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THAILAND

Newsletter

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Thailand: Regulation Announced for the Purchase of Power from Community Waste Projects

Introduction

Thai energy regulators continue to introduce new measures supporting the reduction of greenhouse gasses in line with Thailand's national agenda and international obligations to achieve carbon neutrality by 2050 and net-zero emissions by 2065. Recent developments related to international pledges and national policies include the following:

- the adoption of a Bio-Circular-Green Model into the national agenda (details can be found at this [LINK](#));
- the Energy Regulatory Commission's (the "ERC") launch of the ERC's Regulatory Sandbox Phase 1 in 2021, which involved limited scale-deployment of peer-to-peer electricity trading (details can be found at this [LINK](#)); and
- launch of the ERC's Regulatory Sandbox Phase 2 in mid-2022, which focused on innovation and green regulation (details can be found at this [LINK](#)).

In addition to the examples above, a draft announcement for the tender for the purchase of power from renewable resources has recently been released (details can be found at this [LINK](#)), and Thailand's first Climate Change Bill is set to be submitted for approval (details can be found at this [LINK](#)).

A new regulation was announced, which came into force on 16 June 2022, by the ERC regarding the purchase of power from community waste projects in line with other initiatives related to greenhouse gas reduction and carbon neutrality in Thailand (the "Regulation"). This newsletter will provide a brief overview of the recently announced Regulation.

Overview of the Regulation

The Regulation sets out general requirements for applicants and projects to qualify, and governs the issuance of notifications by the ERC, the Electricity Generating Authority of Thailand (the "EGAT"), the Metropolitan Electricity Authority (the "MEA") and the Provincial Electricity Authority (the "PEA") setting out the application process.



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Qualifying community waste power projects

Community waste power projects that qualify under the Regulation are waste management projects contracted with a local authority that produce electricity as output in accordance with the laws related to the maintenance of the cleanliness and orderliness of the country (the "**Community Waste Power Projects**").

An applicant must meet other qualifications to be an eligible Community Waste Power Project that includes, among others, the following:

- (a) The applicant is a private counterparty to a waste to energy project agreement with a relevant local authority; and
- (b) the project and local authority are under the approved list of the National Energy Policy Committee (the "**NEPC**") attached to the ERC's notification regarding purchasing power from community waste power projects dated 30 June 2022 (the "**ERC's Notification**").

Under the ERC's Notification, there are 34 approved Community Waste Power Projects of local authorities totaling a contracted capacity of 282.98 MW. As of the date of this newsletter, 18 approved projects have selected private counterparties.

Project size

Project sizes with respect to Community Waste Power Projects are separated into two categories as follows:

- (a) a small power producer (an "**SPP**"), who enters into a power purchase agreement with the EGAT, for a contracted capacity exceeding 10 MW but not more 90 MW; and
- (b) a very small power producer (a "**VSPP**"), who enters into a power purchase agreement with the MEA, or the PEA for contracted capacity of not more than 10 MW.

Power purchase agreements

Type of PPA

Under the ERC's Notification, each power purchase agreement (the "**PPA**") for a Community Waste Power Project is on a non-firm basis under Thailand's Feed-in Tariff Scheme ("**FiT**").

Term

The term of each power purchase agreement, once executed, is 20 years from the earlier of the respective scheduled commercial operation date (the "**SCOD**") or the commercial operation date (the "**COD**"). An automatic termination of a PPA will occur if the COD is not achieved within 12 months from the SCOD.

The term and the scheduled COD can be extended due to force majeure claims.

Price: FiT schedule

Installed Capacity	FiT (Baht/KWh)			Terms (years)	Premium for the first 8-year period
	FiT _F	FiT _V 2017	FiT		
≤ 10 MW (VSPP)	2.39	2.69	5.08	20	0.70
≥ 10 – 50 MW (SPP)	1.81	1.85	3.66	20	-

Remark: FiT_V may be variable for each year based on inflation and will be notified by the ERC annually. FiT_V in this table refers to the FiT_V for 2017. FiT_F is fixed and will not be increased based on inflation. FiT_F together with FiT_V form the FiT.

SCOD

The SCOD for each Community Waste Power Project must fall within 2025-2026.

Bidding process

Notices of details, steps, places, timelines, application forms, and supporting documents required in relation to the bidding process for PPAs for Community Waste Power Projects are provided by the EGAT, MEA and PEA. The applicants will have to submit their bids based on the size of their proposed Community Waste Power Projects to the relevant electricity authority depending on the project's size.

The Deadline for applications is 29 December 2023. The relevant authorities will announce the results of the bidding process 60 days from the date of receipt of a completed application.

Final thoughts

Thai regulators have been very active in recent months to introduce numerous opportunities to operators in the renewable energy sector. This new Regulation is one more step in the attempt to meet national and international obligations to reduce greenhouse gas emissions.

This article provides a summary and overview of the regulatory requirements for Community Waste Power Projects to sell power in accordance with the relevant laws as of the date of this article. Please contact the authors in the left-hand column if you require further information on the legal matters discussed in this publication.

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