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Make it transparent

CPD calls on govt about power plant bidding process; says the Speedy Supply of Power and Energy Act must go

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The Centre for Policy Dialogue yesterday urged government to discontinue the Speedy Supply of Power and Energy Act immediately as the country progressed a lot in meeting energy needs in recent years.

“The sector should gradually return to lead its operation under the public procurement act and rules as the period of emergency need appears to be over,” the think-tank said.

The energy and power sector needs to shift its activities from the emergency management, initiated in early 2010s, to market-led management and also needs to reduce lack of transparency, accountability, efficiency, irregularities and corruption, it added.

“You should make the whole bidding process transparent and make it absolutely clear. No conflict of interest [should be there],” said CPD Chairman Prof Rehman Sobhan.

He was addressing a discussion, titled Power and Energy Sector: Immediate Issues and Challenges, organised by the CPD at Khazana Gardenia Grand Hall in the capital.

Speaking at the event, Nasrul Hamid, state minister for power and energy, said the government had plans to shut fuel-based power plants. But setting up large power plants take time because getting land and finance is quite challenging in the country.

The government will close the fuel-based plants making sure that the supply is not affected, he said.

The CPD said now was the time to pay attention to the primary energy sector, particularly domestic gas and coal. There should be a clear idea about the gas reserve of the country.

“The government should make it clear about the plan to use domestic coal reserve. The environmental concerns of coal-based power plants, particularly Rampal Power Plant would be politically costlier.”

M Tamim, pro-VC of Brac University, said Bangladesh had been struggling in the areas of primary energy supply. “We have not been able to come up with the proper solutions to supply an affordable and sustainable primary energy.”

As per current planning of the government, 90 percent energy would be import-based by the next decade and the cost of energy import would be huge.

“As a country where we are growing, can we afford this kind of huge import bill?”

“So, the country must take a decision on its own coal and must go forward and explore the domestic coal because it would give us a lot of energy independence and freedom.”

The former energy adviser said the maritime boundary dispute was resolved in 2014, but the country has not been able to carry out a survey in the Bay of Bengal yet.

“Onshore, BAPEX's experiment has completely failed and it was not able to find any major gas. Major exploration initiatives should be taken onshore and offshore.”

There should be a gradual shift in energy tariff, setting mechanism from administered tariff to market-based tariff, said Khondaker Golam Moazzem, research director of the CPD, who presented the study.

Hamid said he would like to switch to the market-led approach, but not right now.

Moazzem said the governance in the power and energy sector institutions needs to be strengthened further. “For this, irregularities and corruption in different corporations and associated companies need to be controlled and more transparency is expected in case of signing contracts at local and international level both at government-to-government and government-to-business levels.”

Prof M Shamsul Alam, dean of the engineering faculty at Daffodil International University, said a hearing to raise gas tariff is beginning from today breaching the laws.

“The state minister for energy is saying that the price of gas has to be increased. But we are saying that it can't be increased breaching laws.”

He also said there is conflict of interest in the electricity business. If lawmakers produce power or engage in import, the laws will not come of any use for the ordinary people.

CPD Distinguished Fellow Prof Mustafizur Rahman moderated the dialogue.

Fahmida Khatun, executive director of the CPD, said the power sector experienced impressive growth in the past few years. However, further actions are needed to eliminate the demand-supply gap.