



STATE OF THE POWER SECTOR

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NEPRA has just released the State of Industry Report for 2014. The key facts about the power sector revealed by the report are as follows:

- There has been only a modest increase of 550 MW in installed capacity for electricity generation in 2013-14. This represents a growth rate of only 2.3%. Over 59% of the increase is in thermal power.
- The level of electricity generation has gone up from 99147 Gwh in 2012-13 to 105996 Gwh in 2013-14. **The growth rate achieved of 6.9% is the highest in the last five years.** 60% of the increase is in thermal generation, 31% in hydel power and 9% in nuclear power.
- The share in thermal generation of the fuel source of furnace oil has increased from 56% to 61%, while that of natural gas declined from 44% to 39%.
- **NEPRA projects that power load shedding will continue upto 2018-19.** Peak demand is expected to grow at 4.4% annually. This implies that NEPRA expects the economy to grow by less than 5% annually up to 2019-20.
- NEPRA projects that installed capacity for electricity generation will increase by 16751 MW between 2014-15 and 2019-20. Much of the increase is anticipated in coal-based plants of almost 10,000 MW located at Port Qasim, Gaddani and Thar.
- **According to NEPRA, there will be no improvement in the load shedding situation between 2014-15 and 2016-17.** The gap during this period is expected to exceed 4500 MW between peak demand and power generation capability. The gap will be reduced by half in 2018-19 and turn into a surplus in 2019-20.

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- **Transmission and distribution losses in DISCOs under PEPCO have remained unchanged at 18.5% in 2013-14.** These losses range from a high of 39% in SEPCO and 33% in PESCO to a low of 9 to 11% in IESCO, GEPCO and FESCO. Losses in K-Electric have declined from 31% to 28%. However, NEPRA suspects that losses are understated.
- Total units purchased have shown the fastest growth in the DISCOs of Punjab. It is 15.6% in the case of GEPCO, 10.2% in LESCO, 13.2% in FESCO and 16% in MEPCO. As opposed to this, there has been a 3.1% increase in units purchased by PESCO, 3.3% in HESCO, 2.5% in QESCO and a fall of 2.4% in SEPCO.
- Total units sold have increased from 75926 Gwh in 2012-13 to 82419 Gwh in 2013-14, showing a growth rate of 8.6%.
- **The overall billing recovery rate combined of DISCOs of PEPCO and K-Electric has also remained unchanged at 89% in 2013-14.** The total amount billed is Rs.1075 billion and the recovery is Rs.956 billion. The billing recovery rate ranges from a high of 100% in FESCO and 97.9% in LESCO to a low of 6.6% in TESCO and 42.2% in QESCO.
- **Total arrears have increased by as much as 24.8% in 2013-14, from Rs.411 billion to Rs.513 billion.** An amount of Rs.313 billion is due from private consumers and Rs.200 billion from Federal and Provincial government agencies/ departments. This is one of the main factors contributing to the build up of the circular debt.
- **The incidence of load shedding remains high in 2013-14.** On the average daily, it is as high as 10 hours in the area served by TESCO, 10 hours in MEPCO and 10 hours also in QESCO. It is relatively low at 2 hours in K-Electric, 2 hours in SEPCO, 3 hours in GEPCO and LESCO.
- **The number of complaints from consumers received by the distribution companies has doubled in 2013-14,** especially against overcharging. The total number of complaints is as high as 3.4 million

in 2013-14. The highest incidence of complaints is in GEPCO, LESCO and K-Electric.

- The billing rate per Kwh for all consumers combined has gone up from Rs.10.85 to Rs.12.70 in the case of DISCOs of PEPCO. This represents an increase of 17.1%. In the case of K-Electric the rise in billing rate per Kwh is from Rs.12.98 to Rs.15.17, an increase of 16.9%. These increases are the consequence of the jump in tariffs in the earlier part of 2013-14.
- The billing rate for domestic consumers has shown much less growth of 7.3%, from Rs.8.82 to Rs.9.46 per Kwh. This indicates that a large percentage of consumers are undertaking electricity consumption of below 200 Kwh per month.
- The economic costs of power load shedding are high. According to a study by the Institute of Public Policy (IPP), the cost ranges from Rs.23 per Kwh to domestic consumers to Rs.29 per Kwh to agricultural consumers, Rs.53 per Kwh to industrial consumers and Rs.68 per Kwh to commercial consumers.

Given the incidence of load shedding in 2013-14 at different locations in the country, **the economic cost of outages for the country as a whole is Rs.948 billion in 2013-14.** This is equivalent to 3.7% of the GDP. **Punjab consumers bear 64% of the costs** as compared to 11% in K-PK, 8% in Sindh, 9% in Baluchistan, and in Islamabad 8%.