

## Govt ends contracts with five IPPs

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ISLAMABAD:

In a significant move, the government initiated on Thursday the termination of Independent Power Producers (IPP) agreements, which is expected to save consumers Rs60 billion annually and lead to a reduction in electricity tariffs. The decision, made during a federal cabinet meeting chaired by Prime Minister Shehbaz Sharif, is expected to not only reduce consumers' burden by lowering electricity tariffs but it will also help the national kitty to have a total saving of Rs411 billion. In the first phase of the initiative, agreements with five IPPs—HUBCO, Lalpir, Saba Power, Roush Power, and Atlas Power—will be terminated. These efforts will not only save electricity consumers Rs60 billion annually but will also result in significant savings for the national treasury without any additional payments to the IPPs for outstanding dues. The Prime Minister highlighted

that these IPPs have voluntarily agreed to end their contracts in the national interest, lauding their role in setting a precedent for further reforms in the energy sector. “These five IPPs have played a crucial role in initiating much-needed public relief,” the Prime Minister said, adding that the cabinet and the Task Force on Power Sector Reforms deserve praise for their efforts. Speaking on the occasion, the premier emphasized that the country’s economy is on a path to recovery, saying, “With the grace of Almighty Allah, the national economy is stabilising swiftly.” He also reiterated the government’s commitment to the public, stating that they have fulfilled their promise of providing relief through hard work and dedication. An official statement from PM House stated that further reforms in the power sector are being planned, with other IPP agreements being planned to be reviewed will gradually lower electricity tariffs. Rousch Power, which was established under a Build-Operate-Transfer agreement, will be transferred to the government for privatization through the Privatization Commission. The other four IPPs will retain ownership, but the government will not make any additional payments post-agreement termination. The Prime Minister also expressed gratitude to overseas Pakistanis, noting that remittances reached a record \$8.8 billion last quarter, reflecting trust in government policies. “We are thankful to our hardworking compatriots abroad who continue to send their IPP agreements termination, Independent Power Producers, electricity tariff reduction, energy sector reforms, Rs60 billion

savings, Prime Minister Shehbaz Sharif, Pakistan power sector, HUBCO, Lalpir, Saba Power, Rousch Power, Atlas Power, national economy recovery, public relief, remittances, privatization commission, inflation reduction, Pakistan government policies.earnings back to Pakistan,” said PM Shehbaz. The Prime Minister concluded by reaffirming his commitment to fulfilling all promises made to the public and addressing their concerns in the wake of rising inflation. He underscored that inflation, which once exceeded 30%, has now reduced to 6.9%, providing much-needed relief to the people. The government believes that the termination of the IPP agreements marks the beginning of broader reforms aimed at providing economic relief to the public while ensuring the sustainability of the energy sector.