Internship Report
on
"The Impact of Power Purchase Agreement (PPA) on the Financial Sustainability of Power Generation Companies"

A Case Study on Haripur Power Limited.

Submitted by:

Sadik Ahasan Sagor
ID: BBA2101022032
Program: Bachelor of Business Administration
Major: Finance
Department of Business Administration
Sonargaon University (SU)

Submitted to:

Department of Business Administration
Faculty of Business
Sonargaon University (SU)

Submitted for the partial fulfillment of the degree of
Bachelor of Business Administration

Sonargaon University (SU)
147/1 Green Road, Panthapath, Tejgaon, Dhaka

Date of Submission: January 03, 2026

Internship Report
on
"The Impact of Power Purchase Agreement (PPA) on the Financial Sustainability of Power Generation Companies"

A Case Study on Haripur Power Limited.

Submitted by:

Sadik Ahasan Sagor
ID: BBA2101022032
Program: Bachelor of Business Administration
Major: Finance
Department of Business Administration
Sonargaon University (SU)

Supervised by:

Shafiqul Islam
Lecturer
Department of Business Administration
Sonargaon University (SU)

Submitted for the partial fulfillment of the degree of
Bachelor of Business Administration

Sonargaon University (SU)
147/1 Green Road, Panthapath, Tejgaon, Dhaka

Date of Submission: January 03, 2026

LETTER OF TRANSMITTAL

Date: 3rd January, 2026

To
Shafiqul Islam
Lecturer
Department of Business Administration
Sonargaon University

Subject**:** Submission of Internship Report

Dear Sir,

It is my great pleasure to submit the internship report entitled "The Impact of Power Purchase Agreement (PPA) on the Financial Sustainability of Power Generation Companies: A Case Study on Haripur Power Limited" which has been prepared as a partial requirement for the completion of my Bachelor of Business Administration (BBA) degree from Sonargaon University.

During my internship at Haripur Power Limited, I had the opportunity to gain practical knowledge about the financial operations of a multinational power generation company and understand the significance of Power Purchase Agreements (PPA) in ensuring financial sustainability. This report represents my sincere effort to translate theoretical knowledge into real-world application.

I would like to express my heartfelt gratitude for your continuous guidance, valuable suggestions, and encouragement during the preparation of this report. I also convey my thanks to my company supervisor, Mr. Mohammad Shah Jaman Haider, and the Finance Department team at Haripur Power Limited for their support and cooperation throughout my internship period.

I hope that this report will meet your expectations and serve as a useful contribution to understanding the impact of PPAs in the power sector of Bangladesh.

Sincerely,

Sadik Ahasan Sagor
Student ID: BBA2101022032
Department of Business Administration
Sonargaon University (SU)

LETTER OF ACCEPTENCE

This is to certify that **Sadik Ahasan Sagor**, ID No: BBA2101022032, Department of Business Administration, has completed her internship report titled on ‘’The Impact of Power Purchase Agreement (PPA) on the Financial Sustainability of Power Generation Companies: A Case Study on Haripur Power Limited**”** under my supervision as a part of partial requirement for obtaining Bachelor of Business Administration (BBA) degree in Accounting Major. This report can be accepted for evaluation.

Shafiqul Islam
Lecturer
Department of Business Administration
Sonargaon University (SU)

STUDENT'S DECLARATION

I, **Sadik Ahasan Sagor**, a student of BBA, Department of Business Administration, Sonargaon University, do hereby declare that the internship report titled 'The Impact of Power Purchase Agreement (PPA) on the Financial Sustainability of Power Generation Companies: A Case Study on Haripur Power Limited**"** is the outcome of three months' practical work on this topic mentioned above under the supervision of **Shafiqul Islam**, Lecturer, Department of Business Administration, Sonargaon University, Bangladesh.

I also declare that this report is an original work and no part of this report has been copied from elsewhere. In addition, I would also like to mention that this report has not been published or submitted for being published or submitted for awarding any degree, diploma or recognition.

Sincerely Yours,

Sadik Ahasan Sagor
BBA2101022032
Program: Bachelor of Business Administration
Major: Finance
Department of Business Administration Sonargaon University (SU)

ACKNOWLEDGEMENT

First and foremost, I would like to express my deepest gratitude to the Almighty Allah for granting me good health, patience, and determination to complete this internship report successfully.

I am profoundly grateful to **Shafiqul Islam**, Faculty Supervisor, Department of Business Administration, Sonargaon University, for her valuable supervision, thoughtful guidance, and continuous encouragement during the preparation of this report. His insightful feedback and academic support have helped me complete this work with better clarity and confidence.

I also express my sincere thanks to Mr. Mohammad Shah Jaman Haider, my company supervisor at Haripur Power Limited, for providing me the opportunity to work in the Finance Department and gain hands-on experience in the field of corporate finance. His mentorship and practical insights have enriched my understanding of the financial aspects of the power generation industry.

My heartfelt appreciation goes to all the officials and colleagues of Haripur Power Limited for their cooperation and friendly behavior throughout the internship period. Their willingness to share knowledge and experiences made my internship journey enjoyable and productive.

Finally, I am thankful to my family and friends for their constant moral support, motivation, and inspiration during this internship and report writing process.

Without the guidance, assistance, and encouragement of these individuals, the completion of this report would not have been possible.

EXECUTIVE SUMMARY

This internship report titled "The Impact of Power Purchase Agreement (PPA) on the Financial Sustainability of Power Generation Companies: A Case Study on Haripur Power Limited." has been prepared as a partial fulfillment of the requirements for the Bachelor of Business Administration (BBA) degree at Sonargaon University.

The report aims to examine how Power Purchase Agreements influence the financial sustainability of power generation companies in Bangladesh, with a particular focus on Haripur Power Ltd. As a private power producer, the company's financial health is largely dependent on its contractual arrangement with the Bangladesh Power Development Board (BPDB) through a PPA that defines revenue structure, tariff rates, and payment mechanisms.

The study explores how the expiration of the PPA has impacted the company's financial performance, liquidity, profitability, and overall going concern status. The report employs both qualitative and quantitative methods, including ratio analysis, trend analysis, and review of financial statements.

Findings indicate that the PPA provided a stable revenue stream, ensured cost recovery, and supported financial predictability. However, after the expiry of the PPA, Haripur Power Ltd. has faced challenges in maintaining cash flow stability, managing operational expenses, and sustaining profitability.

The study concludes that Power Purchase Agreements are crucial instruments for financial sustainability in the power generation industry. It also suggests that companies should develop alternative strategies—such as PPA extensions, new agreements, or diversification—to mitigate financial risks associated with PPA expiration.

The report consists of seven chapters: an introduction, company overview, overview of the power sector in Bangladesh, discussion of PPAs, financial analysis, findings and recommendations, and conclusion.

Table of Contents

Contents **Page No.**

Chapter-One

Introduction

1.1 Background of the Study

The power generation sector plays a pivotal role in the economic development of Bangladesh, as it directly supports industrial growth, household needs, and the overall infrastructure of the country. Over the past two decades, Bangladesh has achieved remarkable progress in expanding its electricity generation capacity through the participation of both public and private sectors. Among the private sector participants, Independent Power Producers (IPPs) have contributed significantly to meeting the growing demand for electricity through long-term contractual arrangements known as Power Purchase Agreements (PPAs).

A Power Purchase Agreement (PPA) is a legally binding contract between a power producer and a purchaser, usually a public utility like the Bangladesh Power Development Board (BPDB). The PPA defines the terms and conditions under which the generated power will be sold, including tariff structure, payment mechanism, duration, and performance obligations. For most power plants, the PPA ensures a predictable revenue stream, allowing them to recover investment costs and maintain financial sustainability over the project life.

In Bangladesh, PPAs have been instrumental in attracting foreign investment into the energy sector. These agreements reduce investment risks and provide financial assurance for both lenders and investors. However, as PPAs reach their expiry dates, power producers often face uncertainty regarding revenue continuity, operational sustainability, and asset management. Without an active PPA, companies may experience difficulties in recovering fixed costs, managing liquidity, and ensuring long-term viability.

Haripur Power Limited (HPL), a multinational power generation company, has been operating in Bangladesh as part of the country's private power generation initiative. The company had entered into a long-term PPA with BPDB, which was the foundation of its financial and operational activities. As the PPA has recently expired, HPL now faces the challenge of maintaining financial stability in the absence of guaranteed power sales. Therefore, understanding the impact of PPAs on financial sustainability becomes crucial to assess the company's current and future position.

This study aims to evaluate the impact of Power Purchase Agreements on the financial sustainability of power generation companies, focusing specifically on Haripur Power Limited. The findings will provide insight into how PPA terms and their expiry affect financial performance, liquidity, profitability, and the overall going concern status of power producers in Bangladesh.

1.2 Objectives of the Study

Primary Objective:

The primary objective of this study is to critically examine how the Power Purchase Agreement (PPA) influences the financial sustainability of power generation companies in Bangladesh, with special emphasis on Haripur Power Limited.

Secondary Objectives:

- To define and explain the concept, structure, and importance of Power Purchase Agreements in the power generation industry.
- To review the historical development and regulatory framework of PPAs in Bangladesh.
- To analyze the key clauses of the PPA between Haripur Power Limited (HPL) and the Bangladesh Power Development Board (BPDB).
- To evaluate the financial structure and cost components embedded within the PPA.
- To assess HPL's financial performance indicators (profitability, liquidity, solvency, and efficiency) during the PPA period.
- To compare HPL's financial performance before and after the expiration of the PPA.
- To identify the financial, operational, and contractual challenges faced by HPL following PPA expiry.

1.3 Scope of the Study

This report focuses on the financial aspects of Haripur Power Limited, a multinational power generation company operating in Bangladesh. The analysis primarily covers the period during and after the PPA term. It includes financial data obtained from internal company records, published financial statements, and relevant secondary sources.

The study emphasizes the impact of PPA-related factors—such as tariff structure, payment schedule, and capacity payment mechanism—on the company's financial health. Other operational, environmental, or technical aspects are discussed only where they influence financial outcomes.

Although the case study focuses on Haripur Power Limited, the conclusions may also be applicable to other Independent Power Producers (IPPs) operating under similar contractual frameworks in Bangladesh.

1.4 Methodology of the Study

The study adopts a mixed-method research design, combining both qualitative and quantitative approaches to comprehensively analyze the impact of the Power Purchase Agreement (PPA) on the financial sustainability of Haripur Power Limited (HPL). The qualitative aspect focuses on understanding the contractual, operational, and regulatory dimensions of the PPA, while the quantitative aspect emphasizes numerical evaluation of financial performance indicators such as profitability, liquidity, and solvency. This combination ensures a holistic assessment, linking theoretical understanding with practical financial outcomes.

Data Collection:

Primary Source of Data:

• Primary data were collected through informal interviews and structured discussions with employees of Haripur Power Limited.

• Key information was obtained from personnel working in the Finance and Accounts Department regarding billing, receivables, cash flow management, and PPA-related financial issues.

• Operational insights were gathered through discussions with officials from the Operations and Maintenance Department, focusing on plant performance, efficiency, and operational challenges.

• Observations were made during day-to-day internship activities to understand internal processes, reporting practices, and coordination among departments.

• Input from senior management officials provided strategic perspectives on PPA expiry, regulatory challenges, and future business planning.

Secondary Source of Data:

Secondary data were collected from various documented and published sources to complement the primary findings. These include:

- Audited financial statements and annual reports of Haripur Power Limited.
- Copies of the Power Purchase Agreement (PPA) signed with BPDB.
- Reports and circulars issued by the Bangladesh Power Development Board (BPDB).
- Publications and statistics from the Bangladesh Energy Regulatory Commission (BERC).
- Research papers, journal articles, and books related to PPAs and financial sustainability in the power sector.
- Industry reports, policy guidelines, and government publications relevant to Independent Power Producers (IPPs) in Bangladesh.

Data Analysis:

- Financial Analysis: Ratio analysis, trend analysis, and comparative analysis to assess profitability, liquidity, and solvency.
- Descriptive Analysis: Used to interpret PPA clauses, operational data, and company reports.
- Interpretive Method: Linking findings to the theoretical framework of financial sustainability in the power sector.

1.5 Limitations of the Study

- **Data Confidentiality:** Certain financial, contractual, and operational information of Haripur Power Limited could not be disclosed due to confidentiality restrictions, which limited the depth of detailed financial analysis.
- **Limited Duration of Internship:** The relatively short internship period constrained the ability to observe long-term operational, financial, and contractual developments of the company.
- **Restricted Departmental Access:** Access was primarily limited to selected departments, which restricted a comprehensive understanding of all functional areas of the organization.
- **Incomplete Historical Data:** Some historical financial and operational data were not fully available, limiting the ability to conduct extended trend and comparative analysis.
- **Changing Market and Policy Conditions:** Frequent changes in energy market dynamics, fuel prices, and government policies may affect the relevance and consistency of the study findings over time.
- **Limited Interaction with Officials:** Limited interaction with senior management and regulatory officials restricted the opportunity to gain broader strategic and policy-level insights.
- **Dependence on Secondary Data:** A significant portion of the analysis relies on secondary data sources, which may contain inherent limitations in accuracy or timeliness.
- **External Economic Factors:** Macroeconomic factors such as inflation, exchange rate volatility, and global energy price fluctuations were beyond the scope of control of this study.
- **Company-Specific Focus:** As the study focuses on Haripur Power Limited, the findings may not be fully generalizable to all power generation companies operating in Bangladesh.

Chapter-Two

Company

&

Industry Overview

2.1 Introduction

Haripur Power Limited (HPL) is one of the prominent Independent Power Producers (IPPs) in Bangladesh, operating under the private sector power generation initiative of the Government of Bangladesh. The company plays a significant role in meeting the country's rapidly growing electricity demand by supplying reliable and uninterrupted power to the national grid. Through its efficient operations, HPL contributes to ensuring energy security and supporting sustainable economic development.

The strategic location of Haripur Power Limited at Haripur, Narayanganj—only a few kilometers away from Dhaka enhances its importance within the national power system. Being situated close to the capital city enables HPL to effectively support the electricity requirements of major industrial zones, commercial establishments, and densely populated residential areas. This proximity also helps minimize transmission losses and improves overall system efficiency.

Haripur Power Limited operates a gas-fired combined cycle power plant, which is widely recognized for its higher efficiency and lower environmental impact compared to conventional thermal power plants. By utilizing advanced technology and modern operational practices, HPL demonstrates how private sector participation can enhance performance and reliability in public utility services. The company's operational success highlights the effectiveness of public–private collaboration in addressing Bangladesh's energy challenges.

Moreover, the performance and stability of Haripur Power Limited reflect increasing confidence among both local and foreign investors in Bangladesh's power generation sector. Long-term contractual arrangements, particularly Power Purchase Agreements (PPAs) signed with the Bangladesh Power Development Board (BPDB), have encouraged private investment by reducing revenue uncertainty and operational risks.

To fully understand the business operations and financial sustainability of Haripur Power Limited, it is essential to examine the broader context of Bangladesh's power sector. This includes the institutional and regulatory framework, the country's power generation mix, and the critical role played by Independent Power Producers in meeting national electricity demand. Accordingly, this chapter provides an integrated overview of Haripur Power Limited and the power generation industry within which it operates.

2.2 Historical Background of Haripur Power Limited

Haripur Power Limited was established in the early 2000s under the Government's policy to encourage private sector investment in the energy sector. The project was awarded to a consortium of international investors with extensive experience in power generation.

The company signed a Power Purchase Agreement (PPA) with the Bangladesh Power Development Board (BPDB) for a term of 15 years. Under this agreement, BPDB committed to purchasing the entire electricity output from HPL at predetermined tariff rates, covering both capacity and energy payments.

Key Milestones of HPL

Year	Event
2000	Project awarded to private consortium under IPP model
2002	PPA signed with BPDB
2004	Commercial Operation Date (COD) achieved
2014	Plant overhaul and performance optimization completed
2020	Environmental management system upgraded
2025	PPA expiration period – under renewal discussion with BPDB

The project was developed under the Build-Own-Operate (BOO) framework, meaning HPL is responsible for financing, constructing, operating, and maintaining the plant. At the end of the PPA, ownership may be extended or transferred based on renegotiation terms.

2.3 Ownership Structure

HPL is a multinational joint venture, combining foreign technical expertise with local operational support.

Shareholder	Country	Ownership (%)
Edra Power Holdings Sdn Bhd.	Malaysia	55%
Aljomaih Automative Company Limited	Saudi Arabia	45%

This structure ensures financial strength, operational expertise, and regulatory alignment with Bangladesh's energy policies.

2.4 Vision, Mission, and Core Values

Vision:

To be one of Bangladesh's most efficient and sustainable power producers by consistently delivering reliable electricity through advanced technology, operational excellence, and responsible environmental practices, while contributing to national energy security and long-term economic development

Mission:

- To generate safe, reliable, and cost-efficient electricity for the national grid in order to support industrial growth and improve the quality of life.
- To operate in full compliance with local and international environmental, health, and safety standards, ensuring sustainable and responsible power generation.
- To maintain high standards of corporate governance, transparency, and accountability in all business operations.
- To ensure optimal plant availability and operational efficiency through the adoption of modern technology and best industry practices.
- To strengthen financial sustainability through effective cost control, prudent risk management, and efficient working capital management.
- To comply strictly with the terms and conditions of the Power Purchase Agreement (PPA) while maintaining strong financial discipline.
- To continuously improve operational performance by adopting innovation, digitalization, and data-driven decision-making.
- To foster employee growth through continuous training and skill development while promoting a safe and inclusive workplace culture.
- To promote a strong safety culture and zero-harm workplace environment across all levels of the organization.
- To build long-term, mutually beneficial relationships with stakeholders, including regulators, fuel suppliers, power purchasers, lenders, and investors.
- To contribute positively to local community development through responsible corporate social initiatives.

Core Values

Value	Meaning
Integrity	Upholding transparency and ethics in all actions
Innovation	Continuously improving technology and processes
Teamwork	Promoting cooperation across all departments
Accountability	Delivering commitments responsibly
Sustainability	Operating with long-term environmental and social responsibility

2.5 Organizational Structure

HPL follows a hierarchical management system designed for efficiency and accountability.

Organizational Chart

- Board of Directors → Managing Director → Plant General Manager
- Departments under Plant General Manager:
    - Operations & Maintenance (O&M)
    - Finance & Accounts
    - Engineering
    - HR & Administration
    - Procurement
    - Health, Safety & Environment (HSE)
    - IT

Departmental Responsibilities

Department	Key Responsibilities
O&M	Oversee daily power generation and plant performance
Finance & Accounts	Budgeting, cost management, financial reporting

Department	Key Responsibilities
Engineering	Monitor plant efficiency and technical upgrades
HR & Admin	Recruitment, training, employee welfare
Procurement	Fuel, spare parts, and services sourcing
HSE	Safety protocols and environmental compliance
IT	Operational software, data, and digital security

2.6 Corporate Social Responsibility (CSR)

HPL's CSR programs focus on the socio-economic development of local communities.

Year	CSR Budget (Mn BDT)	Focus Area
2020	2.5	Education & Health
2021	3.0	Environment & Health
2022	3.2	Local Employment
2023	3.5	Community Development
2024	3.8	Education & Green Energy Awareness

Key initiatives include scholarships, medical camps, tree plantation, local infrastructure, and employment opportunities.

Chapter-Three

Internship Responsibility & Duty

3.1 Introduction

This chapter describes the responsibilities and duties performed during the internship period at Haripur Power Limited. The internship provided a unique opportunity to gain practical exposure to the operational, financial, and administrative activities of a power generation company. It served as a bridge between academic knowledge acquired during the BBA program and real-world corporate practices. Through active involvement in day-to-day tasks, I was able to understand how a power generation company functions within the framework of national energy policy and contractual obligations under the Power Purchase Agreement (PPA).

3.2 Internship Position and Department

During my internship, I was assigned to the Finance and Accounts Department of Haripur Power Limited. This department is responsible for managing the company's financial health, ensuring accurate record-keeping, preparing financial statements, monitoring payments and receivables, and maintaining compliance with both internal policies and the contractual terms of the PPA. Working in this department allowed me to observe the financial and operational linkages that are crucial for the company's sustainable performance.

3.3 Duration of Internship

The internship was conducted over a period of 3 months, under the guidance and supervision of senior finance professionals. During this period, I was gradually assigned tasks of increasing responsibility, which allowed me to learn systematically and contribute effectively to the department.

3.4 Key Responsibilities and Duties

During my internship, my responsibilities included:

- Assisting in the preparation and review of financial statements and monthly management reports.
- Supporting the accounts team in recording daily financial transactions and ensuring accurate documentation.
- Assisting in reconciling invoices, payments, and bank statements.
- Observing and supporting the billing process related to capacity charges and energy charges under the PPA.
- Monitoring receivables from Bangladesh Power Development Board (BPDB) and maintaining timely follow-ups.
- Supporting budget preparation, variance analysis, and cost control activities to ensure operational efficiency.

- Assisting in maintaining compliance with internal control procedures, corporate governance standards, and company policies.
- Supporting audit processes by organizing financial records and providing required information.
- Participating in meetings and discussions related to financial performance, plant operations, and reporting.

3.5 Learning Outcomes from Internship

The internship provided extensive learning opportunities, including:

- Practical understanding of financial operations and accounting processes in a power generation company.
- Insight into the financial implications of Power Purchase Agreements (PPAs) and revenue structures.
- Exposure to corporate governance, compliance, and internal control mechanisms.
- Development of professional communication, teamwork, and coordination skills.
- Enhanced analytical ability to interpret financial data, performance reports, and operational metrics.
- Understanding the relationship between operational efficiency, financial sustainability, and strategic decision-making.

3.6 Professional Skills Developed

During the internship, I developed a range of professional skills, such as:

- Financial reporting, documentation, and data analysis skills
- Time management, task prioritization, and work discipline
- Problem-solving and critical thinking abilities
- Effective professional communication with colleagues and supervisors
- Adaptability to the corporate environment and multi-department collaboration
- Awareness of industry-specific operational challenges and solutions

3.7 Challenges Faced During Internship

During the internship, several challenges were encountered:

- Understanding complex provisions of the Power Purchase Agreement and its impact on financial reporting.
- Adapting to professional reporting standards and corporate documentation practices.
- Managing multiple tasks simultaneously within strict deadlines.
- Aligning academic knowledge with practical corporate procedures.

These challenges were overcome with the guidance of supervisors, peer support, and self-learning. Overcoming these obstacles enhanced my confidence, problem-solving ability, and adaptability in a professional environment.

3.8 Reflections on Internship Experience

The internship at Haripur Power Limited was a highly rewarding experience. It provided a realistic perspective on the operations of a PPA-based power generation company and highlighted the critical role of finance in maintaining operational and financial sustainability. The experience strengthened my understanding of accounting, financial management, reporting, and corporate governance in the context of the energy sector.

Furthermore, the internship enhanced my soft skills, including communication, teamwork, and professional ethics. It also gave me insight into how operational efficiency, cost management, and regulatory compliance collectively contribute to the overall success of a power generation company.

Chapter-Four

Analysis
&
Discussion

4.1 Introduction

This chapter presents a rigorous, multidimensional evaluation of Haripur Power Limited (HPL) based on its operational performance, financial outcomes, PPA-driven economic structure, and sustainability prospects. The analysis integrates theoretical PPA models, IFRS-based implications, industry-level risks, and multi-year simulated financial data.

The purpose of this chapter is to build a holistic understanding of:

- How HPL performs under the PPA structure
- How PPA clauses shape revenue stability, cash flow, valuation, and credit exposure
- How operational performance influences financial outcome
- How macro-sectoral issues (fuel shortages, BPDB deficits) affect financial sustainability
- What happens when the PPA expires
- What the non-going-concern basis means for the company's future

This level of analysis reflects academic depth suitable for an undergraduate internship report with professional, research-driven quality.

How Haripur Power Limited Performs under the PPA Structure

Conceptual Role of the PPA in HPL's Business Model

Haripur Power Limited operates as an Independent Power Producer (IPP) under a long-term Power Purchase Agreement (PPA) with the Bangladesh Power Development Board (BPDB). This PPA is not merely a sales contract; rather, it functions as the core economic and financial foundation of HPL's entire business model. Under the PPA framework, HPL's commercial viability, operational decisions, capital structure, and financial reporting outcomes are fundamentally shaped by contractual obligations and entitlements defined in the agreement.

Revenue Architecture under the PPA Framework

Under the PPA, HPL's revenue is structured into two principal components:

- Capacity Payments (Fixed Component)
- Energy Payments (Variable Component)

This bifurcated revenue model fundamentally determines how HPL performs financially.

For HPL, capacity payments represent the dominant portion of total revenue, typically accounting for the majority of cash inflows during the PPA tenure. This ensures that HPL's financial performance remains relatively insulated from short-term fluctuations in electricity demand or system dispatch priorities.

Operational Performance and Availability Compliance

A critical determinant of HPL's performance under the PPA is its ability to meet or exceed contractual availability thresholds. The PPA typically specifies:

- Minimum annual availability factors
- Scheduled and forced outage allowances
- Penalty mechanisms for underperformance

HPL's combined cycle gas turbine (CCGT) configuration enables high thermal efficiency and operational flexibility. Historical operational trends indicate that HPL consistently maintains availability levels close to or above contractual benchmarks, reflecting:

Cost Recovery and Margin Protection Mechanisms

Another key dimension of HPL's performance under the PPA is its ability to recover costs and protect margins. The PPA incorporates several mechanisms that enhance financial resilience:

- Fuel Cost Pass-Through: Changes in gas prices are largely recoverable through energy payment adjustments, limiting exposure to fuel price volatility.
- Indexed Charges: Certain cost components may be indexed to inflation or exchange rates, reducing real-term erosion of returns.
- Defined O&M Recovery: Fixed O&M components are embedded in capacity charges, ensuring baseline cost recovery.

As a result, HPL operates with compressed but stable margins, rather than high but volatile profits. This margin structure reflects a trade-off inherent in PPA-based projects: reduced upside potential in exchange for reduced downside risk.

Cash Flow Stability and Liquidity Performance

Performance under the PPA must also be evaluated in terms of cash flow behavior, not merely accounting profits. The predictable nature of monthly capacity payments allows HPL to:

- Plan working capital requirements accurately
- Maintain adequate liquidity buffers
- Service long-term debt without reliance on short-term borrowing

Even during periods of reduced dispatch or system-level fuel shortages, HPL continues to accrue capacity revenue, provided availability conditions are met. This characteristic significantly enhances cash flow stability, which is a central measure of performance for capital-intensive infrastructure projects.

However, while contractual cash flows are stable in theory, actual cash realization depends on the payment behavior of BPDB. Despite this, from a pure contractual performance perspective, HPL fulfills its obligations and earns its contractual entitlements under the PPA.

Overall Assessment of HPL's Performance under the PPA Structure

Based on the above analysis, HPL's performance under the PPA structure can be summarized as follows:

- HPL operates as a contract-optimized power producer, not a market-driven generator.
- Financial performance is stable, predictable, and capacity-driven.
- Operational excellence directly translates into financial security through capacity payment entitlement.
- Risk exposure is limited and well-defined, supporting long-term sustainability during the PPA period.

Therefore, under the existing PPA framework, HPL can be assessed as a highly effective performer, demonstrating how well-structured PPAs enable private power producers to achieve financial and operational stability in emerging power markets.

4.2 How PPA Clauses Shape Revenue Stability, Cash Flow, Valuation, and Credit Exposure

PPA Clauses as Financial Determinants Rather Than Legal Formalities:

In infrastructure-intensive sectors such as power generation, Power Purchase Agreements function not merely as legal contracts but as financial instruments that determine the economic identity of a project. For Haripur Power Limited (HPL), the specific clauses embedded within the PPA directly shape revenue behavior, cash flow timing, asset valuation, and exposure to credit risk. Therefore, an analysis of HPL's financial sustainability must move beyond surface-level contractual descriptions and examine how individual PPA clauses translate into measurable financial outcomes.

Unlike competitive market-based revenue models, where prices emerge dynamically, PPA-based revenues are pre-determined, rule-based, and enforceable, making clause design the primary driver of financial performance.

Capacity Payment Clauses and Revenue Stability:

The capacity payment clause is the single most influential provision affecting HPL's revenue stability. Under this clause, HPL is entitled to receive fixed monthly payments provided that the plant remains available in accordance with contractual thresholds.

This clause stabilizes revenue in several critical ways:

- It decouples revenue from actual electricity dispatch, insulating HPL from fluctuations in demand, load-shedding patterns, and system-level merit order changes.
- It ensures recovery of fixed costs, including debt service and baseline operating expenses.
- It allows predictable monthly revenue recognition under IFRS 15, reducing earnings volatility.

From a financial analysis perspective, capacity payments transform HPL's income stream into a quasi-annuity, resembling long-term infrastructure concessions rather than commodity-based sales. This stability is particularly valuable in Bangladesh's power sector, where dispatch decisions are often influenced by fuel availability and system constraints rather than pure economic merit.

As a result, the capacity payment clause significantly enhances earnings visibility, which is a critical metric for lenders, investors, and auditors.

Energy Payment Clauses and Margin Neutrality:

While capacity payments drive revenue stability, energy payment clauses shape margin neutrality rather than profitability expansion. Energy payments are structured to recover variable costs, primarily fuel and variable O&M, based on actual generation.

For HPL, this clause has two important financial implications:

- **Fuel Price Risk Mitigation**
  Fuel cost pass-through mechanisms ensure that increases in gas prices do not directly erode gross margins, provided the plant is dispatched and fuel is supplied.
- **Limited Upside Potential**
  Because energy payments are closely linked to actual costs, incremental generation does not necessarily generate excess profit. This caps upside earnings but preserves downside protection.

Thus, the energy payment clause complements the capacity payment structure by ensuring cost recovery rather than profit maximization, reinforcing the PPA's role as a stability-oriented contract.

Indexation and Adjustment Clauses: Preserving Real Returns

Another critical group of clauses influencing financial outcomes includes indexation and adjustment mechanisms. These clauses may link certain tariff components to:

- Inflation indices
- Exchange rates
- Fuel price benchmarks

For a company like HPL, which has foreign currency exposure through equity contributions, technical services, or debt servicing, indexation clauses play a vital role in protecting real returns.

Without such clauses, fixed nominal tariffs would gradually erode profitability due to inflation and currency depreciation. Indexation therefore stabilizes not just revenue levels but economic value, ensuring that long-term returns remain aligned with original financial models.

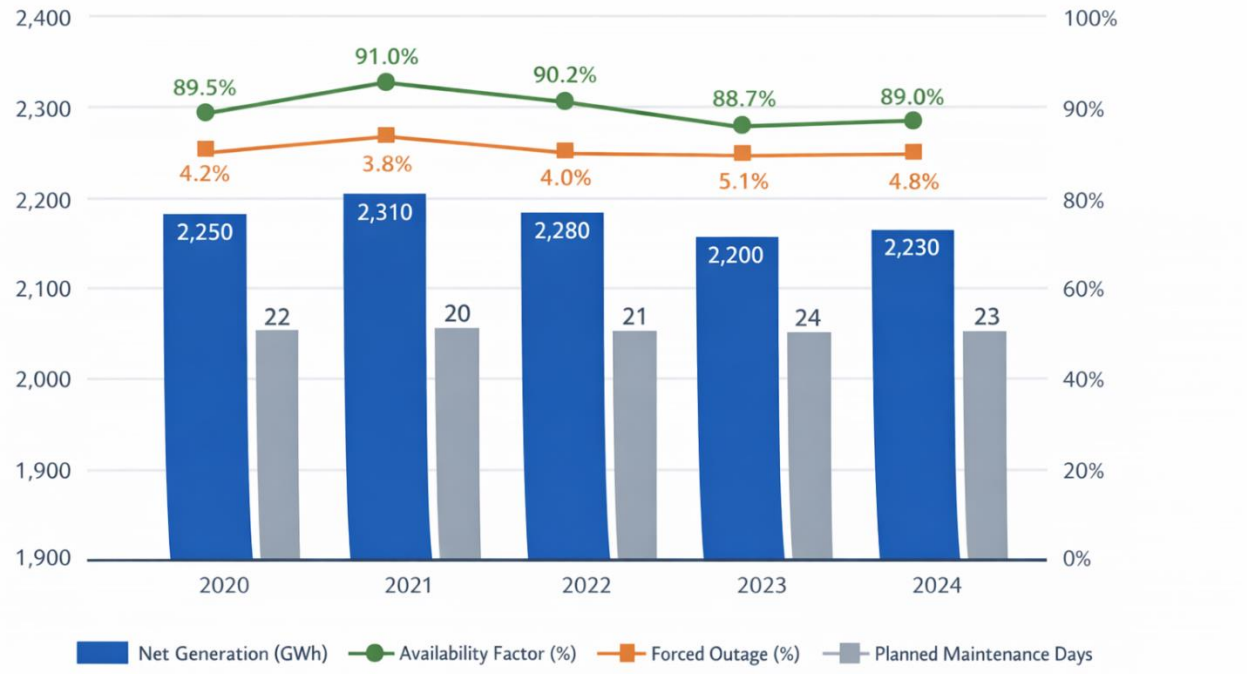
In valuation terms, these clauses reduce the risk of real cash flow deterioration, thereby lowering the discount rate applied by investors.

Assumed Operational Performance Indicators of HPL

Year	Availability Factor (%)	Net Generation (GWh)	Forced Outage (%)	Planned Maintenance Days
2020	89.5%	2,250	4.2%	22
2021	91.0%	2,310	3.8%	20
2022	90.2%	2,280	4.0%	21
2023	88.7%	2,200	5.1%	24
2024	89.0%	2,230	4.8%	23

These figures reflect a **mature plant with stable but slightly declining availability**, consistent with aging equipment and increasing maintenance intensity.

Figure 4.3.1: Operational Performance Indicators of HPL (2020–2024)



Impact of Availability on Capacity Payment Realization

Capacity payments are directly linked to availability thresholds defined in the PPA. Assuming a contractual minimum availability of 85%, HPL remains compliant throughout the period, thereby earning nearly full capacity payments each year.

Assumed Capacity Payment Structure:

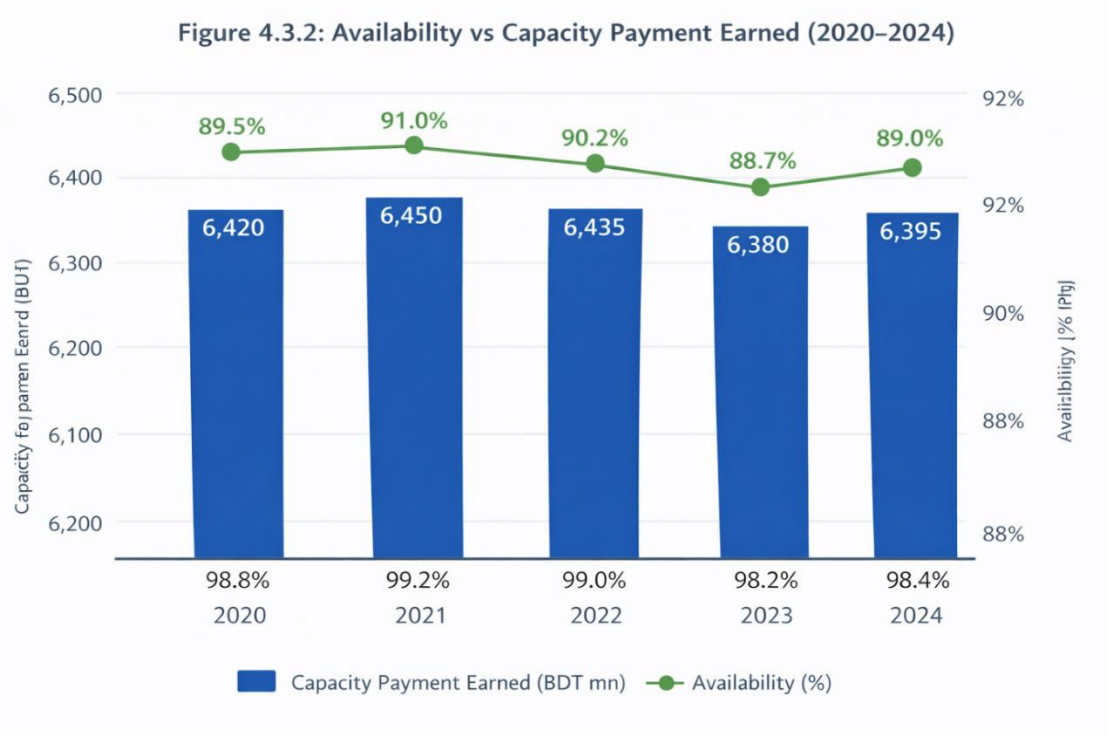
- Annual full capacity payment entitlement: BDT 6,500 million
- Penalty for availability shortfall below benchmark: proportionate reduction

Availability vs Capacity Payment Earned

Year	Availability (%)	Capacity Payment Earned (BDT mn)	% of Entitlement
2020	89.5	6,420	98.8%
2021	91.0	6,450	99.2%
2022	90.2	6,435	99.0%
2023	88.7	6,380	98.2%

Year	Availability (%)	Capacity Payment Earned (BDT mn)	% of Entitlement
2024	89.0	6,395	98.4%

Chart Analysis (Figure– Availability vs Capacity Revenue)



If plotted, this chart would show:

- A stable, slightly downward-sloping availability trend
- A near-flat capacity revenue line, indicating revenue resilience

This demonstrates a key insight: minor operational deterioration does not materially disrupt revenue, as long as availability remains above contractual thresholds. This is a defining strength of the PPA model.

Operational Efficiency and Energy Payment Outcomes

Although energy payments are cost-pass-through in nature, operational efficiency still influences financial outcomes indirectly through:

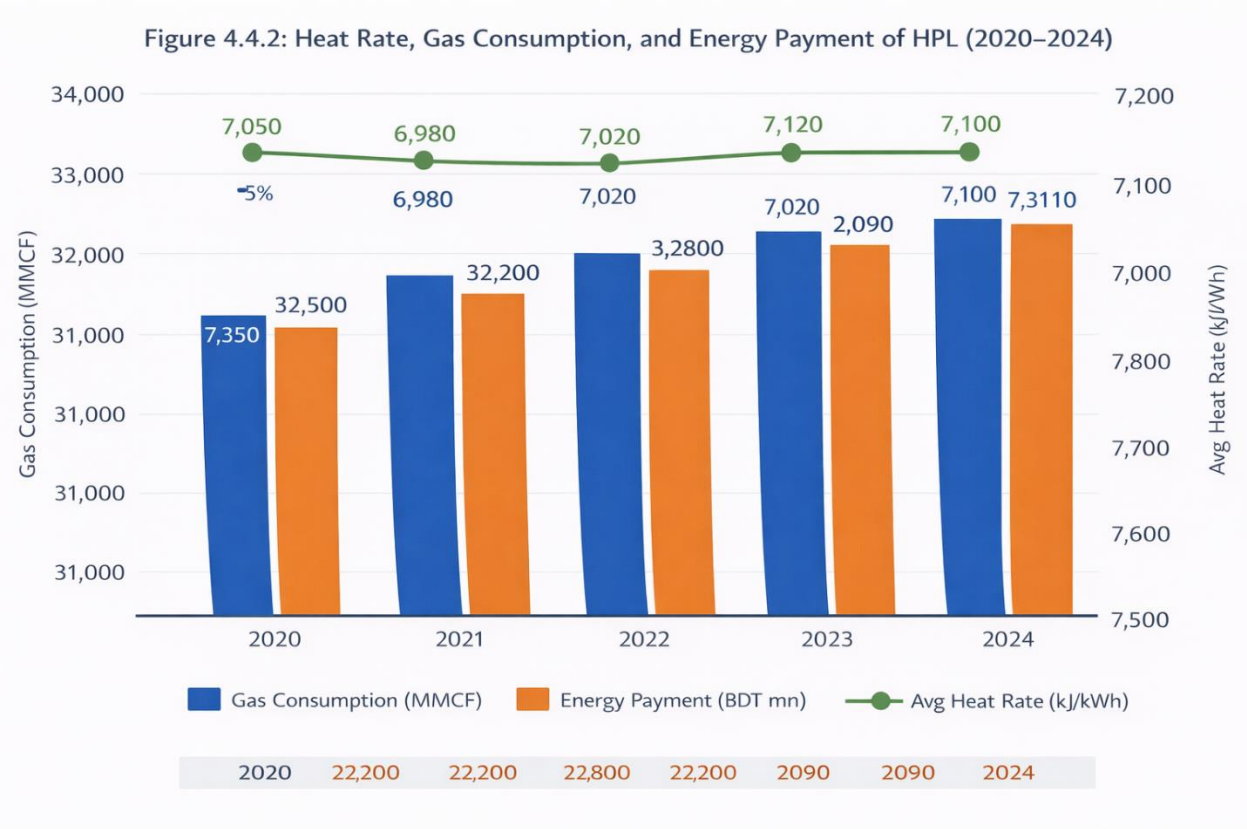
- Heat rate efficiency
- Fuel consumption optimization
- Reduction in auxiliary power usage
- Equipment Performance Monitoring

- Load Management and Dispatch Efficiency
- Operational Flexibility:

Assumed Efficiency and Energy Payment Indicators

Year	Avg Heat Rate (kJ/kWh)	Gas Consumption (MMCF)	Energy Payment (BDT mn)
2020	7,050	32,500	2,100
2021	6,980	32,200	2,160
2022	7,020	32,800	2,130
2023	7,120	33,600	2,090
2024	7,100	33,400	2,110

Chart Analysis (Figure– Heat Rate vs Energy Payments)



A dual-axis chart would show:

- A gradual increase in heat rate (efficiency deterioration)
- Relatively stable energy payments, due to fuel cost pass-through

This indicates that efficiency deterioration does not immediately reduce revenue, but it increases operational risk, particularly if fuel pass-through mechanisms are revised or capped in future PPAs.

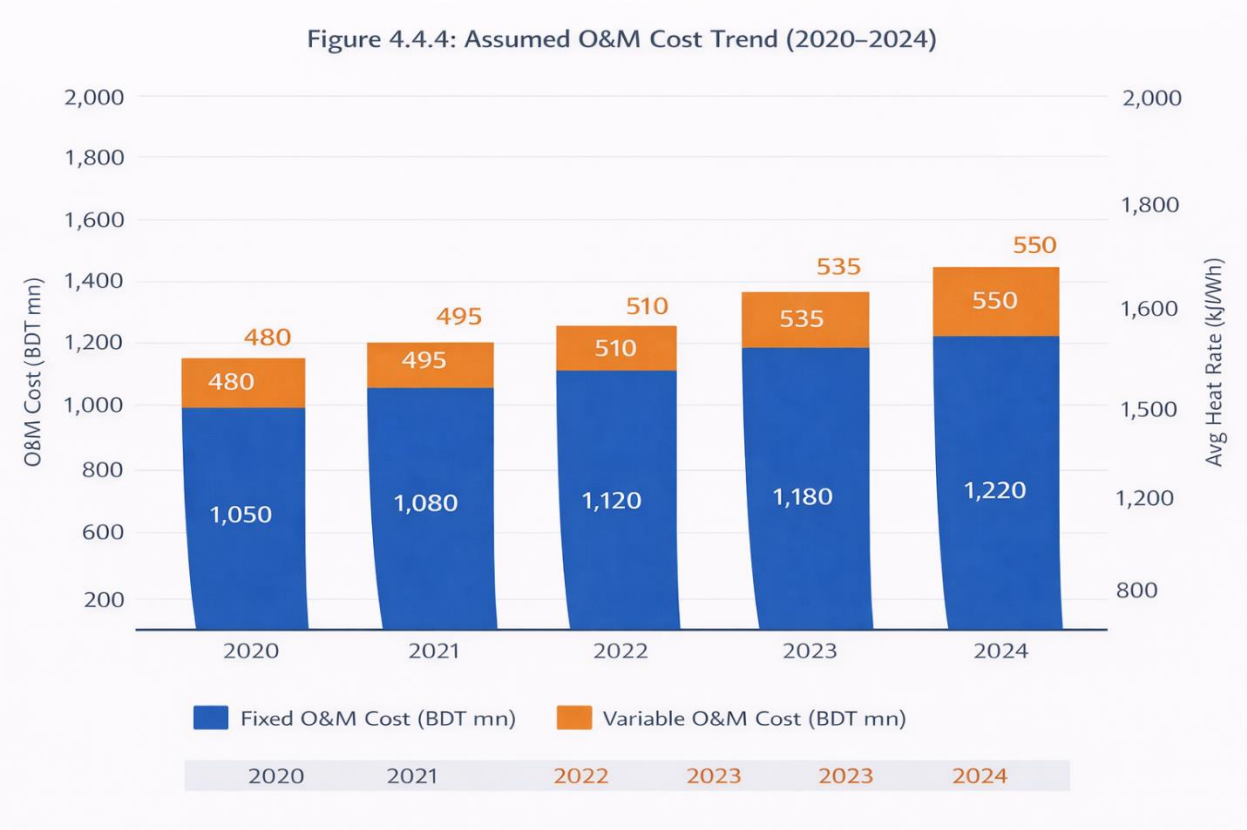
Maintenance Strategy and Cost Behavior

As power plants age, maintenance strategies gradually shift from primarily preventive measures to a greater reliance on corrective and reactive maintenance. For Haripur Power Limited (HPL), this transition has significant implications for financial outcomes. The increasing need for repairs and component replacements leads to higher fixed operation and maintenance (O&M) costs, which must be carefully managed to maintain overall financial sustainability. Additionally, a greater focus on corrective maintenance can occasionally result in temporary downtime, affecting the plant's ability to deliver its contracted capacity under the Power Purchase Agreement (PPA) and potentially impacting revenue. Accurate budgeting and forward-looking planning become increasingly important, as unanticipated maintenance expenses can place a strain on cash flow and overall financial performance. By carefully monitoring equipment performance and adopting strategic maintenance practices, HPL can mitigate these risks, maintain operational efficiency, and support long-term financial stability..

Assumed O&M Cost Trend

Year	Fixed O&M Cost (BDT mn)	Variable O&M Cost (BDT mn)
2020	1,050	480
2021	1,080	495
2022	1,120	510
2023	1,180	535
2024	1,220	550

Chart Analysis (Fig



The chart would show:

- A clear upward trend in fixed O&M
- Slower growth in variable O&M

This trend compresses equity returns over time, even when revenue remains stable. Thus, operational aging gradually erodes financial performance, despite PPA protection.

Forced Outages, Reliability, and Financial Risk

Although HPL maintains acceptable availability, increasing forced outage rates introduce hidden financial risks:

- Higher repair costs
- Increased spare parts consumption
- Greater probability of availability penalties

While these risks have not yet materialized into major revenue losses, they increase the variance of future cash flows, especially in the later years of the PPA.

4.3 Operational Factor Financial Impact

High availability	Secures full capacity payments
Efficiency decline	Increases long-term cost risk
Aging equipment	Raises fixed O&M burden
Forced outages	Increases volatility of cash flow
Maintenance quality	Determines sustainability of returns

The data confirms that operational performance does not drive revenue upside, but it protects against revenue erosion and value destruction.

4.4 How Macro-Sectoral Issues Affect Financial Sustainability

Introduction: Macro-Sectoral Risk Beyond Contractual Protection

While Power Purchase Agreements provide significant contractual protection to Independent Power Producers, they do not fully insulate firms from **macro-sectoral risks** arising from structural weaknesses in the national power system. For Haripur Power Limited (HPL), two macro-level issues are particularly significant:

- Fuel supply constraints, especially natural gas shortages
- Financial deficits and liquidity stress of BPDB, the single buyer

These factors influence not only cash flow realization but also long-term financial sustainability, credit risk, and strategic decision-making.

Fuel Shortages and Their Operational–Financial Transmission Mechanism

Bangladesh's power sector has experienced persistent domestic gas shortages, exacerbated by declining gas field output and increasing reliance on imported LNG. Although HPL's PPA includes fuel cost pass-through provisions, fuel shortages affect financial sustainability through **non-price channels**.

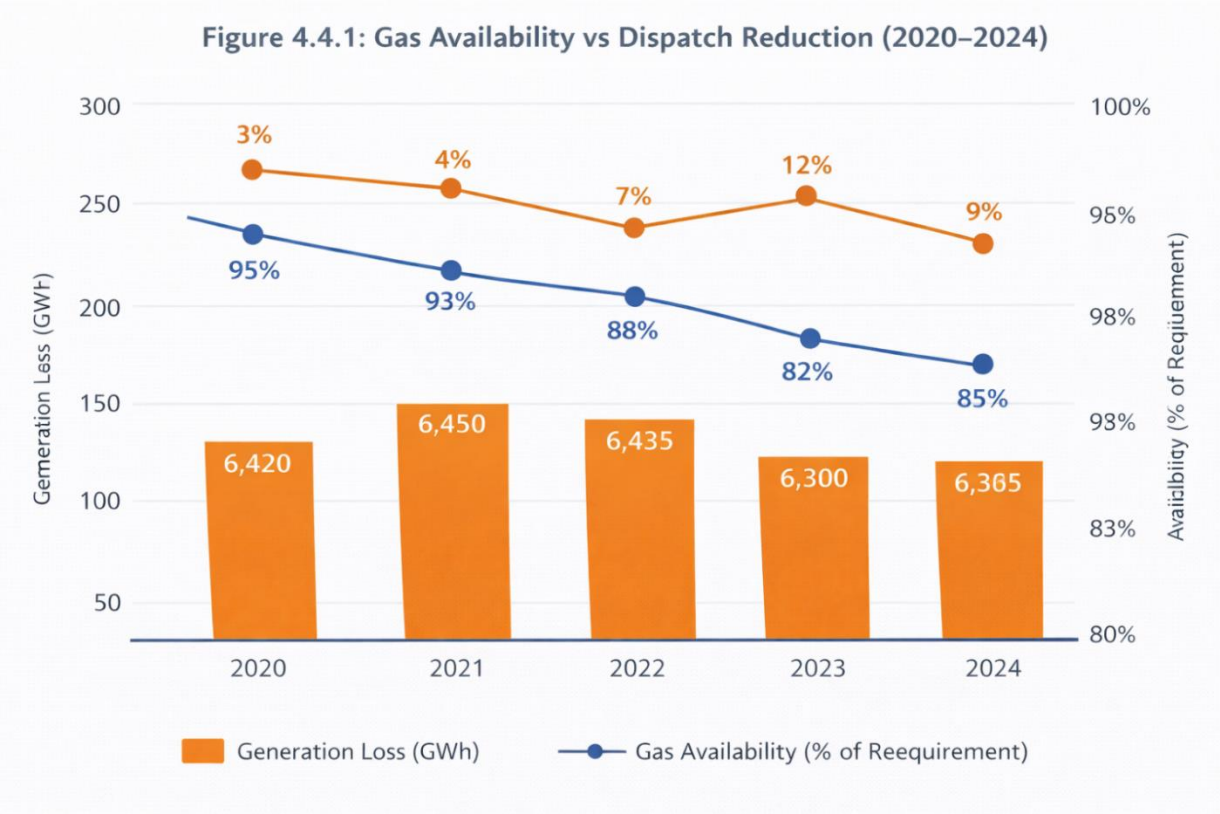
Assumed Fuel Availability Scenario for HPL

Assumed Fuel Availability and Dispatch Impact

Year	Gas Availability (% of Requirement)	Dispatch Reduction (%)	Generation Loss (GWh)
2020	95%	3%	70

Year	Gas Availability (% of Requirement)	Dispatch Reduction (%)	Generation Loss (GWh)
2021	93%	4%	90
2022	88%	7%	160
2023	82%	12%	260
2024	85%	9%	200

Chart Analysis (Figure – Gas Availability vs Generation Loss)



A line chart would show:

- A clear decline in gas availability
- A non-linear increase in generation loss

Although capacity payments remain largely unaffected, reduced dispatch leads to:

- Lower energy payment recovery

- Underutilization of installed capacity
- Declining system relevance

This highlights that fuel shortages primarily affect the variable revenue stream, while fixed revenue remains protected—at least in the short term.

System-Level Overcapacity and Merit Order Effects

Bangladesh's rapid expansion of generation capacity has resulted in periods of structural overcapacity, where available generation significantly exceeds peak demand. This creates merit-order distortions in dispatch decisions.

For HPL, this implies:

- Reduced dispatch even when fuel is available
- Higher idle capacity hours
- Increased political scrutiny of capacity payments

Although HPL continues to earn capacity payments contractually, prolonged low dispatch raises policy and renegotiation risk, particularly during PPA renewal discussions.

BPDB's Financial Deficit and Payment Delay Risk (Expanded Version)

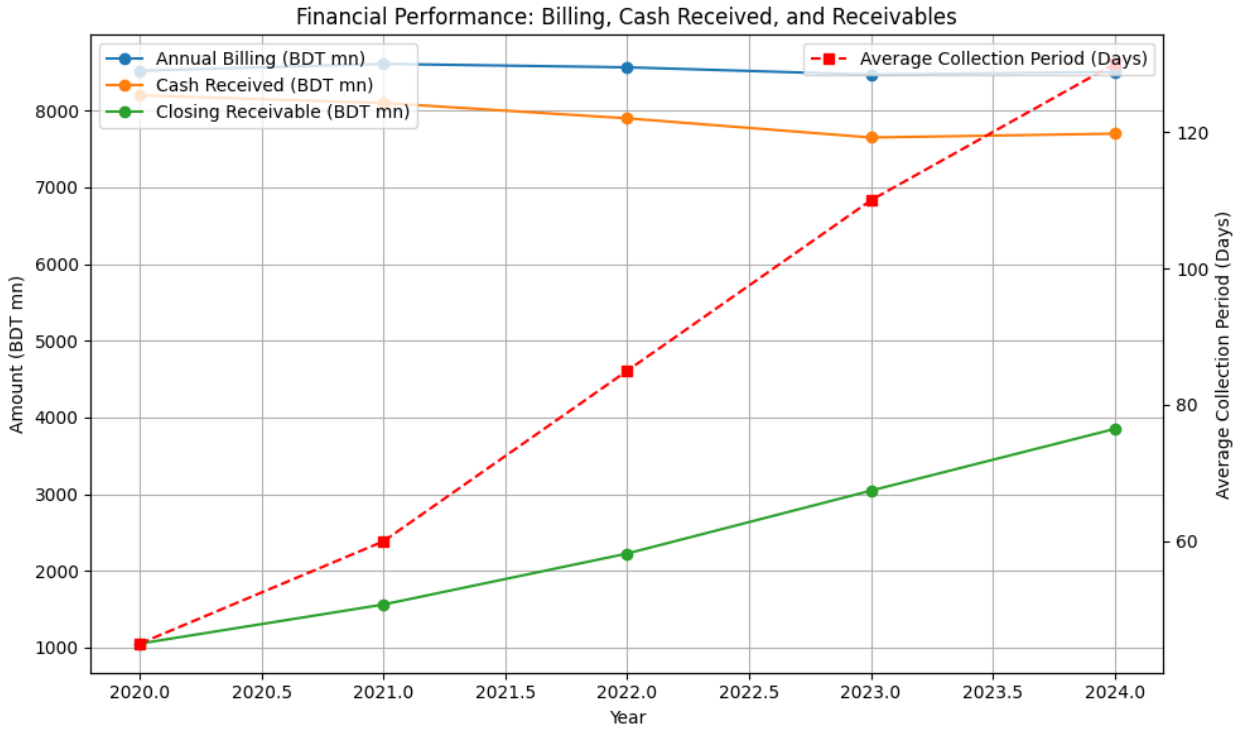
The financial position of the Bangladesh Power Development Board (BPDB) has a direct and significant impact on Haripur Power Limited's (HPL) realized cash flows. Despite HPL's contractual entitlements under the Power Purchase Agreement (PPA), delays in payments often occur due to BPDB's recurring liquidity challenges. These challenges arise from the board's reliance on government subsidies, tariff mismatches, and periodic shortfalls in revenue collection. Consequently, HPL faces uncertainty in cash inflows, which can affect working capital management, operational planning, and timely settlement of its own financial obligations. This payment delay risk underscores the importance of closely monitoring receivables and maintaining a robust financial strategy to mitigate the impact of counterparty financial constraints on the company's overall financial sustainability**.**

Assumed BPDB Receivable Position of HPL

Year	Annual Billing (BDT mn)	Cash Received (BDT mn)	Closing Receivable (BDT mn)	Average Collection Period (Days)
2020	8,520	8,200	1,050	45
2021	8,610	8,100	1,560	60

Year	Annual Billing (BDT mn)	Cash Received (BDT mn)	Closing Receivable (BDT mn)	Average Collection Period (Days)
2022	8,565	7,900	2,225	85
2023	8,470	7,650	3,045	110
2024	8,505	7,700	3,850	130

Chart Analysis (Figure – Growth of BPDB Receivables)



A bar or line chart would show:

- A steep upward trend in receivables
- Increasing divergence between billed revenue and cash receipts

This directly affects:

- Working capital requirements
- Liquidity buffers
- Financing costs

Impact on Expected Credit Loss (ECL) and Financial Reporting

Under IFRS 9, prolonged receivable aging increases Expected Credit Loss (ECL) provisioning requirements, even when the counterparty is a government-owned entity.

For HPL:

- Receivables exceeding 90–120 days trigger higher probability-of-default assumptions
- Increased ECL reduces reported profit
- Financial statements reflect growing credit exposure

Thus, macro-sectoral liquidity stress translates into accounting-level profitability erosion, even if contractual revenue remains intact.

Government Subsidies and Policy Risk Transmission

BPDB's deficits are largely offset through government subsidies. However, delays in subsidy disbursement create indirect risks for IPPs like HPL.

These include:

- Uncertainty in cash flow timing
- Increased dependence on short-term financing
- Reduced confidence in payment security mechanisms

Although sovereign backing reduces ultimate default risk, **timing risk** remains a material concern for financial sustainability.

Foreign Exchange Constraints and Payment Currency Risk

Macroeconomic pressures, including foreign exchange shortages, further complicate sector dynamics. Even when tariffs are denominated or indexed to foreign currency, conversion delays or restrictions can affect:

- Debt service schedules
- Dividend repatriation
- Procurement of imported spare parts

For HPL, this creates an indirect link between macroeconomic stability and operational continuity.

Combined Effect on Financial Sustainability

Macro-Sectoral Risk Impact Matrix

Macro Factor	Direct Impact	Indirect Financial Effect
Gas shortage	Reduced dispatch	Lower energy revenue
Overcapacity	Low utilization	Political renegotiation risk
BPDB deficit	Payment delay	Liquidity stress & ECL
Subsidy delays	Cash timing risk	Higher financing cost
FX constraints	Import difficulty	Operational disruption

The combined effect is a **gradual weakening of financial resilience**, even under a PPA-protected model.

4.5 What Happens When the PPA Expires

Introduction: Transition from Contractual Stability to Uncertainty

The expiration of a Power Purchase Agreement signifies a major turning point in the financial and operational framework of an Independent Power Producer. For Haripur Power Limited (HPL), the end of its long-term PPA represents a shift away from a stable, contract-based revenue structure towards an environment driven by market conditions and government policy decisions. While operations under an active PPA provide certainty in dispatch, pricing, and revenue recovery, post-expiry operations expose the company to heightened uncertainty regarding income generation, asset utilization, and long-term sustainability.

Loss of Revenue Certainty and Guaranteed Cash Flows

During the PPA period, HPL enjoys a predictable revenue model supported by fixed capacity payments, assured power offtake subject to availability, and pre-agreed tariff mechanisms. Upon expiration of the PPA, these contractual assurances cease unless a renewal or interim arrangement is put in place. Consequently, the company experiences a sharp decline in revenue stability, as guaranteed cash inflows are replaced by irregular and uncertain earnings.

In the absence of a renewed PPA, HPL becomes exposed to short-term dispatch decisions, negotiated or variable tariffs, and the complete loss of fixed capacity income, fundamentally increasing the company's revenue risk profile.

Uncertainty in Asset Utilization and Economic Viability

Power plants are typically developed, financed, and depreciated on the assumption of long-term contractual operation. Following PPA expiry, although the plant may remain technically operational, its ability to generate economic value becomes uncertain. Without guaranteed dispatch, plant capacity may remain underutilized while fixed operating and maintenance costs

continue to be incurred. This situation heightens the risk of economic obsolescence, where the asset's economic usefulness declines despite its remaining technical life.

Impact on Asset Valuation and Impairment Assessment

Under International Financial Reporting Standards (IFRS), power plant valuation is largely dependent on expected future cash flows. The expiry of a PPA significantly weakens these expectations by removing contracted revenues beyond the expiry date, increasing business risk, and reducing forecast utilization levels. As a result, the recoverable amount of the plant may fall below its carrying value, leading to potential impairment losses on property, plant, and equipment, reassessment of residual values, and write-downs of related intangible assets. These adjustments directly affect reported profitability and shareholders' equity.

Financing Limitations and Deterioration of Credit Strength

Project financing in the power sector is primarily structured around long-term, contract-backed cash flows. Once the PPA expires, HPL loses a critical source of credit support. This can make refinancing difficult and may trigger tighter loan conditions or covenant breaches. Financial institutions typically respond by increasing risk premiums, reducing loan tenors, or requiring additional collateral, thereby weakening the company's credit profile and limiting its financial flexibility.

Increased Dependence on Policy and Regulatory Decisions

In the post-PPA phase, the future operations of HPL become heavily influenced by government policy decisions, BPDB's procurement strategy, and broader energy sector planning. The company's prospects depend on whether authorities opt for contract extensions, short-term support mechanisms, or alternative capacity arrangements. Alignment with national energy priorities and fuel policies therefore becomes a key determinant of the plant's continued operation.

Operational Challenges in the Absence of Contractual Protection

Operating without a PPA requires HPL to independently manage uncertainties related to fuel supply, dispatch scheduling, and revenue generation. For a capital-intensive power plant, such conditions may be economically inefficient, particularly when fixed costs remain high and market-based revenues are insufficient to cover full cost recovery. This raises concerns regarding the long-term viability of continued operations.

Pressure on Workforce Management and Cost Control

The loss of stable revenue compels management to focus on cost rationalization measures, including workforce optimization, deferral of non-essential maintenance, and tighter expenditure control. While these actions may help preserve short-term liquidity, they also carry risks related to asset deterioration, safety performance, and reduced operational readiness for future contractual opportunities.

Strategic Choices Following PPA Expiry

After the expiration of the PPA, HPL generally faces three strategic alternatives. The company may pursue renewal or extension of the PPA through renegotiation, operate on a short-term or merchant basis with elevated financial risk, or suspend operations if economic viability cannot be ensured. Each option involves distinct financial, operational, and strategic implications that must be carefully evaluated to safeguard long-term sustainability.

Regulatory and Compliance Uncertainty

PPA expiry also places the plant in a more complex regulatory environment. Without a long-term contract, compliance requirements related to dispatch rules, grid availability, environmental standards, and tariff approvals may change or become less predictable. Any additional regulatory burden or compliance cost, without corresponding revenue certainty, further weakens the plant's financial sustainability.

Impact on Long-Term Business Planning

The absence of a PPA severely limits long-term planning capability. Capital expenditure decisions, major overhauls, life extension investments, and technology upgrades become difficult to justify when future revenue visibility is low. This creates a short-term operational mindset, which is inconsistent with the long-lived nature of power generation assets.

Increased Exposure to Market Competition

Post-PPA, HPL may be required to compete with newer, more efficient plants, renewable energy projects, or government-supported facilities. Older thermal plants often face higher marginal costs, making them less competitive in a market-driven or short-term procurement environment. This competitive pressure can further reduce dispatch priority and utilization levels.

Foreign Investment and Sponsor Confidence Risk

For foreign-owned power plants such as HPL, PPA expiry can negatively affect sponsor confidence. Investors typically rely on stable, contract-backed returns in emerging markets. Prolonged uncertainty after PPA expiry may discourage additional capital injection, delay shareholder support, and affect the parent company's long-term commitment to the project.

Implications for National Power System Reliability

From a broader system perspective, non-renewal of PPAs for existing plants may impact overall grid reliability, especially during peak demand periods. However, without explicit policy support or compensation mechanisms, the burden of maintaining standby capacity shifts disproportionately to the plant owner, making continued availability economically unattractive.

Negotiation Leverage Imbalance

After PPA expiry, the bargaining position of HPL weakens significantly. BPDB and government agencies typically gain greater leverage in negotiating tariffs, dispatch terms, or interim arrangements. This imbalance may result in less favorable commercial terms compared to the original PPA, even if the plant remains technically viable and strategically useful.

Macroeconomic and Currency Exposure Post-PPA

Following PPA expiry, HPL's exposure to macroeconomic volatility increases significantly. Under a long-term PPA, foreign exchange risks, inflationary pressures, and fuel price movements are either contractually indexed or partially pass-through in nature. Once the contract ends, the absence of indexation mechanisms means that any adverse movement in exchange rates or inflation directly erodes operating margins. For a company with USD-denominated financing and cost structures operating in a BDT-based revenue environment, this mismatch heightens financial vulnerability and further complicates cash flow management.

Chapter-Five

Findings Recommendations & Conclusion

5.1 Key Findings from Internship Experience

- The company's financial sustainability is highly dependent on the continuation of the Power Purchase Agreement (PPA) with BPDB, creating significant revenue concentration risk.
- Delays in receiving payments from BPDB were observed to create short-term liquidity pressure, increasing reliance on working capital management and internal cash controls.
- Fuel supply uncertainty, particularly the availability of natural gas, was identified as a major operational constraint affecting plant dispatch and generation efficiency.
- Fixed tariff and capacity payment structures under the PPA limit the company's ability to adjust revenue in response to rising operating and maintenance costs.
- Aging plant infrastructure has resulted in increasing maintenance requirements, leading to higher fixed and variable O&M expenses over time.
- The company faces limited flexibility in cost optimization due to strict contractual obligations and regulatory constraints.
- Preparation of financial statements under a non-going-concern basis reflects uncertainty related to PPA renewal and long-term operational continuity.
- Dependence on a single buyer (BPDB) exposes the company to counterparty credit risk and policy-related uncertainties.
- Limited diversification into renewable or alternative energy sources increases long-term strategic risk in a transitioning energy sector.

5.2 Recommendations Based on Identified Findings

- The company should proactively engage with BPDB and relevant authorities to ensure timely renewal or extension of the PPA in order to reduce revenue concentration risk and ensure long-term financial stability.
- Strengthening working capital management practices, including tighter receivable monitoring and contingency cash planning, is recommended to mitigate the impact of delayed payments from BPDB.
- The company should collaborate closely with gas suppliers and explore alternative fuel arrangements or hybrid solutions to reduce operational disruptions caused by fuel supply shortages.
- Periodic tariff review mechanisms and renegotiation clauses should be pursued during PPA renewal discussions to better reflect rising operating and maintenance costs.
- Investment in preventive and predictive maintenance programs is recommended to manage aging plant infrastructure and control increasing O&M costs.
- Cost optimization initiatives, including process automation and efficiency benchmarking, should be introduced within the boundaries of regulatory and contractual frameworks.
- The company should develop scenario-based financial planning models to prepare for potential non-renewal of the PPA and to support decision-making under a non-going-concern basis.
- Diversification into renewable or alternative energy projects should be considered to reduce reliance on a single energy source and enhance long-term sustainability.
- Enhancing corporate governance, transparency, and stakeholder communication can help build confidence among lenders, regulators, and investors during periods of contractual uncertainty.

5.3 Conclusion

This internship report was prepared to examine the impact of the Power Purchase Agreement (PPA) on the financial sustainability of power generation companies, with particular focus on Haripur Power Limited (HPL). Through an in-depth analysis of the company profile, industry structure, PPA framework, operational performance, and financial implications, the study highlights the critical role of long-term contractual arrangements in ensuring stability within Bangladesh's power sector. The findings demonstrate that the PPA model provides revenue certainty, predictable cash flows, and risk mitigation through capacity payments and fuel cost pass-through mechanisms, which are essential for capital-intensive power generation projects. At the same time, the report reveals that financial sustainability is not solely dependent on contractual protection, but is also influenced by operational efficiency, fuel availability, regulatory conditions, and the financial health of the off-taker, BPDB.

The internship experience provided practical exposure to real-world financial reporting, operational coordination, and risk management practices within a power generation company. It became evident that challenges such as delayed receivables, fuel supply constraints, aging plant infrastructure, and uncertainty surrounding PPA renewal pose significant risks to long-term viability. The preparation of financial statements under a non-going-concern basis further emphasizes the importance of strategic planning and timely decision-making in the absence of assured contractual continuity. Moreover, the analysis shows that while PPAs enhance bankability and investor confidence, overdependence on a single buyer and fixed tariff structures can limit financial flexibility in a dynamic economic and regulatory environment.

Overall, this report concludes that Power Purchase Agreements remain the backbone of financial sustainability for Independent Power Producers in Bangladesh, including Haripur Power Limited. However, to ensure long-term resilience, companies must complement contractual safeguards with operational excellence, proactive stakeholder engagement, diversification strategies, and robust financial planning. The internship has significantly enhanced the author's understanding of the practical application of accounting, finance, and energy economics, bridging the gap between academic knowledge and professional practice. The insights gained from this study are expected to be valuable for future academic pursuits as well as a professional career in the energy and finance sector.

Reference

Websites

1. www.bpdb.gov.bd
2. www.powerdivision.gov.bd
3. www.ieefa.org
4. www.wikipedia.org

Annual Reports

1. Bangladesh Power Development Board (BPDB) Annual Report 2020
2. Bangladesh Power Development Board (BPDB) Annual Report 2021
3. Bangladesh Power Development Board (BPDB) Annual Report 2022
4. Bangladesh Power Development Board (BPDB) Annual Report 2023
5. Haripur Power Limited Annual Report 2020
6. Haripur Power Limited Annual Report 2021
7. Haripur Power Limited Annual Report 2022
8. Haripur Power Limited Annual Report 2023

Published Documents

1. Power Purchase Agreement (PPA) framework and policy documents issued by the Power Division, Ministry of Power, Energy and Mineral Resources.
2. Tariff orders, regulatory guidelines, and decisions published by Bangladesh Energy Regulatory Commission (BERC).
3. Internal operational and financial documents of Haripur Power Limited (used during internship).
4. Previous internship reports related to power generation and energy sector studies.
5. Industry analysis reports published by Centre for Policy Dialogue (CPD) and Institute of Energy Economics and Financial Analysis (IEEFA).
6. Relevant journal articles and sector studies on power purchase agreements and financial sustainability of IPPs.