

# Power

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## Potential risk of temporary coal shortage

**Non-rated**

### Coal shortage concern in 2M22 and 2Q22F

- According to Ministry of Industry and Trade (MoIT), total coal volume supplied by Vinacomin (TKV) and Dong Bac Group to EVN's 14 coal-fired power plants in February were only equivalent to 69.24% of the predetermined contracted volume and much lower than their operation demand. The coal shortage was mostly attributable to the labor insufficiency in coal mines due to rising number of COVID-19 infected cases combined with the coal import constraints. MoIT required TKV to supply enough coal for power production.
- As we contacted with TKV, they asserted that TKV still supplied enough coal for power production in 2M22. TKV will mobilize labors to ensure coal supply of 150,000 tonnes/day.
- We are also reassured by PPC that the company is supplied enough coal for production.

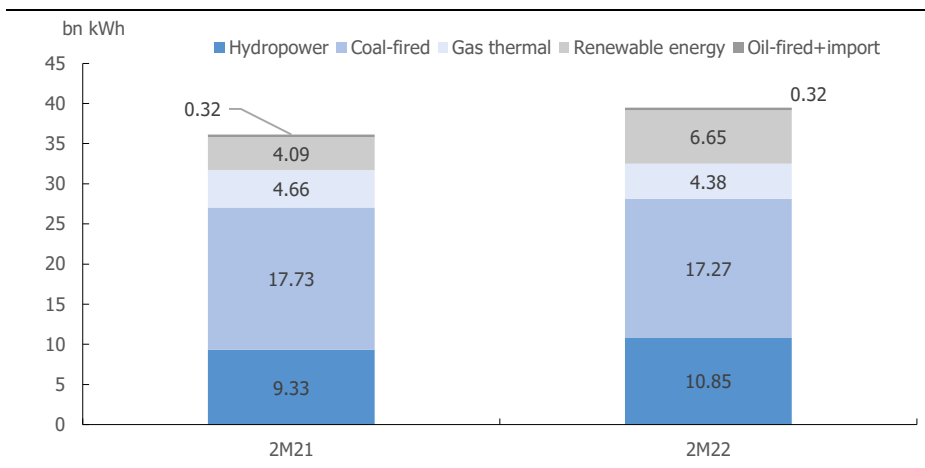
### Renewable energy rode on the tailwinds in 2M22

- In Feb 2022, electricity production was 18.6bn kWh (+14.9% yoy, -11% mom). Based on our collection, the 2M22 aggregate output volume went up 6.1% yoy to 39.59 kWh thanks to the recovery of economy, especially in industrial and service segments.
- Hydropower output rose by 16.3% yoy to 10.85bn kWh.
- Coal thermal power output shrank 2.6% yoy to 17.27bn kWh while gas-fired power also plummeted to 4.38bn kWh (-6% yoy).
- We attribute the contraction of thermal power output to sharp rise of global coal and oil prices which in turn resulted in the less competitive contracted selling prices.
- In contrast, renewable energy (solar, wind, biomass) had a bright start this year when its output hovered to 6.65bn kWh (+62.6% yoy) thanks to the operation of numerous new renewable energy projects at the latter half of 2021.
- The prices of domestic feedstock to coal-fired plants supplied by Vinacomin (TKV) are periodically modified (usually quarterly/semiannually) by the MoIT and the Ministry of Finance (MoF). Thus MoIT's assigned prices are normally less volatile than global coal prices which could swing dramatically in 2022F.
- In 2M22, despite the rising trend of global coal price, domestic coal prices supplied to thermal plants stayed unchanged.
- Due to the sharp rise of fuel oil (FO) price on Singapore market, the gas price sold to domestic gas thermal makers also rose 25%-40% yoy when gas input price is highly correlated with FO Singapore price. Therefore, the selling price of electricity on the free market (FMP) rose 49.4% yoy to VND1,565.6/kWh in Feb 2022.

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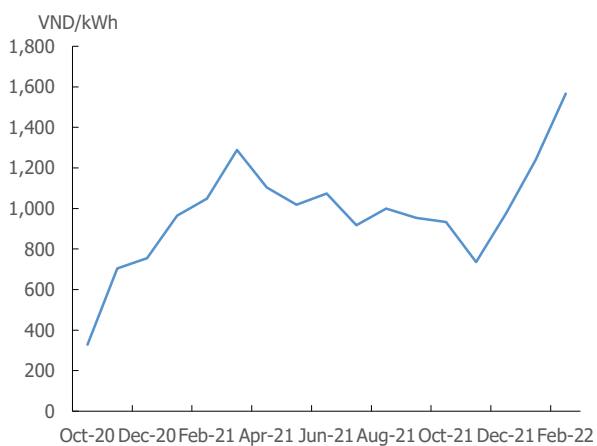
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**Figure 1. The output volume by type**



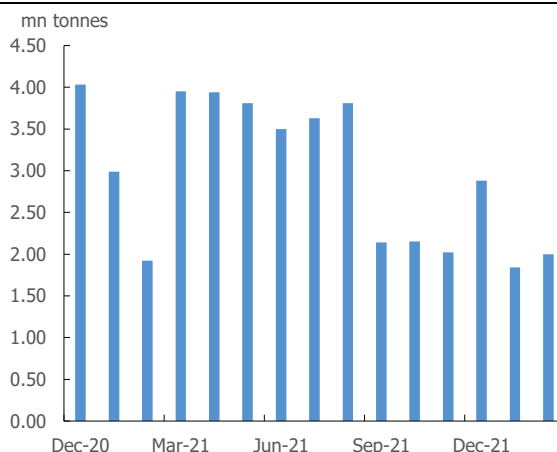
Source: EVN

**Figure 2. FMP price increased over year-on-year basis**



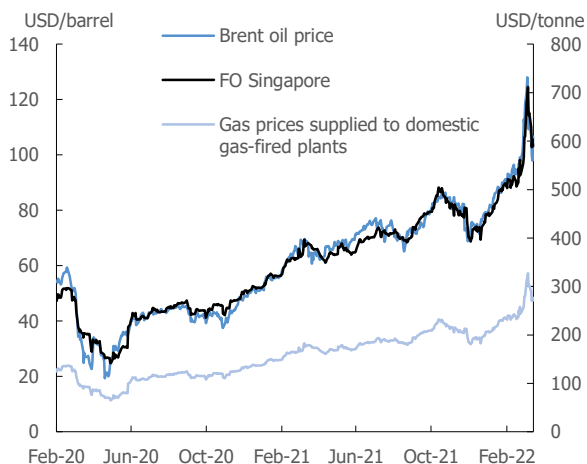
Source: EVNGENCO3

**Figure 3. Coal import edged up 3.9% yoy**



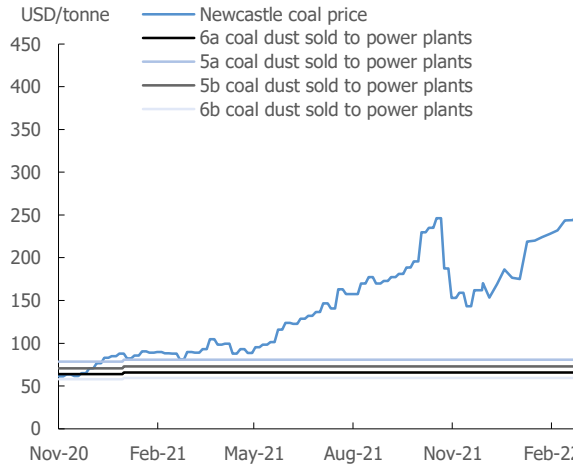
Source: Finpro

**Figure 2. Singapore FO price and gas price sold to domestic power plants spiked yoy**



Source: Bloomberg, GAS  
 Note: The FO and Brent oil were updated as of Mar 17<sup>th</sup>; The gas price is calculated based on Singapore FO price

**Figure 3. Coal prices sold to domestic power plants kept unchanged in 2M22**



Source: Bloomberg, ERAV, TKV  
 Note: The coal prices were updated as of Mar 2<sup>nd</sup>

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