

# The need for power sector reforms



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In a way, Bangladesh maintains a vertically integrated state monopoly in the power sector. Although the generation segment was liberalised by the private sector power generation policy of 1996, the growth of private generation is fully controlled by the Bangladesh Power Development Board (BPDB) in terms of fuel type, location, size, and approval. There is no competition, as BPDB is the single buyer. Similarly, generation was segregated, and the distribution system was divided among government-formed distribution companies (DisCos) without any true freedom except self-governance within the franchise. BPDB is the single seller of electricity to the transmission company Power Grid Bangladesh (PGCB), which allocates power to the DisCos through the National Load Dispatch Centre (NLDC), which it controls.

Essentially, BPDB controls every aspect of the entire power sector. In addition, BPDB is entrusted with forecasting demand along with a supply plan. Even with so much power and apparent control, BPDB cannot function independently because it is an agency under the Ministry of Power, Energy, and Mineral Resources. This ministry, for most of the last three decades, has been headed by the prime

ILLUSTRATION: **BIPOLO CHAKROBORTY**

- » Bangladesh's power sector remains a state-controlled monopoly, with BPDB overseeing every aspect of generation, transmission, and distribution.
- » Despite the introduction of private sector participation, BPDB maintains strict control over fuel type, location, and approval, eliminating competition.
- » Major power sector decisions are centralised within the Prime Minister's Office, leading to politically driven planning and inflated demand forecasts.
- » The lack of an independent regulatory framework results in unrealistic projections, excessive reliance on imports, and inadequate investment in transmission and distribution.
- » Decentralising decision-making and establishing an independent expert body are crucial steps toward ensuring transparency, accountability, and efficiency in Bangladesh's power sector.

minister for “strategic national security.” Almost all major power sector decisions were influenced and eventually decided by the Prime Minister’s Office (PMO). The political economy of the power sector involved the PMO, the ministry, BPDB, and opportunist businesses. In the guise of political ambition, the power sector’s national strategy was increasingly influenced by financial and political transactions. The Power System Master Plan (PSMP) 2016 was revisited by BPDB, as directed by the ministry, to inflate the demand forecast that was used to award a number of power plants through the Quick Enhancement of Electricity and Energy Supply (Special Provisions) Act, 2010, with impunity.

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