

# **NATIONAL ENERGY POLICY**

(Updated in 2005)



**GOVERNMENT OF THE PEOPLE'S REPUBLIC OF  
BANGLADESH  
MINISTRY OF POWER, ENERGY AND MINERAL  
RESOURCES**

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## **1.0 INTRODUCTION**

### **1.1 Background**

*Improving access to energy in Bangladesh is a fundamental contribution to poverty reduction and key to attaining the United Nations Millennium Development Goals. As energy is prerequisite for social and economic development it is essential to move towards sustainability in energy systems both in order to protect natural life-support systems on which humanity depends, and to eradicate poverty.*

*With rapid change of global as well as domestic situation it has become necessary to update National Energy Policy (NEP) of Bangladesh, which was formulated in 1996 to proper exploration, production, transmission, distribution and rational use of energy sources to meet the growing demand on a sustainable basis. It involves survey, exploration, exploitation and distribution of indigenous natural gas; development of coal in the northern part of the country; establishment of petroleum refining facility and distribution systems; and establishment of power generation plants and networks for transmission and distribution of electricity. It is also necessary to take proper steps to enhance renewable energy development activity to meet the future challenge.*

*Energy demand in Bangladesh is rising swiftly. Demand is outstripping the production and transmission & distribution capability. Especially power demand exceeds generation capacity. There are also some bottlenecks in power transmission and distribution system. All these leads to increased load shed and poor quality of power supply.*

*Out of 140 million people about 50 million have direct access to electricity. Per capita electricity generation in 2005 was only 158 kWh. In 2003-04 about 1.24 million households had piped natural gas connections and only 2.32% of total households used kerosene as cooking. Per capita consumption of commercial energy and electricity in Bangladesh is one of the lowest even among the developing countries. At present about 65% of total final energy consumption is met by different type of traditional biomass fuels (e.g. agricultural residues, wood fuels, animal dung etc.).*

*Shortcomings of the past energy development programmes and management practices are identified as follows.*

- (a) It has not been possible to undertake systematic survey, exploration and exploitation of energy resources throughout the country due to financial constraints. As a result, it has not been possible to ensure balanced development of energy resources of different zones of the country and balanced development of different sub-sectors of the energy sector.*
- (b) It has not been possible to undertake systematic development of Power Generation, Transmission and Distribution projects and rational use of electricity in the country.*
- (c) Expansion of energy consuming sectors e.g. industrial sector have been constrained due to shortage and unreliable supply of commercial energy.*
- (d) Energy agencies have not been operated and managed efficiently.*
- (e) Energy prices have not been set on a rational basis.*
- (f) Effective measures have not been taken to ensure proper use of energy through integration of economic development activities.*
- (g) Unplanned and inefficient use of fuels is contributing to environmental degradation.*
- (h) Adequate attention has not been given to meet the total energy needs of rural areas.*
- (i) Adequate attention has not been given to undertake systematic research programmes to develop indigenous technological capabilities.*
- (j) Adequate attention has not been given to develop trained manpower for the efficient management of the sector.*

*Government made vision and policy statement in 2000 for power sector development. Government's vision is to provide reliable and affordable power to all by 2020. To materialize the vision Gas, prime fuel for power generation provides a special window of opportunity. Again to increase the security and reliability of power supply, diversified use of fuel shall get importance. Considering all these there should be homogeneous development of all segments of energy sources and sector to achieve the desired goal. It is essential to take measures on both the supply and demand side in order to improve access to advanced low-emission energy forms and to renewable energy sources, and to improve the energy efficiency.*

*To ensure sustainable development of energy sector, updated National Energy Policy will address various issues to overcome shortcomings mentioned above.*

## **1.2 Objectives**

*The objectives of the revised National Energy Policy (NEP) are outlined as follows.*

- (i) To provide energy for sustainable economic growth so that the economic development activities of different sectors are not constrained due to shortage of energy.*
- (ii) To ensure optimum development of all the indigenous energy sources.*
- (iii) To meet the energy needs of different zones of the country and socio-economic groups.*
- (iv) To ensure sustainable operation of the energy utilities*
- (v) To ensure rational use of total energy sources.*
- (vi) To ensure environmentally sound sustainable energy development programmes, with due importance to renewable energy, causing minimum damage to environment.*
- (vii) To encourage public and private sector participation in the development and management of the energy sector.*
- (viii) To integrate energy with rural development to boost rural economy.*
- (ix) To bring entire country under electrification by the year 2020.*
- (x) To ensure reliable supply of energy to the people at reasonable and affordable price.*
- (xi) To develop a regional energy market for rational exchange of commercial energy to ensure energy security.*

## **1.3 Policy and Guidelines**

*Policy and Guidelines listed below on Power and Energy are presented in the following sections of this document.*

- (i) Strategic Planning and Management*
- (ii) Integration of Energy and Rural Development*

- (iii) *Small and Captive Power Policy*
- (iv) *Private Sector Power Generation Policy*
- (v) *Renewable Energy Policy*
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- (vii) \*\*\*\*\*
- (viii) \*\*\*\*\*
- (ix) \*\*\*\*\*
- (x) \*\*\*\*\*