

How to fix the mess in the power sector?

Bangladesh could learn some lessons from recent power crises in China and the US



THE power sector in Bangladesh could be considered a success story. The UN Sustainable Development Goals (SDGs) recognise energy as a key enabler for development (cf. Goal 7). Bangladesh and all SDG participants have promised to ensure access to affordable, reliable, sustainable and modern energy services for all by 2030. And Bangladesh appears to be ahead of the game.

In his budget speech in June this year, the finance minister claimed that “through integrated development of production, transmission, and distribution systems, 99 percent of the total population of the country has been brought under the electricity coverage.” In July, the country cancelled 10 coal-powered power plant projects to reduce its future carbon footprint. According to an official of the power and energy ministry, “There is a concern globally about (the use of) coal and we have to adhere to that. The government is committed to reducing carbon emissions.”

All this is good news, but a deeper inquiry reveals some unsettling and worrisome ailments. The most important puzzle for many observers is the coexistence of surplus and shortage in power supply. According to the Bangladesh Power Development Board (BPDDB), while we have an installed capacity of 25,000MW, the maximum power generated is a mere 13,000MW due to fuel shortage, distribution glitches, and other issues. It is estimated that USD 40 billion would be needed for the construction of 120,000km of distribution lines to support power supply for all. Bangladesh overinvested in generation, but fell short in setting up power transmission and distribution infrastructure, creating this current morass.

In sum, Bangladesh has idle capacity to the tune of almost 60 percent, but lacks the institutions and power lines to utilise it. Another way of viewing our failures is that we face a “paradox of surplus,” paraphrasing a famous line from Nobel Prize-winning economist Ronald Coase.

Grappling with this everlasting conundrum, the government initiated a revision of its five-year-old Power Sector Master Plan (PSMP), but the work on this project has been postponed. “June was the month when the new PSMP should have been introduced. The public anticipated the plan because it should have addressed the country’s power generation overcapacity issue. However, the PSMP has been delayed, and Bangladesh is now back to the drawing board,” writes Viktor Tachev of the US-based

retired, utilisation will drop below 40 percent, unless a very high rate of power generation growth is maintained,” says Simon Nicholas of IEEFA in a briefing note.

Various studies have questioned the reliability and quality of the generated electricity, which has affected the financial viability of our small and medium enterprises. On paper, while 95 percent of the population has access to power, the actual number of households which have dependable juice is far smaller than the target. The smaller towns

than 16 hours of supply per day. Similarly, only about 11 percent are in Tier 3, receiving more than eight hours of supply. “Evening availability of supply is the main problem, affecting about 70 percent of rural households and 73 percent of urban households. Reliability of supply is the second most pressing issue, forcing people to count on fossil fuel-based backup systems. Quality of energy service is also a major concern in both rural and urban areas. Issues with reliability and quality have caused commercial and industrial customers’ share of consumption to decrease over the years,” the USAID critique adds.

We have known for some time that, outside the big cities such as Dhaka and Chattogram, the quality of power is poor. Rural people are the worst sufferers of frequent load-shedding or brownouts. According to the data *The Business Standard* collected from rural and semi-urban areas of 21 districts on June 5 and 10, many of these places remained without electricity for six hours on average, and the longest duration of power outage was 12 hours. My own sources from the Chattogram region—including Rupkania and Rangunia under the Bangladesh Rural Electrification Board (BREB)—paint a similar picture.

A report in *The Daily Star* published on September 9, 2021, titled “Frequent power cuts make life unbearable in Tangail,” indicates that production in the mills and industries has also been badly hit by the disruption in power supply. Dr Ahsan H Mansur, executive director at the Policy Research Institute, said he had a voluntary organisation in a rural area serviced by the BREB that remains without electricity for almost 12 hours a day.

“We are paying Tk 12.5 per unit of electricity, but we are not getting the benefit compared to what we pay. We have to run generators all the time... Industries are incurring losses because of voltage fluctuation and destabilisation,” he said.

“We suggested that the authorities focus on this issue so that people can trust the grid line; otherwise, the power sector will continue to be a loss-maker,” Mansur added.

In my view, another major weakness has been the back and forth with policy decisions. While it is commendable that the CO2-emitting coal-fired plants were scrapped, it has adversely affected the government’s credibility.

Decisions on fuel mix have been a measure of the indecision, lack of transparency, and the haphazard nature of power sector planning at the top. For example, in summer, the government bought liquefied natural gas (LNG) on the spot market, but decided to stop this practice as spot prices shot up. The government has consistently subsidised the power and energy sector due to ill-advised pricing policies.

“The energy system is not a light switch,” said Daniel Yergin, author and vice-president of consultancy IHS Markit. “When you go too fast, you hit the bumps.”

Incidentally, the current power crises in China and in Texas, the US, should be an eye-opener for our energy planners. In China, there has been widespread power rationing in September triggered by a shortage of coal and increased prices. In the US, during extreme winter weather in February earlier this year, a surge in electricity demand collided with declining generation, forcing the state’s grid operator to implement rolling blackouts.

In a recent memo titled “What the Texas energy crisis means for Bangladesh’s energy security,” experts at the IEEFA pointed out that the price volatility of LNG could exacerbate Bangladesh’s energy insecurity and lead to further underutilisation of LNG-powered capacity.

My research of the gas market leads me to believe that price volatility is likely to get worse. Natural gas prices have surged globally after some unforeseen events—including bad weather, maintenance catch-ups, and supply bottlenecks. Russia and the US have cut back production, and Bangladesh is likely to be vulnerable to shortages or even a calamity in the coming years.

As a World Bank report on Bangladesh’s power sector said, “Consumers will enjoy the full benefits of electrification only when both the quality and the availability of power in the system increase—through savings from enhanced energy efficiency, through investment in new generation and new sources of power, (and) through improvements in the system’s ability to transmit and supply power at the consumer end.”

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The double trouble of power overcapacity and underutilisation is causing Bangladesh a massive loss.

FILE PHOTO: STAR

Institute for Energy Economics and Financial Analysis (IEEFA).

To compensate the power plants for idle capacity, the national budget this year alone allocated Tk 9,000 crore for “capacity charges,” on top of the Tk 5,000-6,000 crore for fuel subsidies. The old PSMP envisages a 25 percent reserve capacity, rather than the 60 percent that now exists. This is way more than the best practices of power generation followed in other developing countries.

Unfortunately, capacity additions over the next five years will cause the utilisation rate to decline even further. “With another 21,000 megawatts (MW) due to come online by 2025 and only 5,500MW of old capacity due to be

and particularly rural areas are vulnerable with no assurance of uninterrupted supply on a reliable schedule with adequate voltage.

A US Department of Commerce publication recently listed poor transmission and distribution infrastructure, inadequate thermal efficiency in a large number of ageing power plants, and a mismatch between the types of energy needed by existing plants and the fuel mix available, as key areas of concern. These constitute the proverbial Achilles heels of the power sector.

In its report “Power Sector Reform in Bangladesh,” the USAID points out that only 11 percent of grid-connected households are in Tiers 4 and 5—i.e. they are receiving more

Build forward fairer in the wake of Covid-19 pandemic



CITIES have been the epicentre of Covid-19 pandemic since 2020. City authorities have been the frontline responders—from running testing stations, to managing food distribution, to disposing of corpses. Yet, they are often under-resourced and their critical role in policy implementation is often overlooked.

Now a growing movement of Human Rights Cities is charting the way forward through pandemic recovery plans to not only “build back better,” but also to “build forward fairer.”

In many cities, structural inequalities that existed before the Covid crisis resulted in sprawling slums, traffic congestion and pollution. Poorer residents have limited access to water, sanitation, clean cooking fuels, and other amenities; Covid and lockdown measures exacerbated those inequalities. Loss of income opportunities and confinement to substandard housing, for example, have made this a worse pandemic for some than the others. Local authorities should now take concerted action to include marginalised groups such as slum residents, women, migrants, and minorities in pandemic response and recovery efforts—as some are already doing.

In the southern city of Birgunj, Nepal, bordering the Indian state of Bihar, many were cut off from access to basic amenities when the city went into lockdown. The city authorities set a target that no one should lack food, and undertook 45 days of relief distribution. They also made household deliveries of oxygen to Covid patients, to

reduce the load on the city’s hospitals.

In Nagpur, India, to tackle rampant profiteering, the city authority introduced a single-vendor system for sales of remdesivir, a drug used to treat Covid patients.

In Baguio City, Philippines, the city has surpassed the testing average, and has now set an ambitious target of vaccinating 95 percent of its residents.

These cities have all allied themselves with the growing movement of Human Rights Cities in the region. Their commitment is to reframe their policies and practices to align with human rights principles and norms that originated in the 1948 Universal Declaration of Human Rights. If the approach can be summed up in one phrase, it would be “No one left behind”—the slogan popularised by the 2030 Agenda for Sustainable Development and its 17 Sustainable Development Goals (SDGs), adopted by the international community in 2015.

Asian governments are often viewed as laggards in the implementation of international human rights standards. This is unfair. While social and development challenges loom large, city authorities are often in the forefront of action for change.

The pandemic has brought opportunity for local governments to better protect human rights—as the cities mentioned here have chosen to do. However, many local government authorities need capacity-building and practical guidance to “localise” human rights in ways that are relevant to their own post-pandemic context. In this effort, national authorities can give important signals and support.

In 2016, the Ministry of Law and Human Rights of Indonesia established a national platform on Human Rights Regencies/Cities. The platform enables voluntary assessment of the city authorities’ performance in



The city of Gwangju in South Korea is one of the leading examples of Human Rights Cities in Asia.

PHOTO: WIKIMEDIA COMMONS

fulfilling people’s economic, social, and cultural rights—such as the right to water and sanitation, or the right to food—while also giving attention to some civil and political rights—such as the right to information, non-discrimination and, more recently, participation in governance.

As of 2020, 439 of 514 regency and city authorities in Indonesia participated in the programme, and 259 of them were recognised as Human Rights Cities or Regencies. City authorities derive prestige from the award, and have taken steps to

connect international human rights norms with national laws and city by-laws, policies, and programmes. The East Lampung Regency in Sumatra, for example, has highlighted its commitment to achieving an inclusive, democratic, and solidarity-based society through dialogue with urban dwellers.

A mayoral decree emphasises the city’s role in safeguarding human rights, and identifies the responsible units within the mayor’s office, their tasks, and the scope of their budgets.

In Gwangju, Republic of Korea, local

authorities decided to tackle the issues of poverty, high suicide rates, out-of-school children, and mobility-impaired residents. Through open forums and consultations, they sought to understand the situation of migrants, undocumented workers, and other marginalised residents. Based on the outcomes, they devised several action plans that included educating citizens on migrant rights, and establishing a comprehensive support network for migrants.

In October 2021, the city of Gwangju convened local government authorities from around the world at the annual World Human Rights Cities Forum. Gwangju has been at the forefront in the promotion of the Human Rights City concept, and emphasises the importance of local government authorities taking active and responsible roles in promoting and protecting human rights.


In this year’s forum, city authorities will discuss the emergence of new social contracts for the post-pandemic recovery, and 11 local authorities from Asia will present their own projects for integrating human rights-based approaches into local policies and programmes for more resilient, fair, and sustainable cities.

Throughout the region, there is a growing realisation that protecting human rights makes for safer, greener, and better places to live. Adopting a human rights-based approach helps prioritise vulnerable groups that would otherwise be overlooked, and addresses local needs and challenges through participatory processes. City authorities hold the keys to embedding good practice and “building forward fairer.”

Windi Arini is a programme officer at the Jakarta office of the Raoul Wallenberg Institute of Human Rights and Humanitarian Law.

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QUOTABLE
Quote



LOIS MCMASTER BUJOLD
(born November 2, 1949)
American fiction writer

The dead cannot cry out for justice. It is a duty of the living to do so for them.

CROSSWORD BY THOMAS JOSEPH

ACROSS

1 Reduce to extreme hunger

7 Forum wear

11 Right away

12 Spoken

13 Wicker material

14 Gambler’s giveaway

15 John of music

16 Kelly’s former cohort

17 Mailbox part

18 Like cows and sows

19 Flock reply

21 Take home

22 Michigan city

25 Sought a seat

26 Hold power

27 Classroom item

29 Scheme

33 Book parts

34 Wave setting

35 Land unit

36 Assurances

37 Bogus

38 Turmoil

39 Watch reading

40 Slob’s creations

7 Clan symbol

8 Pizzeria herb

9 Pisa genius

10 Ready to go

16 Kidney-related

18 Largest bone

20 Stable mothers

22 Pakistani port

23 Servant for taverns, e.g.

24 Light breezes

25 Meal

28 Note from the boss

30 Places last

31 Happened

32 Comfy spots

34 Reasonable


36 Total


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