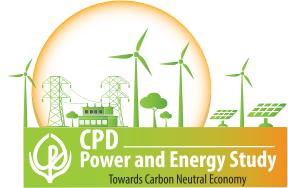


Currents of Change

Quarterly Brief of the Power & Energy Sector of Bangladesh

Volume 3, Brief No. 2

October-December 2025



Key Highlights

- During this quarter, a notable development was the approval of the 'Policy for Enhancement of Private Participation in Renewable Energy-based Power Generation 2025', which aims to increase private-sector involvement and improve transparency in the renewable energy market.
- Unresolved infrastructure constraints, including the delayed connection of the Bhola gas fields to the national grid, continued to prevent the utilisation of proven reserves and limit the effective expansion of domestic gas supply.
- No renewable power plants became operational, and the number of delayed projects increased to five, although one new renewable energy project was approved, marking the first approval after three consecutive quarters of inactivity.
- Seasonality is reflected in the generation of electricity during this quarter. As winter came, all kinds of fuel use have declined, and the power generation demand-supply gap narrowed from 3,238 MW to zero.
- Global oil prices fell significantly in 2025, but per-unit electricity costs from furnace oil remained largely unchanged until this quarter. Additionally, the Bangladesh Power Development Board (BPDB) has to purchase coal from Barapukuria Coal Mining Company Ltd. at approximately 45 per cent above global benchmarks price, pushing up the cost of coal-based power generation.

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1. BACKGROUND

The second quarter (Q2) of FY2026 (October-December) was an average business-as-usual quarter, with no significant momentum. The most significant policy decision during this quarter was the introduction of the 'Policy for Enhancement of Private Participation in Renewable Energy-based Power Generation 2025', also known as 'Merchant Renewable Power Plant Policy', and the key operational decision was the initiative to import 115 LNG cargoes in 2026. Others include- (a) increased attention in policies concerning the supply and quality of energy and fuel especially LPG, (b) putting emphasis on domestic gas exploration, (c) overemphasis on excessive LNG import, and (d) approval of the modernisation and expansion of Eastern Refinery Limited (ERL-2) project.

The quarterly is segregated into six broad sections. These are as follows: (i) a short interview of a Senior Official of BPDB, on the status of National Solar Rooftop Programme; (ii) a brief snapshot of the major policy and operational decisions; (iii) generation, transmission & distribution of the power sector; (iv) demand, supply & exploration in the energy sector; (v) status of renewable energy; (vi) remarks on the overall health of the power and energy sector during this quarter.

2. SHORT INTERVIEW OF A SENIOR OFFICIAL FROM BPDB

- a) *The interim government had announced to generate 3000 MW of solar power from the National Solar Rooftop Programme. What is the current status of the programme? In the last 6 months, how many government offices, schools, and clinics have initiated the programme?*

BPDB: The National Solar Rooftop Programme is monitored and overseen by the Ministry of Power, Energy, and Mineral Resources. There are several related stakeholders in this programme, and each is working to ensure its success. Significant progress has been made under both initiative A and initiative B. As a pilot project, the BPDB has initiated the establishment of at least one rooftop

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Kaptai Training Academy Rooftop Solar Panels, BPDB. Photo: Courtesy.

solar plant with a capacity of 15 kW in all districts of Bangladesh. Visible progress (either under implementation or implemented) has been made in 18 districts. Under initiative B, a total of 224 tenders, totaling 1282.91 MW of solar power, have been invited from BPDB, REB, DPDC, DESCO, NESCO, and WZPDCL.

b) *After the initial circular was published, there were several concerns raised regarding the calculation of sanction load, financing model, maintenance, and others. How have these concerns and suggestions been incorporated?*

BPDB: Through our continuous meetings and consultations, we have tried to address the comments and feedback of the stakeholders. For example, the limit for sanction load for educational and health institutions has been relaxed. Now they can generate electricity at their full capacity. Another concern raised by some stakeholders is the need to upgrade transmission lines from single-phase to three-phase. It has been decided that the BREB will do the necessary to ensure the line upgrade with its own finances.

c) *For the government buildings, only one model - the CAPEX model - has been suggested. However, for educational and health establishments, four different OPEX model formats have been suggested. Would you like to brief on the appropriateness of these models?*

BPDB: Under the CAPEX model, the government offices are installing rooftop solar with their own investment. As offices and authorities finance rooftop solar with their own investments and utilise their own manpower, it is beneficial and cost-effective for government offices to adopt the CAPEX model. Under the CAPEX model, the rooftop solar systems will reach breakeven points within 5 years of investment. However, in the case of educational and health institutes, the CAPEX model will not work as the schools, colleges, clinics, and hospitals do not have their funds to invest in. There are

also other issues, such as maintenance and follow-up of the rooftop solar. This is why the OPEX model with a long 20-year contract with a third party is a more appropriate model for the educational and health institutes.

d) *How will the tariff be determined in both (CAPEX and OPEX) model cases? Will BERC play the role of a regulator in tariff determination and maintenance?*

BPDB: There is a technical and mathematical model used for tariff determination in both the CAPEX/OPEX models. Under the CAPEX model, the average tariff rate is BDT 4.5-5 per unit. As the third party will be awarded through open tender under the OPEX model, the EPC or utility with the lowest proposed tariff will naturally win. But tariffs are higher and vary depending on the location, structure, model, and contractor. But it will be lower than the bulk tariff.

e) *What are the challenges faced by the different government organisations (rented building/ owned), educational institutions, and clinics in the planning process, execution, and implementation process?*

BPDB: We have not faced any particular challenge in the case of government buildings while implementing the programme. However, there was some resistance from educational institutions at the beginning. Since the educational and health institutes were unaware of the collaboration, they were hesitant. Later, when the MoUs were signed between the Ministry of Power, Energy, and Mineral Resources and the Education and Health Ministries, they were supported and encouraged. From all the ministries, a focal point has been selected and assigned the responsibility to coordinate.

f) *There is a delay observed in the implementation progress; by 2025, a significant amount of solar electricity was supposed to be added to the grid. But that did not happen. In your opinion, what caused the delay, and how is BPDB planning to catch up with the delay?*

BPDB: The National Rooftop Solar Programme is a new initiative for Bangladesh, and we wanted it to be comprehensive and accurate. To do so, we sought to address the concerns of all stakeholders. The entire process took longer than we initially anticipated.

g) *In the rooftop solar energy sector, financing facilities are available through two mechanisms: financing by financial institutions and a refinancing facility by the Bangladesh Bank. But it is obvious that the financing schemes will be preferred over refinancing once. Which financing scheme do you think is ideal for this programme?*

BPDB: Under OPEX model, we are encouraging investors to go for refinancing schemes as the interest rate is lower in that. The interest rate under the refinancing scheme is below 5 per cent, making it more attractive to EPCs and investors.

h) *Is there any further plan to expand the areas of the National Rooftop Solar Programme?*

BPDB: Yes, we have plans to further expand the programme for the private sector. We will target different industries and businesses to establish rooftop solar under this programme after the successful completion of the current phase.

i) *What is the plan of MoPEMR to achieve the 20 per cent RE by 2030 along with the National Rooftop Solar Programme and the Merchant Power Policy?*

BPDB: We are extensively working towards achieving the renewable energy goals. The procurement process is currently underway for 50 power plants with a capacity of over 5,000 MW. BPDB plans to add another 1,060 MW of renewable energy. EGCB, Northwest, and other utilities are also working on adding more renewable electricity to the grid by 2040.

3. MAJOR DECISIONS TAKEN DURING OCTOBER-DECEMBER 2025

a) **Policy Decisions:** During the second quarter of FY2026, government policy decisions in the energy sector largely followed existing trends, with no significant surge in overall policy making. Compared with the previous quarter, policy initiatives related to

renewable and clean energy declined, while decision-making on energy and fuel imports intensified, driven primarily by ongoing LNG supply constraints. In contrast, policy initiatives concerning the supply and quality of energy and fuel increased during this quarter (Figures 1 & 2).

During this quarter, a notable development was the approval on October 6, 2025, of the 'Policy for Enhancement of Private Participation in Renewable Energy-based Power Generation 2025', which aims to increase private-sector involvement and improve transparency in the renewable energy market. The policy allows private entities to generate and sell renewable electricity directly to consumers. However, the absence of sovereign guarantees, intended to maintain market competitiveness, underscores the need for a fair, efficient, and transparent dispute-resolution mechanism. CPD observes that without effective implementation of such mechanisms, investor confidence may be undermined. The launch of the country's first structured agrivoltaics pilot project on 19 November 2025, along with the formation of the National Working Group on Agrivoltaics and Floating Solar, marked a significant step towards promoting innovative renewable energy solutions that optimize the use of limited land resources. Besides, the government approved re-fixed levelised power tariffs on 24 November 2025 to ensure the sustainable operation of seven power plants: a) Gazipur 105MW HFO plant, b) Raozan 25.5MW HFO plant, c) Kodda Gazipur 149.356MW plant, d) Mirsrai 163MW dual-fuel plant, e) Gazipur Kodda 52.194MW plant, f) Sreepur 160MW HFO plant, and g) Sonagazi 75MW solar power plant.

Figure 1 **Government and Government Relevant Authorities' Action Focus Point During April-June 2025**

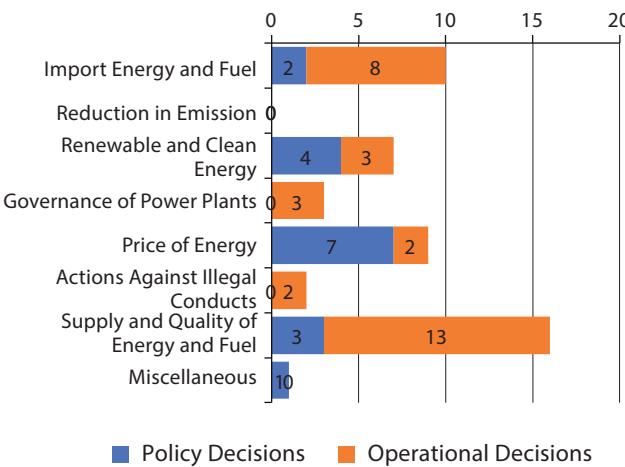
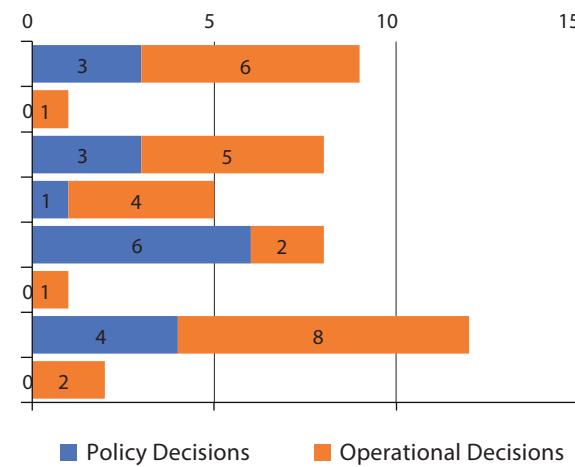


Figure 2 **Government and Government Relevant Authorities' Action Focus Point During October-December 2025**



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

In the area of energy and fuel imports, key policy actions included the import of refined fuel oil will now operate through a government-to-government (G2G) arrangement for 2026. In consequence, the Bangladesh Petroleum Corporation (BPC) decided to import 180,000 tonnes of low-sulphur diesel through the India-Bangladesh Friendship Pipeline between January and December 2026. Under a separate contract, BPC will import 700,000 tonnes of Murban crude from the Abu Dhabi National Oil Company in 2026. The Board also approved the renewal of its long-standing agreement with Saudi Aramco to import 800,000 tonnes of Arabian Light crude in the coming year (Yousuf, 2025). However, to substantially reduce Bangladesh's dependence on imported refined petroleum products, the Executive Committee of the National Economic and Social Development Council (ECNEC) approved the Modernisation and Expansion of Eastern Refinery Limited (ERL-2) project at an estimated cost of BDT 35,465 crore.

Moreover, the Bangladesh Energy Regulatory Commission (BERC) proposed an increase in gas tariffs for fertiliser plants and made multiple adjustments to LPG prices in response to fluctuations in the international LPG market and revisions to the contract price, which serves as the benchmark for domestic LPG pricing. Despite a downward trend in global oil prices, the government increased domestic prices of diesel, kerosene, petrol, and octane. To enhance domestic energy production and reduce reliance on expensive imports, the government also decided to drill three new gas wells at a cost of BDT 1,136 crore. Additionally, plans were initiated to convert approximately 30 million cubic feet per day (mmcfd) of unutilised natural gas from Bhola Island into LNG for transportation to gas-deficient industrial areas on the mainland.

b) Operational Decisions: In Q2 of FY2026, the volume of operational decisions in Bangladesh's energy and power sector increased from the previous quarter, reflecting continued efforts to stabilise fuel supply, improve system efficiency, and enhance service quality. Operational focus during this period centered on renewable energy deployment, fuel import management, gas system recovery, and performance of major power generation assets.

In the renewable and clean energy segment, the government cleared a major project proposal for the construction of a 220 MW solar power plant in Sonagazi, Feni. At the same time, the Bangladesh Power Development Board (BPDB) received substantially lower tariff offers for large-scale solar projects, with bids declining by about 38 per cent to USD 8.27 cents per kWh from USD 13.29 cents previously. The BPDB also initiated procurement of 4.72 MWp of rooftop solar power in the NESCO area, indicating gradual progress in decentralised solar deployment.

In addition, emission-reduction efforts were supported by United Power Generation and Distribution Company Limited's

introduction of a 'green steam' system, which converts waste heat from power plants into usable industrial steam for export-oriented factories. As part of fuel supply, the government planned to import 115 LNG cargoes during the year through a combination of long-term contracts and spot market purchases, exceeding the 94 cargoes imported in the previous year. Additionally, to prevent potential disruptions in imported electricity supply due to contractual or payment disputes, BPDB settled USD 30 million with Adani Power. However, financial stress within the power sector persisted, as prolonged payment delays to independent power producers (IPPs) continued to affect fuel procurement and liquidity, raising concerns over future supply reliability. In this context, the interim government has initiated steps to recover approximately BDT 1,500 crore in unpaid gas bills from Meghna and United Groups by reclassifying three of their power plants from IPPs to captive units.

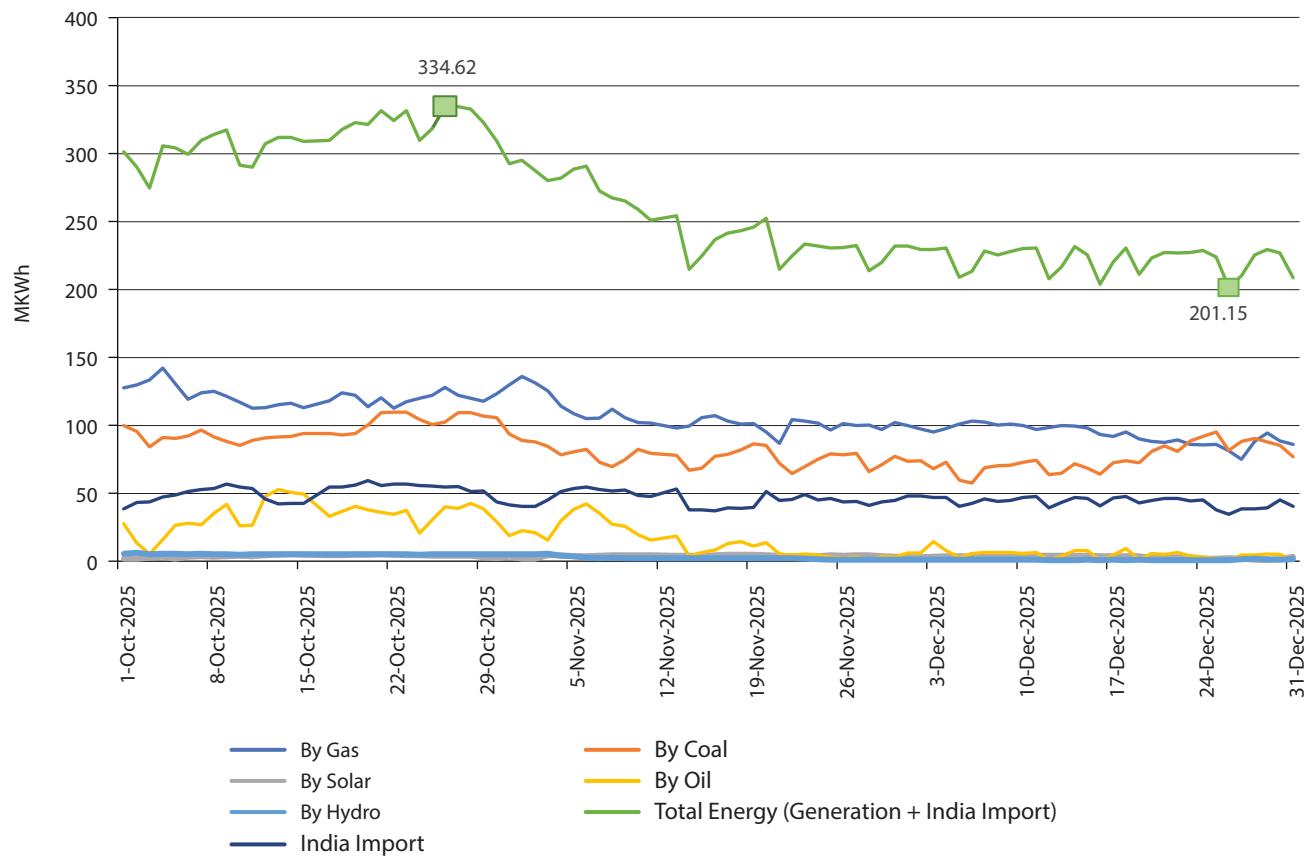
Operational actions to curb system losses and enhance domestic gas supply were intensified during this quarter. Around 174 mmcfd of gas continued to be lost daily, prompting Titas Gas to enforce measures, disconnecting approximately 1.16 lakh illegal household connections and 576 commercial and industrial connections in FY2025. Overall gas availability declined due to falling domestic production, against an estimated requirement of about 3,800 mmcfd to stabilise power generation and industrial operations. To partially offset this gap, production commenced at Well-5 of the Habiganj gas field, expected to add 10–15 mmcfd to the national supply per day. The installation of wellhead compressors at the Titas gas field increased grid supply by an additional 22 mmcfd.

Performance across major power plants showed mixed outcomes compared to the previous quarter. The Rampal power plant in Bagerhat achieved a national record by generating 700 million units of electricity in November, the highest monthly output recorded by any power plant in Bangladesh. In contrast, generation from the Matarbari ultra-supercritical coal-fired power plant remained below 55 per cent due to unresolved boiler and system faults. On the financial front, Summit Meghnaghata Power Company Limited (SMPCL) fully repaid its USD 190 million syndicated foreign project loan. The Russian government deferred the start of principal debt repayment for the Rooppur Nuclear Power Plant project by 1.5 years, providing temporary fiscal relief.

4. GENERATION, TRANSMISSION & DISTRIBUTION OF THE POWER SECTOR DURING OCTOBER-DECEMBER 2025

a) Generation: In this new quarter, the country's installed power generation capacity reached 32,362 MW (on-grid and off-grid). The peak power generation of 15,576 MW (334.62 MKWh) was

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



Source: BPDB Daily Generation Report.

recorded on 26 October, while the lowest power generation of 9,447 MW (201.15 MKWh) occurred on 26 December (Figure 3).

Seasonality in electricity generation can be observed in the generation pattern. As winter came, all kinds of fuel use have declined, especially oil. As usual, gas-based electricity generation was somewhat consistent, as the cost of domestic gas-fired generation remains the lowest. It shows declining output throughout the period, fluctuating between 142.31 million kWh and 75.176 million kWh. Coal-based electricity generation contributed at a higher level though slightly lower than the previous quarter. It ranges from 110 million kWh to 57 million kWh, again showing the seasonal decline. Oil-based electricity generation is low and fluctuates between 52 and 0.614 million kWh per day, due to both seasonal factors and oil price volatility. Solar and hydropower-based electricity generation is minimal compared to other sources.

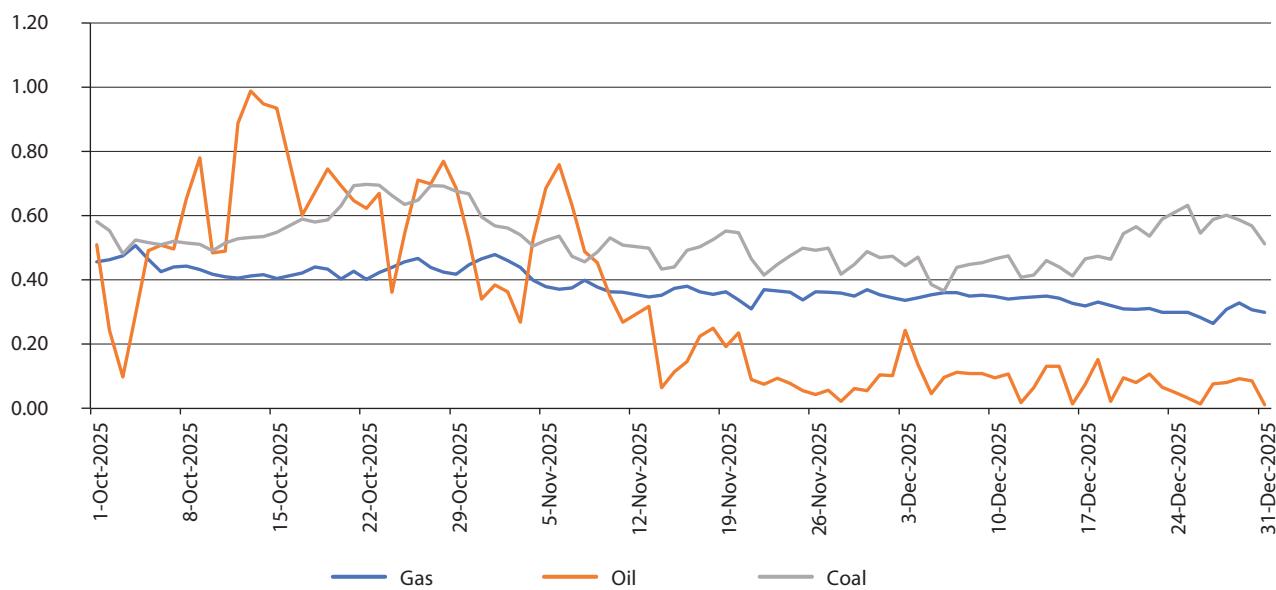
Global oil prices have declined significantly. In January 2025, the global price of furnace oil was USD 486 per tonne, which dropped to USD 373 in October 2025 - a 23 per cent decline in 10 months,

yet per unit electricity cost from furnace oil has remained mostly unchanged during that time. But the daily generation cost from oil ranged between BDT 98.7 crore and BDT 1.06 crore in this quarter (Figure 4), the lowest in the year 2025, reflecting a downward trend consistent with global oil price movements.

The price of coal-based electricity generation also fluctuated. Coal prices in Bangladesh surged mainly due to domestic pricing policy distortions rather than global market pressures. According to an analysis by the BPDB, the price of coal supplied by Barapukuria Coal Mining Company Ltd. was set at around USD 176 per tonne, 45 per cent above global benchmarks (Hossen, 2025). This large price gap created disputes between BPDB and the coal mining company and pushed up the overall cost of coal-based power generation.

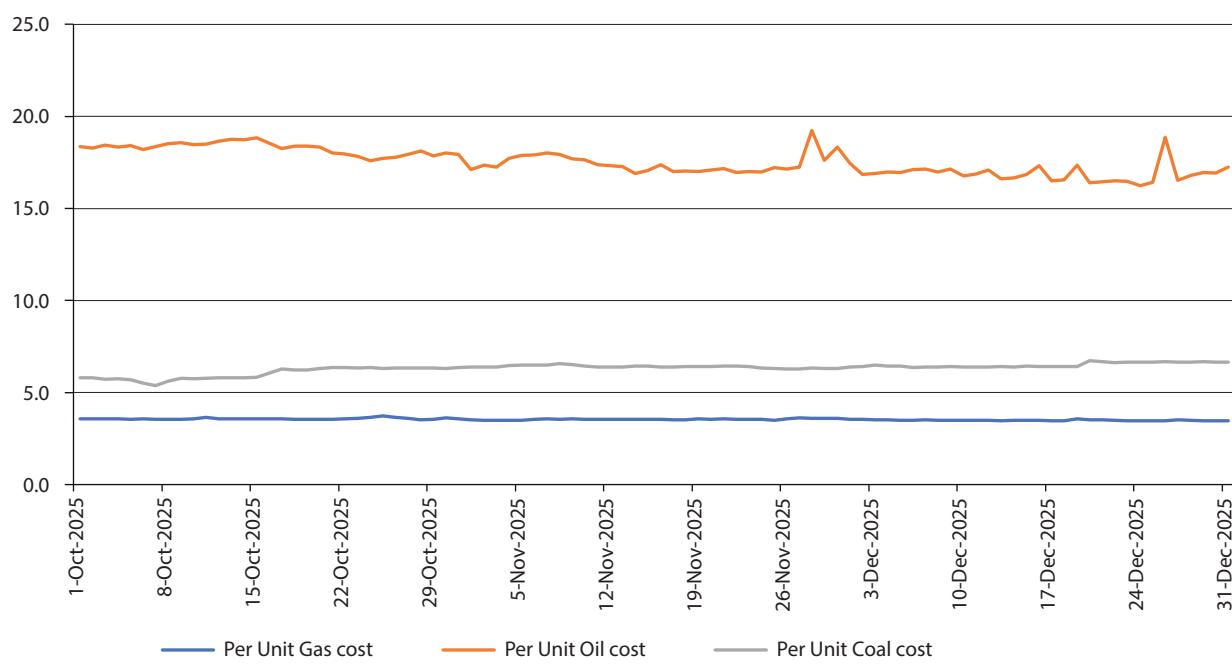
Figure 5 illustrates the daily per-unit cost for electricity generation for this quarter. It can be observed that, despite natural gas maintaining the lowest per-unit cost among all fuels, its utilisation in power generation has been suboptimal.

Figure 4 Fuel Cost (Billions BDT)



Source: BPDB Daily Generation Report.

Figure 5 Per Unit Fuel Cost (BDT/Unit)



Source: PDB Daily Generation Report.

b) Transmission and Distribution: During Q2 (October–December 2025), Bangladesh's power transmission and

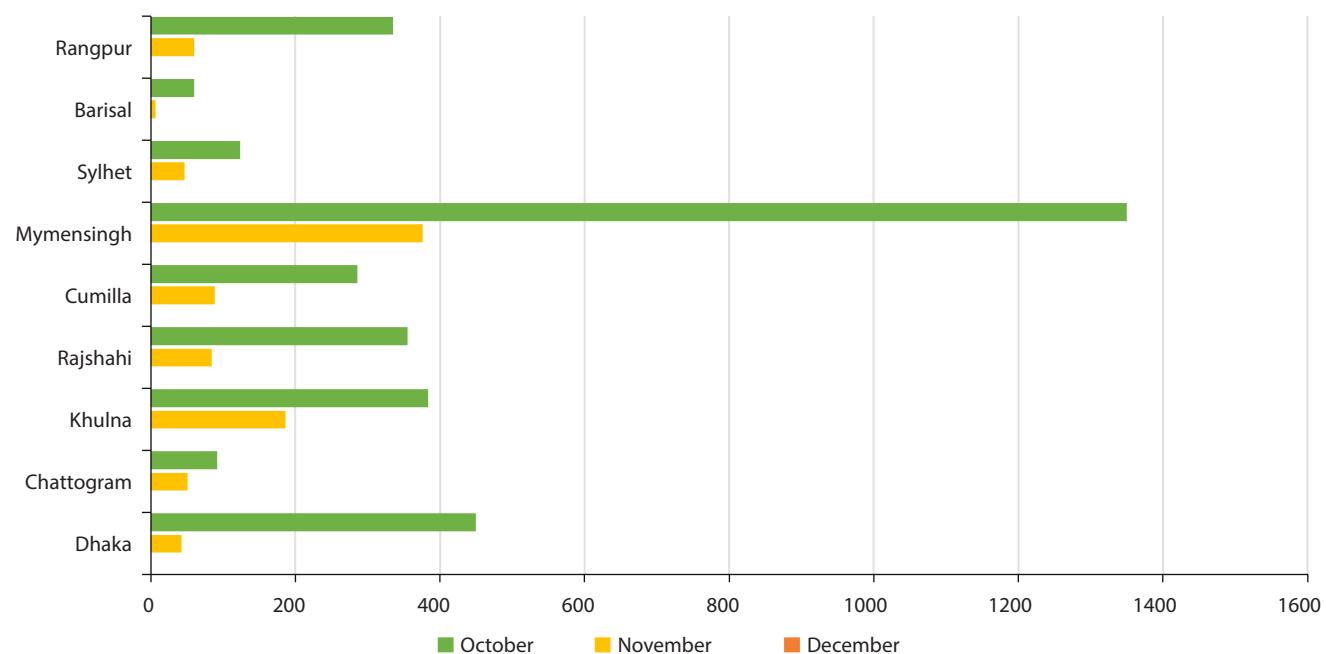
distribution infrastructure experienced modest but positive growth, reflecting ongoing efforts to strengthen the electricity

Table 1 Progress in Transmission-Distribution System

Indicators	Start of Q2 (Oct '25)	End of Q2 (Dec '25)	Change in %
Transmission lines (Circuit Km)	17,576	17,613	0.21
Distribution lines (Km)	650,719	653,073	0.36
Grid sub-station capacity (MVA)	80,932	83,724	3.45

Source: BPDB.

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



Source: BPBD Daily Generation Archive.

grid (Table 1). Transmission lines increased slightly from 17,576 circuit kilometres to 17,613 circuit kilometres, registering a 0.21 per cent rise. Although limited in scale, such expansion at the transmission level indicates continued investment in system reliability and power evacuation capacity. Distribution lines expanded from 650,719 kilometres to 653,073 kilometres, marking a 0.36 per cent increase. This growth suggests further extension and reinforcement of the distribution network, which is essential for improving last-mile connectivity and meeting growing electricity demand. The most significant improvement was observed in grid substation capacity, which rose from 80,932 MVA to 83,724 MVA, representing a 3.45 per cent increase. This substantial capacity enhancement shows a strategic focus on handling higher system loads and reducing grid congestion during the quarter.

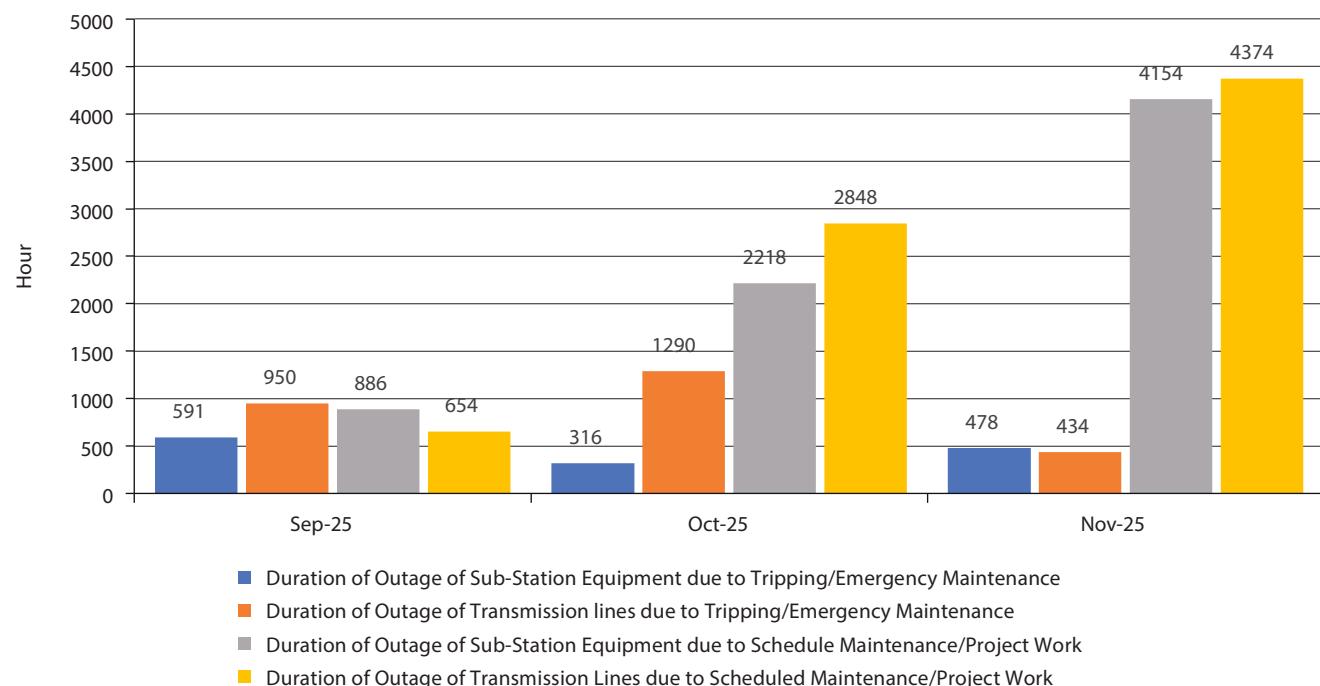
Load Shedding: With the onset of winter in Bangladesh, the power generation demand-supply gap narrowed from 3,238 MW

to zero. Despite the overall improvement, Mymensingh continued to experience the highest load-shedding, with October recording the second-highest number of outages in 2025 (Figure 6), following September, which had the region's peak load-shedding.

Despite seasonality, some areas experienced load shedding on the transmission and distribution sides. Figure 7 summarises the monthly outage durations due to emergency and scheduled maintenance during October 2025 to December 2025, categorised by sub-station equipment and transmission lines. Outage due to tripping or emergency maintenance of substation equipment has been consistently rising since the last quarter.

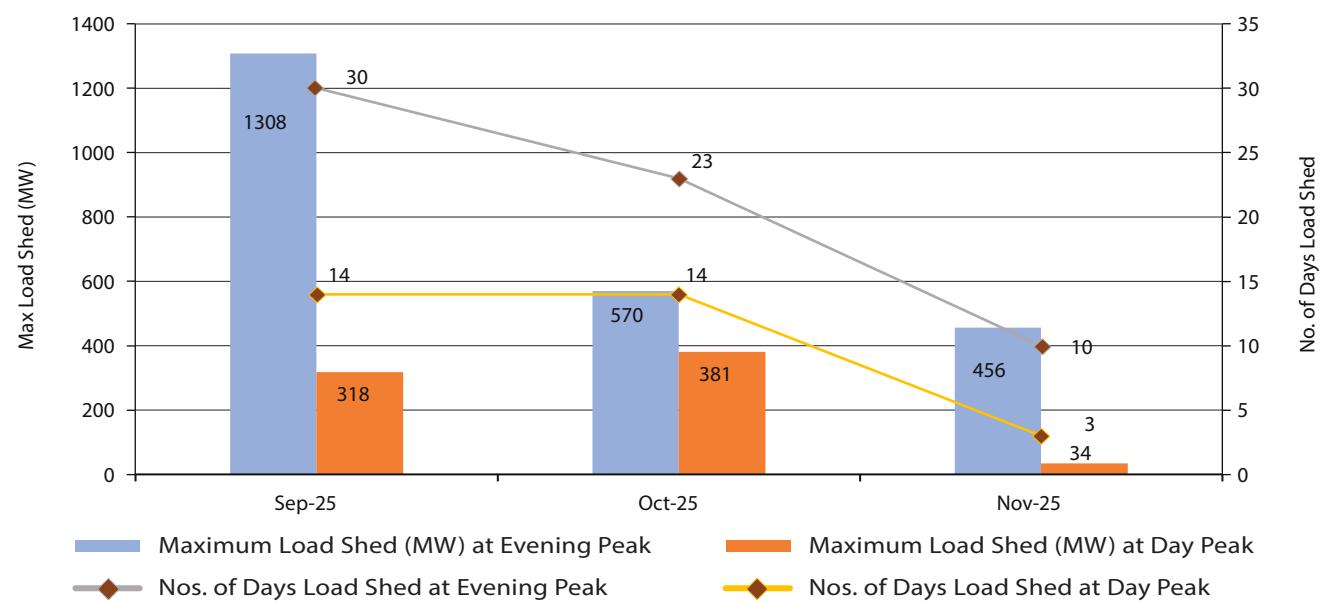
Figure 8 represents the monthly load-shedding pattern at the sub-station end from October to December 2025. It includes: the maximum load shed, and the number of days load shedding occurred at both the evening and day peaks. September recorded the highest load shedding of the year, and data on day and

Figure 7 | Summary of Monthly Tripping and Outage (EMERGENCY & SCHEDULED)



Source: PGCB Operation Monthly Reports.

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



Source: PGCB Operation Monthly Reports.

Note: December data is yet to be updated.

Table 2 BPDB's Financial Statement (BDT crore)

Indicators	FY2023-24	FY2024-25	Per cent Change
Operating Revenue	63,805	69,566	58
Operating Expenses	1,635	1,736	1
Operating Loss	3,114	11,700	86
Net Non-Operating Expenses	2,393	2,306	-1
Subsidy from the Government	38,289	38,637	3
Comprehensive Income for the Year	8,764	17,021	83

Source: BPDB.

evening peak occurrences confirm this. During the evening peak in September, load shedding persisted throughout the month, while in October, 23 days of outages occurred. The number of daytime peak load-shedding days was also higher than in the previous quarter, before declining to just 3 days in November, reflecting seasonal patterns in electricity demand.

Fossil Fuel Phaseout and New IPPs

During the quarter, neither any new IPPs started operating nor any phased out.

Financial Situation of BPDB

The BPDB financial statement for FY2023-24 and FY2024-25 shows notable changes across key indicators (Table 2). Operating revenue is growing by 9 per cent. Operating expenses also rose slightly, from BDT 1,635 crore to BDT 1,736 crore, a marginal 1 per cent increase, indicating effective cost containment despite higher revenue.

However, operating loss escalated sharply, rising from BDT 3,114 crore to BDT 11,700 crore - an 86 per cent increase. This suggests that, although revenue increased, higher operational challenges or inefficiencies led to a significantly larger deficit. Net non-operating expenses decreased slightly by 1 per cent, providing minor relief to the overall financial burden.

The government subsidy increased modestly by 3 per cent, indicating continued government support to maintain BPDB's operational stability and to cover part of its losses. Consequently, comprehensive income for the year improved substantially by 83 per cent, reflecting the positive impact of subsidies and non-operating adjustments on BPDB's overall financial position.

5. DEMAND, SUPPLY & EXPLORATION IN THE ENERGY SECTOR DURING OCTOBER-DECEMBER

Gas Demand and Supply: During October–December 2025, the total gas supply (including LNG) showed moderate variation,

ranging from a minimum of 2,413.2 mmcfd on 20 December 2025 to a maximum of 2,763.2 mmcfd on 31 October 2025. Compared with the previous quarter, LNG continued to play an important but relatively limited role in meeting domestic gas demand. LNG supply varied from as low as 662.0 mmcfd, accounting for 27.4 per cent of the total gas supply on 20 December 2025, to as high as 1,002.7 mmcfd, or 36.5 per cent of the total supply, on 2 November 2025. For most of the quarter, the share of LNG remained broadly within the range of 32–35 per cent,

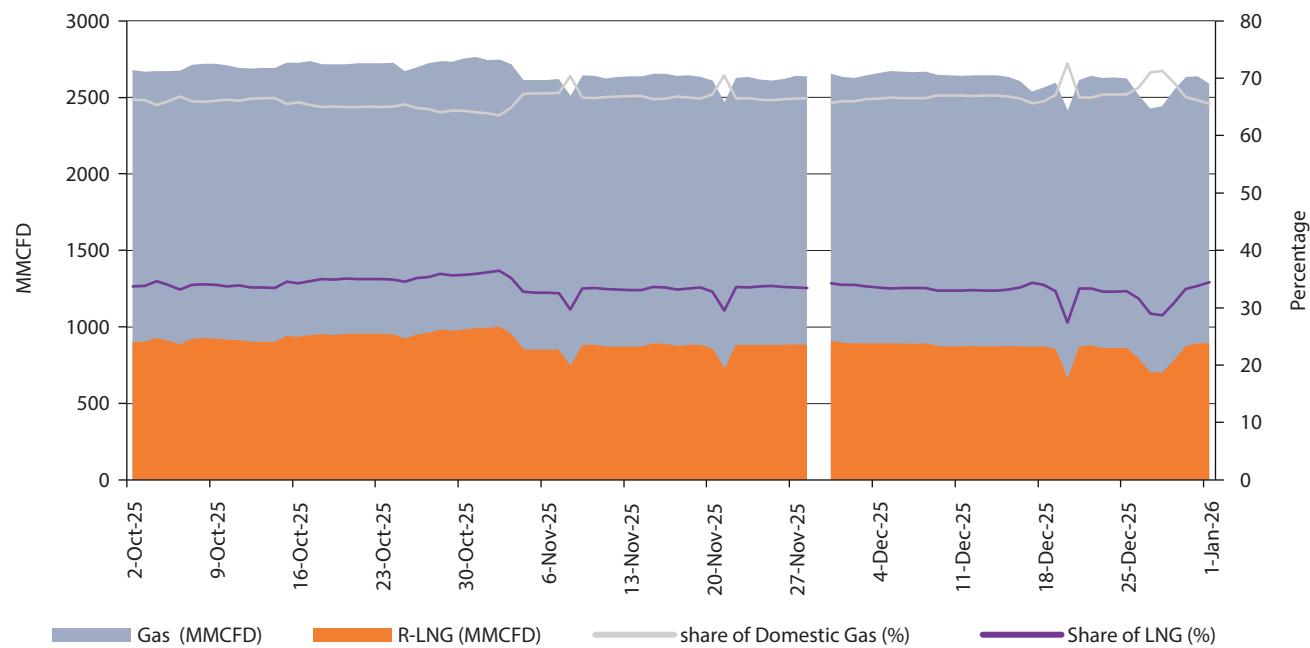
which indicates a higher reliance on domestic gas than in the last quarter, when the LNG share reached a peak of 53.7 per cent. However, despite periodic increases in LNG imports, especially in late October and early November, Petrobangla was still unable to fully meet domestic gas demand, as evidenced by noticeable supply declines in late November and late December (Figure 9).

Gas Exploration: During October–December 2025, domestic gas exploration and production activities remained a stated government priority, although on-the-ground progress remained slow and incremental. BAPEX and Petrobangla announced several initiatives to enhance domestic gas supply, including plans to drill new exploration and development wells.

In October 2025, BAPEX decided to drill two additional wells in Jamalpur following a gas discovery, indicating renewed efforts to assess onshore potential in northern Bangladesh. In December 2025, the government approved a project worth BDT 1,136 crore to drill three new deep exploration wells (Srikail Deep-1, Mobarakpur Deep-1, and Fenchuganj South-1) to be implemented by BAPEX under Petrobangla, with the objective of reducing long-term dependence on imported LNG. Alongside new drilling, workover operations continued to deliver marginal supply gains, such as the Habiganj gas field workover that added around 26 mmcfd to the national grid early.

However, several reports highlighted that overall domestic gas production by local companies continued to decline due to slow drilling progress, delays in exploration, and underinvestment relative to LNG imports. Moreover, significantly discovered reserves, particularly in Bhola, remained unutilised due to the

Figure 9 | Domestic Gas and LNG supply



absence of transmission infrastructure, despite feasibility studies being initiated to connect these fields to the national grid.

LNG Import: Throughout the quarter, LNG imports continued at a higher amount amid declining domestic production, reinforcing Bangladesh's growing dependence on imported gas. RPGCL actively pursued both long-term and spot LNG procurement to manage supply shortfalls. In December 2025, RPGCL floated tenders for additional spot LNG cargoes for early 2026 delivery, signalling continued reliance on the volatile spot market to bridge demand gaps. Several reports noted that Bangladesh imported a record number of LNG cargoes in 2025, driven by falling output from domestic gas fields, placing substantial financial pressure on Petrobangla. Between April and October 2025 alone, Petrobangla spent over USD 3.27 billion to meet LNG import bills and other foreign payment obligations, underscoring the fiscal strain associated with LNG-based supply.

Policy discussions during the quarter also reflected a strategic shift towards securing long-term LNG supply arrangements, with international partners such as the World Bank supporting financing mechanisms for future LNG imports. At the same time, experts and analysts warned that rising LNG dependence poses risks to energy security and economic stability, particularly in the absence of commensurate progress in domestic exploration and production.

6. RENEWABLE ENERGY DEVELOPMENT DURING OCTOBER- DECEMBER 2025

a) Progress of Renewable Energy during October- December 2025

During the October–December 2025 quarter, progress in renewable energy development remained limited, with no power plants achieving commercial operation, reflecting continued delays in project completion. As shown in Table 3, there were no fully operational renewable power plants completed on time during this quarter, compared to one such plant in both Q4 of FY25 and Q1 of FY26. No projects became fully or partially operational either on time or delayed during this quarter, indicating persistent stagnation in commissioning outcomes.

Project delays increased notably, with the number of delayed renewable energy projects rising to 5 in this quarter, up from 1 in the previous quarter. This reversal suggests renewed implementation challenges, potentially linked to financing constraints, grid connection delays, and administrative bottlenecks. Despite these delays, construction activity remained unchanged, with eight renewable energy projects under construction across all three quarters, indicating that implementation efforts have not fully stalled but are yet to translate into operational capacity.

Table 3 Progress Status of Renewable-Based Power Plants Scheduled to Operate Commercially in 2025 (During October- December 2025)

Progress Status	Number of Power Plants in Q4 of FY25	Number of Power Plants in Q1 of FY26	Number of Power Plants in Q2 of FY26
Fully Operational on Time	1	1	0
Fully Operational but Delayed	0	0	0
Partially Operational but on Time	0	0	0
Partially Operational but Delayed	0	0	0
Delayed	3	1	5
Construction Starts	8	8	8
Projects Approved	0	0	1

Source: Authors' calculation based on BPDB Monthly Reports (October- December 2025).

In terms of project approvals, one new renewable energy project was approved during this quarter, marking the first approval after three consecutive quarters of zero approvals. While this signals a modest improvement in pipeline development, the overall approval trend remains weak and insufficient to support medium-term renewable energy targets. Correspondingly, BPDB data indicates that total upcoming power generation capacity declined to 4,714 MW as of September 2025, down from 5,462 MW earlier, reflecting project cancellations or downward revisions.

Overall, the October–December 2025 quarter demonstrates that while construction momentum is being maintained and a marginal improvement in project approval has occurred, rising delays, zero operational additions, and unresolved structural bottlenecks remain significant obstacles to accelerating Bangladesh's renewable energy transition.

b) Renewable Energy Financing during October–December 2025

During this quarter, renewable energy financing in Bangladesh demonstrated modest but tangible progress, primarily through

project-level financial closures and emerging policy support. A major development was the financial closure of USD 67 million for a 64.55 MW solar power plant in Pabna, jointly financed by BRAC Bank PLC and Infrastructure Development Company Limited (IDCOL), reflecting increased participation of domestic commercial banks alongside public financing institutions.

On the policy front, the government announced initiatives to open the renewable power market to private investors, including provisions for merchant renewable power plants and direct electricity sales, which may help diversify financing structures beyond traditional BPDB-backed models. In parallel, the Asian Infrastructure Investment Bank (AIIB) and the New Development Bank (NDB) signed a USD 75 million long-term financing agreement with City Bank PLC to promote private-sector investment in renewable energy and sustainable infrastructure, reflecting expanding access to international capital for green projects.

However, despite these positive signals, renewable energy financing remains constrained by regulatory uncertainty, limited risk-mitigation mechanisms, and inadequate long-term policy clarity, underscoring the need for a stable and transparent financing framework to mobilise investment at scale.

Merchant Renewable Power Plant Policy 2025: In October 2025, Bangladesh introduced a landmark Policy, signaling a strategic shift towards a more liberalised, market-oriented renewable energy framework. The policy allows private investors to establish renewable energy-based power plants and sell electricity directly to consumers through bilateral contracts or the open market, moving beyond the long-standing single-buyer model dominated by BPDB. This marks a significant step toward improving investment flexibility, enhancing competition, and reducing the fiscal burden associated with government-backed power purchase agreements.

Unlike previous renewable initiatives that relied heavily on public offtake guarantees, the merchant power framework emphasises market-based pricing, direct grid access, and private risk-bearing, thereby encouraging innovation in financing structures and business models. By enabling third-party sales and wheeling arrangements, the policy opens new opportunities for industrial and commercial consumers seeking reliable and cost-competitive green electricity.

CPD views the merchant renewable power policy as a critical enabler for private capital mobilisation, particularly for utility-scale solar and wind projects. However, CPD stresses that effective implementation will depend on the timely development of clear wheeling-charge mechanisms, grid-access rules, dispute-resolution frameworks, and risk-mitigation instruments. Without these supporting regulations and strong coordination among the Power Division, BPDB, PGB, and BERC, the policy's potential to accelerate Bangladesh's renewable energy transition may remain constrained.

7. FOLLOW-UP OF THE PREVIOUS QUARTER

The second quarter of FY2026 was similar to Q1, with little significant progress in renewable energy expansion. The continuous overemphasis on LNG imports and the plan to continue importing LNG in 2026 have been the government's focus over the last two quarters. The LPG cylinder supply crisis

has caused headaches for the government. This quarter has demonstrated very poor performance in adding renewable energy to the grid, indicating slow progress in Bangladesh's energy transition. Figure 10 demonstrates overall progress in the power and energy sector from an energy transition perspective. In a nutshell, the overall progress towards the energy transition during this quarter is not satisfactory compared to the previous quarter (Figure 11).

Figure 10 Energy transition readiness assessment during Q2, FY2026

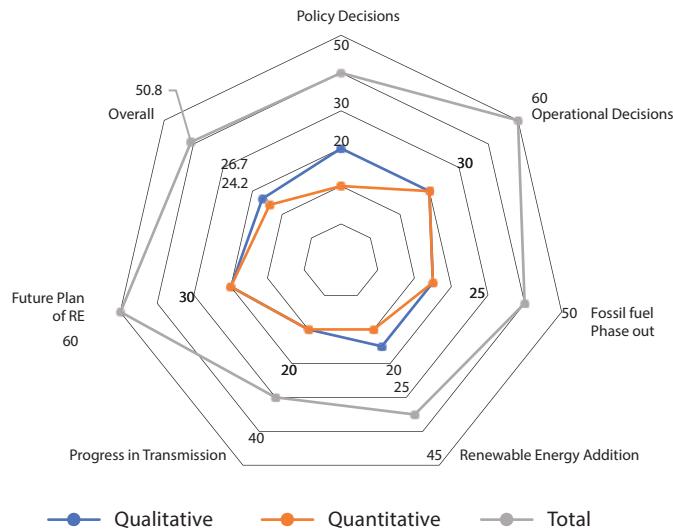
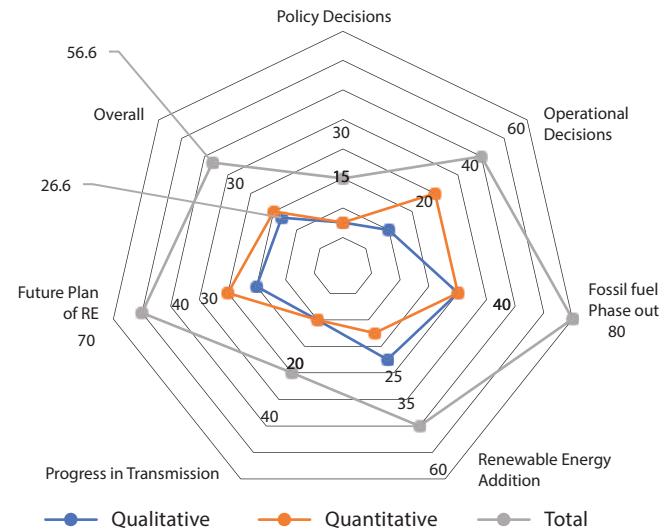


Figure 11 Energy transition readiness assessment during Q1, FY2026



Source: Authors' illustrations.

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