

Subdued power demand pulls down spot electricity prices by 18% in Feb

Trade volume growth at a record high of 30%

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A sustained drop in power demand coupled with better renewable energy (RE) generation pulled down spot power prices to ₹3.58 per unit in February 2026, dropping by 18 per cent compared with the price in the same month last year. The volume of power trade also jumped 30 per cent to 12.5 billion units (BU) during the month, according to Indian Energy Exchange (IEX), the country's largest power trading platform.

Data shows growth in the monthly electricity trade volume for February 2026 was the highest in the past 18 months since August 2024 when the growth stood at 36 per cent. In fact, this is the best trade volume growth recorded in the month of February in the past five years since 2021.

In the real-time market (RTM), trading volume stood at 4,379 million units (MU) while it was 6,588 MU in the day-ahead market (DAM). Meanwhile, IEX Green Market, comprising the Green Day-Ahead and Green Term-Ahead market segments, recorded 808 MU volume during the month as compared to 552 MU in February

2025, increasing 46.3 per cent. The average price in Green DAM, at ₹3.43 per unit, declined 25.3 per cent year-on-year (YoY).

Commenting on the trend, IEX Joint Managing Director Rohit Bajaj said the prices on power exchanges in DAM during the first 11 months of the current financial year 2025-26 (FY26) averaged ₹3.83 per unit, lower by 14.4 per cent compared with the same period of FY25. "Similarly, prices in the RTM averaged ₹3.58 per unit during the same period, declining by 16.5 per cent Y-o-Y on account of increased sell-side liquidity," Bajaj said.

He said these prices presented an opportunity for discoms and commercial and industrial consumers to meet their demand at a competitive price, and to replace their costlier power by procuring through exchanges.

IEX, in its monthly power market update, said that 18.86 lakh renewable energy certificates (RECs) were traded in the trading sessions held on February 11, 2026 and February 25, 2026 at a clearing price of ₹333 per REC and ₹337 per REC, respectively. REC traded volume increased by 15.2 per cent Y-o-Y.

India's energy consump-

tion grew marginally by 1.9 per cent to 133 BU in February, according to government data. This follows a 4-6 per cent Y-o-Y increase recorded in the previous two months. In the initial 10 months of 2025-26 (M10FY26), the country's demand remained subdued, with only a marginal growth of 0.9 per cent.

Credit rating agency Icria cites prolonged southwest monsoons led by heavy rainfall in several regions of the country and an unfavourable base of last year as the reasons for the subdued growth. "In M10FY2026, electricity demand growth was led by Gujarat, Karnataka, and Bihar, even as most northern states recorded a decline in demand growth over the same period," said Ankit Jain, vice president and company group head-corporate ratings at the agency.

Icria expects some degree of seasonal winter recovery this year, with a rebound in the next financial year.

"The full-year growth is expected to remain modest at 1.5-2 per cent, with a rebound to around 5 per cent anticipated in FY27, supported by normal weather, a lower base, and steady industrial and commercial activities," he added.