Financial Incentive Programs For Energy Efficiency in Thailand

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Major causes of energy demand

- Economic growths
- Increasing populations
- Expansion of urban area
- Infrastructure

Energy Consumption in Thailand

Energy consumption by economic sectors

- **Res. & Com.**: 36%
- **Transport**: 24%
- **Agriculture**: 5%
- **Industry**: 35%

*source: Energy Statistic Report 2011, DEDE*
• Soft Loan Program

• Tax Incentive Program

• Direct Subsidy for EE Investment Program
Soft Loan Program - *Energy Efficiency Revolving Fund*

Ministry of Energy has established *EE Revolving Fund*:

- Promote Private Investment in RE/EE Projects
- Partnership of Government and Banking Sector For Energy Conservation
Barriers / Concept

**Barriers**

- Limited access to funds
- Not a priority
- Banks were not interested

**Concept and Approach**

- Stimulate Investment and Stimulate Interest among Banking Community
- Commercial Lending
- Simplified Procedures
Objectives

- Stimulate commercial investment for EE Improvement
- Familiarize commercial banks with EE lending market
# Terms and Conditions

1 USD = 32 Bath

<table>
<thead>
<tr>
<th>Loan Period</th>
<th>7 years maximum</th>
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<tbody>
<tr>
<td>Eligible Borrowers</td>
<td>Facilities’ Owners, ESCO and Project Developers</td>
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<tr>
<td>Eligible Projects</td>
<td>EE improvement or RE development</td>
</tr>
<tr>
<td>Loan Size from RF</td>
<td>Up to 1.56 million USD / project (50 million Baht / project)</td>
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<tr>
<td>Interests charge to customers</td>
<td>Not more than 4%</td>
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Work Process

1. MoE allocates budget for banks
2. Banks lend to Client for EE Project
3. EE Project Implemented
4. Clients return payment
5. Banks payback to MoE
11 Participating Banks

1. Bangkok Bank (BBL)
2. Bank of Ayudhya (BAY)
3. CIMB Thai (CIMB)
4. Thai Military Bank (TMB)
5. Siam City Bank (SCIB)
6. Siam Commercial Bank (SCB)
7. Thai Farmers Bank (TF)
8. Exim Bank (Exim)
9. Krung Thai Bank (KTB)
10. SME Bank (SME)
11. UOB
EE Revolving Fund

Project Achievement

• Support over 295 EE/RE projects

• Total investment around 220 million USD Energy

• savings of 80 million USD per year.
Tax Incentive Program ⇒ 2 schemes are given;

1. Tax Incentive for EE products
   - Cooperation program with Revenue Dept.
   - 25% tax credit from purchasing of EE products

2. Tax Incentive for EE Investment
   - Cooperation program with Board of Investment (BOI)
   - Exemption of corporate income tax and import duties with max. of 8 years for EE equipment manufacturers
Tax Incentive for EE Products

Incentive Condition

Additional 25% of expense deduction for buying EE equipments

• Project Condition

• Corporations who buy EE equipments which are approved by Ministry of Energy can receive incentive directly from the Revenue Department
Ministry of Energy provides list of the approved EE equipments

Corporation buys equipments that are on DEDE list

Corporation submits the receipt of the equipment purchasing to Revenue Department

Corporation receives tax incentive From Revenue Department
Incentive through Board of Investment (BOI)

- Exemption of import duties and cooperate tax on new investment in
  - High efficiency equipment and renewable energy equipment manufacturing

- Incentive last for the maximum period of 8 years
Incentive through Board of Investment (BOI)

Project Achievement

- 56 projects have been approved through BOI
- Total investment 40 million USD
- Estimated total savings of 11 million USD/year
Direct Subsidy for EE Investment Program

- 15 million USD allocated for subsidy of investment in 2 groups
  - Standard measures: 11 proven energy saving measures
  - Individual projects: Other measures/technologies
- 20% subsidy not more than 3 mill. Baht/facility & 7 yr. PB
Direct Subsidy for EE Investment Program

Project Achievement

- 842 projects approved with;
  - Total investment of 70 USD
  - Energy saving of 28 mill. USD/year
Thank you for Your attention...