

Interim Govt Starts Energy Sector Reform

Engr. Khondkar Abdus Saleque

The interim government, formed following the fall of the Awami League government amid a mass upsurge, has inherited a chronic energy crisis among others. Flawed policy, mismanagement, and corruption pushed all state-owned enterprises BPDB, BPC, and Petrobangla to bankruptcy. Massive supply shortage of electricity and gas has severely impacted the operation of industries and almost all fertilizer plants are shut down. SOEs have over US\$ 5.0 billion in debt liabilities. Putting the derailed energy and power sector back on track is one of the top priorities of the interim government. Sustainable energy security and a smooth supply of energy and power at affordable cost are essential for the seamless and unhindered growth of the economy. The interim government has no other alternatives but to carry out reforms.

Immediately after assuming office, the government took two actions – suspended the operation of the controversial Quick Enhancement of Electricity and Energy Supply (Special Provision) Act 2010 and annulled the BERC Act amendment – receiving appreciation from energy experts, analysts, and other stakeholders. This write-up will discuss how the two unprofessional actions by the government created crisis and chaos in the power and energy sector.

The Quick Enhancement of Electricity and Energy Supply (Special Provision) Act 2010

Enacted in October 2010, it gave the Bangladesh government sweeping powers to bypass existing legislation in the energy and power sectors and implement

projects quickly, on the rationale that red tape and bureaucracy were acting as impediments. That act gave indemnity to all officials involved in awarding projects to contractors based on unsolicited offers without competition. Such a black act created a lack of transparency and accountability and encouraged widespread corruption. Initially approved for two years as a contingency action, the tenure of the act was extended several times till 2025. There are allegations that under cover of the act, huge public money has been plundered by government-favored syndicates in the name of rental, quick rental of unnecessary power plants. There were no fair competitions and such projects were awarded at much higher costs. Since most of these plants were constructed without caring for fuel supply or actual demand these remained idle most of the time, yet the government paid huge capacity charges per the lop-sided contract provisions. The tenure of several such plants was extended a few times favoring the owners. The onus of excessive unjustified generation cost was transferred non-holistically to the consumers or government paid huge subsidy. Even after all these SOEs are now under huge debt liabilities. It is good that the government has suspended the operation of the act. All contracts under negotiation stand suspended or scrapped. Even the deals already signed are planned to be reviewed. Not only rental or quick rental power plants, but many other power and energy sector projects were awarded to government-favored contractors at much higher than market price without properly assessing whether these were essential. The Minister of Energy was given

authority to negotiate and award contractors with any contractor based on their unsolicited offers. The act also had a provision that no government officials working in the process could be questioned in the court for their actions. This unfair provision led to the syndicate siphoning off a huge chunk of ill-gotten money outside Bangladesh at the cost of the sufferings of the common people. Recently the provisions of the act have also been legally challenged in court. We hope that in addition to processing the annulment of the act, the interim government must inquire into the misuse of provisions of the act and mischief mongers must be brought under the provision of the law.

Repeal of the Amendment of BERC Act

Bangladesh Energy Regulatory Act empowered the quasi-judiciary Commission an exclusive authority to determine power tariffs and energy prices after conducting public hearings with stakeholders fairly and logically. The previous government on 29 November 2022 approved the BERC Amendment Act curtailing the exclusive authority of BERC to fix power tariffs and energy prices. A Presidential ordinance was issued entrusting the energy ministry with the power to increase or decrease the electricity, gas, and fuel prices “for special needs.

Energy experts, civil society activists, and the Consumers Association of Bangladesh immediately protested terming this unfair as the ministry in the business could not assume the role of regulator. The interim government has done it right in annulling the amendment of the BERC Act. The exclusive au-

thority of price determination has been vested in the BERC again.

While appreciating the two quick actions, we will request the government to carry out other institutional reforms. The government has already announced a plan for withdrawing secretaries of the ministries from company boards and canceling contracts of officials engaged on a contract basis in key positions of energy and power companies. Following the resignation of the BERC chairman, a former chairman of Petrobangla has been appointed as the BERC chairman. All members of the BERC and retired government officials have also resigned. The government may engage competent and accomplished energy and power sector experts as members. BERC must be strengthened and allowed to work independently. BERC is authorized per act to enforce compliance with acts, policies, and regulations of the energy and power sectors by the licensees. The major function of BERC should be carrying out efficiency audits of all licensees. It must ensure the creation of a level playground for private and public sector companies.



The interim government has started the process. It needs reforms of BPDB, its companies, Petrobangla companies, HCU, BPI, BPMI, DOE, GSB, BMD, and SREDA. Exclusive bureaucratic control has made most of these entities dysfunctional. The Energy and Power Sector is highly technically intensive. Technical organizations must be run by experts in this age of advanced technology and artificial

intelligence. The government needs to review the structure and carry out essential reforms. The government may also consider engaging non-resident Bangladeshi experts, local academics, and researchers as consultants. The power of youths must be integrated as well.

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রঙ ঝরঙ

বিজ্ঞাপন হার	টাকা
শেষ প্রচ্ছদ (রঙিন)	৫০,০০০.০০
দ্বিতীয় প্রচ্ছদ (রঙিন)	৪০,০০০.০০
তৃতীয় প্রচ্ছদ (রঙিন)	৪০,০০০.০০
ভেতরে পুরো পাতা (রঙিন)	৩০,০০০.০০
ভেতরে অর্ধেক পাতা (রঙিন)	২০,০০০.০০
ভেতরে ১ কলাম (রঙিন)	১০,০০০.০০
ওয়েব সাইট প্যানেল প্রতিমাসে	২০,০০০.০০
ওয়েব সাইট স্পট প্রতিমাসে	১০,০০০.০০

রুম ৫০৯, ৫১০, ৫১১ ও ৫১২, ইস্টার্ন ট্রেড সেন্টার, ৫৬ ইনার সার্কুলার রোড, পুরানা পল্টন লাইন, ভিআইপি রোড, ঢাকা-১০০০
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