

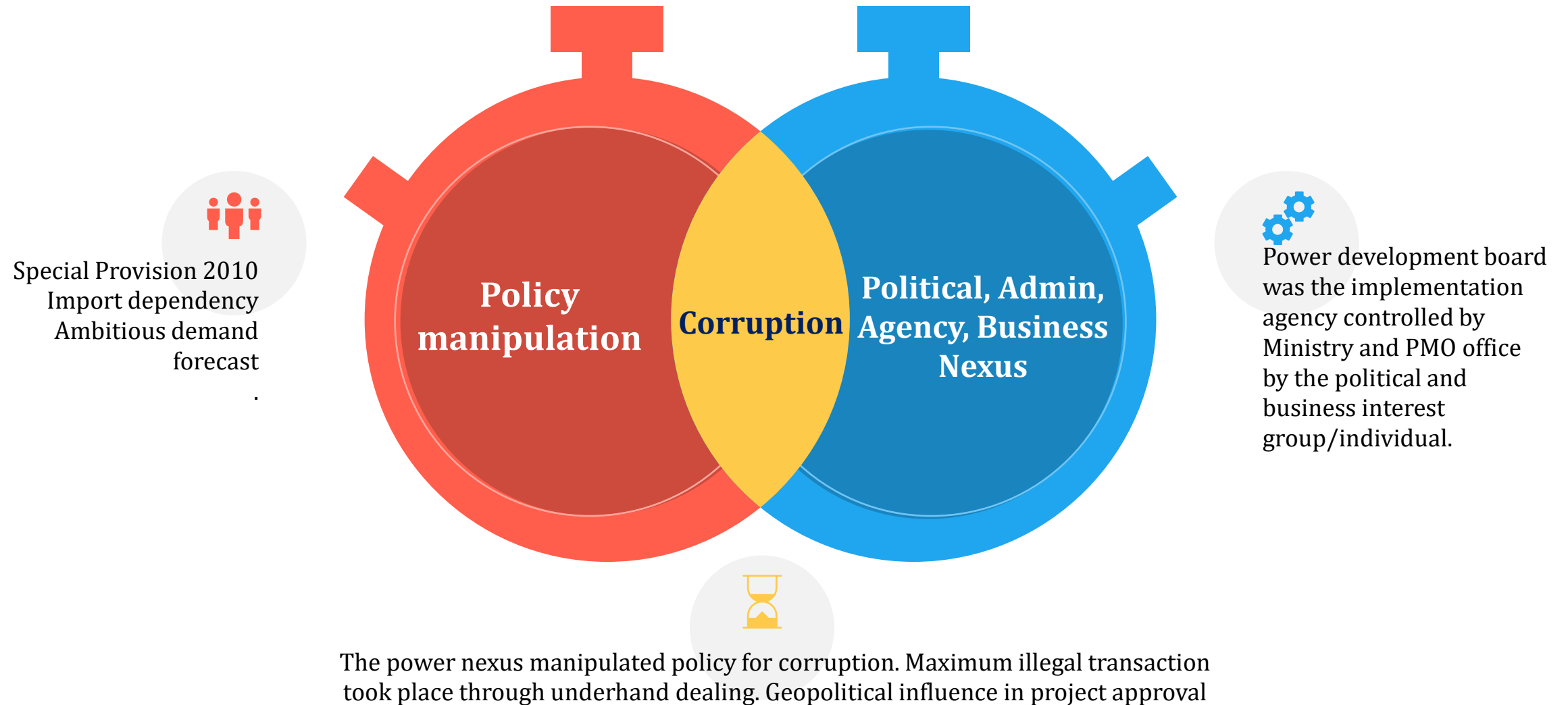
# Energy and Power Sector Challenges

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Symposium on  
**White Paper and Thereafter**  
*Economic Management, Reforms and National Budget*  
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# Designed to promote corruption



# Power Sector

*Mired by rampant political intervention and corruption*

...

01

Special  
Provision Act  
2010

Introduced with the pretext of emergency but used as a tool of corruption and nepotism. A total of 42 power plants awarded. The underhand deal is estimated at \$3 billion

02

Oil-based  
Rental/Capacity  
payment

Delaying baseload power plants, number of oil-based rental plants were awarded under crony capitalism. The capacity market was flooded with extra capacity costing at least 36000 crore

03

Ambitious  
demand  
forecast

The PSMP 2016 was revisited to ramp up the demand forecast. This allowed adding unnecessary extra capacity of 5000 MW opening more corruption opportune

04

Contracts &  
Tariff

17 rental plants was given by negotiated deal illegally. Each large unsolicited contract must be scrutinized (i.e. Adani and Rooppur). No standard tariff setting procedure is followed

05

Taka  
Depreciation  
Inflation

The power sector was designed hoping unrealistic high economic growth. Huge fuel import bill affected the fragile banking/financial sector weakening taka



BPDB being the single buyer, planner, executioner, upstream regulator, and producer was easily controlled and manipulated by the ministry and political masters.

# Energy Sector

*Neglected and mismanaged by poor leadership*

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01

Special  
Provision Act  
2010

Gazprom was awarded 20 wells at \$22million/well. SPM service contract, CNG marketing monopoly from Bhola. The SPA was equally used to favor the beneficiaries in Energy sector

02

Deficit Gas  
Supply Plan. No  
Exploration

Neglecting local E&P created import dependency. Even with LNG import, the PB supply plan will create severe gas shortage until 2027.

03

LNG/HFO/Coal  
Import

High risk was taken on spot LNG price despite weak economy. Private HFO import allowed additional profit for power plants. Inadequate coal import facility increased cost.

04

T&D Loss

It is estimated that 200 MMcfd unaccounted for gas costing almost \$1 billion in LNG import terms

05

Draw on Foreign  
Currency

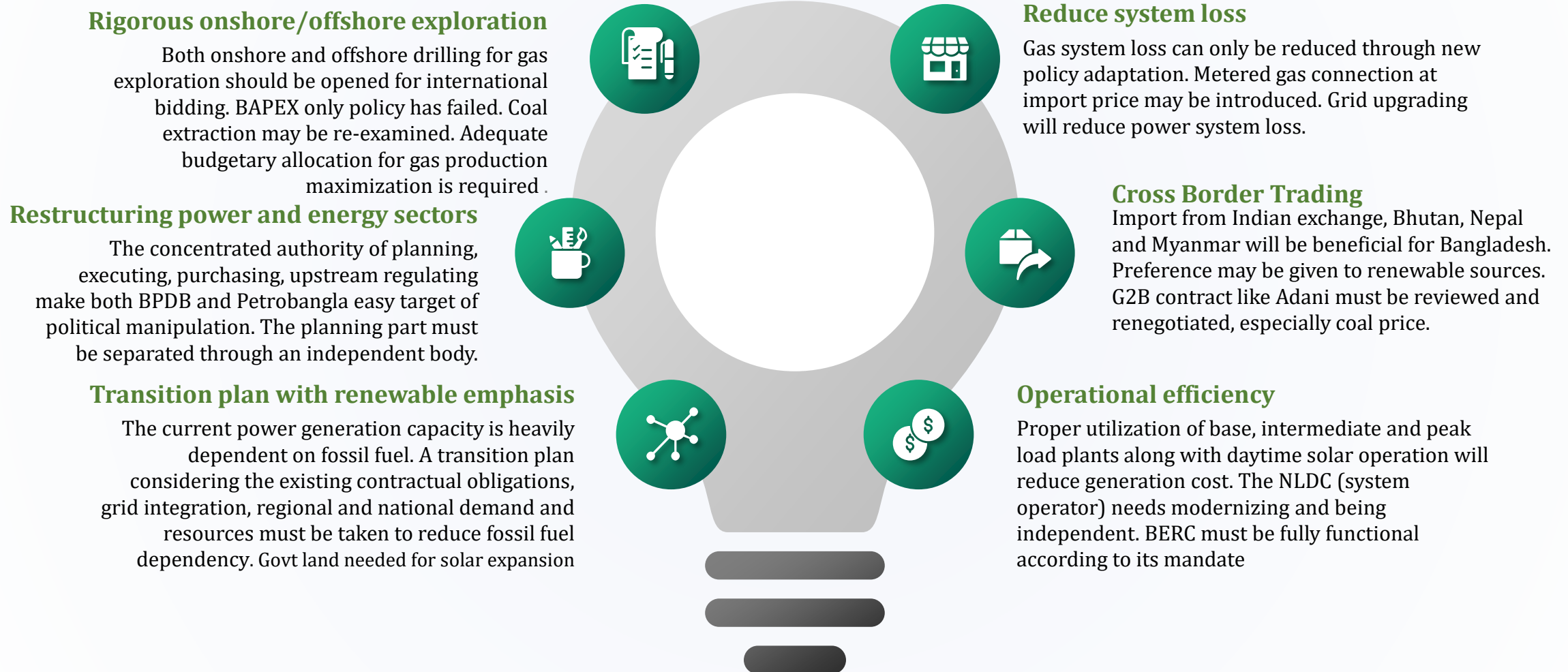
Dollar shortage hampered the ability to import fuel creating power outage, reduced industrial output. In addition, taka devaluation increased the energy price



Petrobangla being a highly technical organization has been led by bureaucrats for years who has been revolving frequently. The lack of continued technical leadership and trained manpower reduced its capacity to bare minimum.

# Way Forward

*Evaluation of current status and a prudent transition plan needed to ensure energy security*



# Thank You



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