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## INNOVATION KEY FOR THE FUTURE

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# Refinancing sustainable energy projects in Bangladesh



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Bangladesh has not seen much success with refinancing of sustainable energy. The agency created to promote sustainable energy—Sustainable and Renewable Energy Development Authority (SREDA)—has not been able to provide momentum to the development of sustainable energy. Wider deployment of sustainable energy in an era of climate change concerns countries aspiring to achieve the Net Zero target by 2050 and it is an urgent and crucial need.

Information from SREDA's website shows the renewable energy (RE) status in Bangladesh. According to it, solar energy's share of renewable energy is highest at 80.5 percent; the second position is occupied by hydro with 19.1 percent. It is worth pointing out that the hydro plant was built more than

50 years ago and still provides 230 MW of power. The share of wind and biogas/biomass is less than one percent. However, the contribution of the new 60 MW wind power plant at Cox's Bazaar has not been added. The total on-grid installed capacity of renewable energy power generation is less than 3.5 percent of the total grid capacity of approximately 26,000 MW (January 2024); in terms of electricity generated in 2022-23, it is less than one percent. This puts Bangladesh among the bottom 10 percent of countries with respect to renewable energy.

The other component of sustainable energy is energy efficiency and conservation (EE&C). The performance in the promotion of EE&C is equally poor. Since the publication of

the EE&C Masterplan by JICA consultants in 2016, very little progress has been made by SREDA. The most important recommendation of the masterplan, i.e., data submission and mandatory audit for the large designated industries has not been started. However, on their own initiatives industries have tried to become energy efficient by installing cogeneration and VFDs. The drive towards EE&C by industries has been propelled more from the need to cope with energy supply shortage rather than a desire to be green. Many export-oriented garments industries under pressure from their buyers have opted for rooftop solar. In these cases, the incentive was a two percent premium received because of RE deployment.



Bangladesh has not seen much success with refinancing of sustainable energy.

PHOTO: STAR



The need for energising refinancing of sustainable energy in Bangladesh is vital.

VISUAL: SUSHMITA S PREETHA

The need for energising refinancing of sustainable energy in Bangladesh is vital. This is not only important to alleviate the energy supply challenges, but also to address the requirement to be compliant with the commitment to GHG emission reduction. The textile and apparel sector in tandem with their buyers and brands must reach Net Zero no later than 2050. Sooner or later the EU will enforce for textiles the Carbon Border Adjustment

Mechanism (CBAM), which is a landmark tool to put a fair price on the carbon emitted during the production of goods that are entering the EU. At present it is applicable for import into the EU of energy intensive products such as cement, iron and steel, aluminium, fertilisers, electricity and hydrogen.

It is to be noted that the cost of RE in Bangladesh is high compared to that in similar countries, and nearly double that of India. The principal

barrier to wider dissemination of renewable energy especially solar is of course land availability, but the provision of adequate financing at incentivised rates is also a big barrier. The agencies that are supposed to promote and incentivise renewable energy projects have not played their parts well. The Infrastructure Development Company (IDCOL) has been successful with their solar home systems (SHS)

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