Smartly Addressing Energy Sector Priorities

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The energy sector needs to be smarter and more efficient in confronting and managing the emerging crisis that may affect energy security from March 2025 onwards. Petrobangla and its companies must ensure continuing operations of the gas supply infrastructures at optimum levels without interruptions, expediting all exploration and development projects, importing LNG, and evacuating to the national transmission grid. Petrobangla companies must also ensure the elimination of system loss, theft, and pilferage, and improve the efficient use of gas. Bangladesh Petroleum Corporation and its companies must also improve efficiency in importing and supplying liquid petroleum products. The issues with the Single Point Mooring and Chattogram-Dhaka liquid fuel pipeline must be resolved, and efficient transportation of petroleum products must be ensured. Fuel supply will be a major challenge for Bangladesh in managing energy security for the next 3-4 years.

Challenges of Petrobangla

The failure of the bureaucracy-dominated energy sector to explore domestic petroleum and mineral resources is among the main reasons for the present crisis. A significant quantity of superior-quality coal reserves remain unexploited and a substantial volume of potential petroleum resources in onshore and offshore areas remain untapped. One of the major challenges of the interim government is revitalizing Petrobangla and its companies and creating dynamism. Some critical changes have been made in Petrobangla and companies. The boards of directors of the Petrobangla companies have been reorganized. However, experts observe that experienced professionals with past proven track records have not been included. As such no qualitative change may happen. Companies like BAPEX, TGTDCL, GTCL, and RPGCL need people on their boards who have institutional memories and in-depth technical knowledge to make qualitative changes.

Petrobangla desperately needs to increase its gas supply by increasing gas production from its gas fields and increasing the import of LNG. Petrobangla through BAPEX is implementing two major projects of drilling 48 wells by 2025 and 100 wells by 2028. Judging from the records of the recent past, these appear highly ambitious. There is hardly any alternative to put the best efforts to achieve as much as possible through strengthening BAPEX and providing all support to them. A recent endeavor of Petrobangla to engage IOCs for offshore exploration through PSC failed to get any response. The EMRD and Petrobangla must do everything possible to establish confidence in IOCs through proactive engagement with them. IOCs have no issues with the fiscal incentives provided in the model PSC, and resource potential of the Bay of Bengal. However, the political instability and some actions like the cancellation of signed contracts might have left the wrong message to the investment community. Petrobangla must reengage with IOCs and ensure that in the changed environment all processes of PSC will be dealt with fairly and transparently, and decisions will be taken as promptly as possible. The present gas production from the domestic gas fields has depleted below 2,000 MMCFD. Two FSRUs, if run in tandem can supply 1,100 MMCFD. A maximum of 3,000-3,100 MMCFD gas supply is possible now. But at peak summer the coincident peak demand is 4,300-4,500 MMCFD. The power sector alone needs 2,300 MMCFD. There is no way Petrobangla can meet this supply. There is no way that our


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own gas production can be increased significantly in less than 3-5 years. There is no way that LNG imports can be increased in less than 3 years at least. The government should think seriously based on experts' opinions before canceling the contract of the 3rd FSRU and putting an end to negotiations with potential contractors for supplying LNG. In the present situation like offshore bidding, no more investors may be interested in participating in fresh tenders. In the recent past, there has been little response to Petrobangla's tender for the supply of LNG from the spot market. Petrobangla and RPGCL must complete all outstanding work to start construction of the planned land-based LNG Terminal (LBT) at Matarbari.

The gas system will require at least 200-300 MMCFD of new gas by 2026 to get out of the crisis. For this, the interim government must launch some contingency actions. BAPEX's drilling rigs must be deployed in executing drilling of development wells and workovers at Titas, Bakhrabad, Rashidpur, Koillashtila, and other under-production gas fields from where additional gas can be immediately evacuated to the gas grid. Without wasting any time, an international tender for the construction of a gas transmission pipeline from Bhola to Khulna via Barishal must be floated. Local contractors cannot build this pipeline which will have to traverse across some mighty tidal rivers. The government must declare exploration by BAPEX as a top-priority national project. The company must be given all assistance in expediting land acquisition and procurement of materials. DPPs of the projects must be approved as soon as possible. GTCL must ensure the completion of construction of the 42-inch OD gas transmission pipeline from Bakhrabad–Shiddhirganj by March 2025. This will allow flexibility for the gas systems to supply to the three fuel-efficient modern power plants. GTCL must also plan to set up a CGS in the Meghnaghat area from where TGTDCL can distribute gas to all power plants and Japanese EPZ in the region. This will do away with the

system loss controversy prevailing between GTCL and TGTDCL.

Petrobangla and its companies must do everything possible to increase the gas supply and ensure evacuation through the gas transmission and distribution network smartly. Alongside BAPEX, IOCs must also be engaged through PSC onshore. We understand Petrobangla is updating MPSC for that. A seminar on the draft updated MPSC can be organized in Dhaka inviting interested IOCs and further fine-tuning the document before going for bidding. Petrobangla got a new Chairman. Director (PSC) has been made Director (Operation). One of the issues in Bangladesh is the lack of competence in PSC management. Petrobangla traditionally failed to develop data management systems. Very important geological and geophysical data of Bangladesh gas resources were not preserved properly. Neither did Petrobangla negotiate PSC smartly and impartially. The director (PSC) must be a person of competence. Petrobangla representatives in JOC and JVC must be smart and efficient.

The BERC Act amendment that restricted its sole authority of determining power tariffs and fuel prices has been rescinded. BERC should now review gas prices fairly and transparently. The reorganized BERC is now better authorized to determine prices and ensure compliance of its licensees with all acts, policies, and regulations. BERC must carry out efficiency audits. The immediate task of BERC should be settling the disputes regarding system loss in the gas sector. Bangladesh relies heavily on a smooth supply of Petroleum products not only for energy generation but also for irrigation and transportation. Sadly, in 53 years, Bangladesh could not set up a second refinery or modernize and upgrade ERL. The Single Point Mooring project constructed with great difficulties is not yet fully operational. The liquid fuel pipeline constructed under the management of the Bangladesh Army should be commissioned as early as possible. We are not very sure whether smart sensing devices for policing unauthorized taping into the pipeline have been installed properly. Managing liquid pipelines in Bangladesh can be a huge problem. We hope the interim government will check and confirm the integrity of the project before commissioning.

In conclusion, the government may include at least one retired gas sector expert on each board of Petrobangla companies to transfer their knowledge and experience. A retired chairman of Petrobangla can be included in the Petrobangla board as well. Everything possible must be done so that by 2028 gas supply chain gets out of the chronic supply crisis. EP

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