

Policy Note 01

Fuel, Money, and the Grid.

*Bangladesh's power and energy crisis:
causes, trade-offs, and scenarios.*

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Fuel, Money, and the Grid

Bangladesh's power and energy crisis: causes, trade-offs, and scenarios.

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Highlights

1. The shortage is of gas and of money, not of plants. Bangladesh has about 28,900 MW of grid capacity and has never generated more than 17,200 MW. On 5 September, gas supply was 2,334 million cubic feet a day against demand of about 4,000.
2. The gap is filled with the dearest fuel in the system. A unit from a furnace-oil plant cost about TK 27.50 in 2024-25 against a grid average of TK 12.10. After June's 17 per cent increase the average retail price is TK 10.63. The difference is paid by the budget (that is, the taxpayer), or not paid.
3. The budget paid at least TK 62,000 crore (USD 5 billion) in power subsidy in 2024-25, much of it arrears, and about 43,000 crore in 2025-26. Capacity charges, payable whether or not a plant runs, were about TK 48,000 crore in 2025-26 and are projected at 52,600 crore this year. On 9 April the power plants were owed TK 52,300 crore.
4. The structure causing the current crisis was built between 2010 and 2024: contracts awarded without competition under a law repealed only in November 2024; payment for capacity rather than output; LNG imported instead of gas drilled; prices held below cost.
5. The trigger came in 2026: war in the Gulf from 28 February, Qatar's force majeure from 4 March, and a fire on 21 July at one of the two terminals through which all imported gas arrives.
6. The choices before the government are between costs: buy spot cargoes above USD 28 or ration gas; close the subsidy gap by budget, borrowing, tariff or arrears; write the rationing order down or keep it discretionary; contract a third terminal now, at a 35 per cent premium and without tender, or wait; renegotiate contracts and risk arbitration, or keep paying.
7. Three paths are laid out: what should happen, what is likely, and what must not. What should happen: payment security, a published tariff path, a contract register. What is most likely: another year of buying at any price and a renewable programme that slips. What must be avoided: a second supply shock landing on an unfunded subsidy, with defaults running down the chain to the sovereign guarantees. As this Note went to press, Hormuz transits had fallen to ten ships a day after strikes on tankers on 5 September.

What we recommend

1. **Finance Division.** A quarterly power and energy statement: subsidy paid, capacity charges paid, arrears in each direction, guarantees outstanding, contingent liabilities.
2. **Power Division.** Publish every power purchase, LNG supply and terminal-use agreement with its fixed charge, load factor and expiry, and set an annual target for reducing capacity payments.
3. **Energy Regulatory Commission and Finance Division.** A three-year tariff and subsidy path, with the lifeline slab protected and time-of-use pricing for large users.
4. **BPDB, Petrobangla, BPC and Finance Division.** Net the arrears among state entities in one operation and put power-sector gas payments into an escrow fed from distribution collections.
5. **Energy Division and Petrobangla.** Publish the gas allocation order; report drilling well by well; diversify cargoes by region; put the third terminal to competitive tender.
6. **Cabinet.** Decide within the fiscal year whether domestic coal will be mined, and under what resettlement and water framework, or plan without it.
7. **Power Division, Power Grid Bangladesh and SREDA.** Schedule transmission and storage ahead of the solar it must carry, and issue a standard bankable purchase agreement with payment security.
8. **All procuring agencies.** Competitive award only, including the 5,000 MW of government rooftops; add the captive-power efficiency and appliance standards that the renewable strategy leaves out.

The Bottom Line

**The lights are not short of plants
— they are short of gas and of
money.**

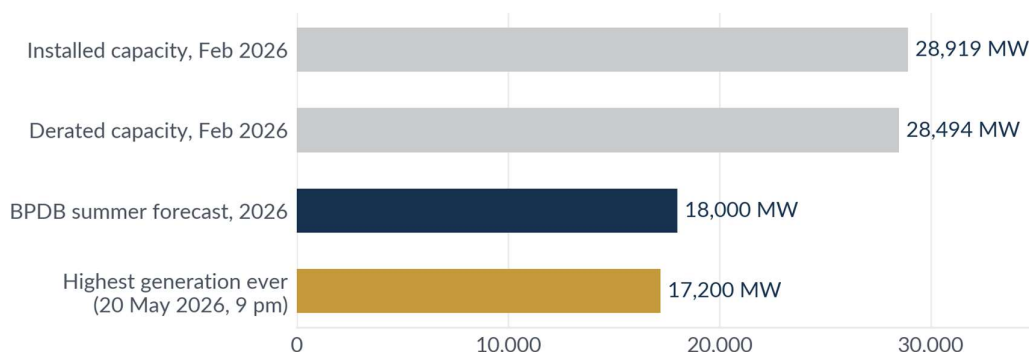
**Fix the payment chain first: net
the arrears, publish every
contract, and set a three-year
tariff and subsidy path.**

What is in short supply and who are affected

The grid has 28,919 MW of installed capacity, the power minister told parliament in April, or 28,494 MW after derating for age and condition.¹ The most it has ever delivered is 17,200 MW, at nine in the evening on 20 May 2026, and even in that hour about 400 MW of demand went unmet.² The Power Development Board had forecast a summer peak of 18,000 MW. The surplus of usable capacity over the highest demand ever recorded was 58.6 per cent in 2024-25; a well-run system carries about 20.³ Power stations are not what the country lacks. It lacks gas for the 43 per cent of them that burn it, and money for the fuel that stands in when gas runs short.

FIGURE 1

The plants exist. About 11,000 MW of them have never been needed at once.



Sources: BPDB daily generation report, 1 March 2026, via IEEFA (May 2026); Power Grid Bangladesh PLC, 20 May 2026; BPDB forecast via Bonik Barta, 3 March 2026.

Start with the gas. Petrobangla's figures for 5 September show 2,334 million cubic feet a day (MMCFD) reaching the grid, of which 702 was regasified LNG, against demand it puts at about 4,000.⁴ Domestic fields produced 696 billion cubic feet in 2024-25, a little over 1,900 MMCFD, and output has been falling since 2016-17. The state-owned fields alone went from 849 MMCFD in July 2022 to 709 in July 2026, and the drilling programme meant to reverse that has added 126 MMCFD in four years against a target of 353.⁵ Imported LNG supplied 28.8 per cent of the gas consumed in 2024-25. All of it arrives through two floating terminals moored off Moheshkhali with a combined capacity of 1,100 MMCFD.⁶ Before the war the shortfall was around 1,200 MMCFD, close to a third of demand. After the terminal fire in July it was nearer 1,700.

¹Minister for Power, Energy and Mineral Resources to parliament, 2 April 2026 (BSS). Derated capacity from BPDB's daily generation report of 1 March 2026, cited in IEEFA, *Fostering Bangladesh's energy transition*, 6 May 2026. Summer forecast: Bonik Barta, 3 March 2026.

²Power Grid Bangladesh PLC notification, 20 May 2026; *The Daily Star* and *The Business Standard*, 21 May 2026.

³IEEFA, May 2026, from BPDB annual reports and Power Grid Bangladesh operations reports; maximum demand in FY2024-25 was 17,000 MW.

⁴Petrobangla data via *The Financial Express*, 6 September 2026 (5 September) and 7 July 2026 (6 July); *The Business Standard*, 28 July 2026 (official demand of 3,854 MMCFD).

⁵*The Financial Express*, 7 July 2026, on Petrobangla's presentation to the Energy and Mineral Resources Division. The production peak of 6 May 2015 is from the Hydrocarbon Unit's *Energy Scenario 2024-25*.

⁶Hydrocarbon Unit, Energy and Mineral Resources Division, *Energy Scenario of Bangladesh 2024-25* (2026). Daily averages are annual volumes divided by 365.

■ FIGURE 2

A third short before the fire, closer to half after it.



Sources: Hydrocarbon Unit, *Energy Scenario 2024-25* (annual volumes converted to daily); Petrobangla data via *The Financial Express* (7 July, 6 Sept 2026) and *The Business Standard* (28 July 2026). Domestic figure for 5 Sept is total less LNG.

Who feels it? Power generation takes 41 per cent of the country's gas, industry 19, the captive plants inside factories 17, households 11 and fertilizer 6.⁷ When supply falls, Petrobangla cuts allocations, and there is no published order of priority. In March and April five of the six urea plants were shut for a month so that gas could go to power stations.⁸ After the fire, gas to power plants fell from the usual 950 to 1,000 MMCFD to about 700, and output from gas-fired plants from 5,500 to 6,000 MW to about 4,500.⁹ In the first week of August the hourly shortfall was above 2,000 MW for most of every day and touched 3,000, with load shedding in all eight divisions.¹⁰ Households use 57 per cent of the country's electricity, so cuts are felt first at home. Earlier in the year the capital's two distributors, DPDC and DESCO, had been spared while the Rural Electrification Board, which serves three quarters of the country's five crore consumers, took the cuts; in April the state minister told parliament this was not right and ordered a trial of 110 MW of shedding in the capital.¹¹

Now the money. The audited cost of grid electricity was TK 12.1 a unit in 2024-25, up 83 per cent in four years.¹² The range inside that average is wide: a gas-fired plant running at more than three quarters of its capacity produced at about TK 6; the same plant starved of gas and running below a quarter of capacity produced at TK 16.85, its fixed charge spread over fewer units; a coal-fired private plant at TK 13.13; a furnace-oil plant at TK 27.5.¹³ In its 2026 tariff filing the Board put its own cost of buying and delivering power at wholesale, before subsidy, at TK 13.09 a unit, of which TK 5.12 is capacity charges.¹⁴ On the other side of the ledger, the regulator raised the wholesale tariff in June from TK 7.00 to 8.39 and the average retail tariff from TK 9.11 to 10.63.¹⁵ The gap between what a unit

⁷See note 6.

⁸*The Daily Star*, 5 April 2026 (fertilizer plants); *The Business Standard*, 28 July 2026 (gas to power plants and gas-fired output).

⁹See note 8.

¹⁰*The Daily Star*, 5 and 10 August 2026 (shortfalls; load shedding in all divisions) and late April 2026 (state minister to parliament on DPDC, DESCO and the Rural Electrification Board). Consumer count from the Hydrocarbon Unit's *Energy Scenario 2024-25*.

¹¹See note 10.

¹²IEEFA, May 2026, pp. 13-17 and Annexure 1, from BPDB Annual Report 2024-25 and plant-level data.

¹³See note 12.

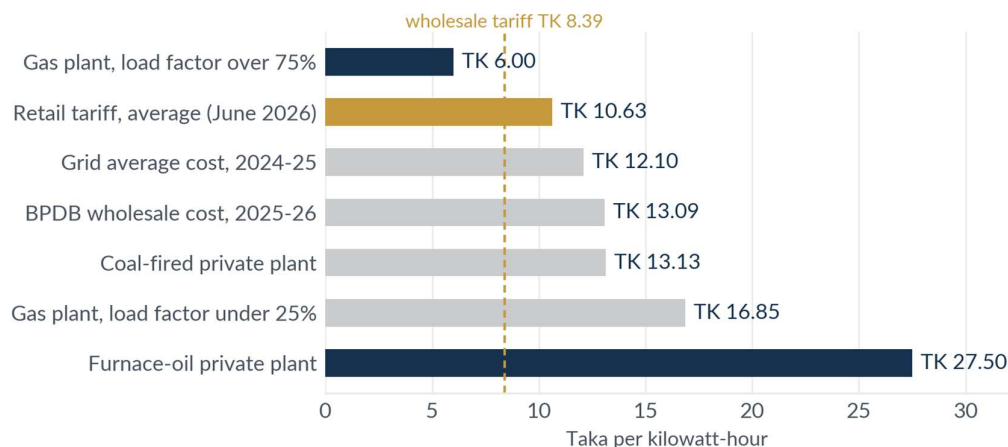
¹⁴BPDB's tariff proposal to BERC and BERC technical committee data, reported in Bonik Barta, 8 June 2026.

¹⁵BERC order of 3 June 2026, reported in *The Business Standard*, *The Daily Star*, *Dhaka Tribune* and Bonik Barta, 3-6 June 2026, and *The Financial Express*, 9 June 2026 (lifeline slab left at TK 4.63 after a Power Division request of 4 June).

costs the Board and what it sells for at wholesale is TK 4.70. On roughly 103 billion units a year that is about TK 48,000 crore, which is why the regulator expects the budget to pay around TK 41,000 crore of power subsidy in 2026-27 even after the increase.¹⁶

■ FIGURE 3

What a unit costs, and what it sells for.



Sources: BPDB Annual Report 2024-25 and plant data via IEEFA (May 2026); BPDB tariff proposal and BERC technical committee via Bonik Barta (8 June 2026); BERC tariff order, 3 June 2026.

So every unit of gas the system loses is replaced by a unit costing two to four times as much, and sold at a price that did not cover the cheaper one. The difference is paid by the budget, and when the budget is late it is not paid at all. On 9 April 2026 the power plants, including the Indian exporters, were owed TK 52,300 crore.¹⁷

How money moves through the system

Six distribution utilities sell electricity to consumers: the Rural Electrification Board through its 80 rural cooperatives; DPDC and DESCO in the capital; West Zone in Khulna and Barishal; Northern (NESCO) in Rajshahi and Rangpur; and the Power Development Board's own distribution zones in Chattogram, Sylhet and elsewhere. They buy in bulk from the Board at the regulated wholesale price, TK 8.39 since June. The Board buys from about 143 plants, public and private, and from India, at prices fixed in contracts, most of which include a capacity charge payable whether or not the plant runs. Its purchase cost exceeds its sales revenue by TK 4.70 a unit and it looks to the Finance Division for the difference.

When the subsidy comes late, the Board pays its generators late, and the contracts then entitle them to interest at the one-year treasury rate plus four percentage points.¹⁸ Gas-fired generators that are paid late pay Petrobangla late. Petrobangla, which pays LNG suppliers in dollars, leans on the Finance Division in turn. On 31 January 2026 it was owed TK 28,495 crore by its own distribution companies and their customers, about TK 16,000 crore of it

¹⁶See note 15.

¹⁷Minister for Power, Energy and Mineral Resources to parliament, 19 April 2026 (BSS).

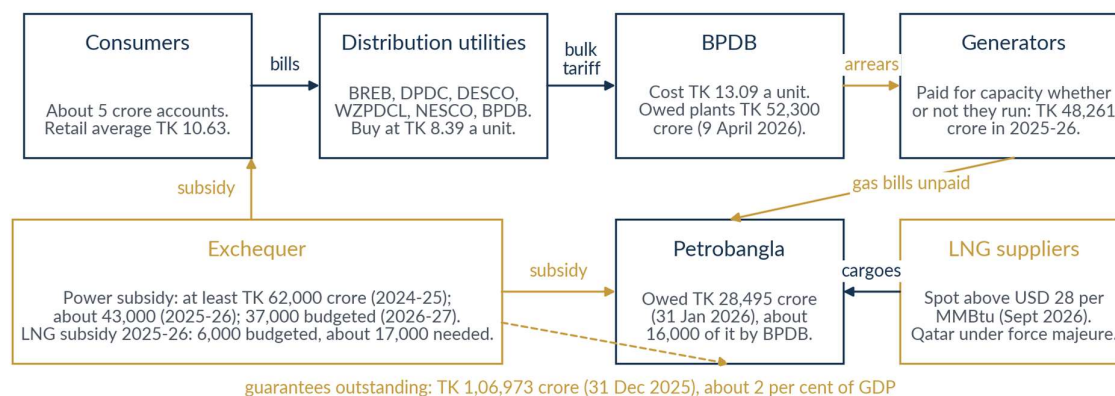
¹⁸The Business Standard, 27 November 2025 (interest on overdue amounts) and 3 April 2026 (Petrobangla receivables).

traceable to the Board.¹⁹ On 9 April the Board owed its generators TK 52,300 crore: TK 17,358 crore to gas- and oil-fired private plants, 15,453 crore to coal plants for fuel and capacity, 11,634 crore to Petrobangla, 3,892 crore to the Indian exporters.²⁰ BPC, which imports the furnace oil and diesel, sits in the same loop.

Behind all of them stands the exchequer. Its guarantees on the borrowing of state entities were TK 1,06,973 crore (USD 8.7 billion) at 31 December 2025, about 2 per cent of GDP, and the Finance Division's own bulletin names power generation and mineral supply first among the sectors guaranteed.²¹ Guarantees for power alone were TK 53,596 crore on the list published with the 2025-26 budget. The Division's medium-term statement for 2026-27 to 2028-29 puts 81 per cent of state enterprises at moderate to very high financial risk and places BPDB, DPDC, DESCO, BAPEX and Titas in the high or very high category.²² The World Bank puts subsidy spending in 2024-25 at 2.2 per cent of GDP and the debt of state enterprises at 12.8 per cent; interest on government debt was budgeted at TK 1,22,000 crore for 2025-26.²³ None of this is new. What is new is that the figures are public, from the Finance Division, the regulator and the Board itself, and can be tracked.

■ FIGURE 5

The money chain: every arrear ends at the exchequer.



Sources: BERC (June 2026); Bonik Barta (8 June 2026); minister to parliament via BSS (19 April 2026); The Business Standard (3 April 2026); The Financial Express (May 2025, May 2026); CPD (June 2026); Finance Division Debt Bulletin 17.

¹⁹See note 18.

²⁰See note 17.

²¹Finance Division, *Quarterly Debt Bulletin* 17, December 2025, Tables 6-8; budget documents via Deshkal, 7 June 2026 (power guarantees); *Medium-Term Macroeconomic Policy Statement FY2026-27 to FY2028-29* via Bonik Barta, 15 June 2026; World Bank, *Bangladesh Development Update*, 2026.

²²See note 21.

²³See note 21.

The causes of the crisis

Two layers need separating: what happened in 2026, and what was built over the fifteen years before it. The trigger will pass. The structure will not, unless it is changed.

3.1 What happened in 2026

The war between the United States and Iran began on 28 February. Within days the Strait of Hormuz, through which about a fifth of the world's LNG passes, was effectively shut. QatarEnergy, which supplied about 60 per cent of Bangladesh's LNG in 2025 and had 40 of the 115 cargoes scheduled for 2026, declared force majeure on 4 March; Iranian strikes on Ras Laffan later reduced Qatar's export capacity by 17 per cent.²⁴ Oman's OQ Trading and Excelerate, which source some of their Bangladesh cargoes from Qatar, suspended deliveries under most of their contracts too. Not every delivery stopped, but the plan for the year, 115 cargoes with 17 from the spot market, had to be rewritten.²⁵ Spot cargoes that had cost about USD 10 per MMBtu in January cost between USD 19.77 and 28.28 in March, an average of 21.79 across nine purchases. Petrobangla bought seven spot cargoes in each of April, May, June and July, a monthly record, and by 31 July had bought 38 for the year against the 17 planned; the July cargoes were awarded at about USD 16 to 17 as prices eased.²⁶ The mid-June ceasefire reopened the strait in name only. Iran's transit fees and continued attacks on shipping kept traffic low, and force majeure on Bangladesh deliveries has been extended each month since, most recently beyond September; a QatarEnergy team was due in Dhaka on 9 September offering one cargo soon and normal supply from next year, while *The Financial Express* reported on 6 September that Petrobangla was again paying more than USD 28 on the spot market, with Brent near USD 96.²⁷ On 5 September American forces struck three Iranian tankers, the Revolutionary Guard retaliated, and transits fell to ten a day, the lowest since May.²⁸ In March the government sought about USD 2 billion from multilateral lenders to cover fuel imports.²⁹

Then the second shock. On 21 July, during a ship-to-ship transfer at the Excelerate terminal, a fire burned for more than fifteen minutes and destroyed the power, control and instrumentation cables serving both regasification boilers. The boilers themselves were undamaged; the cables had to be imported. About 450 MMCFD left the system. On 25 and 26 July total gas supply was 2,152 MMCFD against an official demand of 3,854, with only 501 MMCFD of LNG.³⁰ One boiler came back on 6 August and the terminal fed 115 MMCFD, then 230; on 14 August a fresh fault took it offline again on a day when a cargo could not berth at the neighbouring terminal, and LNG to the grid fell to about 300 MMCFD.³¹ It was the fourth terminal outage in three years, after Cyclone Mocha in May

²⁴Reuters via *The Financial Express*, 7 September 2026; *The Business Standard*, 31 August 2026; Bloomberg, 28 August 2026; *The Financial Express*, 6 September 2026 (Qatar's 2025 share per S&P Global; QatarEnergy visit; spot price); Daily Business, August 2026 (cargo numbers).

²⁵IEEFA, May 2026, Annexure 3 (March cargoes); Global Voices, 12 April 2026 (January price); *The Financial Express*, 28 June 2026 (suspended contracts; seven spot cargoes a month), 15 July 2026 (July awards at USD 15.89 to 16.98) and 2 August 2026 (38 spot cargoes by 31 July); IEEFA, May 2026, on the multilateral request of March 2026.

²⁶See note 25.

²⁷See note 24.

²⁸See note 24.

²⁹See note 25.

³⁰*The Business Standard*, 28 July, 6 August and 14 August 2026; *The Daily Star*, 6 August 2026; Petrobangla figures for 12 August via Chemanalyst. Nameplates: Excelerate 600 MMCFD (delivering about 450 before the fire), Summit 500.

³¹See note 30.

2023, maintenance in early 2024 and Cyclone Remal in May 2024, which left one terminal at reduced capacity for nearly four months.³²

Two things follow. The war changed the price of the gas and, for the months in which cargoes could not be sourced at any price, its size; the gap that remains when cargoes are available, about 1,200 MMCFD, is the structural one. And the fire needed no war. The two terminals were sited at one location in 2018 and 2019; a second Summit terminal contracted in March 2024 was cancelled in October 2024; a third has been under discussion ever since. The trigger was external, the exposure was inherited, and the response belongs to the government that took office on 17 February, eleven days before the war began.

3.2 How the structure was built, 2010 to 2025

Six mechanisms, each with a number attached so that it can be checked.

(a) Procurement without competition. The Quick Enhancement of Electricity and Energy Supply (Special Provisions) Act was passed in October 2010 for two years and extended four times, to 2026. It allowed plants and fuel contracts to be awarded without tender and, in section 9, barred any challenge in court. The High Court struck down that section on 14 November 2024 and the interim government repealed the Act by ordinance two weeks later; the contracts made under it remain valid.³³ The price of doing without competition is on record. The National Review Committee found tariffs 70 to 80 per cent above benchmark in solar agreements, 40 to 50 per cent in heavy-fuel-oil plants, and put the excess capacity charges at up to USD 1.5 billion a year.³⁴ In May 2026 twelve renewable contracts awarded by competitive bidding came in at 7.80 US cents (TK 9.12) a unit against about 10.5 cents under the earlier awards.³⁵ The practice has not ended: the third LNG terminal now in negotiation is a government-to-government arrangement without tender, at a daily fee 35 to 37 per cent above the two existing terminals.³⁶

(b) Paying for capacity rather than output. Most contracts signed since 2010 pay the plant a fixed charge for being available, on the assumption that it would run about 80 per cent of the time. Most have run less than half of the time, some 2 or 3 per cent.³⁷ The charge has risen from TK 2.35 a unit in 2011-12 to 5.24 in 2024-25. Payments to private and rental plants alone were about TK 6,000 crore in 2018-19; the Board's total capacity charges were TK 48,261 crore in 2025-26 and are projected at 52,608 crore for 2026-27, 39 per cent of the wholesale cost of power (Figure 4). Payments to private plants alone from 2009-10 to 2024-25 come to about TK 1.78 lakh crore, or USD 14.5 billion.³⁸ Many of the contracts carry sovereign guarantees and refer disputes to arbitration in Singapore, so a unilateral termination means compensation unless irregularity is proved in court. Arbitration is a standard term in such contracts everywhere and is not itself the problem; the problem is the combination of a guaranteed fixed charge set without a published method, a load factor that was never going to be reached, and no exit. The minister told parliament in June that all quick-rental plants have been retired, the remaining contracts are under review, and the guarantees make termination slow; the live negotiations concern late-payment fees.³⁹

³²The Daily Star, 6 August 2026, "FSRU fragility exposing gas supply vulnerabilities".

³³Act No. LIV of 2010. High Court ruling of 14 November 2024 and repeal ordinance of 28 November 2024: *The Business Standard*, 20 November 2024; *The Daily Star*, 3 February 2025. Suspension of awards in August 2024: *Gas Outlook*, 3 September 2024.

³⁴National Review Committee findings via *The Business Standard*, 27 January and 16 February 2026, and *The Daily Star*, April 2026 (USD 1.5 billion a year; USD 7.2 billion; 41 plants). Competitive awards of May 2026: BSS, 20 May 2026.

³⁵See note 34.

³⁶*The Daily Star*, 5 September 2026, on CNEE's proposal of 19 June 2026, the negotiation committee's options, and the terminated Summit agreement of March 2024.

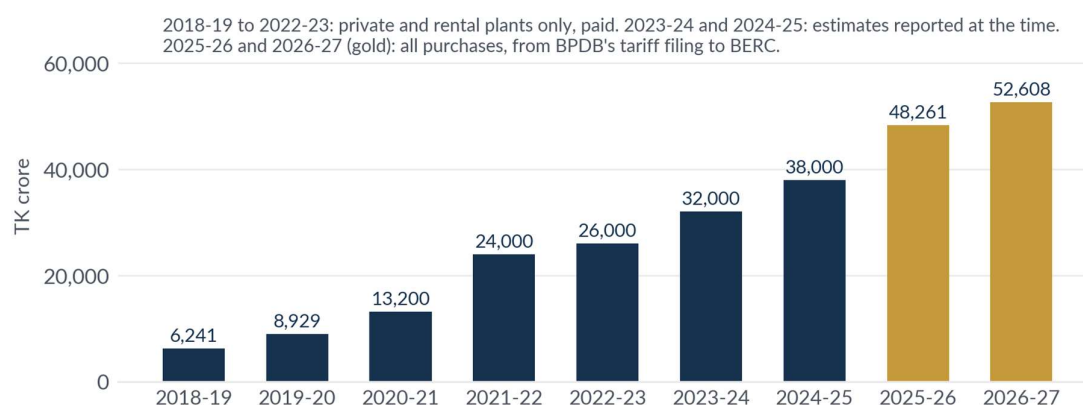
³⁷See note 14.

³⁸See note 14.

³⁹*The Business Standard*, 15 March 2025 (arbitration clauses); minister to parliament, 22 June 2026 (BSS; Asia News Network), including transmission and distribution losses for FY2024-25.

■ FIGURE 4

Capacity charges: TK 6,000 crore in 2018-19, TK 48,000 crore in 2025-26.



Sources: Power Division and Finance Division data via *The Financial Express* (24 Jan 2025); *The Daily Star* (Sept 2024); *New Age* (25 Jan 2025); BPDB tariff proposal via Bonik Barta (8 June 2026).

(c) Import first, exploration last. Domestic gas production peaked in May 2015. LNG imports began in August 2018 and exploration, as a petroleum engineer put it in 2024, effectively stopped at the same time.⁴⁰ Remaining proven and probable reserves are 8.15 trillion cubic feet, a little over a decade at the current rate, and the share of imports in primary energy went from 47.7 per cent to 62.5 per cent in the four years to 2024-25.⁴¹ The bet on cheap LNG was defensible in 2018, when spot gas cost USD 9 or 10. The failure was to treat imports as a substitute for exploration rather than a bridge to it. The same happened with coal: 18 million tonnes were imported in 2024-25 while about a million were mined at Barapukuria, and the five known coalfields hold 3.4 billion tonnes that no government has decided either to mine or to leave.⁴²

(d) Prices below cost. The retail electricity tariff rose 160 per cent between 2010 and 2023 and a further 17 per cent in June this year, and still sits below the Board's wholesale cost, let alone the cost of delivery.⁴³ Gas is the larger distortion. Power plants pay TK 14.75 a cubic metre for gas that, as LNG at USD 21.79, costs about TK 91; industry pays 30 to 40, households 18.⁴⁴ The LNG subsidy is therefore booked in Petrobangla rather than in the electricity price, and in 2025-26 TK 6,000 crore was set aside for it against a likely need of about 17,000.⁴⁵ Because the subsidy is embedded in the unit price, it goes to whoever consumes in the below-cost slabs: a household on the lifeline rate of TK 4.63 receives some, a household using 350 units a month at TK 9.62 receives several times more, and a factory at TK 12.75 receives less per unit but far more in total. A price that does not cover cost transfers most to those who use most, removes the signal that would have curbed demand, and leaves the generators unpaid.

(e) Wires after connections. Connections reached the whole population; the network behind them did not keep up. Transmission and distribution losses were 10.13 per cent in 2024-25 against a global technical average below 8.⁴⁶ The development budget for 2026-27 gives no allocation to four transmission projects that are 57 to 88 per cent

⁴⁰IEEFA, May 2026 (import share; reserve life); Hydrocarbon Unit, *Energy Scenario 2024-25* (coal imports and production; coalfield reserves); *New Age*, September 2024 (exploration after 2018).

⁴¹See note 40.

⁴²See note 40.

⁴³IEEFA, May 2026, Annexure 3 (gas tariffs by category; LNG cost per cubic metre); *The Business Standard*, 1 June 2023 (retail increases since 2010); BERC order of June 2026 (slab rates).

⁴⁴See note 43.

⁴⁵CPD, *Proposed National Budget for FY2026-27: What is there on the Power and Energy Sector?*, 17 June 2026.

⁴⁶See note 39.

complete, funds the transmission project meant to carry new renewable capacity to only 21 per cent completion, and leaves duties of 62 to 93 per cent on transformers, conductors, towers and meters.⁴⁷ Power and energy take 1.85 per cent of the budget, down from 4.66 per cent three years ago.⁴⁸

(f) A ledger nobody reconciled. The Board's annual loss before subsidy went from TK 5,468 crore in 2014-15 to 50,565 crore in 2024-25.⁴⁹ Arrears to generators were rolled forward and then settled in lumps: TK 20,133 crore of special bonds in 2023-24, a further 5,563 crore in the second half of 2024, and a revised power subsidy of TK 62,000 crore in 2024-25, up from an original 36,000, to clear the backlog.⁵⁰ That is why 2024-25 stands out in the subsidy series: it paid for earlier years. Petrobangla's outstanding LNG bills to foreign suppliers, USD 3.74 billion including USD 737 million of arrears, were paid off by April 2025. Within a year outstanding bills had rebuilt to TK 52,300 crore on the power side and TK 28,495 crore on the gas side.⁵¹ Nothing in the system stops the arrears from reforming, because nothing in the system makes revenue match cost.

3.3 The interim period, August 2024 to February 2026

The interim government repealed the 2010 Act, suspended awards under it, paid off Petrobangla's USD 3.74 billion of outstanding LNG bills to foreign suppliers, cleared the Board's backlog with a TK 62,000 crore subsidy, and began the contract reviews from which the National Review Committee's figures come. It also cancelled, in September to November 2024, the letters of intent for 31 renewable projects of some 2,600 to 3,300 MW that had been awarded without tender, and in October 2024 terminated Summit's agreement for a second terminal.⁵² The retenders that followed drew no bids in three rounds; when bids finally came in June 2025 they were from 20 local companies and none from abroad, and fifteen of the cancelled developers had sued.⁵³ Developers gave two reasons: the cancellations themselves, and tender terms that dropped the implementation agreement under which the government had previously guaranteed payment.⁵⁴ The awards had been indefensible on price; the cancellation without a replacement framework cost about two years of solar and a terminal that would have been operating by now. A short horizon and a contested mandate limited what an interim administration could sign for fifteen years; that explains the outcome without excusing it. The same test now applies to an elected government with the mandate the interim one lacked. It has moved to reopen the 31 letters of intent, signed twelve contracts at 7.8 cents, and is negotiating a third terminal without tender at a premium.⁵⁵

⁴⁷See note 45.

⁴⁸See note 45.

⁴⁹*The Business Standard*, 27 January 2026 (BPDB losses); Bonik Barta and Energy & Power, January–February 2025 (special bonds; revised FY2024-25 subsidy); *The Financial Express*, 24 January and 13 May 2025, and 15 May 2026 (FY2025-26 disbursement); BSS, 30 April 2025 (Petrobangla's external arrears).

⁵⁰See note 49.

⁵¹See note 17.

⁵²New Age, March 2025; *The Business Standard*, 11 January 2025, 5 June 2025 and 27 April 2026; Dialogue Earth, November 2024.

⁵³See note 52.

⁵⁴See note 52.

⁵⁵See note 34.

The trade-offs before the government

None of the choices is between a good option and a bad one. Each is between two costs, borne by different people at different times. The table gives the six that are real; the paragraphs that follow give the terms on which each is being made.

CHOICE	WHAT IT BUYS	WHAT IT COSTS	WHO CARRIES THE COST NOW
Buy spot cargoes, or ration gas	Plants and factories run through the peak	About USD 50 million a cargo above contract price; foreign exchange	The exchequer and the reserves
Close the subsidy gap by budget, borrowing, tariff, or arrears	Time	Development spending; the interest bill; prices; or generators' working capital	Taxpayer, borrower, consumer, or generator, in that order of visibility
Write the rationing order down, or keep it discretionary	Predictability for factories and farms	Flexibility for officials, and accountability for the choice	Fertilizer and industry, which are cut first and told last
A third terminal now, or wait	Cover against the next Moheshkhali outage, from late 2028	A 35 per cent premium, awarded without tender; more LNG lock-in	Petrobangla, then the budget, for fifteen years
Renegotiate contracts, or keep paying	Lower capacity charges	Arbitration awards; investor confidence	The exchequer, later
Subsidy this year, or the grid for 2028	Lights on now	The solar programme and the next crisis	Consumers in 2029

Buy spot, or ration. At USD 28 a cargo costs about USD 50 million more than the same cargo under a contract priced near USD 13.⁵⁶ IEEFA estimated the LNG subsidy for April to June alone at USD 1.07 billion at USD 20; on the same volumes it is about USD 1.67 billion at USD 28.⁵⁷ Reserves were USD 32.9 billion on the BPM6 measure at June.⁵⁸ The alternative is rationing, and the exchange rate is about 500 MW of continuous generation for every 100 MMCFD not bought, at the efficiency of the existing gas fleet.⁵⁹ The 450 MMCFD lost in the July fire was worth about 2,200 MW by that arithmetic, which is close to the 2,000 to 3,000 MW that was in fact shed. The government has chosen to buy. That is right for a summer and wrong for a decade. The point at which it flips, where a cargo's foreign-exchange cost exceeds the output it saves, should be calculated and published; we intend to do that in a later note.

Budget, borrow, tariff, or arrears. The June tariff increase closed about TK 14,200 crore of a TK 56,000 crore gap; TK 41,000 crore remains for 2026-27.⁶⁰ Last year's allocation of 37,000 crore ended near 43,000; the LNG line of 6,000 crore needed about 17,000; petroleum needed about 10,000.^{61,62} There are four ways to close the gap. A

⁵⁶Panam Institute arithmetic. IEEFA's FY2024-25 figure of 8.345 cubic feet of gas per kilowatt-hour across the gas-fired fleet gives about 500 MW of continuous output per 100 MMCFD (about 600 MW at 50 per cent efficiency). IEEFA's April-June 2026 subsidy estimate (USD 1.07 billion on 74.7 million MMBtu at USD 20, net of revenue at regulated tariffs) becomes about USD 1.67 billion at USD 28 on the same volumes. A cargo of about 65,000 tonnes holds roughly 3.4 million MMBtu, so USD 28 against a contract price near USD 13 is about USD 50 million a cargo. Orders of magnitude, not estimates.

⁵⁷See note 56.

⁵⁸Bangladesh Bank monthly reserve table (June 2026) and interbank rate of 6 September 2026. Dollar equivalents in this Note use TK 123 per dollar and are rounded.

⁵⁹See note 56.

⁶⁰See note 15.

⁶¹See note 45.

⁶²See note 49.

supplementary budget comes out of a development programme in which power and energy already receive 1.85 per cent. Domestic borrowing adds to an interest bill that reached TK 1,22,000 crore in the 2025-26 budget and was running 22 per cent higher in the first half of that year. A further tariff increase is inflationary, and the reversal of the lifeline increase within days of the June order shows where the political limit lies. Arrears carry interest at the treasury rate plus four points and, past a point, stop generators buying fuel. Every option not chosen is an arrear chosen by default.

Written rule, or discretion. Rationing 2,300 MMCFD across demand of 4,000 is a distributional decision taken every day and published nowhere. Gas to power keeps homes lit, and homes take 57 per cent of electricity. Gas to industry and captive plants, 36 per cent of gas between them, protects exports and wages. Gas to fertilizer, 6 per cent, protects the rice crop and the food price, and the fertilizer plants were the first to be shut this spring. The trade-off is between a factory that can plan and an official who can decide on the day without having to say why. A published order of priority costs the official that discretion and gives the factory a number to plan against.

A third terminal now, or wait. Two risks get confused here. A third floating terminal protects against the next Moheshkhali outage, of which there have been four in three years; it does nothing against the next Hormuz, because it regasifies cargoes rather than producing them. Cargoes from Africa, the United States or Australia protect against Hormuz, at a cost in freight and price. Neither reduces import dependence. Only drilling and coal do that, and drilling has delivered 126 MMCFD in four years.⁶³ Rooppur's first 1,200 MW unit, in final testing with a first trial connection expected in September and commercial operation scheduled for December, is the one large addition on a known schedule.⁶⁴ LNG is therefore the bridge for the coming decade, and the question is how many terminals, under what contracts, at what price. The terminal now proposed would cost USD 342,000 a day for fifteen years, against 254,000 and 249,115 for the two in operation and 300,000 under the Summit agreement cancelled in 2024, and could not be commissioned before late 2028.⁶⁵

Renegotiate, or pay. The review committee's arithmetic is USD 1.5 billion a year in excess charges and USD 7.2 billion over the remaining life of the contracts unless at least 41 plants are renegotiated.⁶⁶ Against that stand the guarantees and the arbitration clauses. Pakistan faced the same problem a year earlier, with capacity payments at 65 per cent of its power purchase price, and terminated five contracts in October 2024, moved to convert eighteen more from take-or-pay to a hybrid take-and-pay basis, and claimed savings of PKR 411 billion (see the panel below). Its terminations worked where the plants had repaid their debt and were rarely dispatched, and where the government paid all outstanding dues at exit; the cost was investor confidence, and it was Pakistan's fourth renegotiation since 1998.⁶⁷ There is no route through this without a published register of every agreement and a public negotiating mandate, because the alternative is a series of settlements that nobody can see.

Subsidy this year, or the grid for 2028. Every taka to subsidy is a taka not spent on wires and batteries. The renewable strategy adds 10,450 MW by 2030, 83 per cent of it after 2027 (Figure 6), and treats 2026 and 2027 as years of preparation.⁶⁸ The development programme for 2026-27 funds no new renewable project, leaves eleven renewable and grid projects without allocation, including 640 MW of solar and the only grid-scale battery pilot, and takes the transmission line meant to carry the new capacity to 21 per cent completion.⁶⁹ A 2028 ramp needs 2026

⁶³See note 5.

⁶⁴Minister to parliament, 14 June 2026, via *The Business Standard*; Prothom Alo, 2 August 2026, on the final testing phase and the regulator's approvals.

⁶⁵See note 36.

⁶⁶See note 34.

⁶⁷IEEFA, *Optimizing Pakistan's economy by renegotiating power purchase agreements*, December 2024; Dawn, 4 December 2024; PACRA, February 2025; Profit, October–November 2024.

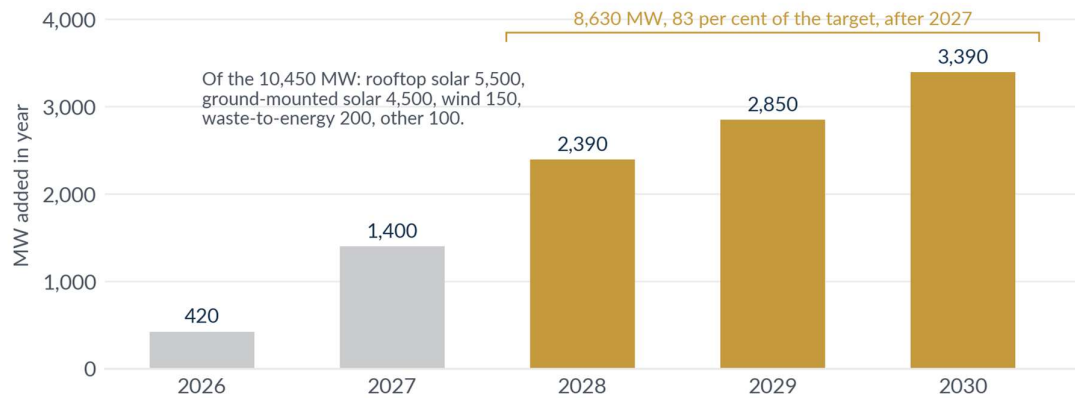
⁶⁸National Renewable Energy Development Strategy 2026-2030, approved July 2026, year-wise plan via *The Business Standard*, August 2026; BSS, 1 September 2026 (net-metered capacity; rooftop target); SREDA via the Hydrocarbon Unit's *Energy Scenario 2024-25*; CPD, 17 June 2026.

⁶⁹See note 45.

orders. A subsidy line of TK 41,000 crore beside a grid programme with no dates is a statement of priority, whether or not anyone intends it as one.

■ FIGURE 6

The renewable strategy adds 10,450 MW by 2030, most of it after 2027.



Source: National Renewable Energy Development Strategy 2026-2030, year-wise plan as reported by *The Business Standard* (Aug 2026). Grid-connected renewable capacity was about 1,255 MW in FY2024-25 (SREDA).

Pakistan's renegotiation, 2024-25

Pakistan's capacity payments reached PKR 2.1 trillion in 2024, about 65 per cent of the average power purchase price, as rooftop solar and a weak economy cut grid demand. Under pressure from the IMF, the government terminated the contracts of five independent producers in October 2024 (Hubco, Rousch, Lalpir, Atlas and Saba), agreeing to clear all dues to them as of September 2024, and claimed savings of PKR 411 billion. Eighteen further producers were lined up for conversion from take-or-pay to a hybrid take-and-pay basis, with fixed payments cut to 70 to 75 per cent of their five-year average and dollar indexation removed from some fuel formulas. The plants chosen had mostly repaid their debt and ran at low load factors on furnace oil or LNG. Ten producers wrote to the prime minister calling the process coercive, and it was the fourth renegotiation since 1998. The lessons for Dhaka: termination is feasible where debt is repaid and dispatch is low; the government must pay what it owes at exit; and the exercise should be done once, in public, with a mandate, because each repetition raises the price of the next contract.⁷⁰

⁷⁰See note 67.

Three scenarios to June 2028

The horizon is the end of June 2028: two summer peaks and two budgets. Three uncertainties drive the outcome. Fuel: whether Qatar's deliveries resume before the May 2027 peak and whether both terminals hold. Money: whether the 2026-27 gap is met by the budget and the tariff or by arrears. Execution: whether the pricing, contract and grid decisions are taken this fiscal year, when arrears are still small, or next, when they are larger and carry interest. The table gives markers for each path; the paragraphs explain them.

Marker, to June 2028	A. Repair	B. Muddle	C. Snap
Gas supply (MMCFD)	2,700 to 2,900	2,400 to 2,700	Below 2,200
Peak shortfall (MW)	Scheduled, under 1,000	1,500 to 3,000, unscheduled	Above 4,000
Power subsidy (TK crore a year)	Falling towards 35,000 with a stated floor	45,000 to 55,000	Above 60,000 and unfunded
Arrears in the chain	Netted, then stable	Growing by the unfunded gap	Defaults and arbitration
LNG share of gas	Stable near a third	Rising	Falling, by force
Renewable additions	On the strategy's schedule	A year late	Stalled
What it takes	Escrow, tariff path, register, in that order	Nothing; it is the default	One more shock on an unfunded gap

The markers are indicative. Gas supply in each case is domestic output of 1,600 to 1,700 MMCFD plus what the two terminals can deliver: 1,100 at full nameplate, about 700 as in early September, below 500 if one terminal is out. The shortfall in megawatts follows from the gas figure at about 500 MW per 100 MMCFD, less what furnace oil and imports can cover. The subsidy figures start from BERC's TK 41,000 crore and move with the LNG price and the volume bought.

A. What should happen: repair the chain

The order matters. Payment security first, because nothing else is bankable without it. The price path second, because it is the only durable source of revenue. The contract register third, because its savings make the price path politically possible. Fuel and grid decisions in parallel, because they take years.

- 1. Payment security.** BPDB, Petrobangla, BPC and the Finance Division net off the balances among state entities in one operation; power-sector gas payments move into an escrow fed from distribution collections, so that generators are paid when the exchequer is late; the Board's arrears are recognised at what they are worth and carried on a schedule.
- 2. A published price path.** The regulator and the Finance Division publish a three-year path that moves industrial, commercial and high-use residential tariffs towards the wholesale cost of TK 13.09, keeps the lifeline and 0 to 75 unit slabs where they are, prices the evening peak above the day, and converts the remaining subsidy into a budgeted transfer with a stated floor.
- 3. The register.** Every power purchase, LNG supply and terminal-use agreement is published with its fixed charge, load factor and expiry; the Power Division sets an annual target for reducing capacity payments and reports against it; the law ministry is given a public mandate for negotiated buy-downs, with Pakistan's sequencing in mind.

4. **Fuel.** Both terminals restored; a third put to competitive tender; spot exposure converted into firm short- and medium-term agreements across at least three regions; the drilling programme reported quarterly, well by well; a gas allocation order published.
5. **Grid before solar.** The transmission and storage projects published with capacity, route, cost and date; annual solar additions conditional on them; a standard bankable purchase agreement with payment security, honouring the tenders in process; new capacity by competitive award only.

By June 2028 the visible results would be a subsidy line falling as a share of GDP, arrears no longer growing, load shedding scheduled and published rather than discovered, the LNG share of gas stable, and renewable additions on the strategy's 2027 and 2028 figures rather than a year behind them.

B. What is most likely: another year of buying

Fuel is bought at whatever price through the winter. Qatar sends one cargo in the autumn and resumes on renegotiated terms in 2027. The damaged terminal reaches full capacity some months late and the third is signed on the proposed terms for late 2028. The 2026-27 gap is met by a supplementary budget and domestic borrowing, with no further tariff change before the next peak. Contract reviews continue without a register and produce settlements on late fees. Drilling adds 100 to 150 MMCFD a year against depletion of about the same. The solar programme slips a year while developers wait for a payment-security instrument the strategy promises but has not issued. Arrears grow by the unfunded gap, at interest. The May 2027 peak is met with a heavier furnace-oil burn and scheduled shedding in the districts, and the subsidy lands between TK 45,000 and 55,000 crore. This is survivable, it is the path of least resistance, and each year on it raises the price of Scenario A.

C. What must be avoided: the chain snaps

The sequence begins with Hormuz closing again, or force majeure running through the first half of 2027, together with a second terminal outage and spot LNG above USD 30. The first link is live: transits were at ten a day on 6 and 7 September, Petrobangla is paying above USD 28, and the repaired terminal went down again on 14 August. Cargo purchases are then curtailed not by choice but by the foreign exchange available. Gas supply falls below 2,200 MMCFD. The May and June shortfall exceeds 4,000 MW. Fertilizer plants are shut ahead of the aman season and urea is imported at war prices. Export factories on diesel lose orders. The Board, unable to pay, stops paying; generators withhold supply or invoke arbitration; the grid, run without reserve, suffers instability events. Guarantees are called, a rating action follows, and the resulting dollar squeeze feeds back into the cargo purchases where the sequence began.

Nothing in this requires a new mistake. It requires only that the present gap be left unfunded when the next shock arrives. Three things prevent it: fuel security, meaning a working second terminal and firm cargoes from more than one region; payment security, meaning an escrow that keeps generators paid when the exchequer is late; and a rationing order decided before the shock, published, and kept, so that the fertilizer plants and the export factories are not the last to know.

What we recommend

Each recommendation is addressed to the institution that owns it. Most cost nothing to announce, and their value lies in the announcement: a system whose numbers are published behaves differently from one whose numbers are inferred.

1. **Finance Division.** Publish a single quarterly statement covering subsidy paid to power and gas, capacity charges paid, arrears in each direction among BPDB, Petrobangla, BPC and the generators, guarantees outstanding and the contingent-liability ratio to GDP. The Debt Bulletin, the Board's tariff filing and the minister's replies to parliament already contain the data; the first edition should appear by December 2026.
2. **Power Division and the law ministry.** Publish the register of every power purchase agreement, LNG supply agreement and terminal-use agreement with its fixed charge, load factor and expiry; set an annual target for reducing capacity payments against the TK 52,608 crore projected for 2026-27; issue a public mandate for negotiated buy-downs, starting with plants whose debt is repaid and whose dispatch is lowest.
3. **Energy Regulatory Commission and Finance Division.** Publish a three-year tariff and subsidy path: large users towards the wholesale cost, the lifeline and first residential slabs held, time-of-use pricing for the evening peak, and the residual subsidy as a budgeted transfer with a floor. Announce it with the register so that the two are read together.
4. **BPDB, Petrobangla, BPC and Finance Division.** Net off the balances among state entities in one operation; place power-sector gas payments in an escrow fed from distribution collections; carry what remains on a published schedule rather than as a receivable that will not be received.
5. **Energy Division and Petrobangla.** Publish a gas allocation order with fertilizer and export industry ahead of the least efficient generation; restore both terminals and put the third to competitive tender; diversify supply agreements across at least three regions; report the drilling programme quarterly, well by well, against its 353 MMCFD target.
6. **Cabinet.** Decide within 2026-27 whether Barapukuria's second phase, Phulbari and Dighipara will be developed, and under what resettlement, water and environmental framework. If the decision is not to mine, plan the base-load fleet without the coal. A deposit cannot be both a planning assumption and an open question.
7. **Power Division, Power Grid Bangladesh and SREDA.** Publish the storage and transmission projects with capacity, route, cost and completion date; fund the four transmission projects now stranded near completion; make annual solar additions conditional on the grid to carry them; issue the payment-security instrument the strategy promises; honour the tenders in process.
8. **All procuring agencies.** Award every megawatt of new capacity, including the 5,000 MW of government rooftops, by competitive bidding, through framework tenders by division with a named owner and a single budget line. Add what the strategy omits: a captive-power efficiency programme for the 17 per cent of gas burned inside factories, appliance and building standards, and industrial energy audits.

Annex A — Figures at a glance

All figures are from published sources cited in the footnotes. Dollar equivalents use TK 123 per dollar and are rounded.

Indicator	Figure and source
Grid capacity / derated (February 2026)	28,919 MW / 28,494 MW (minister to parliament, April 2026; BPDB daily report via IEEFA)
Highest generation ever / summer forecast 2026	17,200 MW, 20 May 2026 / 18,000 MW (Power Grid Bangladesh; BPDB)
Reserve margin, 2024-25	61.3% on installed, 58.6% on derated capacity (IEEFA from BPDB)
Capacity by fuel, June 2025	Gas 43%, coal 21%, furnace oil 21%, imports 10%, renewables 3%, diesel 2%, hydro 1% (HCU)
Electricity consumption by sector, 2024-25	Domestic 57%, industrial 27%, commercial 11%, other 5% (HCU)
Gas demand / supply, 5 September 2026	About 4,000 / 2,334 MMCFD, of which LNG 702 (Petrobangla via The Financial Express)
Gas production 2024-25 / LNG imports	696 Bcf (about 1,900 MMCFD) / 282 Bcf, 28.8% of consumption (HCU; IEEFA)
Gas consumption by sector, 2024-25	Power 41%, industry 19%, captive 17%, households 11%, fertilizer 6%, CNG 5% (HCU)
Remaining gas reserves	8.15 Tcf proven and probable; about 12 years at current output (HCU; IEEFA)
150-well programme, to July 2026	29 wells completed; 126 MMCFD added against a target of 353 (Petrobangla via FE)
Regasification capacity	1,100 MMCFD across two terminals; about 700 in early September after the July fire (HCU; Petrobangla)
LNG spot price	About USD 10 (Jan 2026); USD 19.77 to 28.28 (March); above USD 28 (Sept) (IEEFA; FE)
Average grid generation cost, 2024-25	TK 12.1 a unit; furnace-oil plants 27.5; coal IPPs 13.13; gas plants 6.0 to 16.85 by load factor (BPDB via IEEFA)
BPDB wholesale cost, 2025-26 / capacity charge in it	TK 13.09 / TK 5.12 a unit (BPDB filing to BERC via Bonik Barta)
Tariffs from June 2026	Wholesale TK 8.39 (from 7.00); retail average 10.63 (from 9.11); lifeline 4.63 (BERC)
Capacity charges	TK 6,241 crore (2018-19); about 48,261 crore (2025-26); 52,608 projected (2026-27) (FE; Bonik Barta)
Cumulative capacity payments to private plants	About TK 1.78 lakh crore (USD 14.5 billion), 2009-10 to 2024-25 (BPDB via Bonik Barta)
Power subsidy	At least TK 62,000 crore (2024-25 revised); about 43,000 (2025-26); 37,000 budgeted and 41,000 expected (2026-27) (FE; BERC)
LNG subsidy, 2025-26	TK 6,000 crore allocated; about 17,000 crore needed (CPD)

Indicator	Figure and source
Owed to power plants, 9 April 2026	TK 52,300 crore (USD 4.3 billion), of which 11,634 to Petrobangla, 3,892 to India (minister to parliament)
Owed to Petrobangla, 31 January 2026	TK 28,495 crore, about 16,000 from BPDB (Petrobangla via TBS)
Government guarantees, 31 December 2025	TK 1,06,973 crore (USD 8.7 billion); 2.06% of GDP at June 2025 (Finance Division)
BPDB loss before subsidy, 2024-25	TK 50,565 crore, from 5,468 crore in 2014-15 (National Review Committee via TBS)
Renewable capacity / 2030 target	1,255 MW grid-connected at June 2025; 213 MW net-metered rooftop / 10,450 MW added by 2030 (SREDA; strategy)
Reserves, June 2026	USD 37.6 billion gross; USD 32.9 billion BPM6 (Bangladesh Bank)

Annex B — Terms used

MMCFD	Million cubic feet of gas a day. The country uses about 4,000 and receives about 2,300 to 2,700.
MMBtu	Million British thermal units, the unit in which LNG is priced. A standard cargo holds about 3.4 million.
LNG and regasification	Gas cooled to a liquid for shipping, then warmed back to gas at a terminal before entering the pipeline. Bangladesh's two terminals are ships moored off Moheshkhali (floating storage and regasification units, FSRUs).
Force majeure	A contract clause that excuses a supplier from delivering when an event outside its control, such as war, prevents it.
Capacity charge	A fixed payment to a plant for being available, paid whether or not it generates. It recovers the plant's investment and fixed costs; it is TK 5.12 of the TK 13.09 wholesale cost in BPDB's 2026 tariff filing.
Power purchase agreement (PPA)	The contract under which BPDB buys electricity from a plant for a fixed term, usually 15 to 25 years, setting the capacity charge and the energy price.
Take-or-pay and take-and-pay	Under take-or-pay the buyer pays for contracted capacity whether or not it uses it; under take-and-pay it pays only for energy taken.
Derated capacity	Installed capacity adjusted down for age, condition and operating limits; what a plant can actually deliver.
Reserve margin	Usable capacity above the highest demand recorded, as a share of that demand. About 20 per cent is normal; Bangladesh's is about 60.
Load factor	A plant's actual output as a share of what it could produce running flat out. A low load factor spreads the fixed charge over fewer units and raises the cost of each.
Merit order	Dispatching the cheapest available plants first and the dearest last.
Wholesale and retail tariff	The price at which BPDB sells to distributors (TK 8.39) and the price consumers pay (average TK 10.63). Neither is a tax.
Lifeline tariff	The reduced rate, TK 4.63, for households using up to 50 units a month; about 1.62 crore accounts.

Captive power	A generator inside a factory that supplies the factory rather than the grid; such plants burn 17 per cent of the country's gas.
Net metering	A rooftop solar owner feeds surplus power to the grid and is credited against the bill.
Escrow	An account held by a third party from which payments are released only when agreed conditions are met; here, a way of keeping generators paid when the exchequer is late.
Circular debt	A chain in which distributors underpay BPDB, BPDB underpays generators, generators underpay Petrobangla, and all depend on the treasury.
Sovereign guarantee and contingent liability	A government promise to pay a state entity's debt if it cannot. Guarantees become liabilities only if called; TK 1,06,973 crore was outstanding at December 2025.
Base load	Plants meant to run continuously to meet the steady minimum of demand: coal, nuclear and combined-cycle gas.

Annex C — A note on sources and method

Every figure in this Note is taken from a published source: the Finance Division's Quarterly Debt Bulletin and Medium-Term Macroeconomic Policy Statement; the Hydrocarbon Unit's Energy Scenario of Bangladesh 2024-25; BPDB's annual report and daily generation reports as compiled by IEEFA; BPDB's tariff filing to the Energy Regulatory Commission and the Commission's June 2026 order; ministers' written replies to parliament; the National Renewable Energy Development Strategy 2026-2030; CPD's budget analysis; the IEEFA reports of December 2024 and May 2026; and reporting in The Daily Star, The Business Standard, The Financial Express, Bonik Barta, New Age, Prothom Alo and Dhaka Tribune, with Reuters and Bloomberg for the Gulf. Where the Note goes beyond a source with its own arithmetic, the footnote says so and gives the assumptions. The note was finalized on 5 September 2026.

Three limits should be kept in mind. Figures on capacity charges and subsidies are reported by different bodies on different bases, and a Finance Division allocation, a BPDB annual-report figure and a BERC estimate for the same year can differ by a fifth; the Note gives the source for each and does not splice them. Events of August and September 2026 are taken from press reports and may be revised as official data appear. The scenario markers in Section 05 are indicative ranges built from the gas figures, not forecasts. Global energy market is highly volatile and the reader is advised to exercise caution when using the analysis in this note.

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Policy Note 01

Fuel, Money, and the Grid.

*Bangladesh's power and energy crisis:
causes, trade-offs, and scenarios.*

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