

## CONTRIBUTION-1, Q1

# The Biggest Challenge of Market Reforms in Thailand Regarding DERs Integration

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## QUESTION-1:

What are the biggest challenges and lessons learnt when considering market reforms in your jurisdiction (with specific reference to the integration of DERs)?



## The biggest challenge of market reforms in Thailand regarding DERs integration

- The biggest challenge when considering market reforms in Thailand regarding the integration of DERs is the government policy
- The structure of the energy industry management in Thailand is separated by the functions
  - Thai Ministry of Energy issues the policy
  - The Energy Regulatory Commission of Thailand (ERC) is responsible for developing a bidding rule and regulation, as well as opening the bidding process
  - The electric utilities are in charge of the operation.
- Despite Thailand's gradual shift away from the enhanced single buyer scheme towards the third-party access and energy market, the recent National Energy Policy Committee's resolution still allows the bidding for the small and very small power producers (SPP/VSP) to sell the energy to electric utilities on a bilateral basis.

## The biggest challenge of market reforms in Thailand regarding DERs integration

- The winning bidders will be permitted to sign the power purchase agreement (PPA) with the electric utilities.
- The electric utilities must take all of the energy offered by the power plant under the PPA, ensuring the power plant's income.
- Therefore, bidding for bilateral PPA is usually more financially feasible and appealing than the energy market.
- In my opinion, to encourage Thai electricity supply industry to reform into the energy market, the new energy policy should prioritize the energy market over the bilateral trade and significantly reduce bidding quotas for the bilateral trade.