US Data Center Daily Briefing

May 10, 2026

KEY THEMES

- Citi forecasts India power sector 5–6% CAGR
- GENCO additions FY26–32 seen at 2.3–2.5x
- Capex upcycle: thermal, renewables, transmission, grid storage
- CEA guidelines and draft National Electricity Policy 2026 support

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Citi is effectively telling anyone building in India to stop thinking in "next quarter" timelines and start thinking in "next grid cycle." In a fresh note, Citi Research forecasts India's power sector will grow 5–6% CAGR in the medium term, with demand pulled by electrification, data centres, cooling, and manufacturing. The punchline isn't just higher load — it's the scale of build-out Citi expects across generation, transmission, and storage.

The Big Stories

Citi's core call is straightforward: India's power sector expands at a 5–6% medium-term CAGR, driven by electrification plus load growth from data centres and cooling, and reinforced by manufacturing demand. For digital infrastructure investors, that's a reminder that "data centre demand" is now getting name-checked alongside the traditional macro drivers — not as a niche add-on.

The more consequential detail is on supply. Citi expects GENCO capacity additions in FY26–32 to run at **2.3–2.5x** the level seen in FY19–25. That's a huge implied acceleration, and it matters because it frames the next few years as a capacity-and-connection race, not simply an energy-procurement exercise.

Citi also flags a **multi-vector capex upcycle**: thermal, renewables, transmission, and grid storage all expanding together. In plain terms, this is an "all of the above" investment cycle — a helpful reality check for anyone trying to model India's grid future as a single-technology story. For data centres, the relevant takeaway is that reliability and deliverability (transmission and storage) are being treated as first-class capex priorities alongside generation.

Policy support is part of the argument. Citi points to tailwinds from **CEA guidelines** and the **draft National Electricity Policy 2026**. Even without getting into the details of those

documents, the signal is clear: the build-out Citi is underwriting isn't just a market story — it's being buttressed by policy direction.

Finally, Citi notes **potential El Nino tailwinds in 2026**. That's a subtle but important inclusion: it suggests the sector's near-term narrative could be shaped not only by demand growth and capex, but also by weather-linked system dynamics. For operators and investors, "2026" is being flagged as a year where planning assumptions may get tested.

Behind the Headlines

Today's feed was dominated by Citi's India power sector note, with no additional independent stories in the input to triangulate against. The useful way to read it is less as a single-point forecast and more as a bundled thesis: demand is broadening (electrification plus data centres and cooling), while the response is widening (thermal + renewables + transmission + storage) and being explicitly supported by policy signals (CEA guidance and the draft National Electricity Policy 2026). If Citi is right about GENCO additions stepping up to 2.3–2.5x FY19–25 levels, the "constraint" conversation in India shifts from whether projects can find customers to whether the system can be built fast enough to connect and firm the load.

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