

TO BE PUBLISHED IN THE GAZETTE OF PAKISTAN
EXTRA ORDINARY, PART-I

National Electric Power Regulatory Authority

NOTIFICATION



Islamabad, the 10th day of December, 2025

S.R.O. 2409(I)/2025.- In pursuance of Sub-Section 7 of Section 31 of the Regulation of Generation, Transmission and Distribution of Electric Power Act, 1997 (XL of 1997), NEPRA hereby notifies the Decision of the Authority dated December 09, 2025 in the Matter of Motion filed by Federal Government with respect to Incremental Consumption Package for Industrial and Agriculture Electricity Consumers of XWDISCOs & K-Electric.

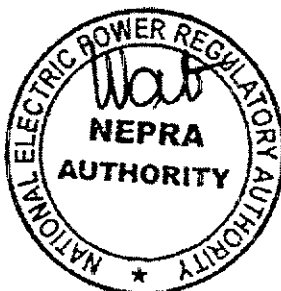
2. While effecting the Decision, the concerned entities including Central Power Purchasing Agency Guarantee Limited & K-Electric shall keep in view and strictly comply with the orders of the courts notwithstanding this Decision.


(Wasim Anwar Bhinder)
Registrar

DECISION OF THE AUTHORITY IN THE MATTER OF MOTION FILED BY THE FEDERAL GOVERNMENT WITH RESPECT TO INCREMENTAL CONSUMPTION PACKAGE FOR INDUSTRIAL AND AGRICULTURE ELECTRICITY CONSUMERS OF XWDISCOs & K-ELECTRIC

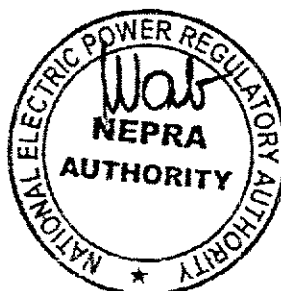
Background

1. The Ministry of Energy (MoE) Power Division (PD) vide letter dated November 06, 2025 has submitted a Motion with respect to Incremental Consumption Package for Industrial and Agriculture electricity consumers of XWDISCOs and K-Electric (the Motion). The MoE (PD) has mentioned in the Motion that Federal Government has approved the incremental consumption package for Industrial and Agricultural consumers.
2. The MoE (PD) in the Motion submitted that over the past three years, electricity demand across major consumer categories has witnessed a noticeable contraction, reflecting broader macroeconomic adjustments, structural changes in consumption patterns, and increased adoption of alternative supply options such as net metering (6,035 MW). The decline has been particularly pronounced in the industrial and agricultural sectors, where consumption has reduced by 14% and 47%, respectively. Demand reduction leads to a vicious cycle where underutilization of system assets further increases the tariff due to under recovery of fixed cost. Historically, the government has consistently implemented targeted initiatives to stimulate demand and enhance system utilization. The Industrial Support Package (Nov 2020-Oct 2023) resulted in a 14% increase in industrial sales, while the Bijli Sahulat Package (Dec 2024-Feb 2025) recorded industrial growth of 6.9%, 2.7%, and 10.2% over three consecutive months- demonstrating the efficacy of well-designed incentives in sustaining consumption and supporting the productive sectors. Industrial and agricultural consumers, in particular, are well positioned to contribute to grid stability without additional infrastructure strain, given their scalable and controllable demand that aligns with surplus generation hours, particularly during daytime solar hours, and delivers significant value addition in output, revenues, and employment.
3. The MoE (PD) explained that considering the above, the Federal Government has approved the incremental consumption package for industrial and agriculture electricity consumers for XW-DISCOs and K-Electric vide Case No.758/Rule-19/2025/1030 dated November 05, 2025 and it was decided that policy guidelines be issued to NEPRA for approval and incorporation of proposed initiative in the regulatory framework.
4. The general provisions of the initiative are listed below:
 - a. Rate of PKR 22.98 per unit shall be applicable to industrial and private agricultural consumers, including both Time-of-Use (Toll) and Non-ToU categories, of XWDISCOs and K-Electric, on their peak and off-peak incremental consumption over the corresponding reference period. The reference months for determining incremental consumption shall be from December 2023 to November 2024.
 - b. The proposed package shall remain effective for a period of three (3) years from the date of approval. The package will apply on billing month basis. The scheme will automatically expire upon completion of this period.



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- c. The package shall be subsidy neutral for both XW-DISCOs and KE consumers. Positive Fuel Cost-Adjustments (FCAs) shall be applicable to eligible consumers on incremental consumption. Further, Quarterly Tariff Adjustments (QTAs), Debt Service Surcharge (DSS) and negative FCAs shall not be applicable on incremental consumption for eligible consumers.
 - d. If incremental consumption of the industrial and agriculture sectors in aggregate exceeds 25% growth above the baseline, a review of the incremental price and scheme will automatically be triggered to pass on additional marginal cost.
 - e. Semi-annual reviews will take place to ensure continued cost-revenue alignment, with the marginal tariff adjusted as necessary. The scheme will be terminated immediately if upward tariff adjustments are required for two consecutive reviews.
 - f. Any losses incurred under this scheme, arising from the shortfall between revenues and tariffs, will be duly considered and adjusted during the semi-annual reviews.
5. The MoE (PD) also communicated the following "Terms and Conditions" for application of the proposed initiative;
- The reference period for calculation shall be from December 2023 to November 2024.
 - This package shall be applicable to only industrial and private agricultural tariff categories (as per notified Schedule of Tariff).
 - If consumption record for a specific consumer is not available or having zero reference consumption, then benchmark consumption criteria for new consumers will be applied for the respective period.
 - In case of any change in tariff category or shift from non-ToU to ToU after reference month, the consumer shall be considered as a new consumer.
 - If the status of consumers was disconnected or status of consumer meter was defective during benchmark consumption calculation period, then benchmark consumption criteria for new consumers will be applied for the respective period.
 - If the status of consumers is defective or locked during the current billing month, the consumer shall not be eligible for the incentive.
 - Detection units will neither be used for benchmark consumption calculation nor for incremental units calculation.
 - Dial Adjustment effect (correction of reading other than detection) will be applied for calculation of benchmark period consumption.
 - All Captives Power Plants (CPPs) will be considered as new consumers for benchmark consumption calculations.
 - If the meter of a specific consumer cannot record MDI, then only Sanctioned Load shall be used for calculation of benchmark consumption, where applicable.



Muhammad Iqbal

Decision of the Authority in the matter of Motion filed by the Federal Government for incremental consumption package for industrial and agriculture electricity consumers of AWDISCOs & K-Electric

- The load factors to be used for calculation of benchmark consumption are provided below for reference.
 - Duties and taxes shall be calculated on the consumer's payable amount.
 - Net-metering consumers will be eligible for the package, if and only if there is excess import by the consumer for the current month in the respective peak and off-peak periods (Net meter consumer's reference consumption will be based on imported units only). However, their incremental consumption will be capped on the net imported units (Imports minus Export during current month). Additionally, the incremental consumption shall be distributed among peak/off-peak periods on a pro-rata basis of incremental units.
 - Wheeling consumers shall not be eligible for this package.
 - No Tariff Differential Subsidy (TDS) shall be claimed on incremental consumption under this scheme.
6. Regarding criteria for benchmark consumption and load factors, the MoE (PD) provided the following details;

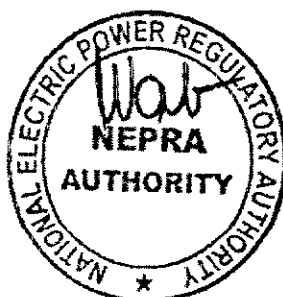
CRITERIA FOR CALCULATION OF BENCHMARK CONSUMPTION	
Existing Consumers (Reference consumption available for all months)	(Reference Consumption for particular month) * (1+2.8%) ⁿ
Existing Consumers (Reference consumption not available for any month) New Consumers (New Consumers, Consumers having connection date after reference month)	(Higher of (MDI for the relevant month or Sanctioned load)) * Total Hrs of Relevant Month * (Load Factor (%) of particular consumer category) * (1+2.8%) ⁿ
Existing Consumer with Sanctioned Load (SL) Enhancement after reference month	(Reference Consumption for particular month) * (1+2.8%) ⁿ + (((Higher of (MDI for the relevant month or New Sanctioned load)) - Old SL) * Total Hrs of Relevant Month * (Load Factor (%) of particular consumer category) * (1+2.8%) ⁿ

n = Relevant year of package application (1, 2 or 3)

MDI = Maximum Demand Indicator of the respective consumer for the given month

Hrs = No. of hours in the given month

Load Factor = Load factor as provided in the consumer service manual (as updated from time to time)



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Load Factors as per NEPRA

Percentage of Load Factor for Different Types of Connections		
Sr. No.	CATEGORY OF CONNECTION	Load factor to be charged
A-1 GENERAL SUPPLY TARIFF - RESIDENTIAL		
01	Single Phase	20%
02	Three Phase	25%
A-2 GENERAL SUPPLY TARIFF - COMMERCIAL		
03	Single Phase	20%
04	Three phase	25%
A-3 GENERAL SERVICES		
05	Single phase	15%
06	Three phase	20%
B INDUSTRIAL SUPPLY		
07	B-1 except for ice factories, Cold Storage, Plastic Molding, Rice shellers	40%
08	B-2, except Ice Factories, Cold Storage, Plastic Molding, Rice shellers	50%
09	Ice Factory, Cold Storage,	70%
10	Plastic Molding industry, Rice Sheller	50%
11	B-3 Textile Mills and Steel Furnaces Melting Industry and all other continuous industry	60%
12	Other normal industry like Engineering Works	50%
13	Flour Mills B-2 & B-3	40%
14	B-4	50%
TUBEWELLS		
15	Agricultural Tubewells installed in perennial area	15%
16	Agricultural Tubewells installed in non-perennial area/river belts	50%
17	Scarp Tubewells	50%

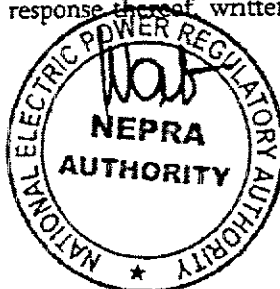
Miscellaneous

Note: Load Factor for B4 consumers would be used as reference for B5 consumers.

- The MoE (PD) stated that in light of the above, the instant Motion is being filed by the Federal Government pursuant to Sections 7 and 31 of the Act, read with Rule 17 of the NEPRA (Tariff Standards and Procedure) Rules. The Authority is requested to incorporate the Cabinet-approved incentive package, as referenced in paragraph 4 of this motion within the applicable tariff adjustment mechanism and tariff structure to facilitate its implementation in accordance with the approved policy framework.

Proceedings

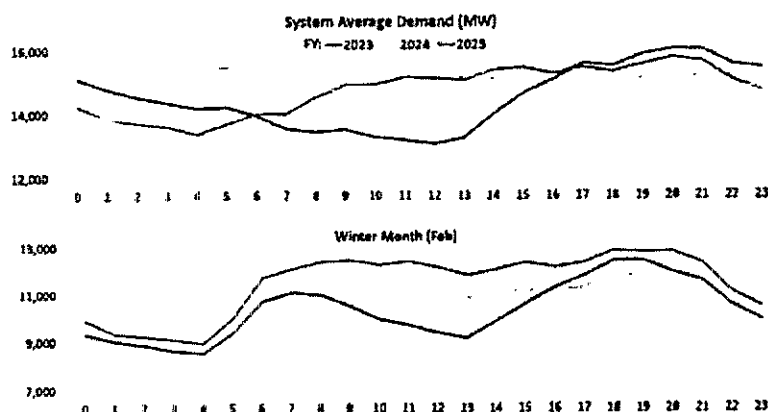
- The Authority, considering the impact of the proposed initiative on the consumers, and in order to meet the ends of natural justice and to arrive at an informed decision, decided to conduct a hearing in the matter.
- Hearing in the matter was accordingly scheduled on 11.11.2025 at NEPRA Tower and through Zoom; Notice of hearing along-with brief description of the initiative was published in newspapers; Individual notices were also issued to stakeholders & interested parties. The Motion filed by the MoE (PD) was also uploaded on NEPRA website.
- During hearing, the MoE (PD) was represented by its Additional Secretary, and their financial and technical teams. Hearing was also attended by representatives from PPMC, CPPA-G, K-Electric, XWDISCOs, General Public, Media and large number of industrial consumers and associations.
- Comments/objection, if any, were desired from the interested person/party through publication of notice for hearing. In response thereof written comments were received



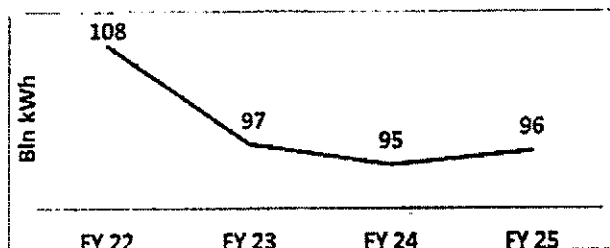
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from FPPCI, Korangi Association of Trade & Industry (KATI), K-Electric, Mr. Aamir Sheikh, and Cherat Cement.

12. The MoE (PD) during the hearing, reiterated its submissions made in the Motion, and presented demand analysis of system average system demand for the last three years. The MoE (PD) submitted that GDP growth is closely linked to the performance of agricultural and industrial consumers. It was further explained that the package, approved by the Federal Cabinet, introduces an incremental rate of Rs.22.98/kWh for a three-year period to enable these consumers to make long-term, informed investment and production decisions. It was also presented that daytime demand has continued to decline, whereas nighttime demand has remained steady, resulting in the formation of a duck curve, as detailed below;

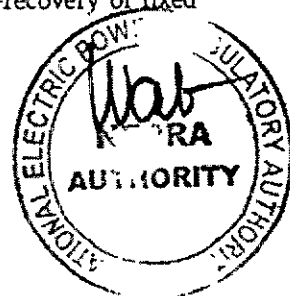


System Demand Trend of XW-DISCOs



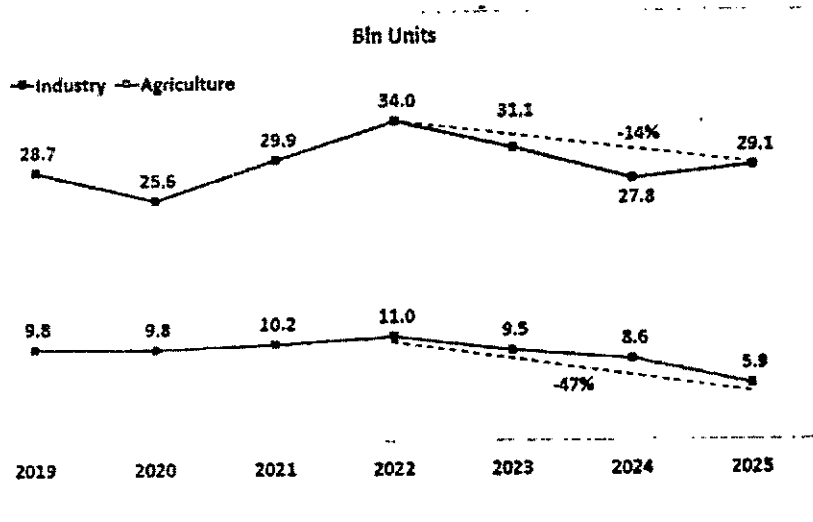
13. The MoE (PD) also highlighted that to maintain grid stability, given that daytime demand has fallen below 9,000 MW during winter months, as shown in the graph above, a package has been prepared to optimize capacity utilization and address grid stability concerns. ISMO submitted that, in the past, peak demand typically occurred around 10 PM, but now it extends until 5 AM. Implication of this falling demand leading to non-recovery of fixed charges was also presented as under;

	NEPRA Determined	5% Demand Reduction	10% Demand Reduction
Demand (BkWhs)	104	98	93
Fixed Charges (Bln Rs.)	2,336	2,336	2,336
Fixed Charges (Rs./kWh)	22.56	23.75	25.07
Additional Fixed Charges/kWh		1.19	2.51
Fixed Charges Under Recovery (Bln Rs.)		117	234



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14. The MoE (PD) also submitted that demand trend over the past few years for industrial and agricultural consumers has decreased by 14% and 47%, since their peak in 2022, respectively as mentioned below:



15. The MoE (PD) also presented economic rationale and impact of the proposed package, without impacting other consumers as under;

ECONOMIC RATIONALE & IMPACT (without impacting other consumers)

Intervention	Methodology	Economic Impact
Reduction in Electricity Prices by PKR 3.1 / kWh or 6.9% of electricity price (including tax)	<p>Price Elasticity is 0.38x – for every 1% reduction in electricity price, consumption increases by 0.38%</p> <p>A 1% increase in electricity consumption has a strong correlation with a 1% increase in GDP. Assumed at a conservative basis of 0.5% for this assessment</p>	<p>Expected Incremental Industrial GDP Growth Rate: 0.47%</p> <p>Incremental GDP Added: PKR 1.16 trillion</p> <p>Incremental Taxes Collected at Tax-GDP ratio of 9.2% due to expansion of economic pie: PKR 21.1 Billion</p>

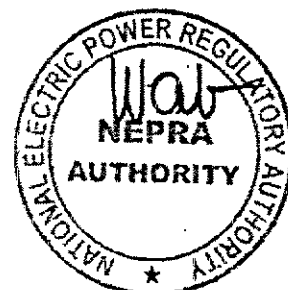
Limitations: The assessment is on a ceteris paribus basis. Any significant change in PKR-US\$ parity, commodity shocks, interest rates or any other variables may change results.

*Does not include the economic impact of this package for agriculture consumers.

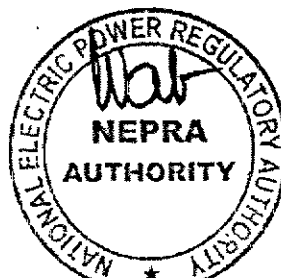
16. Mr. Rehan Javed representing FPCCI in its written comments submitted that the MoE (PD) has reported major reductions in subsidy requirements; up-to Rs.300 billion however, industries continue to bear an excessive cross-subsidy burden (Rs.131 billion as per NEPRA own numbers). If fiscal space now exists, it should be used to reduce this inequity rather than continue making industries subsidize other consumer categories. With most solar and protected consumers already shifted from the normal tariff structure, industries are left paying far above their cost of service. An immediate elimination of cross-subsidy would

restore competitiveness and directly complement the Incremental Package's goals of demand revival and sustainable energy use.

17. Mr. Rehan further submitted that industrial tariffs have climbed from around Rs.34 per unit toward Rs.38 per unit owing to quarterly and fuel adjustments. In such an environment, a fixed incremental rate of Rs 22.98 per kWh provides limited incentive. FPCCI therefore recommends that NEPRA maintain the incremental consumption rate to be set at Rs 16 per kWh to ensure meaningful relief and sustained growth in grid consumption.
18. It was also agitated that existing benchmark rules, particularly the 60 percent load-factor assumption for Captive, Extension in Load and Category Change cases which are to be treated as new Customers, and 2.8 percent annual escalation, have caused confusion and inequity across consumer classes. To ensure fairness, transparency, and administrative simplicity, FPCCI proposes the following unified benchmarking framework:
 - a. Existing Consumers (including captive, non-captive, load-extension, or category-change cases):
 - ✓ The load factor requirements as currently defined are overly complex, and even DISCOs are unlikely to apply them uniformly or accurately. This will make the incremental consumption package unnecessarily complicated, leading to confusion and inconsistent implementation across regions. To simplify and ensure fairness, the baseline or load factor shall instead be determined using a three-year weighted average of verified consumption as follows:
 - 50 percent of FY 2024-25,
 - 30 percent of FY 2023-24, and
 - 20 percent of FY 2022-23.
 - ✓ All complicated load factor determinations for captive users, non-captive users, load-extension cases, or category-change cases, from the benchmark reference years up to the end of the package, shall be treated under the same methodology to ensure fairness across the industrial sector and to protect government revenue.
 - ✓ Every new year, the latest three fiscal years should be considered for the weighted average, which automatically eliminates the need for any artificial escalation factors such as the 2.8 percent annual increase, keeping the calculation simple, consistent, and reflective of actual operational performance.
 - ✓ This formula should apply uniformly to all industrial consumers without any restriction or cap on maximum usage. It automatically accounts for shifts from captive to grid supply and ensures that each consumer's historical and current operational trends are reflected accurately.
 - b. New Connections:
 - ✓ For new industrial consumers / New Connections without a prior consumption record, a 50 percent load factor may reasonably be applied for baseline determination throughout the tenure of the package. This ensures parity while preventing over- or under-estimation of expected demand.

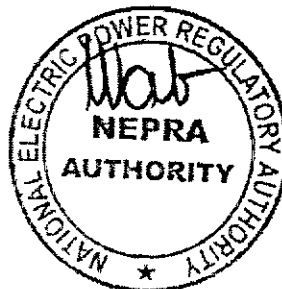


- ✓ This simplified structure removes the need for complex parameters such as the 2.8 percent escalation factor, sanctioned-load dependency, or arbitrary baselines. It is transparent, data-based, and compatible with NEPRA's regulatory oversight.
19. Mr. Rehan also submitted that the proposed formula fairly integrates captive-to-grid industries that have recently shifted to grid power after the imposition of gas levies. By giving higher weightage to FY 2024-25, the formula naturally captures their latest consumption patterns, ensuring that such consumers are not misclassified as "new" or denied incentives. This approach strengthens the government's policy objective of encouraging industries to move toward efficient grid utilization. A fixed reference period of December 2023 to November 2024 is unfair because it penalizes industries that performed well during that year and rewards those that didn't. Two factories producing the same product in the same city would be treated unequally, the one that operated efficiently and consumed more power in that period gets no room to grow, while the one that under-utilized capacity gains an advantage. As a result, total demand doesn't increase; it just shifts. A three-year weighted average - 50% of 2024-25, 30 % of 2023-24, and 20% of 2022- 23- corrects this distortion and gives every industry a fair, performance-based opportunity to expand. He further added that industrial expansion requires long-term investment and order cycles. FPCCI reiterates that the incentive scheme should remain available for a sufficient duration or be linked to the commissioning date of new capacity so that genuine investors can benefit once production stabilizes. The entire purpose of this package is to stimulate demand. Hence, its calculation method must remain clear, verifiable, and easy to audit. The proposed three-year weighted average method, together with the single 50 percent load-factor rule for new connections, fulfills this objective by eliminating confusion and ensuring predictability for both utilities and consumers.
20. He concluded that a transparent, data-driven, and simplified methodology is essential for the success of the Incremental Consumption Package. NEPRA's endorsement of this structure will not only improve compliance but also ensure that incremental consumption becomes a sustainable driver of industrial revival. The package in its present proposed form will not achieve its intended objectives. If implemented without the proposed corrections, it risks disappointing both the Government and the industrial community by failing to generate the expected increase in consumption or revenue. The structure, as currently designed, does not reflect actual industrial realities and will therefore not deliver the desired results.
21. Brig. Retd. Ifukhar Opel, Secretary General, FPCCI made similar submissions as of Mr. Rehan Javed and suggested that a transparent, data-driven, and simplified methodology is essential for the success of the Incremental Consumption Package. He cautioned that package in its present proposed form will not achieve its intended objectives and if implemented without the proposed corrections, it risks disappointing both the Government and the industrial community by failing to generate the expected increase in consumption or revenue.
22. K-Electric in its written comments submitted that KE understand that it would be allowed to recover its annual revenue requirements through annual sales excluding incremental units consumed under the subject initiative and would request that the explanation / clarity is included in the instant determination to avoid ambiguities and smooth implementation of the package. Moreover, in the annexure for load factors, load factor for B5 category has



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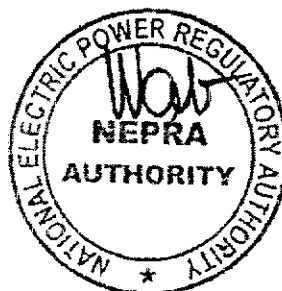
- not been mentioned and requested confirmation that load factor applicable for B4 category can be considered for B5 category, or advise if otherwise.
23. The MoE (PD) while responding to the query of K-Electric clarified that load factor for B4 consumers as given in the CSM would be used as reference for B5 consumers, where applicable.
24. K-Electric post hearing vide email dated 12.11.2025 explained its understanding regarding net metering consumers that under the motion where the formula is based on net imports, it should apply only to the current month's consumption and should not include any carry forward adjustments from previous months.
25. Mr. Rehan Javed reiterated his written submissions during the hearing and also requested the Authority to make necessary amendments in the package where required, especially in terms of load factors. The MoE (PD) in response during the hearing submitted that purpose of the hearing is to provide an opportunity to all the relevant stakeholders to raise their concerns and the Authority, may if deemed appropriate, consider such submissions while making the decision.
26. Mr. Aamir Sheikh, a commentator representing textile sector, submitted that NEPRA had ordered some changes in hearing for last incremental package even though that package had already been passed by ECC. Since this is a 03 year package, it is imperative that NEPRA make the necessary changes to protect and safeguard the rights of all consumers. It was further submitted that actual load factor for B3 industry is 40 to 45%. Furthermore, in last package it was kept at 50%, therefore, if it was kept at 50% last time then it can be kept at 40% this time and consumer manual does not matter. Mr. Aamir submitted that industry outrightly rejects the incremental package and demands reduction in tariff instead. By removing the cross subsidies industry is forced to pay to other sectors, industry tariff can easily be reduced to near 9 cents, which would still be almost double of regional competitors. Incremental package by nature is very discriminatory with some factories' cost theoretically reducing to Rs.30/unit, while others remaining at Rs.38/unit. The proper way forward would be to reduce base tariff instead of causing such distortions in the market.
27. Mr. Aamir also submitted that load factor for new industry/captive B3 textile has been kept at 60% which is abnormally high. In order for the package to succeed, it is imperative that load factor be reduced to maximum 40% for all new/captive B3 industries like it has been done for flour mills. Due to severe local and international recession, most textile units are now running only one shift (around 30% load factor) with solar (further reduction of load factor to 25%). Even if the industry wanted to add another shift, there load factor would barely reach 50%. No industry can run 3 shifts as peak hours electricity cost is too high. It is also nearly impossible to buy new machinery to increase production as grid electricity quality is so bad that new modern machines that are heavily computerized cannot run on grid. Many industries are also located where grid cannot provide more load. The reason for increase in incremental units in previous packages was that captive shifted from gas to grid temporarily for the duration of the package. This time the situation is different as captive has already shifted to grid since last 6 months. In order for incremental consumption to actually increase, the load factor for all new/captive B3 must be reduced to maximum 40%. Further, any closed unit (most needy) that restarts to avail this package would also hardly



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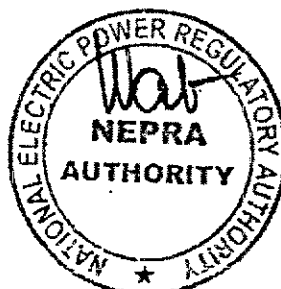
- even be able to achieve 50% production when starting from scratch and needs a low bench mark in order to decide to restart.
28. Moreover, reference value has been kept from 2 years ago (Dec 2023 to Nov 24), whereas the latest reference is available from Dec 24 to Nov 25. This will also result in more distortion as a single year is not truly reflective and a lot has also changed since 2 years ago (some units will get incremental without increasing consumption at all). A much fairer reference would be to take an average similar to last time:
- 1st year: 50% (Dec2024 to Nov 2025) + 30% (Dec 2023 to Nov 2024) + 20% (Dec 2022 to Nov 2023)
 - 2nd year: 50% (Dec 2025 to Nov 2026) + 30% (Dec2024 to Nov 2025) + 20% (Dec 2023 to Nov 2024)
 - 3rd year: 50% (Dec 2026 to Nov 2027) + 30% (Dec2025 to Nov 2026) + 20% (Dec 2024 to Nov 2025)
29. Treating captive as new unit (i.e. load factor 60% of sanctioned load) has practically excluded almost the whole export-oriented textile industry (that generates 60% of total exports) from incremental package. Unless the load factor is reduced to 40% as mentioned above, Pakistan's exports, employment and revenue collection will severely be affected. Latest trade figures are already showing a severe foreign currency crisis is just around the corner. An important question that also arises is what the definition of captive is? Would a mill with captive gas generators (for back up) and grid connection that has primarily used grid in last few years still be considered captive even though it only uses grid? Would a mill that runs 2.5MW captive and 2.5MW grid be considered captive? All these confusions can only be resolved if the load factor for captive (and new industries) is reduced to a fair 40% instead of an excluding 60%.
30. Mr. Aamir submitted that the proposed rate may not achieve the same level of success as the 2022 package, when demand was at its peak, as that package was set at 9 cents per unit. He further stated that while some industries may benefit under the current rate structure, others may not, potentially leading to the closure of industries whose average tariff exceeds the higher benchmark, and conversely benefiting those with lower effective rates.
31. APTMA submitted that proposed package is not acceptable due to its inconsistent treatment of consumers based on their respective benchmarks. APTMA also requested to include wheeling consumers as part of the package. APTMA additionally highlighted that B3/B4 consumers constitute significant portion of total sales, and any increase in their production would likely occur during the second and third shifts, potentially raising night-time demand and resulting in higher Maximum Demand Indicators (MDI) during those hours.
32. Mr. Tanveer Bari submitted that a 25% increase in demand is unrealistic given the prevailing high cost of electricity. He further suggested that cross-subsidies should be eliminated altogether rather than introducing incremental consumption packages. Mr. Bari also urged the Authority to address K-Electric's concerns explicitly, to avoid any ambiguity or disputes similar to those experienced in the past so that K-Electric consumers can also avail this package.

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33. Lotte Chemicals submitted that the load factor threshold for B5 consumers should be revised to 30-40% and suggested that number of operational hours of each factory should also be taken into account when determining eligibility for the incentive package.
34. Upon inquiry from Bestway Cement regarding rate for peak and off-peak units, the MoE (PD) clarified that a flat rate will apply to all incremental units, irrespective of whether they are consumed during peak or off-peak hours. Lotte Chemical also proposed that reference units should remain fixed for the entire three-year duration of the package to ensure stability and predictability for consumers.
35. The query of M/s Agha Steel, about treatment of consumers who had undertaken load enhancements during the reference period, the same was clarified by the MoE (PD) through an example.
36. Mr. Asim Riaz, another commentator, emphasized the need for integrated planning across all energy-related matters to ensure coherence and efficiency in policy execution. He further suggested that adopting marginal pricing would enhance the competitiveness of industrial consumers. Additionally, it was proposed that the base tariff should be revised downward to support long-term industrial growth and sustainability.
37. Mr. Zeeshan Ali, a commentator, proposed to use different load factors than CSM for the current package, by stating that different load factors were applied when a similar package was offered previously.
38. M/s Cherat Cement appreciated the Government's efforts to introduce a relief package for electricity consumers, including industrial users, aimed at utilizing idle surplus capacity and reducing the overall fixed cost burden on the national system. Cherat cement also agitated the three conditions mentioned in the eligibility and benchmark consumption criteria:
 - "Wheeling consumers shall not be eligible for this package.
 - B-4 consumers are assumed to utilize 50% load factor.
 - Further this time Ministry of Power has recommended increase in benchmark consumption by factor of $(1 + 2.8\%)^n$, where n represent relevant year of package application.
39. It was further submitted that Cherat Cement is one of the major B-4 category consumers of PESCO, with a sanctioned load of 20 MW. The Company also maintains a wheeling arrangement with the Pakhtunkhwa Energy Development Organization (PEDO) and PESCO. However, the energy received through wheeling constitutes only a minor fraction of our total consumption and primarily relates to Off-peak unit consumption. For instance, the share of units received from PEDO during the past three months is minimal compared to our total grid consumption.

Months	Total Offpeak units	PEDO units	PESCO units	Percentage of wheel units	Percentage of PESCO unit
Jun 25	5,771,570	118,810	5,452,710	5.52%	94.48%
Jul 25	5,695,210	773,013	4,922,187	12.70%	87.30%
Aug 25	5,365,460	995,195	4,370,245	18.55%	81.45%
Sep 25	7,891,970	1,057,181	6,819,739	13.33%	86.67%
Average load				12.52%	87.48%

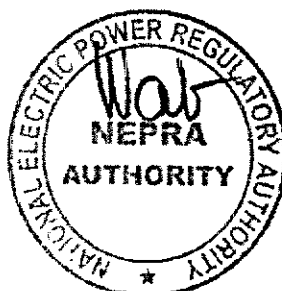


40. M/s Cherat Cement therefore requested that it should not be barred from availing the industrial relief package for being the hybrid consumer and still dependent on Gird to fulfill its overall requirement in same manner as net metering consumers. Cherat cement also highlighted that during previous Winter Relief Package, a similar concern was raised, and the Authority considered the same, which ultimately led the Ministry of Energy (Power Division) to revise the eligibility conditions and allow wheeling consumers to participate in the relief package. The same position was upheld in NEPRA Decision No. NEPRA/R/ADG(Tariff) TRF-100/1909-22 dated December 06, 2024, which contains a detailed discussion and establishes the final grounds for inclusion of wheeling consumers. This decision, therefore, should be considered as a precedent case for the current motion under consideration.
41. M/s Cherat Cement also requested to consider reducing the 50% load factor bar to at least 30% on the following grounds;
- load utilization is highly dependent on market demand both internally and externally.
 - also varies with the number of operational production lines and processes at any given time.
 - Further, it is respectfully submitted that, as per the Consumer Service Manual, the 50% load factor for B-4 consumers is used only for the purpose of determining the maximum recoverable amount in theft cases where no prior consumption history is available for detection bill. This clearly indicates that 50% represents the upper technical limit of utilization. Hence, setting this maximum threshold as the eligibility benchmark under the incremental consumption package would be unrealistic and unattainable for genuine industrial consumers operating under normal market and production constraints.
 - Even with maximum operational effort, consumers cannot unilaterally enhance load utilization beyond certain technical and market-driven limits. For reference, CCCL's actual utilization in October 2025 was approximately 46%, the highest level achieved during recent months. With the onset of winter, this is expected to decline further to around 30%-35% due to seasonal demand variations in cement.

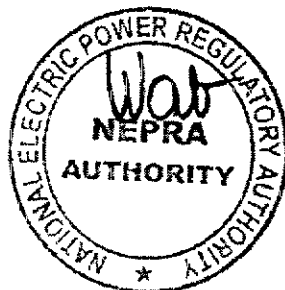
Months	PESCO units	Sanctioned load	Actual load utilisation ratio
Jul 25	5,457,710	20,000	37%
Aug 25	4,972,187	20,000	33%
Sep 25	4,370,245	20,000	29%
Oct 25	6,819,719	20,000	46%
Average load			36%

- Further captive consumers are forcefully brought to grid and their competitive edge was completely eroded by imposing grid levy on both gas tariff and HFO per ton rate. Therefore, they should be compensated to certain extent as being brought back to grid and that their captive investment is now somewhat impaired in value.

Matter 7



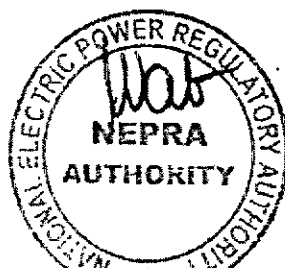
42. M/s Cherat Cement also submitted that drastic increase in reference units by 2.8% in first year, then by 5.6% in 2nd year and 8.6% in 3rd year, is not possible without establishing new production line. Therefore, like previous packages this factor should be removed entirely.
43. M/s Mahmood Textile Mills in written comments submitted that treating all CPP consumers as new entrants disregards the fact that most CPP-based industries have long-standing grid connections, pay fixed and demand-based charges, and maintain consistent consumption patterns. By resetting their benchmarks as "new consumers," these industries are deprived of the incremental benefit despite being significant contributors to grid demand. This approach penalizes existing grid users instead of encouraging increased consumption, which is the main goal of the package. Further, for new consumers, the package assumes a benchmark equal to 60% of sanctioned load as load factor for B-3. This assumption is technically unrealistic under current conditions, as most industries operate below this level due to:
- ✓ Partial utilization of capacity,
 - ✓ Installation of solar power systems, and
 - ✓ Adverse economic conditions reducing overall production
44. M/s Mahmood Textile also submitted that as a result, the benchmark consumption becomes inflated, leaving little or no incremental margin for subsidized units at Rs. 22.98/kWh. In effect, most CPP consumers would be entirely excluded from the incentive. It was also highlighted that a large number of industries have already shifted from grid power to gas-based generation through third-party gas purchase agreements (outside SNGPL/SSGCL) because of lower gas prices. Many other industries are currently finalizing similar arrangements but are waiting for the outcome of this incremental package before making a final decision. It further stated that if the current CPP clause remains unchanged, these industries will have no incentive to remain connected to the grid. This will lead to a substantial decline in industrial electricity demand, reduced revenue for DISCOs, and underutilization of existing generation capacity. To prevent further migration to gas-based generation, CPP industries must be provided a practical and fair opportunity to benefit from this package. To ensure equity, realism, and policy alignment, it is proposed that:
- ✓ Existing CPP consumers with active grid connections prior to the package notification should not be treated as new consumers; and
 - ✓ For benchmark calculation, 60% of the higher of MDI recorded during the previous year should be used instead of 60% of sanctioned load.
 - ✓ Lastly, Mahmood Textile requested NEPRA to review and amend the CPP clause in the Incremental Electricity Support Package to ensure fair and equal opportunity for existing industrial consumers, prevent further shift toward gas-based generation, and achieve the government's objective of enhanced grid-based industrial power consumption.
45. Mr. Saifur Rehman, and Mr. Khaliq Kianai, raised concerns regarding lack of national level integrated planning among power sector players, whereby on one hand provinces are encouraging solarization by providing low-cost solar equipment, while on the other hand the Federal Government is planning to control the exponential growth in solarization. The MoE (PD) in response clarified that the Federal Government is not discouraging



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solarization in any way, rather the objective is to rationalize the returns and payback period for such net metering consumers, in line with international best practices to not only ensure grid stability but to also ensure that no additional burden is borne by non-net metering consumers.

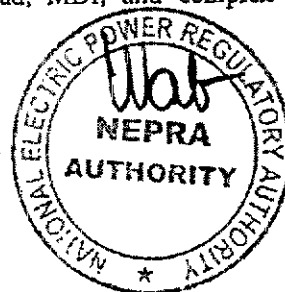
46. While responding to the submissions made by various stakeholders during the hearing, the representative of the MoE (PD) explained that industrial tariff has decreased by 29% from 62.99 to 44.70 from Mar-24 to Oct-25. Regarding criteria for setting up benchmark units, it was explained that preference of benchmark units can be different for different consumers and the rationale for choosing one year benchmark was because overall industrial consumption remained lowest in this period from the grid, thus, allowing a lower benchmark being set for availing incremental consumption package. On the point regarding requirement of additional investment to increase consumption to avail the incremental consumption benefits, the MoE (PD) submitted that Industry has already achieved Rs.34 Bln units in 2022, which is over 20% higher than the benchmark period. Thus, there may not be requirement of any additional investment by industries to avail the instant package. On the point of involvement of IMF, the MoE (PD) clarified that IMF has never refused such packages in the past which are aimed at improving electricity drawl and being subsidy neutral.
47. Mr. Rehan Javed in its post hearing comments again reiterated its earlier submissions made in writing and during the hearing.
48. Pakistan Retail Business Council (PRBC) in its written comments submitted that given the vital importance of this package for industrial competitiveness, productivity, and agricultural output, timely notification of the incremental electricity tariff of PKR.22.98 per kWh for the industry and agriculture sectors be issued. PRBC requested that the notification should clearly specify;
- ✓ Applicability to all industrial and agricultural consumers.
 - ✓ Inclusion of KE and all DISCOs to ensure uniform implementation.
 - ✓ Clarification on treatment of captive power, tube wells, and new connections.
 - ✓ Definition of the baseline period (e.g., same month last year or average of prior 12 months).
 - ✓ Adjustment mechanisms for seasonal operations or load enhancements.
 - ✓ Transparent verification and dispute resolution procedures.
 - ✓ Effective start date of 1.11.2025, duration for three years, and any renewal conditions.
 - ✓ Line-item display on bills for incremental units at PKR 22.98/kWh.
 - ✓ Settlement mechanism with CPPA-G for DISCOs/KE.
 - ✓ Immediate directives for uniform application across DISCOs and KE.
 - ✓ Coordination with NEPRA for regulatory approval, if required.
 - ✓ Issuance of a detailed SOP and FAQ for stakeholders.
49. KATI submitted written comments wherein it was submitted that while the intent to utilize surplus generation capacity is acknowledged, the proposed structure does not address the fundamental causes behind Pakistan's persistently high electricity costs cross-subsidies.



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inefficiencies, and capacity-related distortions which continue to undermine industrial competitiveness and suppress demand.

50. KATI highlighted that as per NEPRA's FY 2025-26 consumer-end tariff determination, industrial consumers collectively bear Rs.131.3 billion per year in cross-subsidies used to finance other consumer classes. Such transfers have effectively converted the industrial base into a source of indirect taxation-for inefficiencies in other segments. At the same time, the Federal Government injected Rs.801 billion from fiscal space and TDS allocations to reduce circular debt, yet distribution losses and non-recoveries remain unresolved. It is economically unsound and operationally unjust to expect industries to increase power consumption while continuing to subsidize inefficiencies that lie outside their control. NEPRA may adopt a phased roadmap for the gradual elimination of cross-subsidies and transition to a cost-of-service pricing structure. Once industrial tariffs reflect their true economic cost, incremental demand will materialize organically and sustainably
51. KATI also submitted that electricity tariffs for industry have continued to rise. When the base tariff itself continues to escalate faster than the proposed discount, the scheme fails to create any real relief, and industries ultimately face a higher blended cost.
52. KATI further mentioned that base industrial tariff be reduced to below 9 US cents per kWh, equivalent to Rs.25.65/kWh at the prevailing PKR.285/USD exchange rate. A competitive short-term band of 8-9 cents (= Rs 22.8-25.7 per kWh) should be maintained, with a medium-term goal of 7.5 cents (= Rs 21.4 per kWh) as cross-subsidies and system losses are progressively eliminated. At these levels, electricity becomes a facilitator of production and exports rather than a cost burden. Unless the base tariff is reduced to this range, incremental packages and temporary discounts cannot produce meaningful or lasting results.
53. KATI suggested that fixed incremental rate of Rs 22.98 per kWh should be replaced by a cost-reflective mechanism tied to the 12-month average marginal cost of generation, subject to quarterly review by NEPRA. An incremental rate of Rs 16 per kWh, which still remains above the national average marginal generation cost, would be both economically rational and fiscally sustainable. The existing 60 percent load-factor condition is impractical. Most B3 consumers operate one or two shifts corresponding to 30-45 percent utilization. The threshold should therefore be reduced to 40 percent to reflect realistic operating conditions. Similarly, the 2.8 percent annual escalation in the baseline is inconsistent with present market realities and should be suspended or reduced to 1 percent until sustained industrial recovery is evident.
54. KATI also submitted that the current treatment of consumers who have increased sanctioned load, changed category (e.g. from B2 to B3 or B3 to B4), or shifted from captive to grid supply is unjustified. Historical consumption records be preserved for all existing consumers, irrespective of category change or load enhancement. For captive-to-grid transitions, a uniform reference of 30-40 percent load factor should apply. Without this amendment, the package will exclude the very industries it seeks to encourage.
55. KATI also mentioned that an increase in industrial electricity consumption by even 25 percent typically requires two to three years of machinery procurement, installation, and production buildup. The existing three-year validity is insufficient, the incentive period be extended or tied to the commissioning date of each industrial expansion project. The current methodology relying on sanctioned load, MDI, and complex escalation formulas is



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unnecessarily complicated. A transparent rule should apply: any monthly consumption exceeding that of the corresponding month of the reference year shall qualify for the concessional rate.

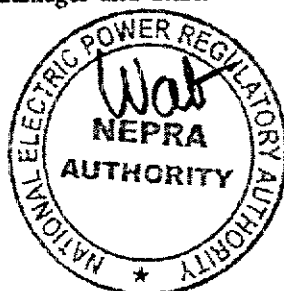
56. In view thereof, KATI recommended the following:

- ✓ Eliminate cross-subsidies from industrial tariffs to ensure cost-based pricing.
- ✓ Revise the 60 percent load-factor rule and remove the "new consumer" classification for load-enhanced and captive-to-grid industries.
- ✓ Re-index the incremental rate to average marginal cost, targeting ~Rs 16/kWh, which remains above the national marginal cost but provides a real incentive to industry.
- ✓ Stabilize and reduce the base industrial tariff to below 9 US cents per kWh = Rs.25.7/kWh) to restore competitiveness and sustain exports.

57. KATI also submitted its written comments post hearing wherein it reiterated its earlier submissions and again requested that the incremental package must be simple, uniform, equitable, and grounded in operational realities rather than administrative interpretation.

58. The MoE (PD) also provide written response to the queries/ concerns raised by the stakeholders as under;

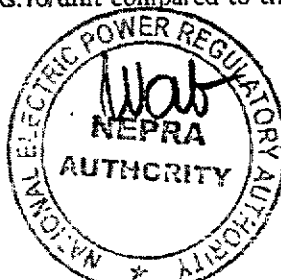
- ✓ The incremental consumption package is not a cosmetic move, but has been designed in accordance with Strategic Directive 69 of the National Electricity Plan 2023-27 to accelerate the energy transition and economic growth. The claim that the incremental consumption package is inflated with hidden subsidies, is factually incorrect. The assertion conflates two different things: (i) Pakistan's existing average tariff design, which indeed embeds cross-subsidies and surcharges, and (ii) the proposed incremental (marginal) pricing applied only to additional consumption above a verified baseline, with a flat rate. The former is structural; the latter is a targeted, marginal incentive. Mixing them leads to a misleading conclusion. It is clarified that no cross-subsidy or surcharge shall be applicable on incremental consumption, and the package is subsidy-neutral.
- ✓ Circular Debt is once again rising; Regarding circular debt flow, it is pertinent to mention that DISCOs inefficiencies (Jul-Sep) 2025 vs 2024 have been reduced by Rs. 67 billion, a representation of the fact that the Government remains firmly committed to improving and upholding financial discipline. Although, CD flow has been increased in the first quarter of FY-26, the current increase is attributable to seasonal factors that influence monthly CD movements and reverse at years end. Prospectively, it is expected that by the end of the fiscal year, the circular debt will be contained, with no net addition to the overall stock.
- ✓ Reduce CD stock by 780 billion; Reducing circular-debt payables isn't "temporary gap-plugging"; it directly lowers financing costs and system risk. When payables to IPPs linger, late-payment charges accrue. Because these obligations are backed by the Government of Pakistan's Sovereign guarantees, persistent arrears can trigger guarantee calls, converting contingent liabilities into immediate cash outflows that widen the fiscal deficit. In an adverse scenario, if the country were to default, guarantee calls could accelerate obligations, and IPPs could suspend generation or pursue international arbitration, exposing the state to damages and attachment risks, tightening financing



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conditions, weakening the currency, and intensifying outages and inflation. By materially reducing CD payables now, the state curbs interest accruals and lowers the probability and severity of guarantee invocation, stabilizing the sector and shielding consumers.

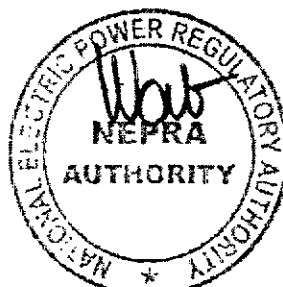
- ✓ Cross-Subsidy; It is also important to note that the industrial cross-subsidy burden has already undergone substantial correction. Through subsidy reforms, the cross-subsidy on industrial consumers has been substantially reduced by more than Rs.5 to Rs.5.5 per unit. Looking forward to FY 2025-26, at Cost of Service, the overall subsidy requirement remains broadly unchanged from the previous year. Going forward, the Government is committed to further reforming the subsidy structure in a phased manner.
- ✓ PHL surcharge; The Government has planned to fully eliminate the current CD stock as well as the PHL surcharge in the next 5-6 years under the CD settlement plan.
- ✓ Technical Verification; The claim that no independent mechanism exists to verify the Power Division's financial or technical data is not accurate. Tariffs for each generation technology are determined and approved by NEPRA, and generation dispatch is carried out strictly on Economic Merit Order using advanced automated optimization tools. The forecasting of demand, incremental load behavior, and marginal cost impacts underlying the package is conducted using the planning models. Once monthly generation takes place, the Fuel Cost Adjustment (FCA) is submitted to NEPRA along with all underlying data, where it is checked, verified, and approved through the standard regulatory process. Therefore, suggesting that the data is unverified is not accurate.
- ✓ Elimination of Cross Subsidies; The proposal to eliminate cross-subsidies disregards the core rationale behind end consumer tariff design. Tariffs serve not only to recover costs but also to advance socio-economic objectives. Accordingly, tariff bands are calibrated to affordability. In this framework, cross subsidies are an intentional, longstanding policy tool to preserve equity and affordability. However, it is reiterated that this Government has substantially reduced the cross-subsidy burden and committed to further reforming it in the future.
- ✓ The load factors used for benchmark consumption calculations are based on the latest Consumer Service Manual, which serves as the approved reference document for all distribution companies. Accordingly, these load factors are being applied in the surplus power package. Further, this approach is consistent with the previously offered packages by the federal government.
- ✓ The perception that the incentive is discriminatory is incorrect. The package provides relief relative to each consumer's existing tariff structure. When a consumer achieves incremental sales, their average cost per unit declines accordingly. Since the benefit is linked to incremental consumption, it may vary based on each consumer's reference consumption and actual incremental use. This design ensures equal opportunity for all consumers to benefit from the incentive decrease their overall costs accordingly.
- ✓ QTA; It's worth underscoring that the Quarterly Tariff Adjustment (QTA) is a regulatory tool that corrects deviations from underlying assumptions, whether through upward or downward adjustments. QTA for the first quarter of FY 2025-26 is minimal as compared to high historical trends. Further, despite this QTA, the average industrial tariff for Nov-25 would represent a reduction of Rs.16/unit compared to the tariff infield when this



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Government took charge. The underlying reason of the minimal positive QTA is the lower than projected sales leading to under recovery of the system fixed cost. This is a routine settlement, not a discretionary tariff hike. With macroeconomic conditions improving and revised tariff components from IPPs renegotiations, already integrated into the current base tariff, the system has already passed on reductions to consumers within the existing tariff framework.

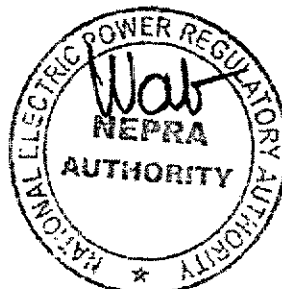
- ✓ The reference consumption in the period Dec. 2023 to Nov. 2024 has the lowest industrial sales as compared reference consumption in the proposed period. Using lower-consumption period as the baseline, allows industries a greater opportunity to demonstrate incremental growth and therefore derive more benefit under the package. This approach is intended to enhance the potential relief available, not to create distortions.
 - ✓ The criteria for determining benchmark consumption for captive users, load extension cases, wheeling consumers as well as for those shifting back to the grid, has been developed after careful consideration and accordingly, eligible consumers will continue to avail the benefits of the package upon fulfilling the prescribed criteria. The sanctioned load represents a transparent indicator of a consumer's system capacity, and the benchmark formula has been designed on this principle to ensure uniformity and fairness across all eligible consumers.
 - ✓ The package has been designed equitably, providing equal opportunities for both small and large consumers to benefit, based on their reference consumption levels. This ensures that incentives are linked to performance and productivity, not to size. Moreover, such initiatives should be understood as long-term economic signals as industries require adequate time to adjust their supply chains, investment cycles, and operational capacities to fully capitalize on the advantages offered.
 - ✓ On KE's clarification that the formula is based on net imports, which should apply only to current month's consumption and should not include any carry forward adjustments from previous months, it is clarified that the example for the normal scenario remains unchanged; however, for net-metering consumers, since the formula is based on net imports, it should apply only to the current month's consumption and must not include any carry-forward adjustments from previous months.
59. The Authority has carefully considered the submissions made by the Federal Government in the Motion & during hearing and comments from the stakeholders.
60. The Authority noted that almost all stakeholders during the hearing and in their written submissions, have raised concerns regarding excessive load factors being applied for calculation of reference units, as compared to actual load factors, which are well below the benchmark proposed in the Motion.
61. In order to evaluate the concerns of the Stakeholders, details of actual load factors of industrial consumers during the reference period and thereafter were analyzed.
62. Based on the available data/ information, it has been observed that load factors proposed by the MoE (PD) do not accurately reflect actual numbers, which are well below the level proposed by the MoE (PD). Upon inquiry, the MoE (PD) explained that proposed load factors have been used consciously, considering the fact at the time of rebasing of tariff for



Note
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the FY 2025-26, load factors for captive consumers were assumed as per the NEPRA CSM. According to the MoE (PD), any reduction in these proposed load factors for captive consumers would reduce their contribution toward fixed/capacity costs, which in turn would result in positive quarterly adjustments for the remaining consumers.

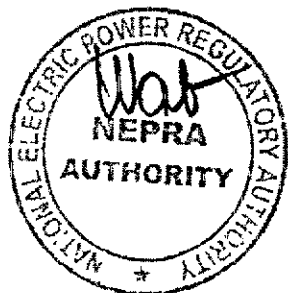
63. For industrial consumers other than captive units, no cogent reason has been provided by the MoE (PD) for disregarding actual load factors of existing consumers, to work-out the benchmark consumption for new as well as those consumers, whose consumption for the reference month is not available.
64. The Authority understands that the purpose of the Motion is to increase electricity consumption for the Industrial and Agriculture consumers, by utilization of available idle capacity, in order to spur growth and economic activity. Therefore, it would have been more appropriate to use the actual load factors to work-out the benchmark consumption for new as well as those consumers, whose consumption for the reference month is not available, in order to incentivize them. At the same time, the Authority has also considered the submissions of the MoE (PD) that lowering of the proposed load factors may result in higher quarterly adjustments for other consumers, which is not the intention of the package. In view thereof and to avoid any additional burden on other consumers, the Authority is constrained to approve the load factors as requested by the MoE (PD) in the Motion.
65. The Authority also noted that the MoE (PD) has proposed to apply these load factors based on "higher of MDI for the relevant month or Sanctioned load", for calculation of benchmark consumption. The Authority understands that by applying these load factors on higher of MDI for the relevant month or Sanctioned load, there may be limited number of new consumers, who would be benefited from the package. The matter was discussed with the MoE (PD) and in order to ensure that maximum number of consumers can avail the package, the Authority has decided to amend the formula for new consumers and for existing consumers whose benchmark consumption is not available for any month. Accordingly, in the formula given in the Motion, "Higher of MDI for the relevant month or Sanctioned Load shall be considered as "MDI for the relevant month".
66. Regarding concerns raised by M/s Cherat Cement for inclusion of Wheeling consumers in the Package, the Authority in light of Section 7 (6) of NEPRA Act and the intent of the Package to increase electricity consumption, is of the view that the applicability of the package should be in a non-discriminate manner. Therefore, considering the intent of the instant package to encourage industrial growth and spur economic activity, and the fact that wheeling consumers, to the extent of benchmark consumption, would be contributing towards fixed cost of the system as well, the Authority has decided to include wheeling industrial consumers as part of the instant Package. The wheeling consumers, will be considered as new consumers for the purpose of benchmark consumption calculations. Here it is pertinent to mention that while deciding the earlier winter incentive package, the Authority also allowed application of package on wheeling consumers, despite the fact that the MoE (PD) in the motion did not envision allowing the same to wheeling consumers.
67. Here it is pertinent to mention, that during the hearing, the MoE (PD) clarified that in case the actual marginal cost during any month, exceeds the worked out marginal cost of Rs.22.98/kWh, the consumer availing the incremental consumption package shall continue to be charged at the existing marginal cost of Rs.22.98/kWh. The MoE (PD) shall file a



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separate request with NEPRA for revision of the Marginal cost, and the same shall become applicable once it is decided by the Authority. Till such time, the difference between actual marginal cost and rate of Rs.22.98/kWh being charged for incremental consumption, shall be borne by all the consumers. However, subsequently, if the actual marginal cost for the incremental consumption becomes lower, the consumer availing the incremental consumption package shall continue to be charged at the last determined marginal cost, and the benefit thereof i.e. difference between actual marginal cost and the rate being charged for incremental consumption, shall be passed on to the rest of the consumers.

68. On the point raised by the MoE (PD) in its Motion regarding adjustment of any loss, incurred under this scheme, arising from the shortfall between revenues and tariffs, the Authority understands that since consumers availing this package would be paying their marginal cost, therefore, ideally this shall not result in any loss under the scheme. Further, for the period where actual marginal cost is higher as compared to what is being charged from such consumers, as discussed above, the delta would be borne by all the consumers. Thus, question of any loss shall not arise. However, still if there is any unforeseen loss, which cannot be comprehended at this stage, the impact shall be borne only by the consumers, availing the incremental consumption package.
69. On the point of clarification requested by K-Electric for recovery of its annual revenue requirements through annual sales excluding incremental units consumed under the subject initiative, the Authority noted that K-Electric has been allowed Multi Year Tariff for seven years from FY 2024-30, wherein the Authority has allowed K-Electric actualization of sent outs based on allowed regulatory targets, a mechanism similar to what is allowed to XWDISCOs. Therefore, for the purpose of instant package, the treatment allowed to K-Electric would also be similar as of XWDISCOs, when determining/adjusting the consumer end tariff. As such, K-Electric is obligated to extend the incremental consumption package to its consumers as per the decision of the Authority.
70. In view of the above discussion, the Authority hereby approves the instant incremental consumption package, as outlined herein the decision, including wheeling industrial consumers as under;
 - i. Rate of PKR 22.98 per unit shall be applicable to industrial and private agricultural consumers, including both Time-of-Use (ToU) and Non-ToU categories, of XWDISCOs and K-Electric, on their peak and off-peak incremental consumption over the corresponding reference period. The reference months for determining incremental consumption shall be from December 2023 to November 2024.
 - ii. The proposed package shall remain effective for a period of three (3) years from the date of approval. The package will apply on billing month basis. The scheme will automatically expire upon completion of this period.
 - iii. The package shall be subsidy neutral for both XW-DISCOs and KE consumers. Positive Fuel Cost-Adjustments (FCAs) shall be applicable to eligible consumers on incremental consumption. Further, Quarterly Tariff Adjustments (QTAs), Debt Service Surcharge (DSS) and negative FCAs shall not be applicable on incremental consumption for eligible consumers.



- iv. If incremental consumption of the industrial and agriculture sectors in aggregate exceeds 25% growth above the baseline, a review of the incremental price and scheme will automatically be triggered to pass on additional marginal cost.
- v. Semi-annual reviews will take place to ensure continued cost-revenue alignment, with the marginal tariff adjusted as necessary. The scheme will be terminated immediately if upward tariff adjustments are required for two consecutive reviews.
- vi. Regarding adjustment of any loss, incurred under this scheme, arising from the shortfall between revenues and tariffs, since consumers availing this package would be paying their marginal cost, therefore, ideally this shall not result in any loss under the scheme. Further, for the period where actual marginal cost is higher as compared to what is being charged from such consumers, as discussed above, the delta would be borne by all the consumers. Thus, question of any loss may not arise and may not have any impact on the GoP subsidy. However, still if there is any unforeseen loss, which cannot be comprehended at this stage, the impact of the same shall be borne only by the consumers, availing the incremental consumption package.

Terms & Conditions:

- i. The reference period for calculation shall be from December 2023 to November 2024.
- ii. This package shall be applicable to only industrial and private agricultural tariff categories (as per notified Schedule of Tariff).
- iii. If consumption record for a specific consumer is not available or having zero reference consumption, then benchmark consumption criteria for new consumers will be applied for the respective period.
- iv. In case of any change in tariff category or shift from non-ToU to ToU after reference month, the consumer shall be considered as a new consumer. However, consumer changing slab within the same category (e.g. B2 to B3) shall not to be considered as new consumers and for the purpose of benchmark consumption, the formula for existing consumers with sanctioned load enhancement shall be applicable. However, consumers shifting tariff category (e.g. Commercial to Industry) will be considered as new consumer to avail the package.
- v. If the status of consumers was disconnected or status of consumer meter was defective during benchmark consumption calculation period, then benchmark consumption criteria for new consumers will be applied for the respective period.
- vi. If the status of consumers is defective or locked during the current billing month, the consumer shall not be eligible for the incentive.
- vii. Detection units will neither be used for benchmark consumption calculation nor for incremental units calculation.
- viii. Dial Adjustment effect (correction of reading other than detection) will be applied for calculation of benchmark period consumption.



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Decision of the Authority in the matter of Motion filed by the Federal Government for incremental consumption package for industrial and agriculture electricity consumers of XWDISCOs & K-Electric

- ix. All Captives Power Plants (CPPs) will be considered as new consumers for benchmark consumption calculations.
- x. If the meter of a specific consumer cannot record MDI, then only Sanctioned Load shall be used for calculation of benchmark consumption, where applicable.
- xi. Duties and taxes shall be calculated on the consumer's payable amount.
- xii. Net-metering consumers will be eligible for the package, if and only if there is excess import by the consumer for the current month in the respective peak and off-peak periods (Net meter consumer's reference consumption will be based on imported units only). However, their incremental consumption will be capped on the net imported units (Imports minus Export during current month). Additionally, the incremental consumption shall be distributed among peak/off-peak periods on a pro-rata basis of incremental units.
- xiii. No Tariff Differential Subsidy (TDS) shall be claimed on incremental consumption under this scheme.
- xiv. Wheeling consumers shall also be eligible for this package, and will be considered as new consumers for the purpose of benchmark consumption calculations.
- xv. Regarding net metering consumers, the understanding of K-Electric is correct meaning thereby that for net imports, only current month's consumption would be considered and it should not include any carry forward adjustments from previous months.
- xvi. Criteria for benchmark consumption shall be as follows;

CRITERIA FOR CALCULATION OF BENCHMARK CONSUMPTION	
Existing Consumers (Reference consumption available for all months)	(Reference Consumption for particular month) * (1+2.8%) ^u
- Existing Consumers (Reference consumption not available for any month) - New Consumers (New Consumers: Consumers having connection date after reference month)	(MDI for the relevant month) * Total Hrs of Relevant Month * (Load Factor (%) of particular consumer category) * (1+2.8%) ^u
Existing Consumer with Sanctioned Load (SL) Enhancement after reference month	(Reference Consumption for particular month) * (1+2.8%) ^u + (((Higher of (MDI for the relevant month or New Sanctioned load)) - Old SL) * Total Hrs of Relevant Month * (Load Factor (%) of particular consumer category)) * (1+2.8%) ^u

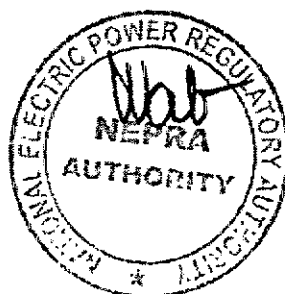
^u = Relevant year of package application (1, 2 or 3)

MDI = Maximum Demand indicator of the respective consumer for the given month

Hrs = No. of hours in the given month

Load Factor = Load factor as provided in the consumer service manual (as updated from time to time)

max 7



Load Factors as per NEPRA

Percentage of Load Factor for Different Types of Connections		
Sr No.	CATEGORY OF CONNECTION	Load factor to be charged
A-1 GENERAL SUPPLY TARIFF - RESIDENTIAL		
01	Single Phase	20%
02	Three Phase	25%
A-2 GENERAL SUPPLY TARIFF - COMMERCIAL		
03	Single Phase	20%
04	Three phase	25%
A-3 GENERAL SERVICES		
05	Single phase	15%
06	Three phase	20%
B INDUSTRIAL SUPPLY		
07	B-1 except for Ice factories, Cold Storage, Plastic Molding, Rice shellers	40%
08	B-2, except Ice Factories, Cold Storage, Plastic Molding, Rice shellers	50%
09	Ice factory, Cold Storage,	70%
10	Plastic Molding Industry, Rice Sheller	50%
11	B-3 Textile Mills and Steel Furnaces Melting Industry and all other continuous industry	60%
12	Other normal industry like Engineering Works	50%
13	Flour Mills B-2 & B-3	40%
14	B-4	50%
TUBEWELLS		
15	Agricultural Tubewells installed in perennial area	15%
16	Agricultural Tubewells installed in non-perennial area/river belts	50%
17	Scam Tubewells	50%

Miscellaneous

Note: Load Factor for B4 consumers would be used as reference for B5 consumers.

71. The Decision of the Authority is intimated to the Federal Government for notification in the official Gazette in terms of section 31(7) of NEPRA Act, 1997.

AUTHORITY

Amina Ahmed

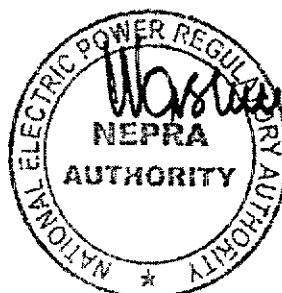
Amina Ahmed
Member

Engr. Maqsood Anwar Khan

Engr. Maqsood Anwar Khan
Member

Waseem Mukhtar

Waseem Mukhtar
Chairman





REGISTRAR

National Electric Power Regulatory Authority
Islamic Republic of Pakistan

NEPRA Tower, G-5/1, Attaturk Avenue, Islamabad

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No. NEPRA/TRF-100/Notifications/20934-36

December 10, 2025

The Manager
Printing Corporation of Pakistan Press (PCPP)
Khayaban-e-Suharwardi,
Islamabad

Subject: **NOTIFICATION REGARDING DECISION OF THE AUTHORITY**

In pursuance of Sub-Section 7 of Section 31 of the Regulation of Generation, Transmission and Distribution of Electric Power Act, 1997 (XL of 1997); enclosed please find herewith a notification in respect of the following Decision of the Authority for immediate publication in the official Gazette of Pakistan:

S. No.	Decision	Issuance No. and Date
1.	Decision of the Authority in the Matter of Motion filed by Federal Government with respect to Incremental Consumption Package for Industrial and Agriculture Electricity Consumers of XWDISCOs & K-Electric	20846-20850 09-12-2025

2. Please also furnish thirty five (35) copies of the Notifications to this Office after its publication.

Encl: 01 Notification

Wasim Anwar Bhinder
(Wasim Anwar Bhinder)

CC:

1. Chief Executive Officer, Central Power Purchasing Agency (Guarantee) Limited, 73 East, AK Fazl-e-Haq Road, Block H, G-7/2, Blue Area, Islamabad
2. **Syed Mateen Ahmed**, Deputy Secretary (T&S), Ministry of Energy – Power Division, 'A' Block, Pak Secretariat, Islamabad