SCALING UP RENEWABLE ENERGY PROJECT

PRIVATE CAPITAL TO MEET **RENEWABLE ENERGY CAPACITY**

BASIC INFORMATION

APPROVAL DATE:
March 1
2019

END DATE:
January 31
2024

TOTAL COMMITMENT:
185.25 million including $29 million grant from Strategic Climate Fund (SCF)

IMPLEMENTING AGENCIES:
Electricity Generation Company of Bangladesh Infrastructure Development Corporation Limited and Sustainable and Renewable Energy Development Authority

OVERVIEW

Bangladesh is among the leading country to expand solar home systems in countryside. But the country has significant potential to scale up renewable energy for electricity generation. The total installed renewable energy generation capacity is currently 461 Megawatt (MW) and the share in grid supply only 1.5 percent. Resource assessments indicate an additional 3,666 MW of renewable energy capacity. To exploit this potential, the government of Bangladesh has put in place several plans and targets for adding renewable energy capacities

The World Bank is supporting the government of Bangladesh with the **Scaling Up Renewable Energy Project** to add up to 310 Megawatt (MW) in renewable energy generation capacity and mobilize private sector participation to meet the growing demand for electricity in the country. It will also help the country meet its climate change mitigation commitments.

Furthermore, the cost of electricity from utility-scale solar PV is expected to be considerably lower than the diesel and heavy fuel oil -based generation which represent as much as 25% of total electricity generation in Bangladesh. The project will help Bangladesh meet its growing demand for electricity in a sustainable and cost-effective manner.

CHALLENGE

Despite the government commitment, progress on increasing the share of renewable energy has been slow. There are number of reasons for this, including:

(i) Need for project implementation experience and strengthening institutional capacity: Till date, Bangladesh has only two small-to medium size solar projects and the rooftop PV market is nascent.

(ii) Financing Market Challenges: There is a lack of deep domestic financing market to provide long- term financing to projects, lack of due diligence capacity and lack of a functioning syndication market.

(iii) Land constraint: Utility scale solar or wind require large amount of land. Being a densely populated country, land is the major challenge for developing utility-scale RE.

(iv) Project Development Challenges: These barriers include insufficient data on resource availability, lack of technical studies, and inadequate preparation and due diligence of projects.

APPROACH

The project will build a 50 MW solar panel energy park in the Feni district, which will be the first large-scale grid-tied solar PV project in Bangladesh and implemented by the Electricity Generation Company of Bangladesh (EGCB). The project will support the Infrastructure Development Company Limited (IDCOL) to develop a Renewable Energy Financing Facility and provide resources to the Sustainable and Renewable Energy Development Authority (SREDA) to support a pipeline of renewable energy projects.

The project engage both the public and private sectors and includes a combination of measures to address the barriers. The Project will increase installed capacity of renewables through piloting and gradually scaling up investments in key market segments. The project will also help mobilize up to $120 million from the private sector and commercial banks and another $92 million from other sources of financing. The Renewable Energy Financing Facility will provide credit to developers of both rooftop solar PV and large-scale, land mounted solar PV.

The design of the Project considers the government strategy to develop a pilot through a public power generation utility in parallel to development of competitive tenders on public land for private sector IPPs.

TOWARDS THE FUTURE

The project is currently entering its implementation phase. The tender for the EGCB 50MW project is under preparation, IDCOL has identified a pipeline of rooftop PV sub-projects that could benefit from the project financing, and SREDA is preparing a number of capacity building activities to key stakeholders.

EXPECTED RESULTS

310 MW generation capacity of renewable energy constructed

$120 million private capital mobilized

377,000 tons per annum of carbon dioxide emissions reduced