



GOVERNMENT OF PAKISTAN
CENTRAL POWER PURCHASING AGENCY GUARANTEE



No.CEO/CPPAG/2025/PC RA/6085/4002

Islamabad, the 15th October , 2025

From

Rihan Akhtar
Chief Executive Officer

To

1- Registrar-1, NEPRA, Islamabad

SUBJECT: PROJECTION OF POWER PURCHASE PRICE FOR FY 2026

References: NEPRA/ADG(Tariff)/TRF-100/16196-97 dated 07th October 2025

This is with reference to your letter referred above, wherein CPPA-G was mandated to submit the Power Purchase Price (PPP) references for CY 2026 as part of rebasing of Consumer-End tariff w.e.f 01.01.2026. It is appraised that the submission is hereby provided at Annex-A for due consideration by the Authority, aiming to facilitate the determination of monthly references for CY 2026 and for rebasing of consumer end tariff.

It is pertinent to highlight that the PPP references have been developed post-consultation with Ministry of Energy (Power Division), PPMC, ISMO and NGC. The report includes scenarios and assumption sets, along with projections of Power Purchase Price references for CY 2026. The authority may exercise regulatory prudence on the provided assumptions, scenarios, and related details to make an informed decision in setting the PPP references for CY 2026.

The CPPA-G team remains available to assist the Authority in providing any additional information or clarification, as required.

REGISTRAR OFFICE
Diary No: 12684
Date: 22/10/25

22.10.25

Forwarded please:

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For kind information, please.

✓ 1. Chairman ✓ M (Tech)
✓ 3. M (Law) ✓ M (Dev)

Rihan Akhtar
Chief Executive Officer
Ph:0519216916

Copy for information to:-

1- Addl Secretary-II, MOEPWD, Islamabad

Parlf Division Record
By No: 4947
Dated: 22-10-25



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Chief Executive Officer
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Power Purchase Price Forecast CY 2026



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DISCLAIMER

The PPP forecast for CY 2026 has been submitted to the Authority for review and consideration in determining the monthly PPP reference values. The forecast was developed through comprehensive consultations in accordance with the established regulatory framework. In this regard, various scenarios based on demand, fuel prices and economic parameters have been developed to assist the Authority in the tariff-setting process.

It is pertinent to highlight that the results/outputs provided herein are indicative and may change due to variation of underlying assumptions set, including commissioning schedules, future generation fleet, fuel prices, demand forecasts, exchange rate parity, and inflation. Moreover, monthly references for power purchase price presented in the report do not account for differential adjustments that may be allowed/disallowed, as the case may be.

Accordingly, the Authority may consider the projection of Power Purchase Price references outlined in the report, along with its independent assessments, in order to arrive at the finalized PPP references for CY 2026.

Any party consuming the results of this report for any purpose does so at its own risk and CPPA-G shall not be liable for the accuracy or completeness of the information contained hereunder and its suitability for any particular purpose.

Table of Contents

DISCLAIMER	ii
LIST OF TABLES	iv
EXECUTIVE SUMMARY	1
Analysis:	2
1. Introduction:	3
1.1. Scenarios for Power Purchase Price	3
2. Assumptions	4
2.1. Demand	4
2.2. Hydrology	5
2.3. Fuel Prices	5
2.4. Economic Parameters	6
2.5. Service Charges and NGC Losses	6
2.6. Commissioning and Retirement of Power Plants for CY 2026	7
2.7. Other Assumptions	7
3. Scenario Results	8
3.1. Scenario 1	8
3.2. Scenario 2	9
3.3. Scenario 3	10
3.4. Scenario 4	11
3.5. Scenario 5	12
4. Submission & Recommendations	13

LIST OF TABLES

<i>Table 1: Demand Assumptions</i>	<i>1</i>
<i>Table 2: Summary of Projected Power Purchase Price CY 2026</i>	<i>1</i>
<i>Table 3: Scenario for PPP Forecast CY 2026</i>	<i>3</i>
<i>Table 4: Demand Assumptions - XW-DISCOs</i>	<i>4</i>
<i>Table 5: Demand Assumptions - K-Electric</i>	<i>5</i>
<i>Table 6: Hydrology Assumptions (MW)</i>	<i>5</i>
<i>Table 7: Fuel Price Assumptions.....</i>	<i>6</i>
<i>Table 8: Economic Parameter Assumptions.....</i>	<i>6</i>
<i>Table 9: Service Charges and NGC Losses.....</i>	<i>7</i>
<i>Table 10: Scenario 1 - Projected Power Purchase Price CY 2026.....</i>	<i>8</i>
<i>Table 11: Scenario 2 - Projected Power Purchase Price CY 2026</i>	<i>9</i>
<i>Table 12: Scenario 3 - Projected Power Purchase Price CY 2026.....</i>	<i>10</i>
<i>Table 13: Scenario 4 - Projected Power Purchase Price CY 2026.....</i>	<i>11</i>
<i>Table 14: Scenario 5 - Projected Power Purchase Price CY 2026.....</i>	<i>12</i>

EXECUTIVE SUMMARY

This report presents the monthly Power Purchase Price (PPP) outlook for CY 2026, developed by CPPA-G under its regulatory mandate. It provides essential insights and supporting data to aid the Authority in determining PPP references, ensuring alignment with the regulatory framework, market conditions, and the evolving energy landscape.

The demand forecasts, as provided in Table 1, consider two scenarios, Normal and High, with projected demand growth ranging from 1% to 2.5%. These projections form the basis for setting PPP references for CY 2026.

Table 1: Demand Assumptions		
Months	Demand 132 KV Level (GWh)	
	Normal	High
Jan-26	7,771	7,894
Feb-26	6,635	6,741
Mar-26	8,169	8,300
Apr-26	10,220	10,382
May-26	12,589	12,787
Jun-26	13,814	14,031
Jul-26	14,073	14,295
Aug-26	14,063	14,285
Sept-26	12,723	12,924
Oct-26	10,360	10,525
Nov-26	7,783	7,909
Dec-26	7,621	7,742

The report outlines value of uncertainty and sensitivity of each of the assumption parameters, specifically demand, fuel prices, and exchange rates. Across the analysed scenarios, indigenous fuels constitute approximately 75% of the overall energy mix, while clean fuels contribute approximately 53%. The impact of uncertainty has been summarized in the following table:

Table 2: Summary of Projected Power Purchase Price CY 2026				
Scenario	Description of scenario	PPP		Impact
		Mln Rs	Rs/kWh	
1	Base Case @ 1% growth	3,024,177	24.04	-
2	Sensitivity to US \$ to Rs. exchange rate by Rs. 10	3,097,662	24.62	0.58
3	Sensitivity to growth in kWh @ 2.5% growth	3,048,854	23.85	(0.18)
4	Sensitivity to Fuel Prices increase by 5%	3,056,360	24.29	0.26
5	Sensitivity to Fuel Price decrease by 5%	2,991,994	23.78	(0.26)

Analysis:

1. US\$ to Rs. exchange rate is highly sensitive parameter in the assumption set. A minor impact of Rs. 10 / US \$ (around 3%) increase in exchange rate parity is impacting an increase in average PPP / kWh by Rs. 0.58.
2. The growth rate of 2.5% is also depicting a favourable impact on projected average PPP/kWh of Rs. (0.18). However, the recent past trends over around three years has experienced almost consistent demand of electricity.
3. The sensitivity to fuel price is also substantial, especially the international uncertainty in volatility of fuel prices. Though, this sensitivity of impact on average PPP is not as much as per the US\$ to Rs. exchange rate scenario though it will have a substantial impact on the average PPP / kWh.

1. Introduction:

In accordance with the applicable regulatory framework, CPPA-G is mandated to submit Power Purchase Price (PPP) forecast references to NEPRA for the upcoming calendar year. Aligned with the transfer pricing mechanism, billing and settlement procedures defined under the regulatory framework. This document outlines the PPP reference projections for CY 2026.

This report has been developed through an all-inclusive consultative process wherein multiple stakeholders including the Ministry of Energy (Power Division), ISMO, NGCPL, NEPRA, K-Electric and PPMC to ensure alignment and consensus. In addition, key data inputs—including projections for electricity demand, fuel prices, hydrological conditions, service charges, and macroeconomic indicators—were sourced from both local and international platforms, as well as relevant sectoral entities, to ensure the robustness of the forecast.

The information presented herein is intended to facilitate well-informed decision-making, ensuring that the approved PPP references remain consistent with the regulatory framework, reflect prevailing market conditions, and are responsive to the evolving energy landscape. A thorough review of the forecasted assumptions and allied outputs will enable the Authority to set pricing references that capture both operational dynamics and broader economic factors for the forthcoming calendar year.

1.1. Scenarios for Power Purchase Price

Five (5) distinct scenarios have been developed to project the Power Purchase Price (PPP) references for CY 2026 as provided in Table 3. These scenarios are designed based on varying assumptions related to key drivers of PPP, including electricity demand, exchange rates and fuel prices. Each scenario reflects a specific combination of these variables, designed to capture a range of possible outcomes and assess the impact of different market conditions on the projected PPP.

Table 3: Scenario for PPP Forecast CY 2026			
Demand	Exchange Rate	Hydrology	Fuel Prices
Normal	290/300	Normal	Normal
Normal	300/310	Normal	Normal
High	290/300	Normal	Normal
Normal	290/300	Normal	High
Normal	290/300	Normal	Low

2. Assumptions

In alignment with the scenarios, as outlined in Table 3, the key assumptions sets utilized for the preparation of power purchase prices reference for CY 2026, are detailed in the sub-sections below.

2.1. Demand

Electricity demand is a key determinant in setting end-consumer tariffs, with any fluctuation having a direct impact on tariff adjustments. To account for potential variability, two distinct demand scenarios have been developed based on consultations with relevant stakeholders.

- i) Normal Demand (projected 1.0% increase against Jan 25 - Sep 25)
- ii) High Demand (projected 2.5% increase against Jan 25 - Sep 25)

The demand forecast for DISCOs has been developed based on macroeconomic projections and historical electricity consumption trends. Based on historical elasticity estimates and GDP projections by IMF, economic growth is expected to drive a corresponding increase in electricity demand, ranging from 1% to 2.5%. These projections form the basis for the normal and high demand scenarios used in this analysis. Detailed demand assumptions for XW-DISCOs and K-Electric are presented in Table 4 and Table 5.

Table 4: Demand Assumptions - XW-DISCOs		
Months	Demand 132 KV Level (GWh)	
	Normal	High
Jan-26	7,014	7,118
Feb-26	5,903	5,990
Mar-26	7,203	7,310
Apr-26	9,270	9,408
May-26	11,517	11,688
Jun-26	12,630	12,817
Jul-26	12,809	12,999
Aug-26	12,799	12,989
Sept-26	11,499	11,669
Oct-26	9,281	9,419
Nov-26	6,816	6,917
Dec-26	6,843	6,945

Table 5: Demand Assumptions - K-Electric		
Months	Demand (132 KV Level)	
	Normal	High
Jan-26	758	777
Feb-26	732	751
Mar-26	966	990
Apr-26	950	974
May-26	1,072	1,098
Jun-26	1,184	1,214
Jul-26	1,265	1,296
Aug-26	1,265	1,296
Sept-26	1,224	1,255
Oct-26	1,079	1,106
Nov-26	967	992
Dec-26	777	797

2.2. Hydrology

The hydrology on the Power Purchase Price (PPP) forecast for CY 2026, has considered, as outlined in Table 6 with normal hydrology.

Table 6: Hydrology Assumptions	
Months	Normal Hydrology (MWs)
Jan-26	1,024
Feb-26	2,702
Mar-26	2,017
Apr-26	3,348
May-26	5,744
Jun-26	7,179
Jul-26	7,772
Aug-26	7,895
Sept-26	7,019
Oct-26	4,401
Nov-26	4,020
Dec-26	2,408

Source: ISMO

2.3. Fuel Prices

Fuel prices are a key driver of the fuel cost component within the Power Purchase Price (PPP). Accordingly, the forecast incorporates assumptions for normal fuel prices, based on reputable data sources to ensure accuracy and relevance. For imported fuels, price assumptions are based on market data from Argus Media and Platts, while local fuel prices are informed by inputs from OGRA, NEPRA, and TCEB. These assumptions are detailed in Table 7

Table 7: Fuel Price Assumptions

Years	Gas	Brent	Imp Coal API-4	Imp Coal ICI-3	Imp Coal ICI-4	Thar Coal	RFO	Bagasse	HSD
	Rs/MMBTU	\$/Barrel	\$/MTon	\$/MTon	\$/MTon	\$/MTon	\$/MTon	Rs/MTon	Rs/Litre
Jan-26	1,225	67	84.6	58	30.7	18.6	461	5209	276.81
Feb-26	1,225	67	84.6	58	30.7	18.6	461	5209	276.81
Mar-26	1,225	67	84.6	58	30.7	18.6	461	5209	276.81
Apr-26	1,225	67	84.6	58	30.7	18.6	461	5209	276.81
May-26	1,225	67	84.6	58	30.7	18.6	461	5209	276.81
Jun-26	1,225	67	84.6	58	30.7	18.6	461	5209	276.81
Jul-26	1,225	67	84.6	58	30.7	18.6	461	5470	276.81
Aug-26	1,225	67	84.6	58	30.7	18.6	461	5470	276.81
Sep-26	1,225	67	84.6	58	30.7	18.6	461	5470	276.81
Oct-26	1,225	67	84.6	58	30.7	18.6	461	5470	276.81
Nov-26	1,225	67	84.6	58	30.7	18.6	461	5470	276.81
Dec-26	1,225	67	84.6	58	30.7	18.6	461	5470	276.81

Source: Argus Media, Platts, OGRA, NEPRA & TCEB

Additionally, for the assessment of PPP references under high fuel price scenario, a 5% escalation in fuel prices—including imported coal, RLNG, and RFO—above the baseline assumptions has been incorporated into the analysis. Further, the scenario with low fuel prices takes into account a 5% reduction in the fuel price during the horizon.

2.4. Economic Parameters

Projections for key economic parameters—including SOFR, KIBOR, U.S. inflation, and Pakistan inflation—are presented in Table 8. The inflation data for the United States and Pakistan has been sourced from the IMF's World Economic Outlook report. To estimate KIBOR and SOFR, appropriate spreads have been applied in line with historical trends and prevailing market dynamics.

Table 8: Economic Parameter Assumptions

CY	KIBOR %	SOFR %3M+	PAK Inflation %	US Inflation %
2026	11.0	4.47	7.74	2.30

2.5. Service Charges and NGC Losses

Table 9 presents projections for charging to the DISCOs on non-Coincidental basis for Service Charges, including Use of System Charges (UoSC), PMLTCL Transmission Service Charges (TSC), Market Operator Fee (MoF), and anticipated Transmission Losses for the National Grid Company of Pakistan Limited (NGCPL).

Table 9. Service Charges and NGC Losses				
CY	UoSC	PMLTCL TSC	MoF	NGC Losses
	Rs/KW/Month	Rs/KW/Month	Rs/KW/Month	%
2026	300	225	9.08	2.8

Source: NEPRA / estimation from tariff petitions

2.6. Commissioning and Retirement of Power Plants for CY 2026

New generation plants i.e. Koto, Lavi and Kel Khawar have started pre-COD generation, and COD of these power plants has not yet been planned. However, it has been assumed that their COD will be achieved by December 2025. No generation from Neelum Jhelum Hydropower Plant has been considered due to ongoing technical issues.

2.7. Other Assumptions

The following additional assumptions have been applied in the preparation of Power Purchase Price (PPP) references for CY 2026

- **HVDC+AC Corridor Transfer Capability:** Transfer limits are set at 3,200 MW for Winter (January & February), 3,600 MW for Winter (November & December), and 5,000 MW for Summer 2026 (following the commissioning of Lahore North), as per the Normal Operation arrangement of the SCS Strategy Table provided by M/s NARI.¹
- **RLNG Offtake:** The mandatory 50% offtake under contractual obligations for RLNG has been assumed in this dispatch plan².
- **RLNG and RFO Projections:** These are based on assumed demand scenarios. However, actual fuel demand may vary depending on real-time system conditions and will be managed in accordance with prevailing contractual agreements³.
- **Renewable Energy Generation:** Assumed based on the previous year's energy profile⁴.
- **Imports and Other Sources:** Import from Iran has been considered in the overall assessment. However, generation from net metering has not been included in the analysis to the extent of incremental additions during January to December 2026.
- **Fuel Source Assumptions:** HSRPEL, PQEPC, CPHGCL, JPCL, and LEPCL are assumed to operate exclusively on imported coal.
- **Future Projects:** Incorporated based on the best available technical assessments and information. However, actual dispatch may differ in response to prevailing system conditions.

^{1,2, 3, 4.} As provided by ISMO

3. Scenario Results

This section presents results of five scenarios, each characterized by distinct variations in key assumptions related to factors provided in Table 3. All other parameters remain consistent with the standard assumptions outlined earlier. The tables below provide the monthly Power Purchase Price (PPP) projections for each scenario for CY 2026, enabling a comparative analysis of the potential impact of these variables on overall cost outcomes.

3.1. Scenario 1

Table 10: Scenario 1 - Projected Power Purchase Price CY 2026									
Months	Sold to DISCOs	Fuel Cost		VO&M		Capacity Charges		Power Purchase Price	
	Mln Units	Mln Rs	Rs/kWh	Mln Rs	Rs/kWh	Mln Rs	Rs/kWh	Mln Rs	Rs/kWh
Jan-26	7,771	82,469	10.61	3,092	0.40	161,409	20.77	246,970	31.78
Feb-26	6,635	45,378	6.84	1,998	0.30	160,783	24.23	208,160	31.37
Mar-26	8,169	66,552	8.15	2,926	0.36	159,811	19.56	229,290	28.07
Apr-26	10,220	85,417	8.36	3,857	0.38	162,935	15.94	252,209	24.68
May-26	12,589	107,584	8.55	6,097	0.48	162,550	12.91	276,232	21.94
Jun-26	13,814	107,991	7.82	6,149	0.45	163,858	11.86	277,999	20.12
Jul-26	14,073	103,750	7.37	5,814	0.41	170,965	12.15	280,529	19.93
Aug-26	14,063	103,783	7.38	5,601	0.40	170,031	12.09	279,416	19.87
Sept-26	12,723	98,590	7.75	5,114	0.40	169,079	13.29	272,783	21.44
Oct-26	10,360	84,557	8.16	4,528	0.44	166,629	16.08	255,715	24.68
Nov-26	7,783	50,183	6.45	2,413	0.31	165,190	21.22	217,786	27.98
Dec-26	7,621	63,214	8.30	2,515	0.33	161,361	21.17	227,091	29.80
Sub-Total	125,822	999,469	7.94	50,106	0.40	1,974,602	15.69	3,024,177	24.04
Average Service Charge (NGC's UoSC + PMLTCL TSC + MOF)									1.91
Grand Total									25.95

3.2. Scenario 2

Table 11: Scenario 2 - Projected Power Purchase Price CY 2026

Months	Sold to DISCOs Mln Units	Fuel Cost		VO&M		Capacity Charges		Power Purchase Price	
		Mln Rs	Rs/kWh	Mln Rs	Rs/kWh	Mln Rs	Rs/kWh	Mln Rs	Rs/kWh
Jan-26	7,771	84,603	10.89	3,158	0.41	165,395	21.28	253,155	32.58
Feb-26	6,635	46,278	6.97	2,035	0.31	164,759	24.83	213,072	32.11
Mar-26	8,169	68,135	8.34	2,984	0.37	163,781	20.05	234,900	28.76
Apr-26	10,220	87,654	8.58	3,927	0.38	166,923	16.33	258,504	25.29
May-26	12,589	110,503	8.78	6,204	0.49	166,536	13.23	283,243	22.50
Jun-26	13,814	110,905	8.03	6,256	0.45	167,832	12.15	284,992	20.63
Jul-26	14,073	106,395	7.56	5,910	0.42	174,939	12.43	287,244	20.41
Aug-26	14,063	106,420	7.57	5,697	0.41	173,992	12.37	286,109	20.34
Sept-26	12,723	101,077	7.94	5,202	0.41	173,023	13.60	279,302	21.95
Oct-26	10,360	86,609	8.36	4,612	0.45	170,576	16.46	261,798	25.27
Nov-26	7,783	51,268	6.59	2,455	0.32	169,121	21.73	222,844	28.63
Dec-26	7,621	64,656	8.48	2,561	0.34	165,282	21.69	232,498	30.51
Sub-Total	125,822	1,024,504	8.14	51,001	0.41	2,022,158	16.07	3,097,662	24.62
Average Service Charge (NGC's UoSC + PMLTCL TSC + MOF)									1.91
Grand Total									26.53

3.3. Scenario 3

Table 12: Scenario 3 - Projected Power Purchase Price CY 2026

Months	Sold to DISCOs Mln Units	Fuel Cost		VO&M		Capacity Charges		Power Purchase Price	
		Mln Rs	Rs/kWh	Mln Rs	Rs/kWh	Mln Rs	Rs/kWh	Mln Rs	Rs/kWh
Jan-26	7,894	83,845	10.62	3,169	0.40	161,409	20.45	248,423	31.47
Feb-26	6,741	46,573	6.91	2,070	0.31	160,783	23.85	209,426	31.07
Mar-26	8,300	67,982	8.19	3,001	0.36	159,811	19.25	230,794	27.81
Apr-26	10,382	87,948	8.47	3,961	0.38	162,935	15.69	254,844	24.55
May-26	12,787	109,901	8.59	6,196	0.48	162,550	12.71	278,647	21.79
Jun-26	14,031	110,860	7.90	6,261	0.45	163,858	11.68	280,979	20.03
Jul-26	14,295	106,026	7.42	5,936	0.42	170,965	11.96	282,927	19.79
Aug-26	14,285	106,057	7.42	5,747	0.40	170,031	11.90	281,835	19.73
Sept-26	12,924	100,909	7.81	5,227	0.40	169,079	13.08	275,215	21.29
Oct-26	10,525	86,714	8.24	4,637	0.44	166,629	15.83	257,980	24.51
Nov-26	7,909	51,699	6.54	2,459	0.31	165,190	20.89	219,348	27.74
Dec-26	7,742	64,492	8.33	2,583	0.33	161,361	20.84	228,436	29.51
Sub-Total	127,815	1,023,006	8.00	51,245	0.40	1,974,602	15.45	3,048,854	23.85
Average Service Charge (NGC's UoSC + PMLTCL TSC + MOF)									1.88
Grand Total									25.73

3.4. Scenario 4

Table 13: Scenario 4 - Projected Power Purchase Price CY 2026

Months	Sold to DISCOs Mln Units	Fuel Cost		VO&M		Capacity Charges		Power Purchase Price	
		Mln Rs	Rs/kWh	Mln Rs	Rs/kWh	Mln Rs	Rs/kWh	Mln Rs	Rs/kWh
Jan-26	7,771	85,114	10.95	3,092	0.40	161,409	20.77	249,615	32.12
Feb-26	6,635	46,511	7.01	1,998	0.30	160,783	24.23	209,292	31.54
Mar-26	8,169	68,511	8.39	2,926	0.36	159,811	19.56	231,248	28.31
Apr-26	10,220	88,346	8.64	3,857	0.38	162,935	15.94	255,137	24.96
May-26	12,589	111,374	8.85	6,097	0.48	162,550	12.91	280,022	22.24
Jun-26	13,814	111,747	8.09	6,149	0.45	163,858	11.86	281,754	20.40
Jul-26	14,073	107,239	7.62	5,814	0.41	170,965	12.15	284,018	20.18
Aug-26	14,063	107,295	7.63	5,601	0.40	170,031	12.09	282,928	20.12
Sept-26	12,723	101,875	8.01	5,114	0.40	169,079	13.29	276,068	21.70
Oct-26	10,360	87,242	8.42	4,528	0.44	166,629	16.08	258,400	24.94
Nov-26	7,783	51,424	6.61	2,413	0.31	165,190	21.22	219,027	28.14
Dec-26	7,621	64,974	8.53	2,515	0.33	161,361	21.17	228,851	30.03
Sub-Total	125,822	1,031,652	8.20	50,106	0.40	1,974,602	15.69	3,056,360	24.29
Average Service Charge (NGC's UoSC + PMLTCL TSC + MOF)									1.91
Grand Total									26.20

3.5. Scenario 5

Table 14: Scenario 5 - Projected Power Purchase Price CY 2026

Months	Sold to DISCOs Mln Units	Fuel Cost		VO&M		Capacity Charges		Power Purchase Price	
		Mln Rs	Rs/kWh	Mln Rs	Rs/kWh	Mln Rs	Rs/kWh	Mln Rs	Rs/kWh
Jan-26	7,771	79,824	10.27	3,092	0.40	161,409	20.77	244,325	31.44
Feb-26	6,635	44,245	6.67	1,998	0.30	160,783	24.23	207,027	31.20
Mar-26	8,169	64,593	7.91	2,926	0.36	159,811	19.56	227,331	27.83
Apr-26	10,220	82,489	8.07	3,857	0.38	162,935	15.94	249,280	24.39
May-26	12,589	103,795	8.24	6,097	0.48	162,550	12.91	272,442	21.64
Jun-26	13,814	104,236	7.55	6,149	0.45	163,858	11.86	274,243	19.85
Jul-26	14,073	100,260	7.12	5,814	0.41	170,965	12.15	277,039	19.69
Aug-26	14,063	100,272	7.13	5,601	0.40	170,031	12.09	275,904	19.62
Sept-26	12,723	95,305	7.49	5,114	0.40	169,079	13.29	269,498	21.18
Oct-26	10,360	81,872	7.90	4,528	0.44	166,629	16.08	253,029	24.42
Nov-26	7,783	48,942	6.29	2,413	0.31	165,190	21.22	216,545	27.82
Dec-26	7,621	61,455	8.06	2,515	0.33	161,361	21.17	225,331	29.57
Sub-Total	125,822	967,286	7.69	50,106	0.40	1,974,602	15.69	2,991,994	23.78
Average Service Charge (NGC's UoSC + PMLTCL TSC + MOF)									1.91
Grand Total									25.69

4. Submission & Recommendations

The PPP forecast has been submitted to the Authority for consideration in setting monthly PPP references for CY 2026, prepared following extensive consultations conducted with the relevant stakeholders in accordance with the regulatory framework. It is pertinent to highlight that the results/outputs provided here-in, are indicative in nature and may change on account of variation of underlying assumptions set including, commissioning schedules, future generation fleet, fuel prices, demand forecasts, exchange rate parity, inflation. Moreover, monthly references for power purchase price presented in the report does not account for differential adjustments that may be allowed/disallowed, as the case maybe.

Accordingly, it is suggested that the Authority may take into account the projection of Power Purchase Price references outlined in the report, along with its independent assessments in order to arrive at the finalized PPP references CY 2026.

