RENEWABLES FIRST

Pakistan's Power Market Insights

September 2026

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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.



Electricity consumption declined 12% MoM to 13.2 TWh, with hydel remaining the largest generation source, contributing 37% of total generation.



Imported fuels intensified generation cost pressures, accounting for 76% of the total fuel bill in Sept 26.

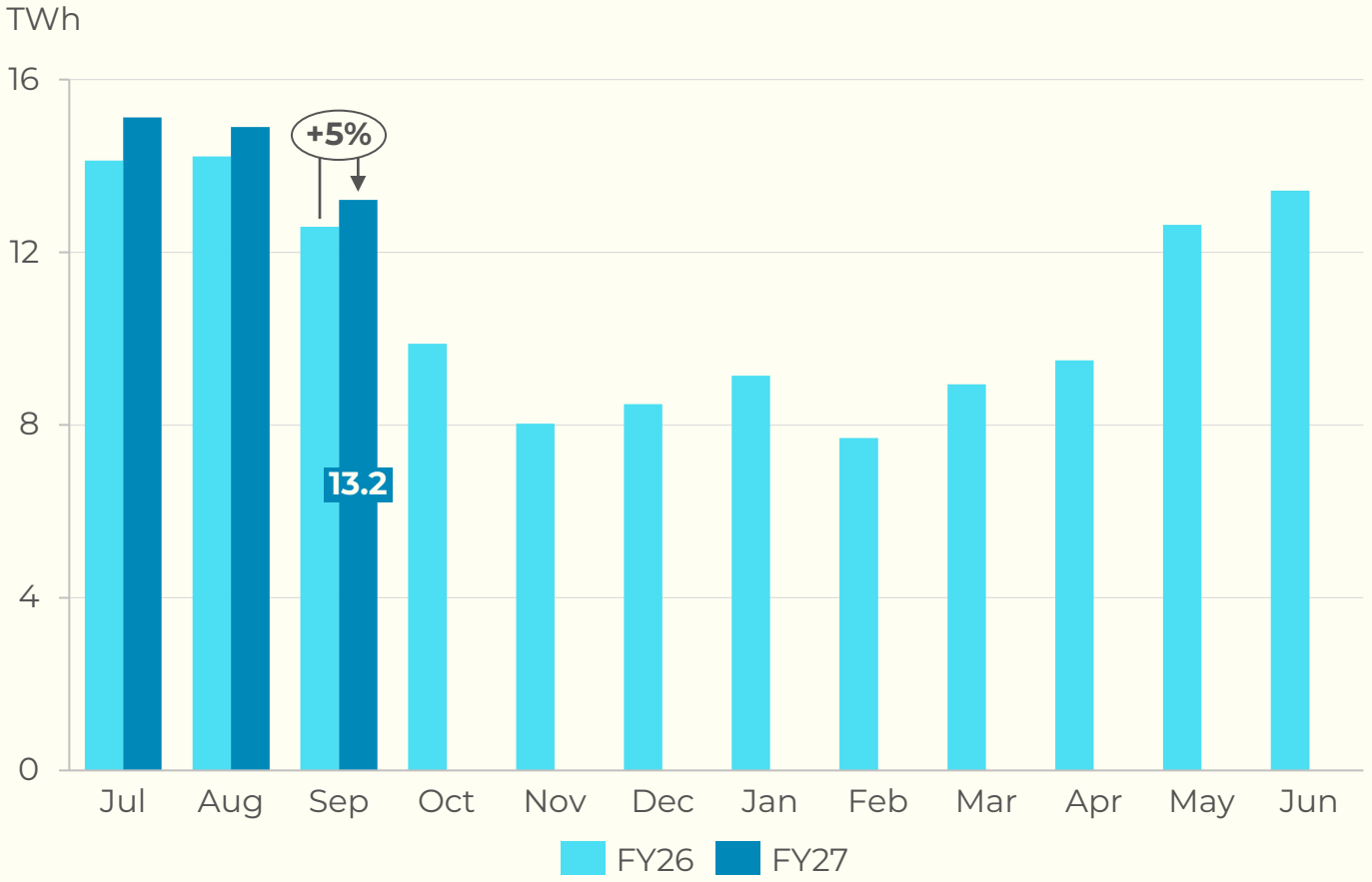


Higher generation costs increased the burden on electricity consumers, with Disco's seeking to recover approximately PKR 30.2 billion through a positive FCA of PKR 2.4 per kWh for Sept 26, adding to consumers' electricity bills.

#RFPowerMarketInsights

Industrial activity drives 5% YoY growth in electricity generation in Sept 26

Month-wise electricity generation in FY26 vs FY27

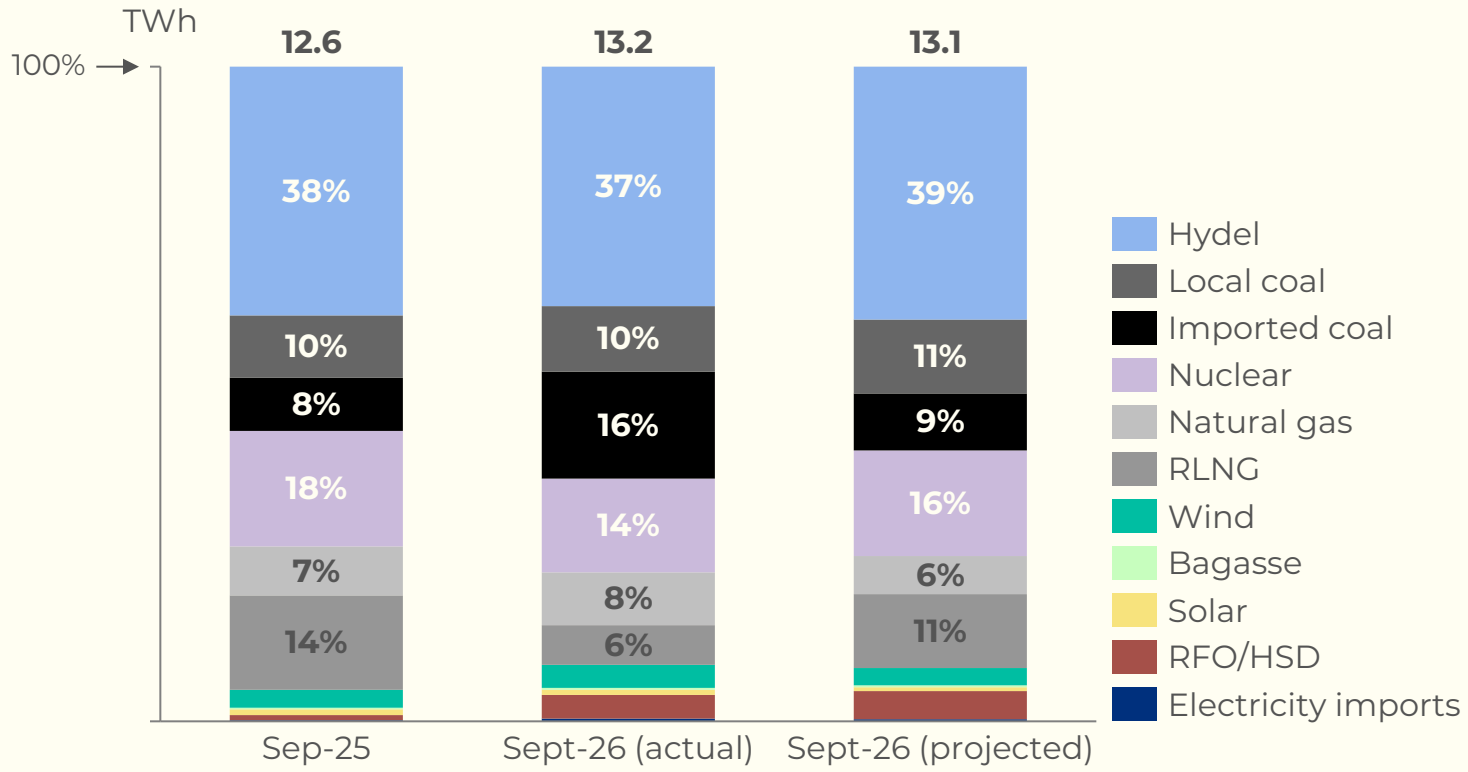


- Lower temperatures eased cooling demand, contributing to a 12% month-on-month (MoM) decline in electricity consumption to 13.2 TWh in Sept 26 from 14.9 TWh in Aug 26, as average mean temperatures fell from 31°C to 29°C.
- Electricity generation increased 3.6% year-on-year (YoY) in the first three months of FY27 to 43.2 TWh, supported in part by a modest uptick in industrial activity.

Data Source: NEPRA, PBS & Renewables First's calculations

In Sept 26, coal-fired generation accounted for 26% of the generation mix, making it the second-largest source

Source-wise electricity generation mix , Sept25 vs Sept 26 (actual) vs Sept 26 (projected)

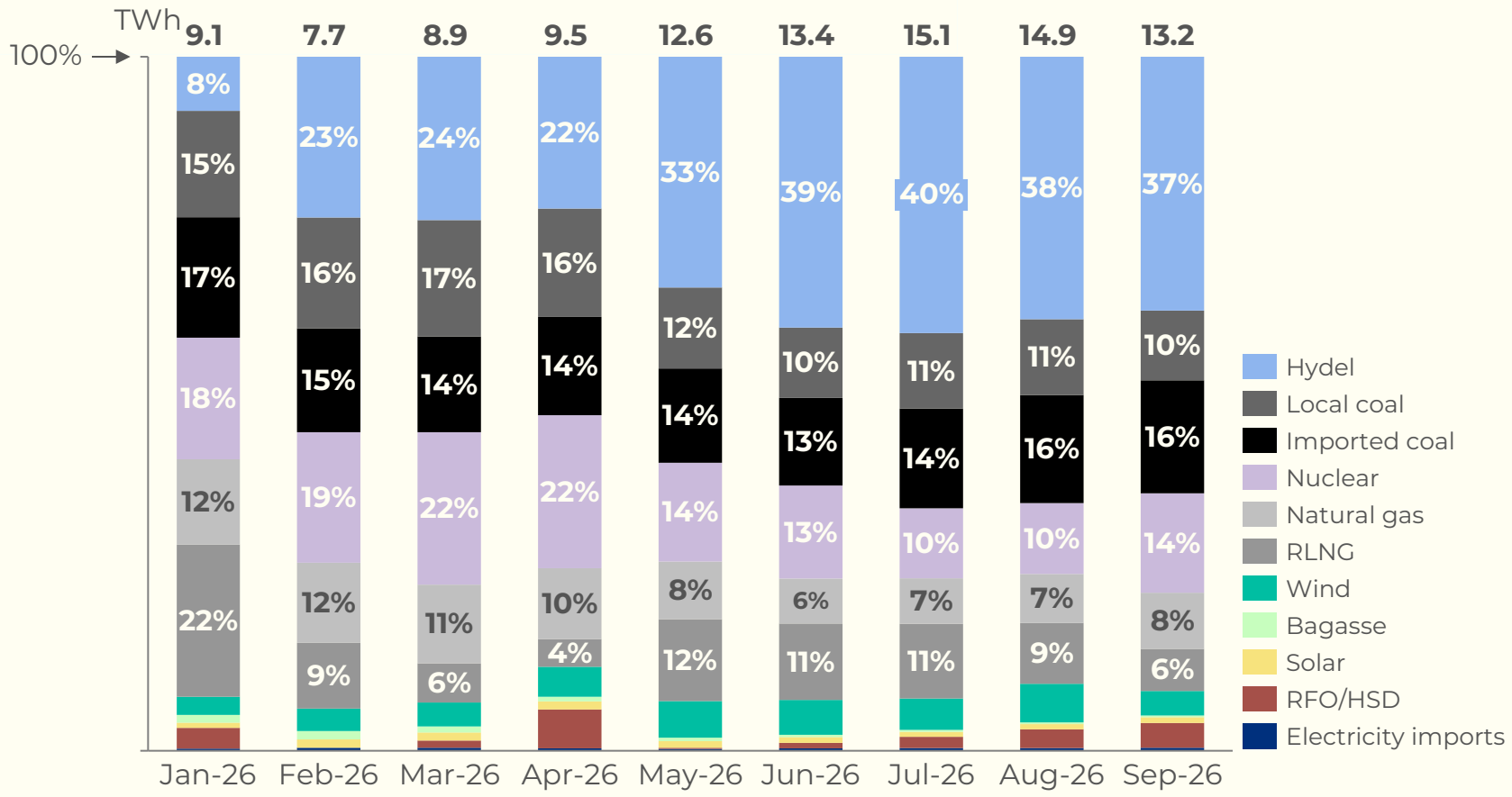


- Hydel contributed 37% of total generation, declined 15% MoM to 4.8 TWh in Sept 26, potentially reflecting lower water inflows.
- Nuclear generation declined by 15% YoY (0.334 TWh) in Sept 26, partly due to lower output from Chashma C-1 and C-2.
- RLNG generation remained 46% below projections, declining from 1.82 TWh in Sept 25 to 0.80 TWh in Sept 26 amid constraints on imported gas availability.
- Imported coal generation increased by 112% YoY to 2.16 TWh in Sept 26 while local coal generation rose by 10% YoY, as reduced RLNG availability amid international supply disruptions shifted generation towards coal.

Data Source: NEPRA, PBS & Renewables First's calculations

LNG supply constraints increase reliance on imported coal and costlier oil-fired generation

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



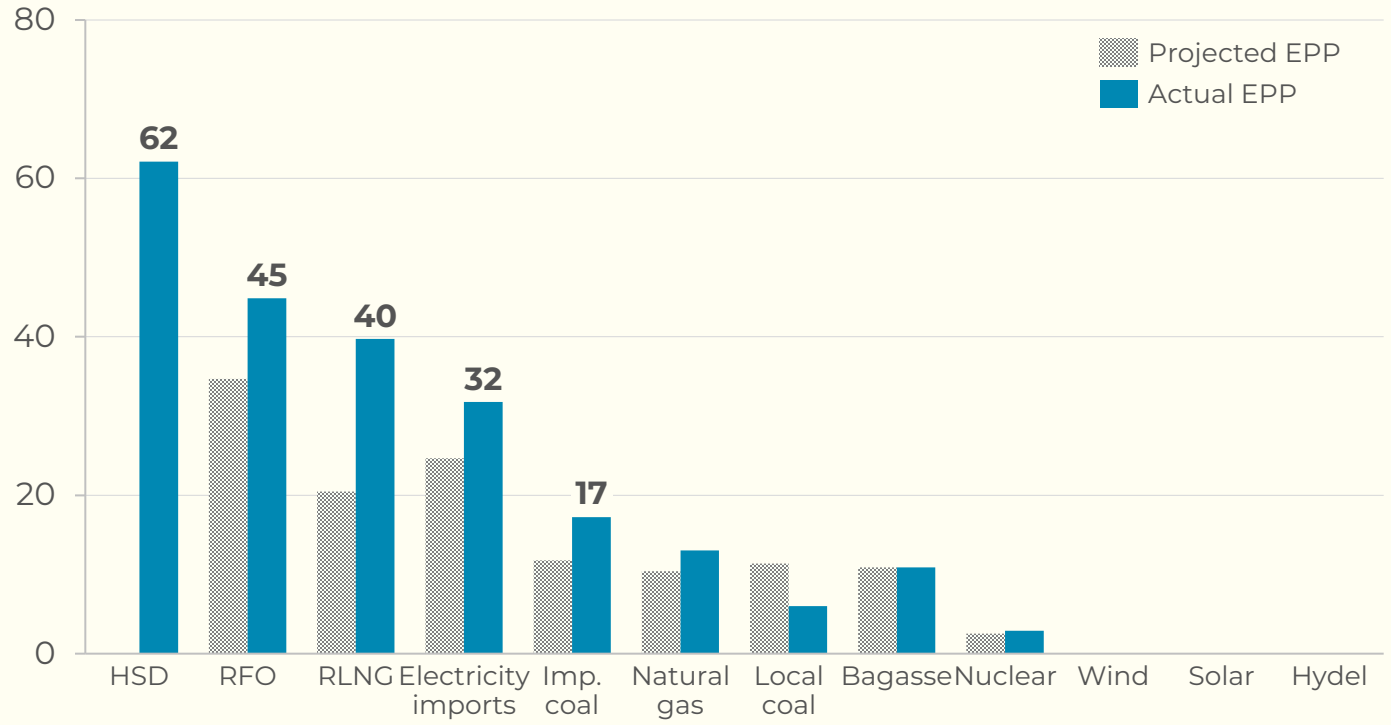
Imported coal generation rose 90% YoY, while RLNG-fired generation fell 10% during Feb–Sept 26. Meanwhile, oil-fired generation increased 155% YoY to 1.4 TWh over Apr–Sept 26. HSD also entered the generation mix, contributing 0.4 TWh over the six-month period, compared with no HSD-fired generation in the corresponding period last year. This shift sustains fuel-import dependence while increasing exposure to higher generation costs.

Data Source: NEPRA, PBS & Renewables First's calculations

Imported fuels accounted for 76% of the total fuel bill, intensifying thermal generation cost pressures.

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

PKR per kWh



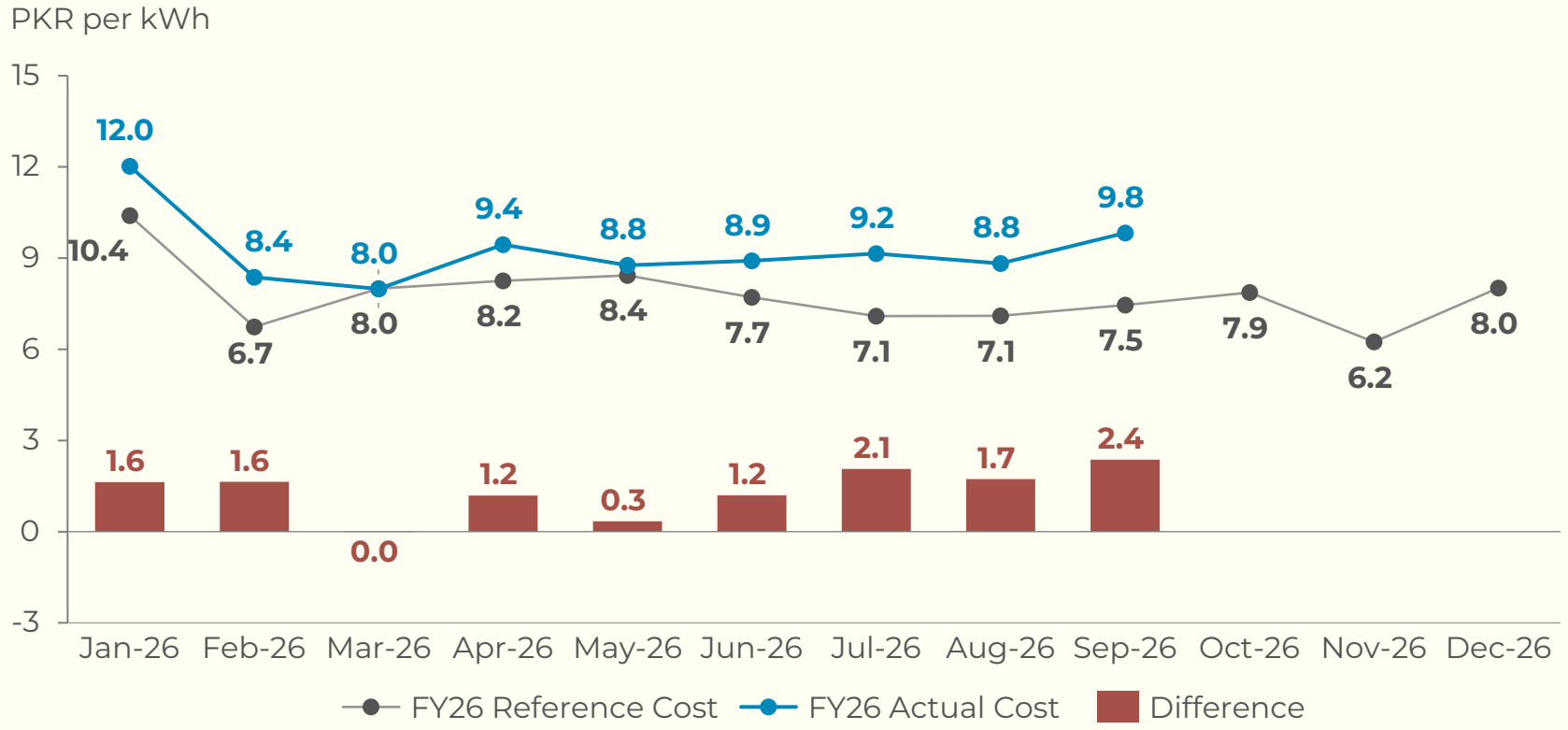
- In Sept26, RLNG's fuel cost remained 94% above projections despite a 14% MoM price decline following cheaper Qatari cargoes. Constrained availability limited RLNG to 6% of electricity generation while accounting for 26% of the total fuel bill.
- RFO's fuel cost rose 59% YoY and remained 29% above projections, as higher fuel procurement costs kept oil-based generation expensive.
- HSD's fuel cost surged to PKR 65 per kWh, its highest since Apr26, accounting for 11% of the total fuel bill and adding further cost pressure.
- Constrained RLNG availability has increased reliance on imported coal, whose EPP rose 26% YoY to PKR 17 per kWh, 46% above projections, adding further pressure to generation costs.

EPP: Energy purchase price

Data Source: NEPRA & Renewables First's calculations

Expensive thermal generation from imported fuels kept the proposed Sept 26 FCA 32% above projections

Fuel charges adjustments Jan 26 – Sept 26

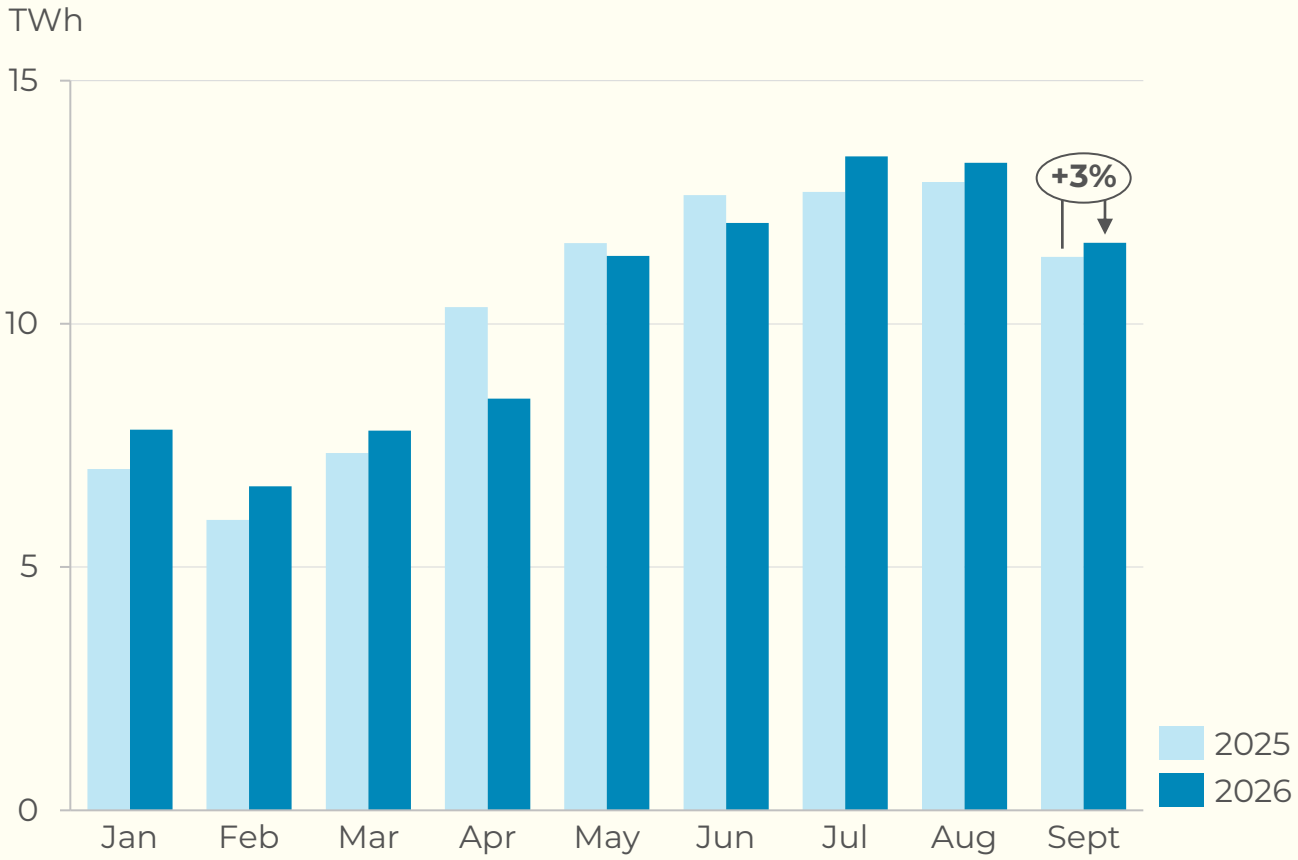


In Sept 26, actual generation cost stood at PKR 9.8 per kWh, against rreference cost of PKR 7.5 per kWh. Consequently, Disco's sought to recover approximately PKR 30.2 billion through a positive FCA of PKR 2.4 per kWh for Sept 26.

Data Source: NEPRA & Renewables First's calculations

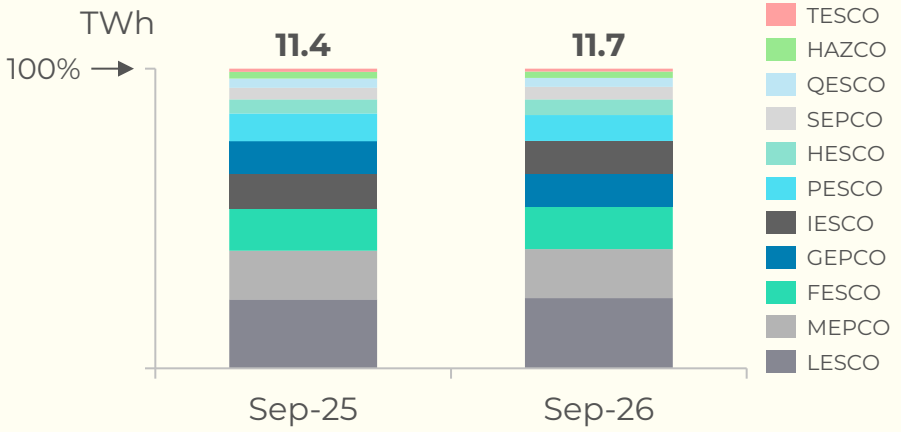
Electricity procurement declined 12% MoM as summer cooling requirements began to ease

Units procured by DISCOs, 2025 vs 2026



- LESCO's electricity procurement increased by 4% YoY to 2.7 TWh, potentially reflecting higher grid dependence as electricity demand increased.
- Electricity consumption in MEPCO rose by 3% YoY to partly driven by higher cooling demand amid elevated temperatures across South Punjab.
- FESCO's electricity sales climbed from 1.595 TWh to 1.646 TWh, potentially supported by higher activity in export-oriented garment manufacturing.

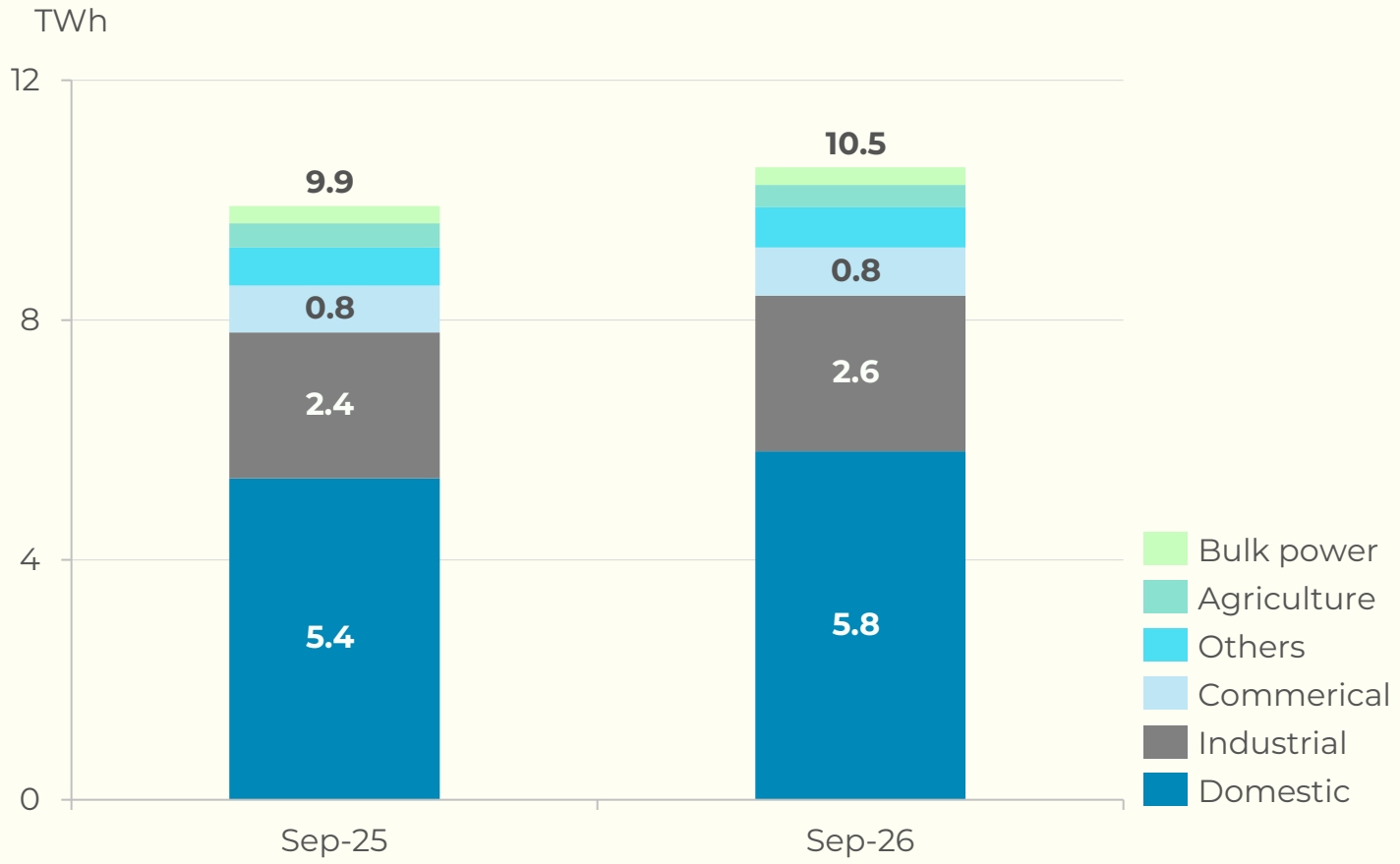
DISCO-wise units procured Sept 25 vs Sept 26



Data Source: NEPRA & Renewables First's calculations

Domestic consumers lead the increase in electricity consumption in Sept 26

Electricity units sold, Sept 25 vs Sept 26

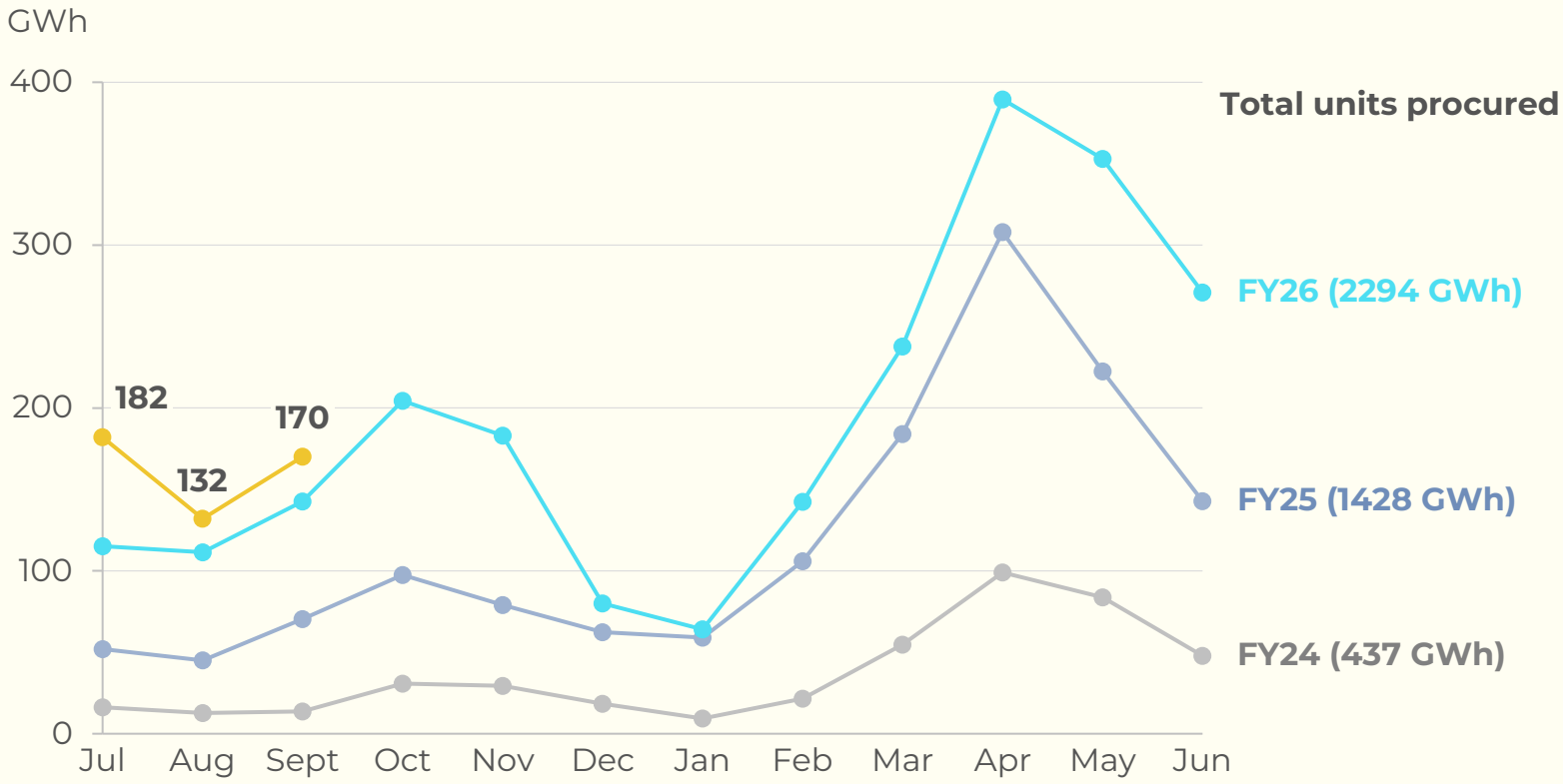


- Electricity consumption in the domestic sector increased by 8.4% YoY to 5.8 TWh, contributing 69% of the total increase in grid consumption. Prolonged summer heat and higher cooling requirements for air conditioning, fans and refrigeration drove increased household electricity use.
- Industrial electricity sales increased by 6.7% YoY, adding 0.164 TWh to grid demand. Lower industrial tariffs, incremental consumption incentives, modest manufacturing growth and the shift from captive generation to grid supply supported higher industrial electricity offtake.

Data Source: NEPRA, PBS & Renewables First's calculations

Net-metered exports increased 29% MoM to 170 GWh in Sept 26, supported by favourable solar irradiation

Net-metering units Procured by DISCO's, FY24 – 3MFY27



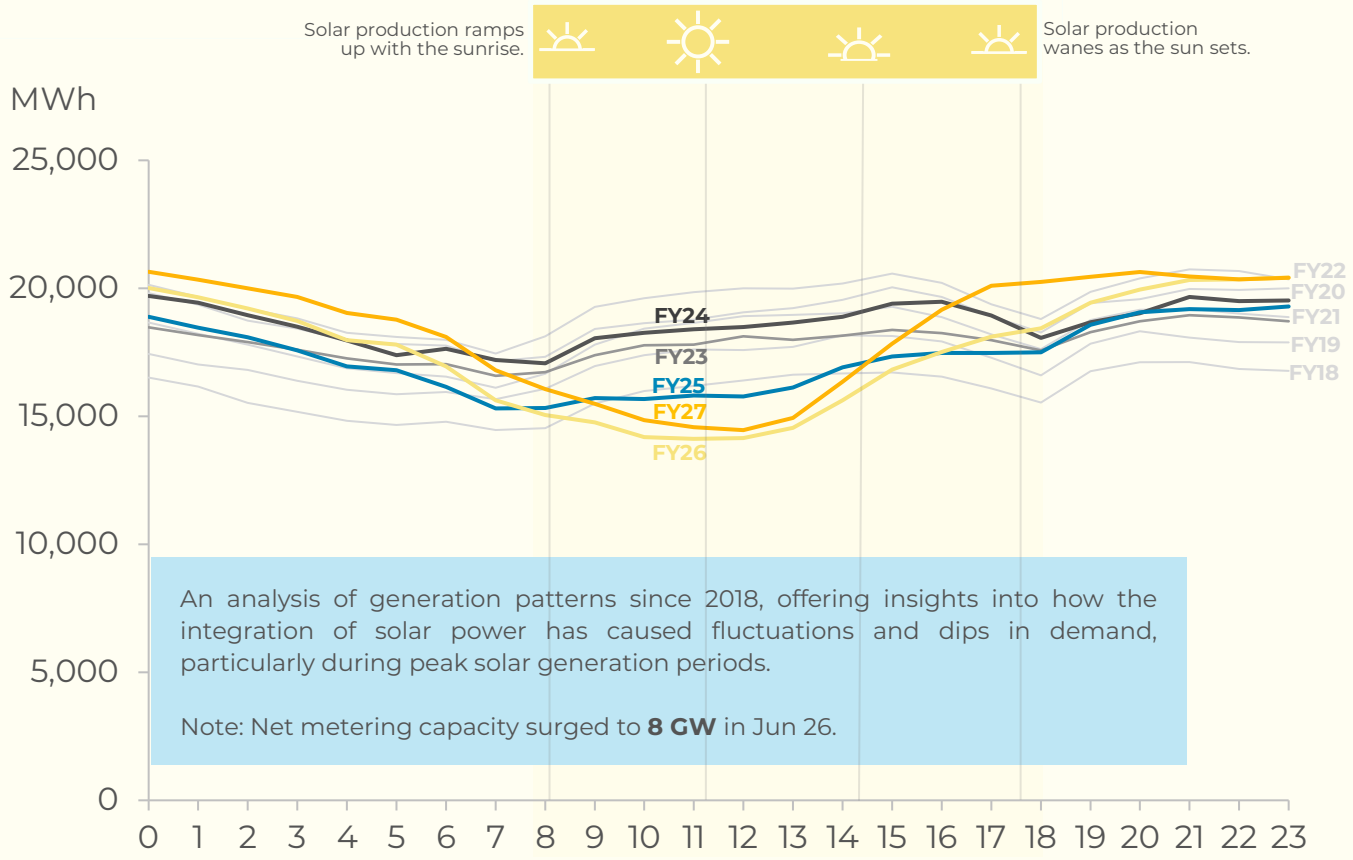
Disco-wise units procured, Sept 25 vs Sept 26 (GWh)

	Sep-25	Sep-26
FESCO	10.8	18
GEPCO	14.68	18
HESCO	1.1	3
SEPCO	0.09	1
IESCO	36.77	39
LESCO	31.3	35
MEPCO	40.13	47
PESCO	6.36	8
TESCO	0.02	0
QESCO	0.29	1
HAZCO		1

Data Source: NEPRA, PBS & Renewables First's calculations

Rising solar adoption reshapes daily patterns of grid electricity consumption

Avg. hourly generation profiles for the month of Sept, FY18 - FY27



- **Midday Demand Drop (9:00 to 12:00):** Consumers benefit from solar energy during peak sunlight hours, reducing grid electricity demand.
- **Afternoon Demand Recovery (12:00 to 15:00):** Grid demand increases as solar generation declines, with net-metered consumers switching back to grid power.
- **Evening Demand Rise (15:00 to 18:00):** Grid demand rises sharply as solar generation declines towards sunset, requiring conventional power plants to ramp up generation.
- **Evening Demand Surge (After 18:00):** Electricity consumption increases after sunset as consumers rely on grid supply in the absence of battery backup.

Data Source: NEPRA, PBS & Renewables First's calculations

Renewables First (RF) is a think-and-do 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:
All the information and analysis provided in this document are accurate and to the best of our knowledge and understanding. In case you identify any errors, please email:
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