Market Readiness Proposal (MRP) of Thailand
Summary of Expert Group Feedback

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Outline of Presentation

- PMR Expert Feedback Process
- Context and Rationale of the Thai MRP
- Nature of Thai MRP
- Proposed Programs of Thai MRP
  - Energy Performance Certificate Scheme (EPC)
  - Low Carbon City Program (LCC)
  - LCC Fund
- Key challenges going forward
PMR Expert Feedback Process

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Feedback Process
- Draft MRP provided to PMR Secretariat & Expert Group - Aug 23
- Expert group conference call - Sep 5
- Draft feedback provided - Sep 9
- 2 day in-country meeting to discuss feedback and strategies to advance the MRP (Sep 19-20)
- Revised MRP provided to PMR Secretariat & Expert Group (Oct 7)
Context and Rationale of the Thai MRP

- No mandatory target for GHG emission reduction
- No explicit policy or measure to specifically address GHG issue
- NAMA under development
- Existing policy targets
  - 20-year Energy Efficiency Development Plan and
  - 10-year Alternative Energy Development Plan
- Policy frameworks and financing mechanism in place but there are barriers.
Consists of three major components

- Energy Performance Certificates
- Low Carbon City
- Low Carbon City Fund

Both EPC and LCC Program attempt to bring in efficiencies in usage of energy through market based instruments.

They are connected with existing initiatives, such as energy audits, and GHG inventories.

Also in line with other carbon related initiatives such as

- Thailand Voluntary Emission Reduction Program
- Thailand Carbon Offsetting Program

Would help Thailand in building strong carbon market infrastructure
Energy Performance Certificate Scheme (1/2)

- Incentive driven and voluntary

- Phased approach
  - Preparation Phase (2014-16): Data collection, MRV, target setting
  - Demonstration Phase (2017-19)

- Between 2019 and 2025
  - Thailand may consider some mechanism to keep industry engaged

- Target Setting: Specific Energy Consumption (Sub-sector, participating factories and buildings)

- MRV: simplified methodologies and MRV processes
  - Development & implementation of institutional framework takes long time, early action should be taken.
Allowance Vs Certificates: Comparative analysis of these two Mechanisms may be undertaken before taking final decision

Pricing of Allowances:
- No Penalty
- However, incentive mechanism
- No demand for EPCs from market participants
- Purchase at Floor Price to be determined by the TGO
- Significant participation by industry is possible
- Government will have to put in significant money in Sink Fund

Purchase of outstanding allowances by Sink Fund
- Significant commitment by Thai Government
- Structure of Sink Fund should be defined
- Synergy between Sink Fund & LCC Fund may be explored
Municipality-targeted Crediting Mechanism: GHG Reductions in municipalities and communities
  - Administrative units for implementation should be clearly defined

Phased approach
  - Preparation Phase (2014-16)
  - Operating Phase (2017-)

Linkage between LCC and T-VER would reduce duplicity and cost of implementation

T-VER is a project based mechanism
  - More clarity is required on how it will be operated by Cities?
  - Whether separate PDD will be prepared for each activity within city?

Pricing of the LCC Program: Price guarantee by the Thai government (LCC fund)
Mandate: Provision of technical support, project identification and provision of finance could have conflict
- Clarity is required to avoid ‘Conflict of Interest’

Estimate of funding requirement for supporting LCC may be carried out.

Innovative feature that could be used to channelize all climate money into Thailand.
Thank You

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