



United States Agency for International Development
Bangladesh



Activity: Increased Capacity for Energy Access

Activity Purpose: 1. Increased self-reliance of electric cooperatives 2. Strengthened regulatory regime.	Location: Mainly Dhaka and other locations in Bangladesh
Partners: International Resources Group	Project Duration (Start and End Dates): April 15, 2008– September 29, 2011 Grant Amount: \$7,738,501
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Summary:

Since 1977 USAID has been supporting the energy sector in close collaboration and partnership with the Government. As a result, approximately 44 million people have received access to rural power through some 7.3 million connections. Under the rural electrification activity, the National Rural Electric Cooperative Association (NRECA) has been providing technical assistance and training to the Rural Electrification Board (REB) and selected rural electric cooperatives, called Palli Bidyut Samities (PBS), in several areas. With respect to regulatory strengthening, the National Association of Regulatory Utility Commissioners (NARUC) has been working with the Bangladesh Energy Regulatory Commission (BERC) to develop regulations, to analyze tariffs, and to support BERC’s outreach efforts. The NRECA activity and the NARUC activity ended on September 30, 2007 and March 31, 2008 respectively.

The Project:

The ICEA activity will continue to focus and enhance the two main components of USAID’s energy program: (i) increased self-reliance of PBSs, and (ii) a strengthened regulatory regime in the energy sector. The activity will contribute towards creation of a more conducive environment for private investment and eventually move the energy sector towards a more commercially-sound and market-based structure leading to increased energy access. Focus areas under the two components are given below:

Component 1 – Promote PBS self-reliance

- Adoption of the PBS graduation policy and its implementation plan by 5-10 PBSs
- Implementation of plans for supplemental generation power supply, and purchasing and demand-side management (DSM) by the PBSs in order to better help them meet their system load requirements and further enhance their financial viability
- Overall improved performance of the PBSs as a result of selected graduation and improved institutional capacities

- Enhanced capabilities within the REB to sustain and expand the PBS graduation policy over time
- Increased ability and commitment of PBSs to provide business support services to maximize socio-economic impacts associated with access to modern energy services

Component 2 – Strengthen regulatory regime

- Approval and implementation of necessary regulations to improve energy sector governance, overall performance and investment to fuel continued economic growth
- Adoption and implementation of BERC internal operating procedures to allow it to independently carry out its mandate under the Energy Regulatory Commission (ERC) Act
- Approval and implementation of regulatory framework governing REB and the PBSs to help strengthen PBS financial viability, improve service quality and facilitate implementation of the PBS graduation policy
- Adoption and enforcement of appropriate market structure and associated rules to ensure a competitive and sustainable power sector market for efficient market operations and increased consumer benefits
- Adoption of appropriate tariff methodologies to boost the financial positions of sector players, while ensuring appropriate social safety net considerations

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