

Private sector's expectation on Energy Efficiency Finance support in Thailand

THINK.
CHANGE.
DO

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Outline

Part I: Case Study Thailand

Part II: Private EE Finance Models

- EE lending
- ESCO arranged finance
- EE leasing

Part III: Main Message

⇒ Government has to move from grant to a **de-risking/market enabling** role!

Case study Thailand

Demography (NESDPB, 2012):

- Population: 64 million
- Religion: Buddhism
- GDP: 4,898,189 million Thai baht



Energy and Finance History- Thailand

Energy sector

- 1990-2012: Energy consumption increase 4.4%/year
- Since 1995 Energy Conservation Fund
- 2011: 50.4% energy import dependence
- Heavily regulated/centralised electricity market
- 2012: 25% Energy intensity reduction target by 2030 from 2010 level

Finance sector

- 1989 – 1992: Financial reform
- 1997: Financial Crisis
- ⇒ Tight governance

Governance 'Struggle for democracy'

Military coups/elitist government in place since 1973.

Public Programmes to support EEF

- Energy Efficiency Revolving Fund
- ESCO Fund

Private EE Finance Models

- Direct Bank Loan
- ESCO Arranged finance
- EE leasing

Direct Bank Loan

Status:

Two implement EEF lending (2015)

Challenges:

- Focus of the bank
- Lack of customers (Strict collateral criteria)
- Technical facilitators missing
- No guidance from the Ministry of Finance

Expectations:

- Enabling framework: **Guidance from CoT; labels/standards**
- Create a market: **'Warehousing'/ Targeted public programmes**
- De-risking mechanism: **Guarantee to enable Project Finance**
- Capacity building: **CEOs; best practices**

ESCO-arranged Finance

Status:

US\$80million/year Market!

ESCO arranged finance: 15%

Challenges:

- Quality issues
- Lack of customers
- Lack to get access to finance

Expectations :

- Enabling Framework: **Quality assurance**
- Create a market: **Super ESCO**
- De-risking mechanism: **Technical insurance**

EE leasing

Status:

2 Japanese leasing companies

Challenges:

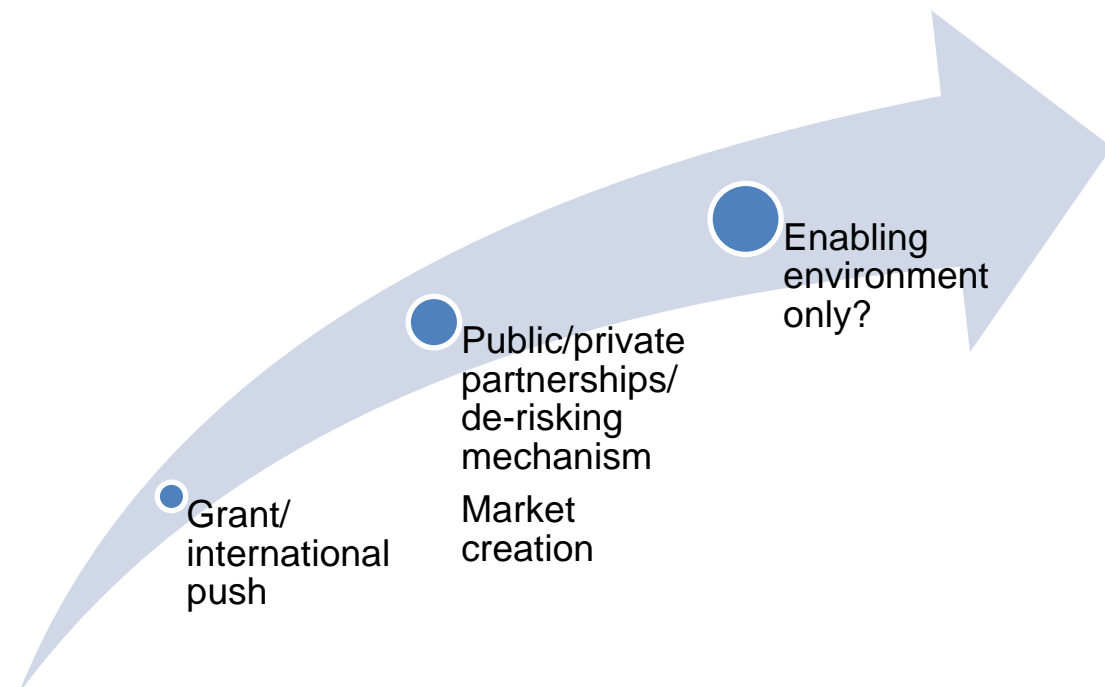
- Lack of customers
- Lack of recognition and support

Expectations:

- Enabling Framework: **Tax incentives**
- De-risking mechanism: **Insurance/Guarantees**
- Build networks: **Collaborate with energy service providers**

Main Message

Public sector's role for transition:



Thailand: Collaborate with international development bank on de-risking measures, Ministry for Economic development

THANK YOU

And questions/Feedback are
welcome

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