Currents of Change

Quarterly Brief of the Power & Energy Sector of Bangladesh

Volume 2, Brief No. 4
April-June 2025

Highlights

- During the final quarter of FY2025 (April-June 2025) the interim government has approved the national budget FY2025-26 with the allocation of BDT 22,520 crore for the Ministry of Power, Energy and Mineral Resources (MoPEMR), which is 2.9 per cent of the total budget, however, is 0.8 per cent lower than the allocation of last year.
- The interim government has initiated a National Solar Rooftop Programme to meet the 30 per cent renewable energy target by 2040, a positive move which needs proper planning, careful implementation and regular monitoring.
- During this quarter, the peak on-grid power generation of 16,603 MW, recorded on 10 May 2025. It is also the maximum electricity generation in 2025.
- Very high variations in the fuel cost of oil-based power generation have been observed during this quarter due to the price fluctuation in the global energy market.
- The recent decisions of the interim government including retrieving Matarbari phase 2, VAT exemption from imported LNG, decision to extract domestic coal raised doubts about the political aspiration of the interim government towards decarbonisation.
- The slow implementation of renewable energy-based power plants continues in this quarter as well with no new renewable energy-based power plants have been added to the grid.

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1. BACKGROUND

The fourth and last quarter of FY2025 (April–June 2025) marked the announcement of the national budget given by the interim government. Along with the usual decisions to keep the sector in check, the interim government declared a new national solar programme in Bangladesh. The major decisions of this quarter include (a) approval of the renewable energy policy 2025, b) exemption of VAT from LNG, c) tax exemption from oil distribution companies, d) regular adjustment of fuel prices, and e) purchase of LNG from spot market and received multiple LNG cargo approvals.

This quarterly is segregated into five broad sections. These are as follows: (i) a brief snapshot of the major policy and operational decisions; (ii) generation, transmission and distribution of the power sector; (iii) demand, supply and exploration in the energy sector; (iv) status of renewable energy; and (v) remarks on the overall health of the power and energy sector during this quarter.

2. MAJOR DECISIONS TAKEN DURING APRIL-JUNE 2025

a) Policy Decisions: During the Q4 of FY2025 (April to June 2025), the government policy decisions in the energy sector surged as the fiscal year concluded, and the budget for the next one was proposed and approved by the interim government. Compared to the previous quarter, this period highlighted increased policymaking in the areas of renewable and clean energy, and import of energy and fuel, in addition to supply and quality of energy and fuel, and price of energy (figure 1 & 2).

During this quarter, noteworthy developments came in the approval of the Renewable Energy Policy 2025 setting target of producing 30 per cent of national energy from renewable sources by 2040. However, CPD's review of the renewable energy policy reveals vagueness in terminology and investment

strategy. Besides, the government has initiated a National Rooftop Solar Programme with a total generation of 3,000 MW from solar. The programme includes directive to install rooftop solar panels on all government buildings and educational and health establishments. Alongside, decisions such as reduction in tax burden in electric vehicle manufacturing and plans to use unused tea estate land for renewable energy generation have been appreciated. Additionally, the Bangladesh Energy Regulatory Commission (BERC) has continued making multiple price adjustments for liquefied petroleum gas (LPG) cylinders and jet fuel. The pricing formula for kerosene and diesel was updated keeping administrative and processing costs variable instead of considering it fixed. Taking into account the shortage of energy, the government decided to prioritise supplying gas to industries and providing no new residential connections. The government also made significant changes in the decision to import of fuel by exempting VAT for LNG and withdrawing tariffs on crude and refined oil. CPD (2025) considers such decisions anti energy-transition.

Figure 1 **Government and Government Relevant Authorities' Action Focus Point During January-March 2025**

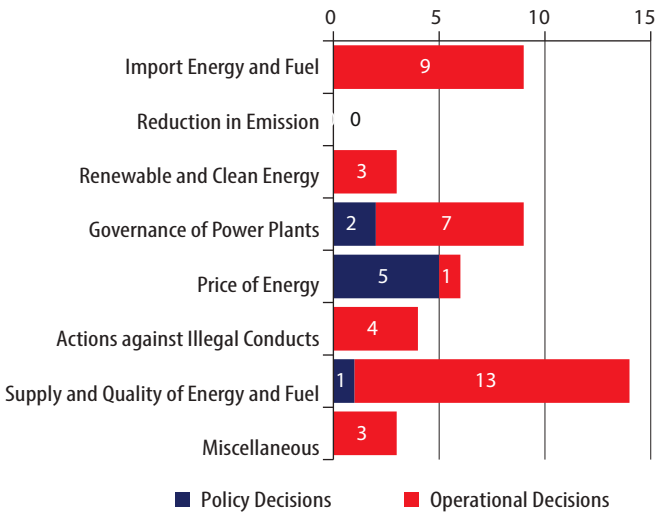
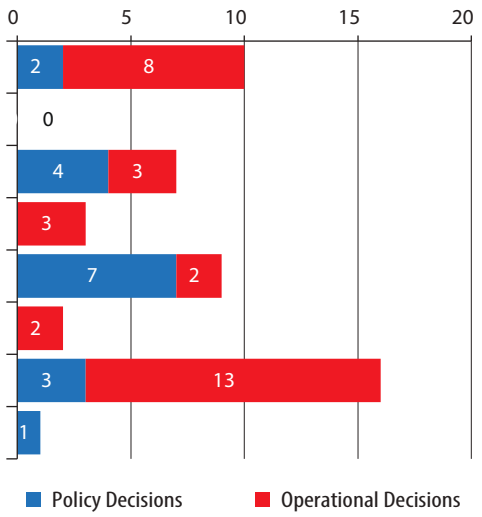


Figure 2 **Government and Government Relevant Authorities' Action Focus Point During April-June 2025**



Source: Authors' Compilation of Various News Papers and Relevant Government Websites.

b) Operational Decisions: In the fourth quarter of FY2025, there was a further decrease in the volume of operational decisions within Bangladesh's energy and power sector compared to the preceding quarter, with a continuing effort on addressing important challenges such as fuel supply stabilisation, and maintenance of quality.

Interim government seems to move backwards from decarbonisation commitments: The energy transition goals of Bangladesh under the interim government has been backtracked. The continuous over-emphasis on the fossil fuel-based power generation, especially LNG and newly profound importance on the coal extraction, is increasing the concerns related to energy transition goals. In addition to that MoU between the Bangladesh and USA regarding LNG import only dictates the persisting prioratisation of fossil fuel. Series of operational decisions taken by the government is also causing reverse renewable energy transition pathway. Such as cancellation of 37 LoIs resulting in almost zero interest in the 55-grid based renewable energy power plant.

The FY2025-26 budget seems disappointing not only in terms of ignoring the renewable energy expansion but also emphasising on fossil fuel expansion. Surprisingly the first ever budget proposed by the pro-transition government includes project related to domestic coal exploration. The budget will be surely unsuccessful in terms of energy transition by 2041, deviating from it's Political Commitment of Meeting the 3 Zero Target.

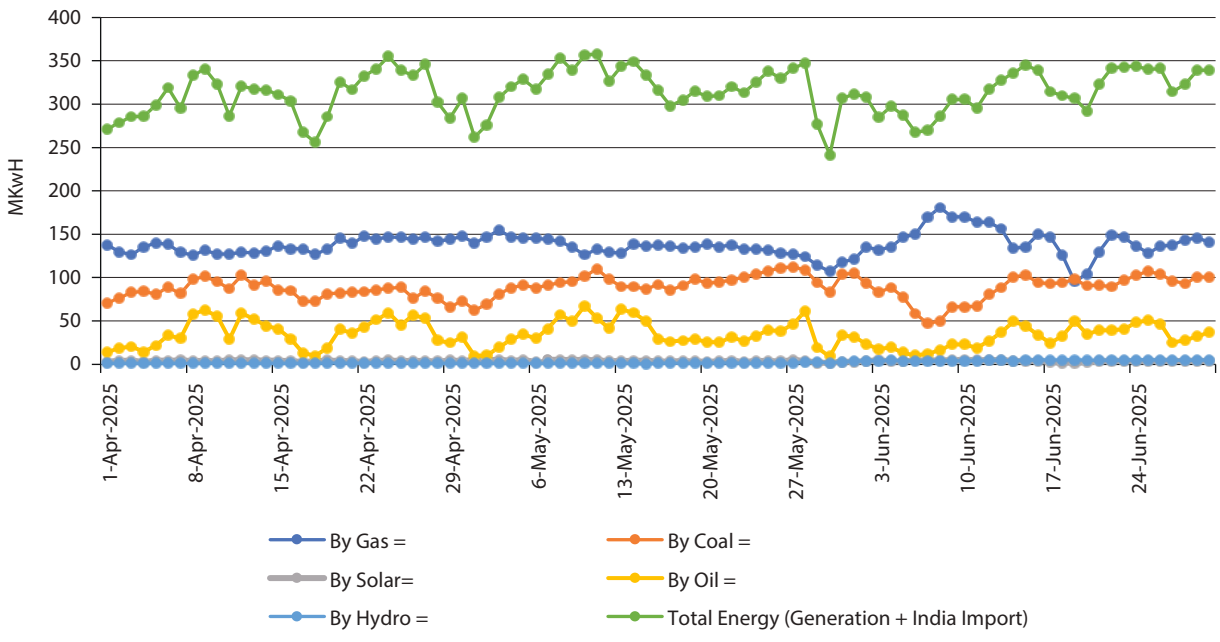
During this quarter, the government cleared dues in LNG import payments and gas bills. To meet the increased demand during the summer, the government decided to operate HFO-based power plants and import of additional amounts of LNG to generate electricity from gas-based power plants. To address future supply needs, the government secured spot market LNG deals and received multiple LNG cargo approvals. These moves ensured continued power and fuel supply during a season of heightened demand. Oversight in operational matters increased with investigations into gas cylinder sale irregularities and requesting PPAs from BPDB of all power plants approved during the previous regime by the anti-corruption commission (ACC). The revival of cancelled phase 2 of coal-based Matarbari power plant is a surprising move and does not align with the transition commitment though it is dealt at a lower cost and lower tariff. Meanwhile, key infrastructure projects like the Chattogram-Dhaka oil pipeline became operational and start of electricity imports from Nepal extended the country's energy sourcing from regional countries. The government was also proactive in boosting renewable energy, with plans for the solar power project in Feni. It launched tender for 5,328 MW of renewable energy. However, there seems to be a lack of interest in bids for solar projects which was apparent, as the number of calls and tenders off loaded was low. Fuel prices were regularly adjusted, including for LPG and jet fuel, reflecting routine responses to global market trends. However, the pricing method is not yet out of the question (CPD), 2025.

3. GENERATION, TRANSMISSION & DISTRIBUTION OF THE POWER SECTOR DURING JANUARY-MARCH 2025

Generation: During April-June 2025, the installed generation capacity reached 30,780 MW (on grid and off-grid). The peak power generation of 16,603 MW (357.76 MKWh) was recorded on 10 May 2025, which is also the maximum generation of 2025, while the lowest power generation of 13,299 MW (241.4 MKWh) occurred on 30 May 2025 (Figure 3).

Gas-based electricity generation was somewhat consistent as the cost of electricity generation from domestic gas is still the lowest. It shows a relatively stable output throughout the period, fluctuating between 180.8 million KWh and 95.3 million KWh. Coal-based electricity generation also contributed significantly, though slightly lower. It ranges between 47 million KWh and 112 million KWh. Oil-based electricity generation is relatively low, fluctuating between 67 million KWh and 9 million KWh per day, which happened due to the high price of oil. Solar and hydropower-based electricity

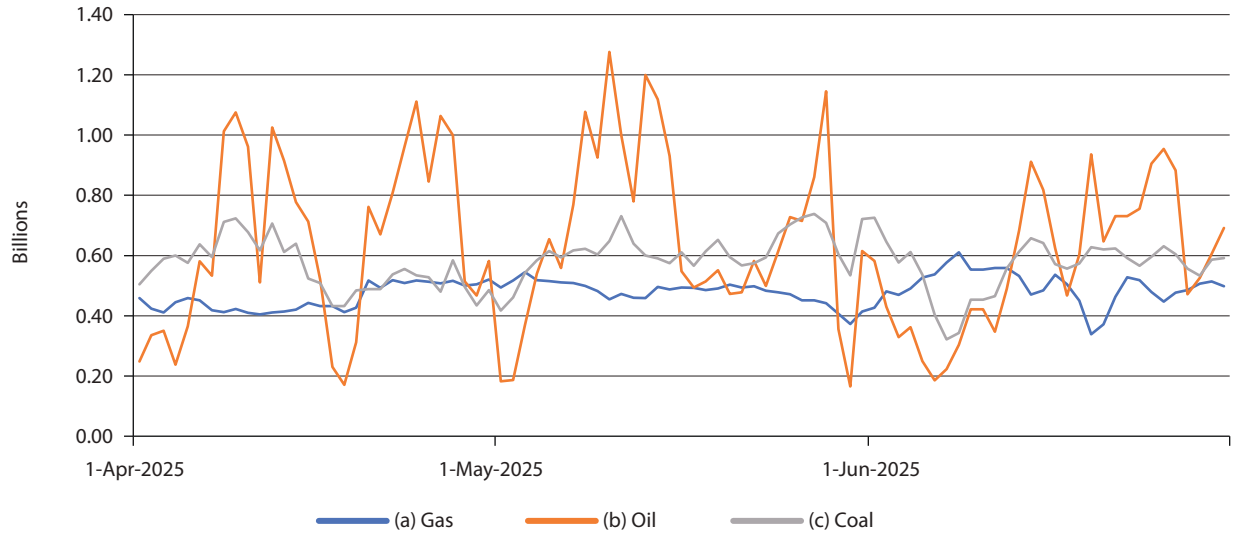
Figure 3 **Per Day Energy Generation by Different Fuel (MKWh)**



Source: BPDB Daily Generation Report.

Figure 4 Fuel Cost

(Billions BDT)



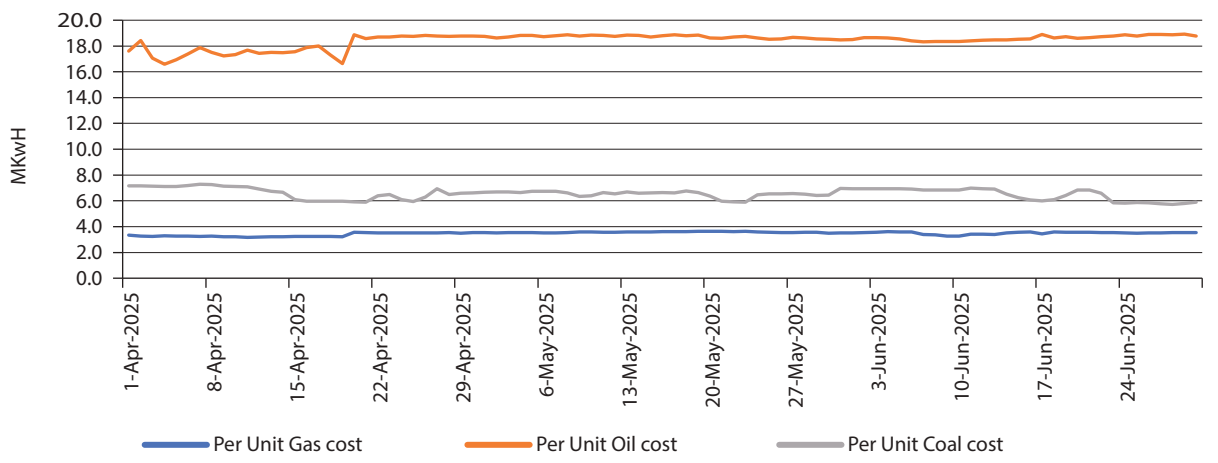
Source: BPDB Daily Generation Report.

generation are minimal compared to other sources. Currently, Bangladesh's on-grid installed power generation capacity is over 27,426 MW, about 40 per cent of which remains unused because of unplanned expansion of the power generation capacity during the previous regime. However, the share of grid-based electricity demand is not being fulfilled due to three main reasons- (a)fuel crisis; (b) poor power supply infrastructure; and (c) lack of electricity demand.

As depicted in Figure 4, the cost of energy for power generation remained highly volatile, specifically, in case of using fuel oil in the fuel mix. An inconsistent trend has been observed with daily power generation costs ranging from a high as BDT 219.3 crores to a low of BDT 105.9 crores. Oil costs show extreme volatility, with frequent sharp spikes and drops, ranging from as low as BDT 23.8 crores to as high as BDT 107.7 crores. Notably, both the peak and lowest costs recorded this quarter are higher than those observed during the same period in FY2023–24. Gas expenditure remains relatively stable throughout the period, fluctuating mildly between BDT 41.8 crores and BDT 47.8 crores, suggesting consistent usage and pricing—possibly due to long-term contracts or regulated supply. Coal costs are comparatively stable but display a

Figure 5 Per Unit Fuel Cost

(BDT/Unit)



Source: Author's calculation from BPDB Daily Generation Report.

gradual upward trend, especially towards late March 2025, ranging mostly between BDT 53.3 crores and BDT 59.4 crores. But compared to the last quarter, the cost of all fuel has slightly increased in this quarter.

Figure 5 illustrates the daily per-unit cost for electricity generation for this quarter. The cost of electricity generation was the lowest on 18 April 2025 and spiked on 10 May 2025. Despite natural gas maintaining the lowest per-unit cost among all fuels, its utilisation in power generation has been suboptimal.

b) Transmission and Distribution: During the current quarter, Bangladesh's transmission network has expanded to 16,883 circuit kilometers, while distribution lines covered 648,725 kilometers. The grid substation capacity stood at 75,072 MVA. By the end of May 2025, transmission lines had further extended to 17,044 circuit kilometers, with distribution line coverage remaining unchanged. The grid substation capacity increased to 77,416 MVA by the end of July 2025. During these two months, transmission lines expanded by 2.2 per cent in circuit kilometers. Additionally, grid substation capacity increased by over 3 per cent, which is higher than the percentage recorded in the previous quarter. In contrast, there was no change in the length of distribution lines.

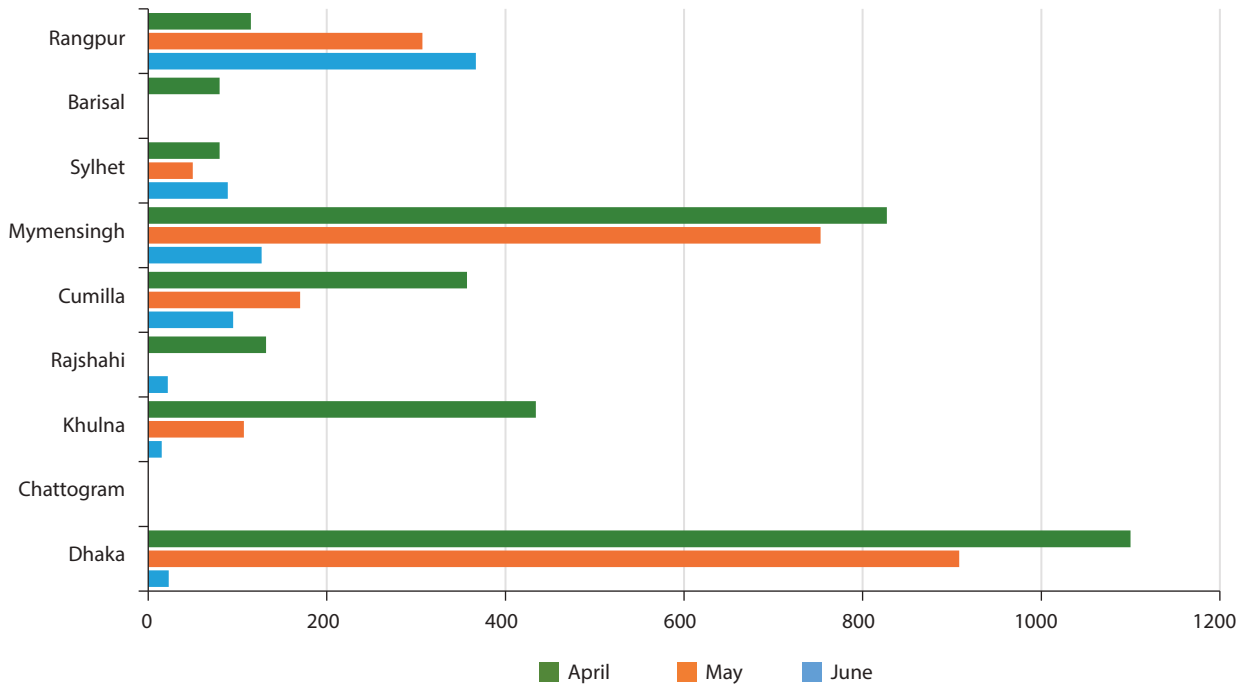
Table 1 **Progress in Transmission-Distribution System**

Indicators	Start of Q4 (Apr'25)	End of Q4 (Jul'25)	Change in %
Transmission lines (Circuit Km)	16,883	17,256	2.21
Distribution lines (Km)	648,725	648,725	0.00
Grid sub-station capacity (MVA)	75,080	77,416	3.11

Source: BPDB monthly progress report.

Load Shedding: As the summer strikes with its full potential from April 2025, the country has faced increased level of load-shedding throughout this quarter. During this quarter, the monthly total demand and supply gap of power generation significantly increased during April 2025 and then decreased again in June 2025. During this quarter, the

Figure 6 **Zone-wise Load-shed at Evening Peak (Generation end) in MW**

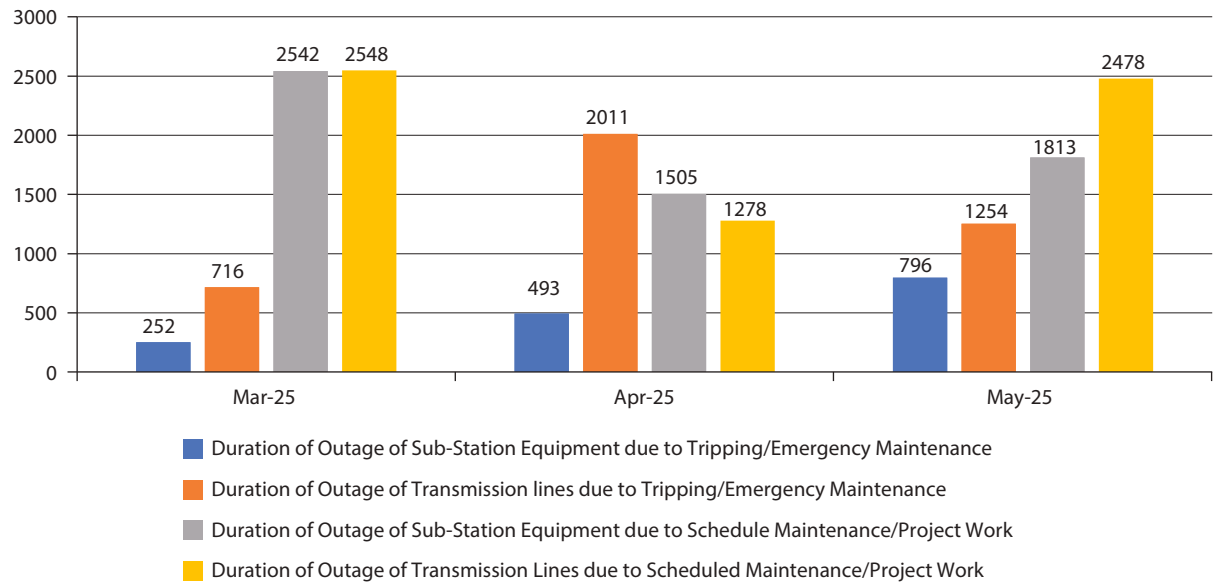


Source: BPBD Daily Generation Archive.

shortfall surged sharply from 286 MW in March 2025 to 3130 MW in April 2025. But the gap came down to 738 MW in June 2025. Figure 6 reflects the load shedding scenario in various regions of Bangladesh during April-June 2025 season. While apart from Dhaka, Mymensingh, and Khulna most regions experienced zero load-shedding in the last quarter. Only Chattogram had zero load-shedding during this quarter. Throughout the last two quarters, Mymensingh faced the highest load-shedding. But on 11 April 2025, Power, Energy and Mineral Resources Adviser confirmed that the load shedding will be evenly scheduled throughout the country, in fact no further additional electricity supply will be provided in favour of Dhaka. So, in this quarter, Dhaka has experienced the most load-shedding.

According to the BPDB data, load-shedding has increased in this quarter from the generation's end. On top of that, load-shedding has been increased due to the tripping and outage of transmission and distribution. Figure 7 summarises the monthly outage durations due to emergency and scheduled maintenance during March 2025 to May 2025, categorised by sub-station equipment and transmission lines. Outages due to tripping or emergency maintenance of sub-station equipment rose sharply from 252 hours in March 2025 to 493 hours in April 2025, and further to 796 hours in May 2025. A similar pattern was observed in transmission lines, where emergency-related outages peaked in April 2025 at 2,011 hours. On the other hand, outages from scheduled maintenance is higher than emergency outages. Scheduled maintenance work spiked both in March 2025 and June 2025 while declined a bit in April 2025. Notably, several areas of the capital including Gulshan, Banani, and Banasree experienced power outages lasting over two hours due to a technical fault at the Rampura grid substation.

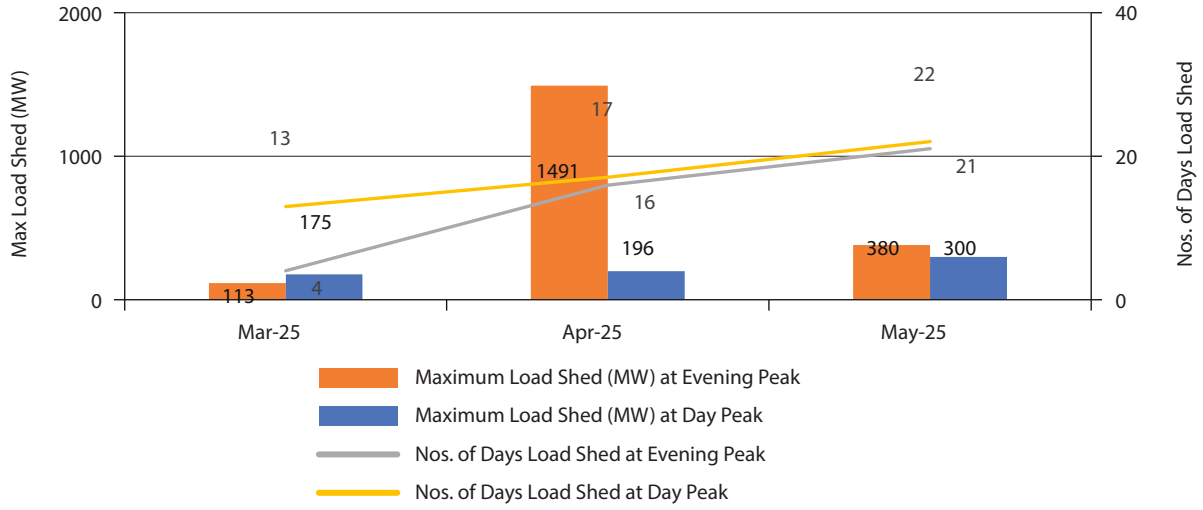
Figure 7 **Summary of Monthly Tripping and Outage in hours (EMERGENCY & SCHEDULED)**



Source: PGCB Operation Monthly Reports.

Figure 8 represents the monthly load-shedding pattern at the sub-station end for December-February 2025. It includes: the maximum load shed, and the number of days load shedding occurred at both the evening and day peaks. Between March 2025 and May 2025, system performance in terms of load shedding worsened significantly, particularly during evening and day peak hours. The maximum load shed during evening peak rose sharply from 113 MW in March 2025 to a staggering 1,491 MW in April 2025, before declining to 380 MW in May, still much higher than March 2025. The number of days experiencing load shedding similarly surged. At evening peak, the count rose from 4 days in March 2025, to 16 in April 2025, and further to 21 days in May 2025. For day peak, load shedding occurred on 13 days in March 2025, increasing to 17 in April 2025, and 22 in May 2025. This indicates an overall strain on the power system, with April 2025 marking the most severe load-shedding event in terms of intensity, while May 2025 saw the most prolonged and frequent occurrences across both peak periods.

Figure 8 Monthly Load Shedding Pattern (Sub-station end)



Source: PGCB Operation Monthly Reports.
Note: The March Data has yet to be updated.

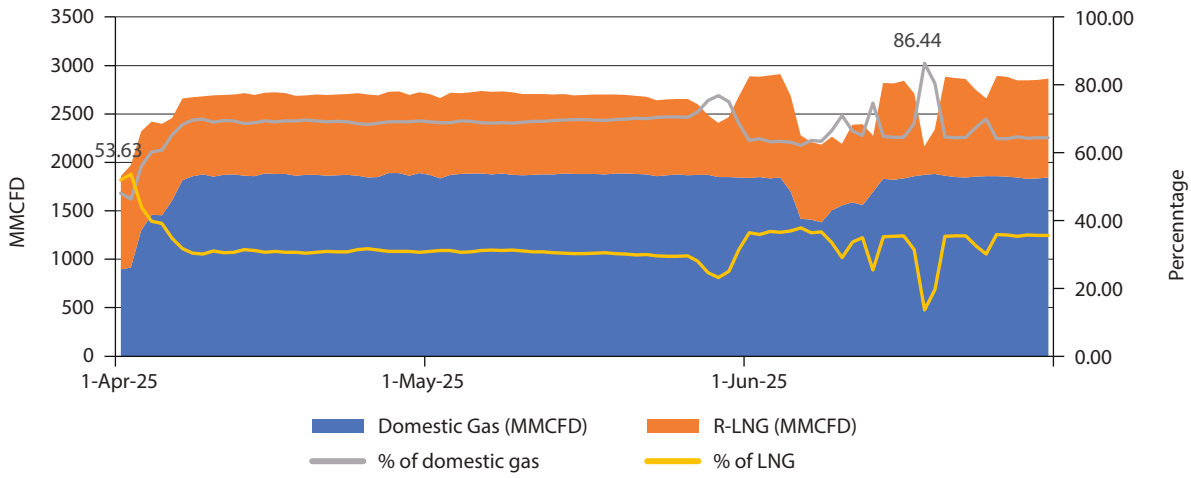
Fossil Fuel Phaseout and New IPPs

During the last two quarters of FY2024-25 (Jan'25-Jun'25), neither any new IPPs started operating nor any plant has been phased out.

4. DEMAND, SUPPLY & EXPLORATION IN THE ENERGY SECTOR DURING APRIL-JUNE 2025

Gas Demand and Supply: During April-June 2025, the gas supply, including LNG, was highly volatile throughout the quarter from as low as 1859.3 mmcfd in the beginning of the quarter (1 April 2025) to as high as 2893 mmcfd at the ending of the quarter (25 June 2025). The share of LNG in the domestic gas supply rose as high as 53.7 per cent, which is probably

Figure 9 Domestic gas and LNG supply



Source: Petrobangla daily gas data.

the highest ever (figure 9). Compared to the previous quarter, the LNG supply was as low as 562.9 mmcfd (22 per cent of the total gas supply) (figure 9) and to as high as 1,022 mmcfd (35-36 per cent of the total gas supply). The decreasing share of domestic gas and increasing share of imported LNG demonstrates continuing dependency on the imported LNG.

Gas Exploration: While fossil fuel reduction targets were missed, the national budget reflects notable progress in domestic gas exploration, drilling, and smart metering initiatives. Number of wells to be worked (i.e. exploration/development/workover) increased from 13 to 17; BDT 1,098 crore allocated in ADP for these well projects. Geological and seismic surveys planned: 90-line km geological, 700 km 2D, 450 km 3D; BDT 268 crore allocated in the ADP. An amount of BDT 920 crore is allocated in ADP for prepaid gas metres for Titas, PGCL (including SCADA & GIS), and KGDCL. Breaking the previous pattern, national budget FY2026 put emphasis on domestic gas exploration by allocating record amount. The increased allocation for drilling gas production wells (BDT 1,098 crore), prepaid gas metering (BDT 920 crore), and exploration surveys (BDT 268 crore) is much appreciated. For meeting the national gas demand. However, only six new wells are currently in the drilling phase and seven wells will start in FY2026. A total of 21 gas related ADP projects has been approved for FY26 including exploration, production, transmission and distribution of domestic gas. Two of the exploration projects of seismic survey are almost finished; however, those are carried over projects.

LNG Import: In April 2025, the government decided to purchase six spot LNG cargoes to feed power plants during summer. Rupantarita Prakritik Gas Company Ltd. (RPGCL) will import the cargoes, each with a capacity of 32 lakh mmbtu—roughly equivalent to 2,900-3,000 million cubic feet (MMcf) of gas after regasification. Followed by this decision in May 2025, Petrobangla signs deal with the Bangladesh Krishi Bank (BKB) to make payments for LNG import. The BKB will provide foreign currency support to import LNG from Qatar under a long-term contract. Petrobangla also signed a Memorandum of Understanding (MoU) with the BKB to make its 50 per cent invoice payments for LNG imported from QatarEnergy. Finally, as of June 2025, the government also plans to import 6.5 million tonnes of LNG to meet rising demand, up from 5 million tonnes in the current fiscal.

Petrobangla has cleared all external outstanding gas bills by paying USD 3,740 million ahead of two months of its payment schedule fixed on the last day of the fiscal year. In the national budget FY2026, a 15 per cent VAT exemption has been made in case of LNG imports, promoting further dependance of imported LNG in Bangladesh.

5. RENEWABLE ENERGY DEVELOPMENT DURING APRIL–JUNE 2025

a) Progress of Renewable Energy During April–June 2025

During the April–June 2025, the progress in renewable energy projects reflected only marginal improvement compared to the previous quarter (table 2). According to the BPDB data, the number of fully operational, on-time power plants

Table 2 **Progress Status of Renewable-based Power Plants Scheduled to Operate Commercially in 2025**

(During April-June 2025)

Progress Status	Number of Power Plants in Q2 of FY24	Number of Power Plants in Q3 of FY24	Number of Power Plants in Q4 of FY24
Fully Operational on Time	2	1	1
Fully Operational but Delayed	1	0	0
Partially Operational but on Time	0	0	0
Partially Operational but Delayed	2	1	0
Delayed	7	8	3
Construction Starts	0	8	8
Projects Approved	0	0	0

Source: Authors' calculation from BPDB Monthly Reports of 2024, 2025 and SREDA.

Renewable Energy in the National Budget FY2025–26: Allocation Without Acceleration

The national budget for FY2025–26, announced in June 2025, provides limited fiscal backing for renewable energy despite ambitious national targets, 20 per cent by 2030 and 30 per cent by 2040. Six proposed renewable power generation projects, totaling about 463 MW, remain unapproved and unfunded, raising concerns about the credibility of implementation efforts. Although the number of renewable energy related projects in the ADP increased from four to seven this year, most are concluding or carry-over projects with low implementation rates, none are expected to be completed within FY2026. This trend reflects ongoing delays and weak execution capacity in publicly funded renewable initiatives. The public invested project pipeline remains thin, with only three projects totaling 108 MW currently under implementation, just 25 per cent of planned renewable capacity. While private and foreign investment will be crucial to closing the gap, the budget lacks mechanisms to de-risk investment or offer meaningful incentives for large-scale or distributed renewables.

The budget includes a special allocation of BDT 700 crore without any major fiscal incentives. Strategically, the budget prioritises smart metering and distribution upgrades over new generation capacity. Without rebalancing fiscal support, shifting subsidies away from fossil fuels, and accelerating renewable energy related project execution, Bangladesh's renewable energy ambitions risk being undermined by a lack of financial and institutional urgency.

remained unchanged at one, consistent with the figures from the last quarter. No new projects became fully operational with delays or partially operational, either on time or delayed, indicating limited advancement in project completion. On top of that, the CoD of three renewable energy projects which have been delayed already have further being pushed. However, construction activities also remained steady, with eight new projects commencing during this quarter, sustaining the momentum initiated in the previous quarter.

No new renewable energy projects were approved during the quarter, marking the third consecutive quarter with zero project approvals. This continued stagnation in the project pipeline remains a critical barrier to scaling up renewable energy capacity.

Although specific generation shortfall figures for this quarter were not disclosed, the ongoing delays are likely to have resulted in a comparable deficit to that of previous quarters, such as the estimated 394.5 MW of missed generation in the last quarter.

b) Renewable Energy Financing During April–June 2025

During the April–June 2025 quarter, renewable energy financing in Bangladesh saw modest but structured progress across government initiatives, development financing, and investor engagement. In June 2025, the government advanced its distributed solar agenda by launching the National Rooftop Solar Programme mandating the installation of rooftop solar panels on public buildings through private-sector participation aimed at reducing energy costs and promoting clean energy uptake. A major boost came from the Asian Development Bank (ADB), which signed a USD 200 million loan agreement with the Government of Bangladesh to improve the quality, reliability, and resilience of the power system and to accelerate renewable energy integration. In parallel, the Bangladesh Investment Summit, held in April 2025, featured a dedicated session on renewable energy, attracting interest from international investors and development partners, although no formal investment pledges materialised during the quarter. Overall, while tangible foreign investment inflows remained limited, the combination of strategic public initiatives and concessional development finance indicates a gradually improving financing landscape for renewable energy.

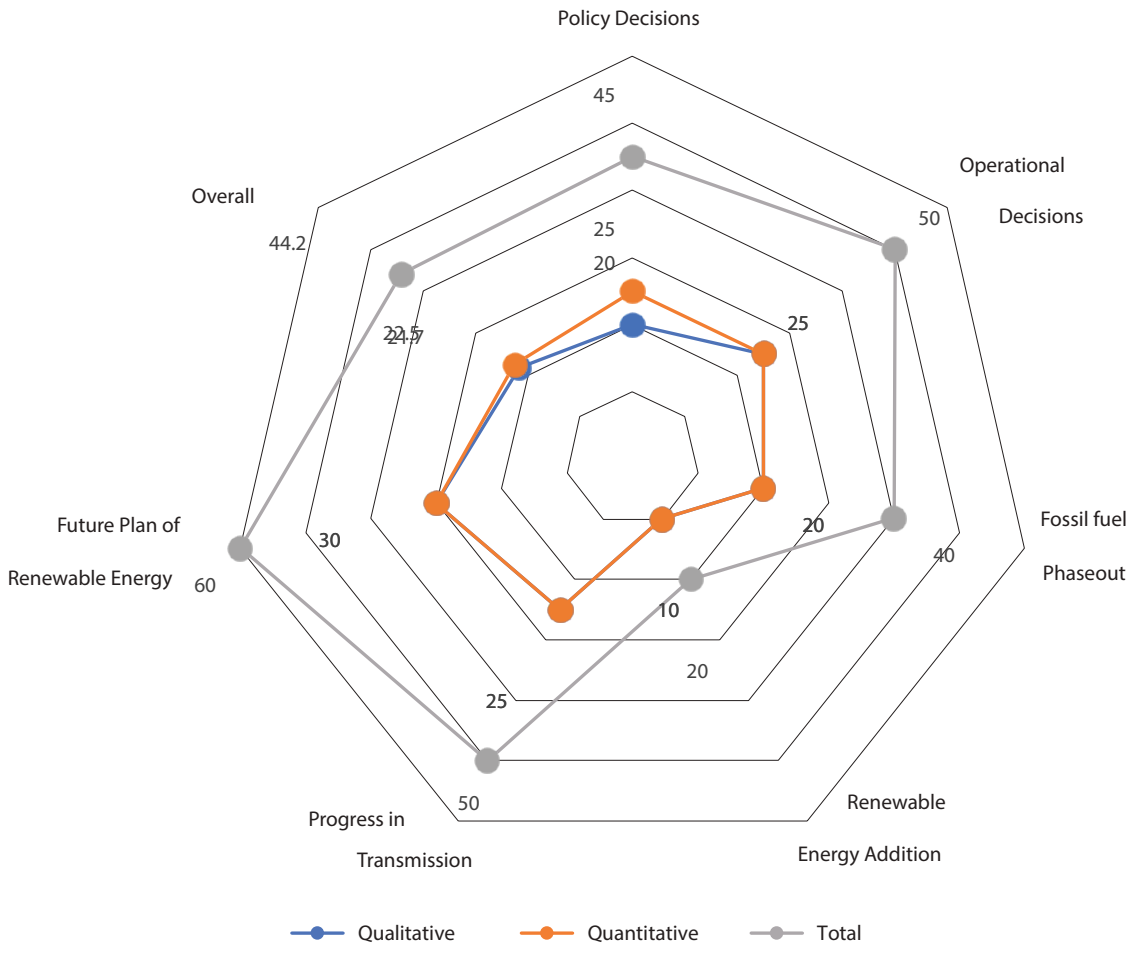
6. FOLLOW-UP OF PREVIOUS QUARTER

The final quarter of FY2024-25 was particularly noteworthy given the important policy decisions taken in the power and energy sector. The electricity supply remained stable throughout the quarter, along with an inconsistent energy supply, especially gas. Given the decisions taken in these three months, the energy transition seems to backtrack in Bangladesh.

While the April–June quarter demonstrated some positive movement in reducing project delays, maintaining construction activity and initiatives to expand renewable energy, the absence of new approvals and likely shortfalls in generation highlight the enduring structural challenges that impede the sector's transition to renewable energy.

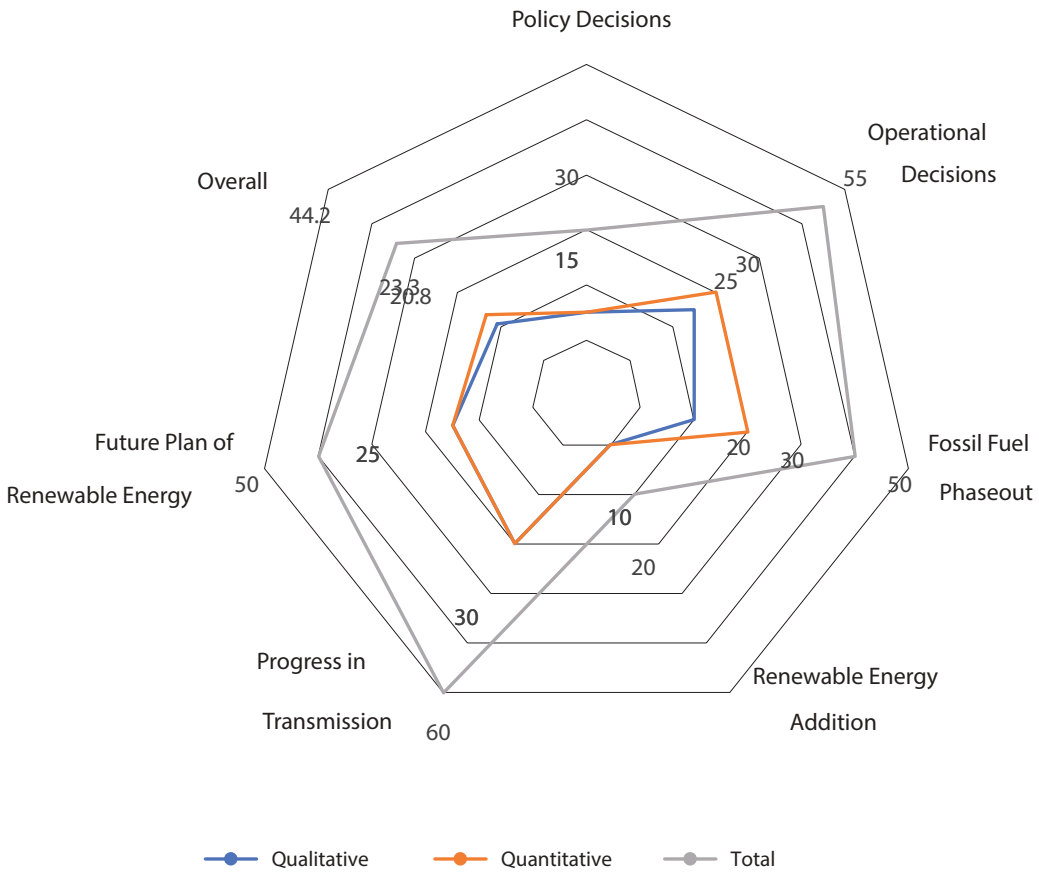
Figure 10 demonstrates overall progress in the power and energy sector from the energy transition point of view. In a nutshell, it can be concluded that the overall progress during this quarter remains same as the previous quarter (figure 11).

Figure 10 **Energy transition readiness assessment during Q4, FY2025**



Source: Authors' illustrations.

Figure 11 **Energy transition readiness assessment during Q3, FY2025**



Source: Authors' illustrations.

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CPD Power and Energy Publication During January-June 2025

1. Lights Out, Stress In: Assessing Stress Amidst Power and Energy Challenges in Bangladesh
2. Currents of Change [Brief-03] Quarterly Brief of the Power & Energy Sector of Bangladesh
3. Renewable Energy Policy (Draft) 2025: Major Observations and Recommendations
4. Currents of Change [Brief-04] Quarterly Brief of the Power & Energy Sector of Bangladesh