BUSINESS MODELS AND ENABLING BUSINESS ENVIRONMENT:

BANGLADESH EXPERIENCE

Wednesday, June 26, 2019

IDCOL
TOGETHER FOR TOMORROW

AN OVERVIEW OF IDCOL

- A development financial institution owned by Bangladesh government
- Started operation in 1997
- Works to support the **private sector**
- Operates in **infrastructure, energy efficiency** and **renewable energy** sectors
- Largest financier of infrastructure and RE projects in Bangladesh
- Funded by development partners like the World Bank, ADB, JICA, IDB, KfW, GIZ, USAID, DFID, GEF
- Invested approx. **USD 1,000 million** in renewables

Infrastructure

Power

Telecommunications

Port

Renewable Energy

Solar Home System

Solar Mini-grid

Solar irrigation Pump

IDCOL
TOGETHER FOR TOMORROW

SOLAR MINI-GRIDS IN BANGLADESH

— Refers to 100kWp to 250kWp solar PV projects with diesel gen-set backup —

Implemented by

Private Company/ NGO

Financed by

IDCOL

Progress

23 in operation
3 under construction

Project Life

20 years

Tariff

USC 38/kWh

BUSINESS MODEL

MINI-GRID TYPE PRIVATELY OWNED

TECHNOLOGY SOLAR

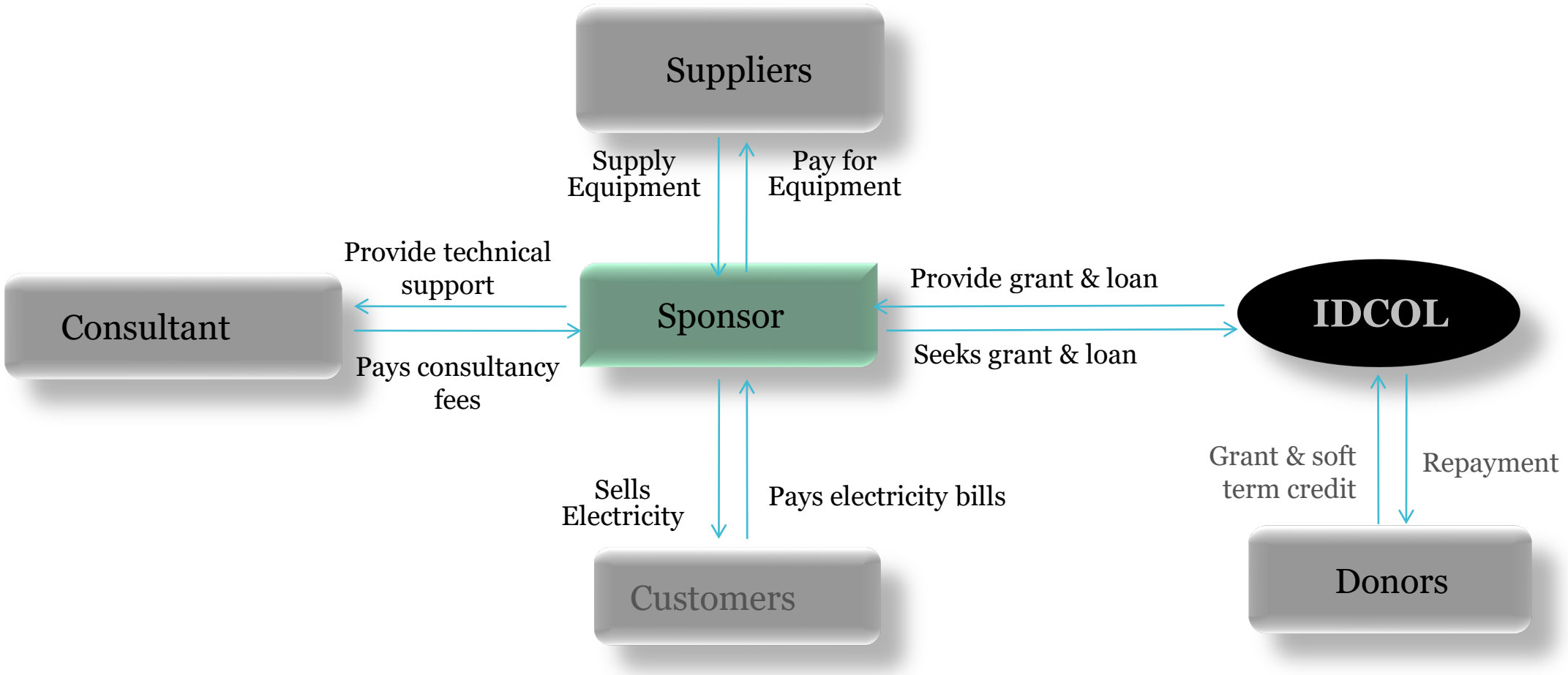
CUSTOMER RURAL COMMUNITY

PAYMENT METHOD PREPAID METERS

TARIFF STRUCTURE ENERGY TARIFF

SERVICES TIER 5 ELECTRICITY

ROLE OF PARTNERS



REQUIRED PERMITS/LICENSES/APPROVALS

License (BERC)

- Waived for plants with capacity of <5 MWp
- Notification requirement for plants with lesser capacity

Location Clearance (Power Division)

- NOC from power division
  -1 month-

Project Approval (IDCOL)

- Approval from IDCOL
  -4 months-

Environmental Clearance (DoE)

- Site clearance
  -1 month-
- Environmental Clearance
  -6 months-

GOVERNMENT SUPPORTS EXTENDED TO DEVELOPERS

Financial
Funding arrangement from donor partners
In case of grid arrival at mini-grid areas, electricity sales to utility ensuring 15% equity return
For foreign investors: - Tax exemption on technical assistance fees - Interest of foreign loans - VAT exemption on import of RE equipment

Plant Installation & Operation
Supports for mediation of socio-political issues at sites
Identification of off-grid locations for mini-grid installation and issuance of NOC for location

IDCOL SUPPORTS EXTENDED TO DEVELOPERS

Development

- Survey verification
- Design verification
- Demand verification

Implementation

- Disbursement planning based on implementation plan
- Progress review and feedback

Operation

- Technical health monitoring
- Customer & operator training
- Support in identification of potential customers
- Support in mediating unresolved issues with equipment suppliers

THANK YOU

ACCESS TO ELECTRICITY

	Criteria for Tier 5	Compliance
Peak Capacity	Min 2 kW/ Min 8.2 kWh	✓
Availability	Min 23 hrs-Day/ Min 4 hrs-night	✓
Reliability	Max 3 disruptions per week of <2 hrs	✓
Quality	No undesired voltage problem	✓
Affordability	Cost of standard electricity consumption package less than 5% of annual household income	✓
Legality	Bill is paid to authorized representative	✓
Health & Safety	Absence of past accidents and perception of high risk in future	✓