

Annual Report of Secretary General, BIPPA for the year -2016

Bismillahir Rahmanir Rahim

Honourable President,
Members of the Board of Directors,
General Members of Bangladesh Independent Power Producers' Association,
-Assalamu Alaikum.

It is my pleasure to extend my warm welcome in this cheerful evening to attend the First Annual General Meeting of Bangladesh Independent Power Producers' Association (BIPPA).

I want to remind you about the inception of forming and incorporating Bangladesh Independent Power Producers' Association in brief by calling and convening First General Meeting of Promoters held on 29.06.2014 at Lotus Kamal Tower to protect, promote, represent and safeguard the occupation, trade and the business of Independent Power Producer(s), Small Independent Power Producer(s) and Commercial Power Producer(s) who are engaged in commercial power production in Bangladesh.

One of the main objectives of BIPPA is to promulgate a Combined platform so as to enable major stakeholders including government, a single point instead of conducting one to one discussion programs. Successful implementation of Power System Master Plan is simultaneous vision of the Government of Bangladesh as well as private sector. The recent circular of the Ministry of Commerce regarding the decision of the Government that as per Section 13(1) of Trade Organization Ordinance-1961 Independent Power Producer Companies must (compulsory) be the members of Bangladesh Independent Power Producers' Association, will strengthen our Combined platform.

Evolution Of Private Sector Power Generation:

The history of private sector power generation can stretched long back to the year 1996. The then government has started formulating the "Private Sector Power Generation Policy" which was amended later on the year 2004.

At the time of enacting the "Private Sector Power Generation Policy" along with subsequent amendments of Industrial Policy, there was a very low level of electrification with only 15% of the total population and with per capita generation of only 95 Kwh per annum. Hence, there was a great need to expand the electrification program. The government of Bangladesh (GOB) recognizes that the pace of power development needs to be accelerated in order to achieve overall economic development targets of the country and avoid looming power shortages.

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An investment of around USD 6.6 Billion was required to meet capital investment for the enhancement of power generation at that time. The Government was not able to accommodate the fund. Government of Bangladesh amended its industrial policy to enable private investment in the power sector. GOB also adopted the recommendations contained in the report on Power Sector Reforms, prepared by a high level Inter-Ministerial Working Group, for restructuring the power sector and promoting private sector participation in the generation of electricity in order to attain higher economic efficiency.

Then the Government was strongly committed to attract private investment for installing new power generation capacity on a build-own-operate (BOO) basis.

Accordingly Government of Bangladesh started to implement Independent Power Producers' (IPP) projects on Build-own-operate (BOO) basis.

Current Scenario Of Power Sector Of Bangladesh (Source: BPDB) :

As per the report of Bangladesh Power Development Board (BPDB), existing installed generation capacity of the country is about 15,000 MW including imported electricity of which about 52% is installed by Public Sector and rest 48% is installed by Private Sector.

Fuel Mixes for the generation of Power still are being dominated by the use of Natural Gas. According to BPDB 48% of total generations are being installed by the private sector investments and total access to electricity stands at 74% out of which 36.03% are being covered by private sectors.

It is difficult for a developing country with limited energy resources like ours to generate enough electricity to meet the demand. In accordance with the PSMP 2010, the government is following a balance energy policy to implement the plan of generating 24,000 MW by 2030. To achieve this target more power plants in private sector needs be established.

We have started our journey to incorporate Bangladesh Independent Power Producers' Association (BIPPA) satisfying all the requirements as per Law of the Government under the dynamic leadership and proper guidance of the First Convenor of BIPPA, Mr. Annisul Huq, presently Honourable Mayor of Dhaka North City Corporation. Bangladesh Independent Power Producers' Association has got the Trade Organization License for running this organization from Ministry of Commerce. Thereafter BIPPA was incorporated on 1st June 2015 under the Companies Act (Act-XVIII) of 1994 with the Registrar of Joint Stock Companies & Firms, Bangladesh.

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The first Ad-hoc Committee was consisted by the following 09(nine) members out of 33 (thirty three) promoters:

Sl. No.	Designation	Name Of The Member	Position In The Company	Name Of The Member Company
1.	President	Mr. Annisul Huq	Chairman	Desh Energy Limited
2.	Vice-President	Mr. K M Ahsan Shamim	Director	United Power Generation & Distribution Company Limited.
3.	Vice-President	Mr. K.M.Rezaul Hasanat	Chairman	Midland Power Company Limited
4.	Vice-President	Mr.Gulam Rabbani Chowdhury	Managing Director	Baraka Power Limited
5.	Director	Mr. Feroz Alam	Managing Director	Shahjibazar Power Company Limited
6.	Director	Mr. Md Mamun Haider	Executive Director	Sinha Power Generation Company Limited
7.	Director	Mr. Animesh Kundu	Managing Director	Quantum Power Systems Limited
8.	Director	Mr. Salman Obaidul Karim	Managing Director	Dutch Bangla Power & Associates Limited
9.	Director	Mr. Ron Haque Sikder	Managing Director	Power Pac Mutiara Keraniganj Power Plant Limited

Thereafter we have amended the article no:16 (II) of the Articles of Association of the Association regarding number of Board members in compliance of the Board meeting held on 04.07.2015 which was constituted by the Extra Ordinary General Meeting (EGM) held on 20.08.2015.

First Board of Directors of 11 (Eleven) members were elected on 28.11.2015 for the term of 02 (two) years for 2015-2017. Then on 30.11.2015 vide Board meeting of 11(Eleven) Directors elected 01(one) President and 03(three) Vice-President. The committee was constituted as follows:

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SL	Name	Designation	Organization
1	Mr. Mohammad Latif Khan	President	Summit Narayanganj Power Limited
2	Mr. K.M. Rezaul Hasanat	Vice-President	Midland Power Company Limited
3	Mr. Feroz Alam	Vice-President	Shahjibazar Power Company Limited
4	Mr. Gulam Rabbani Chowdhury	Vice-President	Baraka Power Limited
5	Mr. Annisul Huq	Director	Desh Energy Limited
6	Mr. K.M. Ahsan Shamim	Director	United Power Generation & Distribution Company Limited
7	Mr. MD. Mamun Haider	Director	Sinha Power Generation Company Limited
8	Mr. Animesh Kundu	Director	Quantum Power Systems Limited.
9	Mr. Salman Obaidul Karim	Director	Dutch Bangla Power & Associates Limited
10	Mr. Lt. Gen.(Retd) Abdul Wadud	Director	Summit Power Limited
11	Mr. Moazzam Hossain	Director	Energyprima Limited

The first elected committee met in an informal meeting on 15th December 2015 at IZUMI Restaurant, Gulshan, Dhaka Presided by Mr. Mohammad Latif Khan as President, BIPPA. Followings are the key points that attract the essence of formal record of minutes of outline thereunder:

1. All Rental Power Plants (RPPs) and Independent Power Plants (IPPs) are of same nature and identity to be established pursuing with the competent part of the government with the help of professional legal service if required.
2. It is indeed high time to amend the fuel mix by decreasing the use of Gas for producing power. The association is also aware of this reality of the sector. But it is with deep concern, observed that, the Government is taking initiatives for importing power from the neighboring country spending the valuable reserve of foreign currencies. Thus, it is therefore to be pursued to ensure that such foreign investments shall be accompanied by local investment at a predetermined ratio.
3. The 5% provision on Profit Before Tax as Workers Profit Participation Fund (WPPF) imposed by Bangladesh Labor Code 2006 is justified to be applicable for the labor intensive businesses. Being highly capital intensive, power sector companies require very few numbers of skilled workforces. Thus such disproportionate burden of provision is unbecoming for this sector. Hence, at the time of determination of tariff rate, such provision was not considered to be addressed. Therefore, necessary discussion to be organized with the competent authority of the government to amend the law.

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4. An amendment of Income Tax Ordinance was amalgamated by Finance Act increasing collection of tax at source the rate of 6% instead of 4% which is not rationale due to non-consideration of such escalation of government levy at the time of enacting the Power Purchase Agreement (PPA). Necessary persuasion to be made with NBR for amending such inappropriate burden.
5. The ultimate maxim of the association is to help the government for effective management of private investment in the power sector to ensure and protect the interest of all related parties.

The members of the Board of Directors present in the 2nd Board Meeting held on 25.01.2016 at the Conference room of Summit Centre unanimously decided to co-opt Mr. Imran Karim, Member, BIPPA as Director of Board of Directors against the vacant post of Director of BIPPA. Then the committee was as follows:

SL	Name	Designation	Organization
1	Mr. Mohammad Latif Khan	President	Summit Narayanganj Power Limited
2	Mr. K.M. Rezaul Hasanat	Vice-President	Midland Power Company Limited
3	Mr. Feroz Alam	Vice-President	Shahjibazar Power Company Limited
4	Mr. Gulam Rabbani Chowdhury	Vice-President	Baraka Power Limited
5	Mr. Annisul Huq	Director	Desh Energy Limited
6	Mr. Imran Karim	Director	ECPV Chittagong Limited
7	Mr. MD. Mamun Haider	Director	Sinha Power Generation Company Limited
8	Mr. Animesh Kundu	Director	Quantum Power Systems Limited.
9	Mr. Salman Obaidul Karim	Director	Dutch Bangla Power & Associates Limited
10	Mr. Lt. Gen.(Retd) Abdul Wadud	Director	Summit Power Limited
11	Mr. Moazzam Hossain	Director	Energyprima Limited

As per decision taken in the 2nd Board Meeting held on 25.01.2016, under the leadership of President we met the following Government dignitaries and officials to discuss some official important points about private sector issues in power sector.

- (i) Honorable State Minister, Ministry of Power, Energy and Mineral Resources.
- (ii) Chairman BERC.
- (iii) Secretary, Power Division.
- (iv) Secretary, Energy and Mineral Resources Division.
- (v) Chairman, Bangladesh Power Development Board.

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It is noted that by this time we have collected a sizeable Fund to donate to the Relief and Disaster Fund of Honourable Prime Minister. We sought the appointment of Honourable Prime Minister. Now we are waiting for the appointment of Honourable Prime Minister to donate the said amount to her Relief and Disaster Fund.

The members of the Board of Directors present in the Board meeting held on 24.10.2016 unanimously decided to select Mr. Imran Karim, Director, BIPPA as Vice-President (Finance).

The committee is constituted as follows:

SL	Name	Designation	Organization
1	Mr. Mohammad Latif Khan	President	Summit Narayanganj Power Limited
2	Mr. K.M. Rezaul Hasanat	Vice-President	Midland Power Company Limited
3	Mr. Imran Karim	Vice-President	ECPV Chittagong Limited
4	Mr. Gulam Rabbani Chowdhury	Vice-President	Baraka Power Limited
5	Mr. Annisul Huq	Director	Desh Energy Limited
6	Mr. Feroz Alam	Director	Shahjibazar Power Company Limited
7	Mr. MD. Mamun Haider	Director	Sinha Power Generation Company Limited
8	Mr. Animesh Kundu	Director	Quantum Power Systems Limited.
9	Mr. Salman Obaidul Karim	Director	Dutch Bangla Power & Associates Limited
10	Mr. Lt. Gen.(Retd) Abdul Wadud	Director	Summit Power Limited
11	Mr. Moazzam Hossain	Director	Energyprima Limited

Achievements of Bangladesh Independent Power Producers' Association:

Honourable members, I want to draw your attention to some of our achievements under the dynamic leadership of Mr. Mohammad Latif Khan, President, BIPPA, as follows:

1. Opening New office of BIPPA:

We have rented a new office space at Navana D.H. Tower, Suite-1602, 16th floor, Plot-6, Panthapath, Dhaka and started our official activities in the new premises on 29.02.2016. This new office was opened by our President Mr. Mohammad Latif Khan on 29.02.2016. The activity of our Association has started in the new office with a Board Meeting.

2. Compulsory Membership of Bangladesh Independent Power Producers' Association:

As per request of Bangladesh Independent Power Producers' Association, Ministry of Commerce issued an ordinance vide a circular dated 25.02.2016 regarding Compulsory Membership of Bangladesh Independent Power Producers' Association(BIPPA). The content of the ordinance is "The Government has decided that as per Section 13(1) of Trade Organization Ordinance-1961 Independent Power Producer Companies that is: Independent Power Producers (IPP), Small Independent Power Producers (SIPP) and Commercial Power Producers (CPP), who are related to the Power Producing business, they all must (compulsory) be the members of Bangladesh Independent Power Producers' Association (BIPPA)."

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- Bangladesh Bank also circulated the Ordinance of Ministry of Finance on 16.03.2016 to the all concerned financial organizations to take necessary action accordingly.
3. Permission to import Heavy Furnace oil (HFO) for BIPPA members.
 4. Omission of rejection clause regarding fuel handling experience to bid in the tenders of ten (100 MW each) HFO based power plants.
 5. The numbers of the members of Bangladesh Independent Power Producers' Association by this time increased to 44(forty four) which is also an achievement of BIPPA.
 6. We have successfully participated installing a stall in the National Power & Energy Fair-2015 at Bangabandhu International Convention Center (BICC).

Future Plan of Bangladesh Independent Power Producers' Association:

1. More private power producers' to be included as the member of BIPPA.
2. Website of BIPPA is under construction.
3. Research and Development cell be created.
4. Panel lawyer to be appointed for the solution of legal matters.
5. Professional accounts person to be appointed to develop the software of Accounts and to do accounts works smoothly.
6. Vision to purchase a permanent office space for BIPPA.
7. Create fund to promote and encourage and finance to the technical development in respect of power sector of Bangladesh.
8. We are going to participate in the coming National Power & Energy Fair-2016. We also decided to install a stall in the said fair which will be held at International Convention Centre Bashundhara(ICCB).

On behalf of the Association I would like to express my thanks and gratitude to Mr. Mohammad Latif Khan for reallocating the pavillion of SUMMIT Power Limited in favour of BIPPA for the above purpose.

Audit Report and Accounts:

The audit Report and Accounts for the year ended 30th June 2016 as audited by auditor M/S G. NABI & CO. is circulated for your kind perusal and approval. It is noted that the total income of BIPPA for the financial year 2015-2016 is TK-5,97,20,128(five crore ninety seven lac twenty thousand one hundred and twenty eight), total expenditure is TK-1,05,63,218 (One crore five lac sixty three thousand two hundred and eighteen), and Cash in Bank is TK-4,91,56,910 (Four crore ninety one lac fifty six thousand nine hundred and ten).

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Budget of Bangladesh Independent Power Producers' Association:

The budget of BIPPA for the calendar year 2017 is also circulated for your kind perusal and approval. The budget of the calendar year 2017 is of total TK-89,49,458 (eighty nine lac forty nine thousand four hundred fifty eight).

Complementary gifts for BIPPA:

At last I want to congratulate with thanks to Mr. Mohammad Latif Khan, President, Mr. K.M. Rezaul Hasanat, Vice-President, Mr. Feroz Alam, Director, Mr. Gulam Rabbani Chowdhury, Vice-President, Mr. Imran Karim, Vice-President, for donating a Photostat Machine, a Refrigerator, a LED Television & a Water Filter, a Desktop Computer, 02(two) Laptops respectively as a complementary gift for new BIPPA office.

Conclusion:

Finally this is to mention that to reach the objects mentioned earlier and to run the organization financial ability is a must. As you know currently the source of revenue of Bangladesh Independent Power Producers' Association (BIPPA) is Annual Subscription Fee of existing members to run the Association. That's why you are cordially requested to pay the Annual Subscription Fee in time. You are also requested with honour and gratitude to adopt the Annual Report and approve the Audit & Accounts and the Annual Budget of BIPPA for the year -2017, I would like to express my sincerest gratitude to all of you for a patient hearing.

Thank you all.

Allah Hafez

Abdul Halim
Secretary General