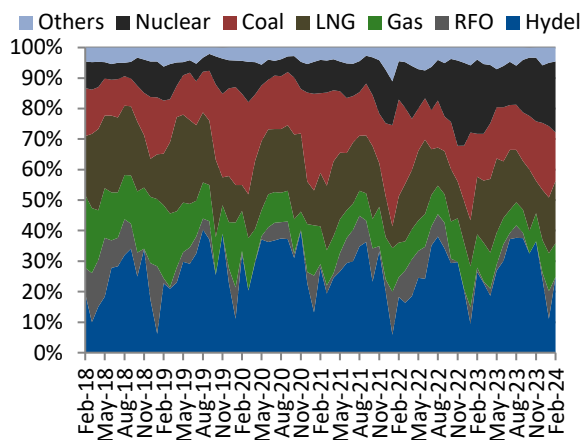
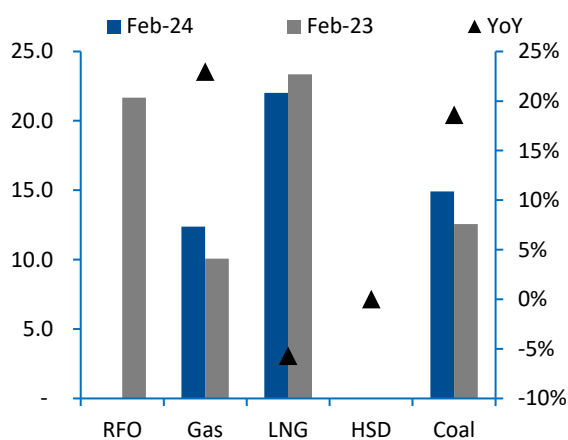


Exhibit: Fuel Wise cost of Generation – Feb-24 (PKR/Kwh)



Outlook

We expect demand to remain subdued owing to higher electricity prices led by elevated cost of generation. Generation mix is likely to be led by coal, gas and LNG plants owing to lower cost of generation. Gas based generation is likely to pick up as domestic demand drops post winter season. Recent increase in international oil prices is likely to lift generation cost of RFO and LNG based plants.

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