

# Day Break

Monday, 28 March 2016

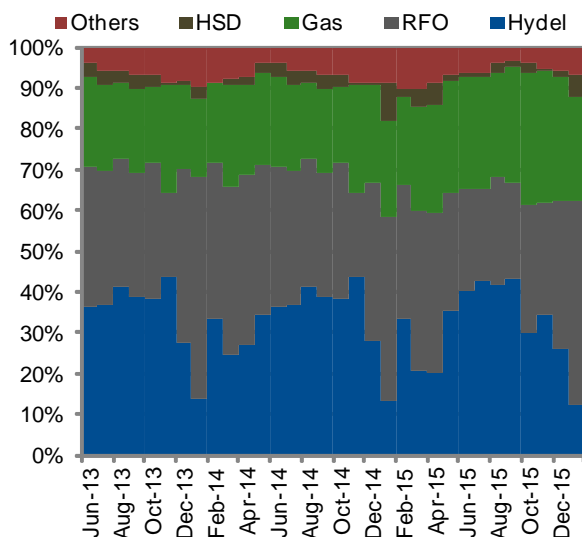
## Sector Update

### Monthly Power Generation Mix (Jan-16)

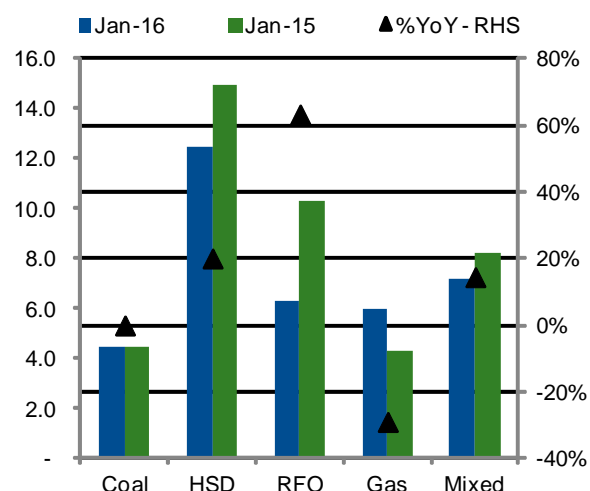
GWh

Company	Jan-16	Jan-15	YoY	Dec-15	MoM
Hydel	843	810	4%	1,803	-53%
RFO	3,387	2,807	21%	2,484	36%
Gas	1,718	1,443	19%	2,088	-18%
HSD	367	583	-37%	99	269%
Others	455	544	-16%	406	12%
Total	6,771	6,186	9%	6,880	-2%

### Fuel Wise Generation Mix (%)



### Fuel Wise Cost of Generation - Jan-16 (PKR/Kwh)



Source: Bloomberg, KSE 100 & IGI Research

Analyst

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## Power Generation & Distribution

### Generation up by +9%YoY in Jan-16

- As per latest data available at NEPRA, overall power generation during the month of Jan-16 augmented by +9.0%YoY (down by 2.0%MoM) to 6,771Gwh.
- FO prices have witnessed a drop of 40%YoY/10%MoM in Jan-16 to PKR 24,963/Mton. According to the data released by NEPRA cost of generation through RFO is down to PKR 6.29/Kwh as compared to cost of generation of PKR 6.02/Kwh through gas.
- We expect, generation on gas to increase due to higher availability of LNG going forward, as agreement has been signed with Qatar Gas. RFO based generation is expected to maintain current level owing to Hub Plant's conclusion of repair work on all four boilers and Pakgen Plant coming online. Hydel based power is anticipated to decline and remain at lower levels between 800 - 1800Gwh until June due to lower availability of water.

### Generation picks up by +9%YoY in Jan-16

As per latest data available at NEPRA, overall power generation during the month of Jan-16 augmented by +9.0%YoY (down by 2.0%MoM) to 6,771Gwh. During the month, generation on Hydel/RFO/Gas surged by +4%YoY/+21%YoY/+19%YoY each to 843Gwh/3,387Gwh/1,718Gwh respectively, while production on HSD plunged by 37%YoY to 367Gwh.

### Generation through RFO Mounts Owing to Pakgen and Hub Plant

Power generation for the month of Jan-16 witnessed a +9%YoY growth owing to +21%YoY (up by +36%MoM) jump in generation through RFO which was primarily due to Hub Plant stepping up its generation post conclusion of repair work on all four boilers in Dec-15. Furthermore, Pakgen Power came back online but with considerably lower level of power production (around 10% of generation in Jan-15).

### Better Availability of Gas through LNG Supply

Power generation through Gas soared by +19%YoY owing to availability of gas through LNG to Rousch Power and Altern Energy. Generation through Gas dropped by 18%MoM in Jan-16 owing to no production from Orient, Saif and Halmore power plants.

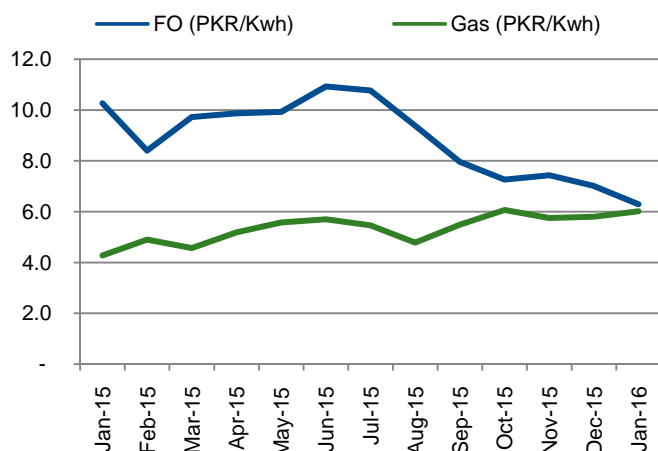
### Cost of generation through FO down by 10%MoM

FO prices have witnessed a drop of 40%YoY/10%MoM in Feb-16 to PKR 22,465/Mton. According to the data released by NEPRA cost of generation through RFO is down to PKR 6.29/Kwh as compared to cost

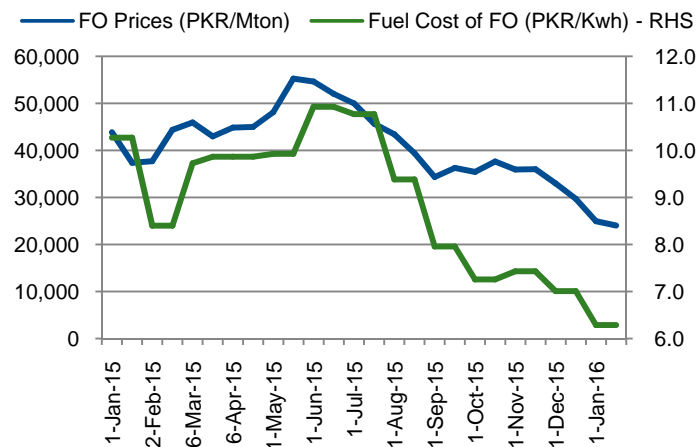
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of generation of PKR 6.02/Kwh through gas. With international RFO (180cst bunker fuel) averaging around USD 160/Mton for Feb-16 (average of USD 156/Mton in Jan-16), we expect fuel cost of generation on RFO to remain at current level.

**Exhibit: Cost of generation on FO and Gas (According to Data released by NEPRA)**



**Exhibit: FO Prices (PKR/Mton) and Fuel Cost of FO-PKR/Kwh (According to Data released by NEPRA)**



Source: IGI Research, NEPRA

### Generation up by +3%YoY in 7MFY16 as LNG Comes into Play

Overall power generation was up by + 3%YoY to 59,435Gwh during 7MFY16, compared to a total 57,773Gwh during 7MFY15. However, generation through Gas went up by +39%YoY to 17,068Gwh in the same period, owing to higher availability of Gas on the back of supply of LNG to power generation companies. RFO based power witnessed a decline of 7%YoY to 17,756Gwh in 7MFY16, while generation on HSD dropped by 38%YoY to 1,179Gwh.

### Outlook

We expect, generation on gas to increase due to higher availability of LNG going forward, as agreement has been signed with Qatar Gas. RFO based generation is expected to maintain current level owing to Hub Plants conclusion of repair work on all four boilers and Pakgen Plant coming online. Furthermore, with cost of generation of FO and Gas at similar level should keep RFO based power generation feasible for IPPs. Hydel based power is anticipated to decline and remain at lower levels between 800 -1800Gwh until June due to lower availability of water.

**Exhibit: Power Generation Mix (Jan-16)**

GWH	Jan-16	Jan-15	YoY	Dec-15	MoM	7MFY16	7MFY15	YoY
Hydel	843	810	4%	1,803	-53%	20,494	20,418	0%
RFO	3,387	2,807	21%	2,484	36%	17,756	19,063	-7%
Gas	1,718	1,443	19%	2,088	-18%	17,068	12,249	39%
HSD	367	583	-37%	99	269%	1,179	1,895	-38%
Others	455	544	-16%	406	12%	2,938	4,148	-29%
Total	6,771	6,186	9%	6,880	-2%	59,435	57,773	3%

Source: IGI Research, NEPRA

### Analyst Certification

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