Regulatory Issues: Bangladesh Energy Sector Perspective

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BANGLADESH ENERGY REGULATORY COMMISSION
Bangladesh Energy Regulatory Commission (BERC)

- Bangladesh Energy Regulatory Commission Act, 2003
  - March 13, 2003
- Established
  - April 27, 2004
Objectives

- Create an environment conducive to private investment
- Promote transparency in management, operation & tariff setting
- Promote competition
- Protect consumer’s interest
Basic Characteristics

- Independence
- Neutrality
- Quasi-Judicial Authority
Salient Features of the BERC Act 2003

- Legal mandate for Liberalization of the Sector
- Overriding Effect
- Public Participation
- Dispute Settlement through ADR
Salient Features of the BERC Act 2003 (contd)

- Government as Policy Framer
- Autonomy for Regulation Making
- BERC as Last Forum for Consumer Complaints
Major Functions

- To ensure efficient use, quality services, determine tariff and safety enhancement
- To issue, cancel, amend and determine conditions of licenses, exemption of licenses
- To frame codes and standards for ensuring quality of service
- To promote competition amongst the licensees
- To develop uniform system of accounts for all licensees
Major Functions (contd)

- To ensure appropriate remedy for dishonest business practices or monopoly
- To ensure control of environmental standard under existing laws
- To collect, review, maintain and publish statistics of energy
- To perform any incidental functions if considered appropriate by the Commission for the fulfillment of the objectives of this Act
Tariff Determination

- BERC determines price of Electricity, Gas and Petroleum in bulk and retail

- Rate of Return based Pricing
  - Public hearing of licensees and stakeholders
  - Revenue requirement after prudent analysis of one year costs i.e. test year costs
  - Identification of true costs (also cost rationalization) and rate of return
Achievements: Licensing

Licenses Issued by BERC:

Details of electricity generation licenses (Private Sector)

<table>
<thead>
<tr>
<th>Categories of Licenses</th>
<th>No. of license issued</th>
<th>Generation Capacity</th>
</tr>
</thead>
<tbody>
<tr>
<td>Government owned utility</td>
<td>02</td>
<td>3468 MW</td>
</tr>
<tr>
<td>IPP</td>
<td>22</td>
<td>1749.77 MW</td>
</tr>
<tr>
<td>RPP</td>
<td>17</td>
<td>1102 MW</td>
</tr>
<tr>
<td>SPP</td>
<td>06</td>
<td>95 MW</td>
</tr>
<tr>
<td>CPP</td>
<td>960</td>
<td>1370 MW</td>
</tr>
<tr>
<td>Total</td>
<td>1007</td>
<td>7785 MW</td>
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</tbody>
</table>

Sector | License issued (Public & Private) |
<table>
<thead>
<tr>
<th></th>
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</thead>
<tbody>
<tr>
<td>Power</td>
<td>1004</td>
</tr>
<tr>
<td>Gas</td>
<td>185</td>
</tr>
<tr>
<td>Petroleum</td>
<td>92</td>
</tr>
<tr>
<td>Total</td>
<td>1281</td>
</tr>
</tbody>
</table>
Achievements: Regulation Making

- BERC Licensing Regulation 2006
- BERC Electricity Generation Tariff Regulation 2008
- BERC Gas Transmission Tariff Regulation 2010
- BERC Gas Distribution Tariff Regulation 2010
- BERC Electricity Transmission Tariff Regulation 2010 (waiting to be published)
- BERC Electricity Distribution Tariff Regulation 2010 (waiting to be published)
Achievements: Codes and Standards

- BERC Technical Quality Standards (Electricity)
- Power Grid Code (waiting to be published)
- Power Distribution Code (waiting to be published)
- Uniform System of Accounts (waiting to be published)
- CNG Codes and Standards (waiting to be published)
Thanking you all