ISAS Brief
No. 1419 – 11 September 2026

# Bangladesh's Power Crisis: Energy Vulnerability and Political Consequences

Imran Ahmed and Sheikh Muzzammil Hussen

## Summary

*Bangladesh's current electricity crisis was triggered by a series of infrastructure and external shocks, but its severity exposed deeper weaknesses in the country's energy system. The burden has fallen heavily on rural Bangladesh and has given the opposition a powerful new grievance against the government. The crisis is therefore an early test of Prime Minister Tarique Rahman's ability to move from managing a political transition to governing effectively.*

Bangladesh is experiencing its most serious electricity crisis since Tarique Rahman's government took office in February 2026. Gas supplies fell to their lowest level in 16 years during July and August 2026, while daily load shedding exceeded 3,500 megawatts at the height of the shortage. The immediate causes were a combination of infrastructure failures and external shocks. However, these events alone do not explain the severity of the crisis. They exposed longstanding weaknesses in Bangladesh's energy system at a particularly difficult moment for a government still establishing its authority after the political transition.

Bangladesh has more than 23,000 megawatts of installed electricity generation capacity but much of this capacity depends on a reliable supply of gas. The national grid requires around 3,800 million cubic feet of gas each day. Supply fell to barely half this level during the recent crisis. Bangladesh, therefore, does not primarily lack power stations. It lacks sufficient fuel to operate them.

A series of disruptions brought this vulnerability into sharp relief. Bangladesh receives all its imported liquefied natural gas through two floating terminals off Moheshkhali. A fire damaged Excelerate Energy's terminal on 21 July 2026 and removed around 450 million cubic feet of gas a day from the grid. Repairs required imported components and only partially restored supply by early August 2026. Rough seas then forced the country's other floating terminal offline for four days in mid-August 2026. With only two facilities handling the country's liquefied natural gas (LNG) imports, the loss of either terminal will leave little room for the system to absorb disruption.

International developments have made the problem considerably worse. Domestic gas production has declined from around 270 crore cubic feet a day in 2018 to less than 170 crore cubic feet today. Bangladesh has consequently become increasingly dependent on imported LNG. This dependence became particularly costly when the war between the United States, Israel and Iran disrupted shipping through the Strait of Hormuz. QatarEnergy, which supplied close to 60 per cent of Bangladesh's LNG, declared force majeure after strikes on its export facilities. Spot LNG prices subsequently rose sharply while one Bangladeshi tender did not receive any bids.

The consequences have extended well beyond the electricity sector. Around 900 textile mills suspended operations in August 2026 while industry groups in Narsingdi estimated daily losses of ৳400 to 500 crore (S$41.2 to S$51.5 million). The energy shock is also projected to add US$4.8 billion (S$6.1 billion) to Bangladesh's annual import bill. These pressures come at a challenging time for a government that must demonstrate that political change can also produce improvements in everyday economic governance.

The burden has also been unevenly distributed. Electricity supplies in Dhaka remained comparatively stable while rural Bangladesh absorbed most of the load shedding. Around 80 rural electricity cooperatives, which serve close to 40 million customers, carried nearly 3,000 megawatts of the nationwide shortfall at the height of the crisis. Public frustration has already produced attacks and demonstrations around Palli Bidyut offices in several districts. The cooperatives' national association subsequently requested police protection for its employees and substations.

This uneven impact has helped turn an energy shortage into a political issue. On 5 September 2026, the Jamaat-e-Islami-led 11-party alliance began a long march from Dhaka to Chattogram. Its six-point charter places the electricity, gas, fuel and fertiliser crises alongside demands concerning the implementation of the February 2026 referendum and accountability for the July 2024 violence. Jamaat-e-Islami Ameer Shafiqur Rahman presented the mobilisation as a response to popular grievances while other alliance leaders accused the government of failing to control prices, restore law and order and curb corruption.

The government has responded by emphasising the external origins of the crisis. The Bangladesh Nationalist Party Acting Secretary-General Ruhul Kabir Rizvi challenged the opposition to explain how it would secure additional gas and electricity and argued that such proposals should be raised in parliament rather than through street protests. He also maintained that the shortage was not the result of government action and pointed instead to the Iran war and disruption in the Strait of Hormuz. Other government figures have accused the opposition of using the crisis to create instability.

The dispute points to a broader change in Bangladesh's post-uprising politics. Much of the political contest since 2024 has centred on the legacy of the July 2024 uprising, institutional reform, constitutional change and accountability for the previous government. Those questions remain important. However, the electricity crisis shows how quickly political competition can shift towards more immediate questions of government performance. For households experiencing prolonged load shedding, businesses unable to operate and rural communities carrying a disproportionate share of the shortage, the distinction between an inherited structural problem and a failure of the current government may matter less with each passing month.

The crisis is, therefore, an early test of the Tarique Rahman government's ability to move from managing a political transition to governing effectively. The opposition has recognised the opportunity and is seeking to connect everyday economic grievances with its wider challenge to the government. Whether that strategy succeeds will depend partly on how quickly electricity and gas supplies improve. However, the larger political lesson may endure beyond the present shortage. Bangladesh's post-uprising political order will increasingly be judged not only by how it reforms the state but also by whether it can make that state work.

. . . . .

Dr Imran Ahmed is a Research Fellow at the Institute of South Asian Studies (ISAS), an autonomous research institute at the National University of Singapore (NUS). He can be contacted at iahmed@nus.edu.sg. Mr Sheikh Muzzammil Hussen is a Research Intern in the same institute. He can be contacted at isav47@partner.nus.edu.sg. The authors bear full responsibility for the facts cited and opinions expressed in this paper.