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The IPP deal is in final stages.
last week two separate meetings took place by energy and finance teams - one with the PM (on overall reforms of energy sector). The other was with the COAS - specifically on IPPs deal and CD. 1/9

Based on these meetings and IMF's nod, yesterday a proposal is shared with 50 IPPs - pre-94, 94, 2002 and 2006 policy to pay the accumulated CD to materialize IPPs MOUs into agreements. IPPs wanted (out of Rs400-450 bn dues) 1/3rd in cash and 2/3rd in PIBs in a go 2/9

Govt proposed the same in three instalments - 1/3rd in Jan,1/3rd in Jun &1/3rd in Dec. Here IPPs have to sign the agreement based on 1/3rd immediate settlement (within it 1/3rd cash and 2/3rd PIBs) and rest on promises.
But the govt promises are not honored- that is why CD is 3/9

IPPs are mainly on board. Hubco thinks that settlement will take place with some give and take. @MMmanshaOfficial is saying that we are on board for larger country's interest - and we can use this money for fresh investment. One can safely say that the deal is done. 4/9

Its clearing the existing stock of debt on old IPPs - last time it was done in 2013 - now the whole energy chain may pay dividends- energy stocks at #PSX are rallying today. The elephant in room is 2015 onward projects. Nothing on it yet. 5/9

Without it CD flows build up to continue. Government has to deal with the Chinese in it. The talks are happening at very high level - PM and COAS. the grapevine is that if the Chinese debt is renegotiated. This will support west narrative of expensive Chinese debt. 6/9

There might be some other form of settlement to take place. Such as Chinese paying in some other form to compensate. Its all in air till now. But without these, the power sector CD resolution cannot take place. 7/9

There is second elephant in the room. Discos. Power SAMP thinks that transferring to provinces is the solutions. But govt wants these to privatize as per IMF plans. The Fund agreed on clearing CD based on Rs3-3.5/unit increase in base tariff till June and privatization. 8/9

Don't count your chickens before they hatch. The CD stock of IPPs is done. IMF is on board. Base tariffs are to be revised up. But to end this vicious cycle - 2015 onwards IPPs are to be dealt with 9/9