Day Break

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Power Generation & Distribution

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

- As per latest data available on NEPRA's website, overall power generation during the month of Mar-24 decreased by -8%y/y to 8,023Gwh. Power production through Hydel/Coal/RFO clocked in at 2,217/862/0Gwh. Moreover, generation through Gas-LNG declined by -15%y/y to 2,454Gwh during Mar-24. However, Generation is up by +13%m/m during Mar-24 compared to Feb-24.
- Owing to higher cost of generation and lower demand, no generation was recorded through RFO in the month of Mar-24 as well, as none of the plants generated power through RFO.
- Gas/LNG based power generation decreased by -15%y/y (2,892Gwh) to 2,454Gwh whereas coal based power generation increased by -24%y/y (1,129Gwh) to 862Gwh during Mar-24.
- We expect demand to start picking up with the onset of the summer season. Generation mix is likely to be led by coal, gas and LNG plants owing to lower cost of generation. Recent increase in international oil prices is likely to lift generation cost of RFO and LNG based plants.

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

As per latest data available on NEPRA's website, overall power generation during the month of Mar-24 decreased by -8%y/y to 8,023Gwh. Power production through Hydel/Coal/RFO clocked in at 2,217/862/0Gwh. Moreover, generation through Gas-LNG declined by -15%y/y to 2,454Gwh during Mar-24. However, Generation is up by +13%m/m during Mar-24 compared to Feb-24. This brings total generation for 9MFY24 to 92,433Gwh down by -1%y/y primarily led by -45% decline in production through RFO and +8%y/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 12% in 9MFY24.

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 the month of Mar-24 as well, as none of the plants generated power through RFO. This brings total generation for 9MFY24 to 2,102Gwh down by -45%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	Mar-24	Mar-23	YoY	Feb-24	MoM	FY24TD	FY23TD	YoY
Hydel	2,217	2,002	11%	1,766	26%	29,167	26,937	8%
RFO	0	41	-100%	0	N/A	2,102	3,796	-45%
Gas	795	1,107	-28%	787	1%	8,190	10,849	-25%
LNG	1,658	1,785	-7%	1,450	14%	16,414	14,238	15%
HSD	0	0	N/A	0	N/A	108	206	-47%
Coal	862	1,334	-35%	1,129	-24%	15,436	14,436	7%
Nuclear	2,070	2,002	3%	1,660	25%	16,754	18,739	-11%
Imported Iran	28	32	-10%	26	11%	243	389	-38%
Mixed	0	4	-100%	0	N/A	0	82	-100%
BAGGASSE	78	105	-25%	101	-22%	554	809	-31%
Wind	205	221	-8%	108	90%	2,693	2,383	13%
Solar	110	111	-1%	90	22%	674	719	-6%
Total	**8,023**	**8,741**	-8%	**7,116**	13%	**92,433**	**93,582**	-1%

Source: NEPRA, IGI Research

Gas/LNG generation down by -15%YoY during Mar-24

Gas/LNG based power generation decreased by -15%y/y (2,892Gwh) to 2,454Gwh in Mar-24 on the back of lower generation from a) Uch II (down by 109Gwh) and other small IPPs (cumulatively down by 120Gwh) while generation from other IPPs increased during the month of Mar-24. This brings total generation in 9MFY24 to 24,603Gwh down by -2%y/y.

Coal based power production is down by -24%y/y during Mar-24

Coal based power generation increased by -24%y/y (1,129Gwh) to 862Gwh during Mar-24 on the back of lower generation from Thar Coal Block-I (down by 338Gwh) and Huaneng (down by 128Gwh). For 9MFY24 generation is up by 9%y/y to 15,436Gwh 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)

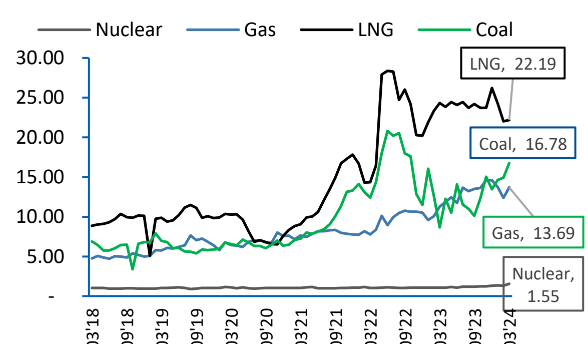
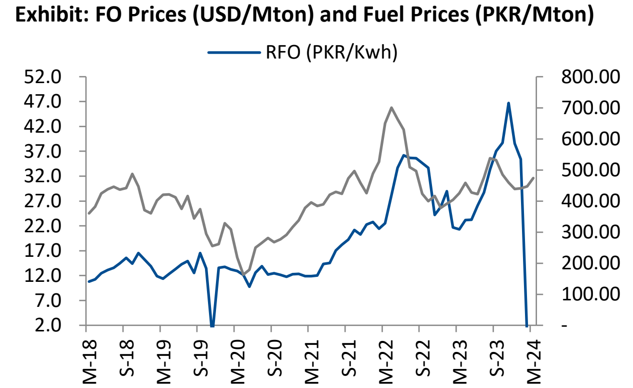


Exhibit: FO Prices (USD/Mton) and Fuel Prices (PKR/Mton)



Total Cost of Generation down by -4%y/y during Mar-24

As per NEPRA, total cost of generation decreased by -4%y/y to PKR 8.3/kwh during Mar-24. Power cost on Coal during Mar-24 is up by +93%y/y (or +13%m/m) to PKR 16.78/Kwh. Moreover, gas based power generation increased to PKR 13.69/Kwh, up by +2.4xy/y, while generation cost through LNG stood PKR 22.19/Kwh. For the month of Mar-24, international RFO prices have averaged USD 477.4/Mton as compared to USD 447.2/Mton in the preceding month.

Exhibit: Fuel Wise Generation Mix (%)

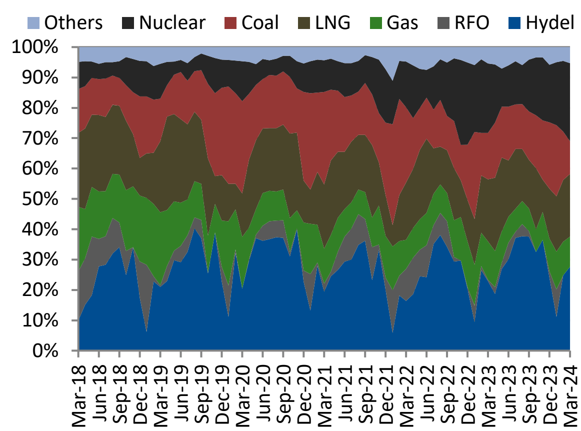
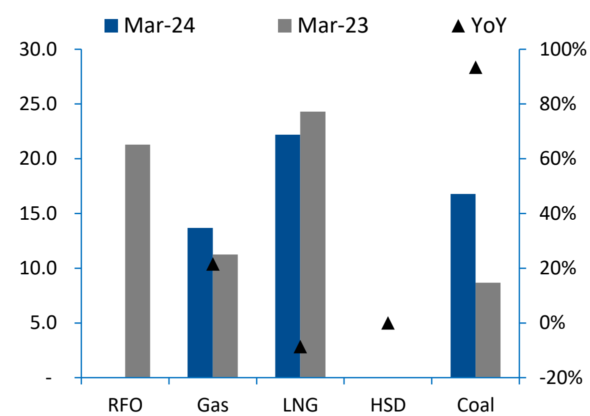


Exhibit: Fuel Wise cost of Generation – Mar-24 (PKR/Kwh)



Outlook

We expect demand to start picking up with the onset of the summer season. Generation mix is likely to be led by coal, gas and LNG plants owing to lower cost of generation. Recent increase in international oil prices is likely to lift generation cost of RFO and LNG based plants.

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