

The Daily Star

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Spare a thought for general power users

Another round of price hike will increase public suffering

It seems almost pointless to ask if there is any plan at all – beyond putting all the financial burden on ordinary citizens – to address the difficulty caused by the volatility in international fuel prices. Yet, we must, for the situation has gone totally out of control. The government on Tuesday again increased electricity price by 5 percent at the retail level – for the second time in 19 days – which means that a consumer who paid Tk 1,000 a month, for example, will now have to pay Tk 1,100 for the same amount of electricity.

The latest hike comes a day after an amendment bill was passed in parliament – following a cabinet decision a month before – paving the way for the government to fix all kinds of energy prices without a public hearing, as was the norm before. One may also recall the decision, on January 18, to raise the retail prices of gas by 14.5 to 178.9 percent for industries, power plants and commercial establishments. All this is part of a drive to wean the power sector off subsidies and let consumers – households and industries alike – bear the burden. But for the fixed-income people, this is becoming too much to bear, as the frequent hikes in prices of utilities in recent months also caused prices of almost all essentials and services to rise uncontrollably.

One shudders to think what the situation will be like if this trend continues. Nasrul Hamid, the state minister for power, energy and mineral resources, did suggest that the government will “adjust” electricity price every month depending on the international market, meaning power consumption may become even costlier going forward. The question is, will price adjustment only mean price increase? What if international prices go down? Will the government be as interested in bringing down prices as it is in pushing them up? Why are domestic prices so rarely revised down?

Experts have rightly questioned the government’s approach to the problem. They said that the government lacks a clear strategy for tackling the impacts of the volatility in international market or bringing down subsidies. We must also question the tendency to put the price burden on consumers, instead of curbing corruption and unreasonable expenses on the electricity production side, which could have saved a lot of money. There is, experts believe, a lot of ways to cut the government’s financial burden like preventing system loss, sharing the burden with the power producers, etc. So why is it pushing the burden on consumers instead?

We urge the government to adopt a proactive rather than reactive approach to the fuel price issue – in which, as well as revising domestic prices in line with international prices, the government will undertake measures to avoid being so vulnerable in the first place. For that, we must first reduce our overdependence on fuel imports, and start exploring our own gas reserves. We must also prevent all kinds of system losses. The authorities must consider other ways of handling this problem to reduce the suffering of ordinary citizens.

Save Ichhamati from impending doom

Why are authorities so negligent in saving rivers from polluters and encroachers?

Every time we call for the protection of our rivers in this column, we do so with a heavy heart and diminishing hope. Over the last two decades, at least 43 rivers of the country have dried up. The rivers that exist now are only surviving, gasping for “breath” amid all the pollution and encroachment to which they are routinely subjected. Meanwhile, citizens are being deprived of the life-enriching benefits of rivers as they head toward slow deaths. A recent report by this daily has once again brought this issue to the fore, as it highlighted the plight of Ichhamati river. Even the Bangladesh Water Development Board (BWDB) has reportedly admitted that encroachment and pollution have “changed the shape of the river,” with sand also being illegally extracted from the river by traders.

But what we really want to know from the BWDB authorities is the status of the two projects that they undertook in 2021 to increase the river’s navigability and evict illegal structures built on its banks. Reportedly, these projects had all but failed. The company in charge of the dredging project, TTSL, abandoned the site after completing only 30 percent of the work, leading to the excavated part of the river being covered with silt again. The eviction drive, meanwhile, was halted due to cases filed by encroachers, and in the face of stay orders issued by the court.

According to our report, at least 400 trucks of waste have been removed by the Rangunia municipal authority from the Roajarhat point of Ichhamati alone, which will hardly have an effect as enormous piles of waste continue to be dumped into the river by industries and households. All this is, we must point out, in violation of the Bangladesh Environment Conservation Act 1995, which declares river encroachment and pollution as criminal offences. In another disappointing turn, on December 15, the National River Conservation Commission (NRCC) decided to not reveal the names of 37,000 encroachers of 48 rivers, which activists have rightly termed as being synonymous with supporting the river-grabbers.

We wonder whether our authorities are at all sincere about saving the country’s rivers. Their efforts have been so poorly planned and executed and so uncoordinated that any resultant effect fizzled out before it could be visible. As a photo of a purple-dyed Buriganga river in the capital city – featured on *The Daily Star’s* February 1 front page – demonstrates, soon there may not be much that we can do to save our rivers, which calls for urgent interventions from the government.

We urge the relevant authorities, including the NRCC and BWDB, to perform their respective responsibilities with sincerity and a sense of urgency. They must recover rivers from the clutches of encroachers and polluters. Given the present reality, they must do so on a war footing.



VISUAL: TEENI AND TUNI

Modi’s patronisation of Adani and its cost for Bangladesh



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India’s presence in Bangladesh’s power and energy sector is increasing day by day. Currently, Bangladesh is importing 1,160MW of electricity from India. In addition to this, Bangladesh will buy 1,496MW of electricity from Adani Power Ltd for 25 years, under a contract signed by the Bangladesh Power Development Board (BPDB) in 2017. According to a report published by *The Daily Star* (January 4, 2023), Bangladesh will start getting electricity from India’s Adani Godda Power Plant in March.

Whether this power import from Adani Godda Coal-Fired Power Plant would be beneficial for Bangladesh has been in discussion for a while now. The Institute for Energy Economics and Financial Analysis (IEEFA), in its 2018 report titled “Adani Godda power project: Too expensive, too late, and too risky for Bangladesh,” dubbed this power import as “too expensive and a poor strategic fit for Bangladesh.” According to its analysis, the reason for this relatively higher price is, instead of the local coal, Adani will use the coal imported from its stranded Carmichael coal mine in Australia. The imported coal will then be transported for 700km by railway from the seaport to the Godda Power Plant in the Jharkhand state of India. And all these costs will be passed on to Bangladesh, thanks to the favourable power purchase agreement for Adani.

Recently, this debate came to the fore again after the US-based *The Washington Post* published a news article titled “How political will often favours a coal billionaire and his dirty fossil fuel.” In this report, the Adani Group’s coal power export agreement with Bangladesh has been highlighted as an example of Indian Prime Minister Narendra Modi’s extraordinary patronage for the conglomerate, which has even crossed the borders. Citing a source from the Indian foreign ministry, the report mentioned that, during his first visit to Bangladesh in June 2015, Modi asked Bangladesh to “facilitate the entry of Indian companies in the power generation, transmission and distribution sector of Bangladesh,” one of the beneficiaries of which is the Adani Group.

Although the government claims that the power import deal signed afterwards with Adani, on the basis of unsolicited proposals under the controversial Quick Enhancement of Electricity and Energy Supply (Special Provision) Act, 2010, is beneficial for Bangladesh (Prothom Alo, June 10, 2015), after having the confidential 163-page power purchase agreement reviewed by three industry analysts, *The Washington Post* concluded that “the 25-year Godda deal is hardly

favourable for Bangladesh.”

First, Bangladesh must pay Adani Power Plant roughly USD 450 million a year in capacity and maintenance charges, regardless of whether it generates any electricity, which is very high by the industry standards. Second, the coal to fuel the power plant will be transported on an Adani-owned ship from Australia to an Adani-owned port in eastern India, then it will be transported to the plant on a stretch of Adani-built railway. The electricity generated will be sent to the border through an Adani-built high-voltage transmission line. As per the contract, shipping and transmission costs will be fully passed on to Bangladesh. Third, while other agreements with foreign power suppliers include clauses that would put a cap on the prices Bangladesh would pay if the cost of coal crossed a certain threshold, the Adani agreement stipulates that Bangladesh will pay the market price, according to *The Washington Post* report.

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Currently, Bangladesh’s electricity generation capacity is 22,700MW as of January 31, 2023, according to the BPDB. This capacity is being increased further – if the power plants under construction are commissioned, the generation capacity will increase by 13,000MW in the next four years. But so far, the highest generation was 14,782MW in April 2022. The average generation is 13,000MW in summer, which further decreases to 9,000-10,000 MW in winter. That means a large part of Bangladesh’s power generation capacity remains idle throughout the year. But the BPDB has to pay capacity charges or rent for the power plants according to the contract, even if no power is generated. From FY 2010-11 to FY 2021-22, about

Tk 90,000 crore has been paid in capacity charges (*Samakal*, July 25, 2022).

In the context of such a huge surplus generation capacity, even the current 1,160MW of electricity import from India needs to be discontinued to save foreign currency, let alone import an additional 1,496MW from Adani at an exorbitant cost. To import electricity

And to phase out the oil-based power plants, if Bangladesh needs to import power from the Adani Group, spending valuable foreign currency, then what was the reason for constructing so many large power plants inside the country? Not only that, the capacity payment to the local private power plant owners is already a burden on our economy; now, if the

Corruption allegations against Adani are nothing new. Earlier in 2016, India’s Directorate of Revenue Intelligence accused 40 Indian power companies, including five Adani subsidiaries, of inflating the price of coal imports from Indonesia to hide profits in overseas tax havens, according to a 2016 report by *The Guardian*. Then how can we be sure that a corrupted conglomerate like Adani will not do the same while importing coal for Godda Power plant in order to extract more money from Bangladesh?

from India, Bangladesh currently has to pay about Tk 1,500 crore as annual capacity charges. From 2013-14 to 2019-20, Tk 6,920 crore have been paid to India (*Samakal*, May 7, 2022). On top of that, if Bangladesh imports an additional 1,496MW of electricity from India’s Adani Group for 25 years, it will only increase the pressure on our forex reserves. When Adani’s power will be ready to be supplied to Bangladesh, two situations may arise: either Bangladesh will have to keep more local power plants idle and pay capacity charges, even if those power plants’ electricity generation costs are lower than Adani, or Bangladesh will have to pay capacity charges to Adani in foreign currency without buying any electricity. Both situations are harmful for Bangladesh’s economy. In both cases, the BPDB’s cost of buying electricity will increase further, which in turn will create pressure to hike the electricity price even more.

The power department claims that Adani’s electricity will be cheaper than that produced by the local oil-based power plant, so this electricity import is beneficial for the country, according to *Samakal’s* May 7, 2022 report. This argument is not valid, because due to the increase in the price of coal in the world market and the absence of a cap on the coal pricing in the agreement, Adani’s electricity price, which was initially estimated to be Tk 8.71, will be at least Tk 17, as per government sources, and up to Tk 24.28, according to recent news reports. Whereas, currently, furnace oil-based power costs around Tk 15 per unit, according to a report by *The Business Standard*.

Moreover, the phase-out of the oil-based power plants is already long overdue, and to make it happen, gas- and renewable energy-based power plants need to be built within the country. And that is why it is very important to take proper initiatives to increase the national capacity in gas extraction from the country’s offshore and onshore gas blocks and build solar- and wind-based power plants as many as possible. Importing electricity from India is not beneficial in terms of energy security and the overall economic stability of Bangladesh.

capacity payment in foreign currency is added to that burden, then it will become unbearable. According to a report co-published by the Bangladesh Working Group on External Debt (BWGED) and India’s Growthwatch, Bangladesh will have to pay around USD 11.01 billion in capacity charges to Adani power over its 25 years of agreement, with which Bangladesh could build three Padma Bridges, nine Karnaphuli River Tunnels, or four metro rails.

Bangladesh is going to pay such a high price in the name of importing power from Adani, which is currently in big financial trouble due to allegations of “brazen stock manipulation and accounting fraud scheme over the course of decades,” made by a New York-based activist investment firm Hindenburg Research.

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Most importantly, apart from economic considerations, from geopolitical and strategic points of view, it is dangerous for a relatively small country like Bangladesh to increase its dependence on a big neighbouring country for strategic goods like electricity and energy. The ups and downs of the Russia-Ukraine relationship can be a good cautionary tale for Bangladesh.

It is widely believed that the Adani Group, as one of the largest business conglomerates in India, is getting exclusive support from the Indian prime minister. This unnecessary and expensive power import by Bangladesh from the Godda Power Plant will be cited by international observers as an example of Modi’s patronisation of Adani even outside the Indian border.