

POWER SECTOR

**All-India electricity demand declined
in May 2025 with early onset of
monsoon**

May 2025



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Overview



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Electricity demand growth turned negative at -3.4% during the first 27 days of May 2025 declining from 2.1% in April 2025 with the early onset of the monsoon.



- **All India electricity demand declined by 3.4% YoY in May 2025 as per provisional data from the Power System Operation Corporation (POSOCO), moderating from growth of 2.1% in April 2025:** The all-India electricity demand growth moderated to 2.1% on a YoY basis in April 2025, from 6.6% in March 2025, owing to an unfavourable base. It further moderated to -3.4% in the first 27 days of May 2025 owing to the unfavourable base and early onset of monsoon across major parts of the country. Also, the expectations of an above average monsoon, is likely to dampen demand over the next few months. Nonetheless, the demand growth is expected to recover post the monsoon season and full year demand growth is estimated at 5.0-5.5% in FY2026, trailing ICRA's GDP growth expectation of 6.5%.



- **Spot power tariffs soften, reaching Rs. 4.3 per unit in May from Rs. 5.2 per unit in April:** The average tariffs in the day-ahead market (DAM) of the Indian Energy Exchange (IEX) declined to Rs. 4.3 per unit in May 2025 from Rs. 5.2 per unit in April 2025, amid a weaker summer demand and onset of early monsoon. While the monsoon season is likely to keep the tariff moderate in the near term, it is expected to remain above the recent low of Rs. 3.3 per unit on November 2024.



- **Coal stock at power plants remains healthy at 20.5 days in May 2025:** The coal stock level at power plants stood at 20.5 days as on May 27, 2025. Coal stocks have significantly improved from the lows of September 2024, reaching a five-year high of ~20 days over the past three months. While the healthy stock level augurs well for the sector, there remains a shortfall in coal stocks for a few state utilities.



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