

**Bangladesh Energy Regulatory Commission
(BERC)**

Regional Seminar on Energy Security and Regional Cooperation: Role of Regulators 9-10 May, 2012

Special SupplementPRESIDENT
PEOPLE'S REPUBLIC OF BANGLADESH
DHAKA26 Baishakh 1419
09 May 2012**Message**

It gives me immense pleasure to learn that the Bangladesh Energy Regulatory Commission (BERC) is organizing a Regional Seminar on "Energy Security and Regional Cooperation: Role of Regulators" in Dhaka.

I am happy to know that Bangladesh Energy Regulatory Commission takes its basic and major decisions through a consultative process that brings together all stakeholders in a single platform. I believe it would foster the ample opportunity to express their needs and concerns, constructive ideas and considered recommendations. Such acknowledgement of the stakeholders will usher a new horizon in taking pro-people decisions. I have been informed that the seminar will be followed by the 19th Steering Committee Meeting of South Asia Forum for Infrastructure Regulation (SAFIR).

It is a matter of satisfaction that Bangladesh Energy Regulatory Commission has been making sincere endeavor in establishing transparency, accountability and best practices in the power and energy related entities since its inception.

I wish the Regional Seminar and the 19th SAFIR Steering Committee meeting a befitting success.

Khoda Hafez. May Bangladesh Live Forever.

*Rahman***Md. Zillur Rahman**MINISTER
Ministry of Finance
Government of the People's Republic
of Bangladesh**Message**

I am indeed so very delighted to know that Bangladesh Energy Regulatory Commission (BERC) is going to organize a Regional Seminar on Energy Security and Regional Cooperation: Role of Regulators. The initiative is timely and I am sure positive results will come out in the form of considered and agreed recommendations.

South Asia as a region will have to think and plan together on common issues of energy development and marketing, so that the region as a whole is benefited. If some pockets of South Asia lag behind, our dream of shared goals will be frustrated and the spirit of SAARC will be defeated.

For Bangladesh we have to bear in mind that only 50% of our total population is covered by electricity. Reaching the goal of electricity for all by 2020, will be a challenge. But we are confident, we will be able to overcome the challenge and achieve the goal through appropriate policy package and strategy. We have to identify the areas of key challenges. Here we need regional cooperation for the benefit of the regional partners.

We have a lot to learn from experience sharing. We must know the potentials and the challenges faced in others countries in similar situation. We must know the strategy evolved behind their success story. We need to take the right strategy and the right decisions in right time. Adequate, reliable and cost effective is the need of the hour and for that we need to formulate sustainable strategic plans. In such an exercise energy and power experts & specialists from the region can pool together their experience for mutual benefit. My special thanks to BERC for arranging this platform for regional energy experts and specialists to explore the possibilities of regional cooperation and address common concerns to ensure regional energy security.

I wish every success of the Regional Seminar.

*Abul Maal A. Muhith***Abul Maal A. Muhith**Dr. Tawfiq-e-Elahi Chowdhury BB, Phd
Adviser (Minister) to the Hon'ble Prime Minister
Energy Power & Mineral Resources Affairs
Govt. of the People's Republic of Bangladesh**Message**

It is indeed a great pleasure for me to learn that Bangladesh Energy Regulatory Commission (BERC) has organized a Regional Seminar on "Energy Security and Regional Cooperation: Role of Regulators" to be held on 9-10 May, 2012 at Dhaka.

The seminar is expected to bring together administrators, academics, professionals and experts from different countries of South and South East Asia and beyond to address the important issues of Energy Security and Regional Cooperation, particularly from regulatory point of view. The theme of the seminar is relevant, timely and in line with the strategic vision of the present democratic Government.

Energy is vital to all our efforts for growth and development. We must explore and harness all possible resources to ensure adequate, reliable and uninterrupted supply of energy and power at optimum price. I hope, professionals and experts participating in the seminar will bring their country experience to share together for the benefit of the sector and the people to find out ways and means for effective regional cooperation.

I wish the Regional Seminar and the 19th SAFIR Steering Committee meeting, first of its kind in Bangladesh a deserving success.

*Dr. Tawfiq-e-Elahi Chowdhury BB***Dr. Tawfiq-e-Elahi Chowdhury BB**Chairman
Bangladesh Energy Regulatory CommissionMessage
from BERC Chairman

It is indeed an event of significant importance for me to see Bangladesh Energy Regulatory Commission (BERC) organizing a Regional Seminar on "Energy Security and Regional Cooperation: Role of Regulators" in Dhaka. The seminar will be followed by the 19th Steering Committee meeting of South Asia Forum for Infrastructure Regulation (SAFIR). Our sincere thanks to the World Bank, Bangladesh and SAFIR for their support and cooperation.

The need for holding the Regional Seminar has been increasingly felt since we organized a National Seminar in August, 2011 on "Energy Management and Development: Role of Regulator". In the Regional Seminar issues on regional cooperation in the Power and Energy sector particularly from regulatory point of view, would be deliberated and emphasized. We are living in an era of energy driven economic growth and development. Energy security has been recognized as a national priority in most of the countries of the world.

We believe in inclusive growth and development- economic growth that creates and expands opportunities and broadens access to those opportunities so that all sections of the society and economy can derive benefit.

The seminar is expected to bring together academics, professionals, experts and specialists in a single platform to deliberate, discuss and interact on current issues of importance in the power and energy sector, particularly from regulatory point of view. Country experiences will be shared on potentials and challenges, strategies evolved to chart out an agreed path on regional cooperation.

To achieve a sustainable development, we need adequate and reliable energy. We also need judicious and efficient use of energy and cost effective pricing. We have potentials and challenges.

Energy is vital to all our efforts for growth and development. We must explore and harness all possible resources to ensure adequate, reliable and uninterrupted supply of energy and power at an optimum price. I hope, professionals and experts participating in the seminar will bring their country experience to share together for the benefit of the sector and the people, to find out ways and means for effective regional cooperation.

Regional cooperation emphasizes exchange of experience among the regional partners to promote shared goals and policy options.

I wish the Regional Seminar and 19th SAFIR Steering Committee meeting a deserving success.

May Bangladesh Live forever!

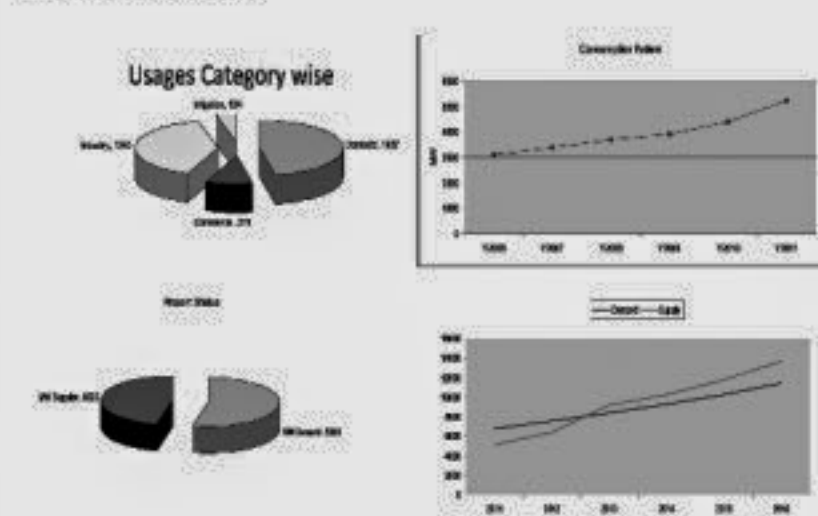
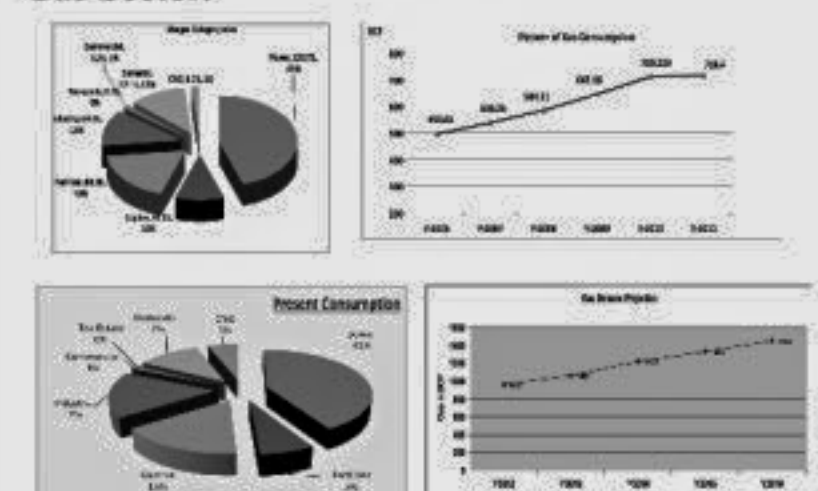
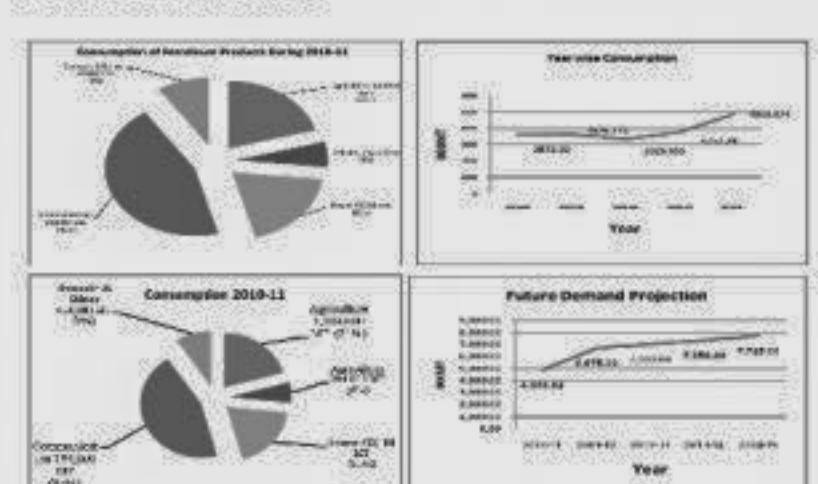
*Syed Yusuf Hossain***Syed Yusuf Hossain****Objectives, Achievements and Future Plans of the
Bangladesh Energy Regulatory Commission**

The concept of regulatory commission is new in a developing country like Bangladesh. The regulatory commissions are playing a very vital role in service sectors in the developed countries for ensuring good governance and accountability and in improving technical skills. These kinds of institution ensure opportunity to all the stakeholders for their spontaneous and meticulous participation in the process of decision making. As a result, the institutions play a very significant role as an open forum for unrestricted information exchange and sharing logical opinion. Through this process, a level playing field is established where all the stakeholders get assurance to protect their interest and creates the opportunity for new investment. An independent and neutral energy regulatory commission was established in Bangladesh under the Bangladesh Energy Regulatory Commission Act, 2003 passed by the House of the Nation with a view to attracting foreign investment in Bangladesh and to ensure a level playing field for the stakeholders through creating competitive market so that no monopolistic situation created and protecting rights of the consumers etc.

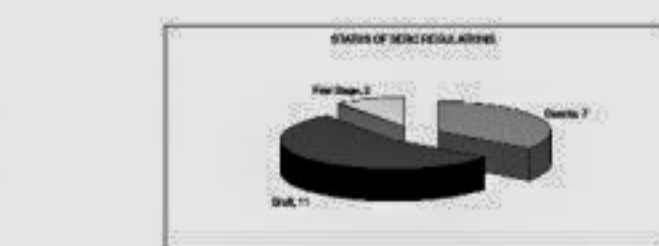
Energy i.e. power, gas and petroleum products of Bangladesh contributes significant role in the development of its national economy and industries. It is possible to ensure energy security and to expand the scope of utilization of energy resources by preventing misuse, controlling system inefficiency, improving operational skill and establishing accountability in all stages and those are important responsibilities of the Commission.

The aims and objectives of the Commission is to ensuring optimum utilization of energy by conducting energy audit, ensuring safety in supplying energy, protecting consumer rights, determining just and reasonable tariff, giving licenses to the organizations involving energy, approval of scheme considering the overall plan of the licensees, data collection and circulation, dispute resolution in the energy sectors, introducing uniform codes and standards for licensees. The Commission is actively engaged to fulfill those aims and objectives.

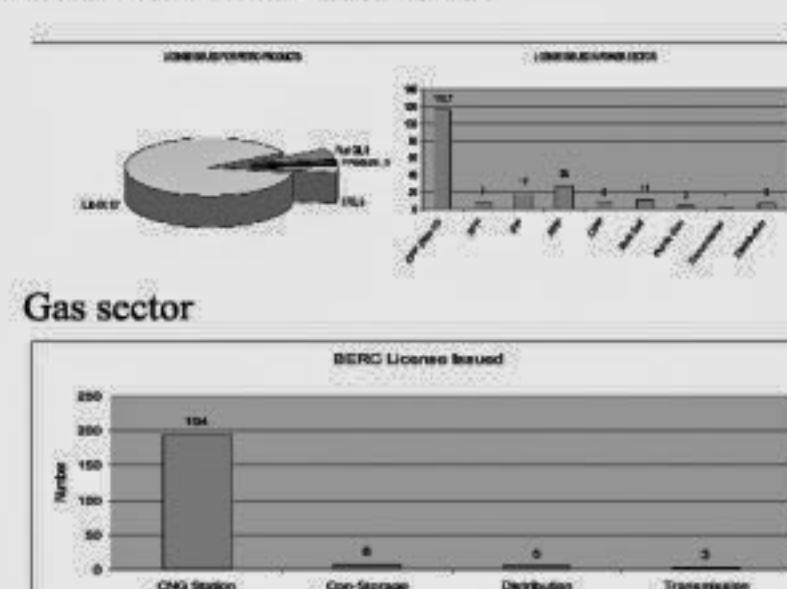
Though the contribution of energy sector in the progressing industry and economy of Bangladesh is enormous, but the per capita use of energy is far lower than other developed and developing countries. Energy sector is regarded as an indicator of development and civilization in the developed countries and this parameter is equally applicable in Bangladesh. If we analyze quantity of the use of energy in sector-wise of the previous five years, it will reveal that demand of energy is increasing but the supply of energy is not matched with demand. Under this circumstances if we want to maintain the desired growth rate of GDP, we have to ensure energy supply in accordance to meet the demand of the future in line with achievable projection by production, conservation, transmission, transportation, distribution and marketing. The trend of energy use for the previous five years, present status of energy generation, and future demand projection is given as follows:

Power Sector:**Gas Sector:****Petroleum Sector:**

With a view to facilitating fulfillment of the vision 2020 of the Government as to power for all and to become a middle income country, Bangladesh Energy Regulatory Commission made Tariff Regulations for determining just and reasonable tariff of power, gas and petroleum products, undertook to bring all organizations involving energy sectors under licenses of the Commission and to introduce uniform account system for creating level playing field. For improving service standard, necessary Codes and Standards have been made and to enforce those codes an initiative has been adopted to introduce Technical Quality of Services indices for performance evaluation. The finally adopted regulations published in the official gazette, regulations in the process of



The following pictures show the number of licensees in the power, petroleum products and Gas sector:



Bangladesh Energy Regulatory Commission started its journey with small set up in April 2004. However, the activities of the Commission run in full swing from December 2007 with the appointment of the Chairman and four members. The Commission credited the following milestone achievements till to date:

1. Organizing seminar on "Development of Energy Management: Role of Regulators" On 01 August 2011, the Commission successfully organized the above-mentioned Seminar at Pan Pacific Sonargaon Hotel, Dhaka. The contribution of energy sector in the investment and economic development was discussed elaborately in the Seminar. The recommendations of the Seminar have been submitted to the proper authority.
2. Uniform System of Accounts Commission designed Uniform System of Accounts for electricity sector (generation, transmission and distribution) through open discussions and involvement of stakeholders. As a pilot scheme, it is being introduced in DESCO on trial basis. Through this process it will be finalized and adopted in all the electric utilities. This will help to post all income, expenses and cost in the same chart of accounts and it will facilitate comparability and compatibility among the electric utilities. Commission plans to finalize it for electricity by 2013, for gas 2014 and petroleum by 2015.
3. Outreach Program The Commission organizes Outreach Program at grass root level to raise awareness of the consumers of power, gas and petroleum products and to inform them what to do in the case of any complaint. The Outreach Program is held in an open meeting in presence of the consumers, service provider organizations and the Commission so that everyone can be aware about their respective duties by mutual discussion and direct questions and answers. So far, the Commission organized fifteen Outreach Programs.
4. Reducing license renewal fee In order to meet the demand of power supply for continuous production in the industries, the industrialists have been allowed to generate power with their own cost under the captive power plant projects. Considering the demand of the CPP and SPP license holders and for the sake of industrial development and continuous production, the Commission fixed nominal fee for license renewal which was appreciated by the industrialist.
5. Benchmark indicative cost Fuel based Benchmark Indicative Cost/Price has been fixed with a view to giving an advance idea to the prospective private investors so that they can conduct feasibility study with the information prior to make investment in the energy sector for power generation on commercial basis along with public sector to meet the demand of the ever increasing demand of power supply.
6. Gas Development Fund Investment in gas exploration and development is risky. Such investment is usually made by international oil/gas exploration companies under special contract. In order to overcome the present situation in the gas sector, gas production is to be increased from the existing gas field and gas reserve is to be increased by exploring new gas field. For this purpose, the Commission has created gas fund with the additional fee imposed upon the consumers of gas. This a landmark decision of the Commission which untimely helps this sector to stand on its own foot.
7. Electricity Maintenance and Development Fund The Commission found that PDB cannot maintain power generation plants properly for want of money and as a result fails to produce power as per demand. In order to overcome this situation, the Commission has fixed bulk rate by funding 5.17% to the Electricity Maintenance and Development Fund which will contribute significantly for capacity building of PDB in generating power and maintenance of power plants.
8. Uniform tariff rate for power supply in urban and rural area The tariff rate for electricity in rural commerce and industry was higher than that of urban area for a long time. This was an obstacle to flourish commerce and industry in the poor rural area. The Commission gradually reduced the discrepancy and fixed equal tariff in the industry and commerce sectors. Tariff discrepancy for residential power consumption has also been reduced significantly and in future equal tariff will be fixed. This initiative will play constructive role in fostering commerce and industry all over the country and in establishing social justice.
9. Introducing tariff fixing by public hearing Fixing tariff by public hearing is a new concept in Bangladesh. This is a judicial system by which the Commission hears all the concerned parties and after perusing all relevant data and information, the Commission makes its decision by issuing notification. This decision making process has opened a new horizon for the protection of public interest and pave the way for taking decision acceptable to all.

PRIME MINISTER
GOVERNMENT OF THE PEOPLE'S REPUBLIC OF
BANGLADESH26 Boishakh 1419
09 May 2012**Message**

I am happy to learn that the Bangladesh Energy Regulatory Commission is organizing a Regional Seminar on "Energy Security and Regional Cooperation: Role of Regulators" on 9-10 May 2012 in Dhaka.

There is no alternative to adequate and reliable energy and power supply for sustainable development. The greatest Bangalee of all time, Father of the Nation Bangabandhu Sheikh Mujibur Rahman, had taken visionary steps to ensure country's energy supply. The Bangabandhu government purchased Habiganj, Titagarh, Rashidpur, Kailashtila and Bakhrabad gas fields at a nominal price from Shell Petroleum Company.

Following the footprint of the Father of the Nation, we have been working relentlessly to develop energy sector. Additional 505 million cubic feet of gas and about 3300 megawatt of electricity had already been added to the national grids due to our timely measures. We have framed Gas Law 2010 and LPG Policy 2011 aimed at ensuring energy supply. The Energy Regulatory Commission has been strengthened to ensure transparency and accountability of power and energy sector.

I hope that the seminar would create a unique opportunity of exchanging views among the participants which would ultimately help us take appropriate and effective measures for the development of energy sector in the country.

I wish the seminar and the 19th Meeting of the Steering Committee of the South Asia Forum for Infrastructure Regulation a grand success.

Joi Bangla, Joi Bangabandhu
May Bangladesh Live Forever

*Sheikh Hasina***Sheikh Hasina**FOREIGN MINISTER
GOVERNMENT OF THE
PEOPLE'S REPUBLIC OF BANGLADESH
DHAKA**Message**

I am pleased to know that Bangladesh Energy Regulatory Commission (BERC) has organized a Regional Seminar on "Energy Security and Regional Cooperation: Role of Regulators" on 9-10 May 2012.

I am also happy to know that the seminar will be followed by the 19th Steering Committee Meeting of South Asia Forum for Infrastructure Regulation.

The theme of the seminar is aligned with the basic principles of the Government to develop, cultivate and maintain friendly relations and foster cooperation among States, particularly at the regional level, to face energy security challenges and improve quality of life for the people.

In the regulatory process, the stakeholders are an important part of the participatory process in making pro-people decisions. They have the opportunity to express their professional views, possible concerns of the sector and considered recommendations in an impartial, professional and fair manner.

I wish every success of the seminar with an expectation that it will eventually benefit people.

*Dr. Dipu Moni***(Dr. Dipu Moni. MP)**State Minister
Ministry of Power, Energy & Mineral Resources
Government of the People's Republic of Bangladesh**Message**

It is my pleasure to know that Bangladesh Energy Regulatory Commission (BERC) has taken an initiative to organize a regional seminar on Energy Security and Cooperation: Role of Regulators. The subject of the seminar is a burning issue, as it is one of the primary concerns in Bangladesh and countries of South Asia as well.

Ensuring energy security is vital to support economic growth and development. For mitigating the associated environmental impacts, Regional Cooperation is imperative. Many countries in other parts of the world have already been benefited through Regional Cooperation.

I hope that energy experts and the regulatory bodies from the regional countries would be able to identify the challenges and potentials for a way forward programme, sharing their experience, expertise and knowledge to ensure regional energy security for growth and development and ultimately for a better living and higher quality of life for the people in the Region.

I sincerely believe, useful and implementable decisions and focused recommendations would come out of the deliberations and interactions in the Regional Seminar and SAFIR Steering Committee meeting.

Congratulations to BERC for the big initiative. I wish them all success.

*Muhammad Enamul Haq***Muhammad Enamul Haq, MP****10. Future Plan**

The indigenous natural gas had been so long prime fuel for electric power generation in the country. But with the gradual depletion of gas reserve and not having significant addition of new finds, gas supply shortage has created impediments for power generation. Because of low priced local gas, the generation cost and the end user price of electric power had always been at low level. But due to natural gas supply constraint it has to increase power generation by imported high cost liquid fuel causing higher generation cost for which it has necessitated to increase the price of electricity gradually. To ease the situation, Government has undertaken deep-sea exploration, initiated for setting of coal-based power generation, import of 250 MW from India in the first phase and another 250 MW next and signed memorandum of understanding for installation of nuclear power plant at Roopur. Concomitantly the Government has initiated necessary steps for harnessing renewable energy. To support the Government's such initiative Bangladesh Energy Regulatory Commission has already undertaken to formulate necessary regulations for feed-in-tariff, multi-year tariff etc.

To establish the importance and to boost-up power generation from renewable sources. Simultaneously the Commission will take up training program to develop required professional manpower, to establish data base and information gathering system in the energy sector. Commission is working to introduce a process for dispute resolution. In addition the Commission has undertaken to establish energy audit to identify the areas of inefficient energy usage to control energy wastage so as to contribute to develop a strong and sustainable energy security base.

**Md. Emdadul Haque**
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