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# Conclusion

The authors of this report have identified some principal difficulties facing the Bangladesh gas sector toward assuring the GDP growth needed to achieve an MDG aimed at reducing extreme poverty by half over 25 years (1990–2015). Five such key challenges were identified and a recommended solution path provided.

- Gas exploration, development, and production capacity effort needs a major acceleration. The estimated capital required of \$1.5 billion per new 1 bcf/d production must be secured together with the necessary know-how to enable production from more complex deposit structures to be mobilized in the future. Such massive capital agglomeration and corollary acquisitions of knowledge require increased foreign participation in the market. The Government must enable an investment recovery structure which will attract IOC investment and provide optimal benefit to the country.
- Gas use has to be stimulated warranting maximum feasible efficiency in gas energy recovery. The monetization of gas should be optimized to provide maximum long-range value to the country. It is recommended that the electric power sector, based on the most modern combined cycle gas turbine technology, become the dominant user of natural gas. It is recommended that, under the current limited supply and deliver system, priority be given to new users with maximum energy recovery efficiency.
- Gas pricing needs to provide requisite assurance to the domestic production and delivery systems of sufficient funds for sustainable growth and reliable service. Pricing is also a most important element toward attracting IOCs into the market. It is recommended that gas pricing be restructured within the next 5 years to closely mirror the costs of equivalent replacement fuel and reach parity with liquid fuel. Any subsidies the Government determines necessary for socio-political reasons must be carried out directly by the Government at the location of the delivery-user interface. The gas sector should not participate in social engineering activities.
- Losses should be brought to levels consistent with a properly maintained and operated system. An accountability and reward system, transparent and enforced in an objective and predictable manner, should be implemented. System losses are currently, to a major degree, due to the lack of checks and balances in the system as well as absence of a responsibility-reward method for proper enforcement of gas use, metering and collections. It is recommended that an immediate restructuring

of the present system and personalized responsibility-reward of micro-distributions sectors be created.

- Natural gas resources of Bangladesh can and should provide a major element toward achieving the country's MDGs, provided a system of governance is implemented based on equitable distribution of earned resources to the individual links of the gas/energy value chain. It is recommended that the role of BERC be elevated to the position of main system auditor and coordinator, with the concomitant objective that major decisions not be related to tactical political goals. Over time, a complete unbundling of the gas sector system should be carried out, with Petrobangla becoming the principal trading point in the system. The Government will remain the constitutional body defining long-term strategies of the energy sector while avoiding interference in routine operations, decisions, and regulatory activities.