



Too Much Expected, Too Little Delivered

Saleque Sufi

One of the major allegations against the previous regime, which ruled from 2009 to 2024, was widespread irregularities and corruption in the planning and management of the energy and power sectors. Many large-scale infrastructure projects were indeed built during that period.

Too much was expected from the interim government that took over state governance after the administration led by former Prime Minister Sheikh Hasina was ousted by a mass movement triggered by Gen Z. The movement of 2024 began as an apparently innocuous student protest against inequality but quickly grew into a nationwide uprising. Ordinary citizens joined the students, enduring clashes with law enforcement agencies. As the unrest intensified, leaders of the ruling party fled the country, and the government collapsed.

An interim government led by internationally reputed Nobel Laureate Dr. Muhammad Yunus assumed power, promising a free, fair, and participatory general election, along with essential reforms and neutral trials for those responsible for mass killings in July and August 2024. A year and a month have since passed, but both Bangladesh and the world have witnessed little meaningful change. Most conditions remain the same. No major reforms have been implemented, and questions are mounting about the fairness of ongoing trials. The interim government has announced that the general election will be held in the 2nd week of February 2026. With less than four months remaining, it is highly unlikely that any significant transformations will take place. Bangladesh now stands in a situation aptly described as “crackling clouds bringing little rain.”

This analysis does not aim to cover every sector. Its scope is limited to the energy and power sectors and their implications for sustainable economic development.

One of the major allegations against the previous regime, which ruled from 2009 to 2024, was widespread irregularities and corruption in the planning and management of the energy and power sectors. Many large-scale infrastructure projects were indeed built during that period. However, bureaucratic dominance, flawed planning, non-transparent policies, poor governance, and rampant corruption created a deep crisis in the energy and power landscape.

Bangladesh developed an irrationally large installed generation capacity of around 29,000 MW (both grid and off-grid), but essential facilities for power evacuation and primary fuel supply were neglected. As a result, the power system could not consistently generate and supply more than about 15,000 MW. The single buyer, BPDB, became almost bankrupt due to mounting payment obligations to power producers and fuel suppliers.

Despite repeated warnings from experts, the government failed to explore and exploit the country’s own primary fuel resources—coal and gas. Fully aware of the price and supply challenges of imported fuels, the government proceeded with large-scale reliance on imported fuel and power, often through lopsided

and questionable contracts with foreign companies. These decisions created huge financial and operational challenges for state-owned enterprises such as BPDB, Petrobangla, and BPC.

The previous government suspended the National Procurement Policy and introduced the Speedy Power Supply Act (Special Act 2010), ostensibly to manage crises. The act curtailed the authority of the Bangladesh Energy Regulatory Commission (BERC) in determining power and fuel prices. Through administrative orders, the government raised electricity and fuel prices several times, making business operations in Bangladesh increasingly expensive. Despite these moves, persistent crises in gas and power supply forced many small and medium enterprises to shut down, while even large industries struggled to survive.

In this context, it was expected that the interim government would initiate bold reforms to correct the situation and pave the way for a stable energy future. However, apart from repealing the Speedy Power Supply Act 2010 and amending the BERC Act, the interim government has done little to offer hope to the suffering power and energy sectors.

As of early October 2025, the power sector continues to struggle with fuel supply shortages. Gas deficits have forced reliance on expensive imported liquid fuels, while a just transition from fossil fuels to renewable energy remains elusive. Dependence on imported fuel and cross-border electricity imports continues unabated. The government has done nothing to utilize domestic coal reserves, and offshore petroleum exploration has stalled. Onshore exploration has achieved little progress. The government has also failed to decide on evacuating stranded gas from Bhola Island to the national grid. Governance within key state-owned entities such as Petrobangla, BPC, and BPDB remains unchanged, though some progress has been made in recovering overdue payments owed to



BPDB and Petrobangla by private power and fuel suppliers.

Government Actions

Immediately after assuming office, the interim government repealed the controversial Speedy Power Supply Act 2010. Some contracts negotiated under the act were canceled, along with several Letters of Intent (LOIs) issued for grid-connected solar power plants. However, in over a year in office, the government has failed to sign new agreements for infrastructure development related to LNG imports—neither Floating Storage and Regasification Units (FSRUs) nor land-based terminals (LBTs).

The initiative to engage entrepreneurs in grid-connected solar projects faltered due to inadequate incentives. The government could not accelerate exploration initiatives under Petrobangla and BAPEX. The planned drilling of 50 and 100 wells failed to gain momentum, and as a result, gas shortages continue to constrain power generation and industrial operations.

It is difficult to understand why the government has not approved a gas transmission pipeline from Bhola to the nearest grid connection point. Both the Barishal and Khulna divisions are desperate for piped gas, while the discovered gas reserves in Bhola remain stranded. Building evacuation

facilities would encourage international exploration companies to invest in the region. In the late 1990s, UNOCAL's proposed Western Region Integrated Project (WRIP), if approved, could have transformed the area's energy landscape. The current government's idea of setting up LNG import facilities at Bhola appears to be ill-advised.

The interim government has also failed to resolve outstanding issues in the long-standing dispute with Niko over the Chattak and Tengratilla gas fields, even though BAPEX is reportedly ready to resume exploration work there. Exploration prospects in the Chittagong Hill Tracts also remain unaddressed. At the current depletion rate, Bangladesh's proven gas reserves could be exhausted by 2030, with dire consequences if new discoveries are not made soon.

Canceling the third FSRU contract with Summit Group may not have been a prudent move. The deal could have been renegotiated, as it would have enabled the addition of 500 million cubic feet per day (MMCFD) of new LNG supply by 2028. Some companies have reportedly expressed interest in the project. FSRU operation is a specialized business, and the government's inaction has delayed progress. Likewise, the development of the land-based LNG terminal at Matarbari has been extremely slow. It is doubtful that any credible private investor will commit to such large projects until a permanent government is in power.

The government's offshore exploration initiative has also failed to attract international oil companies (IOCs). Although a few showed interest, none submitted bids. With the United States expanding its strategic influence in the Bay of Bengal, managing offshore exploration neutrally will become increasingly difficult. Former U.S. Ambassador to Bangladesh Peter Haas





has reportedly joined Accelerate Energy and is advocating for his company's interests. It is clear that U.S. companies will soon seek to dominate Bangladesh's energy business, and it remains to be seen how India, China, and Russia will react. Offshore exploration will remain a major challenge, though Bangladesh must also continue pursuing opportunities for additional LNG import infrastructure.

The Power Sector

The government's approach to Independent Power Producers (IPPs) appears confused. The Energy Advisor has been reluctant to approve new IPP projects—and with reason. The previous government, through the Special Power Act, opened a Pandora's box by awarding too many IPP contracts in a non-transparent manner, burdening BPDB with massive capacity payments. Although the current administration has discussed introducing Corporate IPPs or Merchant Power Plants, no clear policy has yet emerged.

The government also failed to complete the remaining work on the Rooppur Nuclear Power Plant within the scheduled time. The 241200 MW (2,400 MW) facility, if operational, could have significantly reduced dependence on expensive and polluting liquid fuel-based generation.

Just Transition

There has been much talk but little progress

on the energy transition front. Bangladesh is not required to phase out fossil fuels too quickly, but the government must recognize that solar power cannot yet make a major contribution. If land development and evacuation infrastructure remain investor responsibilities, grid-connected solar will continue to struggle. The government should assume part of this responsibility, just as it does for fossil-fuel-based IPPs. Corporate IPPs could also be a viable model.

Import duties and taxes on solar equipment should be reviewed. Even rooftop solar systems with battery storage could make a meaningful impact. Bangladesh must also begin developing electric vehicles (EVs) in a planned manner to diversify its energy transition efforts.

System Loss and Energy Efficiency


The interim government has made no notable progress in reducing system losses or improving energy efficiency. It has failed to hold inefficient and corrupt executives accountable. Boards of Petrobangla and its subsidiaries remain dominated by bureaucrats, despite opportunities to appoint experienced retired professionals with institutional knowledge and technical expertise.

Governance

After more than a year in power, the interim government's actions in governance

reform have been limited to "business as usual." Excessive bureaucratic control continues to stifle progress. The energy and power sectors require technically skilled leadership, but qualified engineers with modern training find the current work environment discouraging.

The government should have evaluated institutions such as BPMI, BPI, and other skill-development organizations. Some positive changes have been observed in BERC and BPERC, but without proper incentives and autonomy for technical professionals, Bangladesh will not be able to establish the conditions needed for efficient energy sector operation. Automation and cybersecurity, in particular, demand skilled professionals.

The interim government will leave behind many unresolved issues for its successor. Although the White Paper Committee identified major corruption cases in the energy and power sectors, there has been no follow-up. None of the individuals or organizations responsible for turning these sectors into safe havens for corruption and money laundering have been brought to justice. The entrenched "energy and power mafia" will continue to pose challenges for future administrations—largely due to the interim government's failure to act decisively. 

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Energy & Climate Analyst