

# THAILAND'S 5 GW RENEWABLE PPA FIT SCHEME: 2022-2030

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Thailand's Energy Regulatory Commission ("ERC") is responsible for the promotion of renewable energy in Thailand and its recently issued regulations<sup>1</sup> establish Thailand's feed-in-tariff ("FiT") regime for the sale of electricity by renewable energy projects to state electricity authorities<sup>2</sup> up until 2030.

"Power purchase agreements for up to 5,203 MW will be allocated across four types of renewable energy projects."

## TOTAL PROJECT CAPACITY

Power purchase agreements for up to 5,203 MW will be allocated across four types of renewable energy projects:

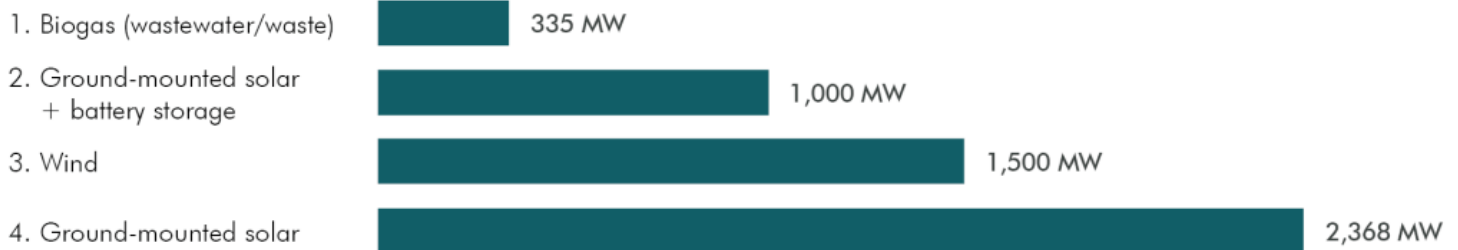


Table 1. Total PPA capacity (MW) offered per project type

## PROJECT SEQUENCE

The ERC has the ability to adjust power purchase targets, however the published targets are based on the scheduled commercial operation date ("SCOD") to be specified in the power purchase agreement ("PPA") for the purchase of electricity generated by the project.

2024	2025	2026	2027	2028	2029	2030
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	2024	2025	2026	2027	2028	2029	2030
Biogas (wastewater/waste)			75	75	75	70	40
Ground-mounted solar + battery storage	100	100	100	100	200	200	200
Wind		250	250	250	250	250	250
Ground-mounted solar	190	290	258	440	490	310	390

Table 2. PPA purchase target (MW) per SCOD year for each renewable energy project type

## SPP VS VSPP 10 MW UP TO 90 MW

**"The new round of PPAs represents one of the best opportunities for traditional energy companies to enter the renewable energy sector."**

A Very Small Power Producer ("VSPP") holds a PPA for the sale of electricity with a capacity for sale of electricity with a capacity of 10 MW or less and a Small Power Producer ("SPP") holds a PPA for the sale of electricity with a capacity exceeding 10 MW but not more than 90 MW.

Ground-mounted solar + battery storage projects are available only to SPPs, but all three other types of projects are available to both VSPPs and SPPs.

## FEED-IN TARIFFS

The following FiTs are offered<sup>3</sup>, with an additional FiTPremium of THB 0.50 per kWh for projects located in the southern border provinces (Yala, Pattani, Narathiwat and the Chana, Thepha, Saba Yoi and Na Thawi districts in Songkhla).

	FiT (Baht/kWhr)
Biogas (wastewater/waste)	2.0724
Ground-mounted solar power	2.1679
Ground-mounted solar + battery storage	2.8331
Wind power	3.1014

## NON-FIRM VS PARTIAL-FIRM

PPAs for all projects other than ground-mounted solar + battery storage will be on a "Non-Firm" basis, meaning that the applicant will be paid for whatever amount of electricity is generated up to the MW capacity specified in the PPA and with no penalty if the amount of electricity generated falls below that capacity.

PPAs for ground-mounted solar + battery storage will be on a “Partial-Firm” basis, and project must be capable of generating the following amounts of electricity:

1. 9.00 am to 4.00 pm: 100% of the MW capacity specified in the PPA;
2. 6.01 pm to 6.00 am: 60% of the MW capacity specified in the PPA for two hours (or more as ordered by the offtaker); and
3. Other times: no minimum requirement and the offtaker will purchase all electricity generated up to 100% of the MW capacity specified in the PPA.

## APPLICANT ELIGIBILITY

Applicants must be corporate entities registered in Thailand and foreign shareholding is limited to 49%. At least half of the applicant’s directors and shareholders must be Thai, and directors authorised to bind the company must also be Thai. Exemptions from the foreign shareholding and director requirements are available to companies eligible for mode 3 and mode 4 specific commitments under international agreements or exempted under other laws, although in practice, the availability of exemptions is likely to be limited.

**"Applicants will need to display an understanding of the regulatory permitting process for renewable energy projects."**

The minimum capital requirement of THB2,000 per kW of capacity imposed by the current PPA scheme would require an applicant for a 50 MW PPA to have a registered capital of THB100m (approximately US\$2.7m), effectively preventing thinly capitalised companies from applying. Even though Thai companies can be established with only 25% of the registered capital actually paid up, the requirement for applicants to place a guarantee of THB 1,000 per kW of capacity would require an applicant for a 50 MW PPA to have at least THB50m in cash or immediately available funds (approximately US\$1.35m).

Applicants must also have identified a point of interconnection to the Grid by submitting the request to the Electricity Authority by 28 October 2022 and have obtained confirmation that the Grid has the ability to handle the electricity generated by the project being proposed by the applicant, with results being announced by 11 November 2022.

The new round of PPAs represents one of the best opportunities for traditional energy companies to enter the renewable energy sector and for existing renewable energy companies to expand their existing portfolios, provided they have identified a suitable point of interconnection are able to satisfy the project “technical readiness” criteria.

**"Applications will open from 4 November 2022, 12.01 am. to 25 November 2022."**

## PROJECT TECHNICAL READINESS

Applications will be assessed against the following five areas of technical readiness, with scores being given for each area, and applicant will need to meet a minimum score in order to be eligible for a PPA. The criteria are more detailed than in any previous round of PPAs.

## 1. Project location

- a. Owning or having the right to use the land on which the project will be developed (this can include an option to acquire or lease the land);
- b. Building control and town planning rules not preventing the development of the project on the land; and
- c. Detailed plan of all land plots if the project will occupy land on more than one title deed.

## 2. Technical expertise

- a. Plant layout showing the location of the power generation system, production control building and pollution treatment system and the plots of land;
- b. Single line diagram;
- c. Process Flow Diagram showing the electricity production process, pollution treatment and waste management (the three drawings being certified by a qualified engineer); and
- d. Experience in the electricity generating business or affiliates in the business of electricity production.

## 3. Energy potential

- a. Sufficient fuel resources for biomass projects or solar and wind resources for other projects.

## 4. Financial

- a. Documented estimates of project value;
- b. Letter of financial support from a commercial bank; and
- c. Registered capital of at least THB2,000 per kW for all projects applied for.

## 5. Planning

Action plan addressing timing and key steps:

- a. Preparing an environmental report;
- b. Stakeholder input;
- c. Obtaining necessary licenses;
- d. Procuring financing;
- e. Procuring equipment; and
- f. Constructing and interconnection.

Satisfying the technical readiness will require a substantial amount of technical input and applicants will need to display an understanding of the regulatory permitting process for renewable energy projects.

## SELECTION CRITERIA

Thailand's abundance of land with high insolation is likely to result in applications for solar PPAs exceeding yearly targets and potentially creating bottlenecks at Grid interconnection points, however the selection process prevents solar from cutting off access to other technologies.

If there are a large number of project applications for a given connection point to a part of the Grid with capacity limitations, the renewable energy types will be priorities in the following order of decreasing priority:

1. Biogas (wastewater/waste);

"The best time to commence the application process may have been "months ago". The next best time is now."

2. Wind;
3. Ground-mounted solar + battery storage; and
4. Ground-mounted solar.

## APPLICATION PERIOD

Applications will open from 4 November 2022, 12.01 am. to 25 November 2022, 12.00 pm. through the RE Proposal system on the Office of the ERC's information network system ([www.erc.or.th](http://www.erc.or.th)). Applicants are required to submit their offer for the sale of electricity to the state electricity authority together with evidence of placing a guarantee within three business days following the date on which the applicant has confirmed an offer for the sale of electricity through the RE Proposal system, but no later than 25 November 2022, 12.00 pm.

Qualified applicants will be announced by 2 December 2022, and applicants who satisfy technical readiness will be announced by 18 January 2023 respectively. Successful projects will be announced by the ERC by 15 March 2023.

As applications will require a substantial amount of technical input to satisfying the technical readiness requirements, the best time to commence the application process may have been “months ago”. The next best time is now.

*(1) Regulations of the Energy Regulatory Commission on the procurement of electricity from renewable energy in the form of Feed-in Tariff (FiT) in 2022 – 2030 (B.E.2565 – 2573) for the Group of No Fuel Cost 2022 (B.E.2565) published in the Government Gazette September 27, 2022 (B.E.2565)*

*(2) The Electricity Generating Authority of Thailand, the Metropolitan Electricity Authority or the Provincial Electricity Authority*

*(3) By resolution of the National Energy Policy Council in the Meeting No. 3/2565 on 6 May 2022*

## KEY CONTACTS



**RAMITA  
VISAVAYOTHANAN**  
ASSOCIATE • BANGKOK

T: +66 2 665 7823

[rvisavayothanan@wfw.com](mailto:rvisavayothanan@wfw.com)

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