

Staff Reporter

Power Division has finally asked all the power distribution entities to directly purchase electricity from solar mini-grid operators to save their investment.

According to sources at the Power Division, the distribution entities will now purchase electricity from mini-grids at a tariff to be settled through a tripartite negotiation on a case-to-case basis assessment.

“The private sponsors of mini-grids, the distribution entities concerned and the financing agency will set the tariff for the mini-grid projects through their joint assessment,” Mohammad Alauddin, Chairman of Sreda and Additional Secretary at the Power Division, told .

Power Division officials said a letter was recently sent to all the power distribution entities to implement the government decision.

They said once the distribution entities start purchasing power from mini-grids, the consumers of their areas will get electricity at the same rate applicable in the grid areas.

“That means the consumers of these mini-grids will not require to pay higher bills for electricity while the mini-grid operators will get rid of their problem,” said a Power Division official.

According to the sources, 26 solar mini-grids, with their total generation capacity of 5 MW, were set up at different off-grid areas of the country as part of an initiative, “Remote Area Power Supply System (RAPSS)”, to ensure access of people living in remote areas to electricity.

These are mostly the remote islands of the country, said they said.

Under the RAPSS concept, the government allowed private investors to set up solar power plants and install mini-grids for a tenure of 20 years with financial support from the two financing agencies and sell electricity directly to the consumers of these remote areas.

The state-owned Infrastructure Development Company Limited (IDCOL) made 80 percent of the financing in the projects while private investors 20 percent, they said.

The mini-grid operators sell electricity directly to consumers in their own rates settled under RAPSS policy where tariff is about Tk 30 per unit.

During implementation of the projects, there was commitment from the government that the power distribution companies will not reach these areas with their service within the project tenure of 20 years.

But the distribution utilities, especially the Rural Electrification Board (REB), expanded their power supply to those areas amid reported political pressure, said the sources.

When the government utilities moved to these areas, the consumers of the mini-grids gave up their connections from mini-grids and started taking new connections from power distribution utilities which put the sponsors and IDCOL in serious financial trouble.

Against this backdrop, the Power Division came up to save the mini-grids sponsors by taking a decision that the power distribution utilities will purchase electricity from the solar mini-grids like the Bangladesh Power Development Board (BPDB). It is now purchasing electricity from independent power producers (IPPs).