

Power demand to rise 5 to 5.5% in FY27, says ICRA

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Rating agency ICRA on Thursday said power demand will rise by 5-5.5 per cent in 2026-27 as against a tepid one per cent growth in 2025-26, supported by continued momentum in industrial and commercial activity.

The power demand growth in 2026-27 is likely to be supported by agricultural and household sectors given the expectation of sub-par rainfall amidst a potential El Nino, along with demand from industries as well as from emerging sources like electric vehicles and data centres, ICRA said.

The all-India thermal plant load factor level fell to 65-66 per cent in 2025-26 amid demand moderation and is likely to remain around 65 per cent in 2026-27, given the healthy growth in generation expected from the renewable sources and 6-GW capacity addition likely in the thermal segment.

Ankit Jain, Vice President & Co-Group Head of Corporate Ratings, ICRA, said that the thermal power sector in India is witnessing a revived investment emphasis, even as the renewable capacity continues to expand at a rapid pace.