



## Thailand's Energy Policy

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**Policy 1: Enhance energy security to ensure sufficient energy supply for the country's development and to increase energy self-reliance for the people's well-being:**

1. **Expedite exploration and production of domestic energy resources to enhance stability** covering oil, natural gas and electricity. A target is set to increase crude oil and condensate exploration and production to reach 250,000 barrels/day by 2011. Supply of natural gas from JDA and B-17 gas fields will be accelerated to meet the schedule. With regard to electricity, greater domestic generation will be promoted, especially SPPs and VSPPs using renewable energy.
2. **Enhance interconnection with energy resources in foreign countries** -- Greater investment will be encouraged in the production of crude oil and natural gas in foreign countries to be procured back to Thailand. Particularly, the signing of natural gas sale agreement (GSA) will proceed for natural gas supply from M9 gas field in Myanmar, for which the Head of Agreement (HOA) has been signed by the former Minister of Energy, Lieutenant General Poonpirom Liptapanlop. As for other petroleum resources in the Middle East region where PTTEP has already invested and began development, the operations will be speeded up so that production could be made and supply sent to Thailand. With regard to the purchase of electrical power from neighboring countries, the power purchase plan will need a review to suit with the demand under the current economic conditions of the country.
3. **Manage LPG supply to prevent shortage** - A study will be

undertaken to determine an appropriate approach and amount of LPG reserve to meet the current demand. The LPG import capacity as well as domestic logistics system will be improved to prevent LPG shortage, along with the formation of appropriate pricing policy to create equity for all stakeholders.

4. **Revise the Power Development Plan (PDP)** - Since the present reserve margin is more than 20%, it is deemed appropriate to expeditiously adjust the reserve margin level to be in line with the international standards so as to reduce not only the investment burden of the country but also the impact of  $F_t$  burden on the people. In addition, the Electricity Generating Authority of Thailand (EGAT) is to maintain an appropriate share of power generation capacity in order to guarantee the stability and security of the national power system in the long term.
5. **Carry out a comprehensive study on nuclear energy** - In order to provide another option and to increase the power supply stability in the future, it is necessary that a detailed study on nuclear energy be expedited prior to its submission to the government for further consideration and decision-making in the next two years. In particular, clear clarification will be required for the following two major issues: 1) economic and social profits, and 2) public acceptance.
6. **Distribute Energy Risks** - This aims to create a wide diversity of fuel types so as to reduce excessive dependency on any one particular fuel in both transportation and power generation sectors and to provide people with more options in energy consumption as a means to deal with the volatility of many fuel types, in terms of quantity and prices.
7. **Promote the extension of petrochemical and oleo chemical industry** - Preparation will be made for a study on the extension of petrochemical development to be well integrated with biofuel development so as to generate a new industry in the country, such as the oleo chemical industry.

## **Policy 2: Monitor energy prices to be appropriate, stable and in line with the economic and investment situations**

1. **Monitor the oil price policy and oil price structure** to be in line with the world market mechanism, reflecting actual costs and ensuring fairness for consumers, especially the marketing margin of oil traders, which is excessively high at present, and the refining margin of oil refineries.
2. **Determine LPG prices to reflect actual costs and consumption volume** particularly in the industrial and transportation sectors. However, for the household sector where LPG is used for cooking, the price level will be maintained under the 6-measures 6-months' policy. Relevant guidelines and measures will be presented to the National Energy Policy Council (NEPC) for further consideration.
3. **Control safety aspects**, emphasizing the establishment of safety

standards relevant to each stage of the use of LPG and NGV as fuel in the industrial, transportation and household sectors for the safety of the general public.

4. **Encourage the establishment of Provincial Energy Offices** in each and all provinces to act as representatives in monitoring and following up the policy implementation of the Ministry of Energy so that the policy could be materialized in all dimensions.
5. **Support the work of the Energy Regulatory Commission** pursuant to the prescribed role and duties and according to the purposes of the law so as to ensure benefits of the protection and create fairness for energy consumers.

**Policy 3: Promote research and development of all forms of alternative energy on a continuous basis:**

1. **Speed up the preparation of the 15-Year Renewable Energy Development Plan (REDP), as initiated under Minister Poonpirom's office, as a national agenda** by accelerating the organization of public consultations prior to submission to the National Energy Policy Council (NEPC) and the cabinet for consideration and proclamation.
2. **Proceed full steam ahead with the promotion of ethanol and biodiesel** to be the energy for Thais. This will help Thailand to be energy self-reliant. In addition, ethanol and biodiesel are renewable energy, which will not be depleted and which will help increase the prices of agricultural products while reducing oil import and hence saving foreign currency. Moreover, their selling prices are not expensive and these biofuels are clean energy, contributing to reduction of environmental impacts and global warming problems. Particularly, E85 will be an important energy option for Thai people amidst oil price hikes. The Ministry of Energy will monitor the equilibrium between the use of agricultural products for energy production and that for food production.
3. **Natural gas for vehicles (NGV)** - Implementation will be speeded up according to the action plan as devised under Minister Poonpirom's office, which has covered the preparation to accommodate the increase in demand, to reduce the problems of "running out of gas" "long queue" and "scarce service stations" through improvement of the management and administration of NGV service stations, including acceleration of mother station construction, increase in the number of NGV transportation tank-trucks and investment in the construction of three main pipelines.
4. **Promote power generation using renewable energy** - Consideration will be made to introduce more incentive measures besides the existing "Adder" measure in order to induce investment in power generation using all potential types of renewable energy.
5. **Promote community-scale alternative energy** - Promotion will be made on the development of prototype energy villages,

emphasizing the application of traditional cultures and way of living of the villagers as the basis for energy management within individual villages so that they could become self-reliant. In this regard, the principles of Sufficiency Economy Philosophy of His Majesty the King will also be applied concurrently.

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**Policy 4: Emphasize the creation of energy saving discipline as a national culture and encourage the Local Administration Organizations to be focal points for disseminating "Energy Saving Culture"**

1. **Speed up the implementation pursuant to the Energy Conservation Program, Phase 3 (2005-2011)**, under which the target of energy saving has been adjusted, under Minister Poonpirom's office, from 10.8% to 20% by focusing mainly on energy saving promotion in the industrial and transportation sectors.
  2. **Accelerate the materialization of the "11 energy-saving measures for the public"** - A target is set to achieve energy saving, accounting for a value of 100 billion baht (US\$ 2.85 billion)/year by 2011. The 11 measures are: 1) household energy credits; 2) energy credits for the industrial sector; 3) mandatory energy labeling; 4) 1-Watt Standby Power; 5) concerted energy saving efforts in temples and mosques; 6) energy saving standards for building designing (Building Energy Code); 7) monitoring energy saving in factories (ISO - energy); 8) energy mobile units; 9) "555" project - price reduction for high-efficiency (No. 5) electrical appliances for the public; 10) "Clean Air-conditioners Increase Savings for Households" project; and 11) "Engine Tune-up to Reduce Oil Consumption" project. In particular, the implementation of Projects no. 9, 10 and 11 will be continuously carried out every year, especially during summer. Additional measures will be explored so that greater energy saving could be achieved.
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**Policy 5: Protect the environment from impact of energy industry, generated by both energy production and consumption processes, as well as promote the tackling of global warming and support the Clean Development Mechanism (CDM)**

1. **Support CDM projects** in the energy sector to bring about reduction of greenhouse gas (GHG) emission at no less than 1 million tons/year.
2. **Reduce environmental impact caused by energy consumption** by reducing GHG emission, especially in the transportation sector by 15-20%, and preparing for the enforcement of EURO 4 oil standards in 2012, together with the reduction of volatile organic compounds (VOC) from oil business facilities through the installation of vapor recovery units.

3. **Reduce environmental impact caused by energy production** by undertaking a study to achieve a target of GHG emission reduction by oil refineries and power plants by 15-20% per 1 unit of energy produced and promoting the reduction of flare gas emission from petroleum production resources in order to re-use the gas.
  4. **Promote appropriate technology innovations** with moderate costs, being environmentally friendly and easy to use and to do the maintenance.
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