



VISUAL: STAR

Who benefits from the white elephants in the power sector?



Ghulam Muhammed Quader
is an MP and leader of the opposition,
Bangladesh Parliament.

GHULAM MUHAMMED QUADER

Load shedding or power cuts are escalating across the country. Rural areas are facing more frequent outages than urban centres. Industrial areas are also suffering due to shortage of power supply.

The daily electricity requirement in Bangladesh ranges from 13,000 megawatts (MW) to a maximum of 17,000MW. Generally, the country produces between 13,000MW-15,000MW based on the need. Presently, the total power generation capacity of the country, as per government report, is 27,515MW.

Interestingly, on April 29, the country suffered a power shortage of over 3,000MW when the demand reached 17,000MW. Throughout the last week of April, escalating temperatures led to a gradual increase in demand for electricity. The supply could have been adjusted to meet this demand. But we saw a continuous rise in load shedding due to supply shortage between April 23 to April 29.

To address the electricity and gas crisis, the "Quick Enhancement of Electricity and Energy Supply (Special Provisions) Act, 2010" was enacted for an initial period of two years. The tenure was subsequently extended in 2012 by two years, in 2014 by four years, in 2018 by three years, and most recently in 2021 by five years. With four extensions, the validity of the law has been extended up to 2026.

This legislation effectively shields almost all aspects of the energy sector from legal scrutiny. The law allows purchase of rental power plants, importation of Liquefied Natural Gas (LNG), and construction or procurement of all sorts of infrastructure in connection with the operation and distribution of gas electricity without following the usual procedures. Government officials involved in any sort of activities in connection with enhancement of electricity—purchase, production, transmission, distribution, and electricity related fuel transactions—have been allowed legal impunity under the provisions of this law.

The aim and objective of this law was to ensure uninterrupted electricity supply nationwide at reasonable prices. But what the impunity law has done is empower the authorities with limitless laterality.

Despite the existence of power plants capable of producing at least 10,000MW more than the existing maximum demand, load shedding is being imposed if there is a slight rise in demand from what is normal. This additional production capacity is either not being utilised or is for some reason not usable.

Research shows that a significant portion of such privately-owned plants has never produced electricity or has produced minimal amounts, such as one or two percent of their capacity, in some cases.

During 2018-22, some plants did

not produce any electricity, but the government bore all their operational expenses.

Until the fiscal year 2021-22, the country had 151 power plants. Among these, 42 government-owned and 26 private power plants operated at 10 percent or less of their production capacity over the past five fiscal years. Despite this low production, they have charged the government capacity fees based on their full capacity production.

In short, power generation capacity is being increased despite insufficient demand. As a result, many of these plants remain idle without producing electricity. Since there is no production, there is no opportunity to earn revenue by selling electricity produced by these plants. However, according to the contracts, large amounts of money still need to be paid on account of capacity charges.

Presently, Bangladesh Power Development Board (BPDB) is incurring huge financial losses as it is selling electricity at a much lower cost than the cost of production.

To cover the deficit, a provision for subsidy is kept in the national budget. An amount of Tk 39,406 crore was earmarked from the public exchequer for the fiscal year 2023-24 on that account.

However, it has been observed that during this period, an estimated Tk 32,000 crore was paid as capacity charges for unused power stations. This amount constitutes approximately 81 percent of the total subsidy.

In other words, a major portion (81 percent) of the amount provided as subsidy to mitigate BPDB's losses goes to pay capacity charges or rentals of private power plants. This indicates that almost the entire amount of BPDB's losses stem from payments made to privately rented power plants against capacity charges.

From 2009 to the fiscal year 2023-24, Tk 1,37,000 crore has been paid for capacity charges or rentals without utilising the production capacity.

Two large gas-powered power plants have recently begun production in Meghnaghat. These plants, operated by Summit and Unique Group, have a combined capacity of 1,167MW. Additionally, a 718MW power plant by Reliance in the same area is ready for production.

With the inclusion of these plants, BPDB's total production capacity will significantly increase. Due to the lack of demand, these plants or some other plants in lieu of them will remain unused, leading to additional capacity charge payments. Consequently, the total expense for capacity charges will rise further.

In short, power generation capacity is being increased despite insufficient demand. As a result, many of these plants remain idle without producing electricity. Since there is no production, there is no opportunity to earn revenue by selling electricity produced by these plants. However, according to the contracts, large amounts of money still need to be paid on account of capacity charges.

Although the burden of subsidies is now being shifted onto the customers through accrued electricity prices, most of the additional revenue is being used to pay rent to these privately-owned power plants.

So, the capacity charge is the main reason for the increase in electricity prices. If such power plants were absent or fewer in number, electricity prices would not have to be increased, or increased so much.

Since 2010, the electricity price has been raised 13 times, rising from an average of Tk 3.73 per unit to Tk 8.70. According to the conditions set by the IMF, this trend of increase is expected to chronically continue. Consequently, it is difficult to assert that electricity is or will be supplied at a reasonable price.

It may be mentioned here that renting private power plants, having provision for payment of rent or capacity charge are not the problems. The main problem lies in creating excess production capacity in relation to demand, and then keeping them idle and paying capacity charges or rent. Any money paid to such power plants enriches the deficit unilaterally. In short, these power plants have now become white elephants.

And it is difficult to understand why a power generation capacity exceeding 27,000MW was created at a time when our electricity demand typically ranges from 13,000MW to a maximum of 17,000MW.

Moreover, it appears that this capacity expansion trend persists, incurring significant costs and escalating both domestic and foreign debt. Notably, 19.46 percent of foreign loans are allocated to the power sector. Yet, the anticipated economic growth necessary to justify the increase in electricity usage remains elusive.

Private power plants are domestically owned, but they are being paid in foreign currency. According to our banking law, no bank can lend to any company more than 25 percent of its capital. This limit is not enforced in the power sector for the private power plant owners. It is difficult to find any logic for these extraordinary facilities to be provided to them.

Despite giving various types of benefits across the board in the power sector, uninterrupted electricity supply is not being ensured. Far from getting electricity at a fair price, white elephant-like power plants have been created and the ever-increasing high cost of maintaining them has been thrust upon the shoulders of the people.

Fallout from Starmer's controversial comment about Bangladesh



Mahadev Ghosh
is an independent researcher
based in the UK.

MAHADEV GHOSH

UK's Labour Party leader Sir Keir Starmer has faced significant backlash after his recent comment where he singled out Bangladesh as a country from where people coming in should be sent back. He made the comment during an interview with *The Sun* when he was asked about small boat crossings in the English Channel and how a Labour government would address the issue. When pressed by Harry Cole, *The Sun's* political editor, as to which countries the migrants could be returned to, Starmer responded, "At the moment people coming from countries like Bangladesh are not being removed, because they're not being processed." This statement was alarming for several reasons—including because it was contextually incorrect.

In regards to small boat crossings across the English Channel, Bangladesh's contribution is far from significant. According to the University of Oxford's Migration Observatory, Bangladesh did not even rank in the top 10. Furthermore, the UK government's Home Office data shows that only 13 Bangladeshis applied for asylum after crossing the Channel using small boats between 2018 and 2024, compared to a total of 126,609 crossings. This means that Bangladesh accounted for a negligible number of crossings—eight out of 31,079 so far this year. Labour

11,000 Bangladeshi nationals entered the UK on visas and then applied for asylum within 12 months, using student, worker, and visitor visas. This led to Bangladesh and the UK signing an agreement last month to expedite the removal of Bangladeshi migrants who have no right to stay in the country. Nevertheless, even in terms of asylum seekers, both India and Pakistan were ahead of Bangladesh, with Afghanistan and Iran at the top. This makes Starmer's singling out Bangladesh inappropriate, even if the question extended beyond small boat Channel crossings.

Labour has often been accused of not having any real plans to solve the issue of small boat crossings, and Starmer's comment does not help counter such accusations. This criticism extends beyond immigration, as Starmer has lacked cohesive plans on foreign policy, climate, or the economy. He has largely relied on platitudes, with Labour expected to win due to anti-Tory sentiments rather than pro-Labour ones. With immigration expected to be a major issue this election, every party has more or less agreed on the need to control the flow of immigrants, although each party has proposed different approaches to solving the crisis.

The Conservatives have stood firmly behind their



UK Labour Party leader Keir Starmer.

PHOTO: REUTERS

has already marginalised voters, especially those of Bangladeshi heritage, due to its stance on Israel's war in Gaza. And his comments have even led to backlash from within his own party.

Labour MP for Poplar and Limehouse, Apsana Begum, accused Starmer of "dog whistle racism against Bangladeshis." Moreover, Councillor Sabina Akhtar resigned over Starmer's comments, adding that she felt Labour had taken the Bangladeshi community's vote "for granted to please a small group of people." This reflected the wider effects of his comments, as it seemed to downplay the Bangladeshi community's contribution to the UK's culture and economy. Over half a million British-Bangladeshis live in the UK and operate 10,000 restaurants, forming a vital part of the £4.5 billion British curry sector. Additionally, British-Bangladeshis work in the NHS and in the armed forces—contributions the community felt were being undervalued, especially given their history of being victims of racist attacks.

However, this is not to say that Bangladesh is in no way contributing to the UK's immigration and asylum woes. Last year, a large number of Bangladeshis were accused of abusing the visa system. Nearly

Rwanda plan, with the right-wing party Reform UK pledging a complete freeze on immigration, in addition to deportation of people crossing the Channel in small boats. Labour plans to dismantle the Rwanda scheme and establish a "Border Security Command," relying on bilateral agreements to deport illegal immigrants. This reflects a wider consensus amongst voters that immigration numbers must come down, with 52 percent of the public saying it must be reduced. This means that Starmer's Labour will have to depart from the empathetic approach and defence of migration characteristic of the party during the Corbyn-era. However, political expediency should never justify scapegoating a historically marginalised community that is not only an integral part of your voter base but also of the country as a whole.

To Starmer's credit, he has apologised for his "clumsy" comments and acknowledged the "massive contribution" made by Bangladeshis to the UK. He further emphasised that mutual cooperation between the UK and the Bangladeshi community could lead to "great benefit" for both, which was the main reason for his remark.

CROSSWORD BY THOMAS JOSEPH

ACROSS

- 1 Indiana player
- 6 Make lumber out of
- 11 Texas landmark
- 12 Sung drama
- 13 Meek
- 14 Salad servers
- 15 "Frozen" queen
- 17 Dele undoer
- 18 Feel sorry for
- 20 Damon of "The Martian"
- 22 Hubbub
- 23 Family of five, say
- 26 Rose part
- 28 Paris subway
- 29 Depth charges, in naval slang
- 31 Egg layer
- 32 Sicilian peak
- 33 Accomplishment
- 34 Remove
- 36 Work the fields
- 38 Steer clear of
- 40 Many Mideast natives
- 43 Audacity
- 44 Dome home
- 45 Putting site
- 46 Kick back

DOWN

- 1 Contrived
- 2 Oscar winner Mahershala
- 3 Made oneself prominent
- 4 Writer Bronte
- 5 Reactor parts
- 6 Lush
- 7 John or Paul
- 8 Made every possible effort
- 9 Spur on
- 10 Days gone by
- 16 Dr.'s org.
- 18 One of a bear trio
- 19 Midmonth day
- 21 Prepares for war
- 23 Large family
- 24 Open space
- 25 Warning word
- 27 When Macbeth dies
- 30 Afternoon break
- 33 Smith's place
- 34 "Shucks!"
- 35 Finished
- 37 Animal home
- 39 Animal home
- 41 Squeezing snake
- 42 Boston team, for short



YESTERDAY'S ANSWERS

S	U	N	K		H	E	W	E	R	S		
E	R	I	E		O	L	I	V	E	R		
L	A	C	E		P	A	N	A	M	A		
F	L	A	P	P	I	N	G					
	R	E	O		D	I	G	I	T			
G	N	A	R	L	S	T	U	D	Y			
A	U	G					A	L	P			
S	L	U	E	S		M	A	T	E	O		
P	L	A	N	E		E	V	E				
					C	I	N	N	A	M	O	N
B	E	L	I	Z	E		T	A	M	E		
A	T	O	N	E	S		A	L	E	C		
R	E	P	O	S	T		R	A	N	K		

Write for us. Send us your opinion pieces to
dsopinion@gmail.com