

Pakistan Power Sector

Jan'26: Highest January generation on record

18-Feb-2026

REP-300

EUROMONEY

Best Broker: '25
Best Bank for Research: '25
Best Investment Bank for M&A: '25
Best for Research: '24
Best for Diversity & Inclusion: '24
Best Investment Bank: '23

ASIAMONEY

Best Securities House: '23
Best Investment Bank: '23

CFA Society
Pakistan

Best Corporate Finance House: '25, '23-'13
Best Brokerage House: '23 – '21
Best Brokerage House (Runner-up): '25-'24
Best Economic Research House: '23-'21
Best Economic Research House (Runner-up):
'25-'24

INTERNATIONAL
FINANCE

Best Brokerage House:
2023

FinanceAsia

Best Broker: '25
Best Equity Capital
Market House: '25

PSX
PAKISTAN
STOCK EXCHANGE
LIMITED

Top 25 Companies
('17-'19)

ASSET ASIA AWARDS
TRIPLE A

Best Gender Equality Bond: '24
Best Equity Advisor: '21

CENTRAL
DEPOSITORY
COMPANY

Excellence Award Leading
Brokerage House for RDA '21

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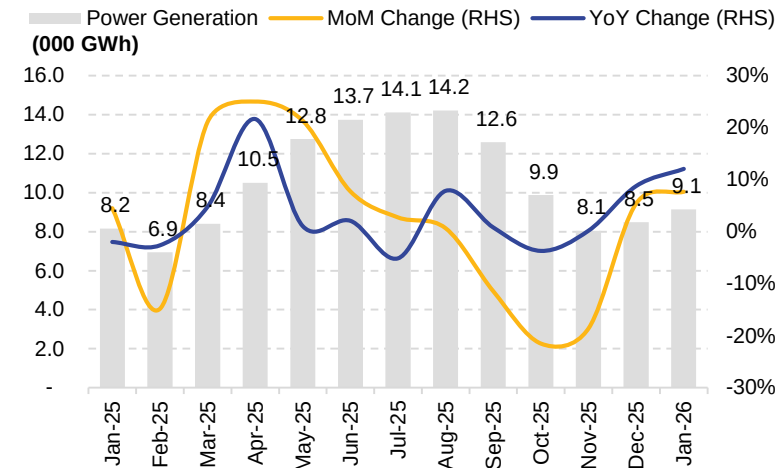
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Pakistan Power Sector

Jan'26: Power generation up 12.1% YoY

- In Jan'26, power generation rose by a strong 12.1% YoY to 9,140 GWh, compared to 8,153 GWh in Jan'25. For 7MFY26, total generation reached 76,496 GWh, reflecting a 2.3% YoY increase.
- On a MoM basis, power generation improved 7.7%, reflecting seasonal effects.
- Power generation exceeded the NEPRA reference, in our view, aided by lower tariffs, shift of industrial consumers to the national grid, incremental consumption package for industrial and agricultural consumers and improved economic activity (LSM up 4.8% YoY in 1H FY26).
- Power generation during the month was notably strong, **recording the highest January output on record**. Generation exceeding the reference level also bodes well for future QTAs.
- Adjusted fuel cost in Jan'26 stood at PKR 12.18/KWh, higher than the reference cost of PKR 10.40/KWh.
- Consequently, DISCOs have sought a positive FCA of PKR 1.78/kWh, primarily reflecting lower share of nuclear, thar coal, and natural gas in the generation mix compared to the reference, despite lower fuel prices.
- Hydel generation declined 17.7% YoY to 713 GWh in Jan'26, likely due to weaker water flows, lower output from WAPDA, and the non-utilization of the Sukki Kinari plant.
- Nuclear generation declined 26.3% YoY to 1,534 GWh in Jan'26, primarily due to reduced output from Chashma-III and KANUPP (K-3), likely on account of ATAs.

Figure: Monthly Trend of Power Generation



Source (s): NEPRA, AHL Research

- RLNG-based generation rose sharply by 29.8% YoY to 2,002 GWh in Jan'26, driven by higher power demand and reduced nuclear and hydel output, alongside location advantages. Among the major RLNG plants, QATPL, Haveli Bahadur Shah, and Balloki recorded notably higher generation levels.
- Imported coal generation surged 127.3% YoY to 1,580 GWh in Jan'26, likely driven by the same reasons as RLNG. Among the major imported coal plants, Sahiwal, CPHGC, and Port Qasim recorded notably higher generation levels.
- For the same reasons, FO-based plants also saw renewed utilization, generating 274 GWh compared to no dispatch in the same period last year. In the listed space, NPL, NCPL, and NEL (through HUBC) all recorded utilization during the month.
- Imported coal based generation costs declined to PKR 13.48/kWh, down 5.8% YoY, driven by lower coal prices. Thar coal generation was priced at a PKR 1.86/kWh discount to Imported coal. Historically, Imported coal based power has carried a ~PKR 4/kWh premium over Thar coal.
- Power generation in Dec'25 and Jan'26 is encouraging for grid stability and the QTA outlook, which had previously been pressured by rising solar adoption and stagnant demand growth. With industrial tariffs reduced by PKR 4/kWh, incremental incentive packages, and higher levy on captive gas usage, grid-based power demand particularly from industry is likely to strengthen going forward.
- Power generation in Feb'26 is expected to decline on a MoM basis. Hydel output may remain subdued amid lower water flows, resulting in further positive FCAs. Looking ahead, NEPRA projects power demand to grow by 1.0% YoY in CY26.

Exhibit: Source Wise Share

	Jan-26	Dec-25	Jan-25
Hydel	8%	18%	11%
Coal (Local)	15%	14%	16%
Coal (Imported)	17%	10%	9%
HSD	0%	0%	0%
RFO	3%	0%	1%
RLNG	22%	17%	19%
Gas	12%	11%	13%
Nuclear	17%	25%	27%
Wind	3%	2%	3%
Solar	1%	1%	1%
Others	1%	2%	2%
Total	100%	100%	100%

Source (s): NEPRA, AHL Research

Pakistan Power Sector

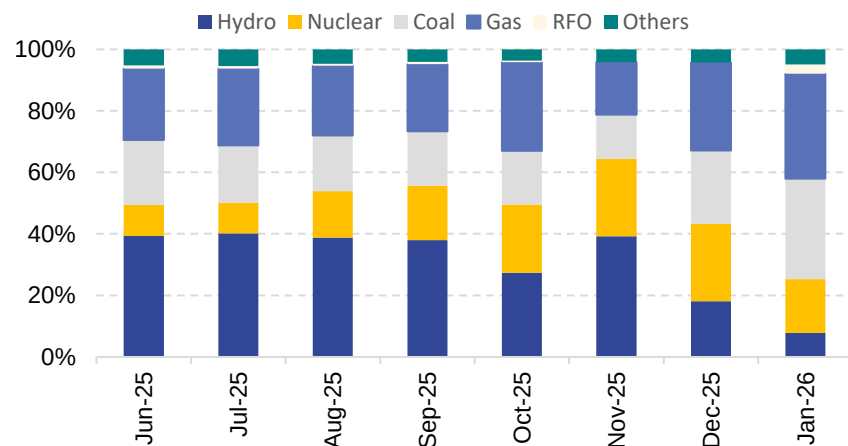
Jan'26: Power generation up 12.1% YoY

Exhibit: Source wise Power Generation

GWh	Jan-26	Dec-25	YoY	Jan-25	MoM
Hydel	713	1,534	-54%	866	-18%
Coal (Local)	1,404	1,187	18%	1,269	11%
Coal (Imported)	1,580	860	127%	695	84%
HSD	-	-	n.m	-	n.m
RFO	274	-	151%	109	n.m
RLNG	2,002	1,464	30%	1,542	37%
Gas	1,117	951	4%	1,069	17%
Nuclear	1,599	2,126	-26%	2,169	-25%
Wind	241	162	11%	218	49%
Solar	74	74	nm	86	nm
Others	136	129	5%	130	5%
Total	9,140	8,487	12%	8,153	8%

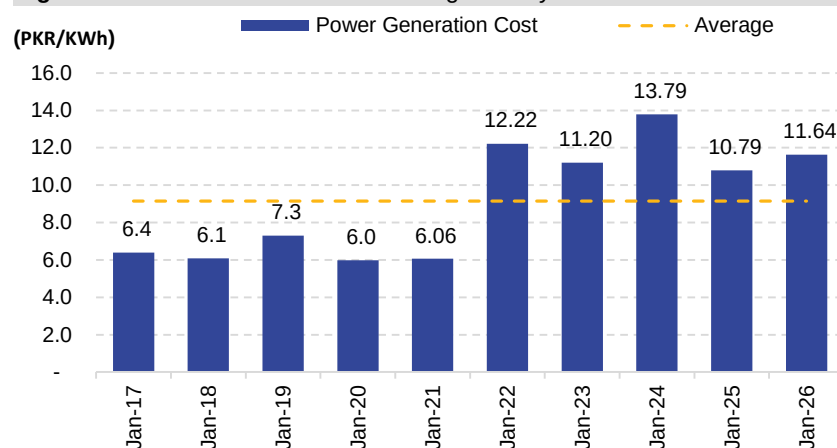
Source (s): NEPRA, AHL Research, *PKR/KWh

Figure: Historical trend of source wise share



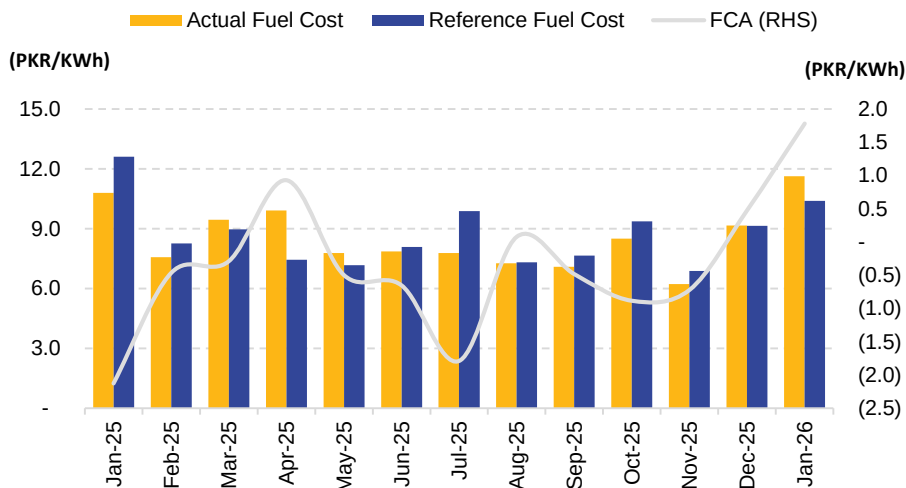
Source (s): NEPRA, AHL Research

Figure: Historical trend of fuel cost during January



Source (s): NEPRA, AHL Research

Figure: Historical trend of fuel cost and FCA



Source (s): NEPRA, AHL Research

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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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- Interest Rate Risk
- Exchange Rate (Currency) Risk

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