POLICY BRIEF

Strengthening Energy Security through Regional Power Trade

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ABSTRACT

This brief examines how cross-border electricity trade with Nepal, Bhutan and India can lower Bangladesh's power costs, reduce dependence on imported fuel and support the shift to cleaner energy.

KEYWORDS

energy security, power trade, BBIN, renewable energy, grid connectivity

FULL TEXT

Bangladesh relies heavily on imported gas, coal and oil to generate electricity, which exposes the economy to price shocks and foreign exchange pressure. Recent load-shedding has shown how quickly fuel shortages turn into lost output.

The Himalayan region has large untapped hydropower potential, and seasonal demand in Bangladesh complements supply in Nepal and Bhutan. Trading power across borders can therefore lower average costs and improve reliability for all partners.

Progress depends on transmission capacity, transit arrangements through India, fair tariff-setting and clear rules for dispute resolution. The first trilateral power deal shows that these obstacles can be overcome step by step.

We recommend long-term power purchase agreements, joint investment in transmission corridors, a regional market operator over time, and a domestic plan that pairs imports with faster growth in solar and wind.

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