

BANGLADESH ENERGY REGULATORY COMMISSION

WORKSHOP ON
BERC ACTIVITIES, REGULATIONS
AND GLOBAL REGULATORY PRACTICES.

BERC ACTIVITIES
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MEMBER

28TH DECEMBER 2005

**BANGLADESH ENERGY REGULATORY
COMMISSION
(BERC)**

APPROVED ON 13TH MARCH 2003

EFFECTIVE FROM 27TH APRIL 2004

Objective

- To create an atmosphere conducive to private investment in generation of electricity and transmission, transportation and marketing of electricity, gas resources and petroleum products,
- To ensure transparency in management, operation and tariff determination in the sectors
- To protect consumers interest and
- To promote creation of a competitive market

Constitution of the Commission

- The commission shall consist of a
- Chairman and four Members.
- To be appointed from amongst the persons having engineering or relevant degree in electricity, natural gas, petroleum products, mineral resources, geology, law, economics, accounting and management with required practical knowledge and experience.
- Shall hold office for 3 years
- Eligible for reappointment for another term only.

Funds for the Commission

There shall be a fund called
"Bangladesh Energy Regulatory Commission Fund"

Sources for Fund :

- (a) Grant from the Government or Statutory body.
- (b) Loans borrowed by the Commission.
- (c) Fees and Charges deposited under BEREC Act.
- (d) Money received from any other source..

Prior approval of Government shall be necessary to receive any foreign loan.

Function of the Commission

- (a) Determine efficiency and standard of the machinery & appliances and through energy audit ensure economy use and enhancement of efficiency in energy uses.
- (b) Ensure efficient use, quality services, determine tariff and safety enhancement of electricity generation and transmission, marketing, supply, storage and distribution of energy.

(c) Issue, cancel, amend, exempt License for energy sector operators.

(d) Approval of schemes of the licensee taking into consideration of load forecast and financial status

(e) Collect, review maintain & publishing of energy statistics

- f) Frame codes and standards; compulsory enforcement of the same to ensure quality of services.**
- g) Develop uniform methodology of accounting for all licensees.**
- h) Encourage to create congenial atmosphere to promote competition amongst licensees.**
- i) Extend cooperation and advice to the Government, if necessary, regarding electricity, gas & petroleum products.**

- j) Resolve disputes between licensees and between licensees and consumers: Arbitration if necessary.**
- k) Appropriate remedy for dishonest business practice, monopoly and consumer disputes.**
- l) Ensure control of environmental standard of energy.**
- m) Any incidental function if considered appropriate by the Commission for fulfilling objectives of the Act.**

Relationship Between the Government & Commission

- 1. Government shall give policy directives for the development and overall planning in energy sector.**
- 2. Government-if necessary shall issue any policy directive in consultation with the Commission**
- 3. Government policy planning shall give priority to the need of energy for different socio economic classes and areas and to achieve desired level of economic growth and for conservation of energy as future sources of power.**

4. Government shall have power to control energy use in case of unexpected shortfall or emergency condition in respect of availability of energy.

5. In case of difference of opinion or dispute arising out of matters in the Act, the Government shall discuss the issue with the Commission and if it appears necessary, Government shall resolve the difference of opinion or the dispute with the assistance of experienced professionals.

License

- Licenses needed for power Generation, Energy transmission, distribution , marketing ,supply and storage.
- Existing energy operators will be treated as Licensees.
- Private companies with whom agreement signed prior to enactment of the Act shall be treated as Licensees.

- Commission shall issue License in a procedure to be prescribed it.
- Every Licensee shall make arrangement for efficient, coordinated, cost effective transmission and supply of energy and
- Shall maintain international standard and working method.

TARIFF

- Price for power generation and supply of energy up to the level of end users shall be determined in accordance with the policy and methodology made by the Commission in consultation with the Government
- Not applicable to IPPs
- While fixing Tariff considerations to be given to
 - ❖ All relevant Acts
 - ❖ Harmonize tariff with cost of production to distribution

- ❖ **Efficiency, least cost, excellent services and investment**
- ❖ **Consumers interest**
- ❖ **Power generation and supply of energy on commercial basis**
- ❖ **Development of national energy system**

Commission by regulation shall make methodology for determination of tariff.

Commission shall determine tariff after hearing the licensee and other stake holders

Framing of Rules

Government may, subject to consultation with the Commission, make rules for the fulfillment of objectives of Act, which shall be published in official gazette.

REGULATIONS

Commission may for the fulfillment of the objectives of Act, make regulation by publishing in the official gazette.

Present Position

- BERC Act 2003/13 made effective from 27th April 2004
- Chairman and two Members have been appointed .
- Some amendments in Act have been made.
- An office accommodation has been hired.
- Regulations on budget, accounts, funds and reports have been made and gazetted.
- Licensing regulation 2005 has been finalized and is in the process of publishing in the gazette.

- Seven officials, including one Secretary, on deputation are working for the commission.
- USAID is giving assistance to BEREC through providing technical personnel under the strengthening of regulatory institutions project.
- World bank has allocated US\$ 1.50 million for BEREC
- Organizational setup for Commission is under examination of the Establishment Ministry.
- During FY 2004-05, BEREC received Tk.28.50 lacs as fees from the Licensees and GOB paid Tk. 50.51 lacs.
- All expenses/accounts have been audited by C.A. Firm .
- FY2004 Activity Report submitted to Parliament .
- Fy2005 Activity report under submission to the Parliament.

- Commission has drafted regulations on meeting, public hearing, tariff, statistics, dispute resolution ,procurement and service conditions of the commission employee. These will be processed as per provision in the Act for gazette notification.
- NARUC consultant under USAID funding is working full time with the commission.

AWARD OF PROVISIONAL LICENSE

NAME	LOCATION	ISSUE DATE	CAPACITY MW
SHAH CEMENT	MUNSHIGANJ	15.2.05	11.60
A.A.POWER	GAZIPUR	16.3.05	12.80
SURMA ENERGY	SUNAMGANJ	19.6.05	30
PARTEX	N.GANJ	20.6.05	10.50
SHUNSHING	GAZIPUR	25.10.05	10.16
RAHIM RNERGY	N.GANJ	25.10.05	30

LICENSE READY FOR AWARD

NAME	LOCATION	CAPACITY MW
CITY POWER	N.GANJ	5
ARAMIT	CHITTAGONG	2.08
MONNO CERAMICS	MANIKGANJ	3.50
MONNO CERAMICS	MANIKGANJ	9.50