Day Break

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Power Generation & Distribution

Jun-24: Power Generation down by 2%y/y

- As per latest data available on NEPRA's website, overall power generation during the month of Jun-24 declined by -2%y/y to 13,459Gwh owing to lower generation through RFO, down by -65%y/y. However, Generation is up by +7%m/m during Jun-24 compared to May-24.
- Owing to higher cost of generation and lower demand, power generation through RFO declined by -65%y/y to 263Gwh during Jun-24.
- Gas/LNG based power generation decreased by -3%y/y to 3,603Gwh whereas Coal based power generation decreased by -13%y/y (2,434Gwh) to 2,126Gwh during Jun-24
- We expect power generation to increase with the increase in demand during the peak summer season. Generation mix is likely to be led by coal, gas and LNG plants owing to lower cost of generation. RFO based generation is likely to remain low due to the high cost of generation. Hydel generation is also likely to pick up amid monsoon season.

Power generation decreased by -2%y/y during Jun-24

As per latest data available on NEPRA's website, overall power generation during the month of Jun-24 declined by -2%y/y to 13,459Gwh owing to lower generation through RFO, down by -65%y/y. However, Generation is up by +7%m/m during Jun-24 compared to May-24. This brings total generation for FY24 to 127,149Gwh, down by -2%y/y, primarily led by -52%/50%y/y decline in production through RFO/HSD despite +10%/7%y/y incline in production through Hydel/LNG. Hydel/LNG contribution increased to 31%/19% in FY24 whereas RFO/Gas contribution is down to 2%/9% compared to 4%/11% in FY23.

Power Generation Source-wise

Gwh	Jun-24	Jun-23	YoY	May-24	MoM	FY24	FY23	YoY
Hydel	4,729	4,133	14%	3,906	21%	39,872	36,255	10%
RFO	263	744	-65%	62	325%	2,427	5,004	-52%
Gas	1,166	1,171	0%	1,110	5%	11,440	14,480	-21%
LNG	2,437	2,544	-4%	2,748	-11%	23,755	22,188	7%
HSD	0	10	-100%	0	N/A	108	216	-50%
Coal	2,126	2,434	-13%	1,754	21%	20,218	20,750	-3%
Nuclear	1,998	1,857	8%	2,360	-15%	23,155	24,055	-4%
Imported Iran	48	25	91%	50	-5%	378	479	-21%
Mixed	0	27	-100%	0	N/A	0	150	-100%
BAGGASSE	60	66	-10%	57	5%	727	1,031	-30%
Wind	516	597	-14%	445	16%	3,941	3,910	1%
Solar	118	105	12%	125	-6%	1,029	1,076	-4%
Total	**13,459**	**13,715**	-2%	**12,617**	7%	**127,149**	**129,591**	-2%

Source: NEPRA, IGI Research

RFO generation down by -65%y/y during Jun-24

Owing to higher cost of generation and lower demand, power generation through RFO declined by -65%y/y to 263Gwh during Jun-24. This brings total generation for FY24 to 2,427Gwh down by -52%y/y owing to overall lower generation from Pakgen, Liberty Power, Atlas and Nishat Chunian etc.

Gas/LNG generation down by -3%y/y during Jun-24

Gas/LNG based power generation decreased by -3%y/y to 3,603Gwh in Jun-24 on the back of lower generation from a) QATPL (down by 129Gwh) b) Saif Power (down by 44Gwh) and other IPPs (cumulatively down by 54Gwh). This brings total generation in FY24 to 35,195Gwh down by -4%y/y.

Coal based power production is down by -13%y/y during Jun-24

Coal based power generation decreased by -13%y/y (2,434Gwh) to 2,126Gwh during Jun-24 on the back of lower generation from CPHGC (down by 239Gwh) and Lucky Electric (down by 167Gwh). During FY24 generation is down by -3%y/y to 20,218Gwh 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)

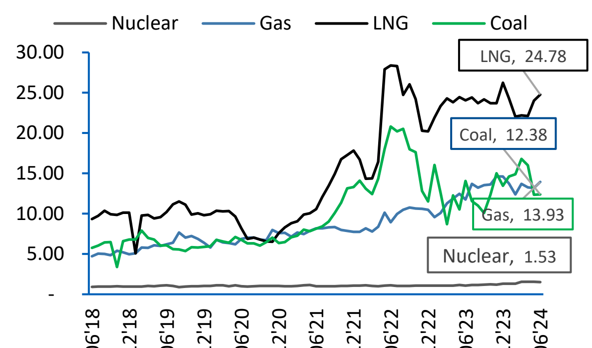
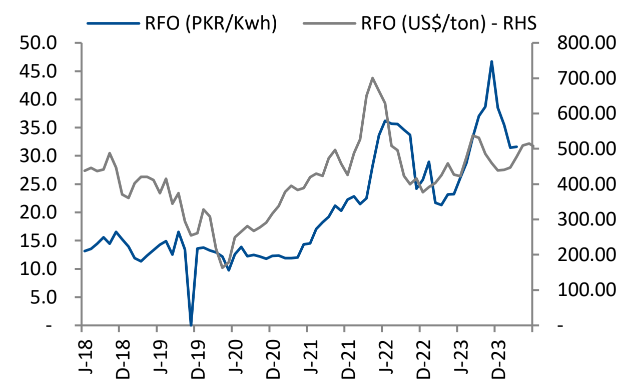


Exhibit: FO Prices (USD/Mton) and Fuel Prices (PKR/Mton)



Source: NEPRA, Bloomberg, IGI Research

Total Cost of Generation down by -11%y/y during Jun-24

As per NEPRA, total cost of generation decreased by -11%y/y to PKR 8.61/kwh during Jun-24. Power cost on RFO is up by +21%y/y to PKR 31.61/Kwh. Moreover, cost of gas based power genxeration increased to PKR 13.93/Kwh, up by +19%y/y, while generation cost through LNG stood at PKR 24.78/Kwh. For the month of Jul-24, international RFO prices have averaged USD 514.46/Mton as compared to USD 503.77/Mton in the preceding month.

Exhibit: Fuel Wise Generation Mix (%)

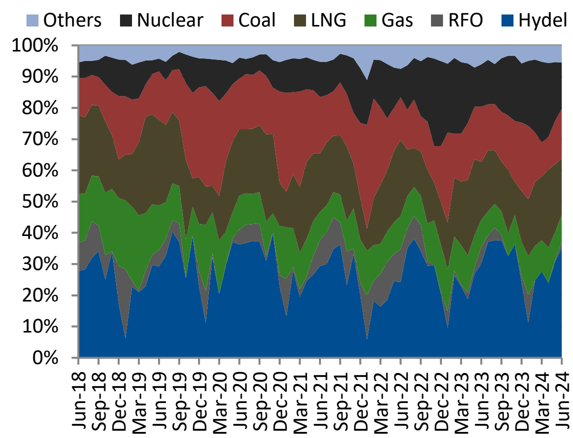
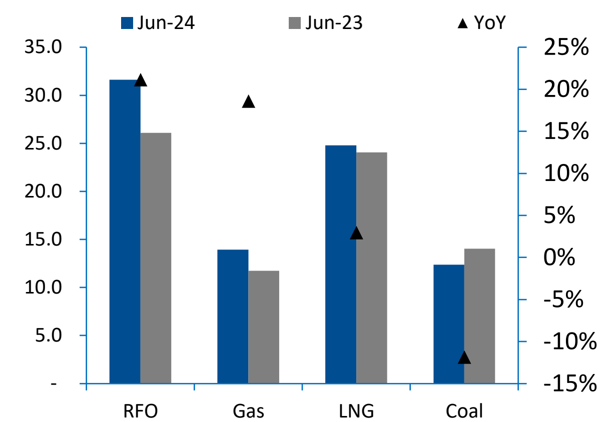


Exhibit: Fuel Wise cost of Generation – Jun-24 (PKR/Kwh)



Source: NEPRA, IGI Research

Outlook

We expect power generation to increase with the increase in demand during the peak summer season. Generation mix is likely to be led by coal, gas and LNG plants owing to lower cost of generation. RFO based generation is likely to remain low due to the high cost of generation. Hydel generation is also likely to pick up amid monsoon season.

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