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# INNOVATION KEY FOR THE FUTURE

SEGMENT 3

ANNIVERSARY SUPPLEMENTS 2024

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## Only good governance can ensure long-term energy security

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Managing the gas reserves is a highly technical issue. The intricacy of the structure and fluid deposition under the ground require extensive modelling along with field data for developing and producing hydrocarbon. While Chevron is producing 1,300 mmcf/d gas from a remaining reserve of less than 1 tcf, Petrobangla is struggling to maintain 800 mmcf/d production from a 7 tcf remaining reserve under its operation. While everyone talks about the exploration wing BAPEX, Petrobangla itself abandoned the idea of exploiting its resources and took the easy path of import. Weak and uninformed leadership was unable to convince the government to do otherwise. Ministry intervention stopped the transparently conducted offshore

Without fair, transparent, accountable energy governance and input from knowledgeable technical leadership, long-term sustainable solutions to energy problems in this critical transition period are not possible.

VISUAL:  
TEENI AND TUNI



Energy pricing has always been a contentious issue in Bangladesh.

ILLUSTRATION: BIPLOB CHAKROBORTY

seismic survey effort twice for completely unknown reasons. The Schlumberger study of gas field development in 2011, that demonstrated how to increase production from the Petrobangla fields, was ignored

for years. In contrast to the energy sector, the power sector led by engineers did much better in field performance although some decisions were politically influenced. Strong and independent regulation can protect both

businesses and consumers. Energy pricing has always been a contentious issue in Bangladesh. Every time oil, gas, and electricity prices increase, people hear about international price increases. Even then, there is no transparency in the rationale behind the increase. When the power of determining gas and electricity tariffs was taken away from the Bangladesh Energy Regulatory Commission (BERC), the last hope of consumer justice was taken away. This single act exposed the

weakness of energy governance. The arbitrary oil price increase on August 5, 2022, triggered the highest inflation in recent time in Bangladesh. A BERC hearing could avoid such rash decisions. The Bangladesh Petroleum Corporation (BPC) cries every time it loses a penny, but it did not mention its 40,000-crore profit during seven years of low oil prices before 2020 or the 4,000-crore net profit it made after the latest price hike. It is the most non-transparent agency of the government.

Similarly, the gas price increase was promised on steady supply to the industry accommodating LNG price but failed to deliver. The BERC hearing at least forced some accountability and transparency of the utilities of their activities and efficiency. BERC is successfully fixing LPG prices every month based on different variable factors including import cost which refutes the government's claim of its ineffectiveness. Tariff determination by

BERC has no bearing on government decisions on subsidies. A transparent tariff and subsequent subsidy would help the government in disseminating proper information. Distorted information creates market inefficiency causing suffering for the consumers.

During the 2001-06 period, hardly any generation was added to the grid. There was not even a project on the ground.

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