

Regulator is dead. Long live the regulator.

On 9th February 2026, the National Electric Power Regulatory Authority (NEPRA) approved the Prosumer Regulations 2025 in a process so rushed and compromised that it raised fundamental questions about independent regulation in Pakistan's power sector. These regulations replace net-metering with net-billing, potentially dismantling the framework that enabled Pakistan's citizen-led solar revolution. What makes this so devastating is not just the policy outcome, but the manner in which NEPRA abandoned every principle of due process and public interest that defines its constitutional role.

NEPRA exists to serve a clear purpose. Its mandate is to create conditions for affordable & reliable electricity, ensure merit-based decision-making, and balance stakeholder interests while protecting consumer rights. A regulator must maintain its independence in the times of mounting political pressure while upholding the principles of integrity, transparency and justice.

Instead, NEPRA became an instrument of policy reversal. The public hearing on 6th February revealed the depths of this failure. NEPRA held the hearing without members of Sindh and Balochistan, positions it has left vacant. The hearing was scheduled for the last working hours on Friday. Over 400 entities had submitted detailed comments, technical analyses, and legal objections. Participants cited NEPRA's own SROs prohibiting retroactive contract changes and the National Electricity Plan 2023-27 mandating energy transition support. They warned that retroactive punishment would destroy policy certainty. None of them mattered.

On the very next working day, Monday, the regulations were passed without a single clause changed. The public hearing was a tick-box deliverable, a procedural formality to create the illusion of consultation. The decision had already been made, and it came from the Power Division (PD).

During the hearing, most time was allocated to PD and ISMO, which presented numbers with no rationale provided. These numbers purported to show costs that solar users are shifting to non-solar consumers. Yet these claims collapse under basic scrutiny. Net-metered units are a meager 1.4% of the total 130 TWh sold in FY 2025. Solar consumers number 466,000 out of 37.6 million total consumers, just 1.2% of the customer base. The economics simply do not support the claim that such a small percentage can impose the massive cost burden that PD alleges.

PD claims solar consumers impose Rs. 2.8 per kWh costs on others. Yet capacity charges, 57% of the Power Purchase Price, stem from PD's take-or-pay contracts, not solar adoption.

Solar consumers invested their savings to escape these rising costs, relying on NEPRA's regulations certainty. PD now forces them to subsidize its own mistakes through slashed buyback rates and retroactive penalties.

The human cost of these regulations extends beyond solar. The Household Integrated Economic Survey 2024-25 by Pakistan Bureau of Statistics reveals housing and utilities rose 15 to 25 % over two decades while food spending fell from 43 to 37%. Households now cut food, health, and education, fueling undernourishment and illiteracy. The UK defines fuel poverty as spending over 10% of income on energy. Millions of Pakistanis already qualify. NEPRA deepens their hardship.

The consequences are predictable. With declining battery costs, Prosumers will add storage, increase self-consumption, then leave the grid entirely. PD accelerates the very death spiral it claims to prevent. Informal peer-to-peer trading will emerge as consumers buy cheaper electricity from solar neighbors, not the grid.

NEPRA has sent a message to every stakeholder in Pakistan's energy sector that regulatory certainty does not exist, contracts can be changed retroactively, public consultation is mere theater, and political pressure always wins. International investors watching Pakistan's treatment of its solar pioneers will draw their own conclusions.

The final irony is that after pressuring NEPRA to approve these regulations, PD requested their review on the Prime Minister's instructions. This confirms what the entire process revealed that NEPRA no longer exists as an independent regulator.

This brings us to the moment of truth. In constitutional monarchies where the phrase "the king is dead, long live the king" signifies seamless continuity, in Pakistan's energy sector it signifies something more ominous. The regulator that was supposed to serve the public interest is dead. What rises in its place is a captured institution that serves PD's interests while wearing NEPRA's badge. Unless NEPRA reclaims its independence, this new regulator is the one we are stuck with. Regulator is dead. Long live the regulator.

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