



Powering Bangladesh

Solar: A Renewable Future

Market outlook, policy incentives and investment opportunities in the renewable energy sector

Sector Insight | October 2026

Rahman Rahman Huq
Chartered Accountants



This publication forms part of our thought leadership sharing our industry insights cultivated from our market knowledge, research and experience in the sector.

Being trusted business advisor, our insights are intended to form an overview of the Bangladesh regulatory and tax environment while also highlighting the market opportunities and government initiatives to encourage investment.

Rahman Rahman Huq (RRH) has served various clients in the Power and Energy sector, guiding foreign and local investors alike, from tax planning, business setup, operational compliance to exit support. RRH has acted as trusted tax and regulatory advisors to many companies in this sector over six decades. Our experience tax and business consultants are eager to support growth in the industry and look forward to supporting the country in its future ready energy sector.



Bangladesh market at its turning point

Bangladesh is moving renewable energy from the margins of its power system to the centre of its energy security agenda. Renewable capacity reached 1,819 MW by July 2026, about 5% of installed generation capacity.^{1,2}

2026 has also delivered the most investor-friendly package the sector has seen: 9- year income tax exemptions on solar generation till 2035,³ exemptions on key imported equipment,^{4,5} a guaranteed buyback price for rooftop surplus power⁶ and a BDT 15 billion concessional finance window.⁷

The opportunity is still largely unbuilt. Renewables produced only about 2.3% of the country's electricity in FY2024-25,⁸ against a national target of 20% by 2030.⁹ The 2026-2030 strategy answers with 10,450 MW of new capacity: 5,500 MW on rooftops, 4,500 MW of ground-mounted solar, where economic zone land can help, and the rest from wind and other sources.¹



Bangladesh has enormous potential for foreign investment in renewable energy.

Chowdhury Ashik Mahmud Bin Harun
Chairman, Invest Bangladesh

The sector at a glance

1,819 MW

Renewable generation capacity, July 2026 (SREDA)¹

20%

Renewable electricity target by 2030, rising to 30% by 2040⁹

0%

Income tax on solar generation income until June 2035³

1%

Maximum levy on key solar imports⁵

BDT 10.50

Guaranteed price per unit for surplus power from battery-backed rooftops⁶

BDT 15bn

Concessional fund for renewables, with lending capped at 6%⁷

Why now

- Policy certainty**
Tax and duty relief locked in to 2031-2035, backed by a 2026-2030 national strategy.^{3,4}
- Cost pressure**
62.5% of primary energy is imported, so every solar unit cuts fuel bills.⁸
- Green demand**
Export manufacturers face buyer pressure to source renewable power.¹⁰

Global outlook and technology

Renewables are scaling at record pace

Renewables have become the default choice for new power capacity. In 2025 the world added a record 692 GW of renewable capacity, 15.5% more than the year before, taking the global total to 5,149 GW, close to half of all installed power capacity. Solar alone contributed 511 GW, about three quarters of the additions.¹¹

Generation has followed. Renewables supplied 33.8% of global electricity in 2025, overtaking coal for the first time in a century, while solar met three quarters of the growth in electricity demand.¹² Capital is moving the same way: clean energy is expected to attract US\$2.2 trillion of investment in 2026, almost twice the US\$1.2 trillion going to fossil fuels.¹³

Asia sits at the center of this shift, adding 513 GW in 2025, or 74% of the global total. Next door, India installed a record 38 GW of solar in the same year and cut coal’s share of its power generation from 75% to 71%.¹²



692 GW

Renewables added worldwide in 2025¹¹

33.8%

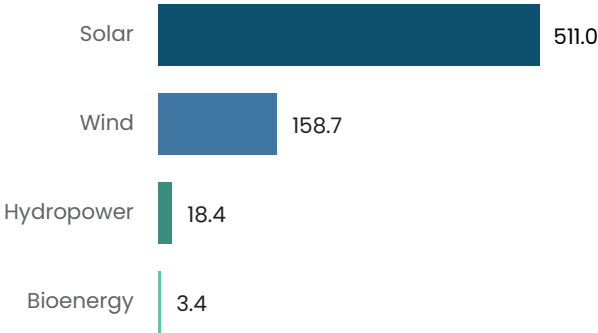
Renewable share of global power, 2025¹²

US\$2.2tn

Clean energy investment, 2026¹³

Category	Countries
Global leaders	China, India
Advanced regional leaders	Vietnam, Thailand, Japan, Singapore
Strong emerging markets	Malaysia, Philippines, Indonesia
Rooftop solar champions	Pakistan, Singapore, Sri Lanka
Hydro-based renewable leaders	Bhutan, Nepal
Early-stage markets	Bangladesh, Myanmar

2025 additions by technology (GW)¹¹



Technologies reshaping the market

Cheaper storage

Stationary battery packs averaged US\$70/kWh in 2025, 45% cheaper in a single year, making solar-plus-storage viable for evening peaks.¹⁴

New battery chemistries

Lithium iron phosphate now dominates storage, and sodium-ion is emerging as a lower-cost, cobalt-free alternative.

High-efficiency modules

TOPCon, heterojunction and bifacial panels lift output per square meter, which matters in a land-scarce country.

Floating solar and agrivoltaics

Panels on water bodies and above farmland let generation share land with fisheries and crops.

Bangladesh outlook

Shifting from a fossil-heavy grid towards clean energy

Bangladesh has built a large, fully electrified power system,¹⁵ but it still runs almost entirely on gas, coal, oil and imported electricity. Solar, hydro and wind produced only about 2.3% of electricity in FY2024-25,⁸ while peak demand is expected to reach approximately 25 GW by 2030.¹

29.1 GW

Grid capacity, August 2026; 32.6 GW with captive and off-grid²

17,200 MW

Record generation, 20 May 2026¹⁶

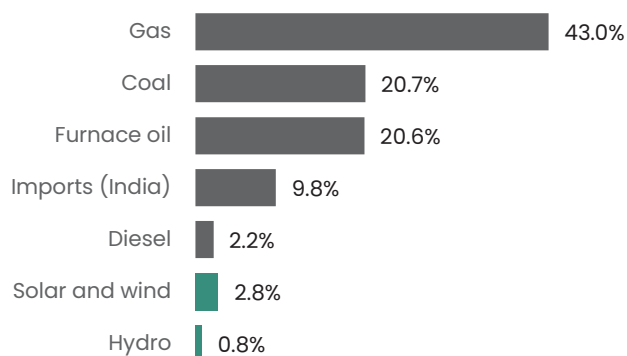
62.5%

Primary energy imported, FY2024-25⁸

2.3%

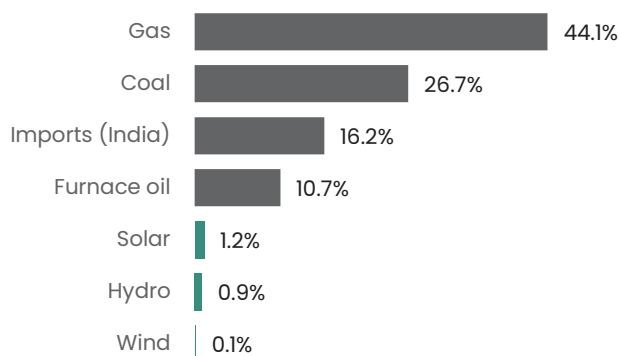
Renewable share of electricity, FY2024-25⁸

Installed capacity by fuel (%)¹⁵



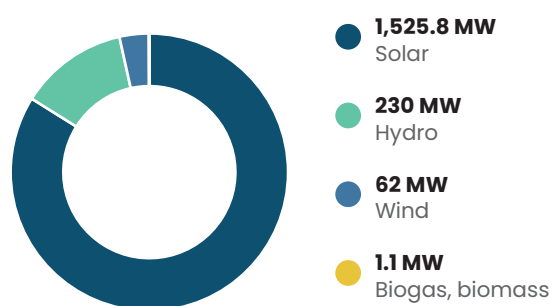
Grid capacity of 27,414 MW at 30 June 2025

Electricity generated by fuel (%)¹⁵



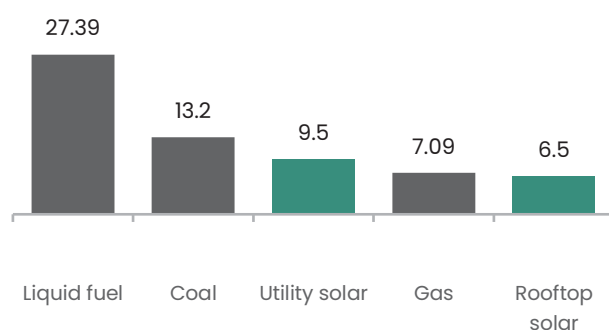
Net generation of 101,187 GWh, July 2024 to June 2025

Renewable capacity, July 2026 (MW)¹



SREDA total 1,818.86 MW: 1,440 MW on-grid, 379 MW off-grid

Cost per unit of electricity (BDT/kWh)^{17,18,19}



Fossil fuels: BPDB generation cost, FY2024-25. Utility solar: average tariff of approved projects. Rooftop: midpoint of the Tk6-7 estimate.

Untapped potential

10,590 MW

Rooftop potential across greater Dhaka²⁰

1,768 MWp

Rooftop potential on 3,320 garment factories¹⁰

5,980 acres

Free land in the National Special Economic Zone²¹

5 kWh/m²

Average daily solar irradiation²²

Government commitments and initiatives

A clear policy direction from the top

Renewables now sit at the heart of energy reform. Since 2025 the framework has been rebuilt around clear targets, private capital and distributed generation, and economic zones are being opened to solar as a new source of land and demand.

- **2025** **Renewable Energy Policy 2025**
Targets 20% renewables by 2030 and 30% by 2040; backs storage, local manufacturing and power trading.⁹
- **Jul 2025** **National Rooftop Solar Programme**
Up to 3,000 MW of solar on government offices, schools, colleges, madrasas and hospitals.²³
- **Nov 2025** **Merchant Power Policy**
Developers can sell renewable power directly to large consumers, including economic zones.²⁴
- **Jun 2026** **FY2026–27 Budget**
Zero income tax on solar generation to 2035 and duty relief on solar and storage equipment.²⁵
- **Jul 2026** **Strategy 2026–2030**
10,450 MW of new renewables: 5,500 MW rooftop, 4,500 MW ground-mounted solar, 450–550 MW other.¹
- **Aug 2026** **Invest Bangladesh launched**
BIDA, BEZA and the PPP Authority merge into one agency for investors, zones and PPPs.²⁶
- **Sep 2026** **Rooftop buyback and BDT 15 bn fund**
BDT 10.50 per unit for surplus battery-backed rooftop power to February 2030; loans at up to 6%.^{6,7}
BPDB signed a BDT 167.55 crore contract for a 10 MWp solar power plant together with 16 MWh Battery Energy Storage System (BESS) in Bhashan Char, Noakhali.²⁷
- **Oct 2026** **Rooftop Solar – inaugurated at Govt. institutions**
Rooftop solar systems totaling 960.8 kW inaugurated at government institutions.²⁸



If we can properly implement the solar power generation plan that the present government is going to undertake, I firmly believe that we will become not only consumers but also producers of solar electricity.

Tarique Rahman
Prime Minister of Bangladesh



We have to move towards battery-based solar power. Battery storage will be crucial for making solar energy more effective and reliable.

Iqbal Hassan Mahmood
Minister for Power, Energy and Mineral Resources

Economic zones: the next solar frontier

- 130–140 MW solar plus storage pilot on 412 acres of the National Special Economic Zone, Sonagazi (BEZA–BPDB MoU, May 2026)²⁹
- 5,980 acres of free space in the zone; IEEFA estimates 1,000 acres could host about 350 MW²¹
- Unused zone land is being listed for private solar under the 2026 PPP guideline for government land³⁰

Leading by example

1 MW rooftop system at the Jatiya Sangsad Bhaban (Parliament)³¹

150 kWp on Biniyog Bhaban, home of Invest Bangladesh, funded and run by DESCO³²

Net metering at the Prime Minister's residence, exporting surplus solar to the grid³³

Tax and regulatory incentives

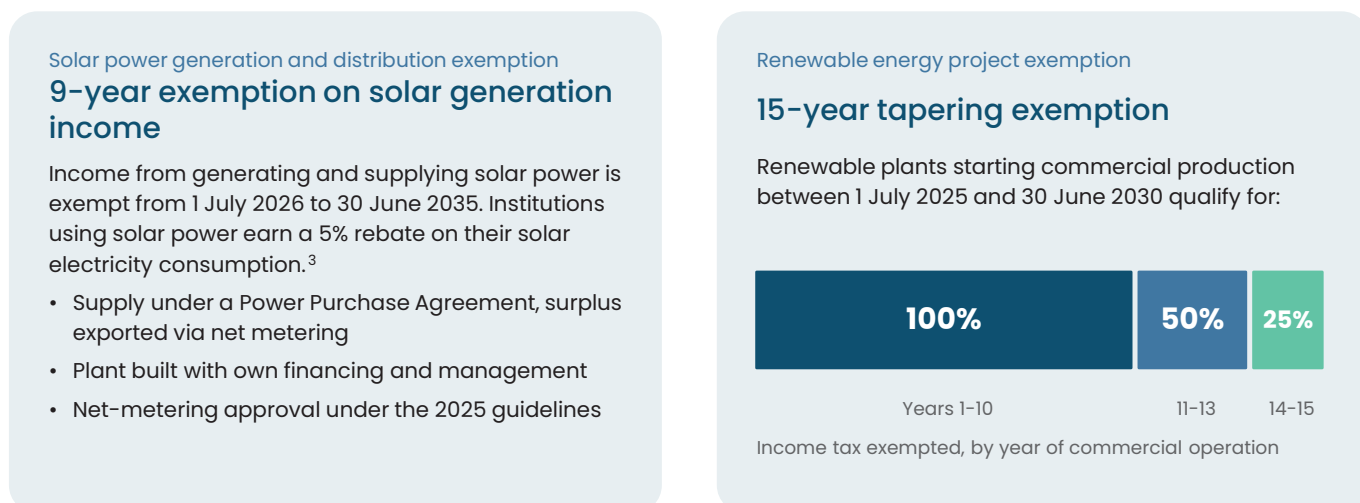
An incentive package built for investors

Renewable-energy investors can access support through three key areas: concessional financing, direct tax relief and indirect relief. Eligibility depends on the project, investor and financing structure.

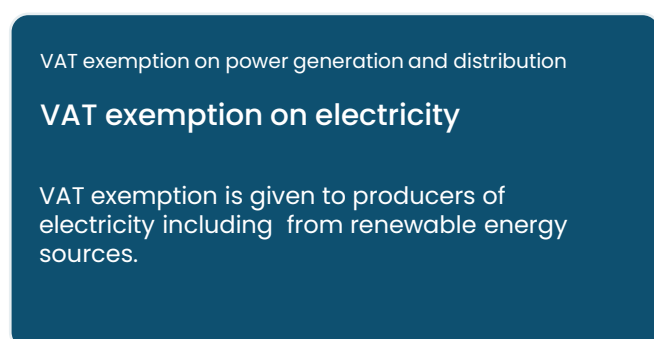
Concessional financing



Corporate income tax relief for renewable sector



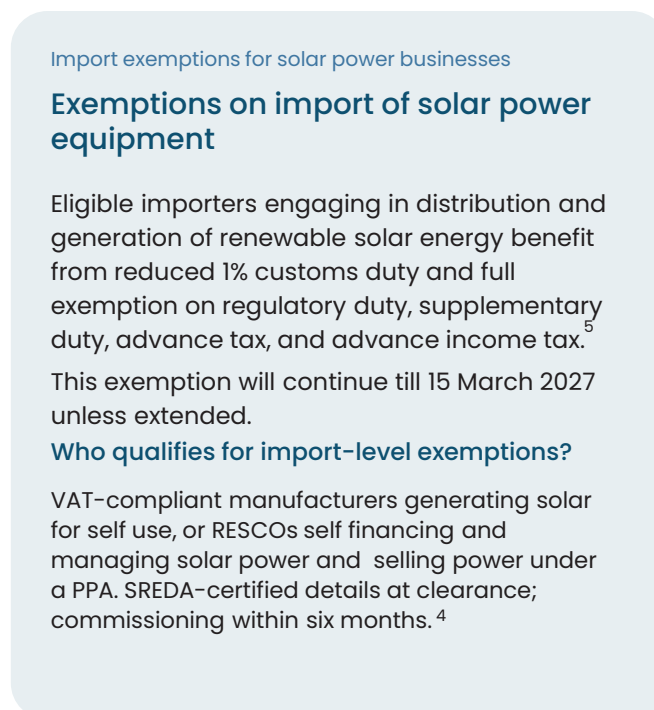
VAT exemption on power supply



To promote the solar power sector, the most important and safest source of renewable and sustainable energy, I propose issuing a new notification setting the applicable import duty, regulatory duty, supplementary duty and advance tax on the import of key equipment used in this sector at zero per cent.

Amir Khosru Mahmud Chowdhury
Finance Minister, budget speech
11 June 2026

Customs duties levied on import



Special incentives for economic zones

Tax incentives for clean energy

Stacking incentives inside economic zones

Investor's tax holidays

Tapered tax exemptions for 10 years in commencement with 30 June 2035. ³⁴

Exempt income

Dividends, capital gains on share transfers, and royalty and technical fees exempt for 10 years; 50% of expatriate salaries exempt for 3 years. ³⁴



Setting up a renewable energy business

Steps for making a company operational



Success stories

Investors already proving the case

From the world's largest off-grid solar programme to utility parks and factory rooftops, early movers have shown that renewable projects in Bangladesh can be built, financed and run at scale.

4.1 m+

systems financed

IDCOL Solar Home Systems

Since 2003, IDCOL and partners financed over 4 million solar home systems, serving 18 million people and mobilising US\$696 million.³⁵ More than 6 million systems were installed nationally,²² one of the world's largest off-grid solar programmes.

200 MW

installed capacity

Teesta Solar

Bangladesh's largest operational solar plant, supplying power to the grid under a long-term PPA., built for about US\$300 million and online since January 2023 on a 20-year tariff of US\$0.15/kWh.³⁶

22 x 3 MW

turbines

Cox's Bazar Wind, 60 MW

The country's first utility-scale wind farm, commissioned in March 2024 under an 18-year PPA at 12 US cents/kWh.³⁷



75 MW

Akij Bashir Group

Rooftop solar across group facilities with 28 MW more under construction; Janata Jute Mills now meets its full demand from solar.³⁸

35 MW

PRAN-RFL

Rooftop solar at 20 facilities, plans to exceed 100 MW, and an MoU with IFC and H&M to supply renewable power to garment makers.³⁹

40 MW

Youngone Group

USD 40m rooftop solar programme at KEPZ,⁴⁰ designed to meet industrial demand and export surplus power to the grid.

Latest momentum

442 MWp

Rampal solar+ storage

ECNEC-approved utility-scale solar project in Bagerhat, with eight-hour battery storage to be incorporated; implementation by BPDB by 2029.⁴⁸

10 MWp + 16 MWh

Bhashan Char solar + storage

BPDB - contracted off - grid solar and battery-storage project in Noakhali, backed by World Bank financing.²⁷

960.8 kW

Feni public rooftops

Rooftop solar commissioned across government institutions in three upazilas,²⁸ with surplus generation able to feed the grid.

The next wave

UP TO 4,000 MW

Rooftop solar targeted within one year⁴¹

National rooftop programme

Government plans to scale rooftop deployment across public, commercial and industrial sites, opening a substantially larger market for private investment.

Key players

The players building the market

Landmark utility-scale projects

Project	Sponsor	Capacity	Online
Teesta Solar, Gaibandha ³⁶	Beximco Power, TBEA	200 MW	2023
Mongla Solar, Bagerhat ⁴²	Energion Renewables	100 MW	2021
Sonagazi Solar, Feni ⁴³	EGCB	75 MW	2024
Sirajganj Solar Park ⁴⁴	BCRECL (NWPGL, CMC)	68 MW	2024
Cox's Bazar Wind ³⁷	US-DK Green Energy	60 MW	2024

BPDB has signed power purchase agreements with 12 solar IPPs totalling 918 MW at an average 7.80 US cents/kWh,⁴⁵ with further tenders open in 2026.

The ecosystem

Policy and regulation

Power Division, SREDA, BERC

Offtake and grid

BPDB, PGCB, DESCO, DPDC, BREB, NESCO, WZPDCL

Public generators

EGCB, NWPGL, RPCL

Finance

IDCOL, BIFL, PKSF, World Bank, ADB, AIIB, JICA, IsDB, EIB

How rooftop solar is structured

Industrial rooftops are the fastest-growing segment. Official rooftop capacity reached 418 MW in June 2026.¹⁸ Rooftop power costs about BDT 6–7 per unit to generate,¹⁹ against an average grid tariff of BDT 10.40.⁶

CAPEX

The building owner buys the system and keeps all savings.

OPEX / RESCO

A developer finances, owns and runs the system and sells power to the host under a long-term PPA.

Net metering

Surplus power is exported to the grid; battery-backed systems earn Tk10.50 per unit.⁶

Corporate PPA

Under the Merchant Power Policy, developers sell directly to industrial buyers.²⁴

Leading RESCO, EPC and equipment players

Solaric

Developer of a 52 MWp single-site rooftop project ⁴⁶

Rahimafrooz Renewable Energy

Pioneer in solar systems and storage

Grameen Shakti

Off-grid solar pioneer and rooftop installer

SOLshare

Peer-to-peer solar trading platform

Omera Solar

130–140 MW at about 100 industrial sites ³⁸

Walton

32 MW of rooftop solar across its own plants ³⁸

Joules Power

20 MW ADB-financed solar plant, Mymensingh ⁴⁷

PRAN-RFL

35 MW rooftop, partnering IFC and H&M ^{38,39}

Sources

- 1 National Renewable Energy Roadmap 2026 (Draft), with National Database of Renewable Energy data as of 22 July 2026, SREDA, 6 August 2026
- 2 Key Statistics, Bangladesh Power Development Board, as of 31 August 2026
- 3 SRO 211-AIN/Income Tax-2/2026, National Board of Revenue, June 2026
- 4 SRO 159-AIN/2026/14/Customs, National Board of Revenue, 8 June 2026
- 5 SRO 338 (customs exemption for solar equipment), National Board of Revenue, 16 September 2026
- 6 Notification on incentives for surplus rooftop solar power under the Net Metering Guidelines 2025, Power Division, 1 September 2026
- 7 Circular on the BDT 15 billion concessional fund for renewable energy financing, Finance Division, 14 September 2026
- 8 "With renewable power generation still at 2.3%, Bangladesh's fossil fuel imports rise by 14.8% in four years", IEEFA, 6 May 2026
- 9 Renewable Energy Policy 2025, Power Division, Ministry of Power, Energy and Mineral Resources, 2025
- 10 Industrial Rooftop Solar in RMG Sector, Centre for Policy Dialogue, August 2026
- 11 Renewable Capacity Statistics 2026, IRENA, March 2026
- 12 Global Electricity Review 2026, Ember, April 2026
- 13 World Energy Investment 2026, IEA, June 2026
- 14 "Lithium-ion battery pack prices fall to \$108 per kilowatt-hour", BloombergNEF, 9 December 2025
- 15 Energy Scenario of Bangladesh 2024-25, Hydrocarbon Unit, Energy and Mineral Resources Division, (BPDB Annual Report 2024-25 data)
- 16 "Power generation hits record 17,200MW amid 400MW load-shedding", The Daily Star, 20 May 2026 (PGCB data)
- 17 "Coal overtakes gas in power generation", The Daily Star, 2026 (BPDB generation cost data)
- 18 "Bangladesh's distributed energy resource sector taking shape, driven by industrial rooftop solar", IEEFA, 4 August 2026
- 19 "Rooftop solar investors may earn up to 45% returns under new govt incentive", The Business Standard, 2026
- 20 "Rooftop solar could be answer to Bangladesh's power crisis", Prothom Alo, 2026
- 21 "Getting Bangladesh's renewable energy transition on track", IEEFA, 3 February 2026
- 22 Renewable energy sector profile, Invest Bangladesh (investbangladesh.gov.bd), accessed October 2026
- 23 National Rooftop Solar Programme circular, Power Division, 7 July 2025
- 24 Policy for Enhancement of Private Participation in Renewable Energy-based Power Generation 2025, Power Division (published by SREDA)
- 25 Budget Speech FY2026-27, Finance Division, Ministry of Finance, 11 June 2026
- 26 Invest Bangladesh Act 2026, Bangladesh Gazette, in force 20 August 2026
- 27 "Sino-BD JV, BPDB to build 10MW solar plant at Bhasanchar", Dhaka Tribune, 2026
- 28 "PM Tarique calls for installing solar systems at homes, offices", UNB, October 2026
- 29 "BEZA to pilot 140MW solar project in Sonagazi under PPP model", BSS, 14 May 2026
- 30 "Govt eyes renewable energy projects on unused ministry lands", The Business Standard, May 2026
- 31 "Rooftop solar at Parliament building", Energy Bangla, 2026
- 32 "Rooftop revolution aligns with Bangladesh's 35,000 MW energy vision", BSS, 21 June 2026
- 33 "PM's residence goes fully solar next week", The Financial Express, 2026
- 34 Incentive package for economic zones (SROs 227/2015, 298/2015, 299/2015 and 104/2020), Bangladesh Economic Zones Authority
- 35 Solar Home System Program, Infrastructure Development Company Limited (IDCOL)
- 36 "BEXIMCO to set up 200MW solar power plant in Bangladesh", Beximco
- 37 Cox's Bazar wind power plant coverage, BSS, 20 March 2024
- 38 "From electronics to garments and glass, how industries are turning factory roofs into power plants", The Business Standard, 2026
- 39 "H&M, PRAN and IFC sign MoU to advance renewable electricity agenda in Bangladesh RMG industry", The Business Standard, 2025
- 40 "Largest rooftop solar plant starts producing electricity", The Daily Star, June 2021
- 41 "ADB to funnel funds into govt's ambitious solar power recipe", The Financial Express, 2 October 2026
- 42 "Bangladesh's largest solar plant due online next month", pv magazine, 23 November 2021
- 43 "Powering Bangladesh's Future with Renewable Energy", World Bank, 22 July 2026
- 44 Sirajganj 68 MW Solar Park, Bangladesh-China Renewable Energy Company Ltd (BCRECL)
- 45 "5-MW of rooftop solar power to be added national grid by Sept", BSS, 15 July 2026
- 46 "Rooftop solar offers a lifeline for Bangladesh RMG sector", Textile Today, 2026
- 47 "ADB finances 20 MW solar plant in Bangladesh", pv magazine, 2 December 2024
- 48 "Ecneq approves 442MW solar power plant with battery storage in Rampal", The Business Standard, 7 October 2026



M. Mehedi Hasan

Partner

E: mehedihasan@rrh.com.bd



Sarkar Nahidul Islam

Partner

E: nahidulislam@rrh.com.bd



Abidur Rahman

Associate Director

E: abidurrahman@rrh.com.bd



Mehran Hossain Chowdhury

Senior Manager

E: mehranhossain@rrh.com.bd



rrh.com.bd

dhaka@rrh.com.bd

Contact Us

Dhaka office

9 & 5 Mohakhali C/A, Dhaka 1212, Bangladesh
+880 2 2222 86450-2

Chattogram office

78 Agrabad C/Area (13th Floor), Chattogram
chittagong@rrh.com.bd | rrh.com.bd



Disclaimer The information contained herein is of a general nature and is not intended to address the circumstances of any particular individual or entity. Although we endeavour to provide accurate and timely information, there can be no guarantee that such information is accurate as of the date it is received or that it will continue to be accurate in the future. No one should act on such information without appropriate professional advice after a thorough examination of the particular situation.

© 2026 | Rahman Rahman Huq, Chartered Accountants, is a partnership firm established in 1962 and RRH Advisory Services Limited, a company incorporated in Bangladesh. All rights reserved. The RRH name and logo are registered trademarks of Rahman Rahman Huq.