Indus Consortium
for Humanitarian, Environmental & Development Initiatives

MONTHLY NEWSLETTER

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Editorial

Karachi’s New Power Tariff Is a Warning for All

The approval of a seven-year Multi-Year Tariff (MYT) for K-Electric, setting the average tariff at Rs. 39.97 per unit—around 40% higher than the national average—has triggered public concern. But this decision has implications far beyond Karachi. It reflects a broader shift where the cost of inefficiency is being transferred from utilities to the paying public.

Historically, distribution companies (DISCOs) were expected to absorb losses from theft, inefficiencies, or non-payment. NEPRA’s determination for K-Electric breaks from this model by allowing recovery losses to be built directly into the tariff. This means honest, bill-paying consumers now subsidize those who don’t.

NEPRA and K-Electric argue the move ensures financial stability and supports a $2 billion investment plan. But such justifications overlook a critical issue: accountability. Shielding utilities from performance-related losses erodes incentives for reform and better service.

Worryingly, this model could be extended to other DISCOs. If inefficiencies in one region are passed on to consumers in another, it undermines the principle of fairness in pricing.

Despite continued issues like load-shedding and customer dissatisfaction, K-Electric now enjoys a tariff that protects it from recovery risks and volatile costs—without meaningful performance benchmarks. Recovery targets, rising only slightly over seven years, lack ambition and contradict past claims of higher recovery rates.

The core issue is moral hazard. When utilities are rewarded regardless of performance, reform stalls, and public trust erodes.

This is more than a Karachi story. If replicated nationwide, it risks embedding stagnation into the system. Reform is essential, but it must be performance-driven, transparent, and fair. NEPRA’s job is not just to protect utilities, it is to ensure they serve the public with accountability and integrity.

Regulator Mandates IFRS S1 & S2 Implementation for ESG and Climate Risk Disclosures

At a workshop titled "Navigating ESG Reporting: Aligning with IFRS S1 & S2 Standards", Mr. Ayhan Mustafa Bhutto, Special Secretary for Climate Change and Coastal Development, urged Pakistani businesses and banks to enhance their Environmental, Social, and Governance (ESG) reporting capacities to attract investment and ensure sustainable growth.

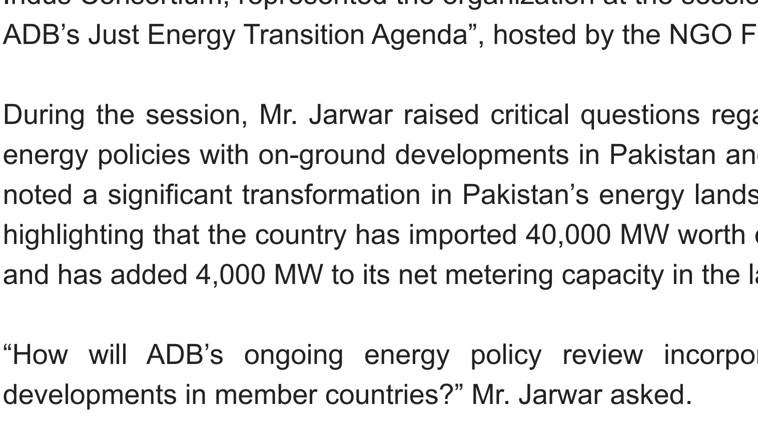
Organized by Indus Consortium at a local hotel in Karachi, the event brought together key players from the financial sector. Mr. Hussain Jarwar, CEO of Indus Consortium, stressed the environmental impact of financing, while Mr. Rashid Azeem of UBL detailed the global relevance of IFRS S1 and S2, recently mandated by SECP for listed companies.

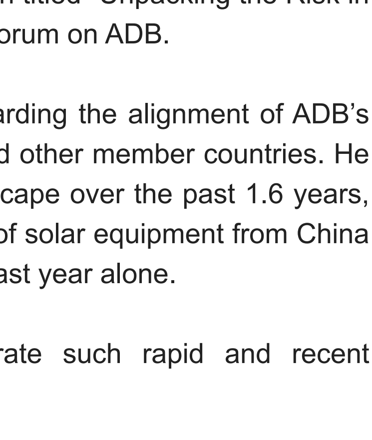
Ms. Zohra Sarwar Khan, Joint Director of SECP, emphasised ESG’s role in corporate responsibility and sustainable investment, highlighting SECP’s commitment to aligning local reporting with international standards.

Other speakers included Professor Dr. Raza Ali Khan on institutional capacity building, Syed Bulent Sohail on future market opportunities, and Ms. Sadia Bukhari of Sindh Bank on current challenges and data needs.

Participants from major banks and institutions welcomed the initiative, recognising it as a critical step toward transparency, resilience, and long-term value creation in Pakistan’s financial sector.

Indus Consortium Calls for Coherent Just Energy Transition and Early Retirement of Coal Projects





Indus Consortium participated in the Asian Development Bank (ADB) Annual Meetings held in Milan from May 4 to May 7, 2025. Mr. Hussain Jarwar, Chief Executive Officer of Indus Consortium, represented the organization at the session titled “Unpacking the Risk in ADB’s Just Energy Transition Agenda”, hosted by the NGO Forum on ADB.

During the session, Mr. Jarwar raised critical questions regarding the alignment of ADB’s energy policies with on-ground developments in Pakistan and other member countries. He noted a significant transformation in Pakistan’s energy landscape over the past 1.6 years, highlighting that the country has imported 40,000 MW worth of solar equipment from China and has added 4,000 MW to its net metering capacity in the last year alone.

“How will ADB’s ongoing energy policy review incorporate such rapid and recent developments in member countries?” Mr. Jarwar asked.

Referring to the Energy Transition Mechanism (ETM) launched by ADB to facilitate the early retirement of fossil fuel-based power plants, Mr. Jarwar expressed concern over the completion of the Jamshoro Coal Power Limited (JCPL) project in Pakistan—an ADB-supported plant that became operational late last year. The project runs on 80% imported coal and 20% local coal, contradicting ADB’s stated commitment to ending coal financing.

Mr. Jarwar questioned how ADB plans to enforce its environmental and social safeguards, particularly given the potential climate and community risks posed by the JCPL project. “This project may quickly become a stranded asset,” he said, urging ADB to consider remedial measures, including early retirement options.

He also emphasized that such financing contradicts the spirit of the ETM, which aims to reduce fossil fuel investments. "On one hand, ADB supports the reduction of fossil fuel reliance; on the other, recent investments risk increasing greenhouse gas emissions," he noted.

In conclusion, Mr. Jarwar called on ADB to reconsider its approach by exploring non-debt financing mechanisms for the early retirement of coal projects and by prioritizing investment in renewable energy initiatives in Pakistan.

Indus Consortium Participates in the 2nd Asian Conference on Finance

Indus Consortium participated in the 2nd Asian Conference on Finance, held in Kathmandu, Nepal, from May 15 to 20, 2025. Representing the organization, Mr. Majid Bilal joined over 100 international delegates and grassroots leaders to engage in critical discussions on financial justice, sovereign debt, and climate finance across Asia.

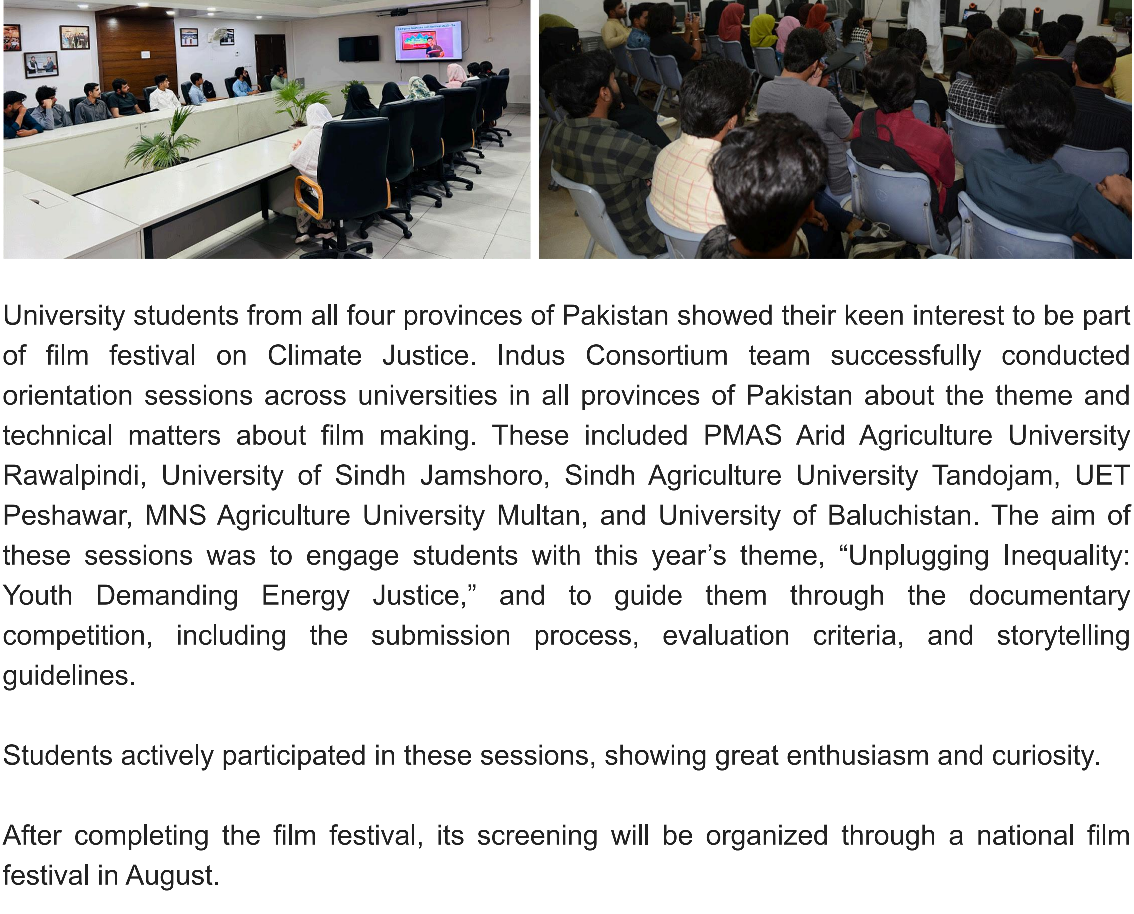
The conference featured compelling keynote addresses by Dr. Arjun Karki, Ms Tasneem Essop and Ms. Lidy Nacpil, setting the stage for in-depth dialogues on the structural injustices within the global financial system. Key sessions focused on the impacts of unjust debt burdens on the global south, its public services, the dangers posed by private financial flows and market volatility, and the role of progressive tax systems in advancing gender, economic, and climate justice.

The event concluded with strategic planning for 2025 and a collective call for a financial system that prioritizes people, equity, and the planet.

Youth Rally Demands Halt to LNG Projects, Calls for Clean Energy Future

Ahead of World Environment Day, youth of the coastal area of Karachi organized a Youth Cycle Rally near Korangi Fish Harbour. Youth and fisherfolk families from Ibrahim Hyderi, Rehri and Lath Basti villages joined to protest the expansion of liquefied natural gas (LNG) projects. Holding banners and chanting slogans, they called for clean, community-centered energy solutions. Fishing community leaders, including Fatima Majeed and Saeed Baloch, said LNG projects were harming marine ecosystems, blocking fishing routes, and increasing poverty among coastal communities. They also highlighted rising marine pollution and biodiversity loss. Protesters urged the government to halt LNG developments and invest in renewable energy for a just and sustainable future.

National Climate Justice Youth Film Festival 2025



University students from all four provinces of Pakistan showed their keen interest to be part of film festival on Climate Justice. Indus Consortium team successfully conducted orientation sessions across universities in all provinces of Pakistan about the theme and technical matters about film making. These included PMAS Arid Agriculture University Rawalpindi, University of Sindh Jamshoro, Sindh Agriculture University Tandojam, UET Peshawar, MNS Agriculture University Multan, and University of Baluchistan. The aim of these sessions was to engage students with this year’s theme, “Unplugging Inequality: Youth Demanding Energy Justice,” and to guide them through the documentary competition, including the submission process, evaluation criteria, and storytelling guidelines.

Students actively participated in these sessions, showing great enthusiasm and curiosity.

After completing the film festival, its screening will be organized through a national film festival in August.
