



Ranadev Dasgupta

If Open Access Is Too Expensive, Is It Really Open?

On 20 August, the Bangladesh Energy Regulatory Commission is scheduled to hold a public hearing on the tariff and commercial arrangements for renewable energy-based Merchant Power Plants.

The subjects on the table go beyond the Open Access Tariff. The Commission will also consider transmission and distribution losses, Energy Management and Accounting Charges, operational procedures, billing arrangements and energy settlement.

These sound like technical details. They are anything but. Together, they will determine what it costs for a renewable generator to use the grid to

sell electricity to an eligible industrial consumer. And that number may decide whether Bangladesh's new merchant-power market gets off the ground.

There is already reason for the scrutiny. Energy & Power has recently referred to proposed wheeling and compensation charges of Tk 2.75 per unit. Whether that figure appears in exactly the same form at the hearing remains to be seen. But if the overall charge is indeed around that level, the first question should not simply be whether Tk 2.75 is "high" or "low". The better question is what exactly we are paying Tk 2.75 for.

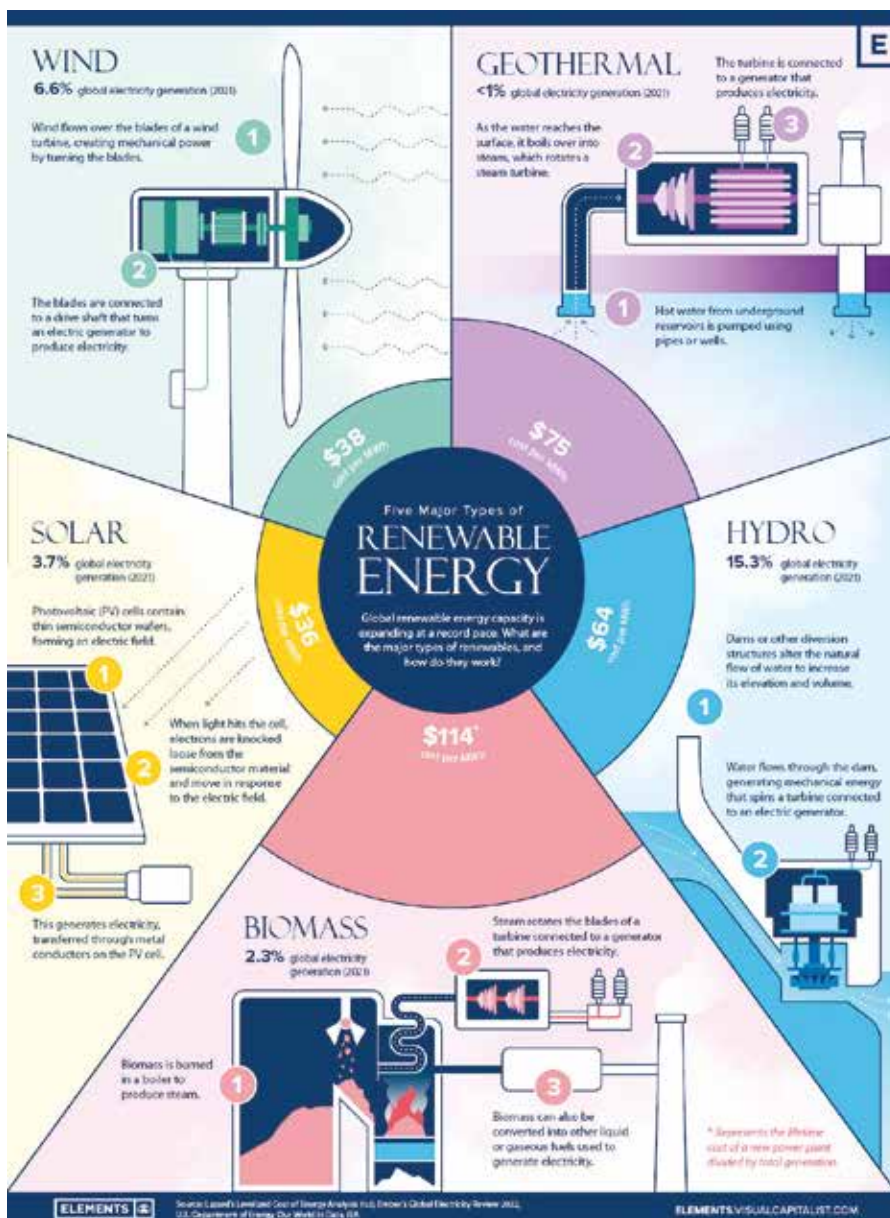
A Cost-Reflective Open Access Framework

Nobody is arguing that Merchant Power Plants should use the national grid free of charge. Power Grid and the distribution utilities operate infrastructure that is essential to the transaction. They maintain lines and substations, run distribution networks, meter electricity, manage data, settle energy flows and maintain system reliability.

These are real services. They have real costs, and the utilities should recover those costs.

But an equally important principle must apply on the other side: an open-access customer should pay for the network and services it actually uses. It should not automatically become responsible for every financial burden carried by the utility.





A factory connected at 33 kV does not necessarily use all those network layers.

The distinction matters because the 2025 Merchant Power Plant Policy changes the nature of the transaction. An eligible Large Consumer or Bulk Power Consumer can contract directly with a renewable Merchant Power Plant, while Power Grid and, where necessary, a distribution utility provide the network on a non-discriminatory basis.

The grid remains indispensable. But for the electricity purchased from the MPP, the utility increasingly becomes a provider of network and system services rather than the sole seller of energy.

That means the Open Access Tariff

should begin with the cost of providing those services. It should not begin with the question: "How much revenue will the utility lose if this customer buys electricity somewhere else?"

Follow the Cost

There is already a useful benchmark. Following BERC's June 2026 tariff revision, Power Grid's transmission wheeling charges were reported at about Tk 0.38–0.39 per kWh, depending on voltage level.

That does not mean the total Open Access charge should be Tk 0.39. Distribution, metering, scheduling and settlement may create legitimate additional costs.

But the Power Grid tariff gives us a sensible starting point. From there, every material addition should be explainable.

How much is transmission? How much is distribution? How much is metering and energy accounting? Is there a standby component? An imbalance charge? A contribution towards a wider financial obligation of the utility?

If the final number is around Tk 2.75, the Commission and the market should be able to see clearly how we moved from a transmission benchmark of about Tk 0.39 to the total open-access cost. The difference may be justified. But it should be demonstrated, not assumed.

This is particularly important on the distribution side. A distribution company operates an entire system that may include 33 kV networks, 11 kV feeders, low-voltage lines, distribution transformers, residential connections and rural networks.

A factory connected at 33 kV does not necessarily use all those network layers.

Should that factory pay its proper share of the infrastructure used to transport its merchant electricity? Of course. But should it automatically pay the average cost of the utility's entire distribution system? That is much harder to defend.

The MPP Policy itself differentiates eligible consumers by voltage level. A

132 kV consumer, a 33 kV factory and an 11 kV customer use the network differently. Open-access pricing should recognize the same physical reality.

Put simply, the deeper a customer uses the network, the more of the network it should pay for. That is ordinary cost allocation, not a concession to renewable generators.

The All-In Cost Matters

There is another reason not to focus only on the headline Open Access Tariff. BERC's hearing notice also covers network losses, Energy Management and Accounting Charges, billing and settlement methodology. A reasonable-looking wheeling tariff can therefore become considerably more expensive once everything else is added, and what matters to an industrial buyer is the all-in delivered cost.

This is why BERC should publish a simple worked example with its final decision. Take one representative MPP and one 33 kV industrial consumer. Start with 1,000 kWh injected by the MPP. Then show the deductions and charges: transmission loss, distribution loss, Power Grid charge, distribution charge, energy-management cost, imbalance treatment, and backup supply. At the end, show how many units are credited to the buyer and the total network-related cost.

Losses are another area where precision matters. Technical electrical losses are unavoidable, and an open-access transaction should bear its appropriate share.

But technical loss and commercial loss are not the same thing. Electricity theft, collection inefficiency, non-payment or other commercial problems elsewhere in the system are not created by an MPP sending electricity to an identified industrial consumer. The open-access loss factor should therefore reflect technically attributable losses as far as practicable.

The same logic should apply to standby power. A factory buying solar electricity from an MPP may still need the grid when generation falls short, or the plant is unavailable. Keeping supply capacity available has value.

But if the service is standby capacity, price standby capacity transparently. Similarly, if an MPP deviates from schedule and creates additional balancing requirements, there can be a transparent mechanism for settling that deviation. Identify the service and charge for that service.

Lost Revenue and the Transition Question

Perhaps the hardest part of the debate concerns lost utility revenue. If large industrial consumers begin buying part of their electricity directly from Merchant Power Plants, distribution companies may lose some electricity-sales revenue. That concern is real.

But lost retail revenue is not automatically a network cost.

If policymakers conclude that open access creates genuine stranded costs or threatens an existing cross-subsidy arrangement, let us discuss that openly. There may even be an argument for a temporary transition mechanism, but it should be called what it is.

If it is a transition charge, identify it separately. Explain how it was calculated. Put a timeframe on it. Review it as the market develops. Do not permanently convert a wider power-sector revenue problem into the supposed cost of physically wheeling electricity.

A new supplier cannot meaningfully compete if the price of entering the network is designed primarily to reproduce the incumbent supplier's foregone retail margin.

Building a Market That Works

None of this means the Commission should favor developers at the expense of utilities. A tariff that is too low is not sustainable. Utilities must recover the efficient costs associated with open-access transactions. But a tariff that is too high creates a different problem: an industrial consumer considering a long-term Merchant Power Purchase Agreement will accept contractual obligations, payment-security requirements, settlement procedures and regulatory risks. There must be a meaningful commercial reason for the buyer to make that commitment.

If network charges absorb most of the benefit, the buyer will not sign the MPPA. Without the MPPA, the developer cannot finance the project. Without financing, there is no Merchant Power Plant. And without Merchant Power Plants, there is no new electricity to wheel and no new open-access revenue for the utilities.

The objective should therefore not be to maximize the charge per unit. It should be to build a market in which the grid is fairly compensated, and enough transactions actually take place.

Open access can also create a long-term opportunity for the utilities. As the electricity sector evolves, the grid becomes the platform linking generators, consumers, storage systems and new energy services. Utilities can earn regulated revenue for enabling those transactions rather than relying entirely on buying and reselling every unit of electricity.

Bangladesh has already taken the policy decision to allow renewable Merchant Power Plants. Now comes the harder part: putting an economic framework around that decision.

BERC does not need to decide whether it is "for" the utilities or "for" renewable developers. It only needs to insist that the numbers answer a straightforward question: what service is being provided, and what does that service reasonably cost?

If that exercise produces a low Open Access Tariff, it should not be regarded as a subsidy to merchant power. If it produces a higher tariff, the evidence should show why.

The grid should be paid. But before deciding how much, Bangladesh should be very clear about what it is being paid for.

Because an electricity market cannot really be called open if the economics make access practically unusable. ■

Ranadev Dasgupta is a Renewable Energy Consultant working on renewable-energy project development, power-sector policy and project finance in Bangladesh. The views expressed in this article are personal.