

Foreword

This highly informative and excellent analytical [report](#) was written to prove beyond doubt the high cost and high risks involved in the proposed “Rampal Thermal Coal Based Electricity Plant” (RTCEP), a yet to be started joint project of the two governments of Bangladesh and India respectively, situated only 14 km away from the “Beautiful forest” (the Sundarbans) of Bangladesh, which is also a unique world heritage spot. Since the Sundarbans is a unique large mangrove forest covering both parts of India and Bangladesh, and the project is sponsored by both the governments of India and Bangladesh and its execution responsibility also lies upon two multinational companies from both the countries, it is only natural to publish this important report simultaneously in both Bangladesh and India.

It has by now become urgent to inform the citizens of both the countries about the overwhelmingly negative character of this project so that a timely alarm is set for all of them and also for any sensible man in the policy making bodies of both the states, so that they can respond urgently to cancel the project before its sunk cost becomes too high.

The above mentioned project in its original design promises to use “the outdated supercritical technology” and wrongly assumes that this technology can mitigate the negative environmental effects of the project upon the Sundarbans sufficiently! It also completely ignores or overlooks the 32% rise of the electricity price for the consumers of the electricity produced from this project despite the over U.S. \$3 billion subsidy granted to it by the government of Bangladesh. Thus the real rise of cost will be at least almost 62 percent higher as compared to the present average electricity production cost in Bangladesh.

This report not only calculates hard monetary costs and benefits of this joint venture project, but also presents a comprehensive list of future risks involved and a list of all possible external diseconomies originating from the project activities at present and in future. It also tries to answer several “What if” type questions and seriously challenges the presumptions of the project such as—very high Plant Load Factor of 80 percent, very low elevation of the plant site which makes it susceptible to submergence, very high risk due to volatility of import price of coal, exposure to several other management risks, accident risks and the risk of importing bad quality coal from India.

It draws our attention to the implicit foreign policy motives of the Indian partner of this project and warns Bangladeshi side beforehand. It also proves that the project is not going to serve the interest of the Indian people at large in any way, although it may serve the multinational company’s interests very well.

The [report](#) not only stops at a negative critique of coal based electricity generation, it also shows a feasible and desirable path of generating electricity with renewable resources in Bangladesh. It also establishes the fact how this can be really cheaper than the coal based electricity production in the long run.

Finally I must render my sincere thanks to Mr. Jai Sharda and Mr. Tim Buckley, the two renowned equity specialists of the Institute for Energy Economics and Financial Analysis ([IEEFA](#)), for their selfless excellent professional job which has been amply reflected in this brief report. I am sure that the report will help all the concerned people from both Bangladesh and India to know the truth about RTCEP.

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