

# SectorVector

## Reading the topical trends

July 2025

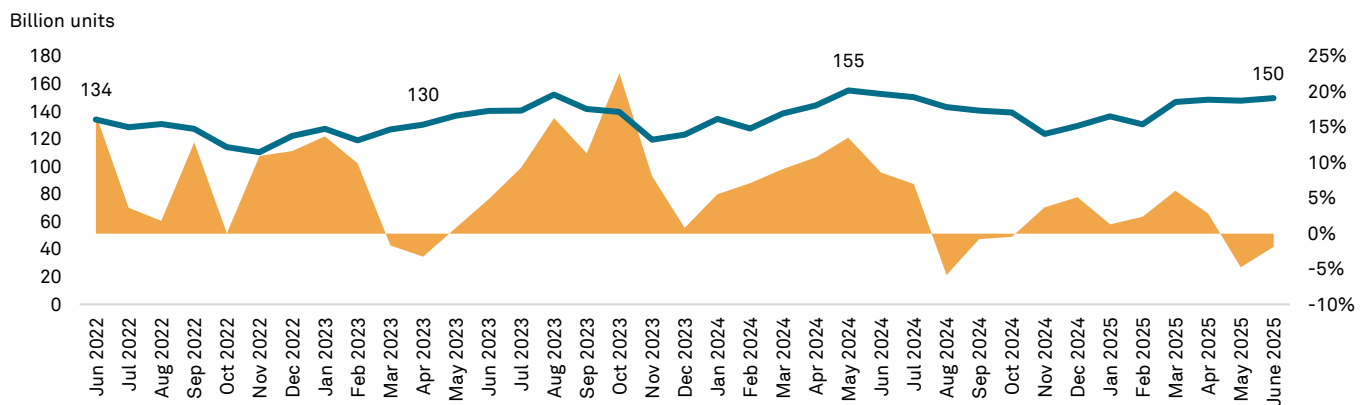
### Rains rein in power demand

South bucks trend owing to deficit rainfall

Power demand fell 1.9% on-year in June to 150 billion units (BUs) — declining for the second consecutive month — as above-normal monsoon rainfall lowered temperatures in most of the country.

India received 7% excess rainfall compared with the long period average between June 1 and 25. Last monsoon, the same period had seen an 11% deficit.

#### Power demand declines on-year



Source: Central Electricity Authority (CEA), Grid India, Crisil Intelligence

Power demand in the northern region decreased ~5% on-year vis-a-vis a 23% rise in June 2024. Rainfall in the northwest region, which includes north India as per the classification of India Meteorological Department (IMD), was 37% above normal, in sharp contrast to June 2024, which saw heatwaves and rainfall 33% below normal.

In the southern region, however, power demand

increased 5.3% on-year, in line with a rainfall deficit of 5% in the southern peninsula this June.

Overall, at 135.3 mm between June 1 and 25, rainfall was 7% above normal as against the historical average of 126.9 mm<sup>1</sup>. This year, the southwest monsoon had covered the entire country by June 29 as against the normal date of July 8.

<sup>1</sup>This is the long period average between 1971-2020 as per IMD

That said, while rains limited power demand growth, manufacturing activity provided support.

The seasonally adjusted India Purchasing Managers' Index, a proxy to gauge the country's industrial activity,

printed at a 14-month high of 58.4 in June. The reading was above the long-term average of 54.1, fuelled by expansion in output, new orders and job creation.

**Peak power demand rises marginally**

GW	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar
FY23	216	206	212	192	197	200	187	188	206	213	210	209
FY24	217	221	224	208	238	243	221	204	213	223	222	221
FY25	224	250	245	226	217	231	219	207	224	237	238	235
FY26	235	231	243									

Percentage deviation from peak ■ >0% & ≤5% ■ >5% & ≤10% ■ More than 10% ■ Peak demand for respective fiscal year  
Source: CEA, Crisil Intelligence

While the country did see cooler temperatures throughout the month, there were episodes of heatwaves in some parts, such as New Delhi, where the met office issued a red alert as temperatures soared above 45° C. This contributed to peak power demand touching 243 GW, the highest in fiscal 2026.

**Lower power offtake leads to lower prices in the short-term market**

Activity in the short-term market reflected the broader power demand performance.

The average market clearing price (MCP) in the real-time market (RTM) declined 26% on-year to Rs 3.73/unit in June, indicating ample availability amid tepid electricity volume requirement.

The average MCP during solar hours (11 am to 4 pm) was Rs 2.1/unit compared with Rs 3.3/unit in June 2024, with prices in some time blocks nearing zero. The average MCP during non-solar hours (12 am to 11 am

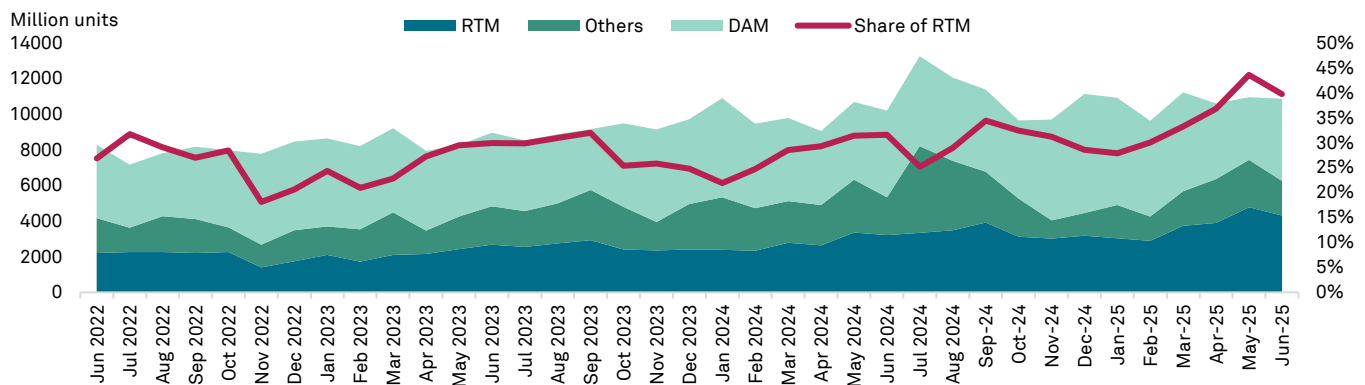
and 4 pm to 12 am) was Rs 4.2/unit vs Rs 5.6/unit in the corresponding month of the previous year.

At an overall level, sell bids outpaced purchase bids by 2.19x on average during solar hours and 1.0x during non-solar hours, highlighting excess supply in the system.

Similarly, MCP for the day ahead market (DAM) declined 28% on-year to Rs 3.9/unit. These prices presented an opportunity for distribution companies as well as commercial and industrial consumers to meet their demand at a competitive price and to replace their costlier power by procuring through the exchange.

June saw higher volume traded in the RTM vs the DAM, similar to May, indicating a probable shift in buyer behaviour due to temperature fluctuation. As a result, RTM volume increased 34% on-year to 4,312 million units (MUs) whereas DAM volume is estimated to have declined 5% on-year to 4,610 MUs.

**Share of RTM remains above five-year average**



Source: Indian Energy Exchange, Crisil Intelligence

### Generation falls in sync with demand; share of renewable energy increases

Tracking the decline in demand, power generation declined 0.8% on-year to 161 BUs in June.

Fuel-wise, coal-based power generation fell 7.2% on-year vs a rise of ~10% on-year in June 2024.

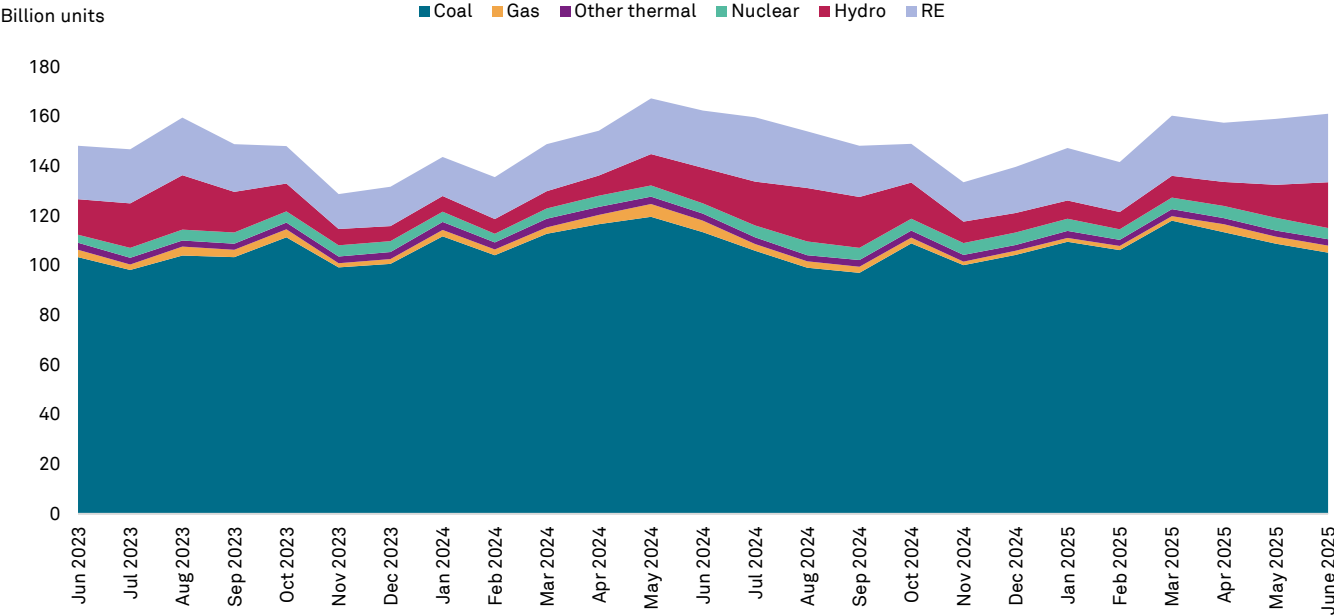
While generation from thermal power declined on-year, generation from clean energy sources, i.e. nuclear, hydro and renewable energy, increased. Nuclear energy rose 5.7% on-year on account of increased generation from the recently commissioned RAPP-7, whereas higher rainfall resulted in a 30.3% on-year rise in hydro

power generation. Renewable energy generation rose 19.3% on-year.

Consequently, coal accounted for 65% of the total power output vs 70% a year ago, which highlighted the ease of ramping up or down the fuel's usage in times of high or low power demand.

The shares of nuclear, hydro and renewable energy in the overall fuel mix increased to 2.8%, 11.5% and 17.1% from 2.6%, 8.8% and 14.2% in June 2024, respectively. The increase in renewable energy's contribution to the fuel mix highlights the government's push to achieve the COP26 targets.

### Unseasonal rainfall powers hydro generation as water availability rises



Note: June 2025 data is provisional from Grid India  
RE — renewable energy  
Source: Grid India, CEA, Crisil Intelligence

### Coal inventory improves on lower generation

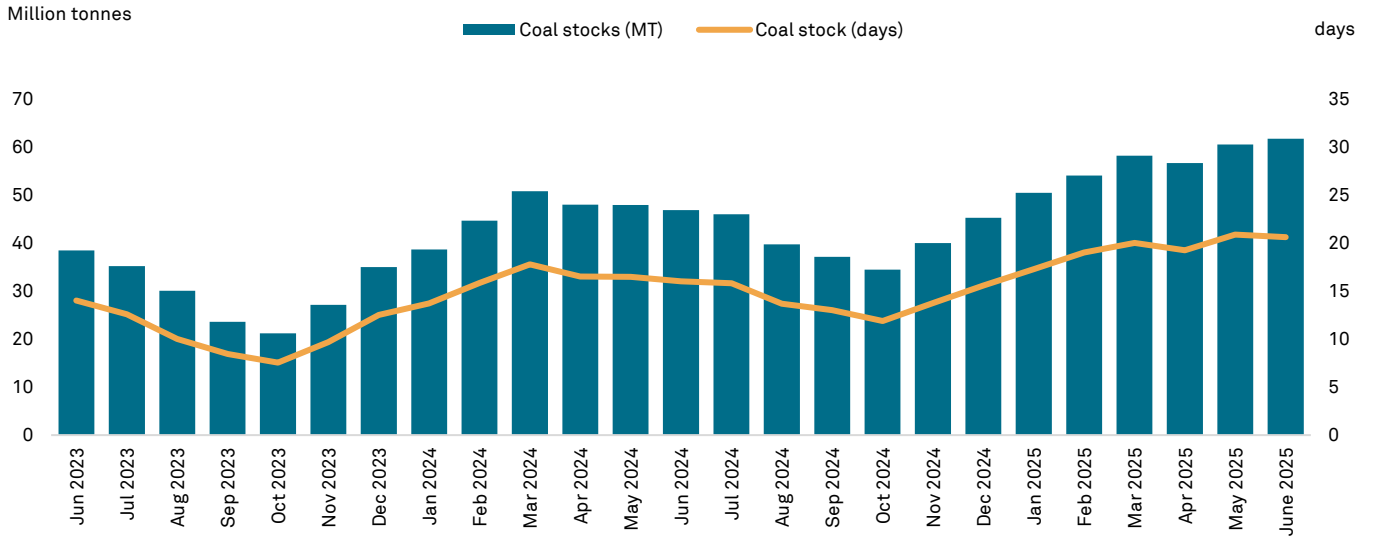
Coal remains the primary fuel to generate electricity in India.

As on June 30, thermal power plants had 62 million tonne (MT) of coal stocks, the highest level since

April 2021. The stock level was 47 MT a year ago. The improvement in coal inventory during the month was supported by lower coal-powered generation

Consequently, as on June 30, coal inventory had improved to 21 days vs 16 in June 2024.

**Coal inventory remains adequate**



Source: National Power Portal, Crisil Intelligence

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