GOVERNMENT OF PAKISTAN
MINISTRY OF ENERGY POWER DIVISION, ISLAMABAD
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No.TARIFF/INCREMENTAL CONSUMPTION PACKAGE-2025

Islamabad, the 06th November, 2025

From

Moeen Iftikhar
Section Officer (Tariff)

To

1- Registrar-1, NEPRA, Islamabad

Forwarded please:
☑ For nec. action ☐ For information

☐ DG (Lic.)	☐ DG (Admn/HR)
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For kind information, please.
Chairman M (Tech) M (Dev)

06.11.25

REGISTRAR OFFICE
Diary No: 13329
Date: 6-11-25

SUBJECT: <u>FEDERAL GOVERNMENT MOTION WITH RESPECT TO INCREMENTAL CONSUMPTION PACKAGE FOR INDUSTRIAL AND AGRICULTURE ELECTRICITY CONSUMERS</u>

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.

2. 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. 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 (Annex-I) 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 policy 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 (ToU) and Non-ToU categories, of XW-DISCOs 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 (detailed terms and conditions at (Annex-II).

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.

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. 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.

Moeen Iftikhar
Section Officer (Tariff)

Copy for information to:-

1- SO to Sectry, MOEPWD, Islamabad
2- Addl Secretary-II, MOEPWD, Islamabad
3- Joint Secretary (T&S), MOEPWD, Islamabad
4- Deputy Secretary (T&S), MOEPWD, Islamabad

Moeen Iftikhar
Section Officer (Tariff)

GOVERNMENT OF PAKISTAN
MINISTRY OF ENERGY POWER DIVISION, ISLAMABAD
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No.TARIFF/INCREMENTAL CONSUMPTION PACKAGE-2025 **Islamabad, the 06th November , 2025**

From

Moeen Iftikhar
Section Officer (Tariff)

To

1- Registrar-1, NEPRA, Islamabad

SUBJECT: <u>SURPLUS POWER PACKAGE FOR GRID SUSTAINABILITY</u>

I am directed to refer to the Cabinet decision issued vide case No. 758/Rule-19/2025/1030 dated 05-11-2025 on the subject cited above and to state that Cabinet in its decision has approved the proposals as under:-

a. 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 XW-DISCOs 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 (detailed terms and conditions at Annex-II).

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.

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.

g. Issuance of guidelines to NEPRA for approval of proposed initiative and incorporation in the regulatory framework.

2. The above referred decision of the Cabinet is hereby communicated for information and further necessary action.

Moeen Iftikhar
Section Officer (Tariff)

Copy for information to:-

1- SO to Sectry, MOEPWD, Islamabad
2- Addl Secretary-II, MOEPWD, Islamabad
3- Joint Secretary (T&S), MOEPWD, Islamabad
4- Deputy Secretary (T&S), MOEPWD, Islamabad

Moeen Iftikhar
Section Officer (Tariff)

Annex-II

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)

TERMS AND CONDITIONS

- 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.
- 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.

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		