

Current Crisis in the Power Sector:
Nature of the Problem and the Way Forward

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The Centre for Policy Dialogue (CPD), established in 1993, is a civil society initiative to promote an ongoing dialogue between the principal partners in the decision-making and implementing process. The dialogues are designed to address important policy issues and to seek constructive solutions to these problems. The Centre has already organised a series of such dialogues at local, regional and national levels. The CPD has also organised a number of South Asian bilateral and regional dialogues as well as some international dialogues. These dialogues have brought together ministers, opposition frontbenchers, MPs, business leaders, NGOs, donors, professionals and other functional group in civil society within a non-confrontational environment to promote focused discussions. The CPD seeks to create a national policy consciousness where members of civil society will be made aware of critical policy issues affecting their lives and will come together in support of particular policy agendas which they feel are conducive to the well being of the country.

In support of the dialogue process the Centre is engaged in research programmes which are both serviced by and are intended to serve as inputs for particular dialogues organised by the Centre throughout the year. Some of the major research programmes of the CPD include **The Independent Review of Bangladesh's Development (IRBD), Trade Related Research and Policy Development (TRRPD), Governance and Policy Reforms, Regional Cooperation and Integration, Investment Promotion and Enterprise Development, Agriculture and Rural Development, Ecosystems, Environmental Studies and Social Sectors and Youth Development Programme.** The CPD also conducts periodic public perception surveys on policy issues and issues of developmental concerns.

Dissemination of information and knowledge on critical developmental issues continues to remain an important component of CPD's activities. Pursuant to this CPD maintains an active publication programme, both in Bangla and in English. As part of its dissemination programme, CPD has decided to bring out **CPD Occasional Paper Series** on a regular basis. Dialogue background papers, investigative reports and results of perception surveys which relate to issues of high public interest will be published under its cover. The Occasional Paper Series will also include draft research papers and reports, which may be subsequently published by the CPD.

*As part of CPD's publication activities, a CPD Dialogue Report series is brought out in order to widely disseminate the summary of the discussions organised by the Centre. The present report contains the highlights of the dialogue on **Current Crisis in the Power Sector: Nature of the Problem and the Way Forward** on October 31, 2005 at the BRAC Centre INN Auditorium, Dhaka.*

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Dialogue Report on
**Current Crisis in the Power Sector:
Nature of the Problem and the Way Forward**

The Dialogue

The Centre for Policy Dialogue (CPD) organised a dialogue on *Current Crisis in the Power Sector: Nature of the Problem and the Way Forward* at the BRAC Centre Inn Auditorium, Dhaka on October 31, 2005.

State Minister for Power, Ministry of Power, Energy and Mineral Resources *Mr Iqbal Hasan Mahmud, MP* was the Chief Guest at the dialogue while *Mr Sheikh Fazlul Haq Selim, MP* was the Special Guest. Member, CPD Board of Trustees and former Finance Minister *Mr M Syeduzzaman* chaired the dialogue that was participated by power sector stakeholders, donors, experts, economists, businessmen, academicians and politicians.

Introductory Statement

CPD Executive Director *Dr Debapriya Bhattacharya* in his welcome speech to the participants noted that the CPD has a continued interest in the power sector. Before the 2001 elections, the CPD had formed 16 task forces to look into many issues of national interest including power. In 2003, the CPD revisited the recommendations of the 2001 task force reports. In 2004, the CPD in a study on power sector found that the economy in that year lost Tk. 6850 crore due to power outages. This is equivalent to 2 percent of the GDP. The major affected sectors were the commercial and industrial sectors. Eighty eight percent of the executives of multinational companies expressed to the CPD that the power condition in Bangladesh is the worst in the world. They feel that Bangladesh is a “C” category country as far as the energy situation is concerned-needing a major push.

Dr Bhattacharya pointed out that this dialogue brings in partners of all streams to look into the current power scenario from five perspectives- A. structural problem, B. coordination problem, C. financial problem, D. institutional problem and E. policy induced problem.

Keynote Presentation

Former Chairman of Bangladesh Power Development Board (PDB) and member of the Electricity Advisory Council *Mr Shamsul Islam* presented the keynote paper titled

“*Current Power Situation, Problems Being Faced and Suggested Solution*” at the dialogue.

He observed that the power situation is unsatisfactory due to inadequate power plants, lack of transmission line and gas supply shortfall. There are three power projects totalling 360 mw capacities, which are expected to come into operation within the next year. A few contracts are being negotiated upon—but they would require substantial time before commissioning. These arrangements are inadequate to cover the power demand for the coming years.

The financial health of the PDB and DESA is far from satisfactory. The PDB is incurring huge loss as it is purchasing power from the IPPs which are generating 1260 mw power now. The PDB is also burdened by heavy debt liability and problematic management and employee relationship.

Suggesting solutions, he said the country needs to increase the generation capacity as quickly as possible. It should also improve maintenance and operation of power plants and constitute a working group comprising of officials of different bodies like the Planning Commission, Implementation Monitoring and Evaluation Division (IMED), Finance Ministry, Energy Ministry, Power Cell, Petrobangla and the utilities for coordination, planning, float tenders and finalise contract.

The keynote speaker describing reasons for delays in project implementation blamed unsolicited bids, political and other pressure, donor dissatisfaction, complaints and cancellation of proposals after post-mortem. To speed up, *Mr Islam* recommend that all procurement shall be made through a transparent tendering process and tenders should be floated by December 31—keeping in mind the monsoon season which facilitates transportation of heavy cargos through riverine routes.

The other measures he recommended was avoiding of frequent transfer and posting of skilled management personnel, arrange checking of electric meter of about 10,000 consumers using high tension electricity, and serious implementation of reforms etc.

Floor Discussions

Investors woes

Describing how the on-going power crisis is severely affecting productivity, *Mr Abul Kalam Azad*, President, Bangladesh Chamber of Industries (BCI) pointed out that an entrepreneur investing Tk 60 to Tk 100 crore needs 2 mw electricity, but his business is battered by a daily load shedding of four to five hours. While this affects his production, he must pay the banks a monthly interest of around Tk 60 lakh—leaving the investors counting heavy losses.

Governance problems

World Bank Country Director *Ms Christine Wallich* said that the sector is not really suffering from financial problem since the donors are willing to finance power projects. Coordination is not the number one problem, the policies are good and there is no problem induced by the Public Procurement Regulation (PPR). Therefore leadership problem remains as the top issue, she opined.

Professor Dil Afroze, Director of Datasoft Systems Bangladesh Limited observed that although many measures were taken to overcome the crisis, there was no outcome. The reasons for this failure is the unhealthy political environment, a corrupt structure prevailing in the sector, frequent changes of policy replacing a steady policy, backward system of billing, and lack of coordination of gas and power.

Commenting on the same issue *Mr Abul Kalam Azad* questioned the government why did it cancel the Summit Power's proposal for the 450 mw Sirajganj plant in 2004 when the World Bank agreed to finance it? Was it a political decision? This cancellation has worsened the current power scenario.

State Minister for Power *Mr Iqbal Hasan Mahmud* admitted that political rhetoric will not solve any problem. The country needs capital as well as a good system. There are procurement delays to deal with. Tenders in the power sector is technology shopping. When we evaluate a tender, different parties raise hues and cries. "If we work as per the PPR 2003, many of these problems can be solved. If we don't, a project like the Chandpur Power Project may become uncertain" the Chief Guest said. The Chandpur Power Project has landed with the IMED following a complaint by a bidder. The PDB had made a small procedural mistake in dealing with the Chandpur bids. The IMED is now asking the PDB to negotiate with the second lowest bidder which has asked for a

price Tk 110 crore higher than the lowest bidder, just because PDB did not properly follow the PPR.

Coordination and planning problems

The State Minister for Power *Mr Iqbal Hasan Mahmud* noted that due to poor planning, the government often spends unnecessarily for one low priority purpose, depriving the higher priority purpose. For instance, the Jamuna multipurpose bridge was built along with a gas pipeline and power poles. But these poles are not energised. Then why did the government spend money to install these poles. Did this expenditure benefit anyone? These poles are now being energised and that task will end in 2007.

Power Division Secretary *M M Nasiruddin* opined that coordination is a major problem in the gas sector. For instance, the Rajuk approves garments factories in residential areas like Uttara and Gulshan while the gas authorities are not prepared to supply industrial gas to these areas. Similarly the Rural Electrification Board in the last four years added 60,000 kilometres of transmission lines, but there is not enough power to utilise the line. The previous demand forecasts have proven to be wrong and the reality shows that the industrial growth rate is much higher than predicted. Similarly gas demands have exceeded projection.

PDB Chairman *Mr Akhtar Hossain* pointed out some paradoxes clouding the energy sector. For instance, the difference between the off-peak demand and peak demand for power is as sharp as 2000 mw. Again, the energy sector growth rate is not clear. In the last four years, power generation has been increased by 25 percent and gas by 50 percent. On the other hand, the country is generating 1000 mw captive power while keeping another 1000 mw demand suppressed. This only shows that the real demand for power is nearly 6000 mw presently. Most industries are growing in an unplanned way making it very difficult for the power managers to understand the base load and ensure quality supply. Industries should be developed zone-wise, he suggested. The country is now generating a maximum of 3818 mw power. Three new plants are underway. But these plants will not be able to cope up with the growing demands as by April next, the official demand will reach 5000 mw.

Small power plants- a costly affair

Mr Abul Kalam Azad noted that the government's plans of 10 to 50 mw small power project have landed in a crisis because instead of genuine tenderers, these projects were being awarded to ministers and MPs.

Former Energy Secretary *Dr Towfiq-e-Elahi Chowdhury* noted that the government's latest plan to install skid mount power plants to resolve power crisis in short time was driven by the suppliers' interest. These plants are very costly and they have a very short term return.

Foreign Chamber of Commerce and Industry (FICCI) *Mr A K M Shamsuddin* also observed that the country's power policy was being dictated by intenders. Urging the authorities to learn from mistakes, he noted that we go for power without discussing with gas companies and end up having partially functional plants like the Tongi plant. He added, the government is now talking about small power plants which are produced by only three manufacturers—making it a costly affair. He said that while barge mount plants can provide energy within a short time, these can not provide a real solution. Instead, the nation should opt for large 450 mw power plants.

Mr Aziz Khan of Summit Power said that it takes 13 to 14 months to process and install even the small power. Therefore, our horizon should be set on having around 600 mw small power by 2007. But as per the Power System Master Plan, if we go for a large 450 mw power plant, we can have 150 mw power by that time as part of an initial operation.

Former Energy Minister *Mr Nooruddin Khan* observed that small power going up to 50 mw is absurd, because it is too big to be called a small plant. It can only go up to 20 mw. The government must be careful about the quality of the small plant. The government should also try to get unutilised power from the captive power generators into the national system.

Former PDB Chairman *Mr Nuruddin M Kamal* pointed out that it is very difficult to evaluate huge numbers of bid offers of different sizes of small plants, as was being planned by the government. Instead, the government may consider a certain size against a limited number of installation sites. For instance, it may consider 20 such plants, each with 20 mw capacity under the 67 Palli Biddyut Samities.

Learning from the past success

Former Energy Secretary *Dr Towfiq-e-Elahi Chowdhury* said that in 1997, the country was in deep energy crisis with grid failures and power shortages. Then the government had resolved that. How did it do so? The number one problem-solving factor was political will, followed by problem solving efforts and finally team work. *Dr Towfiq* said that the government was serious. There was no politicisation of the sector. The then Prime Minister *Ms Sheikh Hasina* never interfered with the power sector managers and experts—which comforted the managers. The Energy Ministry started as a team with

Petrobangla and Power Board to resolve the problems. From barge-mount power plants to bigger plants—this team succeeded in floating tenders in such a way that there was no re-tendering. But presently, there is no coherent leadership and this goes up to the level of the Prime Minister. There is a confusing signal in the market. The confidence of the power sector managers is lacking and the team spirit is gone and the structural problems have become very deep.

President of Bangladesh Energy Companies Association *Mr Moazzam Hossain* suggested that to overcome the power crisis, the government should consider barge mount plants, small power units and enforce load management measures to save power and optimise its use.

Policy review needed

PDB Chairman *Mr Akhtar Hossain* said that the present power sector scenario where the PDB is incurring an annual loss of Tk 1000 crore demands a review of the power policy. Power Division Secretary *Mr M M Nasiruddin* asked whether private power is the only solution to the country's power crisis. The nation's foreign exchange reserve face tremendous pressure due to payments made to the private power companies in dollars. Therefore IPPs are not the only solution. He suggested that regional cooperation in the power sector can be a solid option.

Transparency vs Procurement

Mr MM Nasiruddin raised the question whether the country was sacrificing all procurement in order to ensure transparency. Once the authorities float a tender—one bidder would table complains against the other bidder, resort to the World Bank and the government then has to explain to the donors. This cycle kills valuable time.

Rejecting the views of the Secretary on this issue, World Bank Resident Representative *MS Wallich* said that transparency is not the goal—but it's the means to ensure value for money. Non-transparency can not be defended. Transparency is the way to procure everything-- not just power plants alone. It is very inappropriate to weigh transparency against procurement.

Mr Shamsul Alam, Director Institute of Energy Technologies, CTU added that without uprooting corruption the crisis in the power sector can not be overcome. He added that the government should not accept any unsolicited bid in any way.

Mr Shakhawat Hossain Bakul, MP noted that there are transparency problems in management and financial issues and the donors also impose hostile conditionalities.

IPP vs public sector

State Minister for Power *Mr Iqbal Hasan Mahmud* observed that the IPPs have become a big burden for the PDB because of payments in foreign currency. The PDB is also forced to buy high cost power from the Rural Power Company Ltd (RPCL) to sell the same at lower cost. Criticising the planning of the past Awami League(AL) government he said these issues were overlooked as the AL only looked at the crisis management. It should have looked at the sector in totality.

Besides there are other anomalies: The public sector plants pay all kinds of taxes but the IPPs do not, as part of the government's incentive package. Now we need to reform the private power policy. He added, when the government went for IPP, it signed Power Purchase Agreements (PPAs). It should have also gone for signing PPAs with the public sector plants.

Ms Christine Wallich said that while some criticised payment in foreign currency for IPP, its naive to think that power procurement can be done without any payment in foreign currency. Anyone purchasing power plant from any manufacturer, foreign currency payments will be required. It is not the fault of the IPP. Power plant equipment is imported capital machinery.

It all depends on the political will

The World Bank Country Director said that if there is will and leadership, its not difficult to resolve the crisis. Some of the suggestions for immediate solution are well within the grasp of the donors or the financiers. As a short term solution covering a period of 12 to 18 months, there is a suggestion for crash programmes to rehabilitate several power plants to augment 500 to 600 mw power generation. If there is a will, the government can improve supply efficiency through demand management and shifting loads and add another 100 mw power from small plants. One or two barge-mount power plants may be added. Small power plants are costlier, but they can be a part of the solution, provided these are implemented in a transparent manner.

But as a long term solution, it's a must to go for large power projects in line with the PPR.

Former PDB Chairman *Mr Nuruddin M Kamal* noted, the past CPD taskforce report had predicted the level of the on-going energy crisis due to inaction; and therefore this situation could have been avoided. But there is a lack of political will. The sector is being run by confusing leadership and direction. As a result, the power sector is witnessing

floating of tenders and their cancellations regularly. The State Minister for power has been opposing IPPs. In reality, past IPP initiatives had added 1290 mw power and therefore keeping the present power system alive. The Power Cell is being assigned to negotiate power tenders, when it should have been left to the professionals.

Coal energy- an alternative source of Power

Mr Gary Lye of Asia Energy emphasised on the use of coal in Bangladesh as an alternative and dependable source of power. He said the combined coal reserve in Phulbari and Barapukuria is more than one billion tonnes and this reserve can be mined. This reserve is equivalent to twice the proven gas reserve of the country. The Geological Survey of Bangladesh says that there is yet another 1.5 billion tonnes of coal in other areas. That gives four times the proven gas reserve. Coal fired power plants are very simple and these can be part of a very simple long term solution. Setting up a large scale power plant may take 5 years. The coal related technologies are very reliable. The nation can have 500 to 1000 mw capacity power plants at Phulbari. If a decision is taken today, a 500 mw plant would come into operation by 2011.

Cutting the system's loss

Mr Aziz Khan of Summit Power Thought that it's a good thing that the requirement of gas and power is going up. To improve energy availability, we should address the system's loss issue instead of discouraging the demand growth. There is 37 percent system's loss in power sector- of which 25 percent is theft. This is equivalent to 900 mw power. If we could save even half of it and supplied that to those who pay, the scenario would have been much better.

Large plants as solution

Mr Nuruddin M Kamal suggested that instead of going for a large number of very small power plants, the government should consider fewer large plants and six 100 mw smaller plants at six specific areas. A bidder will not be allowed to make more than one offer. The big ones of 400 mw to 450 mw capacity each will take 4 to 6 years to complete. The large plants will start functioning as simple cycle ones and gradually go into combined cycle operation and they can be completed within two years.

Resource crisis

Mr R I Khan, former Division Chief of the Planning Commission citing his 34 years of experience in planning pointed out that resource shortfall is acute in infrastructure and history shows that allocation for power sector is not consistent. We have too many projects but very poor allocation against each of them. He adds, there are 60 power sector projects valued Tk 24000 crore, half of it in foreign exchange, in the Annual

Development Programme(ADP). Till the last fiscal year in June, the government has spent about Tk 11,000 crore and in the running fiscal, the government has allocated Tk 3000 crore leaving works worth Tk 10,000 crore for completion. Such poor allocation is delaying the projects by many years. Amid such resource gaps, we have to increase power generation. To achieve that, we may consider rationalising the ADP allocation by framing a negative list of priority to market the projects which should not get funds till a certain time.

The other issue is all policy and planning should equally emphasise on power sector, which these do not. For instance, none of the major strategies set out in the Poverty Reduction Strategy Paper include anything on power.

Human resources development

Professor Dil Afroze of BUET suggested that the billing section should be overhauled by assigning all the manpower there on the basis of contract service. In other parts of the administration, the promotion criterion should be changed to encourage efficiency.

Mr Zafrul Hasan of Jatiyatabadi Sramik Dal said that due to lack of working environment, nothing is moving ahead. Due to frequent change of decisions, none is sure about his or her task or what is going to happen next. But there are efficient men in the PDB who can help overcome the crisis and the system's loss.

Gas crisis- where does the solution lie?

Former Petrobangla Director *Mr Mohammad Ismail* quipped that 90 percent of the country's generated power is fired by gas. In the last 10 years, Petrobangla has been failing to provide up to 150 million cubic feet per day (mmcf) gas during peak hours. Now the gas reserves have depleted further and there will be more gas supply shortfall. This is why the nation needs immediate drive for upstream exploration. Since 2001, there had been no new discovery of gas. Without new discoveries, there will be no gas after 2015 and that will be a total disaster. *Mr Shakhawat Hossain Bakul, MP* a member of the Parliamentary Standing Committee on Energy Ministry added that when we have a forecast of massive gas crisis after 2015, some of us had wanted to export gas.

He pointed out that presently gas is not the major problem for power. In August, gas shortage triggered 20 mw to 120 mw power shortage. This has happened because the number of industries has rapidly risen by 5 to 7 percent. The on-going gas shortfall can be overcome with the completion of the Ashuganj-Manohardi gas pipeline.

A good part of the on-going crisis can be overcome by enforcing proper administrative actions. For instance, in DESA area, the shopping malls do not pay for 25 percent of the

power they consume. Huge gas is being misappropriated by the industries in Narayanganj.

Former Energy Minister General (Retired) *Mr Noor Uddin Khan* said that the source of gas is not the problem. The availability of gas can be increased by drilling exploratory wells extensively—which is not being done for several years. Gas is the main energy source for power and industry. The Energy and Power Ministry, which was split into power division and energy division several years back, should be combined again for better coordination. Again, the country must not be excessively dependent on gas for power generation, but it should diversify the source by using oil and coal. Ruppur Atomic Power Plant project, if completed, will also help solving part of the problem.

Government within the Government

Special Guest of the dialogue Awami League parliamentarian *Mr Sheikh Fazlul Haq Selim* termed power crisis as a national crisis. The authorities are unable to accept the requests for power or gas connections and the sufferers include housewives to industrialists. Such a situation is not just a creation of the current government, but a result of negligence for many years. Overcoming this problem needs political commitment and transparency. Back in 1995-96, the Awami League came to power to find a messy power situation. At that time it did not look at the sector to make illicit money, but it responded to the peoples' demand. Accordingly that government began with barge-mount power plants and went for widespread power projects. If that drive continued, we would have added 400 to 500 mw power every year till today.

But there is a clear-cut leadership crisis now. The Prime Minister is also the full Energy Minister. The Principal Secretary has been given the power to look after the power division. The person in charge of the Board of Investment has been made adviser to the Energy Ministry. As a result, it was difficult for the State Minister for power to take any decision in last four years. Also we saw cases of repeated tendering.

When the Tongi 80 mw power plant was completed, there was no appropriate gas supply pipeline. As a result, the plant was kept shut down after inauguration. It's a shame that there was no coordination. Consequently many fertiliser factories and other industries have been kept shut off from time to time. There is a vested interest quarter that does not want things to happen in the way they should happen. The country was supposed to have new power projects generating 1400 mw by 2005, but instead we got only 800 mw. Now the situation is so poor that the apartment owners have to use generators. Why would they do it? They have paid for the power connection.

Sheikh Selim pointed out that there was no trace of revenue worth Tk 2000 crore with the DESA and nobody gets punished for such corruption. With that much revenue, the government could have built two 300 mw power plants. Because of the leadership crisis, the Energy Ministry is severely lacking direction. The Prime Minister does not act as the Energy Minister and she has assigned the Principal Secretary to represent her. Yet there is a State Minister for power. “Then there is *Hawa Bhaban*. The *Hawa Bhaban* overrules the PM’s orders and implements its own orders. There is a government within the government, which should go. But the administration should act as per the directive of *Khaleda Zia*” *Mr Selim* Added.

Former Energy Secretary *Dr Towfiq-e-Elahi Chowdhury* also echoed the point that there is no coherent leadership. There is a confusing signals in the market. The confidence and team spirit of power sector staffs are lacking, and structural problems have become deeper.

Reforming the power sector

Former Energy Minister General (Retired) *Mr Noor Uddin Khan* noted that the PDB must operate freely. It’s a good idea to decentralise the power plants. The transmission system is so old that these can not take the load. The DESA should take care of Dhaka’s power separately by having its own power plant.

The Chief Guest, State Minister for Power *Mr Iqbal Hasan Mahmud* said that as a Minister with a business background, he believes that the success of the power sector lies in the balance sheet. The power sector management, however, is a high tech subject demanding good understanding. Without proper understanding, a billion dollar investment would not do this sector any good. The sector must have balance between demand and supply. The demand is rising by 10 percent or about 500 mw annually. If it takes US \$ 700,000 dollars to build per megawatt power, we will need 350 million dollars a year just to augment generation. But we are also running behind in transmission. To make a balanced development, we need Tk 4000 crore a year in the sector. But the financial allocation of the government is not enough. We need private and public sector joint venture. In this regard, the minister demanded a level playing field for the PDB so that it can perform better. He said relying on the private sector alone is risky. If the system is malfunctioning, the private sector may not even be interested to invest.

Terming reforms as a thankless job, *Mr Mahmud* criticised the idea of unbundling the PDB—as pushed by the donors. He asks, after the unbundling will the power ministry do the job of the PDB? The PDB is needed for its expertise. Instead of unbundling, it can be

turned into a holding company and float shares. The regulatory commission will look after price issues and the PDB will run the business.

Reforms need missionary zeal. It can not be achieved by just moving files from desk to desk. As part of reforms, the government has turned the Ashuganj power plant into a company. But in this bid, we did not consider the retirement terms of those who had been loyally serving the plant for long. The ADB has said we have not chalked out any terms and conditions for the employees. Now we are trying to establish a Chittagong Power Company.

Terming the DESCO a success case of reforms, he said DESCO was assigned to check the meters of big buildings. In a drive to a fine establishment like the Shoppers World, it has found a meter tampering to dodge a power bill of Tk 65 lakh. There are many such instances. In many cases, we find that big consumers have taken direct power lines.

The power sector's cash box is its distribution system. If there is 30 to 35 percent loss and if we must purchase equipment with hard cash, how can such a situation be justified. However we have brought down the systems loss from 30 percent to 22 percent. One percent of systems loss is equivalent to Tk 50 crore. This has been possible because of a strong drive against illegal connections. Occasionally I personally supervise such disconnections. For instance, when I took over the charge, Sirajganj was the worst case of systems loss with 59 percent power theft. Now it has come down to 17 percent only.

He added the ideal ratio between cost of import and billing should not fall below 99 percent. Now this stands at 84 percent. If the DESA area is left out of this calculation, it stands over 90 percent.

The DESCO and the Power Grid Company of Bangladesh are making profits. Both these companies can go for offloading shares. But different ministries including the finance and law are going so slow with the approval process that by the time they clear it, the nation will be ready for another election.

The State Minister said that he does not favour IPPs for power generation till the CRR goes up to 90 percent. This is why there should be public and private joint venture. The local investors should be encouraged, so that some parts of the dividend stay back in the country.

In conclusion the State Minister for power *Mr Mahmud* said that in the next six months, the government would reduce load shedding to some degree. The World Bank has

promised 150 million dollars as loans. Presently the highest demand is around 4300 mw to 4500 mw against a generation of 3800 mw. Next year, the demand will reach 4600 mw to 4900 mw against a generation of 3700 mw. However there are a number of new power plants from Barapukuria, Westmont, RPCL and Ashuganj power plants rehabilitation project which may add another 560 mw. But we may add more power by rehabilitating old plants.

Concluding remarks by the Chairperson

Mr M Syeduzzaman in his concluding remarks said that in case of utilities, the policy should be building ahead of demands and there should be macro level planning. Any gas based power system should be implemented when it is viable. Unless the system is viable, the crisis will be there. He expressed hopes that the discussion will help the policymakers in many ways.

He added that India has built 4000 mw power plants under private sector last year. Another 10,000 mw by the private sector is in the pipeline. The government alone could not have undertaken such an enormous venture. The distribution and transmission sector in India is also being contributed by the private sector. The country is now developing a market for power trading. We can certainly take lessons from them.

Finally he said, everything will depend on good governance, which the CPD has been hammering all along.

List of the Participants

(In alphabetical order)

<i>Mr M Abdullah</i>	Assistant Professor, Institute of Appropriate Technology (AIT), BUET
<i>Mr Mukammeluddin Ahmad</i>	Program Officer, Japan Bank for International Cooperation (JBIC)
<i>Mr Saleh Ahmed</i>	Managing Director, Dhaka Electric Supply Company Ltd (DESCO)
<i>Mr Dewan Sultan Ahmed</i>	Vice-President , FBCCI
<i>Dr Shamsul Alam</i>	Professor & Dean , Chittagong University of Engineering & Technology
<i>Mr A K Azad</i>	President, Bangladesh Chamber of Industries (BCI)
<i>Mr Delwar Bakht</i>	Former Managing Director, Titas Gas and Consultant
<i>Dr Dil Afroza Begum</i>	Head & Professor, Department of Chemical Engineering, (BUET)
<i>Dr Debapriya Bhattacharya</i>	Executive Director, CPD
<i>Mr Rafiqul Islam Bhuiyan</i>	President, Institute of Diploma Engineers
<i>Dr Tawfiq-e-Elahi Chowdhury, BB</i>	Former Secretary, M/O Energy, Government of Bangladesh (GOB)
<i>Mr Syed Manzur Elahi</i>	Member, CPD Board of Trustees Former Member, Advisory Council of the Caretaker Government Chairman, APEX Tannery
<i>Mr Ilder Gibadiukov</i>	Head of Trade and Economics Department Embassy of Russian Federation
<i>Mr Zafrul Hasan</i>	General Secretary Bangladesh Jatiyo Bidyut Sramik Karmachari Union- CBA
<i>Mr. Md. Delwar Hossain</i>	Managing Director Electrical Generation Company of Bangladesh (EGCB)
<i>Mr Moazzam Hossain</i>	Chairman, Hosaf Power Generation Ltd President, Bangladesh Energy Companies Association (BECA)
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