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POWER, ENERGY SECTOR

Arrears, subsidies weighing down govt

REJAUL KARIM BYRON and ASIFUR RAHMAN

The interim government is struggling to pay the power bill arrears that were caused largely by “unfair” contracts signed between the previous administration and power producers, and rising international fuel prices.

It may become difficult to keep the commitment to reduce arrears by this fiscal year -- a condition set by the International Monetary Fund’s \$4.7 billion loan programme.

In May, during the second review of the loan programme, the IMF pressed the Awami League government to lower bill arrears.

The government then committed to paying the bills so that arrears slightly come down by the end of 2023-2024 fiscal and unpaid bills do not pile up in the current 2024-2025 fiscal.

“We plan to gradually clear arrears and return subsidy spending to a level consistent with our fiscal programme targets,” the government was quoted as saying in an IMF report released in June.

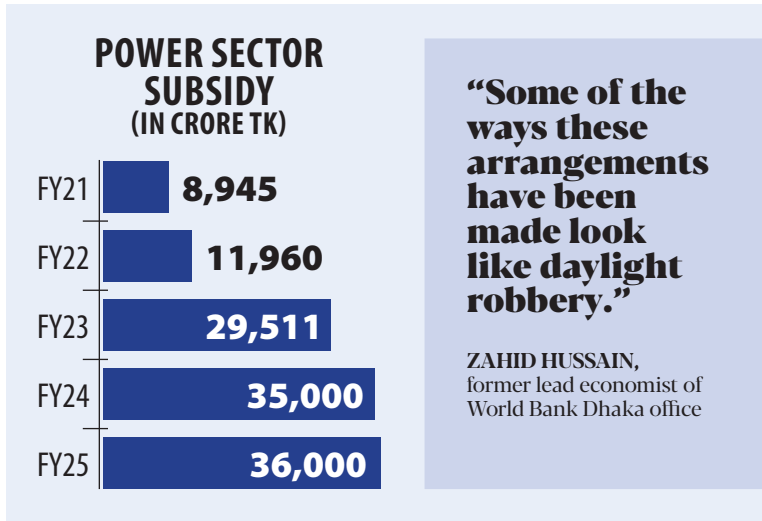
The previous government also planned to “gradually clear these arrears through transparent transfers from the budget over the next five years”.

According to the report, the total arrears for power, fertiliser and energy sectors was around Tk 60,000 crore at the end of June.

Of the sum, the power sector alone accounted for Tk 40,000 crore, said a finance ministry official.

To clear arrears in the power sector, the AL government issued Tk 20,133 crore in special bonds in the last fiscal year and the interim government issued Tk 5,000 crore early this month.

Yet, unpaid bills in the power sector are now Tk 37,000 crore and the



amount is likely to rise in each coming month, officials said.

In the current fiscal year, the sector is supposed to get Tk 36,000 crore in subsidies. Of this, Tk 7,000 crore has been paid so far, said officials of the finance and power ministries.

The Power Division needs Tk 3,000 crore - Tk 3,500 crore each month, but gets around Tk 2,000 crore.

When the interim government took charge, the total arrears in only foreign liabilities in the power and energy sector was \$2.5 billion.

After taking office in early August, the interim government requested development partners for help in paying bills in the sector.

Finance Adviser Salehuddin Ahmed last week said some bills have been paid without touching the foreign currency reserves.

The government significantly reduced the money owed to Adani Group, he said.

Power ministry officials said Bangladesh owed the Indian conglomerate \$900 million, and part of it has been paid.

Power Adviser Muhammad Fauzul Kabir Khan last week told reporters that foreign liabilities had fallen to \$1.5 billion.

Bangladesh Petroleum Corporation has no foreign liabilities at present, a finance ministry official said.

However, several LNG companies are owed \$250 million, the official said.

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Dhaka-Benapole train service via Padma Bridge from Dec 2

STAFF CORRESPONDENT

Train services on the Dhaka-Benapole route via the Padma Bridge will start on December 2.

Padma Rail Link Project Director Md Afzal Hossain said, “We are hopeful about officially launching passenger train services on the Dhaka-Benapole section via the Padma Bridge from December 2.”

“On that day, the Sundarbans Express train will leave Khulna for Kamalapur Railway Station around 6:00am,” he said, adding that the Benapole Express will leave Kamalapur for Benapole around 11:00am on the same day.

The total journey time from Dhaka to Benapole will be approximately three and a half hours.

The newly constructed broad gauge single rail line connects the existing Khulna-bound rail tracks via Rupdia and Singia stations. The 172-kilometre

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Fire and smoke erupt from a building just after an Israeli airstrike in Beirut's southern Shayah neighbourhood in Lebanon yesterday, amid the ongoing war between Israel and Hezbollah.

PHOTO: AFP

PAYRA PORT

Poor navigability jacks up coal import cost

Large vessels can't reach port after dredging stopped

SOHRAB HOSSAIN, Patuakhali

Just six months after Tk 6,500 crore was spent on capital dredging, Payra Port's Rabnabad channel has lost much of its navigability, pushing up coal transport costs for the power plants in the area.

Mother vessels carrying coal from abroad for two power stations are unable to dock at the port jetty, forcing the plants to bear the extra cost of lightering.

Patuakhali's Kalapara upazila along the Rabnabad river houses the 1,320MW Payra Thermal Power Plant. Boasting ultra-supercritical technology, the plant began its operations in 2020.

The Rural Power Company Limited's plant in the area is nearing completion, while the Ashuganj power plant is under construction. Both the stations will have a capacity to generate 1,320MW each.

The coal for these plants is brought from Indonesia through the Rabnabad channel, officials of the power plants said.

Many other companies rely on this channel and port to import nine other commodities,

from limestone to LPG.

The Belgian contractor Jan de Nul completed the capital dredging of the 75km long channel with 100-125m or higher width by April 26. The dredging allowed vessels with a draft of 10.5m to enter the port.

But the triumph was short-lived. With a glaring lack of maintenance dredging, the channel's depth plummeted to dangerous levels — below 6.5m at high tide and 5.9m at low tide, according to officials of the power stations and the Payra Port Authority (PPA).

No mother vessel, that requires a minimum depth of 10m, can reach the jetty now. Port users face skyrocketing costs as coal must be lightered at the outer anchorage.

Shah Abdul Mawla, project manager of the Payra Thermal Power Plant, paints a dismal picture. “We're incurring an additional \$10 to \$12 per tonne in lightering costs. This additional expense is a burden on power generation.”

Without immediate dredging, transportation costs will soar, and user dissatisfaction will grow, the power station officials said.

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BNP to propose balancing president, PM's powers

It may submit the proposals to reform commission by Monday

MOHAMMAD AL-MASUM MOLLA

The BNP has finalised several constitutional reform proposals, which include balancing the powers of the president and the prime minister.

It also wants a bicameral parliament and the restoration of the caretaker government system in the constitution.

The party finalised the proposals in line with its 31-point outline for structural reforms.

It plans to submit the proposals to the interim government's Constitution Reform Commission, headed by Professor Ali Riaz, by Monday, according to party sources.

The party's policymaking National Standing Committee made the decision about the proposals at the BNP chairperson's Gulshan office on Thursday night.

The proposals also include declaring equality, human dignity, and justice as the guiding principles of the constitution, according to sources.

The interim government's Constitution Reform

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CHATTOGRAM WASA

Tk 100cr lost every year to 'system loss'

SIFAYET ULLAH

In the last fiscal year, 30 percent of Chattogram Wasa's water was wasted, resulting in significant revenue loss.

Its system loss has doubled in the past decade, up from 15.24 percent in 2013-14 fiscal year.

However, many of its customers are being billed for more water than they actually use.

According to its annual report, Chattogram Wasa produced 176,511 million litres of water in 2023-24, but lost revenue from 52,962 million litres, categorised as Non-Revenue Water (NRW).

With an average tariff of Tk 19.37 per 1,000 litres, the agency lost over Tk 100 crore in potential revenue.

The NRW or system loss refers to water that is either lost or unaccounted for after it is produced.

The system loss at Chattogram Wasa is the highest among the four state-run water supply agencies.

By comparison, Rajshahi and Khulna Wasa had system loss rates of 17.5 percent and 29 percent respectively in FY 23-24, while Dhaka Wasa's NRW rate was 20 percent in 2021-2022, according to data from the respective agencies.

Despite spending an enormous Tk 6,336 crore on network expansion and pipeline replacement, Chattogram Wasa's wastage continued to rise over the years.

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