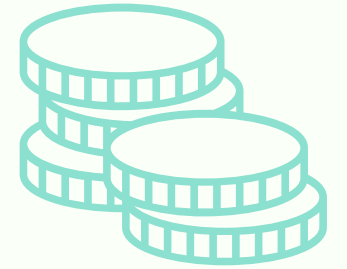




RENEWABLES FIRST

Pakistan's Electricity Tariff Bulletin

Q3 FY25



What are quarterly tariff adjustments (QTAs)?

NEPRA notifies annual tariffs at the beginning of each fiscal year. Throughout the year, DISCOs submit quarterly adjustment requests for variations in:

- Capacity charges
- Use of system charges (UoSC)
- Variable operations and maintenance (O&M) costs
- Transmission and distribution (T&D) losses

NEPRA verifies and then notifies a uniform adjustment applicable to all DISCOs and K-Electric.

#RFQuarterlyTariffBulletin

Key highlights



A negative uniform adjustment of PKR 1.55 per kWh was approved in the QTA for DISCOs and K-Electric for the third quarter(Q3) of FY25, providing a total relief of PKR 53 billion (B) to the consumers.



Of the PKR 53 B in total adjustments, PKR 47 B stemmed from reduced capacity charges.

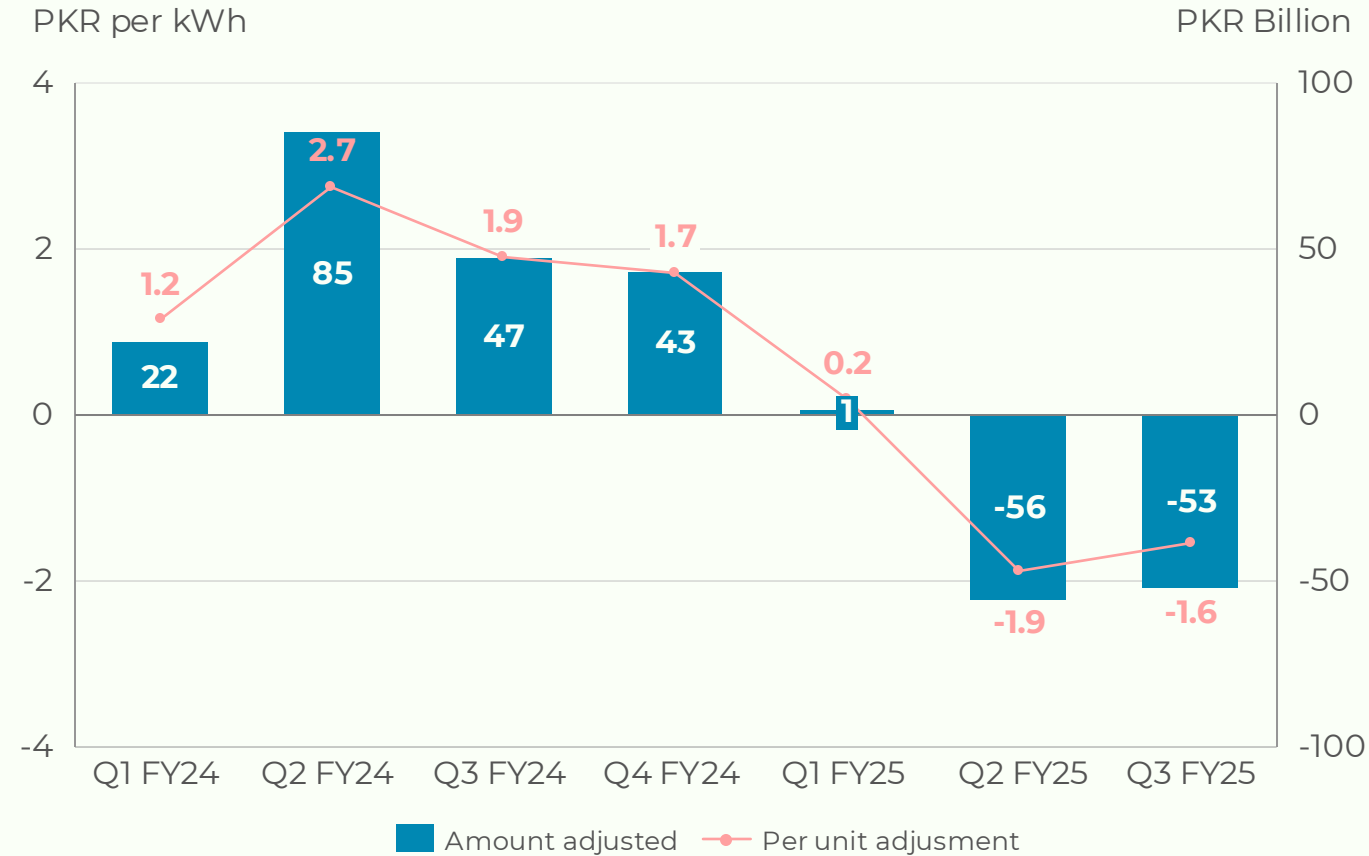


Improved macroeconomic indicators, coupled with renegotiations with independent power producers (IPPs), were the key drivers behind the decline in capacity payments.

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Q3 of FY25, with a negative adjustment of PKR 53 B, marks the second consecutive quarter to record a negative adjustment

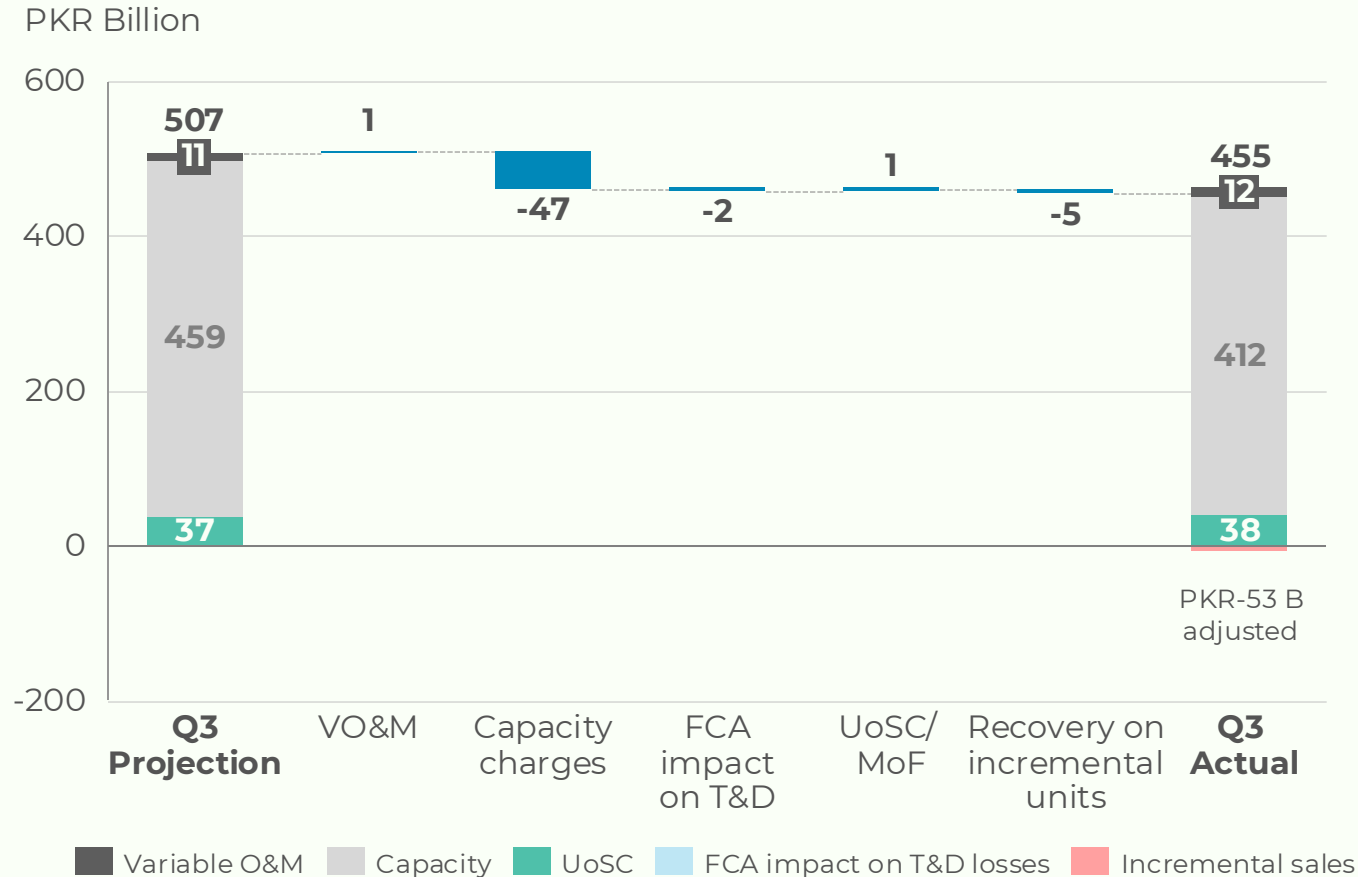
Quarterly tariff adjustments, FY24 - FY25



- In the first three quarters of FY24, electricity tariffs saw an upward adjustment of PKR 154 B, translating to an average increase of PKR 1.9 per kWh in consumer bills. Conversely, the same period in FY25 recorded a negative adjustment of PKR 108 B, leading to an average reduction of PKR 1.1 per kWh in consumer bills.
- The negative adjustment of Q3 FY25 will be passed on to electricity consumers through the billing period from May to July 2025.

Lower capacity payments, declining fuel costs, and incremental sales collectively resulted in a 10% downward adjustment for Q3 FY25 against the projections

Component-wise breakdown of quarterly adjustment, Q3 FY25

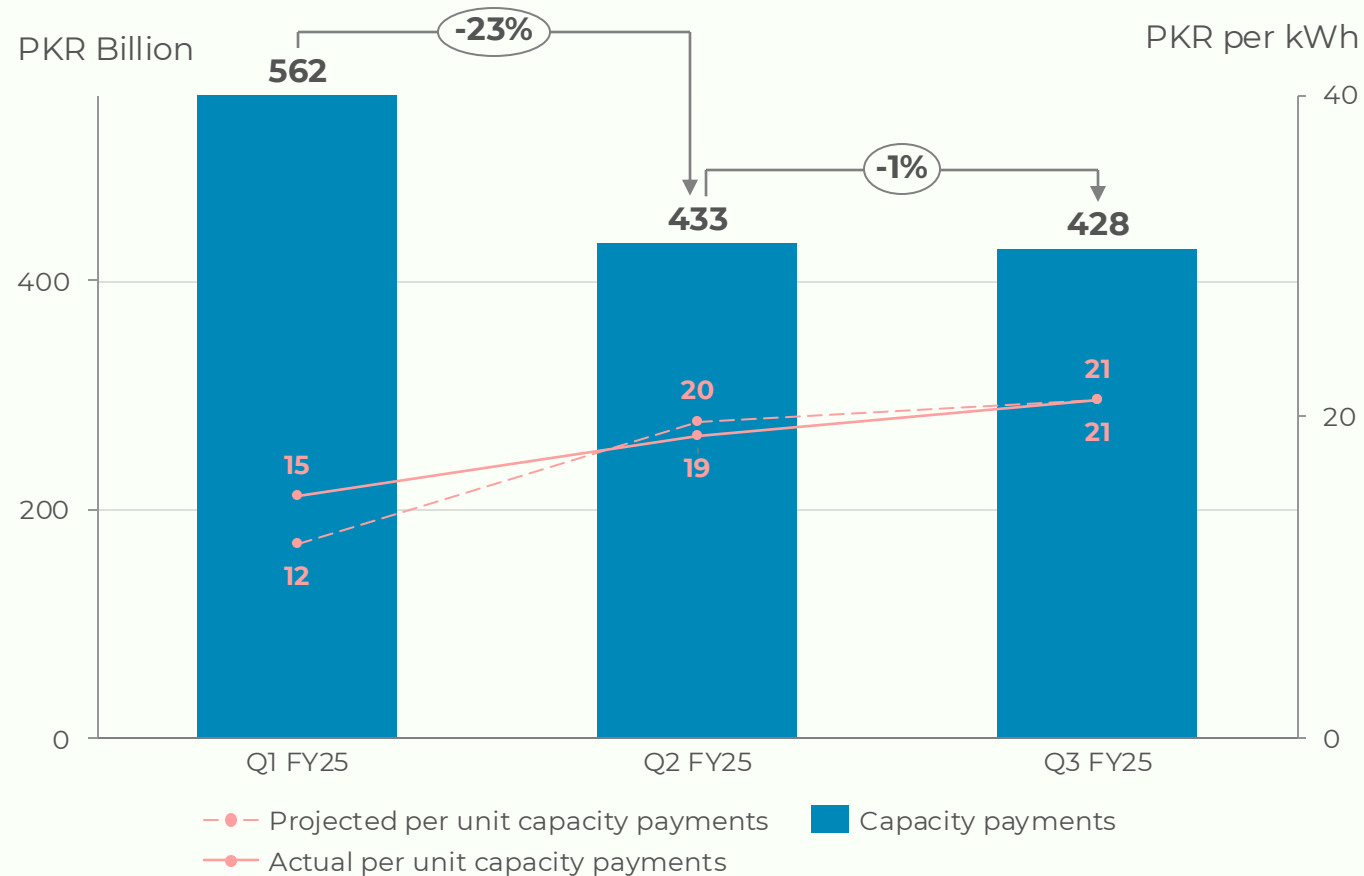


- The decline in capacity payments, driven by contractual reforms, resulted in a continued negative adjustment in capacity charges in Q3 as well.
- Monthly fuel cost adjustment (FCA) values remained negative throughout Q3 of FY25, reducing the FCA impact on transmission and distribution (T&D) losses.
- Recovery on incremental units sold under the winter package resulted in a negative adjustment of PKR 5 B, easing the tariff burden on consumers.
- Higher prior months adjustments for VO&M, particularly for local coal plants in Q3 of FY25, led to an overall increase in VO&M adjustments.

The quarterly adjustment reflects the actual variation in the projected power purchase price (PPP), excluding the fuel cost component.

Lower sales volume off-set the per unit impact of the quarter on quarter (QoQ) reduction in total capacity payments

Quarterly capacity payments and per unit impact, Q1 – Q3 FY25

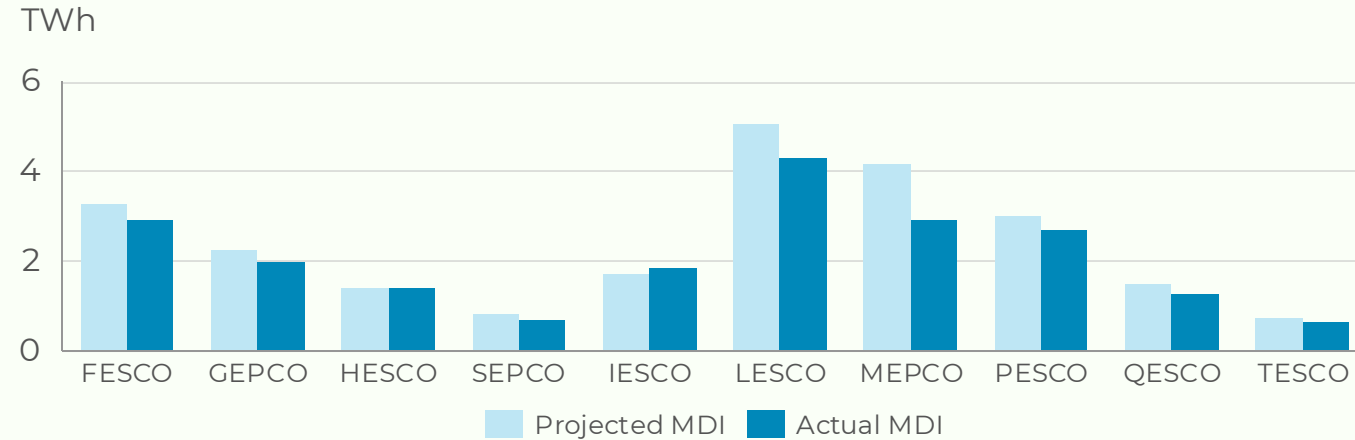


- In Q3 FY25, electricity sales declined by 8.6%, with actual sales recorded at 20 TWh compared to the projected 22 TWh. This shortfall limited the extent to which consumers could benefit from the reduction in capacity payments.
- The continued decline in capacity payments for a second consecutive quarter was driven by multiple factors, including IPPs contract terminations, debt reprofiling of K-2 and K-3, renegotiated terms with IPPs, Neelum-Jhelum downtime, and improved macroeconomic indicators.
- As per NEPRA's estimates, the above-mentioned contractual reforms and the Neelum-Jhelum outage led to savings of PKR 81 B in Q3 FY25.

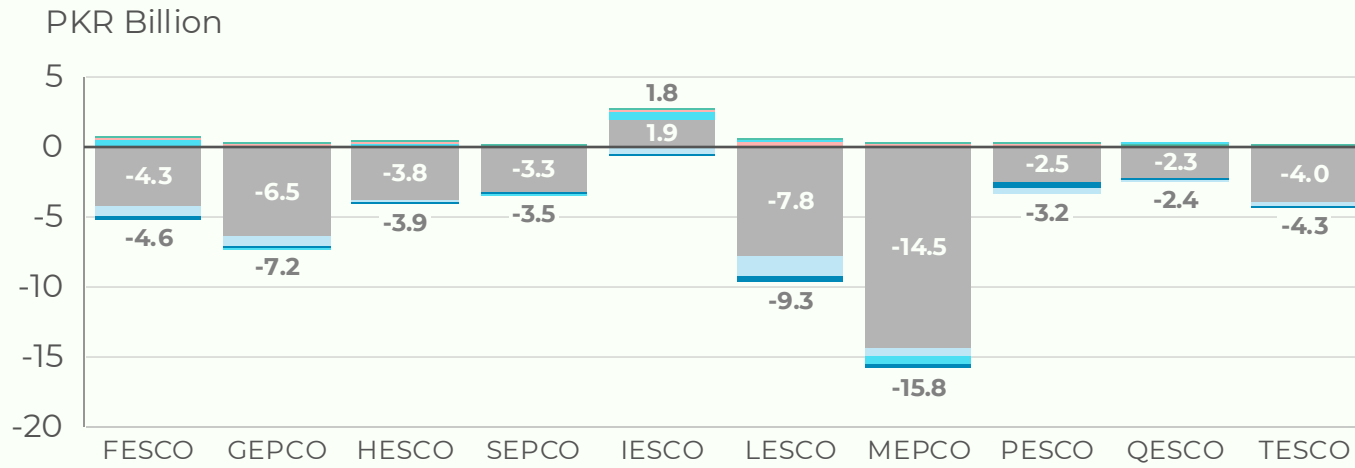
K-2: Karachi nuclear power plant unit -2
 K-3: Karachi nuclear power plant unit -3

Capacity adjustments in Q3 FY25 reflect varying demand patterns across DISCOs

Projected vs actual MDI, Q3 FY25



DISCO-wise quarterly adjustment, Q3 FY25



- IESCO's maximum demand indicator (MDI) exceeded forecasts in Q3 of FY25, resulting in a higher share of billed capacity charges and a positive adjustment of PKR 1.9 B.
- In contrast, MEPCO's MDI fell far below the projections in Q3, leading to the highest negative capacity adjustment of PKR 14.5 B.
- A higher drop in projected MDI was observed in Q3 for LESCO, MEPCO, and PESCO, the leading DISCOs in rooftop solar uptake, indicating a potential link to growing solarization.

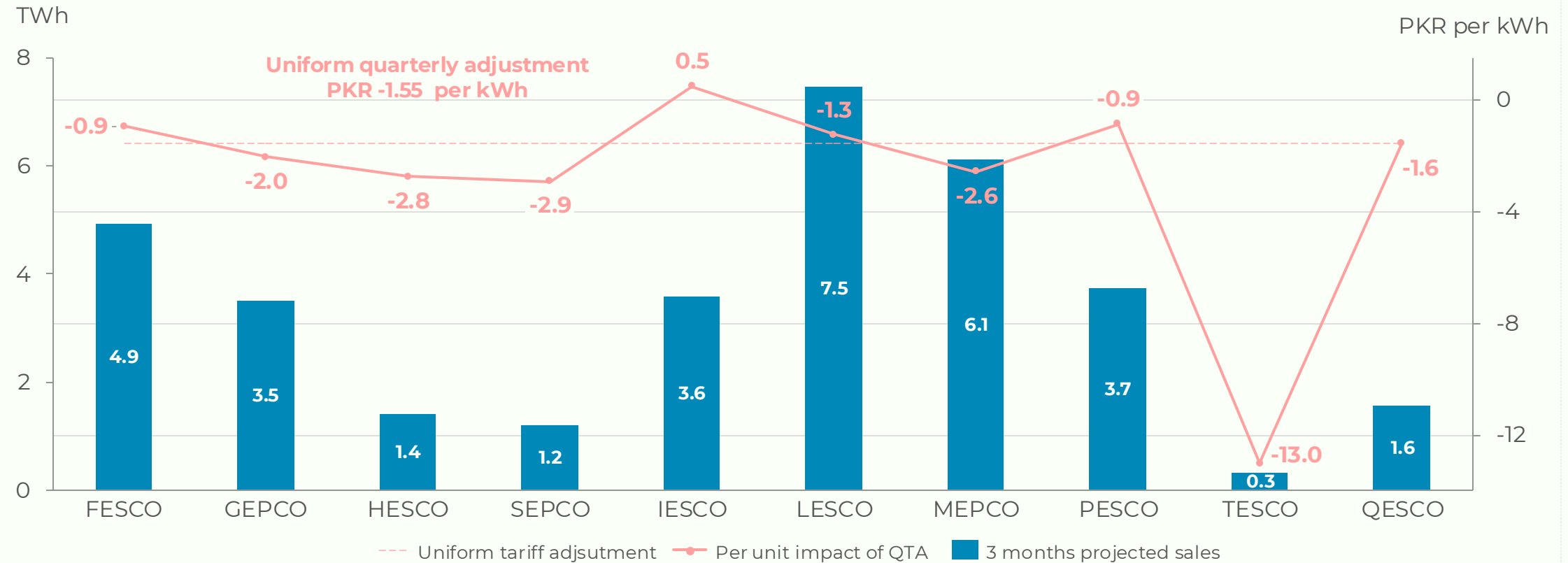
MDI of a DISCO represents the highest level of electricity demand recorded on the distribution network during the specific period.

- Impact of FCA on T&D losses
- VO&M
- Capacity charges
- UoSC/MoF
- Incremental sales

Consumers are set to benefit from a quarterly adjustment of PKR -1.55 per kWh in their electricity bills for May to July 2025

DISCO over-/under-recoveries were assessed against projections, leading to a uniform negative adjustment of PKR 1.55 per kWh for Q3 FY25, easing bills from May to July 2025.

Disco-wise per unit impact of quarterly adjustments, Q3 FY25

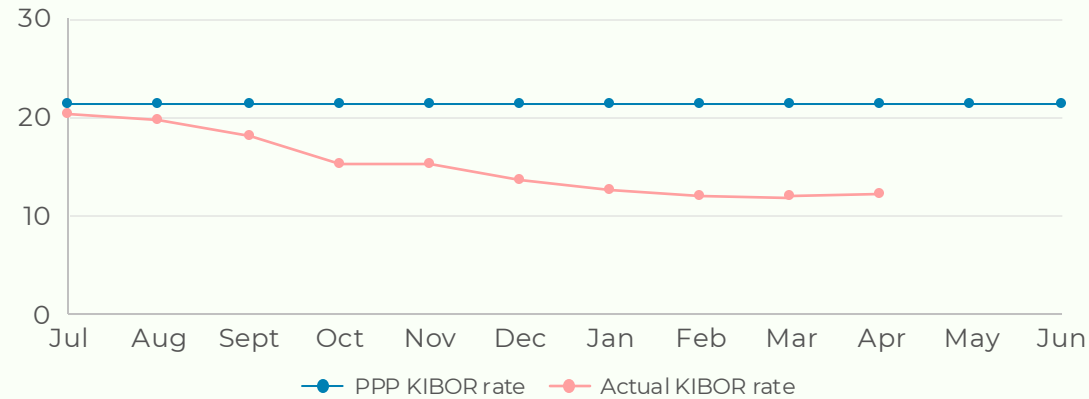


MACRO ECONOMIC TRENDS FY25

Positive trends relative to the reference tariff contributed to the downward tariff adjustment in Q3 FY25

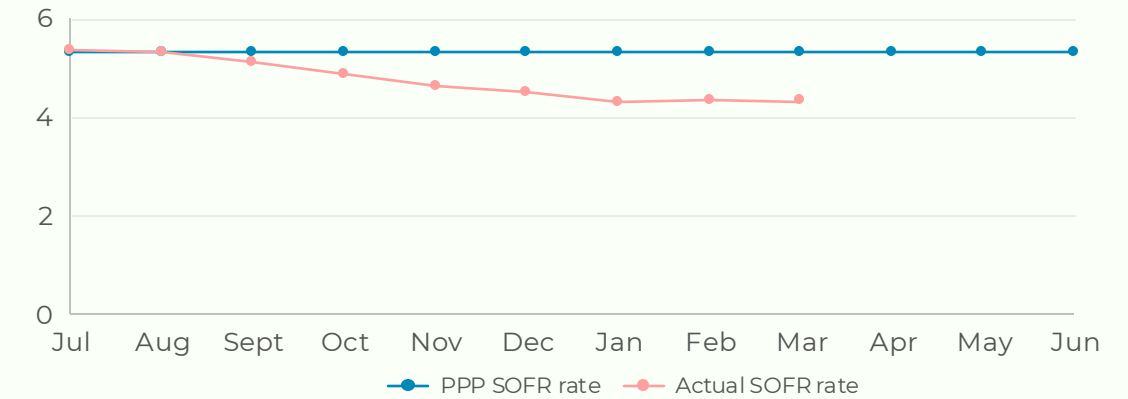
KIBOR rate for FY25, PPP vs actual

Percentage (%)



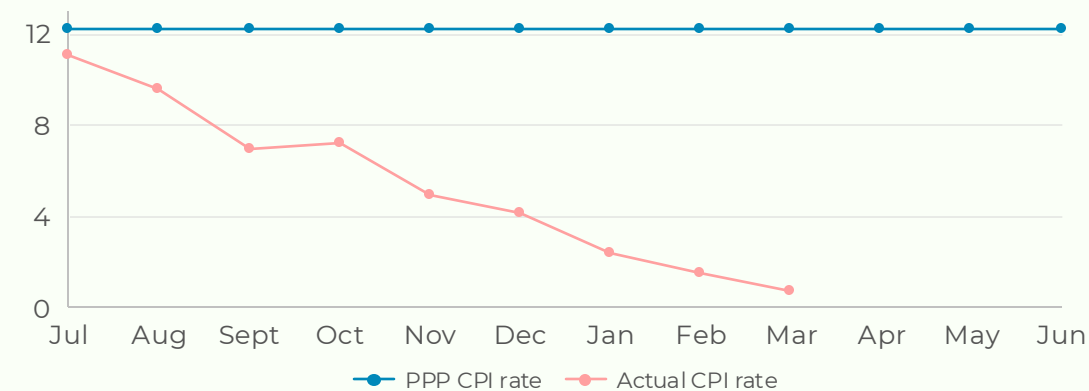
SOFR rate for FY25, PPP vs actual

Percentage (%)



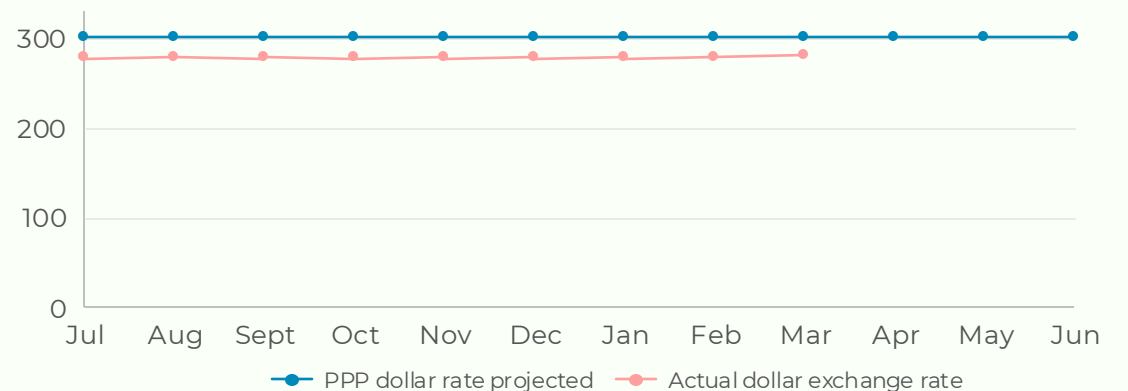
CPI local for FY25, PPP vs actual

Percentage (%)



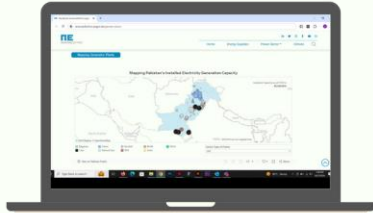
Dollar rate, PPP vs actual

PKR



For more power sector-related insights, visit:

[Pakistan Energy and Climate Insights Dashboard](#)



[Pakistan Energy & Climate Insights](#) (Website)

PECI, an initiative of Renewables First, is an innovative platform that consolidates fragmented energy data from various agencies, supporting informed decision-making across Pakistan's energy sector. By centralizing critical energy and climate data, PEGI improves accessibility and clarifies environmental impacts and emissions for stakeholders. RF's collaboration with Herald Analytics led to the development of the PEGI Dashboard, which drives insights and offers robust analytics for energy data.

[Pakistan Electricity Review 2025](#)



[Pakistan Electricity Review 2025_80753f62aa.pdf](#)

The Pakistan Electricity Review 2025 report aims to improve technical accessibility and awareness of critical aspects of power generation, transmission, and consumption. It presents a comprehensive analysis of key trends and challenges that shaped Pakistan's power sector during the fiscal year 2024 (FY24). The report utilizes publicly available data for the power sector, with NEPRA's State of Industry Report (SIR) serving as a primary data source.

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 just 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 error, please email:

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