Coming Summer Demand Will Test New Power

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Bangladesh is experiencing one of the coldest winters in recent memory as the country heads toward a general election under universal adult franchise, scheduled on February 12, 2026. Ramadan fasting will begin in mid-February and coincide with the peak irrigation season, a combination that traditionally places additional pressure on electricity demand. During this period alone, power demand is expected to rise by about 2,500–3,000 MW. Summer will arrive by mid-April and intensify from mid-May, pushing demand even higher.

The upcoming government, expected to assume office in late February, will inherit a power and energy sector already under strain. There will be little scope for a honeymoon period. Coincident peak demand during the summer of 2026 may reach 18,500 MW, while the system's installed capacity, combining grid and off-grid sources, now exceeds 30,000 MW. Yet, despite this apparent surplus, it is widely understood that fuel supply constraints, particularly gas shortages and limitations on fuel imports, prevent the system from generating more than 15,000 MW consistently. Ensuring a reliable, quality power supply throughout the summer will therefore be one of the most formidable challenges facing the next government.

The interim government benefited from relatively favorable conditions during the summer of 2025. Peak demand remained within the range of 16,500–17,000 MW, and extreme heat waves were largely absent. Even then, rural areas experienced intermittent load-shedding, while power plants, fertilizer factories, and industries endured chronic gas shortages. Forecasts suggest that the upcoming summer may not be as mild, raising concerns that the stress on the power system will intensify significantly.

Present State of the Power and Energy Sector

Between 2010 and 2024, Bangladesh witnessed extraordinary growth in power generation capacity, expanding from roughly 5,000 MW to nearly 30,000 MW. Transmission and distribution networks were also extended nationwide, allowing the government to declare universal access to electricity. However, this rapid expansion was not matched by coordinated planning across the energy supply chain. As a result, the quality, reliability, and sustainability of power supply have remained elusive.

System planners failed to ensure adequate and reliable supplies of primary fuel—gas, coal, and liquid fuel. Successive governments did not follow their own power and gas system master plans. Under the Quick Enhancement of Electricity and Energy Supply (Special Provisions) Act,

2010, power plants proliferated rapidly without sufficient consideration of how fuel would be secured or how generated power would be evacuated efficiently.

This unplanned expansion created a paradox: massive surplus capacity alongside chronic shortages. The single buyer, Bangladesh Power Development Board (BPDB), was compelled to pay capacity charges for idle plants, often leaving 40–45 percent of installed capacity unused. Over time, capacity payments became an enormous fiscal burden. BPDB, Petrobangla, and Bangladesh Petroleum Corporation (BPC) struggled to meet payment obligations to power producers and fuel suppliers. Repeated increases in electricity tariffs and fuel prices, combined with large government subsidies, failed to restore financial stability. State-owned enterprises accumulated heavy debts and mounting arrears.

Equally problematic was the persistent indecision over domestic resource development. Bangladesh possesses substantial discovered coal reserves, yet no government—past or interim—took the political decision to exploit them. Petroleum exploration, both onshore and offshore, remained limited despite years of discussion. Meanwhile, reliance on imported coal and LNG increased, exposing the sector to global price volatility, supply-chain disruptions, and foreign exchange pressures.

Over the past year and a half, the interim government made only modest progress in addressing these structural weaknesses. Coal resource development remained off the agenda. Gas exploration continued but at a scale insufficient to alter the supply outlook. No decisive steps were taken to establish additional LNG import infrastructure, such as a third FSRU or a land-based terminal. Updated model production-sharing contracts (PSCs) for engaging international oil companies reportedly remain pending approval. The long-standing issue of evacuating stranded gas from Bhola Island also remains unresolved. The next elected government will inherit all these challenges.

Managing the Summer Peak

The convergence of Ramadan, irrigation demand, and summer heat could push peak electricity demand to 18,500–19,000 MW on certain days in 2026. In principle, generation capacity is not the limiting factor. The real constraint lies in fuel availability and operational efficiency.

Completion of the first unit of the 2×1,200 MW Rooppur Nuclear Power Plant could significantly ease pressure on the system. The project had reached an advanced stage under previous management, but changes in leadership and delays now suggest that Rooppur power may not be available for the grid in 2026. If this delay persists, the burden on gas- and coal-fired plants will intensify.

To meet summer peak demand, at least 9,000–10,000 MW of electricity must be generated from gas-fired plants. This would require a steady gas supply of around 1,300 MMCFD and full utilization of modern, fuel-efficient power plants. At present, domestic gas fields supply about 1,750 MMCFD, while imported LNG contributes up to 1,000 MMCFD, bringing total availability to roughly 2,800 MMCFD. However, Petrobangla estimates total demand at around 4,200 MMCFD, highlighting a substantial shortfall.

Managing gas supply during peak periods will therefore require meticulous planning. Wastage and pilferage must be curtailed through intensified monitoring and enforcement. The next government may have to take politically unpopular decisions to restrict gas use to high-value, efficient sectors, prioritizing power generation, fertilizer production, and export-oriented industries.

Coal-based power plants will also play a critical role. At least 5,000 MW of coal-fired generation must be supplied

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consistently during the summer peak. This hinges on timely coal imports and smooth logistics. Over the medium term, the government will need to revisit the issue of domestic coal mining. Bangladesh has no binding obligations to reduce emissions, and modern technologies can keep emissions from coal-fired plants within acceptable limits. While domestic coal will not be available for the 2026 peak, decisions taken now could yield benefits within a few years.

Renewable energy, particularly rooftop solar, offers a modest but meaningful contribution. With appropriate incentives, streamlined approvals, and close monitoring, rooftop solar alone could add up to 2,000 MW by the end of 2026. While this will not replace baseload generation, it can help shave peak demand.

Structural Reforms and Strategic Choices

There is little alternative but to reconsider power imports from neighboring countries as part of a diversified supply strategy. At the same time, existing contracts with private power producers may need review, moving toward a no-power-no-payment framework. No new independent power producer (IPP) plants should be added for at least the next five years.

The single-buyer model dominated by BPDB also warrants re-examination. Allowing merchant power plants to sell directly to large consumers using state-owned transmission and distribution networks could improve efficiency and reduce financial stress on public entities.

Ultimately, the challenge of meeting the summer peak of 2026 will test the next government's preparedness and resolve. Chronic power shortages would undermine industrial production, irrigation, and public confidence. Strengthening the Bangladesh Energy Regulatory Commission (BERC) and allowing it to function independently within its mandate is essential. The power and energy sector must remain a strategic sector, managed by professionals free from political bias and protected from the influence of organized syndicates.

Accountability and transparency must be enforced across the entire value chain, from fuel procurement to power generation and distribution. Only through decisive policy choices, disciplined execution, and professional governance can Bangladesh navigate the looming summer power test and lay the foundation for long-term energy security. EP

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