



# Updates on Thailand's Market Readiness Proposal

Fourth meeting of the Partnership Assembly  
**Sydney, Australia**



Thailand Greenhouse Gas Management Organization  
Ministry of Natural Resources and Environment



# Content

---



- ➔ Policy and Framework
- ➔ Preparation work
- ➔ Evolution of organizing framework
- ➔ Thailand's MRP preparation phase studies
- ➔ MRP preparation timeframe

# **POLICY AND FRAMEWORK**

# Policy context, objectives and envisioned role for new market instruments

## National Economic & Social Development Plan (NESDP)

### The 11<sup>th</sup> NESDP 2012-2016

- One of main targets is that environmental quality is improved to meet international standards, reduction of GHG emission is more efficient and forest areas have been expanded for more balanced ecological system.

#### Development Strategies

- Managing natural resources and environment toward sustainability

### **Development Guidelines:**

- ❖ to shift the development paradigm and direct country to low carbon and environmentally friendly economy and society
- ❖ Upgrade capacity to achieve climate-resilient society
  - NAMAs, REDD
  - GHG database and reporting system
  - Economic instruments
  - Voluntary target and MRV
  - Carbon Market
  - National registry
  - Carbon Fund

### **Specific Plan: National Strategic Plan on Climate Change 2008-2012**

STRATEGY 2: Promote GHG Mitigation Activities based on Sustainable Development

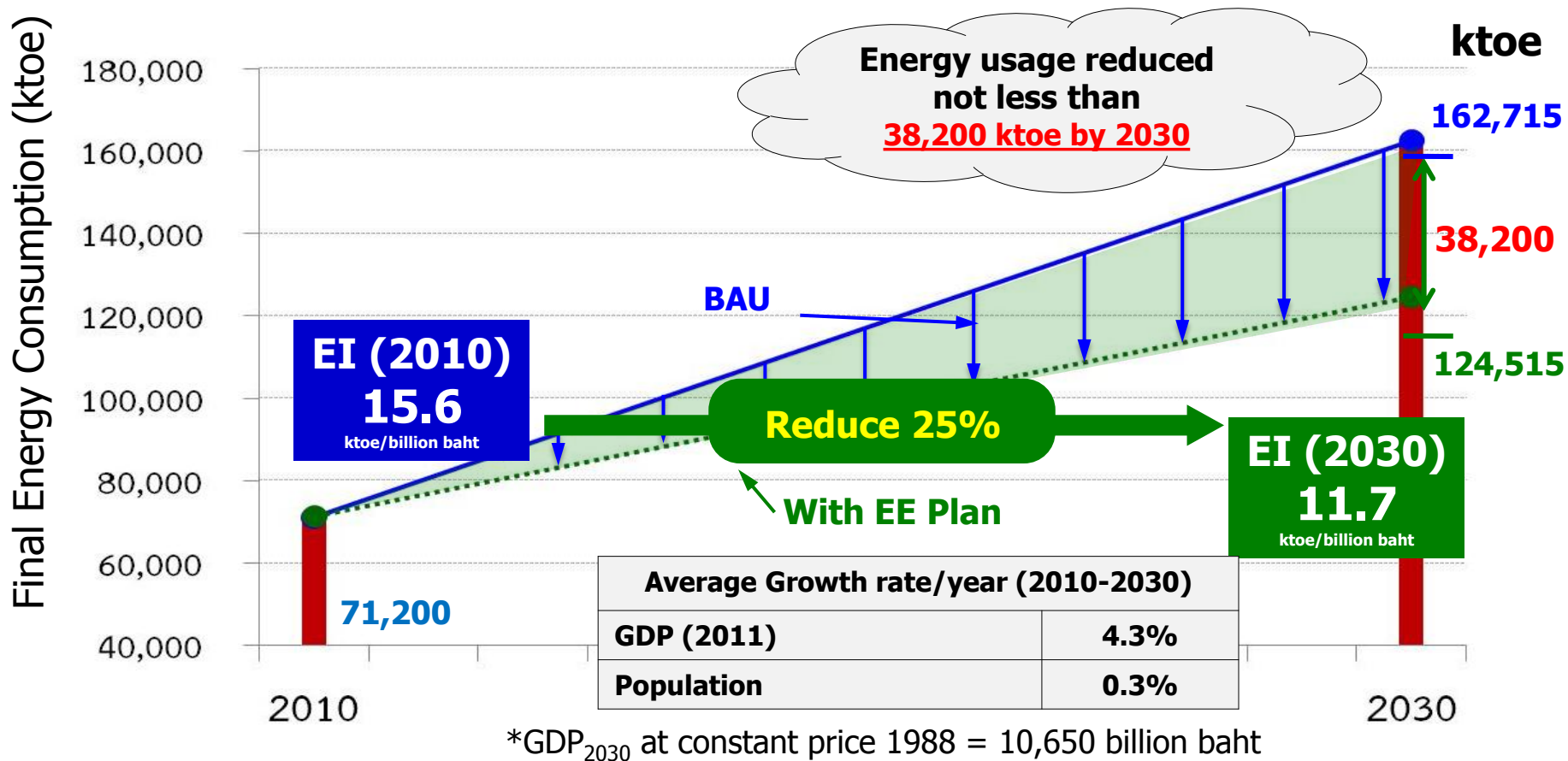
- GHG mitigation in all sectors
- **CDM as “Market Instrument”**
- **Carbon Trading** process & rules set up

### **Specific Plan: Alternative Energy Development Plan (AEDP) 2012-2021 and Energy Efficiency Development Plan (EEDP) 2011-2030**



# 20-Year Energy Efficiency Development Plan

Government policy @ 23<sup>rd</sup> AUG 2011 aims to reduce Energy Intensity 25% within 20 years



## Target Groups

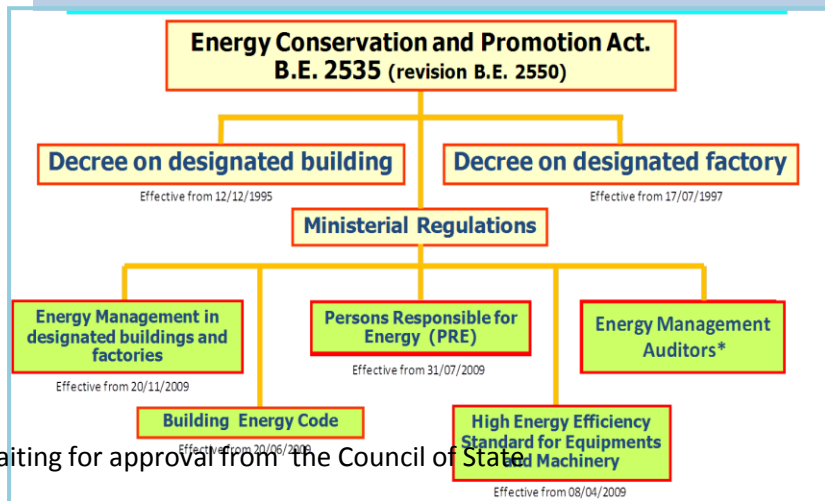
- Industrial sector
- Transportation sector
- Business Building
- Small Business and Residential Building

## Expected outcome in 2030

- Reduce final energy consumption at least 38,200 ktoe
- Reduce CO<sub>2</sub> emission 130 M. tons
- Reduce Energy cost 707,000 M.Bahts.

# Energy Efficiency Development Plan (2011-2030)

- The policy sets, both mandatory measures, via rules and regulations, and supportive/promotional measures to promotion energy conservation to achieve **25% reduction of energy intensity by 2030**.
- Major mandatory measures include the enforcement of the Energy Conservation Promotion Act, B.E. 2535 (1992), as amended in 2007, the establishment of Minimum Energy Performance Standards (MEPS), and energy efficiency labeling.
- Major Supportive and promotional measures, is the high-impact programs to encourage investment in EE projects
  - Gov. lead approach : EE Revolving Fund, Tax incentive, Co-investing Program, Standard Offer Program (SOP)
  - Market mechanism approach : Energy soft loan, Voluntary Agreement, **Cap and Trade scheme**



## Building Energy Code



## Electric Labelling



## Non-Electric Labelling

\* Waiting for approval from the Council of State

# Regulatory Framework

## CURRENT POLICY ON EXISTING MARKET INSTRUMENT

- **Thailand's Implementation on CDM** “Thailand Greenhouse Gas Management Organization” was established in 2008 to accomplish the country's active mitigation performance in order **to promote CDM, Carbon Market, and other GHG mitigation actions in Thailand.** *As of October 2012*, Thailand approved **214 LoAs**, and anticipates average annual CERs of **8.16 million tons CO<sub>2</sub>e/yr** from **46 registered CDM projects.**

## LAWS AND REGULATIONS

- **Office of the Prime Minister's Regulation on Climate Change 2008**  
Established the “**National Committee on Climate Change**”, **chaired by the Prime Minister**, to consider national agenda and issues in tackling climate change.
- **The Royal Decree on Establishment of Thailand Greenhouse Gas Management Organization (TGO) 2008**  
Established TGO that **has been performing its role as the Thai DNA-CDM.**
- **The Energy Conservation Promotion Act (no.2) 2007**  
focused on promoting energy conservation and energy efficiency, **mainly in industrial and building sectors.**

# **PREPARATION WORK**



# Work Done (1/3)

## Consultation with stakeholders

- ❑ Public consultation on NAMA in energy sector on Sep 6, 2012
- ❑ Organized Workshops with Ministry of Energy on potential NAMA in energy sector.
  - Dec 22-23, 2011
  - Feb 6, 2012
- ❑ Discussion with DEDE under Ministry of Energy on EPC scheme 3 times as follows;
  - May 10, 2012
  - June 14, 2012
  - August 31, 2012
- ❑ Discussion with The National Municipal League of Thailand (NMT) on low carbon city program for 84 municipalities (168 municipalities signed MoU) in Thailand
- ❑ In the process of signing a MOU between TGO and DEDE for collaboration of EPC scheme

The meetings were focused on scope, boundary of EPC scheme and criteria for selecting target sectors within the designated buildings and factories.



# Work Done (2/3)

---



## Capacity Building/ Core-Technical Establishment

- ❑ Cooperation with ADB, DEA, EU, GHGMI, GIZ, GS, JICA, KEMCO, WRI, WWF, UK, UNDP, USAID on NAMA, MRV, tools, capacity building
- ❑ South-South Cooperation with Indian Government on PAT scheme and conversion of energy unit to emission unit
- ❑ Cooperation with IGES to develop registry system for T-VER (Thailand Voluntary Emission Reduction)
- ❑ Study is on going on data collection (energy consumption and GHG emission) for EPC scheme and LCC program
- ❑ Cooperation with EU on MRV study
- ❑ On going discussion with VCS on integrated voluntary standard

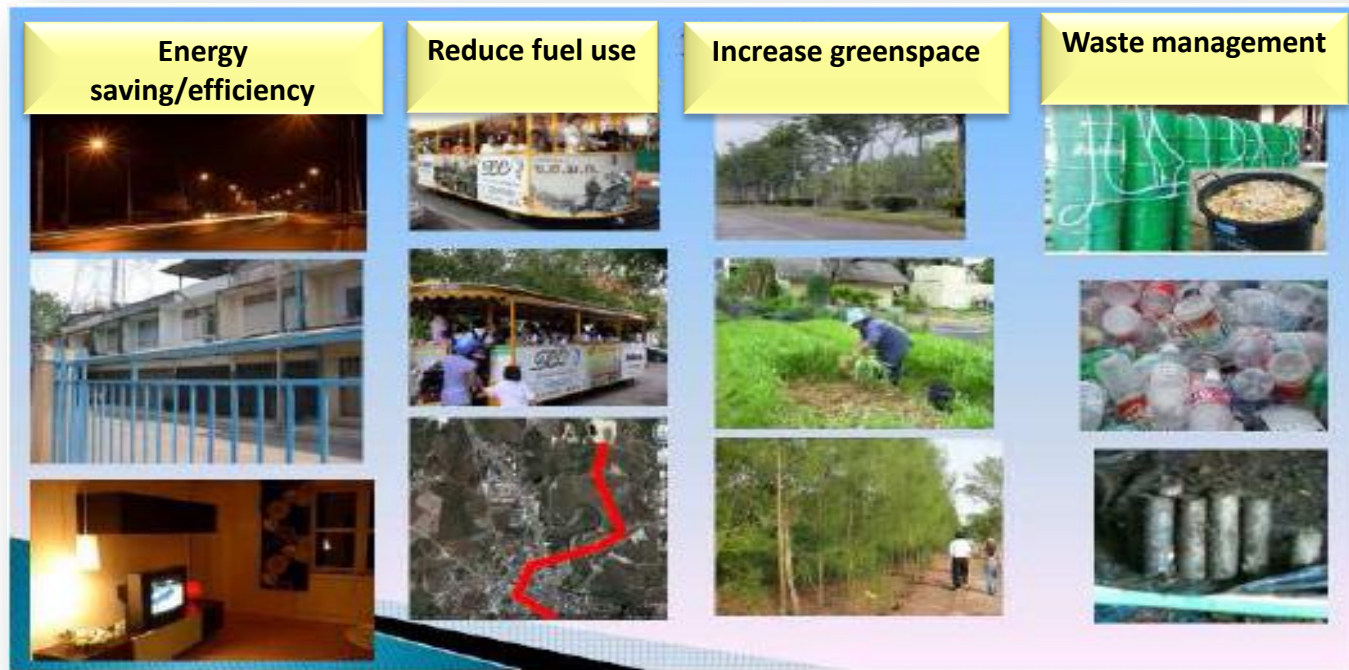


# Work Done (3/3)

## Awareness Raising through demonstration

- ❑ Cooperation with local administrations to evaluate carbon footprint in 27 local authorities.
- ❑ Thailand's Low Carbon City Approach -- a pilot project at Muang Klang Municipality.
- ❑ Muang Klang Municipality also voluntary pledge GHG mitigation objective for 5 years and 10 years period.

### Mitigation measures for Low Carbon City Program



# **EVOLUTION OF ORGANIZING FRAMEWORK & PROPOSED SCHEMES**

# Evolution of Organizing Framework

## Organizing framework May 31, 2011

### 1. Domestic VER crediting

Target area : Low carbon cities and carbon intensive factories such as iron and steel industry

### 2. Domestic emission trading

Target area : Factories in industrial estate's areas

## PA4 meeting October 23, 2012

### 1. Low Carbon City Program

Target area : Local Administrations

### 2. Energy Performance Certificate Scheme

Target area : Designated **buildings** and factories under Energy Conservation Promotion Act 1992 and 2007

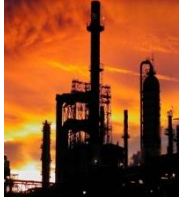


## Rationales for evolvement

- ❑ Necessary institutional and/or regulatory support for implementation of domestic emission trading in Thailand requires more time to be established. On the contrary, the “Energy Conservation and Promotion Act has already been enacted. This latest Organizing Framework will support the strengthening of its implementation and enforcement.
- ❑ More impact on GHG emission reductions due to the fact that the Energy Conservation and Promotion Act covers larger scope of intensive energy installations.
- ❑ Suitable linkage between EPC scheme and LCC program will be developed to scale up the impacts of these market instruments.

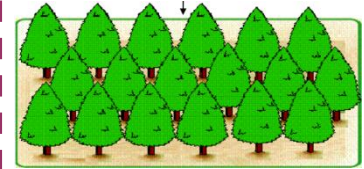
# Energy Performance Certificate Scheme : EPC

# Low Carbon City Program : LCC



Cap and trade on  
Energy Certificate  
for selected sectors  
within 6,000 of  
designated buildings  
and factories with  
high energy  
consumption

Credit from  
emission  
reduction can be  
use as offset in  
the EPC scheme



## Financial mechanism & Other incentives

- Soft loan
- Investment grant
- Performance subsidy
- Tax incentive + CSR
- Funding



Planned Thailand's MRP preparation  
phase studies



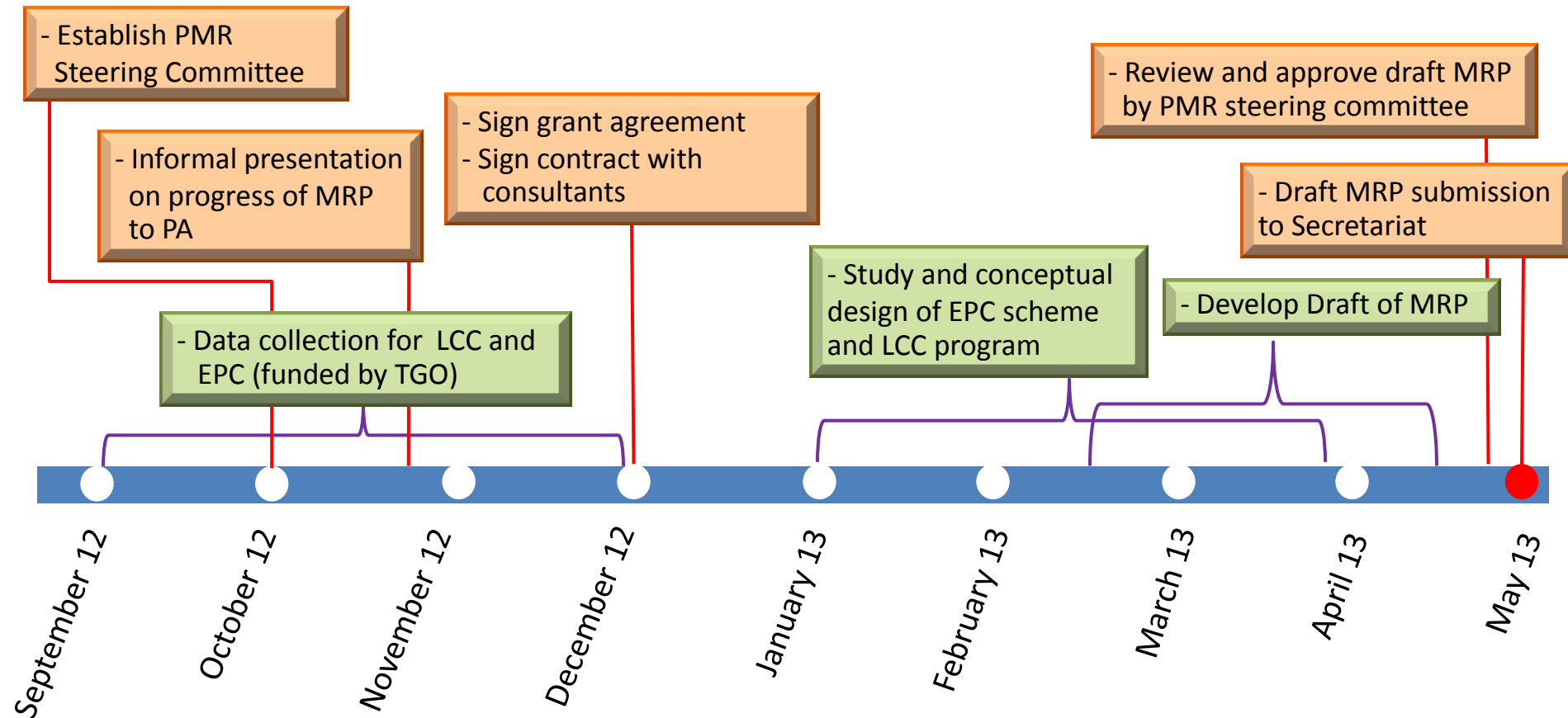
# Thailand's MRP preparation phase

	Component	Budget (\$)	Expected Implementation
1	Study and conceptual design of Low Carbon City	80,000	Jan-Mar 2013
2	Study and conceptual design of Energy Performance Certificate	92,000	Jan-Mar 2013
3	Development of Thailand's MRP	50,000	Feb-Apr 2013
4	Coordination and management	8,000	Dec 2012-May 2013
5	Financial Audit	5,000	May-Oct 2013
	Total	235,000	



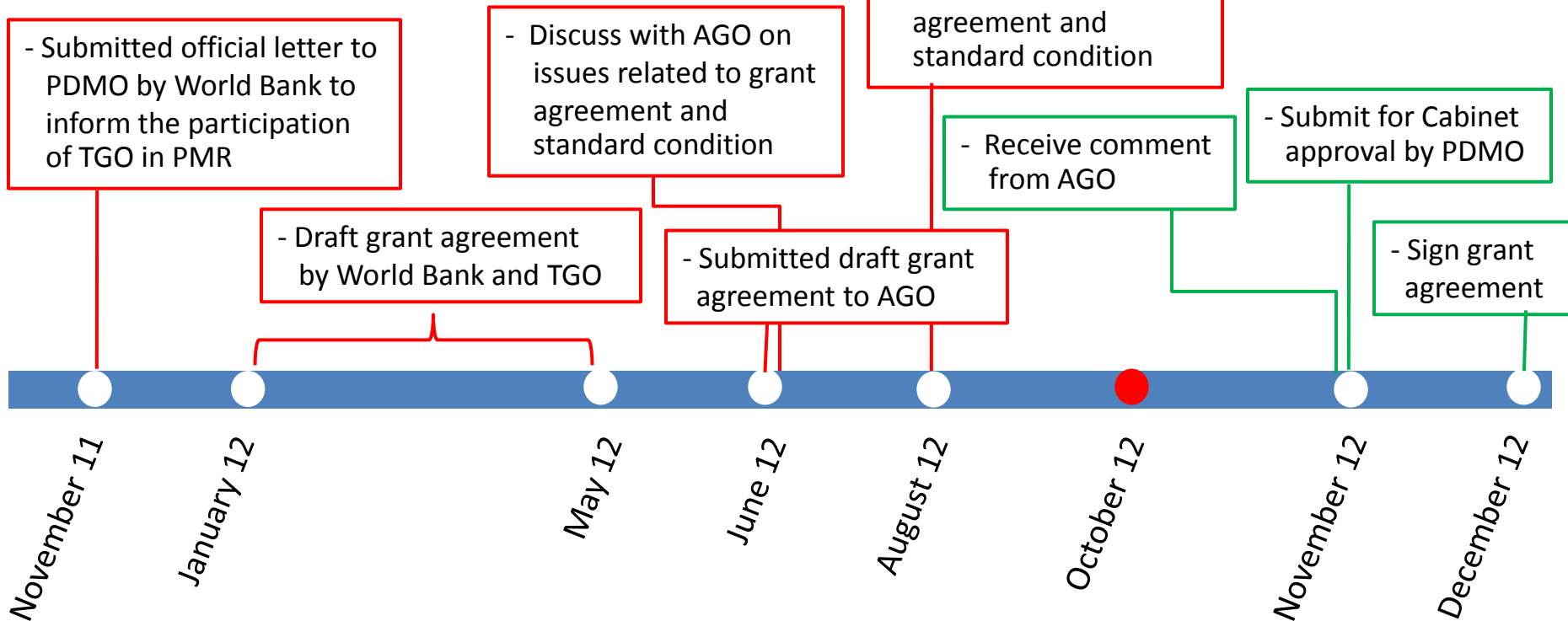
**TIMEFRAME**

# Tentative timeline for MRP preparation



# PMR Grant Agreement Signing Process

- Cabinet approval is required with prior considerations and comments from Office of the Attorney General and Ministry of Finance. The process is expected to be completed by December 2012.



PDMO ➡ Public Debt Management Office, Ministry of Finance  
AGO ➡ Office of the Attorney General

Thank you