



Urgent 180-Day Priorities For Energy Reform

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With a commanding mandate from the 2026 election, the BNP-led government faces immediate pressure to stabilize Bangladesh's fragile power and energy sector. While its Vision 2026 outlines ambitious structural reforms, the first 180 days will be critical in restoring fuel security, improving governance, and rebuilding investor confidence in a sector long burdened by inefficiencies and policy missteps.

The cabinet, led by Prime Minister Tarique Rahman, has entrusted the Ministry of Power, Energy & Mineral Resources to Iqbal Hasan Mahmood and appointed young Member of Parliament Anindo Islam Amit as State Minister.

In its pre-election pledge, the BNP outlined a broad vision for reforming the power and energy sector. Immediately after assuming office, the Energy and Mineral Resources Division (EMRD) presented the new minister with a comprehensive briefing on the

sector's current status, challenges, and plans. In its presentation, EMRD expressed readiness to implement the ruling party's energy vision.

This article assesses that vision, the proposed 180-day action plan, and the key challenges ahead.

Inherited Challenges

The prevailing challenges in Bangladesh's power and energy sector are well known. Despite maintaining a substantial reserve margin in installed generation capacity, the supply chain continues to suffer from chronic fuel shortages. Over the years, generation capacity expanded irrationally and without adequate planning for fuel supply, a rational fuel mix, or the financial impact on state-owned enterprises required to absorb imported fuel price volatility.

The Speedy Power and Energy Supply (Special Provisions) Act, 2010—initially

intended as a temporary measure for two to three years to address acute power shortages—remained in force throughout the three terms of the Awami League government. Meanwhile, exploration and development of domestic primary fuel resources were largely neglected. The government increasingly relied on imported fuel without fully assessing price implications or the infrastructure challenges required to sustain such imports.

Despite having 29,545 MW of grid-connected installed capacity, the system has struggled to generate and supply even 16,000 MW consistently to meet peak demand. The energy sector's heavy dependence on natural gas has compounded the crisis, as proven reserves have depleted rapidly. Successive governments avoided politically sensitive decisions on exploiting discovered coal resources. Failure to implement the Renewable Energy Policy effectively has further aggravated the situation.

The Bangladesh Power Development Board (BPDB), as the sole buyer of electricity, has borne the financial burden of capacity payments under Power Purchase Agreements (PPAs). According to a recent press release from the Bangladesh Independent Power Producers Association (BIPPA), BPDB owes approximately BDT 14,000 crore to private power producers alone. BPDB, the Bangladesh Petroleum Corporation (BPC), and Petrobangla also carry substantial outstanding payments to fuel and power suppliers.

BNP Election Vision 2026

A. Transparency in Contracts

Vision: No secret contracts or agreements will be executed. All relevant details will be made public. Contracts with foreign companies will be renegotiated where necessary to safeguard national interests, ensure technology transfer, and maintain reasonable state control.

EMRD Plan and Actions: Following the repeal of the Special Act, there is no scope for awarding projects based on unsolicited offers alone. EMRD plans to rely on three procurement methods:

government-to-government (G2G), public-private partnership (PPP), and open tender method (OTM). It has assured alignment with the ruling party's commitment to transparency.

Observation: Energy contracts require a careful balance between risk and reward to ensure win-win outcomes. Globally, Production Sharing Contracts (PSCs) for high-risk investments often involve negotiated terms, including unsolicited proposals. If negotiations are transparent and equitable, such approaches can be appropriate.

For Bangladesh, contracts for offshore exploration, land-based LNG terminals, floating storage and regasification units (FSRUs), or refineries may not always fit neatly into G2G, PPP, or OTM frameworks. EMRD must strengthen its negotiation capacity and institutional skills to secure transparent and commercially viable agreements. Major investors are often discouraged by prolonged bureaucratic processes and a lack of clarity.

B. Coastal Crude Oil Refinery

Vision: Establish, in phases, a 5 million-tonne capacity crude oil refinery in Chattogram and coastal areas.

EMRD Plan and Actions: EMRD cited a national annual demand of around 7.0 million tonnes of refined petroleum products. Currently, the country relies on the 1.5 million-tonne capacity Eastern Refinery Limited (ERL). A second unit with a 3.0 million-tonne capacity has reportedly been approved, with a five-year completion timeline.

A proposal has been submitted for allocating 1,200 acres at Maheshkhali/Matarbari for a petrochemical complex, including a new refinery of at least 5 million tonnes. EMRD has also received a private proposal for a refinery of similar capacity, which is under review.

Observation: Discussion of a second refinery has persisted for more than a decade. Even the refurbishment and expansion of ERL have faced repeated delays. The BNP government must ensure the timely implementation of ongoing projects. EMRD should also ensure the prompt appointment of an

operator for the Single Point Mooring (SPM) project and the smooth operation of the Chattogram-Dhaka petroleum pipeline.

C. Gas Exploration and Strengthening BAPEX

Vision: Accelerate onshore and offshore exploration and strengthen BAPEX through advanced geological surveys and enhanced technical and managerial capabilities.

EMRD Plan and Activities: EMRD outlined short-, mid-, and long-term plans for 2D and 3D seismic surveys. It proposed purchasing two new drilling rigs and refurbishing five existing rigs. A 50-well and 100-well drilling program is underway. An updated Model PSC for onshore and offshore exploration has been prepared.

Observation: EMRD should have clearly articulated a manpower development strategy. Accelerated drilling using modern rigs requires skilled, certified crews. At present, there are not even three fully competent drilling teams capable of operating three exploration rigs simultaneously.

Capacity building within Petrobangla is equally critical to negotiate PSCs effectively and oversee IOC operations. EMRD should specify the challenges facing drilling projects and present a time-bound PSC bidding program.

D. Reforming Gas Distribution and Pricing

Vision: Scrutinize gas distribution infrastructure and pricing to ensure equitable, sustainable, and affordable supply.

EMRD Plan and Activities: EMRD proposes updating the Bangladesh Gas Act 2010 with a new Gas Act 2026. Initiatives include installing electronic volume corrector (EVC) meters for industrial consumers, central server monitoring, replacing aging pipelines with modern leak-detection systems, installing prepaid/smart meters, adding 38 custody transfer meters at transmission-distribution interfaces, and introducing SCADA monitoring.

Observation: These delayed but

commendable initiatives should improve efficiency and reduce losses and pilferage. However, given supply constraints, EMRD must promote economic gas utilization. Pipeline gas use for cooking and CNG should gradually be phased out and replaced with LPG and autogas.

E. Cross-Border Energy Security

Vision: Enhance energy security through cross-border gas pipelines.

EMRD Plan and Activities: EMRD intends to initiate negotiations with neighboring countries for cross-border gas, liquid fuel, and RLNG pipelines.

Observation: This recalls the proposed Myanmar-Bangladesh-India tri-nation pipeline negotiated in 2005, which, if implemented, could have been operational by 2008. Such regional energy cooperation could have been transformative. Opportunities still exist for resource sharing through transnational pipelines, offering both economic and geopolitical benefits.

Conclusion: Priorities for the First 180 Days

BNP's Vision 2026 outlines medium- to long-term reforms. However, to reassure citizens in the immediate term, the following priorities are recommended for the first 180 days:

- Launch extensive 2D seismic surveys followed by 3D surveys in frontier onshore areas.
- Expedite the 50- and 100-well drilling programs and evacuate stranded gas from Bhola Island to the national grid.
- Initiate a special drilling project in Chattak and accelerate exploration in the Chittagong Hill Tracts.
- Launch fresh PSC bidding rounds for onshore and offshore blocks by June 2026, supported by proactive petroleum diplomacy to attract major IOCs.
- Fast-track the fourth FSRU and a land-based LNG terminal; review the canceled third FSRU contract and suspended RLNG import negotiations.
- Review gas utilization strategy and

prioritize supply for value-added sectors such as efficient power plants, fertilizer, and industry.

- Finalize decisions on domestic coal exploration and utilization.
- Reform the administrative structure of Petrobangla companies, integrate exploration, drilling, and production into a single entity, and restructure large distribution companies such as TGTDC.
- Review salary and compensation structures in the gas sector and introduce performance-based incentives.

Finally, clarity is needed regarding any interim trade agreement with the United States. Before confirmation, the BNP government should present the details in Parliament. Such agreements must not compromise Bangladesh's sovereign rights over its petroleum resources or its freedom to negotiate and import energy from any country in the national interest. **EP**

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