

Looming Energy Sector Challenges Ahead of Bangladesh's 2026 Election

Saleque Sufi

Ground realities strongly suggest that the next general election will likely take place in early 2026. The Chief Adviser has already announced the interim government's plan to hold the election in early February, ahead of the holy month of Ramadan. The Chief Adviser's office has reaffirmed its commitment to ensuring a free, fair, and credible election despite ongoing challenges. If all goes according to plan, an elected government will assume office in early 2026.

Among its foremost challenges, the new administration will have to confront the worsening energy and power supply situation. If the weather does not remain favorable, as it has recently, managing power and energy supplies could become extremely difficult. The interim government, which inherited a crisis-prone energy sector, managed to keep things moving but without significant breakthroughs.

No major gas discoveries were made, and existing reserves continued to deplete. The interim government canceled the contract for a third FSRU and, over the course of a year, failed to initiate new LNG

import infrastructure—either floating or land-based. It also suspended the engagement of three drilling contractors for development wells, as these contracts had been awarded under the Speedy Power Supply Special Act. However, one new contract was signed with a Chinese company to drill in deeper, high-pressure zones at Titas and Bakhrabad Gas Fields. Progress on the 50- and 100-well projects has so far been disappointing.

The government also failed to decide on evacuating stranded gas from Bhola Island to the national grid and did not pursue exploration at Chattak or in the Chittagong Hill Tracts (CHT). No new offshore or onshore bidding rounds are expected soon. As a result, ensuring short-, medium-, and long-term gas supply security will remain a key challenge for the next government.

The interim administration, adhering to the Chief Adviser's "three-zero" philosophy, did not pursue coal resource development and made no significant advances in renewable energy. The planned 3,000 MW of rooftop solar capacity additions are unlikely to materialize. The next government will therefore inherit a

power sector plagued by a chronic shortage of primary fuel and excessive capacity charge burdens. One positive development is that the interim government addressed the backlog of outstanding payments to power and energy suppliers.

Still, it is highly unlikely that the Rooppur Nuclear Power Plant will be fully operational before the interim government's tenure ends. In the meantime, power and gas shortages have already forced many small and medium-sized industries to shut down, while even large fuel-intensive sectors such as ceramics, glass, and textiles are struggling. Against this backdrop, citizens can only hope that political parties vying for power will present clear energy-sector visions and plans in their election manifestos. After all, both foreign and domestic investment will hinge on how the next government tackles the deepening energy crisis with policy support and incentives.

Governance and Coordinated Management

Whatever plans a new government adopts—short, medium, or long term—success will largely depend on good governance and coordinated, efficient management

of the energy sector. Within its first three months, the incoming administration should commission a professional review of the Integrated Energy and Power System Master Plan (IEPMP). Nothing should be implemented outside or in disregard of the IEPMP, as past governments often did to serve vested interests.

The IEPMP must be grounded in realistic demand projections, an affordable and feasible fuel mix, a clear roadmap for energy transition, and a transparent pricing policy. To implement these effectively, state-owned enterprises (SOEs) such as BPDB, Petrobangla, BPC, SREDA, and BERC must be restructured and led by competent professionals. Political leaders must recognize that excessive bureaucratic control has left SOEs stagnant. The energy and power sector, being highly technical and capital-intensive, must be managed by professionals, not bureaucrats.

Focus on Domestic Primary Fuels

Bangladesh has no pressing need to pursue extraordinary measures in energy transition, given its negligible contribution to global carbon emissions. Natural gas and coal can remain central to energy generation well beyond 2060. The new government must therefore set out a clear vision for coal resource development and accelerate petroleum exploration, both onshore and offshore.

At the same time, it should establish a “champion organization” dedicated to planning and implementing the country’s energy transition while exploiting all renewable energy options. Within its first six months, the new administration must thoroughly review the coal mine schemes of work and make decisions on domestic mining. Offshore and onshore bidding rounds should be relaunched to ensure primary fuel security by 2030.

A top-priority national project should also be the construction of a gas transmission pipeline linking Bhola



to the national grid, while specialized companies must be engaged to reassess Bhola’s reserves. Similarly, a professional review of the country’s overall gas reserves is urgently needed. Experts believe the CHT region holds strong petroleum potential, making it essential to select a strategic partner for BAPEX to drive exploration. Outstanding arbitration issues between Niko and Petrobangla that are holding up further exploration at Chhatak must also be resolved without delay.

Reforming SOE Management

As noted, SOEs in energy and power remain weighed down by bureaucracy and lack the professional capacity to meet modern challenges. Despite producing large numbers of petroleum and mining engineers, Bangladesh has failed to create a conducive environment for utilizing their expertise. Many migrate abroad, while others remain unemployed. Institutions like BPMP and BPIs, intended to develop human resources, have underperformed. The new government must revitalize these organizations.

Although BERC has recently become more proactive, it must be allowed to function independently. The roles and authority of GSB, BMD, and HCU should also be reassessed.

Petrobangla’s structure, too, requires an overhaul: exploration and production activities should be merged into an expanded BAPEX, while the vast operational responsibilities of TGTDCCL should be split into at least three companies for better management.

Priority Actions

To address the chronic crisis, the actions that should be prioritized include: Evacuating stranded Bhola gas to the national grid, engaging strategic partners for exploration in CHT and Chhatak, deciding on coal mining and launching fresh offshore and onshore bidding, and operating at least 10 exploration rigs simultaneously from 2027 to achieve potential discoveries of 3–5 TCF of new gas within 3–5 years.

Other measures needed are establishing a dedicated energy transition organization and reorganizing SOE boards with professionals, and allowing them to operate autonomously under independent regulation by BERC.

Political parties must commit to a clear energy-sector vision in their election pledges. Unless the new government takes decisive measures to address the deepening crisis, Bangladesh risks enduring crippling energy insecurity between 2027 and 2030. **EP**

Saleque Sufi
Energy Expert