

Answers.

Ans 2 IPPs are independent power producers who are private companies that produce/generate electricity and sell it to the national grid. Firstly, Payments to IPPs are made in dollars, and because the ^{rupee} is not has depreciated against the dollar, the ^{overall} cost of production is higher. Secondly, the contracts fixed with the IPPs are not renewed, ^{renewed} which means that if in 2010 a contract was drawn up, among the IPPs and the government, the government will keep on paying the IPP the same amount that was initially agreed upon, ^{depending} ~~on the~~ ^{how little} regardless of how much ^{or} electricity they may generate they are paid the same amount as mentioned in the contract - which means that the ^{real} problem - load shedding due to insufficient production of electricity is not solved. Instead, due to heavy sums being paid to the IPPs, the cost of electricity ~~and eventually~~ the increases, from Rs 16.37 /unit kWh in FY 2024, the cost went up to Rs 17 ^{per} /unit kWh which is a burden ~~on~~ on the common man.

However, this is not ^{the} only reason why electricity is so expensive. Another reason is the ^{faulty} ~~distribution~~ ^{transmission} lines. Due to faulty wires and distribution ^{losses} ~~lines~~, a significant chunk 15-20% of electricity is lost/wasted.

Increasingly, the main source of electricity is coal, gas and oil which are mostly imported and are extremely expensive, due to which, the cost ~~is~~ increases, and again these trades are made in dollars, which further increases the costs due to depreciation of Pakistani rupee against dollars. More than 60% of electricity is generated through hydrocarbons.

Moreover, electricity theft is a major issue.

More than 40% of electricity in rural and urban areas is stolen via the lunda system. This leads to further strain on the government as they are unable to account for the electricity consumed by power theft.

Implications

Due to these factors, the implications are severe. For example, the middle class in Pakistan has to pay a large amount of their household budget towards their ^{increasing} electricity bills. ~~In~~ In the commercial markets, the ~~over~~ prices of goods have been increased because the shop owners have to add the cost of electricity ~~to~~ ⁱⁿ the final product that they sell, this burden is also faced by the consumer.

Solutions

1) The terms should be renegotiated with the IPPs ~~and~~ and rates of electricity should be fixed at lesser price, instead of staggering millions worth of payments. Also, payments

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a direct result of increasing capacity payments
worth ^{more than} 2.37 billion PKR, however it is not
the sole reason of expensive electricity,
imported hydro carbons, electricity theft and
^{distribution} line / transmission losses are ^{also} a major
causes of hyper expensive electricity.