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Community Power Plant Project Procurement

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Regulations of the Energy Regulatory Commission on power procurement from very small power producers for the Community Power Plant Project for the Local Economy 2020



To comply with the resolution of the National Energy Policy Council, rules and regulations have been determined for power procurement from very small power producers in the Community Power Plant Project for the Local Economy.

By virtue of Section 11 (1) and (4) of the Energy Industry Act in 2007 and resolutions of the Energy Regulatory Commission during a meeting on 1 April 2020, the Energy Regulatory Commission has announced regulations as follows:

Section 1: This regulation is called “Regulations of the Energy Regulatory Commission on power procurement from very small power producers for the Community Power Plant Project for the Local Economy 2020.”

Section 2: This regulation shall come into force from the day following the date of its publication in the Government Gazette.

Section 3: In this regulation

- “กพช.” means National Energy Policy Council.
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- “กกพ.” means Energy Regulatory Commission
- “สำนักงาน กกพ.” means Energy Regulatory Commission Office.
- “คณะกรรมการบริหาร (Executive Committee)” means Executive Committee of Power Purchase from Community Power Plant Projects for the Local Economy, which is appointed under the National Energy Policy Council.



- "การไฟฟ้าฝ่ายจำหน่าย (*Distribution Utility*)" means Metropolitan Electricity Authority (MEA) and/or Provincial Electricity Authority (PEA).
- "พลังงานหมุนเวียน (*Renewable Energy*)" means Renewable energy for power generation consisting of biomass, biogas (water waste/ waste), biogas from energy crops, and solar energy.
- "โครงการ (Project)" means Community Power Plant Project for the Local Economy, which means a project for establishing a power plant in which the community acknowledges, approves and participates in the project implementation. The community is a partner in the production and distribution of the power together with the private sector and/or government organizations through community enterprises and the community shall receive a revenue share from the power plant.
- "*Energy Storage System (ESS)*" means systems or equipment installed in the project to be able to convert the power energy produced from the power production system from renewable energy to other forms of energy that can be stored and converted to new power energy in order to sell into the system together with the renewable energy power generation system in the project.
- "*Power purchase rate*" means Feed-in Tariff (FiT).
- "*FiTf*" means FiT in fixed areas (baht per kilowatt hour).
- "*FiTv*" means FiT in variable (baht per kilowatt hour).
- "*FiTPremium*" means additional power purchase rate for FiT (baht per kilowatt hour) for the Community Power Plant Project for the Local Economy in the provinces of Yala, Pattani, Narathiwat, and for the four districts in Songkhla, which are Chana, Thepha, Saba Yoi and Nathawi District.
- "*Applicants for very small power generation*" means those wishing to produce power from biomass, biogas (water waste/waste), biogas from energy crops, hybrid fuels and solar energy to carry out the Community Power Plant Projects for the Local Economy.
- "*Very small power producers*" means applicants for very small power producers that have entered the Power Purchase Agreement with the Distribution Utility. Each applicant for the very small producer project that pays into the system of the Distribution Utility must not distribute more than 10 megawatts.
- "*Power Purchase Agreement*" means written agreement to buy power between very small power producers and the Distribution Utility.
- "*Installation capacity*" means the total capacity of the producer using the same fuel. The unit is megawatts (MW) or kilowatts (kW) as stipulated in the Power Purchase Agreement for the case of solar energy and it gives the total capacity as specified in the equipment that converts direct current to alternating current (also known as inverter) with megawatts (MW) or kilowatts (kW) as the unit.
- "*The amount of power offered for sale*" means the amount of power offered to the Distribution Utility. The product is sold in megawatts (MW) or kilowatts (kW) as specified in the Power Purchase Agreement.

- *"Power purchase point"* means the power meter installation points that very small power producers sell power to the Distribution Utility with points determined by the Distribution Utility.
- *"Power system connection point"* means the power system connection point between the very small power producers and the Distribution Utility, which the very small producer can propose to the Distribution Utility to consider making the connection point the same point as the power purchase point.
- *"SCOD"* means the scheduled commercial operation date that is on the Power Purchase Agreement.
- *"COD"* means the commercial operation date.
- *"Power network system requirements"* means the power network system connection requirements, power network system service requirements and network power system operation requirements according to the Metropolitan Electricity Authority regulations or according to the Provincial Electricity Authority regulations.

Section 4: The Chairman of the Energy Regulatory Commission is in charge of this regulation and the Energy Regulatory Commission has the power to make decisions regarding issues relating to the implementation of this regulation and the decisions made shall be final.



Chapter 1

General Provisions

Section 5: The Distribution Utility is the buyer of power from very small power producers. The amount of power of a very small power producer of each project that is put into the system of the Distribution Utility must be considered for the potential of the power system that can be received and not affect the stability of the power system.

Section 6: Very small power producer applicants that have already submitted an offer to sell power are prohibited from changing the following terms:

- i. Renewable energy type;
- ii. The amount of power offered by each type of renewable energy; and
- iii. Feeder that is linked to the project.

Section 7: Very small power producer applicants must meet the prescribed qualifications and not have prohibited characteristics according to the rules set by the Executive Committee.

Section 8: Very small power producers must present their respective licenses to the Distribution Utility before the Commercial Operation Date (COD).

Section 9: Applicants for very small power producers must meet the prescribed qualifications and not have prohibited characteristics in obtaining an energy industry license under the 2007 Energy Industry Act. Applicants are responsible for remitting the prescribed fee into the Power Development Fund in accordance with the regulations by the Energy Regulatory Commission on the Electricity Development Fund and the related announcement. Very small power producers must also comply with the regulations and announcements by the Energy Regulatory Commission related to preventing and monitoring environmental impact.

Section 10: Very small power producers are able to use fuel for power generation under the Power Purchase Agreement under four categories as follows:

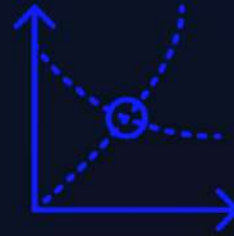
- i. Biomass;
- ii. Biogas from water waste or other waste;
- iii. Biogas from energy crops; and
- iv. Hybrid fuel between biomass, biogas water waste or waste, biogas from energy crops, and solar energy.

Very small power producers are prohibited from purchasing energy from other categories that are not prescribed above and from bringing power from other sources to sell into the system.

In the event of a violation under paragraph two, the very small power producer shall be considered as breaching the Power Purchase Agreement and the agreement shall be terminated. The violator shall pay a fine of 5,000 baht per kilowatt according to the amount of power offered in the Power Purchase Agreement.



Submitting an Offer



Chapter 2

Submitting an offer to sell power

Section 11: Locations accepting proposals for selling power for Community Power Plant Projects for the Local Economy:

- i. Metropolitan Electricity Authority, Economic Department, Tower 16, 5th Floor Number 121, Chakkaphet Road, Wang Burapha Phirom Subdistrict, Phra Nakhon District, Bangkok 10200.
- ii. Provincial Electricity Authority, Alternative Energy Promotion and Small Power Producer Division, LED Tower, 7th Floor, Number 200, Ngamwongwan Road, Lat Yao Subdistrict, Chatuchak District, Bangkok 10900.

Section 12: The timeframe to submit the proposed power sale, and the request for collateral shall be in accordance with the stipulations of the Energy Regulatory Commission.

Section 13: Once the Executive Committee has considered the selection, a list of accepted applicants shall be submitted to the Distribution Utility and the Energy Regulatory Commission in order to announce the names of the selected persons that are eligible to sign the Power Purchase Agreement contract.

Chapter 3

Power system linkage, equipment inspection, and related expenses

Section 14: Very small power producers must comply with safety standards and standards for linking to the system according to the power network system. For the stability of the power system of the Distribution Utility, the Distribution Utility has the right to inspect, or request the very small power producer to inspect, or to fix or adjust the equipment whenever required. The very small producer shall be responsible for the expenses. If the very small producer does not comply, the Distribution Utility has the right to forbid the very small power producer from connecting to the power network system.

Section 15: The very small producer shall install equipment to prevent damage to the power system according to the current power network system requirements. If damage occurs due to defects in power equipment or owing to other causes from any party which is not force majeure, that party must be responsible for the said damage.

Section 16: The very small producer is responsible for all the expenses in linking, inspecting, improving or other related expenses of the power systems. The said expenses must be paid before completion of the Power Purchase Agreement.

Section 17: The very small producer must produce quality power and meet the requirements of the power network system.



Chapter 4

Criteria and methods for calculating power purchase

Section 18: The amount of power energy delivered to the power system of the Distribution Utility shall be measured from the actual power consumed in that month by using a meter at the power purchasing point as specified by the Distribution Utility for power purchase only.

Where a mix of various types of renewable energy (Hybrid) are used, power meters shall be installed as specified by the Distribution Utility as approved by the Energy Regulatory Commission by fuel type classification and the purchase price of power.

Where an Energy Storage System (ESS) is used, the power purchased from the Distribution Utility cannot be sold back. The power producer must install a battery and charge the energy storage system at the time of receiving power from the Distribution Utility. The power producer must also receive and supply power with the same type of renewable energy.

Section 19: The power purchase rate of Community Power Plant Projects for the Local Economy in the form of Feed-in Tariff, in accordance with the resolution of the National Energy Policy Council in the meeting on December 16, 2019, is as per table below.

Table 1: Feed-in Tariffs

Production Capacity (MW)	FiT (Baht/Unit)			Support Duration	FiT Premium
	FiTF	FiTV 2020	FiT ⁽¹⁾		Special Areas ⁽²⁾
1. Solar Energy					
Installed capacity of all sizes	2.90	–	2.90	20 years	0.50
2. Biomass					
Installed capacity ≤ 3 MW	2.61	2.2382	4.8482	20 years	0.50
Installed capacity > 3 MW	2.39	1.8736	4.2636	20 years	0.50
3. Biogas from wastewater or waste					
Installed capacity of all sizes	3.76	–	3.76	20 years	0.50
4. Biogas from energy crops					
Installed capacity of all sizes					
100% energy crops	2.79	2.5825	5.3725	20 years	0.50
Mixed with waste ≤ 25%	2.79	1.9369	4.7269	20 years	0.50

Notes:

⁽¹⁾ FiT rates will be used for Community Power Plant Projects for the Local Economy, which supplies power into the system within the year 2019. After which, the FiTV rate will continue to increase according to the core inflation announced by the ERC.

⁽²⁾ The Community Power Plant Projects for the Local Economy in the provinces of Yala, Pattani, Narathiwat, and for the four districts in Songkhla, which are Chana, Thepha, Saba Yoi and Nathawi District.

Chapter 5

Collateral and power purchase agreements

Section 20: Very small producer applicants must provide collateral for submitting an offer to sell power at 500 baht per kilowatt according to the amount of power offered.

Section 21: The Distribution Utility shall return the collateral for submitting an offer to sell power to very small producer applicants in the following cases:

- i. The applicant withdraws the request to sell power within the time period for submitting an offer to sell power.
- ii. The applicant is not approved to sell by the Executive Committee.
- iii. When the applicant has signed the Power Purchase Agreement.

Section 22: Very small producer applicants who are approved must sign the Power Purchase Agreement with the Distribution Utility with a 20-year Power Purchase Agreement from the date of COD under the following conditions:

- i. Place collateral for the Power Purchase Agreement for the Distribution Utility before the date of signing the agreement. The Distribution Utility is the contractual party in the amount equal to 500 Baht per kilowatt according to the amount of power offered and the collateral of the Power Purchase Agreement shall be returned from the date of COD.
- ii. Sign the Power Purchase Agreement with the Distribution Utility within 120 days from the announcement of the names of selected persons. The SCOD date specified in the Power Purchase Agreement must match the offer for sale of power. If the contract is not signed within the said period, it shall be canceled. The Distribution Utility shall retain the collateral submitted for the power proposal, unless the Distribution Utility is the party at fault. This decision shall be made on a case-by-case basis.
- iii. Deliver other documents for signing the Power Purchase Agreement as specified by the Distribution Utility.

Section 23: The Distribution Utility shall prepare a Power Purchase Agreement under the power supply framework in accordance with the resolution of the National Energy Policy Council, these regulations, and the rules and guidelines of the Executive Committee.

Section 24: Where the very small producer is unable to supply power to a commercial system on the SCOD day, the Distribution Utility has the right to charge a penalty from that delay, at the rate of 0.33 percent per day of the credit limit of the Power Purchase Agreement after 60 days from the date of SCOD, unless the Distribution Utility is the party at fault. This decision shall be made on a case-by-case basis.

If the power cannot be distributed to the commercial system within the period of 360 days from the date of SCOD, the Power Purchase Agreement shall be considered terminated and the Distribution Utility has the right to retain the collateral of the agreement immediately.



Chapter 6

Dispute resolution

Section 25: Disputes arising from these regulations and the Power Purchase Agreements in accordance with these regulations, shall be settled as follows:

- i. If there are disputes relating to this regulation, the very small producer or the Distribution Utility shall adhere to the regulations of the Energy Regulatory Commission regarding the rules, procedures, conditions for filing disputes, and consideration of disputes between licensees.
- ii. The very small producer who encounters problems in complying with the Power Purchase Agreement must submit a letter to the Distribution Utility, who is considered a contract party, for consideration. If unable to negotiate a conclusion, the matter shall be submitted to a Thai court for a final decision.

For inquiries on Community Power Plant Project Procurement, please contact:

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