



Energy Sector Priorities For Interim Government

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Unprecedented student-orchestrated mass upsurge led to the fall of the 15-and-a-half-year regime of the Awami League government. An interim government has been formed, headed by Nobel Laureate Dr Mohammad Yunus as the chief adviser, to carry out administrative activities and essential reforms for creating an enabling environment of a free, fair, and participatory general election based on adult franchise. But among others, the interim government must resurrect the dwindling energy crisis that the country has been experiencing over the past few years. For various reasons, Bangladesh's economy is now bleeding for regional and global geopolitics. Massive inflation, price soaring of essential commodities, and add to that chronic power and energy crises have created unbearable discomfort for the citizens of Bangladesh. Experts believe that inappropriate policies, poor governance, and inappropriate implementation strategies have led to a power and energy supply crisis. Interim government in a short time is not expected to cure this crisis. But by setting the right policies, executing

fundamental structural reforms of institutions, and setting the right persons in the right places government can set the tone. Bangladesh requires sustainable energy security to ensure seamless economic development. Power, fertilizer, and industries require a sustainable supply of required fuel. The fuel supply crisis has already led to massive power load-shedding. Most fertilizer plants are shut down now. Many small and medium enterprises (SMEs) are in deep crisis. Own gas reserve is alarmingly depleting. Bureaucratic control has almost decapitated Petrobangla. Multidimensional control and interference have made the energy and power sector enterprises inefficient. The Quick Enhancement of Electricity and Energy Supply (Special Provisions) Act 2010 created scope for corruption and misappropriation of money. All these needs curing and remedying. The sector desperately requires dynamic organizations to explore and exploit domestic natural resources (gas, coal) and increase the contribution of renewable energy for a smart and just energy transition. Here we will discuss the challenges and priorities

of the interim government and will suggest some short-term essential institutional reforms. There are various acts, policies, and master plans. These need revisiting and aligning into a comprehensive master plan. The interim government must review ongoing and planned mega power and energy sector projects. The government should develop smart structural reforms and leave for execution of the democratic government.

Present Power and Energy Supply Scenario

The present installed capacity of grid and non-grid power generation capacity is 31,000MW. The highest generation was 16,477MW achieved during the peak hours on 30th April 2024. The average system demand is 14,000MW. The system has a huge reserve margin but a very limited spinning reserve. A huge crisis of primary fuel, mainly gas, and some constraints of the power supply chain cause unbearable power load-shedding. The major reason is the failure of the government to take the required political decision for exploiting the substantial reserve of superior quality (high heating value, low Sulphur, low ash) coal and fail-

ure in exploring petroleum resources at onshore frontier areas and virtually unexplored offshore. The present gas supply (own gas and imported LNG) is 3,000-3,100 MMCFD against coincident peak demand of 4,200-4,500 MMCFD. Experts for a long time suggested utilizing coal resources and expediting petroleum resources exploration. But since 2000 very little has been done to optimally utilize our domestic resources. Rather without assessing the challenges the government adopted the primary fuel import option. The shallow coastal region makes setting up of import enabling infrastructure extremely challenging and expensive. A volatile global energy market creates a price shock. Global and regional geopolitics disrupt the supply chain. The immediate past government adopted the nontransparent Quick Enhancement of Electricity and Energy Supply (Special Provisions) Act 2010 bypassing the national procurement policy. Opening Pandora's Box, unnecessary power plants (rental and quick rental) power plants were set up. No attention was given to ensuring the required fuel supply. For implementing political programs, the gas and power transmission grids have been extended across the country stressing state-owned enterprises like BREB and GTCL. All these have created a situation where the BPDB owes about US\$4.0 billion to Petrobangla for gas and IPPs, and power exporters. Petrobangla and BPC have also huge debt. The SOEs of the power and energy sector cannot survive only on subsidies from the government. The SOEs must be made efficient in all aspects with the contribution of a qualified, smart, patriotic young workforce recruited based on merit only. Restructuring and reform will create reverse migration in the power and energy sector as many expert professionals working abroad may choose to return to serve the country.

Priorities

- Scraping Quick Enhancement of



Electricity and Energy Supply (Special Provisions) Act 2010. Following the National Procurement Policy for all procurement, goods, and contracts.

- Reviewing Integrated Energy and Power Master Plan (IEPMP) 2023. The power generation target must be reviewed, and a smart fuel mix must be adopted.
- Petrobangla should be elevated to Grade One corporation, companies of Petrobangla must be operated as per provisions of the Companies Act. Company boards must be reconstituted with experts in relevant fields.
- Making decisions about mining coal (all available Schemes of Development must be examined by third-party experts).
- PSCs with the successful bidders of the offshore bidding must be concluded by March 2025.
- Reviewing the BEREC act and canceling the amendment done by the Awami League government (BEREC should be authorized for determining tariff and price of Fuel). BEREC should also be restructured with competent, qualified, young dynamic human resources.
- GSB, BPMI, BPI, Department of Explosives, and Bangladesh Energy Research Council should be

restructured, and appropriate manpower should be posted there.

- SREDA must be strengthened to act as a regulator or facilitator for RE development. Bangladesh requires a smart energy transition and a self-sustaining champion organization is necessary to champion RE development.

Bangladesh needs an extensive plan for human resources development for planning, implementation, and operation of energy and power infrastructure where AI, smart grid, automation, GIS, and cyber security skills will be essential. Bangladesh, one of the largest riverine deltas, must have huge untapped primary energy resources. Smart young Bangladeshi generation if given opportunities to work after proper education and training can turn the tide.

We are not sure how long the interim government will be there. But during its tenure, say 6 months to 24 months, it can set its energy sector priorities and set the tone for the next elected government. Sustainable energy security will be the key to reviving the economy and industrial development.

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