

রেজিস্টার্ড নং ডি এ-১

বাংলাদেশ



গেজেট

অতিরিক্ত সংখ্যা

কর্তৃপক্ষ কর্তৃক প্রকাশিত

বৃহস্পতিবার, জুলাই ২৬, ২০০৭

গণপ্রজাতন্ত্রী বাংলাদেশ সরকার

বিদ্যুৎ, জ্বালানী ও খনিজ সম্পদ মন্ত্রণালয়

বিদ্যুৎ বিভাগ

প্রজ্ঞাপন

তারিখ, ৩ জ্যৈষ্ঠ ১৪১৪/১৭ মে ২০০৭

নং বিজ্ঞাপন/বিঃ উঃ-১/পাওয়ার সেল-৬/২০০৬/৩১৬—গণপ্রজাতন্ত্রী বাংলাদেশ সরকার বাংলাদেশের প্রত্যন্ত অঞ্চলে বিদ্যুৎ সরবরাহের লক্ষ্যে এতদ্বারা Remote Area Power Supply System (RAPSS) Guidelines জারী করিল।

২। ইহা জনস্বার্থে জারী করা হইল এবং অবিলম্বে কার্যকর হইবে।

রাষ্ট্রপতির আদেশক্রমে

এস. এম. মেসবাহউল ইসলাম

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( ৭১০৭ )

মূল্য : টাকা ৬.০০

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**GUIDELINES**  
**FOR**  
**REMOTE AREA POWER SUPPLY SYSTEMS**

### 1. INTRODUCTION

Adequate supply of electricity is considered essential for achieving socio-economic development and for alleviating poverty. The Government of the People's Republic of Bangladesh has therefore set top-priority for Power Sector Development and has set a target of providing access to electricity to all citizens by 2020. Since power system development is highly capital-intensive, it is imperative that a massive investment would be necessary to achieve the vision of the Government. It would be very difficult for the Government alone to provide the required fund, given the scarce resources and other competing sectors such as agriculture, health, education and other priority social sectors. Recognizing this, the Government has formulated the Energy Policy, which provides scope for private investment in power generation and distribution supplementing the public sector. So far the private sector investment has been only in generation through Independent Power Producers (IPPs) under the Private Sector Power Generation Policy of Bangladesh and their performance is satisfactory.

Presently Bangladesh Power Development Board (BPDB), Dhaka Electric Supply Authority (DESA), Dhaka Electricity Supply Company (DESCO) and Rural Electrification Board (REB) (through Palli Bidyut Samities (PBSs)), the public sector entities are responsible for distribution and supply of electricity in the urban and rural areas of Bangladesh. The power supply situation in the remote and rural areas including isolated islands is far from satisfactory as evident from very low coverage. Therefore, it is deemed necessary that the private sector be invited for supplementing the efforts of the Government to accelerate the coverage of electricity in these remote and isolated areas. In this respect, the Government intends to promote the concept of Remote Area Power Supply Systems (the "RAPSS") with private sector investment. Under the RAPSS concept, private investor will be given an area (the "RAPSS Area") for the development and operation of the electricity distribution and retail supply system including generation (in case of necessity as determined by the Government) as a utility operator for a period upto 20 years. In order to implement the RAPSS program, the Government has formulated the Guidelines outlining the modality of implementation.

## 2. Selection of RAPSS Areas

The Power Division, Ministry of Power, Energy and Mineral Resources will, in consultation with the respective utility, select the areas for establishment of RAPSS and classify RAPSS as follows:

- (a) Off-grid RAPSS: The Off-grid RAPSS areas will be those islands, chars, haors and hilly areas which are isolated from the national grid network, and,
  - (i) where electricity supply system does not exist, or
  - (ii) the existing electricity supply system is inadequate and the coverage is very low.
- (b) On-grid RAPSS: The On-grid RAPSS areas will be those which are connected to the national grid network, but the existing electricity supply system is inadequate and the coverage is very low.

The RAPSS Areas should preferably be contiguous and include the entire geographical area of two or more Upazilas and in specific circumstances the entire area served by a particular 33 KV feeder, keeping the operational flexibility in view.

Based on economic feasibility analysis, the Power Division will prepare a list of potential RAPSS Areas for private sector investment consulting with the Bangladesh Energy Regulatory Commission (the "commission" or "BERC") and other related entities of this sector within six (6) months from the date of publication of the Guidelines and the list will be updated annually. The Government has already selected several areas under 15 districts for development of RAPSS and these areas may form part of the said list as far as they fulfill the criteria and requirement of this Guideline. The list of those areas is provided in Annexure-A.

## 3. Conversion of Off-grid RAPSS into On-grid RAPSS

If the maximum demand of an Off-grid RAPSS Area reaches 5 MW or more, the Government may request the national grid network operator or the Bulk Electricity Supplier in extending their network to the Off-grid RAPSS Area with a view to supplying electricity to the RAPSS Area from the national grid network. In such case, the Commission will review and set the tariff at retail level.

#### 4. Selection of Investors

The Power Division, Ministry of Power, Energy and Mineral Resources will select a private investor (the "RAPSS Operator") for each RAPSS Area through an open and competitive tendering process following Public Procurement Regulations 2003 and Bangladesh Private Sector Infrastructure Guidelines. The evaluation of tenders will include technical and financial assessment in a single envelope.

The selection steps of the RAPSS Operator for awarding the project are stated below :

- (a) The pre-qualification of potential investors will be made through advertisements in at least 4 (Four) national newspapers.
- (b) The evaluation criteria for pre-qualification will be given in the pre-qualification documents to be issued to the intending investors.
- (c) The tender document will be issued only to pre-qualified investors.
- (d) The tender document will consist of (i) Invitation for Tender document, (ii) Implementation Agreement, (iii) Asset Transfer agreement, (iv) Bulk Electricity Supply Agreement (in case of on-grid RAPSS project), (v) Land Lease Agreement (if necessary).
- (e) The evaluation of technical proposal will be mainly based on : (i) network expansion plan, (ii) investment plan and (iii) financing plan.
- (f) The evaluation of financial proposal will be based on Average Retail Electricity Supply Tariff (the "REST") offered by the investors. The technically responsive investor offering the lowest average REST in the tender will be selected as RAPSS Operator.
- (g) Bangladesh Energy Regulatory Commission Act, 2003, Bangladesh Energy Regulatory Commission License Regulations, 2006 and other relevant Rules and Regulations will be followed.
- (h) All documents received for pre-qualification and tender will be examined and evaluated by a Committee formed by the Government.

## 5. Licence

The APSS Operator will take relevant licence(s) from the Bangladesh Energy Regulatory Commission to carry on their businesses as articulated in Section 27 of the Bangladesh Energy Regulatory Commission Act, 2003 (Act no. 13 of 2003).

## 6. Rollout Plan

The RAPSS Operators shall provide a rollout plan for new domestic connections and the related investment for system expansion as part of their tenders. The Government shall set the minimum Penetration Rate to be achieved by the RAPSS Operator in each year of the contract period. Where the RAPSS Fund, the Government or other sources provide funds to increase the Penetration Rate, then the minimum Penetration Rate will be increased by mutual agreement between the Government and the RAPSS Operator.

## 7. Bulk Electricity Supply

The RAPSS Operator shall be entitled to purchase electricity in bulk from BPDB or any other agency (the "Bulk Electricity Supplier") designated by the Commission through an agreement. The bulk electricity supply tariff (the "BEST") shall be as set by the Commission.

The RAPSS Operator may also decide to generate electricity from its own power plant using conventional fuel and/or alternative renewal energy sources and shall be entitled to wheel it through the national grid network and other associated sub-transmission systems. In selecting generation process, cost and economic comparison will be done by the RAPSS operator. For generation of electricity by the RAPSS operator, natural gas (if available) may be supplied to the power plant by the relevant agency at terms and conditions set by the Commission. Tariff for generation by the RAPSS Operator shall be approved by BERC. However, this tariff shall not alter the REST as per agreement.

The charges for wheeling electricity through the national grid network and other associated sub-transmission systems shall be subject to approval by the Commission.

The Bulk Electricity Supplier or the national grid network operator (the "Grid Operator") shall have the right to construct and maintain 33 kV or higher voltage lines in the RAPSS Areas in order to transmit electricity through the RAPSS Areas. The Bulk Electricity Supplier or the 33 kV feeder line operator (where the

Bulk Electricity Supplier (who do not own the 33 kV feeder line) shall not be entitled to supply electricity at 33 kV or below voltages to any consumers in the RAPSS Area.

#### **8. Point of Interconnection**

The point of interconnection for supply of bulk electricity to a RAPSS Operator shall be at the periphery of the RAPSS Area or a suitable nearest substation/feeder lines located inside or outside the RAPSS Area. The point of interconnection may be at 33 kV or higher voltage level and the Bulk Electricity Supplier shall be responsible to supply electricity at the point of interconnection. The metering system for measuring and registering the bulk electricity supply to the RAPSS Operator will be installed by the Bulk Electricity Supplier at the point of interconnection. A backup metering system may be set up by the RAPSS Operator.

In the event that a common feeder is being used by more than one utility operators (including RAPSS Operator), then the system loss in the common feeder shall be shared by the utility operators in proportionate to their average loads and feeder length.

#### **9. Retail Tariff Levels**

The initial REST will be set through competitive tendering process for RAPSS Areas. The RAPSS Operator will supply electricity at REST to all consumers within the RAPSS Area, as approved by the Commission from time to time.

Should the REST be significantly higher than the retail electricity price of the nearest PBS, the Government may provide subsidy so as to bring the tariff down closer to the tariff of the nearest PBS as much as possible, depending on the funds available in the RAPSS Fund.

#### **10. Regulation of RAPSS and Tariff Adjustment**

The RAPSS Operator's activities will be regulated under the Bangladesh Energy Regulatory Commission Act, 2003 and other relevant laws of Bangladesh and agreements executed between the Government or its agencies and the RAPSS Operator.

Tariff in the RAPSS Areas will be regulated by the Tariff Regulations & Methodology of BERC.

## 11. Transfer of Assets

Ownership of power system distribution fixed assets and/or generation unit of BPDB or REB in the RAPSS Area including other assets associated with the system shall be transferred to the RAPSS Operator through an agreement before the licence is granted by the Commission. The fixed assets of distribution system will also include the 33 kV feeder lines in the RAPSS Area if such lines terminate within the RAPSS Area.

The value of the existing assets will be determined on the basis of the written down value of the assets and the amount will be set out in the tender document. The written down value of the assets will be determined by the Power Division either through a committee or by appointing a Consulting/Audit firm. The payment for the assets will be made to the owner of the assets in equal annual instalments over a period of ten years including two years grace period.

Such transfer of Assets are to be made in accordance with the provision of the Bangladesh Energy Regulatory Commission Act, 2003.

The assets taken-over from BPDB or REB shall not be kept as collateral by the RAPSS Operator for securing commercial loans for new investment until the payment of existing assets to the owner is completed.

## 12. Incentives, Duty and Taxes

RAPSS as a part of the infrastructure 'thrust sector', the RAPSS Operator will be given the following incentives and benefits:

### 12.1 Duty and Taxes

- (a) Machinery and materials imported by the RAPSS Operator shall be subject to payment of applicable Duty and Taxes. However, machinery and materials imported for the purpose of power generation will get incentives in respect of duty & taxes as allowed in:

S.R.O No-73-Law/97/1700/Cus dated 19-03-1997: Power Generation in Private Sector Temporary Import.

S.R.O No-100-Law/2000/1832/Cus dated 18-04-2000: Power Generation in Private Sector (Regular Import)

The aforesaid incentives will be allowed only on fulfilment of the conditions given in the S.R.Os.

- (b) Machinery, tools and equipment imported for this purpose on re-exportable basis will be allowed temporary importation facilities under Customs Act, 1969.
- (c) Foreign, experts and Consultants who are direct employees of “international organization” or “development partner of Bangladesh” specified in S.R.O. No. 237-Law/2003/2015/Cus. dated 02-08-2003 only be allowed the facilities and concessions admissible under that SRO as Privileged Persons. Other expatriate personnel in the project will not be entitled to any facilities or concessions.

### 12.2 Value Added Tax (VAT)

- (a) The materials imported for this purpose shall be subject to payment of Value Added Tax (VAT) and Supplementary Duty (if any) at clearance stage as per provisions of the Value Added Tax Act, 1991 and the rules made thereunder.
- (b) Any goods supplied or services received or provided locally for this purpose shall be subject to VAT and Supplementary Duty (if any) as per provisions of the VAT Act and the Rules.

### 12.3 Income Tax

Subject to fulfilment of the conditions given in The Private Sector Power Generation Policy following exemptions in respect of Income Tax will be allowed as per SRO No. 114-Law/99, dated 26-05-1999 of Internal Resources Division (IRD):

- (a) On Company income for 15 (Fifteen) years from the date of commercial production.
- (b) On income of Expatriate personnel employed in the company for 3 (Three) years from the date of arrival in Bangladesh.
- (c) On Interest payable against foreign loans taken by the Company for this purpose.
- (d) On Royalties, Technical know-how and Technical Assistance Fees, payable by the Company:
- (e) On the Capital profit against Company's share transactions.

RAPSS Operators will also be entitled to enjoy any other incentives and benefits as may be provided under the poverty reduction strategy of the Government from time to time.



### 13. RAPSS Fund

#### 13.1 Application of RAPSS Fund

The Government shall establish a RAPSS Fund to provide following subsidies for a period not exceeding 7 years. The time limit will be decided by the Government depending on the merit of an individual RAPSS project.

- (a) connection fees subsidy support to increase the Penetration Rate of domestic consumers having connected load less than 300 Watt ;
- (b) subsidy for procurement of capital machinery of power plants in order to bring down the electricity generation cost in the RAPSS Areas ;
- (c) subsidy to off set the tax, duty and VAT associated with the procurement of liquid fuel from the authorised distributors of Bangladesh Petroleum Corporation;
- (d) subsidised loan for a term of five (5) years to ten (10) years, for generation plant or for connecting RAPSS to the national grid network for receiving bulk supply of electricity or expansion of distribution network or construction of new 33 kV feeder line from source substation for bulk electricity procurement.

To operate the RAPSS Fund, the Government will also formulate “RAPSS Fund Management Procedures” under this Guideline.

In case of capital cost subsidy, the amount should not be more than 60% of the cost of installing generating plant in RAPSS Areas. Should this amount not be found to be adequate to maintain the comparable tariff level of the nearest PBS, Additional support may be provided in form of subsidised loan.

The annual interest rate of any subsidised loan under the RAPSS Fund will be determined annually by the Fund Management Committee.

#### 13.2 Sources of RAPSS Fund

The RAPSS Fund will receive contributions from (i) the development partners, (ii) repayment of loans made from the RAPSS Fund, or (iii) any other sources inter alia donation from individuals, enterprises, institutions, agencies; sharing development funds available in other sectors, etc. as agreed by The Government. The Government may also provide fund to the RAPSS Fund not exceeding 25% of fund requirement of RAPSS projects.

### 13.3 Administration of RAPSS Fund

The Power Division will constitute a Fund Management Committee to operate and manage the RAPSS fund. The Fund Management Committee comprising representatives of the Power Division or its successor, Finance Division, Economic Relations Division, Planning Commission, Bangladesh Bank, Accountant General, Bangladesh Energy Regulatory Commission, Private Infrastructure Committee (PICOM) and Infrastructure Investment Facilitation Center will guide the operations of the RAPSS Fund. The Power Division will approve the operational guidelines for the management of the RAPSS Fund.

### 14. Monitoring and Evaluation

The Commission will monitor and annually evaluate the performance of the RAPSS Operator in respect of construction standard, targeted facilities and household connections, customer satisfaction and application of RAPSS Fund.

### 15. Exit Plan

If the RAPSS Operator desires to exit the business before expiry of the license period, the RAPSS Operator shall fulfill the requirements of the licensing condition. The Government will compensate the RAPSS Operator in accordance with the provision of the Implementation Agreement if the license is terminated due to change in laws or Government policies. In the event of an exit, the Government will also decide, which organization will take over and operate the concerned project.

### 16. Arbitration

Any dispute arising with respect to conflict of interest under any agreement between the Government or its agency and the RAPSS Operator may be resolved in accordance with the provision of the Arbitration Act 2001 (Act No. 1 of 2001).

### 17. Government Support and Obligation

The Government will support the RAPSS Operator through timely issuance of permits, incentives and Government orders. The obligations of the RAPSS operator and the Government shall be articulated in an agreement.

**Annexure-A****Areas Selected by the Government for Development of RAPSS**

- |                                 |                               |
|---------------------------------|-------------------------------|
| <b>1. Kishoreganj District</b>  | <b>2. Sunamganj District</b>  |
| • Astagram                      | • Sullah                      |
| • Mithamain                     | • Tahirpur                    |
| • Itna                          | • Dharampasha                 |
| <b>3. Sathkhira District</b>    | <b>4. Patuakhali District</b> |
| • Assasuni                      | • Dasmina                     |
| • Debhata                       | • Galachipa                   |
| • Kaliganj                      | • Kalapara                    |
| <b>5. Barishal District</b>     | <b>6. Bhola District</b>      |
| • Mehendigaj                    |                               |
| <b>7. Cox's Bazar District</b>  | <b>8. Jamalpur District</b>   |
| • Kutubdia                      | • Madarganj                   |
| • Maheshkhali                   |                               |
| • Teknaf                        |                               |
| <b>9. Netrokona District</b>    | <b>10. Noakhali District</b>  |
| • Khaliajuri                    | • Hatiya                      |
| • Kalmakanda                    |                               |
| <b>11. Bagerhat District</b>    | <b>12. Narail District</b>    |
| • Mongla                        | • Kalia                       |
| • Rampal                        | • Lohagara                    |
| <b>13. Lalmonirhat District</b> | <b>14. Kurigram District</b>  |
| • Patgram                       | • Roamari                     |
| • Hatiabandha                   | • Rajibpur                    |
| <b>15. Chittagong District</b>  |                               |
| • Sandwip                       |                               |

এ, কে, এম রফিকুল ইসলাম (উপ-সচিব), উপ-নিয়ন্ত্রক, বাংলাদেশ সরকারি মুদ্রণালয়, ঢাকা কর্তৃক মুদ্রিত।  
 মোঃ আখতার হোসেন (উপ-সচিব), উপ-নিয়ন্ত্রক, বাংলাদেশ ফরম ও প্রকাশনা অফিস,  
 তেজগাঁও, ঢাকা কর্তৃক প্রকাশিত।