

# ENERGY & POWER

## The Green Pivot

- Bangladesh Budget Signals Shifting Mix Toward LNG, Coal, And Renewables
- Let There Be No Load-Shedding During World Cup
- Factories Need Energy, Not Promises



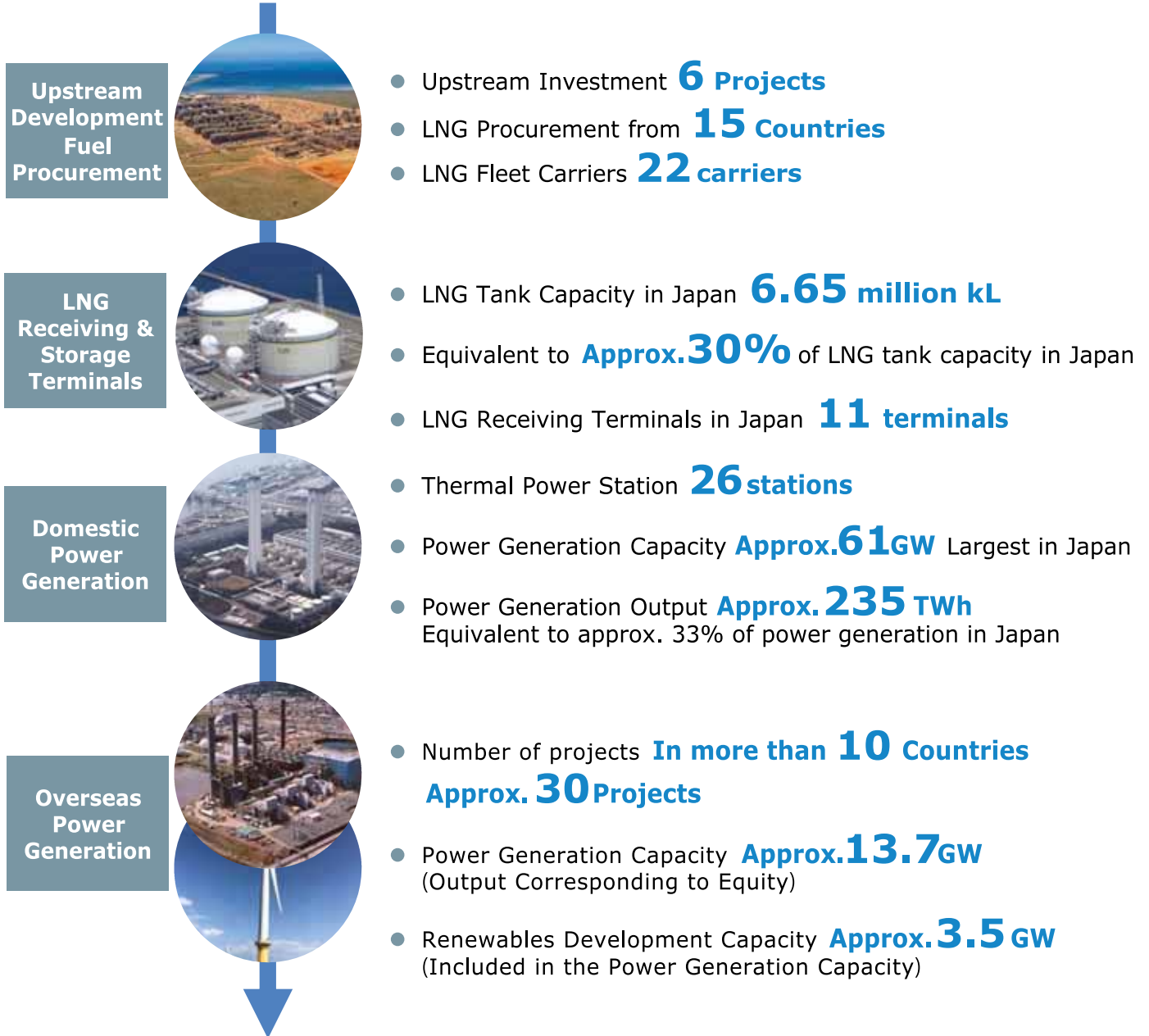
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## EDITORIAL

**B**angladesh's draft National Renewable Energy Development Strategy marks a significant shift in the country's approach to energy security. The strategy recognizes it as a cornerstone of economic resilience, energy independence, and long-term sustainability. The ambition is difficult to ignore. Expanding renewable capacity by more than 10,000 MW within five years would transform the sector and reduce its growing dependence on imported fossil fuels. The emphasis on rooftop solar, private investment, financial incentives, and grid modernization reflects a broader recognition that the future energy security will depend as much on innovation and market confidence as on government planning. Yet ambition alone will not guarantee success. Bangladesh's renewable energy sector has struggled for years with policy uncertainty, financing constraints, institutional weaknesses, and delays in project implementation. These challenges cannot be overcome through targets alone. Investors will require clear regulations, transparent procurement, reliable payment mechanisms, and efficient project approvals before committing substantial capital. Equally important is the readiness of the electricity grid. Expanding solar generation without adequate transmission capacity, battery storage, and demand management could create new operational and financial challenges. The draft strategy is therefore best viewed as a beginning rather than a destination. The real test will lie in implementation.

If the government follows through with consistent policies, transparent governance, and sustained private sector engagement, the green pivot could become a defining chapter in Bangladesh's energy transition. If not, it risks joining a long list of ambitious plans whose promise was never fully realized.

## highlights

## COVER



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The RMG industry is confronting one of its most serious operational challenges in years. Escalating energy costs and persistent supply shortages are eroding competitiveness at a time when manufacturers are also facing tighter sustainability requirements. Although the industry accepted higher gas tariffs in return for assurances of improved supply, many factories continue to struggle with production disruptions... Mahmud Hasan Khan tells EP



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It warned that the global energy crisis is likely to accelerate the drawdown of reserves, as higher fuel import costs (a major component of Bangladesh's imports) require more foreign currency. This could place downward pressure on the exchange rate and potentially lead to currency depreciation if not carefully managed..... More In Special Article



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Bangladesh is preparing for its most ambitious renewable energy expansion yet. Through a national strategy (2026–30), the government aims to reshape the energy landscape by significantly expanding renewables, reducing dependence on imported fossil fuels, and strengthening long-term energy security. If successfully implemented, it could mark a turning point in Bangladesh's transition toward a cleaner and more resilient power system.



## Greenpage

Encouraged by the readers and patrons, the EP would continue bringing out Green Pages to contribute to the country's efforts in its journey towards climate-friendly energy.

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## Petronas, JERA Sign 20-Year LNG Supply Deal

Petroleum Nasional Bhd. and JERA Co. Inc. have signed a new long-term LNG supply agreement, extending one of Asia's longest-standing LNG partnerships into the 2040s.



State-owned Petronas, through its wholly owned subsidiary Petronas LNG Ltd. (PLL), will supply up to 2 million tonnes/year (tpy) of LNG over 20 years starting in 2028, primarily sourced from Malaysia.

The agreement follows a memorandum of understanding signed in June 2025 to expand collaboration across the LNG value chain.

Petronas is a core supplier to Japan, one of the world's largest LNG importers. Malaysia shipped its first LNG cargo to Japan in 1983.

LNG will be delivered using Petronas' new generation of 174,000-cu-m LNG carriers, designed to comply with the International Maritime Organization's enhanced emissions standards.

## USEA Briefing Highlights US-France Nuclear Cooperation and G7 Energy Agenda



The United States Energy Association (USEA) has released a new edition of its Global Briefing series, featuring Benjamin Dubertret, Minister Counselor for Economic Affairs at the French Embassy, who discussed expanding energy cooperation between France and the United States.

The briefing focused on strengthening bilateral collaboration in nuclear energy, France's newly adopted energy law, and priorities for its 2026 G7 Presidency,

including addressing global development finance challenges and securing critical mineral supply chains essential for the clean energy transition.

The discussion is part of USEA's special interview series marking America's 250th Anniversary, highlighting the evolution of international energy partnerships and the growing role of transatlantic cooperation in advancing global energy security and decarbonization.

## PETRONAS Expands Offshore Exploration Portfolio in Turkmenistan

PETRONAS Carigali has strengthened its upstream presence in Turkmenistan by signing a Production Sharing Agreement (PSA) for offshore Blocks 19 and 20 in the Turkmen sector of the Caspian Sea, securing a 100% participating interest in the new exploration acreage.



The company also signed a cooperation agreement to conduct 2D seismic surveys across the Northern Offshore Blocks to improve geological data and support a more comprehensive assessment of the region's hydrocarbon potential.

In a parallel development, the governments of Malaysia and Turkmenistan

signed a framework agreement to enhance long-term cooperation in the development of Turkmenistan's hydrocarbon resources. The partnership could eventually be expanded to include the development of the country's giant Galkynysh gas field.

The agreements reinforce PETRONAS' strategy to expand its international upstream portfolio while supporting Turkmenistan's efforts to unlock additional offshore oil and gas resources in the Caspian Sea.

## JERA Receives First LNG Cargo from Australia's Barossa Gas Project

Japan's largest power generation company, JERA, has received its first liquefied natural gas (LNG) cargo from the Barossa Gas Project in Australia's Northern Territory, marking a key milestone in the project's commercial operations.



JERA, which holds a 12.5% stake in the Barossa project, will receive around 425,000 tonnes of LNG annually in line with its equity share.

The gas will supply the Darwin LNG plant, extending the facility's operational life after the depletion of the

Bayu-Undan gas field.

The company said the new supply strengthens its diversified LNG portfolio and enhances Japan's energy security amid continued volatility in global gas markets.

JERA also has investments in Australia's Wheatstone LNG and Scarborough gas projects.

## Domestic Fuel Prices May Fall If Global Rates Ease: Energy Minister

Energy Minister Iqbal Hassan Mahmood recently said that domestic fuel prices may be reduced if global rates fall to a tolerable level, though the Bangladesh Petroleum Corporation continues to incur losses of Tk 78 crore daily on fuel sales.



Answering questions in the parliament, the minister said fuel prices in the international market remain above break-even. According to LC payments for imported fuel from March to June 11 this year, BPC's cumulative losses stand at Tk 17,039.56 crore.

International price movements have far outpaced government price

adjustments, he said. Diesel prices on the global market rose 152 percent during the Middle East crisis, but the government increased domestic diesel prices by only 15 percent.

Similarly, octane prices climbed 82 percent internationally while domestic prices rose 21 percent.

## EV Duty Benefits to Hurt Competitiveness of Reconditioned Cars: Barvida

Reconditioned vehicle importers have urged the government to review the proposed duty structure for automobiles, saying budgetary benefits for electric vehicles (EVs) could erode the competitiveness of hybrid and fossil-fuel-powered reconditioned cars in Bangladesh's developing automobile market.



Abdul Haque, president of the Bangladesh Reconditioned Vehicles Importers and Dealers Association (Barvida), made

the call at a press conference at Dhaka Club recently.

The association said the proposed budget grants significant duty benefits to EVs while raising the tax burden on popular reconditioned vehicles, particularly mid-range fossil-fuel-powered cars used by middle-income consumers.

## FSRU Maintenance Disrupts Gas Supply Across Bangladesh

Gas supply across Bangladesh was disrupted recently due to emergency maintenance work at a floating liquefied natural gas (LNG) terminal in Maheshkhali, Cox's Bazar, resulting in low gas pressure for residential, commercial, industrial and CNG consumers.



In an urgent notice, Titas Gas Transmission and Distribution Company Ltd said one of the floating storage and regasification units (FSRUs) had been temporarily taken offline for repairs, reducing gas supply to the national grid.

Consumers in Dhaka and several other areas reported difficulties in cooking and disruptions to business operations as gas pressure dropped significantly.

Petrobangla officials said the maintenance work has further strained the country's gas supply, which is already facing a deficit against demand.

Bangladesh's two FSRUs at Maheshkhali normally regasify between 950 million and 1 billion cubic feet of imported LNG per day to supplement declining domestic gas production.

## Bangladesh Reviews Joint Development of 683MW Hydropower Project with Nepal

Bangladesh is reviewing a proposal to jointly develop a 683-megawatt (MW) hydropower plant with Nepal as part of efforts to increase clean energy imports from the Himalayan nation, Power, Energy and Mineral Resources Minister Iqbal Hassan Mahmood told Parliament recently.



Replying to a starred question from ruling party lawmaker Fahima Nasrin (Reserved Women's Seat-29), the minister said the proposed project is currently under consideration.

"In a bid to import more hydropower from Nepal, the

issue of jointly constructing a 683MW hydropower plant is under review," he said.

The minister noted that Bangladesh is already importing 40MW of hydropower from Nepal under the existing energy cooperation framework between the two countries.

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## Electricity Allowance Increased for BPDB Officers, Employees

Bangladesh Power Development Board (BPDB) has increased the monthly electricity allowance for its officers and employees, following the redetermination of the retail price of electricity.



"The decision to increase the electricity allowance will come into effect from June 2026," according to a BPDB notification.

According to the BPDB decision, officers and employees working regularly and on deputation at BPDB will receive an electricity allowance of Tk 3,584 per month.

The notification said that as per the previous decision of the Ministry of Power, Energy and Mineral Resources and the decision of the 1414th

General Board Meeting of BPDB, an amount equivalent to 400 units of electricity bill is being paid as electricity allowance to officers and employees.

But recently, Bangladesh Energy Regulatory Commission (BERC) has re-determined the retail price of electricity, so the amount of allowance has been increased in line with the current cost of using 400 units of residential electricity, it said.

## AmCham Installs New EC for 2026-2028

The American Chamber of Commerce in Bangladesh (AmCham) has installed its new Executive Committee for the 2026-2028 term, with Syed Mohammad Kamal of Mastercard Bangladesh elected as President and Ala Uddin Ahmad, CEO of MetLife Bangladesh, as Vice President.



Reza Ur Rahman Mahmud, Managing Director of Philip Morris International Bangladesh, will serve as Treasurer.

The installation ceremony, held in Dhaka, marked the beginning of a new

leadership chapter focused on strengthening U.S.-Bangladesh trade and investment relations.

The new committee pledged to deepen bilateral economic ties, promote Bangladesh as an attractive investment destination, relaunch the U.S. Trade Show, expand membership engagement and advocate for business-friendly policy reforms.

## ME Conflict Drives BPC Losses to Tk 17,039cr. Minister

The Bangladesh Petroleum Corporation incurred losses of approximately Tk 17,039 crore between March and June 11 due to soaring international fuel prices linked to the ongoing conflict involving Iran, the United States and Israel, energy minister Iqbal Hasan Mahmood informed the Jatiya Sangsad recently.



The minister disclosed the information in a written reply to a question from lawmaker Muhammad Abdul Khaleq, which was tabled during the parliament's question-and-answer session.

Responding to a query about the country's fuel reserves and the possibility of reducing domestic fuel

prices, the minister said that the government had refrained from passing the full impact of international price increases on to consumers in the public interest.

He said that if global fuel prices fell to a tolerable level in the future, the government would consider reducing fuel prices in the domestic market.

## Gas Shortage Biggest Deterrent to Investment: BIDA

An acute shortage of energy – particularly natural gas – remains the single-biggest obstacle to investment in Bangladesh, Executive Chairman of the Bangladesh Investment Development Authority (BIDA) Chowdhury Ashik Mahmud Bin Harun said recently.



"The major issue is energy. There is no scope for doubt about it. Even from the government's perspective, we know very well that the specific fuel in focus is gas," he said.

"After that, you can raise the issue of electricity."

The BIDA chief made the remarks while responding to a question on the

key challenges facing investors in the country at a journalists' workshop titled "Bangladesh's Investment Flows and Investment Facilitation", organized by BIDA at its headquarters in the capital's Agargaon, where he was the chief guest.

"If the energy constraint remains, no matter how many investment summits we hold, investors will not come," he said.



# The Green Pivot

Mollah Amzad Hossain

**T**he Green Pivot examines Bangladesh's draft National Renewable Energy Development Strategy (2026–2030), which aims to generate 20 percent of the country's electricity from renewable sources by 2030. The strategy proposes adding more than 10,000 MW of renewable capacity through private investment, financial incentives, and policy reforms. While experts welcome its ambitious vision, they caution that success will depend on effective implementation, stronger governance, improved grid infrastructure, and sustained investor confidence to deliver a secure and affordable clean energy transition.



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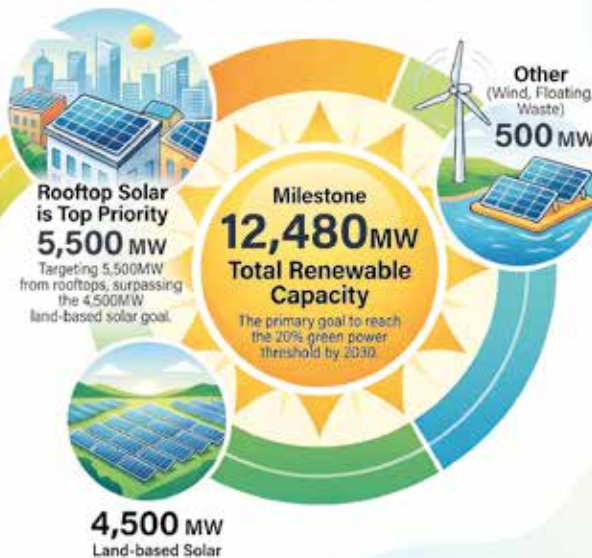
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# Road to 20% Green Power: The 2030 Strategy

## Policy & Financial Framework



## 2030 Capacity Targets



AI-assisted infographic

Bangladesh is preparing for its most ambitious renewable energy expansion yet. Through the draft National Renewable Energy Development Strategy (2026–2030), the government aims to reshape the country's energy landscape by significantly expanding renewable electricity generation, reducing dependence on imported fossil fuels, and strengthening long-term energy security. If successfully implemented, the strategy could mark a turning point in Bangladesh's transition toward a cleaner and more resilient power system.

Prepared by the Power Division following recommendations from a government-appointed committee, the draft strategy supports the country's commitment under the Renewable Energy Policy 2025 to generate 20 percent of total electricity demand from renewable sources by 2030. The document has been opened for stakeholder consultation until July 6, with a final review meeting scheduled for July 7 before formal approval.

### A Bold Expansion Plan

At the heart of the strategy is an ambitious target to add approximately 10,450 megawatts (MW) of renewable energy capacity by 2030, increasing Bangladesh's total installed renewable capacity to between 12,000 MW and 14,000 MW.

Recognizing that public resources alone

cannot finance such an expansion, the government intends to rely heavily on private sector participation. To encourage investment, the strategy proposes financial incentives, easier access to financing, sovereign payment guarantees, and the establishment of a Renewable Energy Development Fund.

Solar power will remain the cornerstone of Bangladesh's renewable energy transition. The strategy envisions installing:

- 5,500 MW of rooftop solar systems;
- 4,500 MW of utility-scale ground-mounted solar plants; and
- Around 500 MW from wind, floating solar, and waste-to-energy projects.

Given Bangladesh's limited land availability, rooftop solar has been identified as the most practical option for rapid expansion.

### Meeting Rising Electricity Demand

Bangladesh's growing economy continues to drive higher electricity consumption. Government projections indicate that peak electricity demand will reach between 24,000 MW and 25,000 MW by 2030, while annual electricity consumption is expected to rise to approximately 135,000 gigawatt-hours (GWh).

Meeting the Renewable Energy Policy target means renewable sources

must generate around 27,000 GWh of electricity annually by 2030—compared with only about 2,300 GWh today. Achieving that objective will require a dramatic increase in renewable electricity generation over the next five years.

Energy economist Engr. Shafiqul Alam welcomed the strategy's decision to define targets in terms of electricity generation rather than installed capacity.

According to him, measuring renewable energy by actual electricity produced provides a far clearer picture of the amount of installed capacity Bangladesh must build to meet its 2030 target.

### Current Progress

According to the Sustainable and Renewable Energy Development Authority (SREDA), Bangladesh currently has more than 1,800 MW of installed renewable energy capacity, including over 1,500 MW of solar power and approximately 230 MW of hydropower.

Industry sources, however, estimate that total installed renewable capacity has already exceeded 2,000 MW because rooftop solar installations under the net-metering system remain significantly underreported. Private sector estimates suggest rooftop solar

capacity alone may already exceed 1,000 MW, considerably higher than official figures indicate.

### Building the Policy Framework

The draft strategy proposes an extensive package of reforms to accelerate renewable energy deployment.

Among the major initiatives are:

- Expanding rooftop solar through mandatory net metering;
- Promoting floating solar and agro-photovoltaic (Agro-PV) projects;
- Converting diesel-powered irrigation pumps to solar energy;
- Developing waste-to-energy facilities that generate both electricity and organic fertilizer;
- Integrating solar-powered charging infrastructure for electric vehicles;
- Modernizing the national grid through smart grid technologies and Battery Energy Storage Systems (BESS); and
- Improving energy efficiency by reducing electricity consumption by at least 15 percent across industrial and residential sectors.

The strategy also recommends establishing a national carbon credit trading framework, enabling renewable energy projects to access international climate finance through global carbon markets.

### Financing the Transition

The government identifies financing as one of the greatest obstacles to expanding renewable energy.

To overcome this challenge, the strategy proposes creating a Renewable Energy Development Fund supported by domestic and international financial institutions, development partners, climate funds, and private investors. The fund would provide long-term, low-interest financing for renewable projects, while the Ministry of Finance would offer sovereign guarantees for eligible investments. Development partners would also be allowed to extend additional financial guarantees.

The strategy further proposes concessional financing, loan guarantees, tax incentives, and simplified approval procedures to attract both domestic and foreign investors.

To encourage greater private sector

**According to him, measuring renewable energy by actual electricity produced provides a far clearer picture of the amount of installed capacity Bangladesh must build to meet its 2030 target.**

participation, the government also plans to reduce import duties and taxes on solar panels and related equipment, expand Bangladesh Bank's Green Refinance Scheme, and simplify financing for small and medium-sized enterprises investing in renewable energy.

The draft additionally proposes a one-stop service for project approvals and a digital net-metering system to streamline rooftop solar integration into the national grid.

### Private Sector Takes Center Stage

The strategy identifies private investment as the principal driver of Bangladesh's renewable energy expansion.

Renewable energy projects are expected to be implemented through Public-Private Partnership (PPP) and Merchant Power Plant models. However, the document does not clearly define the future role of the existing Independent Power Producer (IPP) framework.

Industry stakeholders argue that this omission could discourage both domestic and foreign investors, particularly those interested in developing grid-connected solar projects.

### Strengthening Energy Security

A central objective of the strategy

is to reduce Bangladesh's growing dependence on imported fossil fuels.

The draft notes that reliance on imported energy has increased the country's exposure to volatile international fuel markets, placing pressure on electricity prices, foreign exchange reserves, and government subsidy requirements.

By expanding renewable energy, the government aims to improve energy security, reduce fuel imports, lower carbon emissions, and build a more resilient and affordable electricity system over the coming decade.

### Implementation Challenges

While experts have broadly welcomed Bangladesh's first National Renewable Energy Development Strategy, many caution that achieving its ambitious targets will ultimately depend on implementation rather than policy aspirations.

One of the principal concerns is the absence of a clear roadmap for reducing the cost of renewable electricity. Zakir Hossain Khan, Chief Executive of Change Initiative, said the strategy presents an ambitious vision but provides limited guidance on how renewable power can become more affordable. He also questioned whether the proposed Renewable Energy Development Fund could become overly bureaucratic unless supported by strong governance, transparency, and accountability.

Financing remains another critical challenge. Although the strategy proposes concessional loans, sovereign payment guarantees, tax incentives, and long-term financing, experts note that investor confidence will depend largely on the effectiveness and predictability of these mechanisms.

### Reforming the Investment Environment

The strategy acknowledges that Bangladesh's renewable energy sector has expanded more slowly than anticipated because of limited access to affordable financing, policy uncertainty, weak institutional coordination, and an investment climate that has not been sufficiently supportive.

To address these constraints, it recommends replacing traditional contractual arrangements with government-backed payment

guarantees, thereby reducing financial risks for investors.

The draft also proposes reducing import duties and taxes on renewable energy equipment to as low as one percent and expanding Bangladesh Bank's Green Refinance Scheme. Small and medium-sized enterprises investing in renewable energy would receive simplified financing procedures and easier access to credit.

Although the FY2026–27 national budget introduced duty concessions for renewable energy equipment, industry representatives argue that the incentives remain conditional and are not universally available.

Professor Ijaz Hossain, former Dean of the Bangladesh University of Engineering and Technology (BUET), believes these tax benefits should be extended to all renewable energy investors, even for a limited period, to accelerate rooftop solar development.

#### Rooftop Solar Takes Priority

Given Bangladesh's limited availability of land, rooftop solar occupies a central place in the proposed strategy.

The government plans to expand rooftop solar installations across ministries, government offices, and public institutions through private investment, allowing investors to recover their costs under the net-metering system.

The strategy also recommends making net metering mandatory for industries operating in Economic Zones (EZs) and Export Processing Zones (EPZs).

In addition, amendments to the Bangladesh National Building Code (BNBC) are proposed to require that between 30 and 70 percent of rooftop space in new residential, commercial, and industrial buildings be reserved for solar photovoltaic installations.

For utility-scale renewable energy projects, the strategy emphasizes competitive bidding, Public-Private Partnership (PPP) implementation, merchant power projects, and mandatory Battery Energy Storage Systems (BESS) to enhance grid stability.

#### Beyond Solar

Although solar energy dominates the strategy, the government also intends

to diversify renewable energy sources.

The draft highlights the significant wind energy potential of Bangladesh's coastal regions while promoting floating solar and waste-to-energy projects.

Another major proposal involves gradually converting approximately 1.2 million diesel-powered irrigation pumps and 400,000 electric irrigation pumps to solar-powered systems. Besides reducing diesel imports and easing pressure on the national grid, the transition could lower government subsidies while enabling farmers to sell surplus electricity back to the grid through net metering.

#### What the Experts Say

Energy experts generally view the strategy as an important milestone toward a more structured and coordinated clean energy transition.

Professor Ijaz Hossain believes the strategy can attract substantial private investment only if Bangladesh reforms its land-use policy for renewable energy projects. He recommends that the government identify suitable land, ensure transmission connectivity, establish benchmark tariffs, and allocate projects through transparent competitive auctions. Such measures, he argues, would both improve transparency and reduce electricity costs.

He also cautions that technical challenges could become increasingly important as renewable capacity expands. During winter months, Bangladesh's electricity demand falls to around 10,000 MW, while approximately 7,000 MW of baseload generation from coal and nuclear power plants must remain in operation. Consequently, the grid may be unable to absorb more than about 3,000 MW of solar generation during off-peak periods without adequate battery storage capacity.

Engineer Shafiqul Alam also views the strategy positively, noting that it extends beyond renewable electricity generation by incorporating energy efficiency, demand-side management, and proposals such as adjusting office hours to improve electricity demand management.

He particularly welcomed the proposal to establish a dedicated Renewable Energy Development Fund and

introduce government-backed payment guarantees, saying these initiatives could help restore investor confidence. However, he stressed that several provisions require greater clarity before the strategy is finalized.

#### Conclusion

Bangladesh's National Renewable Energy Development Strategy (2026–2030) represents the country's most comprehensive blueprint yet for accelerating the clean energy transition. It combines ambitious renewable energy targets with policy reforms, financial incentives, private sector participation, and investments in modern grid infrastructure and energy storage.

Yet the strategy also underscores that setting targets is only the beginning. Questions remain over the governance of the proposed Renewable Energy Development Fund, the implementation of payment guarantees, and the broader investment framework needed to mobilize private capital.

Experts also recommend simplifying Power Purchase Agreements (PPAs), Implementation Agreements (IAs), and tendering procedures while developing a broader Green Energy Transition Roadmap that provides a clear pathway toward lower carbon emissions and reduced dependence on imported fossil fuels.

Equally important is the need to strengthen the electricity system itself. As renewable capacity expands, Bangladesh will have to modernize its transmission network, deploy large-scale battery energy storage, and improve the management of variable renewable generation. Without these investments, surplus renewable electricity could become stranded, undermining both financial sustainability and energy security.

Ultimately, the green transition is about far more than increasing the share of renewable energy in the national electricity mix. It reflects Bangladesh's effort to build a more secure, resilient, and affordable energy future. Whether that vision becomes reality will depend not only on the ambition of the strategy but also on the government's ability to translate policy into projects, attract sustained private investment, and implement reforms with transparency and consistency. ■



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# Bangladesh Budget Signals Shifting Mix Toward LNG, Coal, And Renewables

Sajibur Rahman

**The Energy Division's FY27 allocation shows a strong expansionary push, rising 72% to Tk 23.49 billion. This is driven mainly by a 76% increase in development spending, alongside a 52.8% rise in ADP allocation, while the number of projects increases from 17 to 19.**

Bangladesh is entering the new financial year under intense fiscal strain. With government spending consistently outstripping domestic revenue, the country has become heavily reliant on domestic and foreign debt. In the fiscal year 2026-27 (FY27) alone, the government is projected to spend nearly Tk 4.35 trillion on servicing existing debt (principal and interest) without taking on any fresh loans.

This mounting debt burden coincides with a critical juncture for the nation's energy sector. Navigating geopolitical instability and domestic supply chain inefficiencies, Bangladesh is attempting to guarantee energy security while transitioning to renewable energy. While tightening fiscal space threatens to limit investments in green infrastructure, the proposed FY27 budget signals a notable policy shift, placing a stronger emphasis on cleaner energy alternatives and domestic gas over imported fossil fuels.

## LNG and Coal Expansion Shape Energy Sector Allocation Shift

The proposed budget allocates Tk 173.45 billion to the Ministry of Power, Energy and Mineral Resources, which

is 2.3% higher than the revised budget for FY26. However, the sector's share in the total national budget has decreased from 2.15% to 1.85%.

The Power Division has been allocated Tk 149.96 billion in FY27, down 3.9% from the revised FY26 budget, while development expenditure has declined to Tk 149.39 billion, a 3.8% decrease. However, the Annual Development Program (ADP) allocation has increased to 18.7% from the revised FY26 allocation, despite the number of projects falling from 45 to 35. This suggests the government is prioritizing a smaller number of strategic projects and concentrating resources on them, reflecting both fiscal constraints and an effort to improve project implementation efficiency in the power sector.

Conversely, the Energy Division's FY27 allocation shows a strong expansionary push, rising 72% to Tk 23.49 billion. This is driven mainly by a 76% increase in development spending, alongside a 52.8% rise in ADP allocation, while the number of projects increases from 17 to 19. Operational expenditure rises modestly by 9.2% to Tk 950 million.



**The government plans to increase domestic coal production to reduce reliance on imported energy, targeting 600,000 tonnes of coal and 1.4 million tonnes of stone next fiscal year.**

The energy sector's ADP allocation was increased because domestic gas exploration was in major focus, receiving a 39.7% extended allocation in FY27 compared to the revised allocation for FY26.

In addition, the government plans to increase domestic coal production to reduce reliance on imported energy, targeting 600,000 tonnes of coal and 1.4 million tonnes of stone next fiscal year. Projects at Barapukuria and Dighipara are advancing. An additional LNG terminal is also planned at Moheshkhali and Matarbari. This fossil-heavy strategy risks delaying energy transition and increasing long-term import vulnerability significantly.

Despite these adjustments, no major structural shift is seen in the power and energy sector in the FY27 ADP. The sector remains highly concentrated, with the Rooppur Nuclear Power Plant alone absorbing 47.4 percent of its total allocation. This shows persistent reliance on a single mega-project, limiting diversification and crowding out broader energy transition investments like renewables and grid upgrades. Dr. Khondaker Golam Moazzem, Research Director at the Centre for Policy Dialogue (CPD), noted that the power and energy sector is currently going through a multi-dimensional crisis due

to over-reliance on imported energy, global geopolitical uncertainties, and weak domestic supply systems.

#### **Fiscal and Financial Measures: Green Incentives vs. Fossil Fuel Continuity**

The FY27 budget provides strong fiscal incentives to support clean energy and electric mobility, alongside several measures that continue to favor conventional energy sources. For clean energy, a zero percent tax rate will apply to the solar power sector until 2035, and import duty, regulatory duty, supplementary duty, and advance tax (AT) on essential solar-power components are proposed to be zero, effective up to June 30, 2031. Furthermore, consumers will get a 5% tax rebate on payments made against their solar electricity bills. For electric mobility and storage, electric vehicles (EVs) and EV parts manufacturing enjoy full duty exemptions, while local EV assemblers benefit from tiered exemptions based on value addition. Battery manufacturing, including lithium-ion, sodium-ion, and battery packs, is also exempted until 2030, aiming to build a domestic supply chain.

However, the budget also accommodates substantial fossil fuel protections and subsidies. The FY27 budget proposes Tk 370 billion for electricity, compared to the revised allocation of Tk 360 billion

in FY26, mainly to make up for the Bangladesh Power Development Board's (BPDB) losses from electricity purchases from Independent Power Producers (IPPs), rental, and quick rentals. Due to the war, an additional Tk 111.70 billion may be required in the LNG sector on top of the initial Tk 60 billion allocation, and about Tk 102.58 billion may be required for petroleum oil, even after domestic oil prices were increased twice. Tax rates are also being lowered for conventional players; the withholding tax rate on payments for electricity purchased from power generation companies will be reduced from 4% to 3%, directly benefiting generation companies but causing a national revenue loss, while the withholding tax rate on the supply of fuel oil by refineries drops from 1.5% to 1%. Crucially, concessionary duty benefits on coal imports by power plants will be extended until June 30, 2030, which is strictly contradictory to the country's energy transition goals.

#### The Critique: Structural Biases and the CAPEX Gap

Despite these policy announcements, analysts and sector representatives highlight a significant mismatch between long-term transition goals and fiscal execution. The FY27 ADP allocation shows a continued structural bias toward fossil fuels, with fossil-fuel-based generation projects accounting for nearly 98% of generation-sector ADP allocations, compared with only 2.0% for renewable energy. Allocations

for transmission projects have also declined, despite the stated objective of modernizing the national grid.

Amid exacerbating energy security and mounting import bills, Bangladesh unveiled the budget, announcing conditional incentives, i.e., reduced duties, for particularly rooftop solar projects under the OPEX model. The VAT-compliant companies, like industries, can also enjoy the benefits. The government further added conditions precedent, i.e., submission of PPA and a certified copy of technical aspects from the Sustainable and Renewable Energy Development Authority (SREDA), to avail the reduced duties. Under the newly announced duties, industries or other entities will be able to buy solar energy at a reduced rate under the OPEX model compared to the high import duties scenario. They can further procure solar energy for evening application supported by Battery Energy Storage System (BESS) under the OPEX model at a cheaper rate now. As EPC companies will likely receive a tax waiver for selling solar energy, and industries/relevant entities will enjoy 5% reduction in bills for using solar energy under the OPEX model, there is a potential for an accelerated deployment of rooftop solar within the selected group of entities. However, Bangladesh needs to create a level playing field for its energy transition, which posits the need for providing incentives to other entities under the CAPEX model, too.

Shafiqul Alam, IEEFA's Lead Analyst, Energy, for Bangladesh, said the government's support for developing a local manufacturing ecosystem for battery storage has the potential to significantly contribute to the power and EV sectors. Given that a significant quantity of diesel is used in heavy-duty vehicles, a waiver for charging stations and a reduced duty for electric buses and trucks will likely help transform the transport sector gradually and reduce the country's dependence on diesel".

The Bangladesh Sustainable and Renewable Energy Association (BSREA) also warned that the current Statutory Regulatory Order (SRO) framework and budget measures for renewable energy are too narrowly designed, largely benefiting a limited set of RESCO-based and project-linked models rather than the broader distributed solar market. The association warned that this risks excluding key stakeholders such as importers, EPC companies, distributors, and especially residential, agricultural, and small commercial users. BSREA president Mostafa Al Mahmud emphasized that if the current SRO framework remains in place, it will not be possible to achieve the target of 10,000 MWp of solar power capacity by 2030, as development may be limited to a maximum of 2,000 to 3,000 MWp. He stated that renewable energy is not a special benefit for a particular business group, but rather an important strategy for national energy security, foreign



exchange savings, increasing industrial competitiveness, and implementing climate commitments, underscoring that the policy framework should be structured on the principle of “Renewable Energy for All, Not for a Few.”

### Rising Contingent Liabilities: Hidden Fiscal Risks

Government guarantees in Bangladesh, which represent contingent liabilities, are estimated at and account for 42.8 percent of the FY27 budget deficit. This indicates a significant concentration of fiscal risk outside the formal budget framework, with the energy and power sectors remaining the dominant recipients of these sovereign guarantees.

In the energy sector, government guarantees rose from Tk 49.28 billion in FY24 to Tk 76.61 billion in FY25 and further to Tk 76.94 billion in FY26, before easing slightly to Tk 67.86 billion in FY27. In contrast, the power sector shows a different trajectory, with guarantees increasing from Tk 51.49 billion in FY24 to Tk 53.59 billion in FY25, remaining relatively stable at Tk 53.07 billion in FY26, and then declining sharply to Tk 34.70 billion in FY27.

This divergence suggests a shifting pattern of hidden fiscal exposure. While energy-related guarantees remain structurally elevated, power sector liabilities are contracting sharply, possibly due to repayments, reclassification, or a shift away from guarantee-based financing. Nevertheless, the overall scale of these guarantees highlights a continued reliance on sovereign backing, keeping substantial fiscal risks embedded in contingent liabilities rather than headline deficit figures.


### Policy Recommendations for a Pragmatic Transition

To rectify the current imbalances and meet climate targets, targeted modifications should be adopted in Bangladesh’s financial framework. The government has indicated plans to reduce the total subsidy burden in the upcoming years by rationalizing electricity subsidies. However, subsidy reforms must not transfer additional costs to consumers via upward tariff revisions; instead, the government should address internal sectoral inefficiencies and gradually phase out costly capacity-payment arrangements

associated with fossil-fuel-based power generation.

Furthermore, Bangladesh should shift to a flexible, component-based zero-tariff system to ease access for end-users, as current solar incentive rules remain overly complex despite ISO alignment. Finally, targeted subsidies are essential for solar irrigation farmers, and the FY2026–27 budget should introduce dedicated green grants for renewables, smart grids, EVs, and wider energy transition support to ensure a decisive shift in national development priorities.

“While the gov’t’s measures are appreciable, the impact would be broader if it could consider an all-inclusive approach, i.e., benefits to projects under both OPEX and CAPEX models. Otherwise, for instance, rural people may not receive the benefits of reduced duties on solar accessories, Alam added.

The government has shown interest in moving beyond conventional fossil fuel-based solutions and giving more importance to renewable energy, which can be considered a positive development, Dr. Moazzem added. 



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July 1, 2026

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# KHALASHPIR COAL MINE

## A Case of Prolonged Delay Amid Strategic Potential

Mortuza Ahmad Faruque

The Khalashpir coal mine stands as a notable example of prolonged delay despite its significant strategic potential for Bangladesh's energy security. Although a formal development application was submitted in 2006 by the Hoasaf Group in partnership with a Chinese consortium, the project has remained stalled for nearly two decades, primarily due to administrative indecision. Authorities have repeatedly cited the absence of a finalized coal policy as the key obstacle. However, this position has been criticized by experts, who argue that development activities should not be delayed while a specific policy is being formulated.

The Khalashpir Coal Basin, located in Pirganj Upazila of Rangpur District, is a significant Permian Gondwana coal deposit and was first identified in 1959 by Stanvac, USA, during the drilling of an exploratory oil well. The well was drilled up to a depth of 2875m and found to be a dry hole. Later exploration carried out by the Geological Survey of Bangladesh (GSB) between 1989 and 1990 confirmed the presence of high-quality bituminous coal at depths ranging from 284 to 480 meters. This discovery established Khalashpir as one of the country's most promising coal deposits.

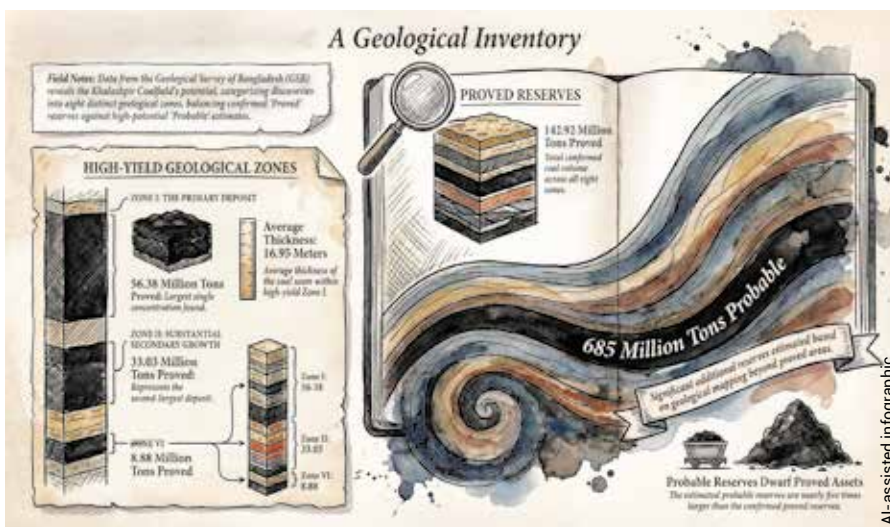
### Exploration History

Exploration of the Khalashpir Coalfield

was significantly advanced by the Geological Survey of Bangladesh (GSB) during 1989–1990, when four boreholes (GDH-45, 46, 47, and 48) were drilled. Three of these wells (GDH-45, 46, and 47) intersected coal seams of potentially mineable thickness at depths ranging from approximately 257 to 483 meters, while GDH-48 encountered only limited, non-commercial coal, indicating the western boundary of the deposit. The basin is a northwest–southeast elongated, fault-bounded structure covering about 25 square kilometers.

Subsequent investigations identified eight distinct coal zones at depths between 257 and 483 meters. Coal is classified as medium-volatile, low-sulfur bituminous, with certain seams showing strong metallurgical potential due to favorable maceral composition.

In 2004, Hosaf International Ltd, in partnership with a Chinese consortium, undertook further exploration, with additional drilling carried out by Geotech-India, bringing the total number of boreholes to 19. These studies confirmed the presence of high-grade coal with good calorific value and low sulfur content, along with associated minerals such as limestone and glass sand. A mining lease application submitted in 2006 by the consortium proposed underground mining with an annual production target of around 3 million tonnes.



In 2009, International Mining Consultants Limited (IMCL) of the UK conducted a comprehensive technical and economic review at the request of Petrobangla. The report emphasized the need for further exploration in accordance with international standards.

In 2009, International Mining Consultants Limited (IMCL) of the UK conducted a comprehensive technical and economic review at the request of Petrobangla. The report emphasized the need for further exploration in accordance with international standards.

#### Coal Zones and Distribution

The coal-bearing sequence of the Khalashpir Coalfield is located within the upper part of the Gondwana Group, with an average cumulative thickness of about 44 meters across eight identified coal zones. Zone I, occurring at depths of approximately 257 to 332 meters, is the most prominent and averages about 16.95 meters in thickness. Notably, it includes a three-meter section with high vitrinite content (around 80 percent), indicating strong metallurgical potential. Zone II also comprises multiple seams and features an upper section of about seven meters dominated by inertinite, making it suitable for blending in coke production. The remaining zones (III–VIII) show variations in thickness and lateral continuity. Among them, Zone III is the thinnest, with an average thickness of around 1.22 meters, while other zones occur as thinner and less continuous seams. Overall, the distribution and quality of these coal zones underscore the technical and economic significance of the deposit.

The Khalashpir Coalfield is characterized by a fault-bounded trough (graben) developed within the crystalline basement, aligned along a northwest–southeast axis. The basin exhibits significant structural deformation, including a major fault on the north-

northeast side near borehole GDH-46, with an estimated displacement (throw) of about 150 meters.

#### Structural Geology

The structural geology of the Khalashpir basin reveals a composite fault-bounded trough, or graben, formed within the crystalline basement. The basin is aligned along a northwest–southeast elongated axis and marked by significant faulting, including a prominent fault on the north-northeast side near drill hole GDH-46, with a calculated throw of approximately 150 meters. Gravity anomaly maps further indicate that the basin comprises several smaller sub-basins, evidenced by three prominent gravity highs located at Pirganj, Bhendabari, and Bhadhuria.

#### Proximate Analysis

Comprehensive laboratory analyses conducted by the GSB and the United States Geological Survey provide detailed insight into the quality of coal from the Khalashpir Coalfield. Proximate analysis indicates an average moisture content of about 1.3%, ash content of 21.8%, volatile matter of 22.9%, and fixed carbon of approximately 54.1%, with higher concentrations observed in Zones I and II. The sulfur content is relatively low, averaging around 0.77%.

Coal demonstrates a strong calorific value, averaging about 11,264 BTU per pound and reaching up to 13,880 BTU per pound in Zone I, highlighting its suitability for high-energy applications. Overall, these characteristics classify Khalashpir coal as medium- to high-volatile bituminous coal with favorable chemical properties for both power generation and industrial use.

#### Coal Reserve / Resource Estimation

Resource estimation for the Khalashpir Coalfield is based on a geological certainty framework that distinguishes between proved reserves confirmed by detailed drilling and probable reserves inferred from broader geophysical data. According to the GSB, the estimates are derived from eight identified coal zones. Proven reserves are concentrated within a core area of approximately 2.52 square kilometers, centered around boreholes GDH-45, GDH-46, and GDH-47, and are estimated at 142.9 million tonnes. Zone I holds the largest share (approximately 56.4 million tonnes), followed by Zone II (around 33.0 million tonnes). Beyond

this core area, total resources are estimated at approximately 685 million tonnes across a wider zone, indicating substantial additional potential.

The coal reserve estimation by the GSB is furnished below:

| Zone  | Proved Area (sq.km) | Probable Area (sq.km) | Avg. Thickness (m) | Zone-wise Proved Reserves (million tonnes) |
|---|---------------------|-----------------------|--------------------|--|
| I   | 2.52                | 12.26                 | 16.95              | 56.38                                      |
| II  |                     |                       | 9.93               | 33.03                                      |
| III   |                     |                       | 1.22               | 4.05                                       |
| IV  |                     |                       | 6.96               | 23.15                                      |
| V   |                     |                       | 2.77               | 7.55                                       |
| VI  |                     |                       | 2.67               | 8.88                                       |
| VII   |                     |                       | 1.66               | 5.52                                       |
| VIII  |                     |                       | 1.31               | 4.35                                       |
| Total Proved Reserves in million tonnes               |                     |                       |                    | <b>142.91</b>                              |
| Total Probable Reserves / Resources in million tonnes |                     |                       |                    | <b>685.0</b>                               |

In 2009, an assessment by International Mining Consulting Limited (IMCL) further estimated that the in-situ resource of the three principal seams (I, II, and IV) alone is about 337 million tonnes, underscoring the substantial scale of the deposit.

#### Economic Viability

Analytical studies confirm that coal mining from the Khalashpir Coalfield is suitable for thermal applications, particularly for electricity generation. In addition, certain zones exhibit high vitrinite and inertinite content, indicating potential metallurgical value for use in steel production. Reviews, including the 2009 study by IMCL, emphasize the need for detailed techno-economic feasibility assessments to determine its commercial viability. Exploiting

Khalashpir could support a 300–500 MW coal-fired power plant, enhance national energy security, create thousands of jobs, and stimulate socio-economic development in Pirganj and neighboring areas, making it a strategic asset for both energy and regional growth.

The prolonged delay in developing the Khalashpir coalfield is particularly significant in the context of Bangladesh's steadily growing energy demand. The Power System Master Plan (PSMP) 2010, prepared by JICA, set an ambitious target of 40,000 MW of power generation capacity by 2030, with around 20,000 MW expected to come from coal. However, this strategy was subsequently revised in the Gas Sector Master Plan 2017 and later in the Integrated Energy and Power Sector Master Plan 2023, reflecting a shift toward greater reliance on imported LNG, coal, liquid fuels, LPG, and cross-border electricity. At present, domestic coal production remains limited to the Barapukuria mine, which produces less than 1 million tonnes annually. This creates a substantial supply gap that is

largely being met through imports.

#### Environmental, Social, and Safety Hazards

The development of the Khalashpir Coal Mine entails significant environmental, social, and occupational risks that require careful management:

- **Surface Subsidence:** Underground longwall mining is expected to cause the land above to sink. Extraction of a 5-meter-thick seam could create depressions up to 3.5 meters, leading to waterlogging and loss of rice-cultivated land. Comprehensive socio-economic mitigation will be necessary, including land acquisition, farmer compensation, and potentially the construction of resettlement villages.
- **Underground Temperatures:** Geothermal conditions at mining depths reach approximately 40°C. Heat generated by machinery will require robust ventilation and cooling systems to ensure safe working conditions.
- **Gas and Fire Risks:** The mine is classified as "gassy" due to methane emissions, necessitating strict explosion prevention measures and potential methane drainage systems. Additionally, the coal is prone to spontaneous combustion, posing a fire risk in mine waste areas and surface stockpiles.
- **Water Management:** Large volumes of water will be produced, requiring treatment to remove suspended solids and prevent acid mine drainage before safe discharge into rivers or use for irrigation.

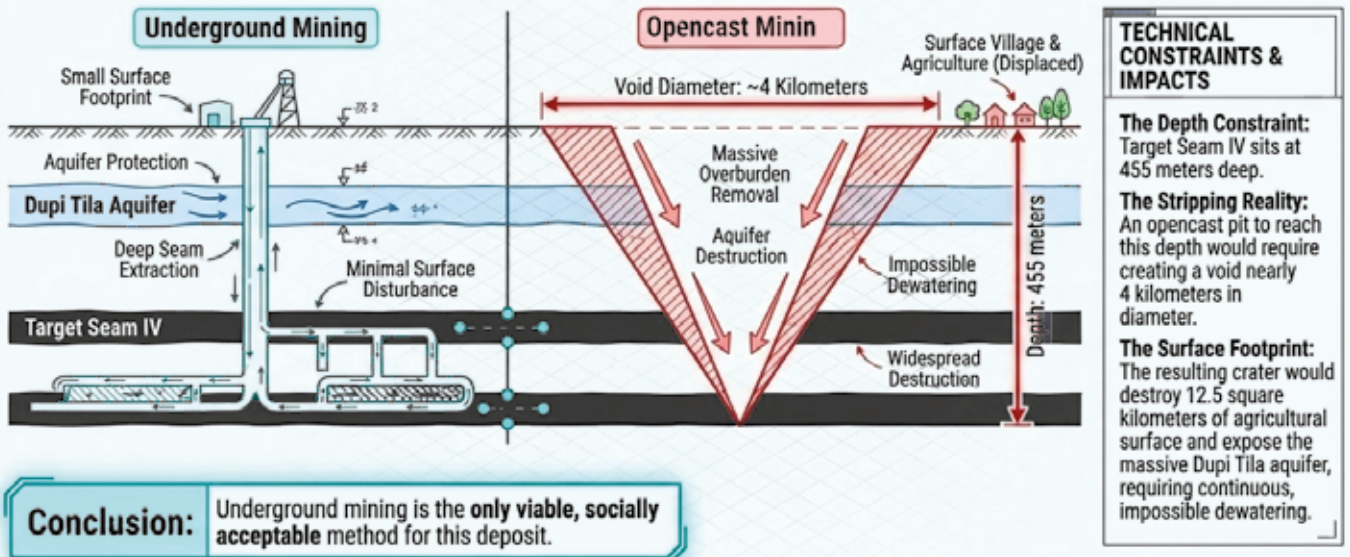
Proper planning, strict safety protocols, and environmental safeguards will be essential to mitigate these hazards while enabling sustainable coal extraction.

#### Resource Estimate for Seam I, II & IV by IMCL

| Resource Block      | Seam-I    |                    |                       | Seam-II   |                    |                       | Seam-IV   |                    |                       |
|---------------------|-----------|--------------------|-----------------------|-----------|--------------------|-----------------------|-----------|--------------------|-----------------------|
|                     | Area (ha) | Avg. Thickness (m) | In-situ Resource (Mt) | Area (ha) | Avg. Thickness (m) | In-situ Resource (Mt) | Area (ha) | Avg. Thickness (m) | In-situ Resource (Mt) |
| 1                   | 336.0     | 4                  | 17.7                  | 410.8     | 12                 | 65.1                  | 449.2     | 6                  | 35.6                  |
| 2                   | 247.9     | 14                 | 45.8                  | 248.1     | 18                 | 59.0                  | 247.9     | 18                 | 58.9                  |
| 3                   | 63.3      | 5                  | 4.2                   | 56.6      | 6                  | 4.5                   | 63.5      | 12                 | 10.1                  |
| 4                   | 113.0     | 6                  | 9.0                   | 118.0     | 8                  | 12.5                  | 114.6     | 10                 | 15.1                  |
| <b>Seam Totals:</b> |           |                    | <b>76.7</b>           |           |                    | <b>140.1</b>          |           |                    | <b>119.7</b>          |

Total Resource (Seams I, II & IV): 337.3 million tonnes.

# The physical realities of Khalashpir dictate an underground approach.



## Feasibility and Financial Modeling

The Hosaf Group feasibility study, carried out in 2006, is considered incomplete, lacking a detailed implementation schedule, phased production plans, roadway development, and realistic capital and operating cost assessments. Financial assumptions, such as a low coal sale price (\$50/tonne) and high discount rates, were unrealistic.

## Environmental, Social, and Safety Hazards

The development of the Khalashpir project carries significant environmental and occupational risks that require careful mitigation:

## Surface Subsidence

Surface subsidence will have a severe and direct negative impact on local agriculture, which is the primary source of income for the region and currently produces surplus yields of rice. Because the local topography is extremely flat, varying in elevation by less than 1.0 meter, the existing rice cultivation is highly sensitive to changes in water levels and regional drainage. Even a modest surface subsidence of just 300 to 500 millimeters will cause severe waterlogging. As underground longwall mining progresses, surface depressions are expected to reach up to 3.5 meters deep. This drastic alteration of the landscape will effectively preclude rice production and make it impossible to cultivate other crops during the

monsoon season. Consequently, the destruction of this arable land will result in a direct loss of livelihood for the majority of the local population who depend wholly on farming.

To mitigate these effects and extend the period the land can be farmed, experts suggest temporarily restoring local drainage through localized pumping or building up land levels using pre-stripped waste material. In the long term, reviewers recommend that the mining consortium purchase the affected land upfront and invest in upgrading surrounding, lower-yield agricultural areas to offset the lost crop production and help retain farming jobs in the region.

**Underground Temperatures:** Due to the region's geothermal gradient, the original rock temperature at the target mining depths is around 40°C. High-powered machinery will add to this heat, requiring extensive ventilation and cooling systems to maintain a safe working environment.

**Gas and Fire Risks:** The mine is classified as "gassy" due to methane emissions from the coal beds, requiring strict explosion prevention measures and potentially methane drainage systems. Furthermore, the coal has a high risk of spontaneous combustion, meaning it can catch fire if exposed to low-velocity air currents in the mine's waste areas or surface stockpiles.

**Water Management:** The mine will discharge enormous amounts of water (potentially tens of thousands of cubic meters daily), which must be routed through physical and chemical treatment plants to remove suspended solids and prevent acid mine drainage before being discharged into local rivers or used for irrigation.

## Recommendations and Observations by IMCL

In 2009, IMCL reviewed the consortium's feasibility study and recommended several key actions to ensure that the Khalashpir coal mine development is both commercially viable and safe:

- To conduct further exploratory drilling using a reputable contractor with modern equipment following international JORC (Joint Ore Reserves Committee) standards, including downhole geophysical logging such as Natural Gamma Ray, Gamma-Gamma, Density, Calliper, and Temperature.
- To perform 3D numerical groundwater flow modeling to manage water-related risks.
- To complete a comprehensive Environmental Impact Assessment (EIA) covering construction, operation, and closure phases.
- To undertake a detailed market study to evaluate the commercial value of both cooking and thermal coal outputs.

These recommendations provide

a framework for planning safe, economically viable, and environmentally responsible mining operations.

### Sample Analysis

All core samples must be logged and prepared per JORC principles, supervised by senior JORC-accredited geologists. Analyses should be performed by at least two accredited international laboratories, following standard procedures. Coal quality proximate analyses must be carried out on all exploratory cores to support computer-based resource modeling.

### Geological Criteria for Mine Design

Consider lessons from Barapukuria Coal Mine, Bangladesh's first underground coal mine. Despite differences in sedimentology and structure, both sites share a near-surface Dupi Tila aquifer, which poses significant water inflow risks. Care must be taken to prevent delays caused by uncontrolled water ingress. Mine design should integrate deposit geology, faulting, coal seam characteristics, expected production, underground conditions, and surface layout/accessibility to ensure safe and efficient operations.

### Mine Design and Engineering

For the Khalashpir Coalfield, underground mining is strongly preferred over opencast methods due to the depth and large volumes of the overlying Dupi Tila aquifer. The recommended method is highly mechanized top coal caving longwall mining, with extraction sequences guided by progressive strata control modeling to limit subsidence beneath the aquifer to 10 mm per metre.

Vertical shaft construction should use the Artificial Ground Freezing (AGF) technique to stabilize the water-saturated Dupi Tila formation, transitioning to standard grouting in deeper, more stable rock units. The underground layout should optimize pit placement for gravity-assisted drainage and level access, while computer-modeled ventilation systems are essential to manage heat, methane emissions, and spontaneous combustion risks.

### Underground Extraction Methods

Coal extraction at the Khalashpir Coalfield is recommended using two primary underground methods, depending on seam geometry:

**Longwall Mining:** For thicker seams, highly mechanized longwall mining is advised.

While the original feasibility study proposed hydraulic stowing to support the roof, this method has been criticized as costly and often ineffective. Instead, top coal caving longwall faces are recommended for efficient extraction of thick seams.

**Pillar and Stall:** For flatter seams, especially in the southern parts of the deposit, pillar and stall mining with remote-controlled continuous miners is preferred. This method preserves roof-supporting coal pillars and provides operational flexibility, though it achieves a lower extraction ratio.

### Government Decision

On 2 April, 2026, the Government of Bangladesh informed Parliament that a final decision on coal extraction from Khalashpir would be taken only after completion of a comprehensive feasibility study. In response to a written question from Md. Nurul Amin, the Power, Energy, and Mineral Resources Minister highlighted the coalfield's historical exploration, significant resource potential, and the need for careful, evidence-based evaluation before any development.

### Coal Development Plan

The present government has outlined a phased Coal Development Plan and Barapukuria Coal Mine Expansion Plan to strengthen national energy security. Within the first 180 days, a national seminar will be organized on coal production and utilization, aimed at framing policy directives and adopting integrated development plans for the five discovered coalfields. Building on these directives, during 2026-27, techno-economic feasibility studies will be approved and initiated in line with the national plan. During the same period, feasibility studies will be completed, mining development projects will be formulated, and project activities will commence. Subsequently, during 2028-30, experimental coal extraction will begin, providing critical insights into operational viability and informing the scaling up of coal-based energy initiatives.

The phased approach is clear and aligns with best practices in coal project development. However, for effective implementation, the plan should ensure early finalization of coal policy, include environmental and social safeguards, define mining methods and infrastructure needs, and incorporate realistic timelines and financing mechanisms.

### Domestic Coal Production and Imports

Domestic coal production in Bangladesh remains limited, with the Barapukuria Coal Mine producing less than 1 million tonnes annually, reflecting constrained capacity. In contrast, coal imports by the private sector have grown steadily, exceeding 12.7 Mt in FY 2023-24. This trend highlights the country's increasing reliance on imported coal to meet rising energy demand, while domestic production contributes only a marginal share of total supply.

Commercial production at Barapukuria began in September 2005 with a designed annual capacity of 1 million tonnes. At present, daily output ranges between 2,500 and 3,000 tonnes, with approximately 1.1 million tonnes in FY 2024-25, primarily supplying the 525 MW Barapukuria coal-fired power plant.

With domestic natural gas production expected to decline, coal is emerging as a viable alternative to strengthen energy security. Currently, coal accounts for about 35% of total electricity generation; however, domestic coal contributes less than 3%, underscoring the significant gap between local production and national demand. The coal import scenario from FY 2019-20 to FY 2024-25 is as follows:

### Way Forward

The Khalashpir Coalfield represents a significant yet underutilized primary energy resource in Bangladesh. While legitimate environmental and social concerns must be addressed with due diligence, the prolonged delay in decision-making highlights a broader challenge within the country's energy sector. Amid rising energy demand and increasing dependence on imported fuels, continued inaction on Khalashpir raises a critical question: how long can such a valuable resource remain untapped?

An immediate review and update of the existing techno-economic feasibility study is therefore essential. In line with recommendations by International Mining Consultants Limited, the government should take prompt and concrete steps to undertake a comprehensive and up-to-date feasibility assessment without further delay. ■

**Mortuza Ahmad Faruque:** Energy Expert and Former Managing Director, BAPEX

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# Energy Security Reality And FY27 Budget

Dr. AKM Asaduzzaman  
Patwary

**The energy shortfall has severely affected industrial operations, forcing hikes in electricity prices and requiring increased imports of fertilizer and other raw materials.**

Energy supply has become one of the much-talked-about issues in the local and global economic arena in recent times due to the US-Israel and Iran war-led Middle Eastern crisis. The supply chain disruption of imported fuel has brought unprecedented socioeconomic challenges. Though the Government made various timely interventions to deal with the energy shock fallouts, we are still undergoing this transition. Due to a large dependence on imports of non-renewable energy, energy security is receiving significant attention, as it is closely tied to national economic development, long-term industrial security, and inflation. In the modern economy, a stable energy supply is a critical component of productivity for any business or organization. Bangladesh conventionally relies more on imported energy sources than locally available energy to support its economic activities. Since the national budget serves as a blueprint for a country's economic mapping, the robust budget of FY2027 is with TK. 9.38 trillion, the largest ever in the history of Bangladesh, was expected to prioritize smooth energy security linking with

economic development. Indeed, both energy security and the private sector are lifelines of our emerging economy.

However, despite the importance of energy adequacy in enabling a conducive business environment, a clear focus on energy security is the least attended to in this budget. The energy shortfall has severely affected industrial operations, forcing hikes in electricity prices and requiring increased imports of fertilizer and other raw materials. Additionally, the supply crunch drove up transportation costs, local supply chain management costs, and industrial expenditure. Consequently, inflation has trended upward in recent months while other economic activities have slowed down. Due to this concern, private investment has been crippled, dropping to 4.32%, the lowest level recorded in Bangladesh over the last three decades, leaving local investors hesitant to commit capital to emerging or potential avenues in the economy.

The overall energy budget of Tk. 17,345 crore with a nominal hike of 2.32% may not bring optimum results amidst the current economic times towards



the achievement of the hugely needed economic transformation agenda. The moves of the government, including drilling 69 wells and carrying over operations for the fiscal year, alongside establishing a strategic fuel reserve to manage emergency volatility, are apparently termed positive. However, the lack of a comprehensive, concerted plan to overcome this volatile energy state remains unaddressed. Furthermore, while the government is encouraging solar power and trying to promote solar-led transport systems and solar infrastructure, it has long been understood that alternative energy cannot fully secure the country's widespread needs, as the economy is yet to be ready for complete renewable transformation. Bangladesh lacks the natural resources for alternative or green energy to replace conventional energy-led economic operations overnight. Compounding this, the proposed budget for the sector needs to be increased to meet growing and diversified national demands. We may also follow the austerity philosophy in other sectors to support the growing budget needs of this sector, as it is the root of other sectors.

The frequent tariff hike of electricity is not improving the state of security, but adds a cost burden for the masses. The Energy Development fund is traditionally charged on the gas bill to meet the development cost of the energy sector, but the EDF fund created has rarely been utilised. The previously designed Power sector master plan and later designed Integrated Energy and Power Master Plan (IEPMP) have no impact on containing the global shocks, nor any reflection in the national budget. The budget should have a clear mapping of how the uninterrupted supply can be

**The Energy Development fund is traditionally charged on the gas bill to meet the development cost of the energy sector, but the EDF fund created has rarely been utilised.**

ensured for all energy-related economic activities. The plan of establishing "Strategic Fuel Reserve" and related storage infrastructure may add value to overcome emergency volatility to some extent. In the ever-changing geopolitical context, our policymakers are to prioritize strategic approaches to mitigate unpleasant challenges in our best interest. It is worth mentioning that the long-held investment game-changer moves economic zones are not being functional as energy supply commitments are unmet. As a result, a huge amount of local and foreign investment remains unutilized in EZs. The industrial gas connection has been shut for almost a decade, and this prolonged decision is causing disinvestment. The plug-and-play, rapid NSW service and other ease of doing business initiatives under the deregulation initiatives of the government in this proposed budget, without a smooth industrial gas supply, will have minimal positive impacts on reviving confidence for local and foreign

industrial investment. The shift to renewable energy development through a rebate does not have any immediate impact, considering our current macroeconomic reality.

Considering these factors, securing a primary energy mix through domestic exploration and diversified sourcing is critical to sustain industrial investment. As the economy approaches LDC graduation, it will face significant structural, regulatory, and infrastructural challenges for smooth economic transformation. The planned economic transitional strategy of later graduation is linked to energy security as a foundational resource for export and local market-oriented industrial development. Besides, the "Trillion Dollar economy" vision by 2034 is to be embedded in core sectors of the economy, and the budget needs to align with the core targets of this vision. In this regard, the readiness and competitiveness of the private sector through an enabling atmosphere requires intensive energy security as the key prerequisite. To address these upcoming priority needs, the proposed 'Power Sector Strategy Paper (2026–2050)', a least-cost power generation plan, integrating SCADA, GIS, and Asset Management (AM), is in place. Despite all, the question always remains whether the piecemeal planning will ease and steer our core economic visions. For translation of these plans, predictable tax, deregulation policies, and implementation strategies backed by a firm commitment of governance are necessary to ensure a predictable and consistent energy supply and pricing plans, and energy-intensive businesses over the years to come. Smooth productivity always correlates with a higher tax-to-GDP target. We believe this large welfare-oriented budget may be implemented with the higher tax revenue stream from the dynamic and resilient private sector if they are supported by a relentless energy supply as a pressing resource. Given the ongoing global political crises and unpredictable supply chain disruptions, we must establish clear policies and alternative supply strategies to build a balanced, supportive, and business-friendly energy ecosystem to achieve our economic visions. ■

*Dr. AKM Asaduzzaman Patwary,  
Macroeconomic & Policy Research Analyst.*



# The Embroidery of Resilience

## Weaving Energy Security Into Bangladesh's Comprehensive Security

Colonel (Retd.) Engr A R  
Mohammad Parvez Mazumder

**Today Bangladesh's concept of national security has evolved in much the same way—into the careful weaving of multiple dimensions into a strong and cohesive whole known as comprehensive security.**

### 1. Preamble

Embroidery is a term deeply woven into Bangladesh's cultural heritage, evoking the timeless artistry of the Nakshi Kantha. This traditional craft interlaces threads of different colors and textures into a single, durable fabric that reflects identity, tells stories, and embodies patience, creativity, and care. Today, Bangladesh's concept of national security has evolved in much the same way—into the careful weaving of multiple dimensions into a strong and cohesive whole known as comprehensive security.

Embroidery is a term deeply woven into Bangladesh's cultural heritage, evoking the timeless artistry of the Nakshi Kantha. This traditional craft interlaces threads of different colors and textures into a single, durable fabric that reflects identity, tells stories, and embodies patience, creativity, and care. Today, Bangladesh's concept of national security has evolved in much the same way—into the careful weaving of multiple dimensions into a strong and cohesive whole known as comprehensive security.

Comprehensive security is a holistic approach that integrates people, processes, and technology into a unified, layered system of protection. It extends beyond the traditional focus on territorial defense to address a broad range of challenges, including economic, energy, environmental, and technological threats. This approach recognizes that a nation's strength is measured not only by its military capability but also by its ability to safeguard its economy, sovereignty, and social stability. For Bangladesh, comprehensive security means protecting its people from hunger, poverty, and environmental degradation just as effectively as it protects them from external aggression.

### 2. Multi-dimensional Network of Comprehensive Security

In 21 century, comprehensive security defines an interconnected network of dimensions rather than isolated forts. A failure in one area often triggers a Domino Effect across others. For instance, environmental factors like drought can lead to crop failure, causing economic strain and societal unrest. This phenomenon could also be true due to the energy crisis.



| Dimension     | Core Aim               | Security Vulnerabilities  |
|---------------|------------------------|---|
| Political     | State Legitimacy       | Stability of Government, Rule of Law, Human Rights                |
| Societal      | Social Cohesion        | National Identity, Social Justice                                 |
| Economic      | Financial Resilience   | Energy Security, Stable Trade, Poverty Reduction                  |
| Military      | Physical Protection    | External Aggression, Territorial Integrity                        |
| Environmental | Ecological Balance     | Climate Change, Natural Disasters, Water Scarcity                 |
| Cyber         | Digital Infrastructure | National Databases, Critical Grids                                |
| Human         | Individual Wellbeing   | Food Security, Public Health, Personal Safety, Community Security |

### 3. Energy Security: The Central Nervous System

Energy security is defined as the continuous availability of energy sources at an affordable price. It acts as the central nervous system of the nation, because all systems of 21 century depend on its flow. In Bangladesh, energy is a vital resource that connects other dimensions of security.

#### 3.1 Engine of Economic Prosperity

The energy crisis in Bangladesh is driven by high dependence on imported fossil fuels. This affects foreign exchange (shortages) and geopolitical tensions, significantly hindering economic growth. It also accelerates inflationary pressure, increases the cost of doing business, and disrupts manufacturing and agricultural sectors.

The Ready-made Garment (RMG) sector, which provides over 80% of total export earnings, relies heavily on stable electricity. By early 2026, energy shortages will have already reduced 25-30% drop in factory production capacity. Furthermore, grid failures force factories to use expensive diesel generators, significantly increasing operational costs. The interrupted

power for RMG cannot meet export deadlines and ensure competitive operational costs.

Over-reliance on imported fossil fuels and underdeveloped renewable energy sources leaves the economy vulnerable to global market shocks, such as the ongoing conflict in the Middle East. Chronic power shortages are discouraging new investment, both domestic and foreign.

#### 3.2 Social Contract and Political Stability

The social contract relies on the state authority providing essential services (rights, security, services, etc.) and price stability in exchange for social order. Energy is a primary determinant in this balance.

- Agriculture and Food Security:** Agriculture depends on diesel for irrigation. Scarcity of diesel and erratic power supply for irrigation pumps threatens agriculture, particularly during key farming seasons, raising risks of reduced food production. Shortages of natural gas have led to the shutdown of domestic fertilizer factories, creating high dependence on costly imports. When diesel prices rose to Tk 115 in April 2026, the price of rice increased to Tk 66-70/kg. By mid-2026, Bangladesh's food security may be severely impacted by a compounded energy and economic crisis, with rice prices in Dhaka rising by 8-10% as of May 2026 due to soaring fuel costs. High inflation reaching 9.04% in April 2026, combined with reduced agricultural production, has significantly lowered food affordability and increased malnutrition risks for low-income populations.
- Transportation:** Energy security involves shifting toward a sustainable, integrated system that prioritizes public transport with safety, affordable economic participation, and inclusion of marginalized groups. In April 2026, Bangladesh's transportation sector is experiencing severe disruption due to an energy crisis fueled by global oil price surges (over US\$ 110/barrel) due to regional conflict (Iran versus the USA-Israel). It leads to severe diesel shortages, higher freight charges, and reduced operations, with bus fares rising to Tk 2.53/km for metropolitan areas and Tk 2.23/km for inter-districts. Diesel shortages have caused long

The crisis is driven by a massive dependence on imported fuel (LNG, coal, and HFO), which has been severely disrupted by geopolitical tensions in the Middle East.

queues at filling stations, with dealers reporting receiving only a fraction of the requested fuel, which has forced many to close. Transport operators are increasing freight charges, with truck fares for vegetables rising by up to Tk 10,000, impacting supply chains and raising commodity prices.

- **Supply of Electricity:** As of April 2026, Bangladesh is facing a severe energy crisis, leading to frequent and prolonged electricity shortages, especially during a sweltering heatwave. The crisis is driven by a massive dependence on imported fuel (LNG, coal, and HFO), which has been severely disrupted by geopolitical tensions in the Middle East. Power shortages have exceeded 2,000 MW, with rural areas experiencing 5-7 hours of outages daily and urban areas facing 2-3 hours. The energy shortage has led to reduced productivity in energy-intensive industries like textiles and slowed agricultural irrigation. The Government is actively proposing a 17-21% increase in electricity tariffs to manage the high generation costs.
- **Household Costs:** By April 2026,

energy and transport costs rose to 18-22% of urban household budgets, compared to 10-12% in 2010.

- **Infrastructure Risks:** Coastal network assets are susceptible to environmental disasters (like cyclones) coupled with maritime threats, which increase the risk of massive energy supply failures.
- **Public Order and Political Stability:** High inflation and power cuts often trigger protests that challenge political stability. Bangladesh's inflation accelerated to 9.04% in April 2026 from 8.71% in March 2026. The higher fuel costs continue to pressure household spending, according to the latest data released by the Bangladesh Bureau of Statistics (BBS). High inflation in Bangladesh, hovering since 2022, severely strains public order by reducing purchasing power, increasing poverty, and eroding real income, leading to social distress, potential unrest, and increased pressure on low-income groups. This sustained crisis triggers protests, fuels income inequality, and complicates Government efforts to maintain stability.



### 3.3 Silent Fuel of Defense

Energy security is a silent partner in military readiness. Fuel shortages can paralyze training and patrols, rendering expensive hardware like tanks and jets immobile. Modern defense also requires constant electricity for digital warfare, including radars and communication networks. A hacked or failing grid effectively leaves the military blind.

The 2015-16 Nepal energy blockade by India serves as a critical case study. When fuel supplies were restricted through the Indian land supply route, Nepal's economy lost US\$ 5 billion, and its military mobility was paralyzed. This taught a vital lesson: energy is a weapon. Landlocked Nepal responded by diversifying its supply lines and investing in hydroelectricity to reduce dependence on India.

### 4. Strategic Autonomy and Global Shocks

Bangladesh may face a growing risk to its sovereignty due to a heavy reliance on imported energy. In 2010, nearly 90% of electricity was generated from domestic gas. By 2025, the country was forced to import approximately 25-30% of its gas as LNG.

This reliance creates geopolitical vulnerability. For example, the Iran versus USA-Israel conflict directly threatens Bangladesh, because much of its imported fuel passes through the Strait of Hormuz. A blockade in this narrow waterway could entirely halt the flow of oil and gas. Additionally, the dollar crunch exacerbates this issue; paying for energy in US dollars drains foreign exchange reserves.

Disruption of Sea Lines of Communication (SLOC) in the Bay of Bengal may severely threaten Bangladesh's energy security by cutting off the maritime routes that facilitate nearly 100% of its fuel imports. A disruption could immediately halt the flow of imported coal, LNG, and petroleum, leading to widespread power outages, economic shutdowns, and a collapse of energy-dependent logistics, as the nation is highly reliant on imported energy rather than domestic reserves and renewable energy.

### 5. Geopolitical Intersection: Iran versus USA-Israel Conflict (2026) and the Security of Bangladesh

The ongoing conflict involving Iran versus USA-Israel creates a direct and sophisticated threat to the comprehensive security of Bangladesh.

This vulnerability stems from the nation's heavy reliance on energy supply chains originating in the Middle East.

### 5.1 Vulnerability of Maritime Supply Routes

The primary physical threat lies in the potential disruption of maritime trade routes. Bangladesh depends significantly on imported LNG and refined petroleum, much of which must pass through the Strait of Hormuz. Because Iran maintains control over this narrow waterway, any escalation in regional hostilities could lead to a blockade, halting the flow of essential fuels to Asian markets. Even in the absence of a total blockade, rising tensions have already forced the Government to consider alternative, more expensive shipping routes, such as traveling around the Cape of Good Hope.

### 5.2 Foreign Exchange Impact

Bangladesh's foreign exchange reserves strengthened in early 2026, though rising global energy prices could threaten the gains, according to a report by the General

Economics Division (GED) of the Planning Commission. However, it warned that the global energy crisis is likely to accelerate the drawdown of reserves, as higher fuel import costs (a major component of Bangladesh's imports) require more foreign currency. This could place downward pressure on the exchange rate and potentially lead to currency depreciation if not carefully managed. Because energy purchases are paid in US dollars, these price hikes drain the nation's shrinking foreign exchange reserves.

### 5.3 Financial Sovereignty

To pay for expensive fuel, the nation is often forced to seek external loans, such as the recent request for a US\$ 4.7 billion IMF loan. These financial agreements often come with mandates that affect domestic policy and subsidies, further impacting national sovereignty.

### 5.4 Mapping of Geopolitical Alignment in 2026

The theoretical links of comprehensive security are currently manifesting in real-time challenges for Bangladesh.

| Dimension | Relationship to Iran versus the USA-Israel Conflict   |
|-----------|---|
| Economic  | Industrial productivity stalls as fuel import bills rise and supply chains break                    |
| Financial | Seeks external loans (IMF, WB, etc.) and foreign lines of credits                                   |
| Human     | Food security is threatened as diesel costs for irrigation increase due to global price volatility. |
| Political | Government stability is tested by public discontent over high fuel prices (reaching Tk 115 in 2026) |
| Military  | Strategic autonomy weakens when fuel for defense hardware depends on regional wars.                 |

This conflict creates a critical dependency on energy security, navigating the dimensions of comprehensive security. A fuel crisis leads to industrial shutdowns, which cause job losses and inflation, eventually resulting in anti-government protests and state fragility. A vulnerability in energy creates a dangerous flowchart:

Energy Crisis → Industrial Shutdown → Job Losses/Inflation → Anti-Government Protests → State Fragility

### 7. Conclusion: The Path to Sovereignty

To achieve a middle-income future, Bangladesh must resolve the 30% production gap caused by energy instability. True security lies in an internal energy transition of shifting from fossil-based systems of energy production and consumption, including oil, natural gas,

and coal, to renewable energy sources like wind, tidal, and solar, to achieve zero carbon emissions by 2050. To break the chain of dependence, the nation must pursue three primary goals:

- **Increase Domestic Exploration:** Accelerate gas exploration in the Bay of Bengal.
- **Invest in Renewables:** Meet the target of 4,100 MW of clean energy by 2030.
- **Build Strategic Reserves:** Increase storage capacity to survive short-term supply shocks.

By securing its energy, Bangladesh ensures that its embroidery of resilience remains strong and its people remain safe in an uncertain world of 21 century. 🇳🇵

*Colonel (Retd.) Engineer A R Mohammad Parvez Mazumder, afwc, psc*



# Bonn Climate Talks Set Tough Agenda for COP31

EP DESK

The 2026 Bonn Climate Change Conference ended with limited progress on several key negotiation tracks, highlighting persistent divisions between developed and developing countries over climate finance, adaptation, and implementation ahead of the UN Climate Change Conference (COP31) in Antalya, Türkiye.

Held under the UN Framework Convention on Climate Change (UNFCCC), the meetings of the Subsidiary Body for Implementation (SBI) and the Subsidiary Body for Scientific and Technological Advice (SBSTA) were expected to advance decisions made at COP30 in Belém.

However, negotiators failed to agree on common negotiating texts for several major agenda items, leaving many issues unresolved for discussion at COP31.

According to the Earth Negotiations

Bulletin (ENB), negotiations proved particularly difficult on the Global Goal on Adaptation (GGA), the Mitigation Work Program (MWP), the transition of the Adaptation Fund to exclusively serve the Paris Agreement, Just Transition, and research and systematic observation.

Big differences over climate finance and implementation continued to slow progress throughout the two-week conference.

One of the few notable achievements was the agreement to allow the UN Environment Program (UNEP) to continue hosting the Climate Technology Centre (CTC). The decision ensures that developing countries will continue receiving technical assistance and technology support for climate action through 2027.


Delegates also adopted the terms of reference for reviewing the Just

Transition Work Program, agreed on future work to strengthen coordination between the Technology Mechanism and the Financial Mechanism, and completed several review processes related to capacity building under the UN climate framework.

The conference took place against a challenging global backdrop marked by heightened geopolitical tensions, including disruptions to global energy markets following the closure of the Strait of Hormuz, which highlighted the energy security risks associated with continued dependence on fossil fuels.

At the same time, the World Meteorological Organization (WMO) warned that a stronger El Niño event could intensify droughts, floods, heatwaves, and other extreme weather events, while global temperatures are expected to remain at or near record levels over the next five years.

Observers said the Bonn outcome reflected growing frustration over the slow pace of climate negotiations and the widening gap between climate commitments and implementation.

The limited progress means many of the most politically sensitive issues—including adaptation finance, emissions reduction, and support for vulnerable countries—will now be carried over to COP31, where governments will face increasing pressure to deliver concrete decisions and restore confidence in the multilateral climate process. 



# Global Campaign to Make Fossil Fuel Polluters Pay Gains Momentum



Calls to hold fossil fuel companies financially accountable for climate damage are gaining global momentum, with campaigners, journalists and civil society leaders urging governments to make major polluters contribute more to climate action and recovery.

Speaking at a “Make Polluters Pay” event during London Climate Action Week, representatives from climate organizations highlighted growing support for measures such as windfall taxes on oil and gas profits, closing tax loopholes, and expanding climate litigation against fossil fuel companies.

The event was organized by 350.org and Stamp Out Poverty and chaired by Climate Home News journalist Megan Rowling.

Participants argued that while climate-related disasters and energy price volatility continue to affect households and vulnerable communities, many fossil fuel companies have continued to report substantial profits.

According to 350.org's Out of Pocket report, an estimated US\$12 trillion flows annually to the fossil fuel industry through subsidies, tax incentives and unaccounted climate damages—far exceeding current global climate finance.

Speakers said recent developments, including climate superfund laws in parts of the United States, windfall taxes in Europe, and climate-related legal cases in several countries, reflect a growing international effort to strengthen corporate accountability for emissions and climate impacts.

Campaigners also stressed that revenues generated through such measures could help finance clean energy deployment, climate adaptation, and resilience-building in developing countries and vulnerable communities.

They emphasized that communities most affected by climate change often contribute the least to global emissions but bear the greatest social and economic costs.

The discussion concluded that making major polluters contribute to climate solutions is increasingly becoming part of mainstream policy debates, with advocates calling for stronger international action to ensure climate finance supports a just and equitable energy transition. [\[1\]](#)

# Climate Finance Challenges Slow Progress

Efforts to strengthen global climate action gained renewed attention in June. Still, negotiations at the UN Climate Change Meetings in Bonn were overshadowed by persistent disagreements over climate finance and key policy issues, highlighting the growing challenge of translating climate ambitions into concrete action, according to the latest report by IISD SDG Knowledge Hub.

Negotiators faced significant difficulties in advancing discussions on several major agenda items, including the Mitigation Work Program (MWP), the Global Goal on Adaptation (GGA), the transition of the Adaptation Fund to serve exclusively under the Paris Agreement, the Just Transition Work Program, and research and systematic observation.

Deep divisions among countries meant that, on many issues, delegates were unable to agree on draft negotiating texts to advance at the 2026 UN Climate Change Conference (COP31), scheduled to take place in Antalya, Türkiye, later this year.

Climate finance remained one of the most contentious issues throughout the Bonn meetings. Developing countries continued to stress that greater financial support is essential for implementing mitigation and adaptation measures, while developed countries faced increasing pressure to scale up commitments.

During the conference, the Organization for Economic Co-operation and Development (OECD) released a new assessment showing that substantial untapped

opportunities exist to better align global financial flows with climate goals.

The report suggested that redirecting investments toward low-carbon and climate-resilient development across regions could significantly accelerate the global transition.

Ocean-based climate action also received renewed attention during the annual UNFCCC Ocean and Climate Change Dialogue, where governments, scientists and stakeholders emphasized the need to better connect local adaptation needs with existing international climate finance mechanisms.

Participants argued that stronger financial support is necessary to help coastal and island communities cope with rising climate risks.

Beyond formal negotiations, several side events highlighted the growing recognition that climate action must be integrated across multiple sectors.

Experts called for stronger links between the Ocean and Climate Change Dialogue and broader UN climate negotiations to ensure greater policy coherence.


Discussions under the Turquoise Nexus Initiative focused on the interconnected challenges of food security, sustainable water management and climate adaptation. Specialists also urged governments to strengthen cooperation across the three Rio Conventions by incorporating wildlife conservation into climate policies.

Meanwhile, the International Treaty on Plant Genetic Resources for Food and Agriculture (ITPGRFA) highlighted the role of its Multilateral System in improving global access to plant genetic resources, supporting food security, biodiversity conservation and climate resilience.

Outside the UNFCCC process, climate scientists and agricultural experts met to review the latest evidence on climate change and agrifood systems.

Their recommendations will contribute to the Intergovernmental Panel on Climate Change (IPCC) Seventh Assessment Report (AR7). Participants agreed that future climate policies should move beyond individual sectors and adopt a comprehensive agrifood systems approach.

Building resilience to climate impacts remained a central theme throughout June. Experts emphasized the critical role of peatlands in storing carbon, protecting biodiversity and strengthening resilience against climate change. Organizers also opened applications for the Earthna Prize 2026, which recognizes innovative resilience solutions rooted in traditional knowledge, with submissions remaining open until 20 July 2026.

Despite limited progress in formal negotiations, the June discussions underscored growing international recognition that stronger climate finance, cross-sector collaboration and integrated policy approaches will be essential for raising global climate ambition ahead of COP31. 

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## PM Directs Comprehensive Green Infrastructure for Chinese EZ in Anwara

Prime Minister Tarique Rahman recently directed the authorities concerned to ensure a comprehensive waste management system and mandatory integration of renewable energy in the Chinese Economic and Industrial Zone in Anwara, Chattogram.



Zonayed Abdur Rahim Saki disclosed the information while briefing reporters at NEC Conference room in the city following the ECNEC meeting held at the Cabinet Division in the city.

The directives came during a meeting of the Executive Committee of the National Economic Council (ECNEC), where the 'Supporting Infrastructure Project for Chinese Economic and Industrial Zone' project was approved conditional upon addressing environmental issues and incorporating sustainable energy solutions into the project design.

The ECNEC approved the "Supporting Infrastructure Project for Chinese Economic and Industrial Zone" at an estimated cost of Tk 4,189.4597 crore, aimed at accelerating industrialization and attracting foreign investment.

State Minister for Planning

## Energy Security, Policy Continuity Key to reviving investment: Titumir

Bangladesh must restore investor confidence, cut red tape, and secure energy supplies to revive investment under the proposed national budget for 2026–27, said Rashed Al Mahmud Titumir, the prime minister's adviser on planning and economic affairs, recently.



the event in Dhaka.

"The first question is confidence," he said, adding that Bangladesh had overcome past economic crises by adopting home-grown strategies rather than textbook prescriptions.

The budget marks a shift towards a "new economic model" focused on investment, jobs, and public trust, he said at a post-budget dialogue.

Investors need policy continuity, deregulation, financing, energy security, and connectivity, Titumir said, citing the proposed five-year policy outlook as a key signal to businesses.

The Metropolitan Chamber of Commerce and Industry (MCCI), Dhaka, the Policy Research Institute of Bangladesh (PRI), and Standard Chartered Bangladesh jointly organized

## Rooppur Nuclear Plant Unit-1 to Add 300 MW to National Grid by August: Minister

Posts, Telecommunications and Information Technology Minister Faqir Mahub Anam recently said more than 1,000 megawatts (MW) of electricity from unit-1 of Rooppur Nuclear Power Plant (RNPP) is expected to be added to the national grid by December this year.



Of the 1000 MW, 300 MW of electricity will be added to the national grid by the end of August this year, he said.

The minister made the remarks while addressing a two-day strategic roundtable discussion, titled "Nuclear Energy: Strategy, Realities and Bangladesh's Path Forward," at the Swapnadeep Resort conference hall in Ishwardi, Pabna.

He also said nuclear fuel loading for the second unit of the nuclear power plant is expected to be completed in April 2027. If everything proceeds according to plan, an additional 1,000 MW from unit-2 will be connected to the national grid by December 2027.

## India Rejects Nepal's Bid to Add 20MW Power Exports to Bangladesh over 'Transmission Constraints'

Nepal's plan to increase electricity exports to Bangladesh has been stalled after India declined approval for an additional 20MW, citing constraints on cross-border transmission capacity, energy officials said.



Energy Secretary-level Joint Steering Committee (JSC).

According to The Kathmandu Post, India's Central Electricity Authority (CEA) withheld clearance for the proposed increase, saying the cross-border transmission corridor lacks sufficient capacity to carry additional load.

Nepal exports its surplus hydropower to India and Bangladesh during the wet monsoon season, while reverting to power imports from India during the winter.

Officials noted that the process has stalled pending a revised tripartite agreement and further reviews by the Nepal-India

A bilateral JSC meeting held in Dhaka on Nov 27, 2025 had agreed in principle to scale up the power trade by adding 20MW to the operational 40MW framework.

## Bangladesh and Malaysia Deepen Energy Cooperation

Bangladesh and Malaysia have reaffirmed their commitment to strengthening bilateral cooperation in the energy sector, with a particular focus on expanding collaboration between Petrobangla and Malaysia's national oil company, Petronas.



during Prime Minister Tarique Rahman's official visit to Malaysia today at the invitation of Malaysian Prime Minister Dato' Seri Anwar Ibrahim, according to a joint statement issued following bilateral talks between the two leaders.

The discussions took place during a high-level meeting between the Prime Minister of Malaysia Anwar Ibrahim and the Prime Minister of Bangladesh Tarique Rahman, followed by a joint press conference highlighting key areas of mutual interest, including energy security, LNG supply, upstream investment, and technical cooperation.

According to officials, both sides placed strong emphasis on enhancing long-term energy partnership amid global market volatility and rising demand for cleaner and more reliable energy sources.

The commitment came

## OPEC Sees Global Energy Demand Rising 23% by 2050, Oil to Retain Leading Role

Global primary energy demand is projected to increase by 23% between 2025 and 2050, driven mainly by population growth, urbanization, and economic expansion in developing countries, according to OPEC's World Oil Outlook 2026.



Africa, and Latin America.

The report forecasts global energy demand rising from 312 million barrels of oil equivalent per day (mboe/d) in 2025 to nearly 383 mboe/d by 2050. Most of the growth is expected to come from India, other Asian economies, the Middle East,

Despite rapid expansion in renewable energy, OPEC projects that oil will remain the world's largest energy source, accounting for just under 30% of the global energy mix by 2050. Combined, oil and natural gas are expected to supply about 54% of global energy demand.

## JERA Signs Deal for Four Ammonia Carriers to Support Low-Carbon Fuel Supply

Japanese power utility JERA has signed long-term charter agreements with Mitsui O.S.K. Lines (MOL) and NYK Group for four very large ammonia carriers to support the Blue Point ammonia project in Louisiana, United States.



million metric tons.

Under the agreements, MOL and NYK will each provide two ammonia carriers, marking the world's first long-term deployment of very large gas carriers (VLGCs) dedicated to ammonia transportation.

JERA plans to use the fuel at its Hekinan Thermal Power Station to co-fire ammonia with coal, supporting Japan's decarbonization goals and the development of a commercial-scale low-carbon ammonia value chain.

The vessels will transport low-carbon ammonia from the Blue Point project, which is expected to begin production in 2029 with an annual capacity of 1.4

## Govt Plans Tk4,973cr Power Upgrade for Dhaka's Industrial Outskirts

The government is set to undertake a Tk4,973.73 crore project to strengthen electricity distribution systems in industrially developed areas surrounding Dhaka to meet rapidly growing demand from industries, businesses and households.



The project, titled "Capacity Enhancement of Electrical Distribution Systems of 13 Palli Bidyut Samities Around Dhaka under REB," will be implemented by the Bangladesh Rural Electrification Board (REB) across 13 Palli Bidyut Samities in Dhaka, Gazipur, Mymensingh, Manikganj, Munshiganj, Narayanganj and Narsingdi districts.

According to the proposal, the initiative aims to modernize and strengthen distribution networks in rapidly industrializing areas, particularly Gazipur, Narayanganj and Narsingdi, where large factories and economic zones have significantly increased electricity demand.

## BERC Weighs Cut in Wholesale Power Tariffs after Retail Rollback

Bangladesh's energy regulator is considering a reduction in wholesale electricity tariffs after reversing planned price hikes for low-income households, as state-run distributors warn of substantial revenue losses.



residential consumers using up to 50 units under the lifeline category and up to 75 units under the first consumption slab.

The Bangladesh Energy Regulatory Commission (BERC) is expected to take a decision soon, although officials say the scale of any reduction remains under review.

Officials estimate that the rollback could reduce the combined revenues of distribution companies by around Tk2,300 crore.

The move follows BERC's 3 June announcement raising both wholesale and retail electricity prices.

The Bangladesh Rural Electrification Board (BREB), which serves the largest number of consumers, is likely to bear the brunt, with projected losses of about Tk1,780 crore.

However, within a day, the regulator partially rolled back the decision, retaining previous tariff rates for

## Tk21,750cr Needed Annually to Meet 2030 RE Target: CSOs

Bangladesh requires an annual investment of at least Tk21,750 crore to achieve its renewable energy targets by 2030, leading civil society organizations said while warning that current budgetary allocations and a restrictive tax order could derail the country's green transition.



sector blueprint remains deeply flawed.

Speaking at a press conference on 21 June, representatives from major environmental and rights groups stated that whilst the government's decision to remove import duties, value added tax, and advance income tax on clean energy equipment for fiscal 2026-27 is welcome, the current

The groups highlighted that the state has earmarked only Tk379.24 crore for renewable energy – a mere 2.2% of the total Tk17,193 crore power sector allocation – leaving a massive public-private funding deficit that threatens the national target of installing 10,000 megawatts of solar power by 2030.

## Bangladesh Ranks 99th in Energy Transition Index

Bangladesh has ranked 99th out of 120 countries in the Energy Transition Index 2026, lagging behind regional peers amid persistent weaknesses in transition readiness and continued dependence on imported fossil fuels despite improvements in electricity access and overall energy-system performance.



emerged as the region's top performer at 68th place, followed by India at 70th. Pakistan ranked 90th, while Nepal stood at 111th.

The Energy Transition Index 2026, published on 18 June by the World Economic Forum in collaboration with Accenture, assessed countries on their ability to balance energy security, sustainability and affordability while advancing towards cleaner energy systems.

Sweden remained the world's best-performing country for the third consecutive year, followed by Finland and Denmark. Advanced economies, including China and the United States, occupied 14 of the top 20 positions.

Within South Asia, Sri Lanka

## BAEC Holds High-Level Roundtable on Nuclear Energy

A two-day high-level strategic roundtable on nuclear energy was held in Ishwardi, Pabna, to strengthen Bangladesh's long-term



nuclear power programme, governance, policy preparedness and national stakeholder engagement.

The Bangladesh Atomic Energy Commission and the Ministry of Science and Technology jointly organized the roundtable with support from the International Atomic Energy Agency.

The discussion, titled "High-Level Strategic Roundtable Discussion on Nuclear Energy: Strategy, Realities and Bangladesh's Path Forward", was held on 12 and 13 June 2026 at Swapnadweep Resort in Green City, Ishwardi, says a press release.

Science and Technology Minister Fakir Mahbub Anam, MP, attended the programme as the chief guest. Science and Technology Secretary Md Anwar Hossain chaired the event.

## Middle East Energy Crisis Could Slow Bangladesh's Growth, Fuel Inflation in FY27

A prolonged surge in global energy prices triggered by the ongoing conflict in the Middle East could significantly weaken Bangladesh's economic outlook in FY2026-27, with finance officials warning of slower economic growth, higher inflation and mounting pressure on the country's external and fiscal balances.

According to official assessments prepared ahead of the national budget, a sustained increase in oil prices could reduce Bangladesh's GDP growth to around 4.5 percent in FY27, well below the baseline projection of 6.5 percent.

Although the economy



is expected to recover gradually in subsequent years, officials believe it may fail to return to its original growth trajectory.

The report warns that if international oil prices rise by an additional 30 percent during FY27, inflation could climb to 9.1 percent, compared with the baseline forecast of 7.5 percent, disrupting the government's efforts to bring down price pressures.

## Asian LNG Demand Rebounds as China Returns to the Market

Asia's liquefied natural gas (LNG) market is showing signs of recovery after months of disruption caused by the Iran conflict and supply interruptions through the Strait of Hormuz.

Renewed buying by China, the world's largest LNG importer, has helped lift regional demand, signaling improved market confidence.

According to commodity analytics firm Kpler, Asia is expected to import around 21.8 million tonnes of LNG in June, the highest monthly volume in five months and slightly above the level recorded a year earlier.

The rebound follows a sharp decline in April, when LNG



imports fell to a six-year low after supply disruptions from Qatar tightened global availability.

China has resumed spot LNG purchases as prices eased from the record highs seen during the peak of the Middle East crisis.

Japan has also increased imports to meet summer electricity demand, while India is diversifying supplies through imports from the United States, Nigeria and Angola to reduce dependence on Qatar.

## Global Energy Access Still Off Track

Despite steady progress in renewable energy deployment, 655 million people worldwide still lacked access to electricity in 2024, while nearly 2 billion people continued to rely on polluting fuels and technologies for cooking, according to the latest Tracking SDG 7: The Energy Progress Report.

The report warns that the world is not on track to achieve Sustainable Development Goal (SDG) 7 on universal access to affordable, reliable and sustainable energy by 2030.

Electrification efforts, particularly in Sub-Saharan Africa, must triple to meet the target, as the region accounts for more than 560 million people without electricity.



Renewable energy continued to expand, supplying over 30% of global electricity, while global renewable generation capacity reached a record high. However, progress in energy efficiency and clean energy financing remains insufficient.

International public finance for clean energy in developing countries increased only marginally to US\$24.6 billion in 2024, with funding for the least developed countries declining.

## Coal Demand Rises Across Asia Amid Oil Supply Disruptions

Coal is regaining importance as an alternative fuel across Asia as countries respond to oil supply disruptions linked to tensions in the Middle East and restrictions on shipping through the Strait of Hormuz.

According to industry executives, China has significantly increased coal stockpiling while also expanding coal-to-chemicals production to reduce dependence on imported crude oil.

The shift reflects growing concerns over energy security and volatile oil markets. Rising demand is also supporting global coal



trade and dry bulk shipping activity.

Shipping industry officials warn that higher fuel costs and longer shipping routes, driven by security risks in the Red Sea and Gulf region, are pushing up freight rates for coal and other bulk commodities.



# Green page

## Rooftop Revolution Aligns with Bangladesh's 35,000MW Energy Vision

Across Dhaka's skyline, once-idle rooftops are being reborn as power stations, marking a quiet but decisive shift in Bangladesh's renewable energy journey.

On the rooftop of "Biniyog Bhaban" in the capital's Agargaon area, a 150 kWp solar photovoltaic installation has emerged as a showcase of how public institutions and utilities can transform unused urban space into engines of electricity, revenue, and climate resilience, according to the Climate Budget Report 2026-27.

The project, implemented under the National Rooftop Solar Program, is hosted by the Bangladesh Investment Development Authority (Bida).

By providing rooftop space while



Dhaka Electric Supply Company Limited (DESCO) undertakes capital investment and operational responsibilities, the initiative demonstrates how collaboration between public institutions and utilities can accelerate renewable energy adoption without imposing heavy upfront costs on government agencies.

## EV Push Emerges as Key Strategy for Energy Security, Green Growth

Bangladesh's transition toward electric mobility is taking shape as more than an environmental initiative, with the government positioning the electric vehicle (EV) sector at the center of a broader strategy to strengthen energy security, reduce dependence on imported petroleum and promote sustainable industrialization.



The National Budget for Fiscal Year 2026-27 (FY27) and the Bangladesh Climate Budget Report 2026-27 outline a series of tax reductions and incentives designed to accelerate the adoption of environmentally friendly transportation while supporting the growth of a domestic EV ecosystem.

The move comes against the backdrop of Bangladesh's heavy reliance on imported energy. According to the budget documents, the country currently imports approximately 95 percent of its petroleum requirements, making fuel dependency a significant national concern.

## Only 2.0% of Energy Budget Goes to RE: CPD

Centre for Policy Dialogue recently said 98 per cent allocation of the energy sector had been given to fossil fuels and only 2 per cent to renewable energy.

The local think-tank also said the allocation to renewable energy was disappointing in a discussion on the Proposed National Budget for FY2026-27: What is there on the Power and Energy Sector? in the capital.



CPD doubted that the government's target of producing 20 per cent renewable energy by 2030.

It also said the favorable fiscal measures to Liquefied Natural Gas imports had been proposed.

Besides more coal production has also been set, added the CPD.

CPD research director Golam Moazzem said disparity in extension of incentives through tax measures towards different types of energy should be addressed before passing the proposed finance bill.

## Bangladesh Can Learn from Pakistan's Solar Revolution: CPD

Bangladesh needs policy reforms, lower taxes and duties, and easier access to financing to accelerate the growth of its renewable energy sector, experts said, adding that Pakistan's recent "solar revolution" offers valuable lessons for expanding rooftop solar and distributed power generation in Bangladesh.



The observations were made at a dialogue titled "Pakistan's Solar Revolution: Lessons for Bangladesh from a National Budget Perspective," organized by the Centre for Policy Dialogue (CPD) at a hotel in the capital recently.

Speakers at the event said Bangladesh has already made a political commitment to transition towards renewable energy, which is a positive development. However,

significant structural and institutional challenges continue to hinder effective implementation.

CPD Research Director Dr. Khandaker Golam Moazzem said Pakistan's rapid expansion of solar power had transformed the country's electricity sector within a short period.

"Bangladesh can also reduce its dependence on fossil fuels and make more effective use of renewable energy resources," he said.

## Geopolitical Tensions Slow Global Energy Transition, WEF Warns

Rising geopolitical tensions, supply chain disruptions and surging energy demand are fragmenting the global energy transition and slowing progress toward cleaner, more secure energy systems, according to the World Economic Forum's (WEF) Energy Transition Index 2026, released in collaboration with Accenture.



The report says that despite record global energy investment of \$3.3 trillion in 2025, including \$2.3 trillion in clean energy, progress has stalled as energy security concerns, infrastructure bottlenecks and financing challenges continue to hinder the transition.

WEF noted that recent disruptions in the Strait of Hormuz have further exposed the vulnerability of global energy systems, particularly for import-dependent emerging economies, highlighting the need for

more resilient and diversified energy supplies.

According to the index, overall energy transition performance remained largely unchanged over the past year, with declines in energy security and transition readiness offsetting gains in sustainability.

While around 60% of countries improved their overall scores, only one in four achieved balanced progress across energy security, sustainability and equity.



## CPD Welcomes RE Incentives in FY27 Budget

The Centre for Policy Dialogue (CPD) has welcomed several renewable energy incentives proposed in Bangladesh's FY2026-27 national budget but cautioned that continued fiscal advantages for fossil fuels could undermine the country's long-term energy transition goals.

CPD Senior Research Associate Helen Mashiyat Preoty presented these observations in a paper titled "Proposed National Budget for FY2026-27: What is There for the Power and Energy Sector?" at a discussion held at the organization's Dhanmondi office on Wednesday.



The session was chaired by CPD Research Director Khondaker Golam Moazzem.

The proposed budget allocates Tk 17,345 crore to the Ministry of Power, Energy and Mineral Resources, representing a modest 2.3% increase from the revised FY2025-26 budget. Of this amount, Tk 17,193 crore is allocated for development expenditure, while Tk 152 crore is designated for operational expenditure, which has increased by 7.8%.

However, CPD highlighted a concerning long-term trend: the ministry's share of the national budget has steadily declined from 6.87% in FY2015-16 to 1.85% in FY2026-27.

The Power Division received Tk 14,996 crore, a 3.9% decrease from the revised allocation, while the Energy and Mineral Resources Division saw a significant 72% increase to Tk 2,349 crore, mainly due to higher development spending.

## Global Solar Installations Hit Record 664GW in 2025

The global solar industry installed a record 664GW of new photovoltaic capacity in 2025, lifting worldwide solar capacity beyond 3 terawatts (TW) in early 2026, according to the Global Solar Market Outlook 2026–2030 released by SolarPower Europe.



The report said annual installations rose by 12% from 2024, although the pace of growth slowed compared with previous years.

The Asia-Pacific region dominated the market, accounting for 487GW, or 73% of new capacity, with China alone installing a record 382 GW, representing 57% of global additions.

India emerged as the world's second-largest solar market after adding 45.7GW, surpassing the United States.

Europe installed 81.6 GW of new solar

capacity in 2025, while the Americas added 43.2GW. The Middle East and Africa recorded the fastest growth rate, with installations increasing by 51% to 23.7GW.

SolarPower Europe noted that solar now supplies around 9% of global electricity demand, three times its share five years ago, and accounted for nearly 80% of all renewable energy capacity additions in 2025, exceeding the combined additions of fossil fuel and nuclear power generation.

## ABB Re-enters Power Electronics Market with New Proteus Portfolio

ABB has re-entered the power electronics market with the launch of its new Proteus portfolio, offering advanced power conversion solutions for the solar photovoltaic (PV) and battery energy storage system (BESS) sectors.



The new product range follows ABB's acquisition of Gamesa Electric and includes high-efficiency 4.7 MVA central solar inverters with up to 99.45% conversion efficiency, alongside bidirectional converter stations and advanced control systems for energy storage applications.

ABB said the Proteus portfolio is designed to support grid stability, renewable energy integration, and large-scale clean energy deployment.

The company plans to officially

showcase the new solar inverter range at Intersolar Europe 2026 in Munich.

The launch marks ABB's return to the power electronics business after exiting the sector in 2020, reflecting growing global demand for solar and energy storage technologies as the clean energy transition accelerates.



## Europe's Energy Storage Capacity Surpasses 100GW

Europe's installed energy storage capacity has exceeded 100GW for the first time, surpassing the region's nuclear power capacity and marking a major milestone in the clean energy transition, according to the 10th edition of the European Market Monitor on Energy Storage (EMMES) released by LCP Delta and Energy Storage Europe.



The report said Europe added a record 13.5GW/26.4 GWh of electrochemical energy storage in 2025, increasing total installed storage capacity across all technologies to 102.7GW.

Behind-the-meter storage reached 30.2 GW/46.2GWh, driven by strong demand in Germany, Italy, the Netherlands, Austria, and the United Kingdom.

The expansion has been fueled by rising adoption of solar-plus-storage systems, dynamic electricity pricing, and growing electrification of homes and businesses.

Meanwhile, utility-scale, front-of-the-meter battery storage climbed to 18.5GW/34.4GWh, with significant growth in the United Kingdom, Italy, Poland, Belgium, Bulgaria, and Spain through capacity markets and dedicated storage support schemes.

## BGMEA, Environment Ministry Discuss Practical Approaches to Strengthen Environmental Compliance

The Bangladesh Garment Manufacturers and Exporters Association (BGMEA) and the Ministry of Environment, Forest and Climate Change held a high-level meeting to explore practical measures for improving environmental compliance while supporting the sustainable growth of Bangladesh's apparel and textile industry.



aligning environmental regulations with the operational realities of the ready-made garment (RMG) and sustainable textile sectors.

The meeting took place at the Bangladesh Secretariat, where a BGMEA delegation led by President Mahmud Hasan Khan met with Environment, Forest and Climate Change Minister Abdul Awal Mintoo.

During the meeting, industry leaders reaffirmed their commitment to environmental sustainability while highlighting several technical and implementation challenges associated with the Environmental Conservation Rules 2023.

Discussions focused on

## 250m Trees Could Earn Bangladesh \$1.0b a Year in Carbon Credits

Bangladesh could earn nearly US\$1.0 billion annually through carbon credit trading from its nationwide 250 million tree plantation program, according to a government report, highlighting a major opportunity to combine climate action with green economic growth. Prime Minister Tarique Rahman officially launched the ambitious five-year programme on June 13, aiming to strengthen environmental protection and mitigate the impacts of climate change by planting 25 crore trees across the country.



credits through large-scale afforestation. Under international carbon market mechanisms, designated plantation areas must be registered in advance and regularly reported to relevant international authorities and participating countries.

According to the Climate Financing Budget Report, one of the initiative's most significant features is its potential to generate substantial carbon

By increasing carbon sequestration and reducing net greenhouse gas emissions, the programme could create significant financial returns through carbon credit trading.

## PM Calls for Coordinated Global Action for Climate-Vulnerable Countries

Prime Minister Tarique Rahman has called for coordinated international initiatives led by the World Economic Forum (WEF) to support Bangladesh



and other delta nations, as well as countries highly vulnerable to rising sea levels and climate change impacts.

He made the remarks during a courtesy meeting with World Economic Forum President and Chief Executive Officer Alois Zwinggi at the Dalian International Conference Center in China recently.

At the beginning of the

meeting, Alois Zwinggi congratulated the Prime Minister on assuming office as head of government.

During the discussions, the Prime Minister appreciated various initiatives undertaken by the World Economic Forum to address climate change and stressed the need for a more coordinated global framework to support climate-vulnerable countries.

## 80% Used Batteries Recycled Informally

Bangladesh needs a market-based approach involving battery tracking, financial incentives and stronger regulation to tackle unsafe lead-acid battery recycling, researchers and policymakers said recently.



They said around 80 percent of used lead-acid batteries are currently processed through informal and illegal facilities, creating serious public health, environmental and economic risks.

The challenge is not only to stop unsafe recycling but also to build a system where batteries are properly tracked, safely recycled and managed through

a responsible circular economy, they said at a seminar titled "Evidence to Action: Economic and Policy Pathways for a Safer Lead-Acid Battery Circular Economy in Bangladesh".

Presenting a new policy study at a city hotel, Prof Erica Plambeck of Stanford University said informal recyclers dominate the sector because they avoid taxes, environmental compliance costs and regulatory requirements.

## Thailand's OR Unveils 2030 Sustainability Roadmap

PTT Oil and Retail Business Public Company Limited (OR), Thailand's leading energy and lifestyle retailer, has unveiled its OR 2030 Goals, outlining an ambitious sustainability roadmap focused on inclusive economic growth, community development, and environmental stewardship amid the global energy transition.

The new strategy is built around the People, Planet and Performance (3Ps) framework and sets three key targets by 2030: supporting more than one million partners, employees and community stakeholders, improving the quality of life for over 12 million people



across 17,000 communities, and cutting greenhouse gas emissions by more than one-third from 2022 levels, while maintaining its long-term goal of achieving Net Zero emissions by 2050.

The announcement follows OR's recognition as the No. 1 company in the retail industry in the S&P Global Sustainability Yearbook 2026 for the third consecutive year.

## OECD Report Assesses Climate Alignment of Financial Flows

The number and mix of climate-related financial sector policies has continued to expand.

Between 2023 and 2025, their number grew by more than 25%, with transparency dominating the mix (78%), prudential measures on the rise (20%), and monetary policy tools remaining scarce (2%).

Against the backdrop of the large volume of traditional corporate bond issuance to energy and industrial sectors, the report points to untapped opportunities to transition financial flows across geographies.

The Organisation for Economic Co-operation and Development (OECD)



has published a report that tracks a variety of climate-related financial sector policies, assesses the degree to which financial flows align with climate goals, and charts the landscape of climate metrics used in the financial sector.

The report seeks to support investors and policymakers by identifying untapped opportunities to transition financial flows.

## Wärtsilä Demonstrates World's First Large-Scale 100% Hydrogen Engine

Finnish technology company Wärtsilä has successfully demonstrated what it describes as the world's first large-scale engine operating entirely on 100% hydrogen, supplying electricity to Spain's national grid from its test facility in Bermeo.



The milestone marks a significant advance in hydrogen-based power generation, proving that large engine systems can run exclusively on hydrogen under real grid conditions.

The demonstration features Wärtsilä's 31H2 engine, which is currently undergoing performance validation.

According to the company, the hydrogen-powered engine is designed to provide flexible, dispatchable electricity that can help balance intermittent renewable energy sources such as wind and solar.

Green hydrogen also offers long-duration energy storage while producing no carbon emissions at the point of use.

## UN Climate Dialogue Calls for Stronger Ocean Action Ahead of COP31

The UNFCCC's 2026 Ocean and Climate Change Dialogue has called for stronger integration of ocean, climate, and biodiversity policies to accelerate global climate action ahead of COP31.



Delegates stressed that protecting marine ecosystems and expanding ocean-based solutions are essential for achieving the goals of the Paris Agreement.

Participants emphasized the need for greater access to climate finance, enhanced international cooperation, capacity building, and improved governance to help countries implement ocean-related commitments.

They also highlighted the importance of aligning

national climate plans, biodiversity strategies, and adaptation policies to maximize environmental and economic benefits.

The dialogue concluded with growing support for stronger ocean-focused commitments at COP31, with delegates expressing optimism that the discussions will translate into concrete actions to strengthen climate resilience, protect marine biodiversity, and advance sustainable development.

## UN80 Reform Push Seeks Stronger Global Environmental Governance

The United Nations has unveiled preliminary proposals under its UN80 reform initiative to strengthen global environmental governance by improving coordination across climate, biodiversity, and sustainable development efforts.

A draft assessment, jointly led by the UN Framework Convention on Climate Change (UNFCCC) and the UN Environment Programme (UNEP), identifies fragmentation in environmental science, governance, and implementation, while recommending closer cooperation among UN agencies and multilateral environmental agreements.



The report also proposes enhancing the role of the UN Environment Assembly (UNEA), strengthening coordination mechanisms, and introducing AI-enabled support centers to help countries implement environmental commitments more effectively.

It emphasizes greater policy coherence, improved access to financing, and stronger engagement with the private sector to accelerate sustainable development.

## UN Calls for Greater Investment to Accelerate Clean Energy Transition, SDG Progress

The United Nations has urged governments and international financial institutions to significantly increase investment in clean energy and sustainable infrastructure, warning that financing gaps are slowing progress toward achieving the Sustainable Development Goals (SDGs) by 2030.



and 2024, reaching more than double its 2015 level.

Despite these gains, the report cautions that declining development assistance and weaker investment flows threaten further expansion of clean energy, particularly in developing countries.

Official Development Assistance (ODA) fell by 6.1 percent in 2024, while foreign direct investment (FDI) to developing economies declined by 2 percent in 2025.

In his latest SDG Progress Report, UN Secretary-General António Guterres noted that while global electricity access has reached 92 percent of the world's population, nearly one in twelve people still lack reliable power.

The report also highlights that renewable energy capacity per capita grew by 14 percent between 2023

## CSOs Call for Faster Fossil Fuel Transition Ahead of COP31

Nearly 100 civil society organizations from Türkiye and Australia have jointly called on the incoming COP31 Presidency to make the global transition away from fossil fuels a top priority at the UN climate summit later this year.



In a letter signed by 94 organizations during the Bonn Climate Conference, the groups urged COP31 leaders to accelerate a just, orderly and equitable transition from coal, oil and gas while strengthening international climate finance and ensuring that major polluters contribute more to funding climate action.

The organizations also called for the implementation of the Just Transition Mechanism agreed at COP30, with clear funding, timelines and measures to protect workers and vulnerable communities.

They emphasized the need to shield climate negotiations from fossil fuel industry influence and to ensure meaningful participation of civil society and Indigenous communities.

## COP31 Hosts Urged to 'Lead by Example' on Fossil Fuels

Nearly 100 campaign groups recently called on COP31 climate summit co-hosts Turkey and Australia to 'lead by example' by addressing their reliance on planet-heating fossil fuels.



Turkey is staging the UN climate talks in November but Australia will oversee the formal negotiations, in an unusual arrangement reached after both countries bid to host the conference. The summit is taking shape as war in the Middle East drives up energy and commodity prices and highlights the vulnerability of fossil-fuel dependent economies to supply shortages.

Turkey and Australia have encouraged countries to

embrace renewable energy as a bulwark against unreliable energy imports.

But in an open letter on Friday, dozens of non-governmental organisations urged Turkey and Australia to 'address the number one cause of the climate crisis – the burning of coal, oil and gas'.

'Action on fossil fuels must start at home,' said Duygu Kutluay from Beyond Fossil Fuels, one of 94 groups to sign the letter to COP31 president Murat Kurum and negotiations chief Chris Bowen.

# Factories Need Energy, Not Promises

**B**angladesh's ready-made garment (RMG) industry, the country's largest export earner, is confronting one of its most serious operational challenges in years. Escalating energy costs, persistent gas shortages, and unreliable electricity supplies are eroding competitiveness at a time when manufacturers are also facing tighter sustainability requirements and intense global competition. Although the industry accepted higher gas tariffs in return for assurances of improved supply, many factories continue to struggle with production disruptions.

In an interview with Energy & Power Editor Mollah Amzad Hossain, BGMEA President and Rising Fashion Ltd. Managing Director Mahmud Hasan Khan discusses why restoring reliable energy supplies has become essential to protecting exports, attracting investment, and sustaining millions of jobs.

**How do you assess the current state of Bangladesh's ready-made garment industry? Many believe the sector has been under severe pressure over the past three to four years and is unable to utilize its full production capacity. What is the way forward?**

The garment industry is currently facing multiple challenges, but the most serious are high gas and electricity prices, coupled with the inability to obtain gas supplies in line with demand despite paying higher tariffs. At the same time, there is no guarantee of uninterrupted, quality electricity supply.

These factors are steadily eroding Bangladesh's competitiveness in the global apparel market. Rising financing costs and uncertainty over energy availability have become the industry's biggest obstacles. Many factories have already closed, while others are unable to operate at full production capacity because of inadequate gas and electricity.

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The only sustainable solution is to ensure an adequate gas supply at the required pressure while guaranteeing reliable, high-quality electricity. We have repeatedly discussed these issues with successive governments and presented our recommendations, but little progress has been made. After the current government assumed office, we again highlighted the severity of the crisis.

It is important to understand that financial incentives alone cannot revive struggling industries if reliable energy is unavailable. Without addressing the energy shortage, more factories will become financially distressed and eventually shut down.

**Bangladesh's garment industry has invested heavily in energy efficiency and green energy. Many say these investments have been driven by buyers' sustainability requirements, yet garment prices continue to decline. How is the industry responding?**

I would not say that buyer pressure is the primary reason behind these investments. The industry has invested in energy efficiency mainly to reduce rising production costs.

Manufacturers serving the domestic market can often pass higher energy and financing costs on to consumers. Export-oriented garment manufacturers do not have that luxury. We must compete with other exporting countries while maintaining competitive prices in the global market.

As a result, factories are investing continuously in energy-efficient technologies. Today, before purchasing machinery, motors, or industrial equipment, manufacturers carefully assess their energy performance. We will continue investing in modern technologies to improve efficiency and remain globally competitive.

**Gas and electricity prices continue to rise, while reliable electricity remains difficult to**



**Mahmud Hasan Khan**

**We accepted higher gas prices after the government assured us that supply would improve. Instead, industries are paying more while receiving less gas. There is no alternative to ensuring adequate gas and electricity supplies at competitive prices if Bangladesh wants to protect its existing industries, attract new investment, sustain exports, and preserve millions of jobs.**

**obtain. Despite paying significantly higher gas tariffs, industries say gas supply has actually declined. How is this affecting production? Has BGMEA conducted any assessment?**

The gas shortage is placing industries under increasing pressure every day. Many gas-fired captive power plants cannot operate because sufficient gas is unavailable, forcing factories to switch to diesel generators. This has dramatically increased operating costs.

According to Petrobangla, the country's daily gas demand is around 4,200 million cubic feet (MMCFD). However, total supply—including domestic production and imported LNG—is only about 2,600 to 2,700 MMCFD. At the same time, officials from the Energy Division have acknowledged that domestic gas production is declining by roughly 150 MMCFD each year.

Currently, Bangladesh's two operational Floating Storage and Regasification Units (FSRUs) have a combined regasification capacity of about 1,100 MMCFD. Although efforts are underway to increase domestic gas production, the industrial sector cannot afford to wait years for those projects to deliver results.

We accepted higher gas prices after the government assured us that supply would improve. Instead, industries are paying more while receiving less gas. This situation is forcing manufacturers to rely on expensive alternative fuels, weakening Bangladesh's competitiveness in international markets. Moreover, many factories are unable to utilize their full production capacity because of energy shortages.

There is no alternative to ensuring adequate gas and electricity supplies at competitive prices if Bangladesh wants to protect its existing industries, attract new investment, sustain exports, and preserve millions of jobs. The government must treat this challenge as a national priority and act with the urgency of an emergency response.

**Industry leaders have repeatedly called for the rapid installation of two additional Floating Storage and Regasification Units (FSRUs). Why is this so important?**

We have consistently urged the government to install two more FSRUs as quickly as possible to address the country's growing gas shortage. Unfortunately, that has not happened. We strongly request the current government to begin work on these projects without further delay. If the gas crisis continues, the textile and ready-made garment (RMG) sectors will face even greater challenges.

**BGMEA has said that rising energy prices are reducing the competitiveness of Bangladesh's garment industry compared with countries such as Vietnam. How can the sector overcome this challenge?**

Bangladesh is gradually losing its competitive edge against other garment-exporting countries, and I believe the outlook could become even more difficult. Because of inadequate gas supplies, many industries have been forced to switch to LPG. However, LPG costs nearly three times as much as natural gas, even at the current gas tariff.

**The government must respond with the urgency of a national emergency. At the same time, the cost of financing must be reduced to help industries remain competitive.**

The government increased gas prices with the assurance that supply would improve. We are paying the higher prices, but the gas shortage has actually worsened. Entrepreneurs alone cannot solve this problem. The government must respond with the urgency of a national emergency. At the same time, the cost of financing must be reduced to help industries remain competitive.

**Domestic gas production continues to decline, making increased LNG imports unavoidable. Since LNG is more expensive, higher gas prices may also be inevitable. How is the RMG sector preparing for this reality?**

No doubt, increasing LNG imports will raise the average cost of gas. However, industries cannot survive without a reliable gas supply. It is also important to note that industrial and captive power users are already paying the highest gas tariffs.

In my opinion, there is little room to increase gas prices for industries further, because they are already paying above the average cost of supply. To protect employment and sustain exports, the government should maintain the current tariff while ensuring an uninterrupted gas supply according to industrial demand.

**Bangladesh currently depends on imports for around 62.5 percent of its primary energy. Experts argue that the country must invest heavily in domestic gas and coal exploration while expanding renewable energy. Will BGMEA raise these issues with the government?**

The heavy dependence on imported energy is the result of previous governments' failure to adopt effective policies for exploring and utilizing

domestic gas and coal resources.

At present, however, there is no alternative to importing gas if we want to sustain existing industries and encourage new investment. At the same time, alternative energy sources should be used in other sectors so that more natural gas can be supplied to industries.

The industrial sector is already investing in renewable energy, but renewables alone cannot meet the country's total energy demand. The government must take the lead in resolving this crisis.

We have already discussed these issues with the Energy Minister and hope to meet the Prime Minister soon to seek immediate action to address the energy shortage affecting industries. We believe the government will take the necessary steps to support industrial growth and create new employment opportunities.

**European markets are tightening carbon footprint requirements, with exporters expected to significantly reduce emissions by 2030. Discussions are also continuing under international climate negotiations. Is BGMEA preparing for these new standards ahead of COP31?**

There is no alternative to complying with the environmental requirements of our export markets specially in Europe. Currently, only a limited amount of renewable energy is being used in the garment industry. To meet the 2030 targets, around 30 percent of the energy used in production will need to come from renewable sources.

Textile mills generally have large factory premises, making rooftop solar installations more practical. However, most garment factories are vertically developed, leaving very limited rooftop space for large-scale solar generation.

As a result, garment manufacturers will need to purchase renewable electricity from utility-scale solar plants through Corporate Power Purchase Agreements (CPPAs) under the Merchant Power Policy. However, the proposed wheeling and compensation charges of Tk 2.75 per unit are too high. Unless the Bangladesh Energy Regulatory Commission (BERC) reduces these charges to a reasonable level, many garment manufacturers will not be able to benefit from the scheme. In that case, companies may have to rely on purchasing green certificates or similar instruments to meet buyers' sustainability requirements. ■

# LET THERE BE NO LOAD-SHEDDING DURING WORLD CUP

The entire nation – not only the football fans – is in an ecstatic mood thanks to the ongoing World Cup competition, the greatest show on earth. Bangladesh is not among the 48 countries that have qualified for the tournament – held after every four years, but the fans here are as enthusiastic as the playing nations. Defending champions Argentina and five-times world champions Brazil have the largest number of fans in Bangladesh. France, England, Portugal have also many followers but their number is far behind the two Latin American heavyweights. In Bangladesh the time is now for wiping out sleep from eyes in order to watch and enjoy the exciting moments with football giants such as Messi, Ronaldo, Neymar, Kylian Mbappe, Vini, Halland and Harry Kane fighting for glory. The problem here has been the timing of the matches: midnight or early morning. Many are defying the odds in the timing.

While fans –millions in number – are

cheering and shouting for their teams the World Cup matches have caused some concern for the electricity authorities. Not alarming though there have recently been incidents of protests, vandalism and violence over load-shedding during the matches. Some areas have seen human chain protests on the streets and stoning of rural electrification offices. According to Prothom Alo such protests have been reported from Tangail, Jhalakathi, Netrokona and Sylhet and Dhaka's Dohar area. Rrural electrification authorities in these areas have asked for additional security measures fearing power outage-related protests. As the weather heats up despite monsoon rains the demand for electricity has increased pushed up by increased use of fans and air conditioners. The World Cup has added some extra hardships though. It has broken the normal pattern of electricity consumption in the country – peak hour from the evening till 11 pm. Now the demand goes up from midnight

until early morning as many of the World Cup matches are late night and morning affairs. With power being produced far below the capacity the existing daily load-shedding is hovering close to 3,000MW. The brunt of the shortage is being diverted to the rural areas – the perennial sufferers of a discriminatory policy. For lack of fuel and pending bills many of the power plants are sitting idle while the country can actually generate up to 13,000MW of electricity as against the normal summer demand up to 16,000MW a day.

Here goes the fact. The country has now a generation capacity of around 29,000MW. The actual generation hardly crosses 14,000MW. This means around half the capacity remains idle despite being paid in US dollars as capacity charge. This gap is being tackled by shedding the load with the rural areas - where 57% of the generation goes-being the worst sufferers.

What causes the load-shedding and why the rural areas suffer the most? The answer is: Power Development Board's failure to clear the dues of the power plants and disruption in fuel supply, a long-standing issue that has reached a critical stage due to the war and conflicts in the Middle East and Ukraine. Both wars have disrupted the supply chain of fuel with import-dependent countries like Bangladesh becoming the worst victims.

What Bangladesh now requires most is to ease the reliance on imported fossil fuel. Let's have a pivotal change in the fuel policy and try to explore more fields for natural gas on-shore and off-shore. Drilling for new gas fields has to be started without delay. The new BNP government has invited international oil companies to participate in its bid for offshore oil search. Conditions have been relaxed making the offer more lucrative to the international companies. It's now time to wait and see the outcome. ■

## Reverse Swing



Farid Hossain



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