

Thailand's Energy Policy and Development Plan under the Administration of Prime Minister General Surayud Chulanont

The following national energy policy and development plan have been approved by the National Energy Policy Council (NEPC) and the Cabinet on 6 November 2006 and 21 November 2006 respectively. The gist can be summarized as follows:

Short Term: The implementation can immediately commence during the present government office.

1. Restructure and Improve the Energy Industry Management so as to optimize the efficiency of the national energy management.

- Speed up the drafting and enforcement of the Energy Act with a view to distinctly separating the policy-making features from the regulatory ones. The regulation of the energy industry will cover the electricity and natural gas industry, and an Independent Regulatory Body will be established;
- Recommend the amendment to the Royal Decree Describing Powers, Rights and Benefits of the PTT Public Company Limited, B.E. 2544 (2001) in order to transfer state powers to be under the state regulation; and
- Accelerate the enforcement of, updating and/or amendment to other energy-related laws, for example, the Petroleum Act, B.E. 2515 (1972), and the Energy Conservation Promotion Act, B.E. 2535 (1992), in order to solve problems and obstacles as well as to facilitate the implementation of energy-related matters.

2. Procure Energy so as to ensure sufficiency and security of energy supply.

- Speed up and promote energy resources exploration and development:
 - Promote the exploration and development of petroleum resources both in Thailand and in overlapping areas with neighboring countries:
 - Speed up additional procurement of natural gas from the following production fields in the Gulf of Thailand: Unocal, Arthit, Bongkot and Pailin as well as natural resources in the Thailand-Malaysia Joint Development Area (JDA);
 - Develop the natural gas pipeline networks with neighboring countries, namely, from Blocks M7/M9 and A1 of the Union of Myanmar and from Natuna field of Indonesia, and/or procure LNG from foreign sources; and
 - Speed up the negotiation on petroleum resource development in the Thailand-Cambodia continental shelf overlapping area.
 - Promote the role of PTTEP in the exploration and development of petroleum resources both domestic and overseas.
- Revise Thailand's Power Development Plan:
 - Adjust the load forecast to be more suitable and correspond with the economic conditions so as to ensure appropriate investment in the power sector and hence adequate supply to meet the demand;
 - Promote greater participation of the private sector in power generation by accelerating the issuance of a request for proposals for power purchase from Independent Power Producers (IPPs); and
 - Diversify fuel sources and types for power generation, including power purchase from neighboring countries, to ensure energy security and price stability, taking into account the generation costs, environmental impact and consumers' benefits.

3. Promote Energy Conservation and Energy Efficiency

- Set the energy conservation targets and speed up the implementation in both the public and the private sectors, including the general public, in order to achieve a practical outcome and bring about a continuous practice, and to foster energy conservation consciousness, through buying appliances with energy efficiency labels, for example;
- Establish the National Demand Side Management Office to be the focal point in forging ahead the demand side management so that energy conservation implementation would be carried out in a flexible, efficient and continuous manner;
- Speed up the establishment of energy efficiency standards of energy-intensive appliances, machinery and engines, including the labeling of the products for which the

standards have been established;

- Promote greater use of the public transport by providing 'Park & Ride' areas and facilitating passengers by providing feeder transport to downtown;
- Support the purchase of power from power producers using the cogeneration system, which is an efficient system for power generation, via the Regulations for the Purchase of Power from Small Power Producers (SPPs) and the Regulations for the Purchase of Power from Very Small Power Producers (VSPPs) at a suitable amount of purchasing capacity; and
- Initiate energy conservation measures in the transport sector, for example, the improvement of public transport and logistics systems, and the development of energy-saving vehicles.

4. Promote Alternative Energy Suitable for Thailand in order to diversify fuel types and reduce dependency on energy import.

- Promote the use of natural gas for vehicles (NGV), gasohol and biodiesel instead of oil in the transport sector, in proportion to the alternative energy development potential of the country;
- Support the purchase of power generated from renewable energy, such as agricultural residue, industrial wastes, biogas, garbage, wind and solar energy, in a suitable proportion and with appropriate purchasing prices by speeding up the announcement on the increase of purchasing capacity from Very Small Power Producers (VSPPs) and the establishment of purchasing price 'adders' from the prices specified in the Regulations;
- Establish a public organization to carry out the promotion of renewable energy utilization in the communities to bring about tangible and sustainable outcome as its implementation would be flexible and efficient;
- Support the policy study, research and development on alternative energy so as to determine practical guidelines on alternative energy development of the country; and
- Disseminate information about alternative fuels to the general public so that they would recognize and have confidence in the use of such fuels as NGV, gasohol and biodiesel, and carry out public relations work to create knowledge and understanding of the necessity to promote and develop other fuel options, e.g. coal, etc.

5. Establish the Energy Price Structure so that energy pricing would be transparent, fair and would reflect the actual costs.

- Regulate the oil pricing pursuant to the market mechanism, which is free, transparent and fair;
- Endeavor to diminish the debt burden of the Oil Fund and set the framework for the future utilization of the Oil Fund allocation;
- Adjust the price structure of and subsidization for cooking gas (LPG) in order to better reflect the costs and reduce the distorted use of LPG;
- Revise the calculation method of the automatic adjustment mechanism (F_t) to be more appropriate and fairer, allowing the pass-through of fuel costs and power purchasing prices under efficient operation;
- Regulate the rate of return for the natural gas procurement, pipeline through-put and distribution to be clear, transparent and fair for consumers; and
- Monitor and regulate the pricing of alternative energy (NGV, gasohol, biodiesel) to reflect the costs and to be fair for consumers.

6. Establish Measures Pertaining to Clean Energy to reduce the environmental impact resulting from various forms of energy industry operation.

- Upgrade the standards of refined petroleum products in line with the environmental management of the country;
- Attach importance to the reduction of environmental impact resulting from energy business development by entrusting joint responsibility for the costs of environmental protection and solution to energy producers, distributors and consumers;
- Comply with the environmental commitments that have been ratified by Thailand in the international forums;
- Join the international cooperation in implementing environmental measures pertaining to the energy industry operation to enhance sustainable energy development; and
- Forge ahead the Clean Development Mechanism (CDM) to promote efficient use of energy and to enhance greater use of renewable energy.

7. Promote the Private Sector and General Public Participation in Policy-Making to

create understanding and cooperation in energy development of the country.

- Promote participation in determining energy policy and measures so that energy development would be sustainable; and
- Promote participation in the community development, for instance, the community-based power generation and biodiesel production, which is in line with the development under the Sufficiency Economy concept.

Long Term: Commence the study and research to formulate energy management that is sustainable and complies with the philosophical principle of Sufficiency Economy. Implementation in the following aspects will be carried out:

8. Energy Supply

- Establish measures encouraging the national energy development and supply that is secure, sufficient and widely accessible and that helps reduce energy import from foreign countries; and
- Support and promote the use of alternative energy as well as the study and research & development of other new alternative energy.

9. Sustainable Energy Development

- Attach importance to the application of modern technology to energy development in parallel with the reduction of environmental impact resulting from energy business development;
- Comply with the environmental commitments that have been ratified by Thailand in the international forums;
- Entrust joint responsibility for the environmental impact to energy producers, distributors and consumers; and
- Promote the general public participation in energy management.

10. Energy Efficiency

- Support other agencies in the development of projects that will help reduce energy consumption, particularly oil, such as the improvement of mass transit and logistics systems, and the development of energy-saving vehicles.

11. Promotion of Competition in the Energy Business

- Promote competition in the energy business to encourage efficiency and fairness, with the efficient regulatory system in place to ensure fairness for consumers.
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