

Pakistan Power Sector

Govt increased consumer end tariff

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Best Investment Bank: 2023



Best Investment Bank: 2022



Best Equity House: 2022



Best Equity Advisor: 2021



Best Brokerage House: 2023
Corporate Finance House: 2023
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Top 25 Companies
(2019, 2018 & 2017)



Excellence Award
Leading Brokerage House for RDA 2021



Best Money Market Broker
(Islamic) 2021

Govt increased consumer end tariff

Base tariff increased by PKR 5.72/KWh

Government increased consumer end tariff

- The government notified a hike in electricity prices from PKR 29.78/KWh in FY24 to PKR 35.50/KWh in FY25. The energy charges increased to PKR 10.94/KWh from PKR 7.63/KWh, while capacity charges rose by PKR 1.38/KWh recording at PKR 18.39/KWh.
- The primary reason for the increase in energy charges was due to the assumption of higher dispatch of RLNG for generation and lower utilization of both local and imported coal compared to the assumptions made for FY24. Additionally, capacity charges rose due to assumption of devaluation of PKR against USD and addition of new capacity.
- Moreover, previously for different categories of industries PKR 440-550/KW/month of fixed charges were applicable based on 50% of the sanctioned load or actual Maximum Demand Indicator (MDI), whichever is higher. Now fixed charges are set flat at PKR 1,250/KW/month based on 25% of sanctioned load or actual MDI, whichever is higher.
- Furthermore, for residential consumers NEPRA has increased the fixed charges from PKR 200-500/KW/month to PKR 500-2000/KW/month. We estimate that additional revenue of PKR 66.2bn will be collected amid rise in fixed charges.
- The federal government decided to waive off the impact of rebasing for both protected and non-protected, non-ToU consumers, using up to 200 units from Jul'25 till Sep'25. This delay in upward revision would increase the tariff differential subsidy by PKR 50bn, which will be funded by reducing the PSDP.

Economy

- Our preliminary estimates indicate that an average electricity tariff increase of approximately PKR 5.72 per KWh is expected to generate an additional revenue of PKR 487bn in the current fiscal year (FY25).
- In addition, we estimate the direct impact of the rise in the consumer end tariff on CPI would be 63bps, however, there would be a second-round impact in the upcoming months.
- We have already factored in the impact of the electricity tariff increase into our CPI estimates (10.7%) for FY25.

Exhibit: Reference Power Tariff for FY25 increased by PKR 5.72/KWh

	FY24		FY25	
	PKR (bn)	PKR/KWh	PKR (bn)	PKR/KWh
Units received	125		120	
T&D losses (%)	11.70		11.43	
Units delivered (GWh)	110		106	
Energy Charges	840	7.63	1,161	10.94
Capacity Charges	1,874	17.01	1,952	18.39
Use of System Charges	151	1.37	164	1.54
Generation cost	2,866	26.02	3,278	30.88
Disco Margin	341	3.10	391	3.68
PYA	74	0.67	100	0.94
Revenue Requirement	3,281	29.78	3,768	35.50
Source (s): NEPRA, AHL Research				

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Sectoral Impact

- The impact of a fall in industrial tariff by PKR 0.68/KWh on average will positively impact different industrial sectors.

Cement:

- The impact of a reduction in industrial rates for the B4-ToU category on cement companies will depend on the proportion of power each company consumes from the grid.
- We anticipate the benefit of the fall in industrial rates will be retained by the companies and will not be passed on to the end consumers.
- However, it is pertinent to note that the increase in fixed charges will offset any benefit retained from fall in rates.

Steel:

- **Long steel:** We estimate rebar costs to fall by PKR ~2000/ton, post-electricity tariff revision. Moreover, we believe that this impact will not be passed on to the end consumer.
- **Flat Steel:** Given the minimum electricity requirement in the flat steel rolling process, CRC prices are anticipated to increase by a nominal PKR 350-450/ton.
- However, we believe that rise in fixed charges will hamper any positive impact for the sector.

Textile:

- Due to the fall in industrial rates, we anticipate that the profit margins of textile companies will improve.
- However, it is important to note that the increase in fixed charges will negate any benefits gained from the reduction in rates.

Exhibit: Nepra average tariff (PKR/KWh)

Category	FY24	FY25	Inc/(Dec)
Residential	26.06	35.24	9.18
Commercial	36.54	45.50	8.96
General Services	38.09	44.29	6.20
Industrial	32.45	31.77	-0.68
Bulk Supply	34.95	40.82	5.87
Agriculture	27.70	34.23	6.53
Others	32.13	34.13	2.00
Total	29.79	35.50	5.72

Source (s): NEPRA, AHL Research

Govt increased consumer end tariff

Reference Power Purchase Price for FY24

Exhibit: Reference Power Purchase Price for FY25

Source	Expected Generation		Expected Capacity Payment		Expected Fuel Cost		Expected Variable O&M		PPP*	
	GWh	% Share	PKR mn	PKR/KWh	PKR mn	PKR/KWh	PKR mn	PKR/KWh	PKR mn	PKR/KWh
RLNG	22,291	16.5%	168,041	7.54	565,157.00	25.35	13,559	0.61	746,757	33.50
RFO	3,127	2.3%	81,333	26.01	111,150.00	35.55	6,279	2.01	198,762	63.56
Coal (Imported)	6,538	4.8%	395,402	60.48	109,126.00	16.69	3,159	0.48	507,687	77.65
Wind	4,550	3.4%	168,031	36.93	-	na	-	na	168,031	36.93
Coal (Local)	15,850	11.7%	255,891	16.14	234,613.00	14.80	20,404	1.29	510,908	32.23
Nuclear	25,079	18.6%	465,704	18.57	46,051.00	1.84	-	-	511,755	20.41
Solar	1,120	0.8%	41,630	37.18	-	na	-	na	41,630	37.18
Bagasse	1,424	1.1%	6,900	4.85	16,927.00	11.89	2,179	1.53	26,006	18.26
Gas	11,476	8.5%	61,214	5.33	122,212.00	10.65	11,069	0.96	194,495	16.95
Hydel	43,539	32.3%	446,401	10.25	-	-	5,970	0.14	452,371	10.39
Total	134,994	100.0%	2,090,547	15.49	1,205,236	8.93	62,620	0.46	3,358,402	24.88
UoSc NTDC / PMLTC			175,193	42.55	-	-	-	-	175,193	42.55
Total for XWDISCOs**			2,265,740	17.31	1,205,236	9.21	62,620	0.48	3,533,595	27.00

Source (s): NEPRA, AHL Research, * Power Purchase Price, **Inclusive of KEL

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Residential Tariff

Exhibit: Revised Tariff by Govt of Pakistan (Residential)

PKR/KWh		Existing Tariff*	Revised Tariff*	Absolute change	% change
For peak load requirement less than 5kW					
Up to 50 Units - Life Line	Protected	3.95	3.95	-	0.0%
51-100 Units - Life Line		7.74	7.74	-	0.0%
01-100 Units		7.74	11.69	3.95	51.0%
101-200 Units		10.06	14.16	4.10	40.8%
0-100 Units	Un-Protected	16.48	23.59	7.11	43.1%
101-200 Units		22.95	30.07	7.12	31.0%
201-300 Units		27.14	34.26	7.12	26.2%
301-400 Units		32.03	39.15	7.12	22.2%
401-500 Units		35.24	41.36	6.12	17.4%
501-600 Units		36.66	42.40	5.74	15.7%
601-700 Units		37.80	43.79	5.99	15.8%
Above 700 Units		42.72	48.84	6.12	14.3%
For peak load requirement exceeding 5kW					
Time of Use (TOU) - Peak		41.89	48.00	6.11	14.6%
Time of Use (TOU) - Off Peak		35.57	41.68	6.11	17.2%
Temporary Supply		42.03	59.09	17.06	40.6%

Source (s): NEPRA, AHL Research, *XWDISCOs

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Commercial and Industrial Tariff

Exhibit: Revised Tariff by Govt of Pakistan (Commercial and Industrial)

PKR/KWh	Existing Tariff*	Revised Tariff*	Absolute change	% change
Commercial				
For peak load requirement less than 5kW	37.75	38.59	0.84	2.2%
For peak load requirement exceeding 5kW				
Regular	39.43	40.91	1.48	3.8%
Time of Use (TOU) - Peak	41.35	44.97	3.62	8.8%
Time of Use (TOU) - Off Peak	35.38	36.30	0.92	2.6%
Temporary Supply	38.14	54.60	16.46	43.2%
Electric Vehicle Charging Station (EVCS)	39.43	45.55	6.12	15.5%
Industrial				
B1	34.33	31.95	(2.38)	-6.9%
B1 Peak	37.89	37.89	-	0.0%
B1 Off-peak	32.33	31.20	(1.13)	-3.5%
B 2	33.83	31.88	(1.95)	-5.8%
B 2 TOU (Peak)	37.83	37.83	-	0.0%
B 2 TOU (Off-Peak)	32.12	28.56	(3.56)	-11.1%
B 3 TOU (Peak)	37.83	37.83	-	0.0%
B 3 TOU (Off-Peak)	32.03	29.39	(2.64)	-8.2%
B 4 TOU (Peak)	37.83	37.83	-	0.0%
B 4 TOU (Off-Peak)	31.93	29.11	(2.82)	-8.8%
Temporary Supply	35.41	43.40	7.99	22.6%
Source (s): NEPRA, AHL Research, *National Average				

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- Dividend Discount Model (DDM)
- Sum of the Parts (SoTP)
- Justified Price to Book (JPTB)
- Reserved Base Valuation (RBV)

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