

Pakistan Power Sector

Govt cuts average power tariff by PKR 1.1/KWh for FY26

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REP-300

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Consumer End Tariff FY26

Power sector revenue requirement reduced to PKR 3.5trn

On 01-Jul-25, NEPRA held a hearing to finalize the consumer-end power tariff for FY26. The government projects electricity sales of 116.4bn KWh to DISCOs, allowing 11.0% losses, setting net distributable units at 103.6bn.

Key projections for FY26 vs. FY25:

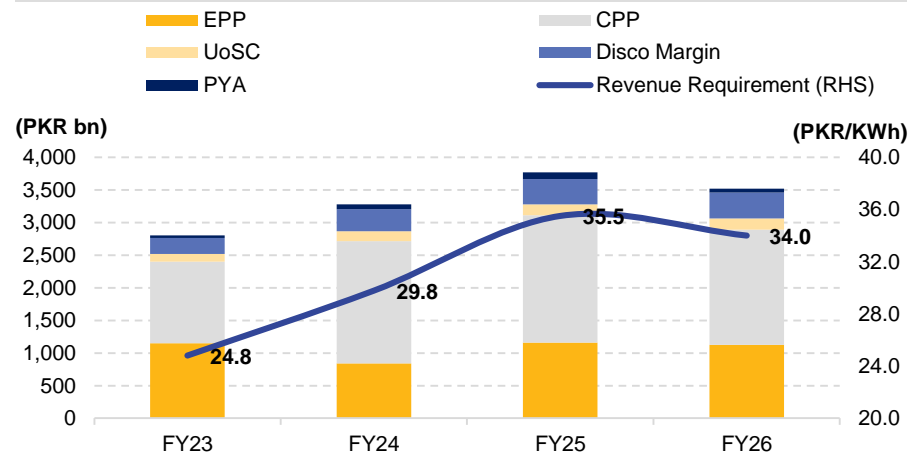
- **Energy Charges:** PKR 1,125bn (PKR 10.87/KWh), down from PKR 1,161bn (PKR 10.94/KWh) in FY25. In 11MFY25, fuel cost stood at PKR 983bn, down 2% YoY.
- **Capacity Charges:** PKR 1,766bn (PKR 17.05/KWh), down 9.5% YoY due to PPA terminations, tariff renegotiations, and lower interest rates.
- **Use of System Charges (UoSC):** PKR 174bn, up 6.1% YoY from PKR 164bn.
- **Generation Cost:** PKR 3,066bn (PKR 29.6/KWh), down 6.5% YoY from PKR 3,278bn (PKR 30.88/KWh).
- **Distribution Margins:** PKR 396bn (PKR 3.82/KWh), slightly up from PKR 391bn (PKR 3.68/KWh).
- **Prior Year Adjustments:** PKR 59bn vs. PKR 100bn in FY25.
- **Total Revenue Requirement:** Projected at PKR 3,521bn (PKR 34.0/KWh), 6.6% lower YoY from PKR 3,768bn (PKR 35.5/KWh), mainly due to reduced capacity and energy charges.

Exhibit: Revenue Requirement of DISCOs

	FY25		FY26		
Units Received (000 GWh)	119.9		116.4		
Units Sold (000 GWh)	106.2		103.6		
T&D Losses	11.4%		11.0%		
	PKR bn	PKR/KWh	PKR bn	PKR/KWh	Change (PKR/KWh)
Energy Charge	1,161	10.94	1,125	10.87	-0.07
Capacity Charge	1,952	18.39	1,766	17.05	-1.34
UoSC	164	1.55	174	1.68	0.14
Generation Cost	3,278	30.88	3,066	29.60	-1.27
Distribution Margin	391	3.68	396	3.82	0.15
Prior Year Adjustments	100	0.94	59	0.57	-0.37
Revenue Requirement	3,768	35.50	3,521	34.00	-1.50

Source (s): NEPRA, AHL Research

Exhibit: Historical Trend of Revenue Requirement



Source (s): NEPRA, AHL Research

Consumer End Tariff FY26

Domestic power tariff reduced by up to 9.8%

Protected Consumers

Lifeline consumers are residential users with a single-phase connection and a sanctioned load of up to 1kW. Protected consumers are residential users who have consistently consumed 200 KWh/month or less over the past six months.

- Lifeline consumers (up to 50 units and 51–100 units/month) will continue to be charged PKR 3.95/KWh and PKR 7.74/KWh, respectively.
- A flat reduction of PKR 1.15/KWh has been finalized for all other protected slabs, translating into effective relief of 8.1% to 9.8%, depending on usage.

Revised tariffs for protected users;

- 1–100 units: PKR 10.54/KWh (down 9.8% from PKR 11.69/KWh)
- 101–200 units: PKR 13.01/KWh (down 8.1% from PKR 14.16/KWh)

Un-Protected Consumers

- Revised rates under various consumption slabs are as follows:
 - Up to 100 units: PKR 22.44/KWh (down 4.9% from PKR 23.59/KWh)
 - 101–200 units: PKR 28.92/KWh (down 3.8% from PKR 30.07/KWh)
 - 201–300 units: PKR 33.11/KWh (down 3.4% from PKR 34.26/KWh)
 - 301–400 units: PKR 38.00/KWh (down 2.9% from PKR 39.15/KWh)
 - 401–500 units: PKR 40.21/KWh (down 2.8% from PKR 41.36/KWh)
 - Above 700 units: PKR 47.69/KWh (down 2.4% from PKR 48.84/KWh)

Exhibit: General Supply Tariff - Residential

Tariff Category	Jul'24 to Sep'24	Oct'24	Jul'25 to Jun'26	Change	% Change
For peak load requirement less than 5kW					
Up to 50 Units - Life Line	3.95	3.95	3.95	0.00	0.0%
51-100 Units - Life Line	7.74	7.74	7.74	0.00	0.0%
01-100 Units	7.74	11.69	10.54	-1.15	-9.8%
101-200 Units	10.06	14.16	13.01	-1.15	-8.1%
0-100 Units	16.48	23.59	22.44	-1.15	-4.9%
101-200 Units	22.95	30.07	28.92	-1.15	-3.8%
201-300 Units	34.26	34.26	33.11	-1.15	-3.4%
301-400 Units	39.15	39.15	38.00	-1.15	-2.9%
401-500 Units	41.36	41.36	40.21	-1.15	-2.8%
501-600 Units	42.78	42.78	41.63	-1.15	-2.7%
601-700 Units	43.92	43.92	42.77	-1.15	-2.6%
Above 700 Units	48.84	48.84	47.69	-1.15	-2.4%
For peak load requirement exceeding 5kW					
Time of Use- Peak	48.00	48.00	46.85	-1.15	-2.4%
Time of Use - Off Peak	41.68	41.68	40.53	-1.15	-2.8%

Source (s): NEPRA, AHL Research

Consumer End Tariff FY26

National average power tariff reduced by 3.5% to PKR 31.59

- For FY26, the commercial tariff has been reduced by 2.5% to PKR 45.43/KWh.
- The general services tariff is down 2.6% to PKR 43.17/KWh, while the average industrial tariff has declined by 3.3% to PKR 33.48/KWh.
- Bulk and agriculture tariffs have also been cut by 2.7% and 3.6%, bringing them to PKR 41.76/KWh and PKR 30.75/KWh, respectively.

Consumers-wise breakup

- Domestic consumers make up 89% of total connections, accounting for around 50% of overall electricity consumption.
- Industrial users are the second-largest consumers by volume, contributing 24% to total electricity usage.
- The agriculture sector accounts for 9% of total consumption, followed by the commercial segment at 8%.
- All other categories collectively consume the remaining 10% of electricity supplied through the national grid.

Exhibit: General Supply Tariff

PKR/KWh	Oct'24 to Jun'25	Jul'25 to Jun'26	Change	% Change
Commercial	46.58	45.43	-1.15	-2.5%
General Services	44.32	43.17	-1.15	-2.6%
Industrial	34.63	33.48	-1.15	-3.3%
Bulk	42.92	41.76	-1.15	-2.7%
Agriculture	31.90	30.75	-1.15	-3.6%
Others	33.83	32.68	-1.15	-3.4%
National Average	32.73	31.59	-1.14	-3.5%

Source (s): NEPRA, AHL Research

Exhibit: Consumers-wise breakup

Consumer	No. of Consumers	%	GWh	%
Domestic	33,666,387	89%	51,476	50%
Up to 50 Units - Life Line	1,150,601	3%	360	0%
51-100 Units - Life Line	348,472	1%	396	0%
01-100 Units (Prot.)	11,956,642	31%	12,788	12%
101-200 Units (Prot.)	7,029,145	19%	3,069	3%
0-100 Units (Non-Prot.)	5,837,038	15%	3,211	3%
101-200 Units (Non-Prot.)	2,563,191	7%	6,488	6%
201-300 Units (Non-Prot.)	2,603,310	7%	10,396	10%
300 and Above Units (Non-Prot.)	2,177,988	6%	14,768	14%
Industrial	301,612	1%	24,457	24%
Agriculture	271,950	1%	9,304	9%
Commercial	3,513,985	9%	7,909	8%
General Services	226,816	1%	3,529	3%
Bulk	2,729	0%	3,302	3%
Others	10,731	0%	3,581	3%
Total	37,994,210	100%	103,558	100%

Source (s): NEPRA, AHL Research

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