



## Pakistan: Developing Electricity Market in Pakistan

Project Name	Developing Electricity Market in Pakistan
Project Number	52323-001
Country	Pakistan
Project Status	Proposed
Project Type / Modality of Assistance	Technical Assistance
Source of Funding / Amount	<b>TA: Developing Electricity Market in Pakistan</b> Technical Assistance Special Fund US\$ 700,000.00
Strategic Agendas	Inclusive economic growth
Drivers of Change	Governance and capacity development Knowledge solutions Private sector development
Sector / Subsector	<b>Energy</b> - Energy sector development and institutional reform
Gender Equity and Mainstreaming	No gender elements
Description	This knowledge and support technical assistance (TA) will support the introduction of market mechanisms of electricity sales and purchases in Pakistan based on the competitive trading bilateral contract model (CTBCM), developed by the predecessor TA, TA8772-PAK. The introduction of competition in the electricity subsector will be the foundation of the sector's financial sustainability in the long-run through mechanisms that remain effective even through political changes. This TA is included in the Country Operations Business Plan 2019-2021.
Project Rationale and Linkage to Country/Regional Strategy	The predecessor of this TA project, TA8772 supported the government and CPPA-G to develop the concept of the market model to be adopted in Pakistan. The introduction of CTBCM will not initially create a fully competitive market. It will provide an environment for bilateral contracts between power producers and distribution companies. CPPA-G will develop a function of balancing mechanism, in which CPPA-G will determine the most efficient way to fill the gap between contracted supply and the demand. This concept went through extensive consultations with the government and the regulator, National Electric Power Regulatory Authority (NEPRA), and it is going through public consultation process led by NEPRA. The government, NEPRA and CPPA-G are working to meet the target set by the Economic Coordination Committee of the government to start the market operation from July 2021. In the long-run, the market model will need to evolve and lead to competitive processes of electricity sales and purchases. Competitive trading will also create a transparent and fair mechanism of price settlement. Establishment of such a mechanism would also keep the enforcement of market principles regardless of political developments in the country.
Impact	Development of efficient and liquid power market design
Outcome	Electricity market introduction started
Outputs	Market regulations are developed Human resource capacity to operate balancing mechanism is established Coordination capacity of CPPA-G with stakeholders is improved
Geographical Location	Nation-wide

### Summary of Environmental and Social Aspects

Environmental Aspects

Involuntary Resettlement

Indigenous Peoples

### Stakeholder Communication, Participation, and Consultation

During Project Design

During Project Implementation

Responsible ADB Officer	Inoue, Yuki
Responsible ADB Department	Central and West Asia Department
Responsible ADB Division	Energy Division, CWRD
Executing Agencies	<i>Central Power Purchasing Agency (Guarantee) Limited 6th Floor, Shaheed-e-Millat, Secretariat, Jinnah Avenue, Blue Area, Islamabad, Pakistan</i>

#### **Timetable**

Concept Clearance	13 Nov 2018
Fact Finding	-
MRM	-
Approval	-
Last Review Mission	-
Last PDS Update	20 Nov 2018

Project Page	<a href="https://www.adb.org/projects/52323-001/main">https://www.adb.org/projects/52323-001/main</a>
Request for Information	<a href="http://www.adb.org/forms/request-information-form?subject=52323-001">http://www.adb.org/forms/request-information-form?subject=52323-001</a>
Date Generated	22 November 2018

ADB provides the information contained in this project data sheet (PDS) solely as a resource for its users without any form of assurance. Whilst ADB tries to provide high quality content, the information are provided "as is" without warranty of any kind, either express or implied, including without limitation warranties of merchantability, fitness for a particular purpose, and non-infringement. ADB specifically does not make any warranties or representations as to the accuracy or completeness of any such information.