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POWER SECTOR

Electricity demand registers healthy recovery with the onset of summer season in FY2027

June 2026

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Agenda

1 Overview

2 Trend in Electricity Demand

3 Trend in Capacity Addition and Generation Mix

4 Trend in Renewable Energy Generation

5 Trend in Short-term Tariff and Thermal PLF

6 Trend in Indonesian Coal Price Index

Agenda

7 Trend in Coal Production and Availability

8 Key Sector Updates

9 Key Rating Actions in the Power Sector in May 2026

Overview

Highlights

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Electricity demand is expected to witness robust YoY growth in Q1 FY2027, supported by the strengthening of trends up to June 22, 2026, amid heightened summer demand. The capacity additions remained healthy in 2M FY2027, led by renewables.

- **Electricity demand continued to grow at a healthy 9% rate in the first 22 days of June 2026, as per provisional data from the Grid Controller of India Limited (GCIL).** India's electricity demand rebounded in FY2027, increasing by 7.1% YoY in the first two months, as per data from the GCIL. The improvement was driven by a rise in temperatures across several regions with the onset of the summer season. In line with the current trend, the demand growth is expected to rebound to around 5% in FY2027, supported by expectations of peak summer, a potential Super El-Nino impact, a lower base and the continued momentum in industrial and commercial activities. The demand, however, remain exposed to weather-related uncertainties and any deviation from the anticipated climatic conditions could impact the growth outlook.

- **Spot power tariffs on the Indian Energy Exchange (IEX) averaged at Rs. 4.6 per unit as on June 15, 2026, lower than Rs. 4.9 per unit in May 2026.** However, the prices in June 2026 were much higher than Rs. 3.7 per unit recorded in June 2025. While the spot tariffs are likely to remain moderate amid increased supply, especially during the solar hours, the trajectory for FY2027 will depend on the balance between supply additions and demand growth over the year.

- **The coal stock stood at around 15 days as on June 15, 2026, largely unchanged from the levels seen in May 2026.** A further decline from the current level could result in an inability to meet any significant surge in peak demand. While stocks remain below the normative level of 24 days, they are materially higher than that of September 2023, providing comfort for meeting the peak summer demand.

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