Dhaka Tribune

today's paper >> 3 >> published: 02:38 december 10, 2014

Concerns against use of gas development fund

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'Now government is going to take a wrong decision to hamper the progress of gas exploration'

The government is wrong in deciding to change the name of the gas development policy and use the country’s gas development fund to conduct feasibility studies on coal extraction, LNG, shale gas and other minerals resources, energy specialists have observed.

“The [gas development] fund was created to enhance the capacity of the exploration and production companies. Now government is going to take a wrong decision to hamper the progress of gas exploration,” Md Nurul Islam, who is a campaigner of created fund and a retired professor of the Bangladesh University of Engineering and Technology, told the Dhaka Tribune yesterday.

The fund had been formed with the extra money collected from consumers through a gas price hike put in place by the Bangladesh Energy Regulatory Commission (BERC).

“This is a separate fund for the energy sector from the regular budgetary allocation. We wanted to strengthen Bapex by creating the fund, so that gas exploration would run on full swing,” Nurul said.

“The fund was supposed to be given to Bapex as a grant instead of giving loan. Moreover, now other conditions are being applied; so the aim of Bapex will not be fulfilled,” he said.

If the government wished, separate funds could have been formed for coal extraction, petroleum import and others, the former Buet professor said.

Prof M Shamsul Alam, energy affairs adviser for the Consumers Association of Bangladesh (CAB), told the Dhaka Tribune: “The BERC has formed the fund but the policy was made by the Energy Division, which is in total violation of the act as the BERC is the only authority to decide about the fund collected by selling gas.”

Now the Energy Division was also trying to amend the policy which was originally made illegally, he claimed.

“The condition of Bapex is going to be more vulnerable if the grant is not given to it,” Bapex former managing director Murtoza Ahmed Farooq told the Dhaka Tribune.

He further called for providing the expense as a donation from the fund which was needed for the well digging done by Russian company Gazprom.

Meanwhile, Md Abu Bakar Siddique, secretary of the Energy and Mineral Resources Division, told the Dhaka Tribune: “We formed a five member body to amend the Gas Development Fund Policy 2012, because we want to utilise the fund to conduct feasibility studies on coal extraction from the country’s existing deposits, LNG [liquefied natural gas], shale gas and other minerals resources after amending the policy.

“We are now preparing a draft of the policy to integrate new provisions so that almost all the state-run agencies under the Energy Division can utilise the fund,” he said.

The Energy Division recently formed a five-member committee with its additional secretary Nazim Uddin as convener. The committee has been asked to submit its report by 15 working days from December 4, 2014.

Oil and gas exploration and production companies like the Bangladesh Petroleum Exploration and Production Company Ltd (Bapex), Bangladesh Gas Fields Company Ltd and Sylhet Gas Fields Ltd – three subsidiaries of Petrobangla – are now using the fund under a BERC-framed framed guideline and the Energy and Mineral Resources Division’s policy.

After the Energy Division amends the policy, state-run agencies like Bangladesh Petroleum Corporation, the Barapukuria Coal Mine Company Limited, Geological Survey of Bangladesh, Bureau of Mineral Development and Hydrocarbon unit would be able to utilise the fund to explore for coal, to import LNG, to explore for shale gas and other minerals, said a deputy secretary of the division.

Retired Buet professor Nurul said the government was going to amend the two-year-old gas development fund policy, although the BERC had created the fund in 2011 for extensive exploration activities in gas sector to ease energy crisis.

However, BERC – the monitoring authority to oversee the utilisation of the Tk4,000 crore fund – has reportedly not reached any consent to amend the policy.

Asked about the issue, BERC member Salim Mahmud said he had no knowledge of the move.

Petroleum Development Fund

On the other hand, the Energy and Mineral Resources Division is also planning to create a petroleum development fund. However, no substantial progress has been made so far.

According to sources, the fund would be raised by taking a portion of earning from the sales of petroleum products in the domestic market.

Bangladesh Petroleum Corporation (BPC) would use the fund to develop its projects and refine and improve the supply system of fuel oil.

In the country’s power sector, there is one similar fund – Electricity Development and Maintenance Fund.

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