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Egat market quota to end

Change meant to increase capacity

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Energy policymakers plan to end the two-decade quota regime by opening the state-controlled power generation business to private sector competition, says Energy Minister Siri Jirapongphun.

The state will remove the special quota (or favoured capacity) of state-owned Electricity Generating Authority of Thailand (Egat). The deregulation of power generation will apply to both fossil fuels and renewable energy.

Thailand needs to increase power supply and allowing the market to set its price will be essential to developing the power generation industry, he said.

"Moving forward, for the purpose of conducting auctions, we will set a benchmark power generation price that is not over the average retail price of power."

Power retails at an average of 3.6 baht per kilowatt hour in the market.

By the middle of this year, policymakers plan to open an auction under the small power producer programme, which will involve semi-firm power purchase agreements totalling 269 megawatts. This auction may be delayed or revised, he said.

Last year, Egat planned to develop renewable energy by itself with a combined capacity of 2,000 megawatts. But the plan has yet been approved by the Energy Ministry, and it would be scrapped.

The move is aimed at enhancing the efficiency of the sector, of Egat, and of other state-owned energy firms like PTT Plc.

Mr Siri said his ministry ordered Egat and PTT to enhance the efficiency of

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SIRI JIRAPONGPHUN
Energy Minister



Egat's Mae Moh power plant in Lampang. Both fossil fuels and renewable energy will be deregulated. JIRAPORN KUHAKAN

the business in order to prepare for the impending private sector competition.

"In the future, the energy sector will no longer be subsidised. They will be forced

to enhance their business innovation," said Mr Siri.

The energy sector will have to shift from its decades-long emphasis on energy security to an emphasis on efficient services, in line with the rest of the economy, he said.

Details of the deregulation programme will be finalised in the new national Power Development Plan (PDP), which is currently being revised by policymakers.

The new PDP, set to be finalised in March 31, will replace the existing PDP, which was drafted in 2014.

The plan aims to create a fair marketplace, and will include measures that make up for Board of Investment privileges that private power producers received.

The provision that fixed Egat's market share at 50% may also be revised. Egat's market share stands at 45%, lower than the 52% stake it held a decade ago.

The provision rules that a fifth of power must come from renewable sources by 2036 may also undergo major revisions. Renewable sources account for 12% of power in Thailand.

Mr Siri said he fully supported the deregulation of liquefied natural gas (LNG) imports, a measure that has been carried out since 2016. Private players and Egat (which recently expressed interest in importing LNG), will now be able to enter the business, which previously fell under PTT's monopoly. —