Due to these frequent shutdowns due to builder's faults, PDB had to swallow a loss of Tk 43 crore between May 2005 and June 2006. Other than builder's fault, the plant also suffered another 1,000 hours of shutdown due to low gas pressure, or lack of gas.

The builder's faults include installation of sub-standard equipment like gas booster compressor (GBC) and gas compressor, air compressor, mist eliminator motor, gas relief valve and different types of filters etc.

These faulty machinery were installed in connivance with some PDB high officials who were in charge of inspection of the machinery. PDB's internal investigation pin-pointed the corrupt officials -- but nothing has been done against them.

Failure Case Study II:
Meghnaghat-3

When the government had not even pre-qualified any bidder for the Meghnaghat-2 project, it secretly started considering an unsolicited proposal from an unknown US-Irish joint venture Cadogan-Manning (CMG) in August 2004.

The PPR 2003 clearly bars any kind of unsolicited deals. Soon after the CMG submitted its proposal, the implementing authority Power Cell said that the CMG proposal was not following any process and it lacked a plan. In addition its unsolicited proposal violated the Private Power Generation Policy of Bangladesh.

But as this company was backed by the young leaders of the alternative powerhouse, the Power Cell saw arbitrary removal of its competent technical director and managing director who were resisting the deal. Then the power secretary was replaced with a junior officer -- who was promoted twice on the same day -- to do this job.

By August 2006, the power ministry had prepared a proposal to be submitted to the cabinet purchase committee to legitimize the unsolicited deal.

CMG had never undertaken any power project before. Though the project was to be awarded to CMG, it would not have any equity in the project. As per the CMG proposal, the project would be financed 100 percent by Stone & Youngberg and Eagle Financial Group, US. Such financing violates the country's Private Sector Power Generation Policy that demands that the contractor have minimum 20 percent stake in the project.

CMG offered a 20 years levelized tariff of 2.78 cents per kilowatt hour which appeared to be one cent lower than the AES Meghnaghat project. But the CMG power tariff did not include the price of gas to be consumed by the plant for power generation. The Meghnaghat-1 power tariff included the gas price.

On April 25, 2005, the parliamentary standing committee on energy and power ministry asked the ministry to cancel the opaque process with CMG as it was hurting the image of the government, and to float an international tender. Interestingly, under pressure from the alternative powerhouse of the government, the standing committee in its next meeting changed its position on this matter.

In May, a rights group served the government with a legal notice demanding cancellation of the process to award any contract based on the unsolicited proposal of CMG. The notice said that the private power policy clearly states that bidder pre-qualification shall be made through advertisements in the national and international press, making it evidently clear that the policy gives no scope for unsolicited bids.

Power industry operators say that even if this deal is awarded to CMG, brushing aside all opposition, there is hardly any possibility of implementation of the project.

Failure Case Study III:
RPCL Mymensingh-3

The Rural Power Company Ltd (RPCL), a company formed by the Rural Electrification Board (REB) in the late nineties with majority shares held by various Palli Bidyut Samities (PBSs), undertook the Mymensingh-3 70 mw power project in 2004 at an unbelievable cost of $120 million.

This cost is four times higher than the Shahjibazar 70 mw power plant built by PDB in 2001. The only difference between the two plants was that the Shahjibazar plant was simple cycle and the Mymensingh phase 3 plant is a combined cycle one.

Even the engineering and procurement contract for the AES 450 mw plant was comparatively lower than this plant. AES spent $170 million for its plant, which is nearly seven times bigger than the $120 million dollar Mymensingh-3 plant.

The construction of this project was awarded to German company Siemens. The project's consultant, Lahmeyer International Polly Power Services Limited (LIPPS), Bangladesh, originates from Germany, but its shares are entirely owned by a group of Bangladeshis led by one Captain Reza, now wanted in several cases -- including subversion -- for attempting to destroy the Mymensingh plant.

When the project was awarded to Siemens, the majority shareholder of LIPPS was also the unofficial local agent of Siemens. Using undue influence and bribes, LIPPS virtually ran the RPCL board.

Since LIPPS called the shots, the RPCL appointed it as consultant without holding any open tender. LIPPS had been involved in consultancy of both the previous two units of the Mymensingh plants, and were arbitrarily awarded the operation and maintenance (O&M) contract for the previous plants at an annual cost at least $6 million higher than that paid by PDB for similar jobs.

As corruption reigned supreme, Captain Reza -- who kept the higher authorities and a section of the press happy for many years by regularly paying them with monthly bribe -- went out of control in 2005. He tried to acquire the government shares of RPCL by influencing the RPCL board, and the follow-up tussle with the government led to his ouster from the Mymensingh plant. Captain Reza, and the others of LIPPS, forcibly shut down the plant and damaged the properties before escaping from the site in 2005. LIPPS and its executives were sued, and all the contracts with LIPPS were terminated.

This stalled the progress of the Mymensingh-3 project, while Captain Reza fled to Singapore to avoid arrest and trial. Instead of being punished, Reza filed an international case in Singapore and has reportedly won it -- asking Bangladesh to pay him crores for terminating his contract.

Meanwhile, Siemens failed to implement the project in December 2005, and it could not finish it in December 2006.