

Project Development Programme (PDP) South-East Asia

Policy Paper*

Thailand: Support Programme for Biogas Pilot Projects Suspended

The National Council for Peace and Order (NCPO), the junta ruling Thailand since the military coup in May, terminated the support programme for 12 pilot projects that were set out to demonstrate the use of Napier Grass as feedstock for biogas plants.

The pilot projects were part of the “Distributed Green Generation for Community Enterprises” programme passed in 2013 and administered by the Department of Alternative Energy Development and Efficiency (DEDE) that is now under scrutiny in the course of institutional reorganizations. The programme is one of 21 programmes financed by the Energy Conservation (ENCON) Fund that have been ended by the NCPO because of “irregularities in the allocation of funds” (see below).

According to official government sources, the reasons for the termination of the biogas pilot project programme are the following:

1. Working process has been intransparent;
2. Working process did not follow government regulations and procedures;
3. The projects do not meet the objective of the ENCON Fund used to finance the programme. The original purpose of the ENCON fund is to finance research and development, but the programme under scrutiny supports the construction of biogas project.

The Government, however, already emphasized that it will continue its focus and support for renewables to reach the country’s alternative energy target of 25% in the total energy mix by 2021. Newly appointed Director-General of DEDE Viraphol Jirapraditkul recently stressed that his department intends to offer greater investment privileges for renewable energy projects to speed up investment in the sector. He stated that the existing incentives are not in line with technology development, but that DEDE would revamp privileges in terms of tax holidays and feed-in tariffs for all kinds of technologies. The department is thus revising the budget allocation from the ENCON Fund, and it is expected that under the military regime Thailand will focus more on solar and municipality-waste-to-energy projects as part of a “second generation” of renewable energy schemes. The first generation included biomass, biogas, solar, wind and mini hydropower.

Also, a high interest in German know-how and technology in the biogas sector persists within DEDE as well as the private sector. Therefore, GIZ will continue supporting DEDE for qualitative sector development.

DEDE employed Chiang Mai University (CMU) and Suranari University of Technology (SUT) to supervise the programme now under scrutiny. In November 2013, CMU had signed contracts with the project

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developers. According to GIZ information, no payments have been made to the companies who won the bidding process, yet. However, some of them have already started to develop their project(s) i.e. they have bought the land where to build the biogas power plants, and submitted documents for the permitting process. Therefore CMU and the project development companies will need to discuss on how to conciliate the interests of the different parties affected.

The project developers are now assessing the feasibility of the projects without the financial support from the Government. Several German technology and service providers are involved in the projects. The programme not only foresaw a slightly higher feed-in tariff (4.5 Thai Baht/ 10€Cent) for the pilot projects, but also would have granted up to 20% of the investment cost (but no more than 20 Million THB / 442,000 €) as subsidy to each of the twelve projects. The companies can still develop the projects based on the current adder scheme, which will, however, have an impact on the bankability of each project.

The adder scheme in Thailand provides a premium payment for biogas plants of 0.3 THB for projects pf 1-9.9 MW in size up to 0.5 Baht (below 1MW) per kWh (app. 0.7 – 1.1 € Cent) on top of the normal reimbursement for electricity fed to the grid. The adder thus tops up the base price of 2.89 THB/kWh (6.4 Cent) plus the fuel tariff of currently 0.59 THB/kWh (1.3 Cent), which amounts to a payment of 3.78-3.98 THB per kWh in total.

DEDE is discussing a new roadmap and programmes to ensure that the targets of the Alternative Energy Development Plan (AEDP) of 25% until 2021 can still be achieved, but no measures have been confirmed, yet.

List of suspended projects (Unofficial Translation)

These projects that were supposed to be financed by the ENCON Fund have now been ceased. The ENCON Fund allocation is managed by the Energy Policy and Planning Office (EPPO).

Year 2013's Funds

No.	Project name	Responsible Institute	Budget (THB)
1.	Installation of PV rooftop on selected provincial government buildings	DEDE	1,847,000,000
2.	Replacing LED light bulbs in Ministry of Defense's Buildings	DEDE	400,000,000
3.	EE Instruments & Appliances in small-medium Factory Promotional Project	DEDE	524,106,000
4.	Promote investment in EE & RE Project	DEDE	525,000,000
5.	Consulting on Energy Cost Reduction to Small-Medium Factory	DEDE	161,000,000
6.	Energy Efficiency Advertising Activities	DEDE	140,000,000
7.	Pilot project of community based green power from power crops	DEDE	300,000,000
8.	Reduce Industrial Energy Consumption Project	ERC	315,984,800
9.	Supporting Study, Research, Developing EE Technologies	ERC	200,000,000
10.	SMEs Energy Saving Project	ERC	420,000,000
11.	Energy Efficiency Advertising Activities : Youth as Target Group	ERC	490,000,000
12.	Supporting Study, Research, Developing RE Technologies	ERC	200,000,000
13.	Building Public awareness on Energy Saving through Local Media	DG MoE Office	114,937,000
14.	Energy Efficiency Advertising Activities : Family as Target Group	DG MoE Office	260,000,000
15.	Energy Efficiency Advertising Activities : Private Vehicle as Target Group	Bureau of Fuel Business	140,000,000

Year 2014's Funds

No.	Project name	Responsible Institute	Budget (THB)
1.	Improve Energy Efficiency of Industrial and Business Sector's Chiller Project	DEDE	214,722,000
2.	Promoting industrial measurement on EE	DEDE	259,459,200
3.	Promoting Energy Saving in Government Buildings	DEDE	2,119,717,730
4.	Promotional Project for investment on Machinery Maintenance, Replacement for better Energy Efficiency	DEDE	524,016,430
5.	Promoting High-Performance Appliance usage in Private Sector	DEDE	519,077,510
6.	Energy Efficiency Advertising Activities : Family as Target Group	DG MoE Office	260,000,000

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Further information

<http://www.enconfund.go.th/-O1capital/-O1history.html>

http://www.onep.go.th/download/energy/energy_law.2pdf

Contact

Gisa Holzhausen

Project Manager Thailand

+66(0) 26618441

gisa.holzhausen@giz.de

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