

Abstract

Energy is one of the most important inputs to improve quality of human life and enhance economic development. Per capita electricity generation in 2008 was 173kWh and 45 percent of population had access to electricity. During 1994 to 2004 the supply of electricity grew at an average rate of 8.2 percent. But the reliability of electricity supply could not be maintained since 2005; load shading was in the range of 700MW to 770MW reported for 287 days for a total duration of 1433 hours. Electricity crisis has seriously affected the quality of human life and development activities of all the productive sectors. Bangladesh has reasonable reserves of primary energy sources (coal and natural gas), but it could not be made available for sustainable power generation. It has not been possible to give due attention to the supply chain management of power that is generation, transmission, distribution in synchronized manner. Power crisis has been continuing not due to scarcity of primary energy resources but due to lack of efficient management. This is why, the objective of the present study is to identify the gaps in the governance of the power sector, in order to enhance the process of good governance. The legal and policy instruments used to govern the power sector and different institutions involved with the management of the power sector have been presented. Bangladesh Power Development Board was established in 1972 as a vertically integrated organization for overall development and management of the power sector. Since 1977, with the establishment of Rural Electrification Board (REB), a number of new institutions have been established under power sector reform process to improve the quality of electricity supply services. These institutions are DESA, DESCO, PGCB, WZPDCO, DPDC, APSC. At present various functions carried out by BPDB are: overall coordination, generation of electricity in some power plants, purchase of power from the IPPs, distribution of power to some rural and urban areas and sale of electricity to distribution entities (DESCO, WZPDCO, NWPDCO and REB's).

The status of power sector indicates that in 2008-09 the total generation capacity was 5560 MW which includes 3817 MW in public sector (68.65%) and 1743 MW in private sector (35.35%). For the unavailability of gas supply some of the power plant could not produce power according to their rated capacity (GOB 2009). In fiscal year 2008-09 the net generation of power was 12,557.19 million kWh of which 7673.08 million kWh in public sector (61.1%) and 4884.11million kWh was in private sector (38.9%). The Government has decided phase wise establishment of 14000 MW power plants by year of 2020. It takes 5-7 years to build and commission a viable power plant project under public sector. It also needs the assurance of funds from donor agencies. Tender procedure and other hurdles also hinder the progress of implementing a power plant through public funding. There are presently more than 18 power plant projects ranging from 10MW-450MW waiting for implementation under public sector. Considering good prospects of power plant constructions in private sectors, the Government has also decided to allow Private Sectors to set up 10MW-50MW Power Plants without tender processing. The provision is that the Government will purchase electricity at a mutual agreed price.

In Bangladesh Power Sector Reform (PSR) has been initiated in order to improve the performance of the power utilities to serve a greater number of consumers with affordable price of electricity. Study of various reforms measures indicate that reforms process included three functional activities: institutional reforms, policy reforms and operational reforms. Some Progress have been made in generation, transmission and distribution systems. Decision to rationalize tariff has been made in 2006. Since 2008 BERC started tariff

fixation through public hearing. The 3-years Road map has been agreed with ADB to continue further reforms. For sustainable development and management of power sector coordinated actions have to be taken at all levels that is from top most level of decision making to utility levels. Power sector governance system refers to coordinated actions of the Parliament, Parliamentary Committee, Cabinet, Planning Commission, BERG, Power Cell, MOPEMR, Power Division, BPDB and other entities. The study has made an attempt to identify the weakness in governance of the above mention institutions. On the basis of systematic study the following suggestions have been made for strengthening the power sector through good governance. An independent Minister should be given responsibility for the management of MOPEMR under the overall guidance of the Prime Minister. One advisory Committee should be formed for advising both Energy and Mineral Resources Division and Power Division. The Parliamentary Committee may consider inviting independent experts to brief them on specific issues related to energy and power. Serious attention should be given to expedite the approval process of development project by the Planning Commission. BERG should be allowed to function independently in fixing tariffs. Senior levels decision makers should be posted in their respective position at least for a period of 3 years. Power Cell should be given responsibility to monitor constantly the progress of implementation of PSMP and also to undertake policy research and program for HRD. All the public sector companies of power sector should be placed under BPDB establishing it as a holding company. The composition of management board of different electricity companies should be selected with due attention to supply and demand side representation and the position of the Chairman should not be changed frequently.