

# **POLICY GUIDELINE FOR SMALL POWER PLANT (SPP) IN PRIVATE SECTOR.**

## **1. Background**

The government of Bangladesh has decided to allow private sector investors to establish Small Power Plants (SPP) on a fast track basis, for generation of electricity for own use and sell the surplus to other users. The plant size could be in the order of 10 MW, which could be built up in stages as necessary, and depending on the potential market and load growth. The SPPs will be developed on a Build -Own-Operate basis.

## **2. Plant Location & Type**

The SPPs can be located in any part of Bangladesh. The type of plant is open and the sponsor will be allowed to select of any configuration provided the electrical characteristics of the plant match that of the power system in Bangladesh.

## **3. Fuel Supply**

Where available, a subsidiary of Petrobangla may supply natural gas to the sponsor on a commercial basis. The price of gas to be charged will be the same as for other JPPs in Bangladesh i.e. US\$ 2.40 per GJ on HHV at present. The sponsor may be required to pay additional costs to the fuel supplier if the SPP is far from the gas supply reticulation. Alternatively, the sponsor may arrange his own fuel.

## **4. Power Offtake**

It will be the responsibility of the sponsor to find customers for electricity. Sponsor will have direct contract with the customers for the sale of electricity on terms mutually agreed upon. The distribution system required for the supply of electricity to the contracted customers may be built by the sponsors themselves or they can use the existing transmission and distribution systems, if there is adequate capacity. The sponsor will require to pay a wheeling charge to the owner of transmission/distribution facilities. The wheeling charges and other terms and conditions will be mutually agreed upon between the sponsor and the owner of the transmission/distribution facilities.

## **5. Price Regulation**

In areas covered by BPDB/DESA/REB, the tariff announced by GOB from time to time shall apply. In other areas GOB will not regulate the price of electricity which shall be negotiated between the sponsor and the consumers.

## 6. License Requirement

As per Electricity Act, 1910, the sponsors will be required to obtain license from the GOB. The SSP will need to comply with all laws of Bangladesh including Environmental Standards.

## 7. GOB Supports

GOB support will be provided on “First Come First Serve” basis. Necessary advice and other assistance will be provided by the Power Cell for the establishment of SPPs. The address of Power Cell, Ministry of Energy and Mineral Resources is given below:

Director, Private Power  
Power Cell, Ministry of Energy & Mineral Resources  
Govt. of the Peoples Republic of Bangladesh  
BTMC Bhaban (8<sup>th</sup> Level)  
7-9 Kawran Bazar  
Dhaka -1215

Telephone: 880-2-822440/9130914-18

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Email : dgpcmemr @ citechco.net

**Note : Published in the Bangladesh Gazette dated 11 January, 2001.**

### **AMENDMENT TO THE POLICY GUIDE LINE FOR SMALL POWER PLANT (SPP) IN PRIVATE SECTOR.**

#### **1. The first clause (Background) of the policy will be substituted as follows :**

**Background:** The Government of Bangladesh has decided to allow private sector investors to establish Small Power Plants (SPP) on a fast track basis, for generation of electricity for own use and sell the surplus to other users. The plant size could be in the order of 10 MW, which could be built up in stages as necessary, and depending on the potential market and load growth. However, if required, permission may be accorded by

the government for setting up higher size plant. The SPPs will be developed on a Build-Own-Operate basis.

**2. The third clause (Fuel Supply) of the policy will be substituted as follows :**

**Fuel Supply:** Where available, a subsidiary of Petrobangla may supply natural gas to the sponsor on a commercial basis. The price of gas to be charged shall be same as applicable for supply of gas for captive power generation which may be changed from time to time by the Government or the Energy Regulatory Commission. The sponsor may be required to pay additional costs to the fuel supplier if the SPP is far from the gas supply reticulation. Alternatively, the sponsor may arrange his own fuel.

**3. A New clause (clause-8) regarding Fiscal Incentives and Benefits will be inserted as follows:**

**Fiscal Incentives and Benefits:** The sponsors under this policy including the Captive Independent Power Producer and the sponsors of captive power generation who will set up power plants within a period of three years from the date of its statutory notification under this policy will enjoy the “Fiscal Incentives” and “Other Facilities and Incentives for Foreign Investors” provided under Section 5.0 and 6.0 respectively of the “Private Sector Power Generation Policy of Bangladesh” and any subsequent amendments made thereunder.

Provided that in case of captive power generation, it should be incorporated as a separate entity under the Companies Act, 1994.”

**4. A New clause (clause-9) regarding Power Purchase by the Government will be inserted as follows:**

The Government will have no obligation to purchase power from the plants installed under this policy.

**Note: Published in the Bangladesh Gazette dated 11 January, 2001**