



# Wake-Up Call: IPPs Warn Of Looming Summer Blackouts

EP Report

The Bangladesh Independent Power Producers Association (BIPPA) has sounded a warning over the country's power supply situation. As the new government begins its tenure, the private power sector is voicing serious concerns about financial imbalances and alleged contractual violations. Industry leaders fear widespread load-shedding during the upcoming Ramadan and irrigation seasons, particularly as Bangladesh heads toward a hot and humid summer.

The independent power sector is facing a severe financial crunch. Large outstanding payments from the government have left Independent Power Producers (IPPs) struggling to import liquid fuel and service bank loans. According to BIPPA, these companies cannot continue operations unless at least 60% of their overdue payments are released immediately.

The Bangladesh Power Development Board (BPDB) itself is under mounting pressure, having failed to make payments on time in accordance with Power Purchase Agreements (PPAs).

Power plants operating on heavy furnace oil (HSFO) reportedly have not received payments for eight to ten months, with total arrears reaching approximately BDT 14,000 crore.

Despite these delays, BPDB has imposed "Liquidated Damages" (LD) penalties on several local IPPs for outages that occurred between July 2022 and December 2024. BIPPA alleges that these penalties represent an unfair attempt to shift responsibility for systemic failures onto private producers. It argues that outages linked to fuel shortages and delayed payments cannot reasonably be attributed solely to plant operators.

The association has also raised concerns about what it describes as discriminatory treatment between foreign investors and domestic power producers. For example, foreign suppliers such as Adani Power have reportedly curtailed supply due to unpaid bills without facing similar LD penalties. In contrast, local producers have continued operating under severe financial strain in what they describe as a commitment to national interest.



Industry stakeholders contend that this creates a troubling double standard. While foreign producers appear insulated from aggressive penalty measures, local investors face financial deductions even as they struggle to maintain operations. BIPPA argues that such practices undermine investor confidence and weaken the long-term stability of the power sector.

The matter has been brought before the Bangladesh Energy Regulatory Commission (BERC), where a review petition is currently pending and under consideration. BIPPA maintains that continuing to deduct LD penalties while the review process is ongoing contradicts principles of equity, contractual fairness, and regulatory stability.

Meanwhile, technical pressures on the national grid are intensifying. Peak electricity demand this summer is expected to exceed 18,000 megawatts (MW), with forecasts predicting stronger and more frequent heatwaves than in 2025. To manage this demand, the system will require an estimated 3,000 to 3,500 MW from liquid fuel-based power plants during peak hours.

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and LNG. Even if maximum gas volumes are allocated to the power sector, gas-based generation is unlikely to exceed 10,000 MW. Under these conditions, liquid fuel-based plants play a critical role in meeting peak demand.

If IPPs are unable to operate due to

cash shortages, the country could face significant supply deficits. Without adequate fuel procurement and timely payments, many plants may be forced to scale back generation. In that scenario, widespread load-shedding would become difficult to avoid.

While the new government may require time to fully assess and address these structural challenges, BIPPA argues that the current approach is unsustainable. The association warns that failure to resolve payment disputes and restore financial discipline could destabilize the entire power system.

With Ramadan and the irrigation season already underway and summer demand rising rapidly, the stakes are high. Ensuring timely settlement of arrears, maintaining contractual fairness, and securing fuel supplies will be critical to preventing disruptions.

The private power sector maintains that it remains committed to supporting national energy security. However, without immediate corrective measures, industry leaders caution that operational capacity will erode further. According to BIPPA, safeguarding grid stability now depends not only on technical readiness but also on restoring financial balance and regulatory consistency across the sector. [EP](#)