RENEWABLES FIRST

Pakistan's Power Market Insights

July 2026

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Disclaimer:

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Introduction

Our power market insights highlight important trends shaping Pakistan's power sector. This document focuses on long-term changes, such as the effects of fuel cost variations and shifts in the energy mix. The goal is to help businesses and consumers understand how the power sector is evolving in the country on a monthly basis.

- Grid electricity generation rose 7% YoY to 15.1 TWh in Jul'26, amid peak-summer electricity demand.
- Improved water inflows boosted hydel generation, with low-cost hydel accounting for 40% of the generation mix.
- Continued RLNG disruptions deepened reliance on imported coal, shifting dependence to another imported fossil fuel and adding to cost pressures.
- Increased reliance on thermal generation pushed the average fuel cost to PKR 9.6 per kWh. Consequently, DISCOs sought to recover approximately PKR 36.5 billion through a positive FCA for Jul'26.

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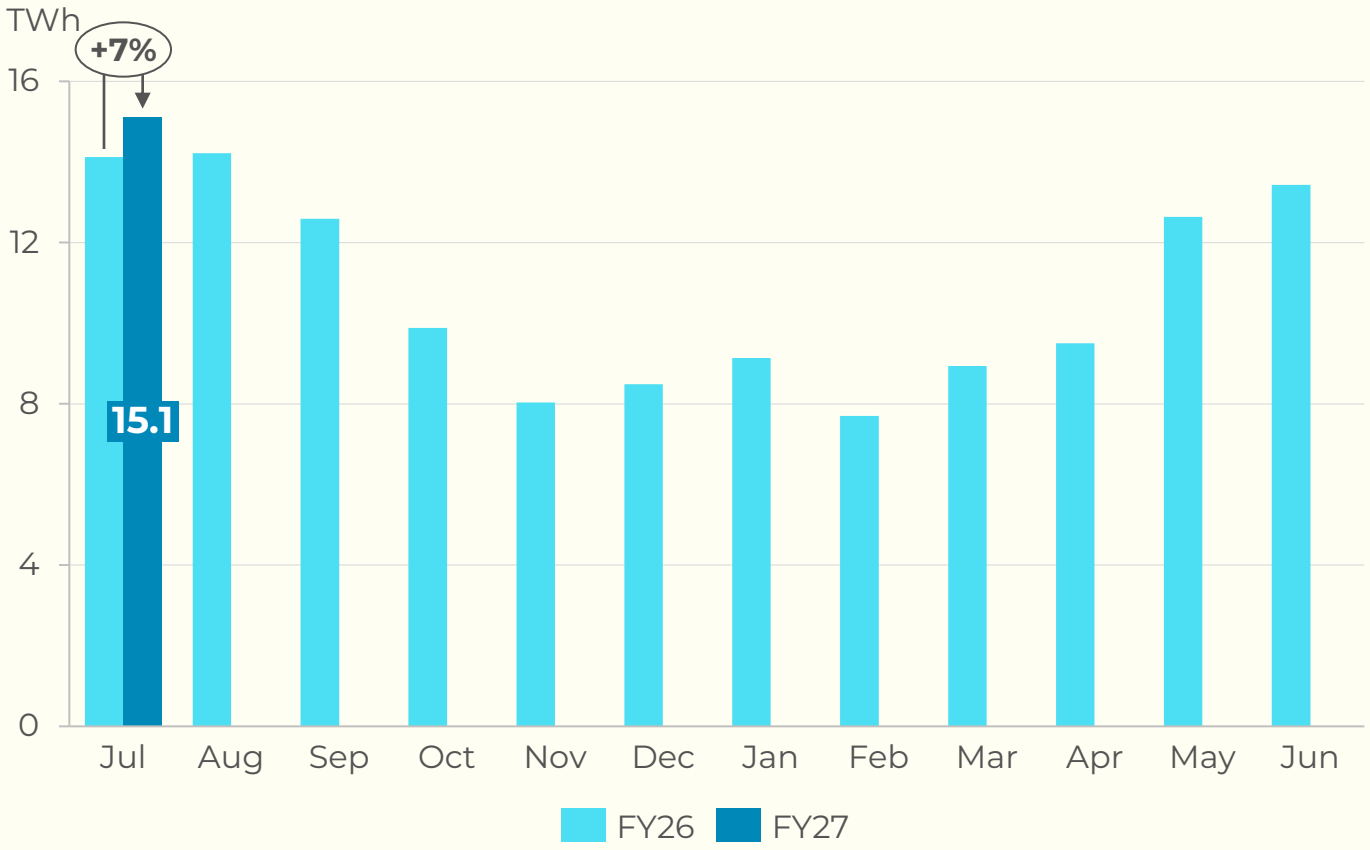
Increased electricity consumption pushed Pakistan's power generation 7% higher YoY in Jul 26

Month-wise electricity generation in FY26 vs FY27

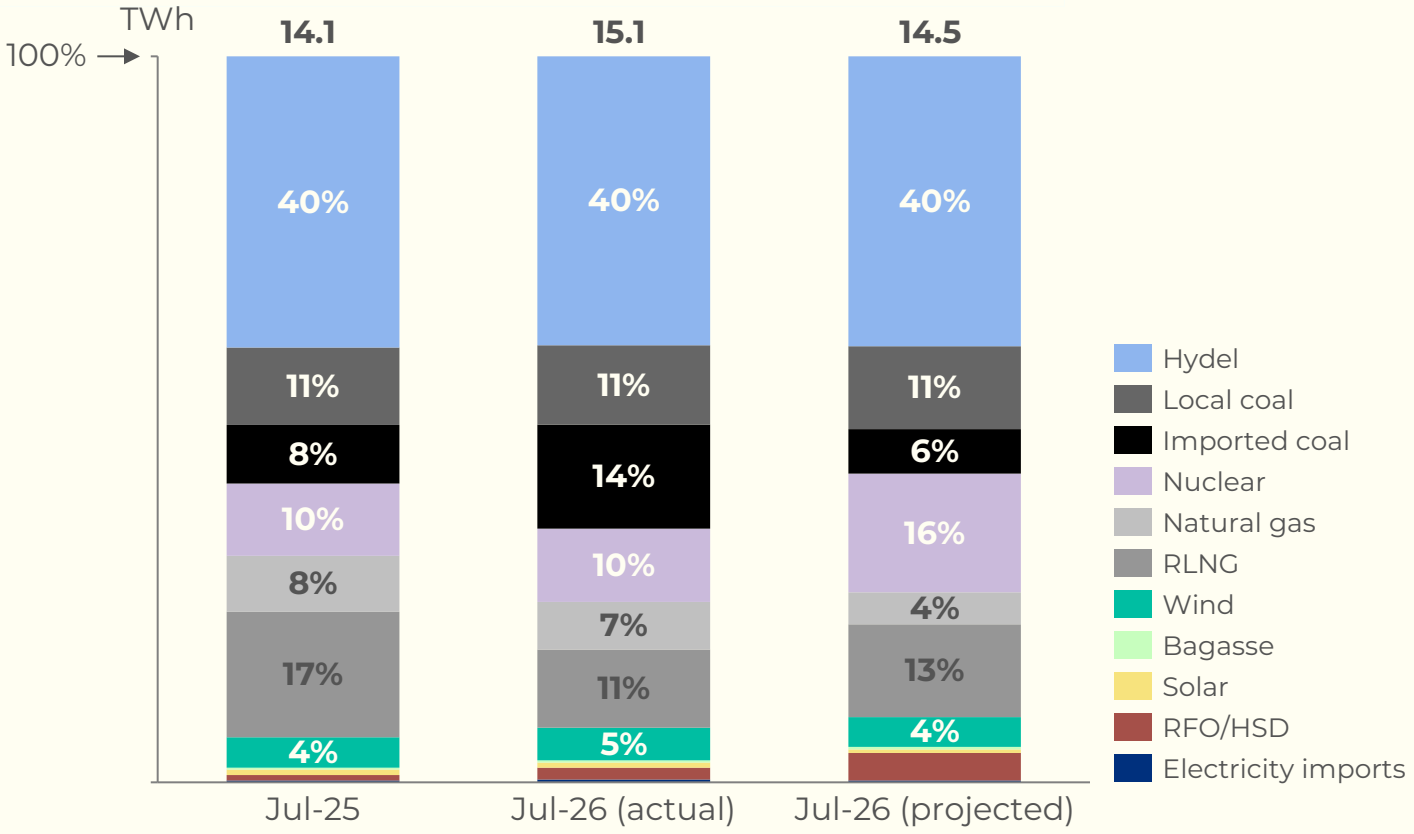


- Electricity generation rose to 15.1 TWh in Jul 26 as temperature climbed to 32°C, 0.7°C above average, driving a seasonal increase in cooling demand.
- Higher irrigation needs during the Kharif season, alongside continued activity across key industrial segments led to increased electricity consumption.

Data Source: NEPRA & Renewables First's calculations

In Jul 26, hydel led the generation mix with a 40% share, supported by improved water inflows

Source-wise electricity generation mix , Jul 25 vs Jul 26 (actual) vs Jul 26 (projected)

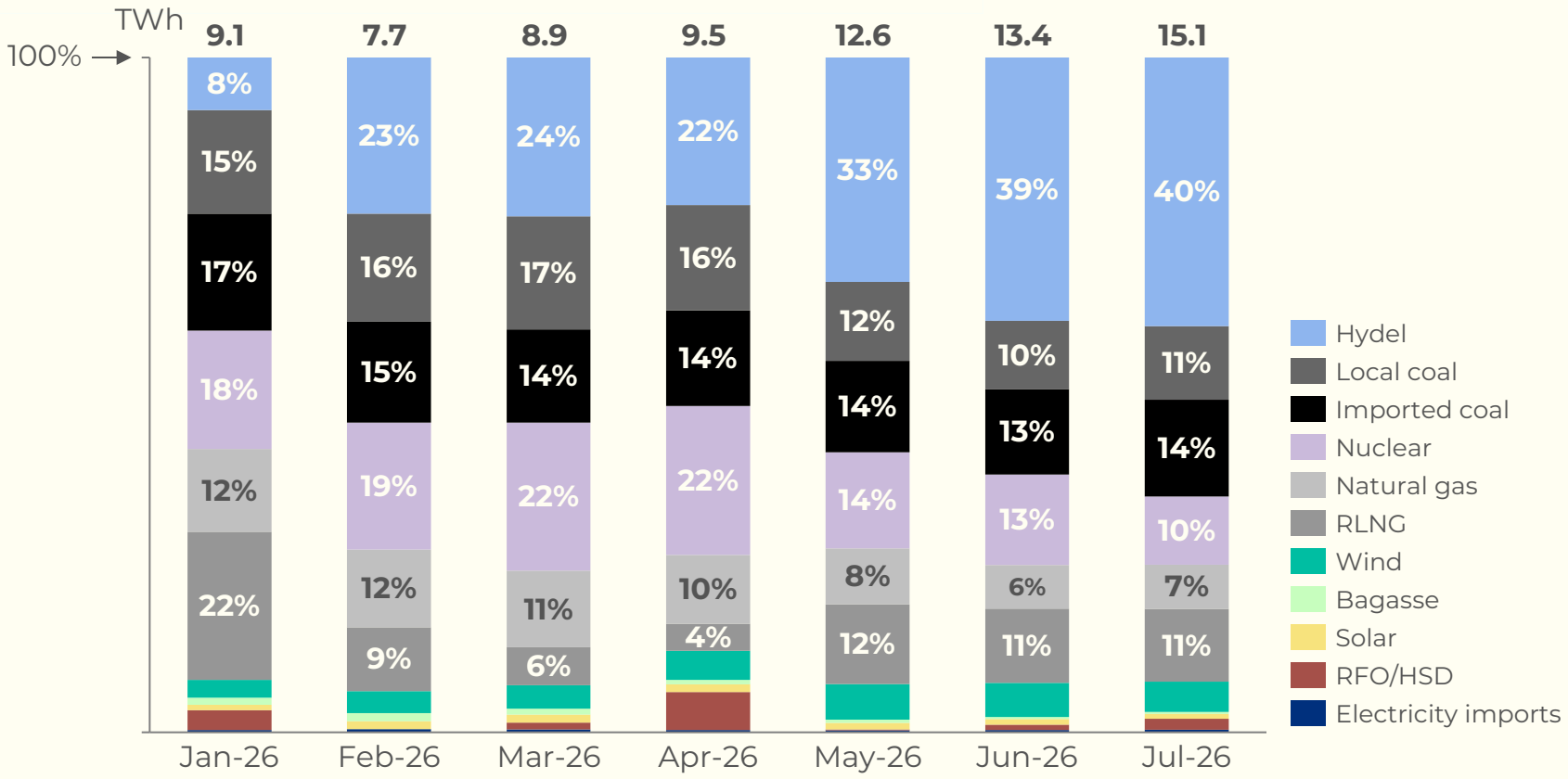


- Hydel generation reached 6.0 TWh, up 6% YoY, supported by seasonal snowmelt and runoff.
- RLNG generation fell 33% YoY to 1.6 TWh, as LNG supply disruptions constrained cargo availability.
- Nuclear generation reached 1.53 TWh, 36% below projections, as K-3 remained unavailable during July.
- Imported coal generation rose 90% YoY to 2.2 TWh, offsetting reduced generation from RLNG.
- Overall generation exceeded projections by 4.4%, highlighting increased generation against the forecasted demand.

Data Source: NEPRA & Renewables First's calculations

LNG disruptions exposed energy-security risks, with constrained RLNG supply driving greater reliance on imported coal

Source-wise electricity generation mix, Jan 26 - Jul 26

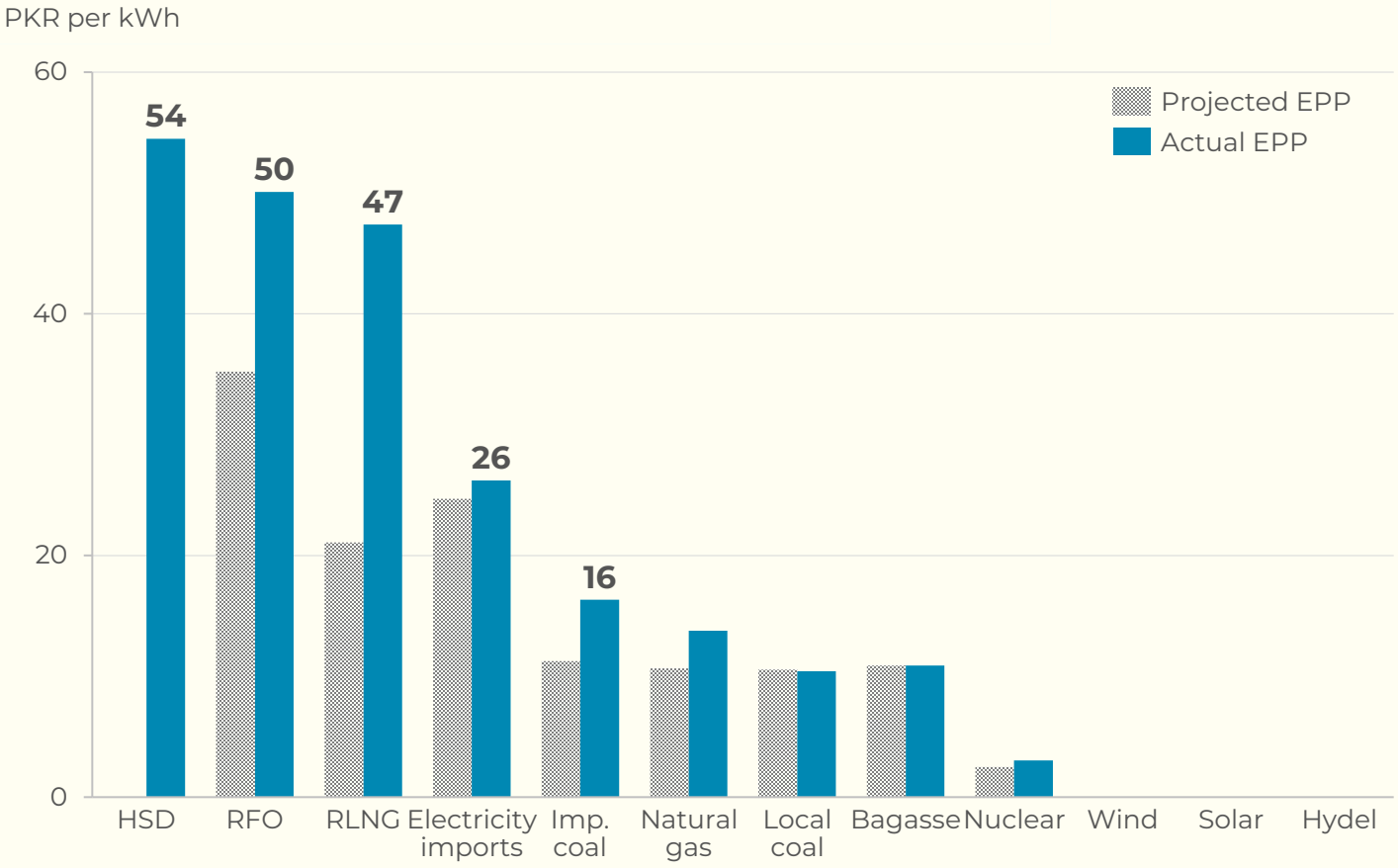


Pakistan remains exposed to external fuel-supply disruptions, as constraints on one imported fuel can quickly increase reliance on another. RLNG generation fell 33% below reference during Apr–Jul 26, while imported coal generation rose 33% above reference over the same period. This fuel switching highlights continued exposure to imported fossil fuel dependency and price volatility.

Data Source: NEPRA & Renewables First's calculations

Fuel supply shocks are exposing the cost vulnerability of Pakistan's electricity generation

Energy source wise fuel cost – actual vs projected EPP, Jul 26

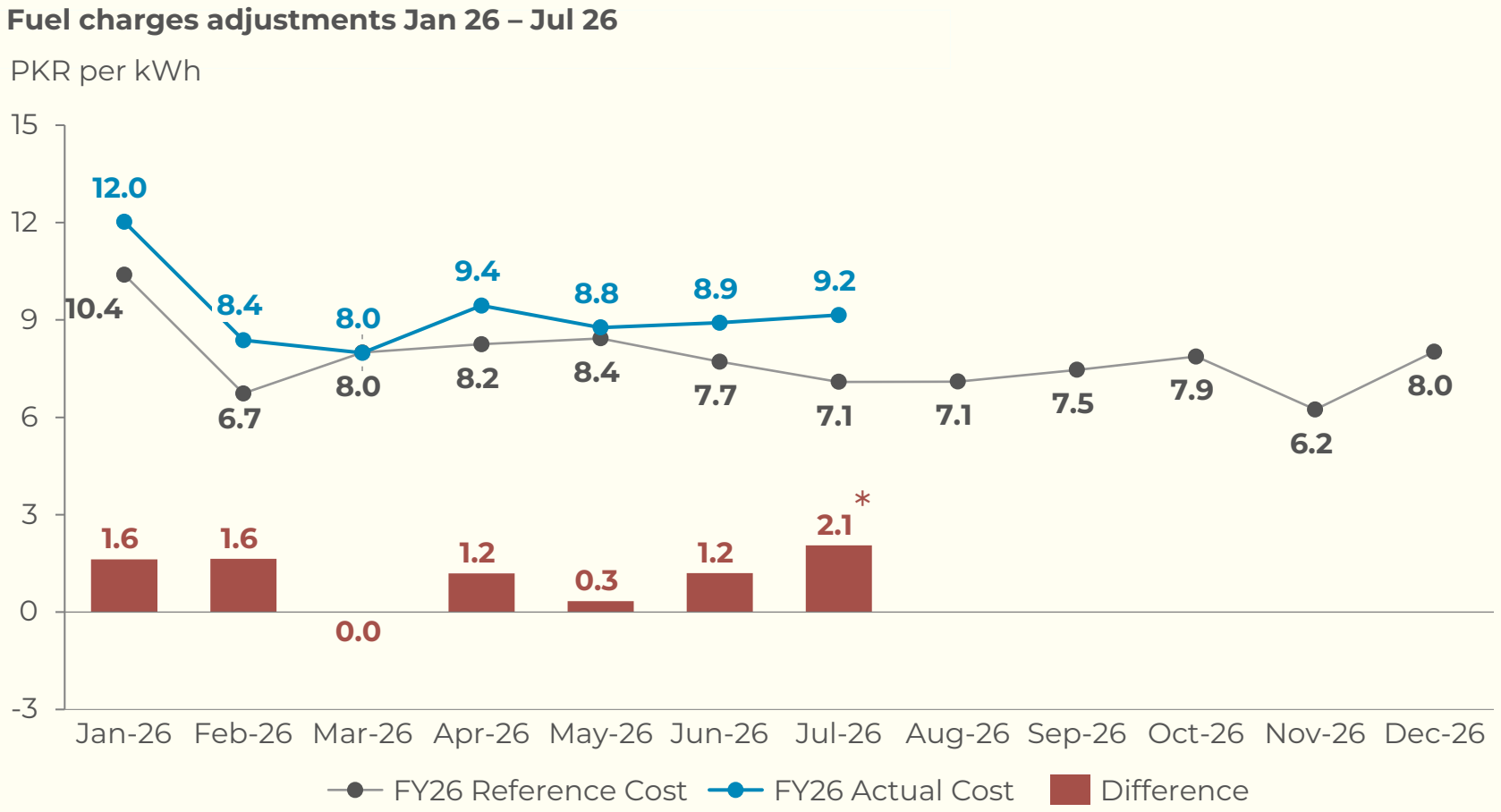


- Geopolitical disruptions raised international LNG costs, forcing reliance on expensive cargoes and pushing RLNG fuel cost 125% above projections to PKR 47.4 per kWh, despite generation remaining below forecast at 1.6 TWh vs. 1.9 TWh.
- Imported coal picked up to fill the gap, with its cost also running 45% above the projections, further raising the cost of generation.
- HSD and RFO generation also rose to 0.25 TWh from 0.1 TWh in Jul-25, contributing only 2% of generation but adding further cost pressure at PKR 54 per kWh and PKR 50 per kWh.

EPP: Energy purchase price

Data Source: NEPRA & Renewables First's calculations

Greater reliance on expensive thermal generation pushed proposed FCA to PKR 2.05 per kWh



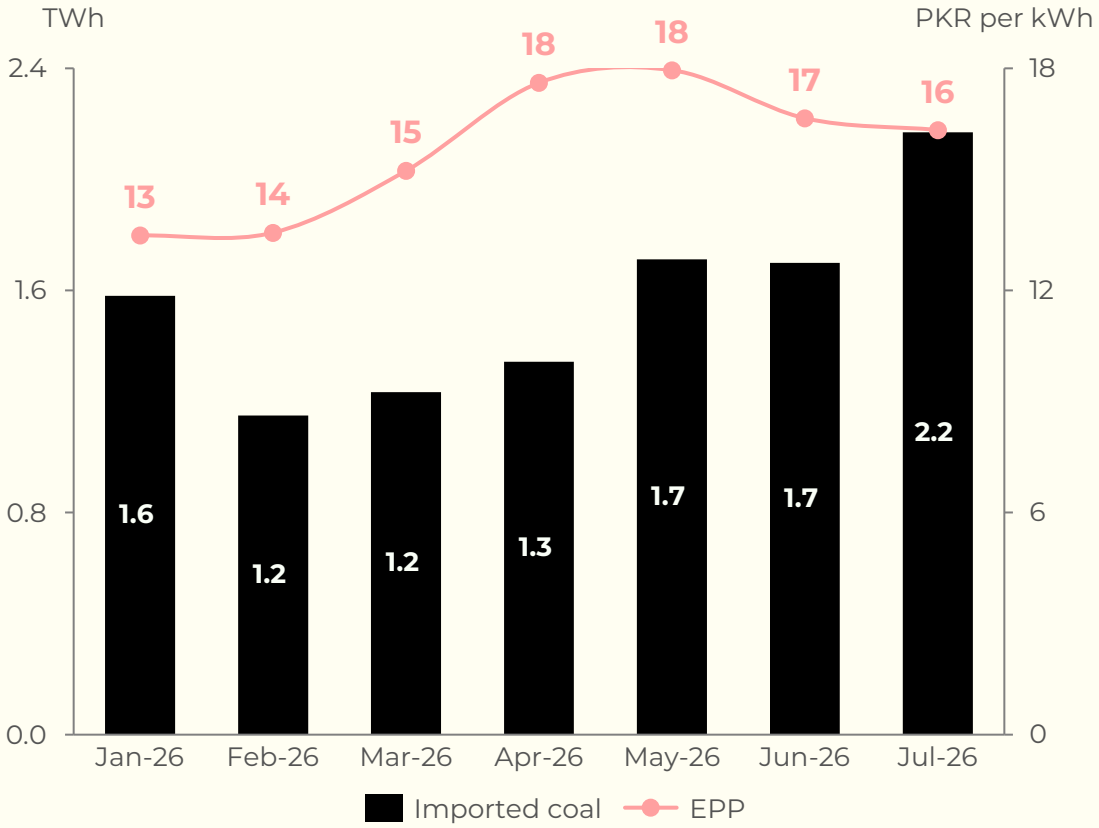
* Note: Provisional number

In Jul 26, actual generation cost stood at PKR 9.6 per kWh, 29% above the reference cost of PKR 7.1 per kWh. Consequently, DISCOs sought to recover approximately PKR 29.7 billion through a positive FCA for Jul 26.

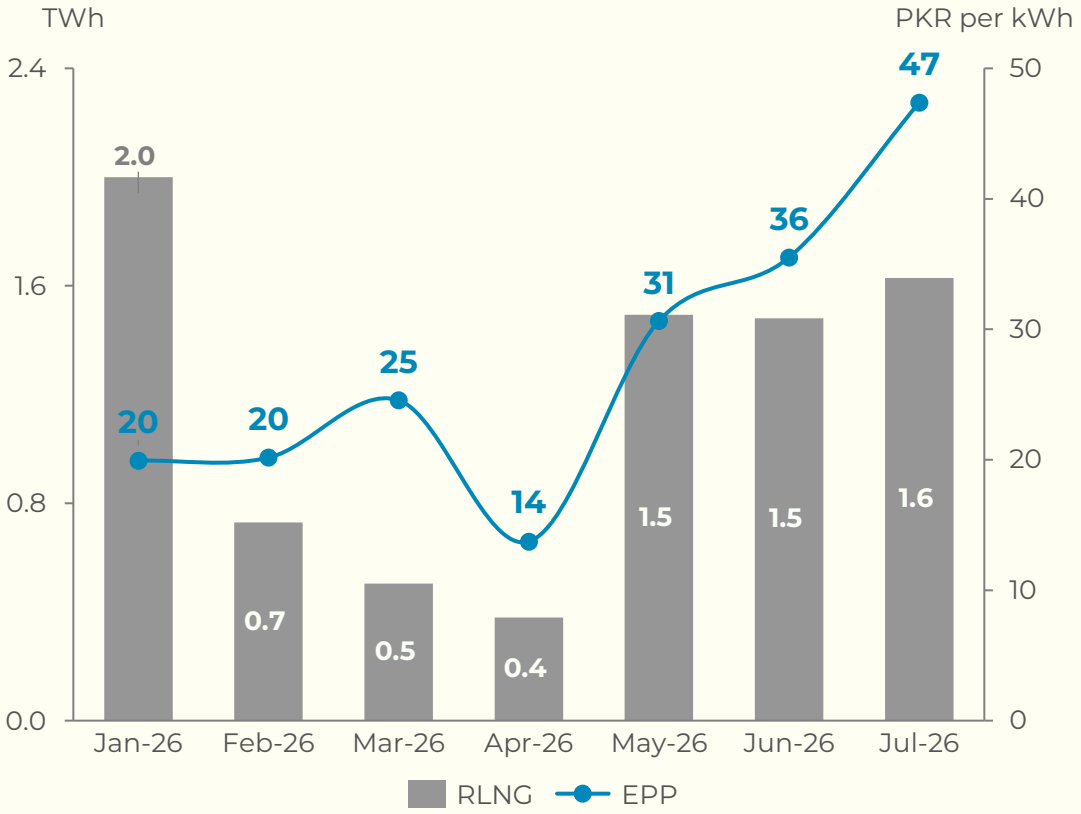
Data Source: NEPRA & Renewables First's calculations

From gas shock to coal dependence: RLNG disruptions are increasing Pakistan's reliance on imported coal

Electricity generated and per unit price from imported coal, Jan 26 - Jul 26



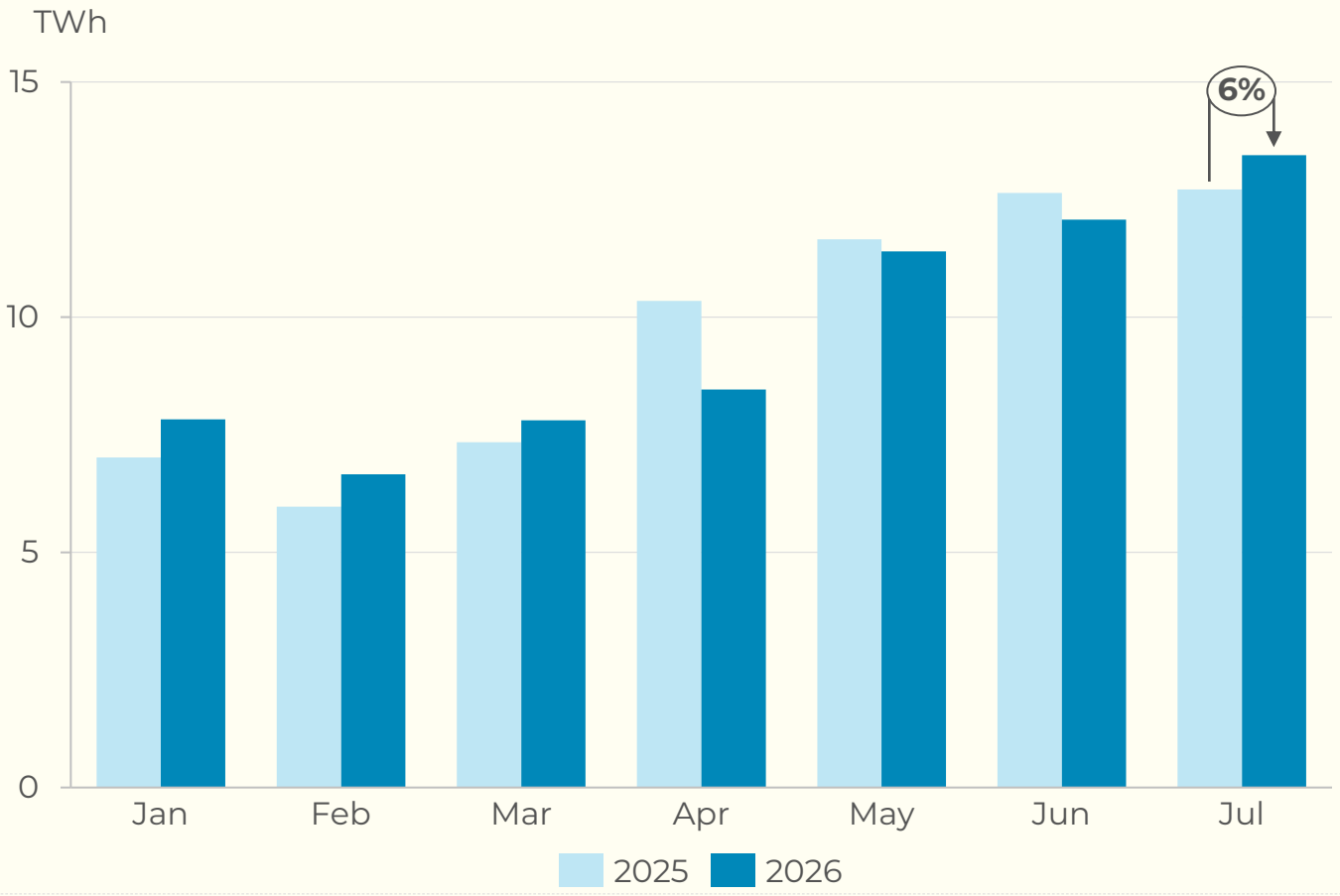
Electricity generated and per unit price from RLNG, Jan 26 - Jul 26



Data Source: NEPRA & Renewables First's calculations

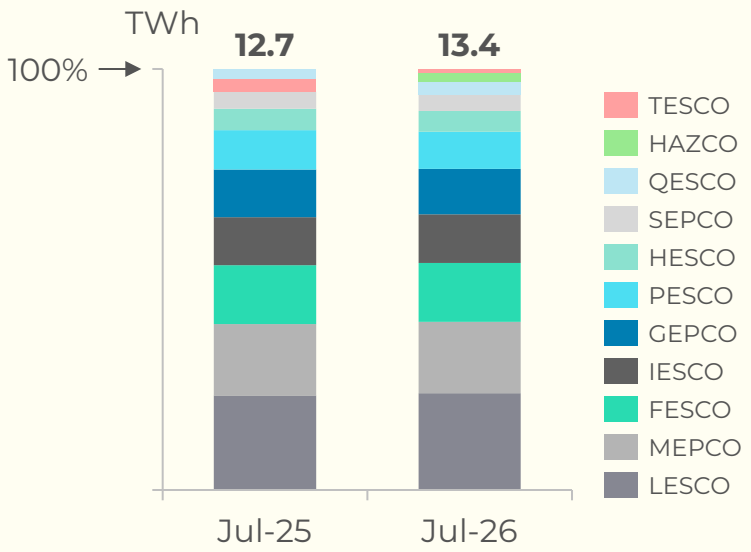
Disco's electricity procurement reached 13.4 TWh in Jul 27, up 6% YoY

Units procured by DISCOs, 2025 vs 2026



- QESCO procurement rose 33% YoY, indicating greater reliance on cross-border supply.
- LESCO and IESCO saw higher grid procurement in Jul 26, potentially reflecting stronger economic activity alongside rising renewable energy adoption in urban and industrial areas.

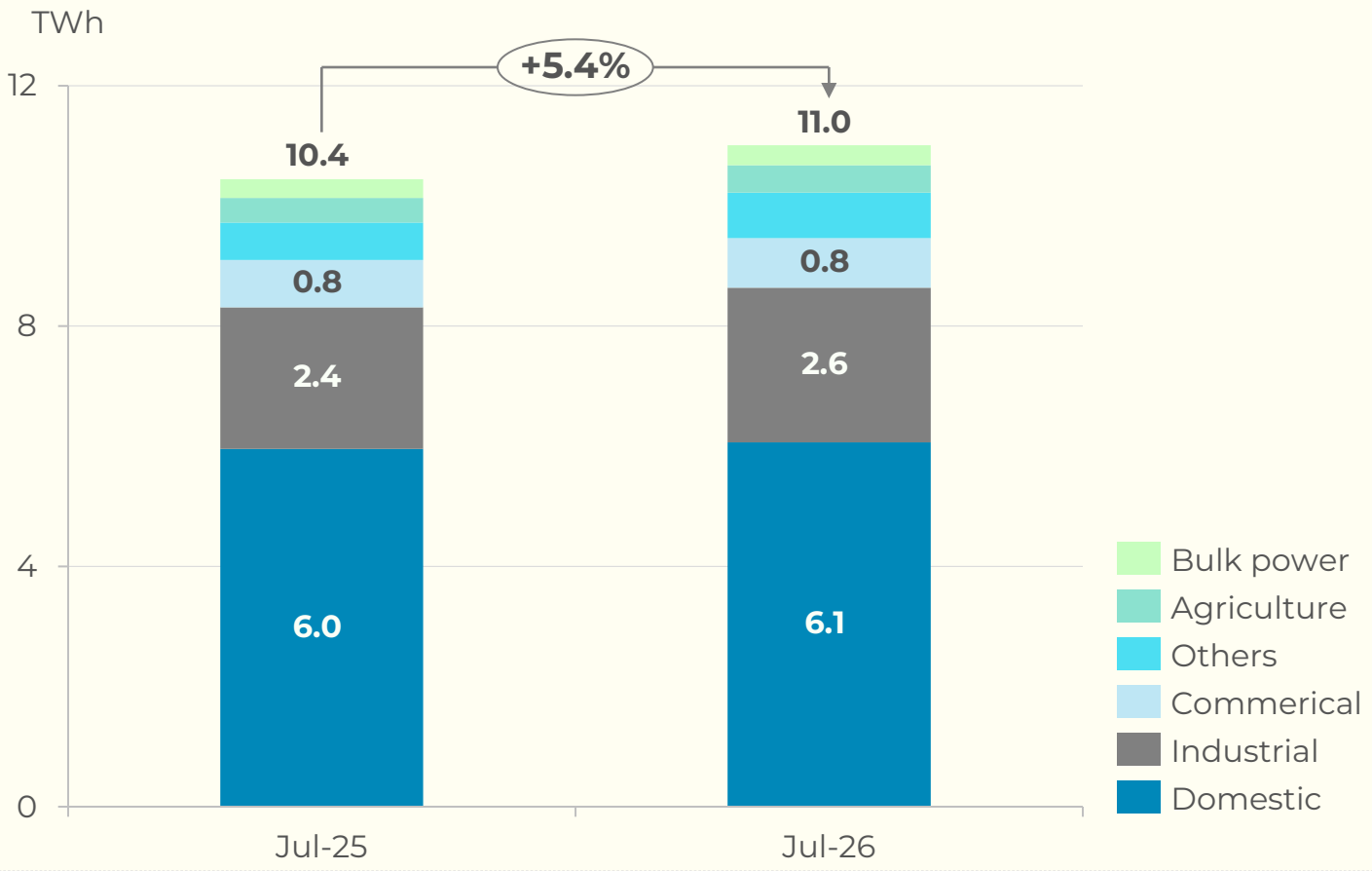
DISCO-wise units procured Jul 25 vs Jul 26



Data Source: NEPRA & Renewables First's calculations

Electricity sales increased 5% YoY in Jul-26, driven by stronger industrial activity

Electricity units sold, Jul 25 vs Jul 26

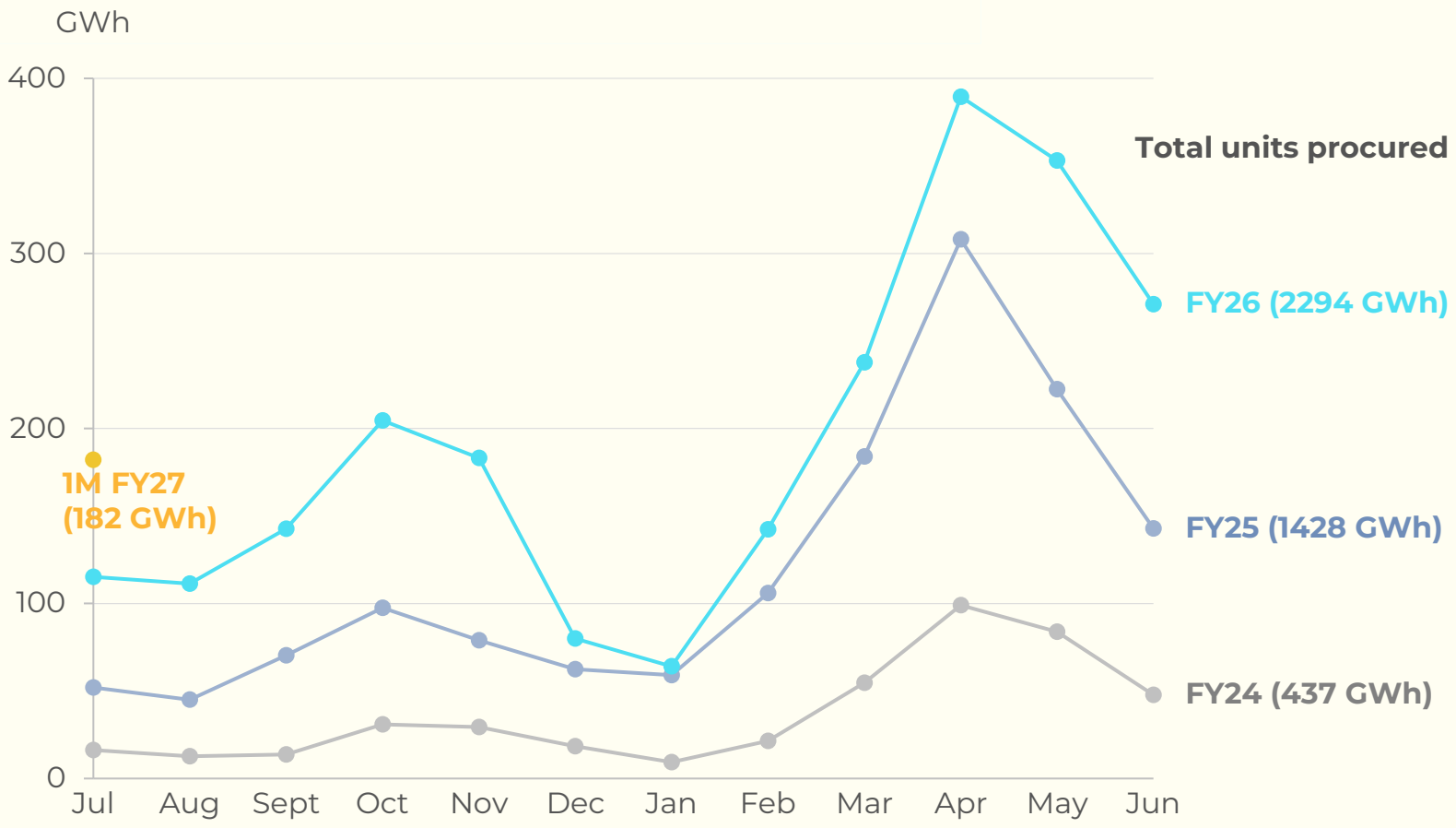


- Domestic electricity consumption rose 2% YoY in Jul 26, as hotter nights increased cooling demand while rooftop solar continued to offset daytime grid consumption.
- Industrial electricity consumption rose 8% YoY, supported by lower industrial tariffs and a shift from captive generation to grid supply.
- Commercial electricity consumption rose 23% YoY, reflecting stronger commercial activity and higher grid utilization.

Data Source: NEPRA & Renewables First's calculations

Net-metered units surged 58% YoY in Jul 26, highlighting the growing impact of distributed solar on grid demand

Net-metering units Procured by DISCO's, FY24 – 1 MFY27



Disco-wise units procured, Jul 25 vs Jul 26 (GWh)

	Jul-25	Jul-26
FESCO	10.4	15
GEPCO	10.7	18
HESCO	0.8	3
SEPCO	0.6	2
IESCO	27.9	38
LESCO	20.5	43
MEPCO	33.5	47
PESCO	7.5	12
TESCO	0.4	1
QESCO	0.5	1
HAZCO	2.6	2

Data Source: NEPRA & Renewables First's calculations

Renewables First (RF) is a think tank for energy and environment. Our work addresses critical energy and natural resource issues with the aim to make energy and climate transitions fair and inclusive.

Disclaimer:
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