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Client Alert

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Thailand: Government Moves to Revisit Legacy Renewable PPAs

Thai government adopts new policy to restructure power procurement arrangements under legacy solar and wind PPAs to ease rising household energy costs

In brief

The Thai government has recently announced a new policy to restructure the contract terms and pricing arrangements under non-firm power purchase agreements (PPAs) for solar and wind power projects developed by small power producers (SPPs) and very small power producers (VSPPs) that were procured under older procurement regimes with higher purchase tariffs, automatic renewal or extension provisions, and incentive mechanisms. This development forms part of a broader policy objective to reduce electricity costs for consumers and align "legacy" renewable energy procurement arrangements with current production costs and market conditions. The new policy is expected to have significant implications for project companies, sponsors, lenders and investors with exposure to Thai renewable power projects, particularly those operating under these legacy long-term PPA arrangements.

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In more detail

The new policy was announced in mid-July 2026 and is expected to end the practice of automatic contract renewals and reduce the applicable electricity purchase tariff under legacy solar and wind power non-firm PPAs, which are considerably higher than the electricity purchase tariffs under current renewable energy procurement schemes (with purchase tariffs for solar projects expected to be reduced to THB 2.1579 per kWh as a pilot case). These measures are expected to be key drivers in alleviating the cost of electricity for households and consumers.

Background

Historically, certain renewable energy PPAs between electricity authorities — namely the Electricity Generating Authority of Thailand (EGAT), the Provincial Electricity Authority (PEA) and the Metropolitan Electricity Authority (MEA) — and private power producers included automatic renewal mechanisms and "adder" subsidies. These arrangements allowed certain PPAs, particularly for solar and wind projects, to continue indefinitely with open-ended contract terms and a generous technology-specific premium ("**Adder**") per kWh generated, on top of the prevailing electricity purchase tariff for a defined incentive period (typically 7-10 years), in order to encourage investment in renewable energy generation at a time when these technologies were still fairly new and subject to comparatively higher investment costs (with the Adder for solar projects reaching as high as THB 8.0 per kWh). In addition, the electricity base tariff under these legacy PPAs was linked to the wholesale electricity price and the variable electricity charge (Ft), resulting in purchase tariffs reportedly reaching up to approximately THB 3 per kWh. The government has indicated that these arrangements place a burden on domestic energy bills and no longer reflect current technology and production costs, which have declined substantially over time.

From 2015 onward, Thailand's renewable energy procurement schemes began transitioning away from Adder-based arrangements with automatic renewal features toward a more structured Feed-in Tariff (FiT) regime. Under the FiT framework, the Energy Regulatory Commission (ERC) prescribed standard-form PPAs for selected renewable energy technologies, with pre-determined FiT rates of THB 5.66 per kWh for solar projects and THB 6.06 per kWh for wind power projects, rather than tariffs linked to wholesale electricity prices and Ft adjustments. More recently, under the current FiT procurement framework for renewable energy projects commissioning between 2022–2030, the ERC has prescribed specific procurement rules, project eligibility requirements and standard-form PPAs for certain renewable energy technologies, including non-firm PPAs for SPP solar and wind projects and partial-firm PPAs for solar projects with battery energy storage systems. These latest FiT PPAs typically provide for a fixed contract term of 25 years from the commercial operation date (COD) and apply lower pre-determined FiT rates, including THB 2.1679 per kWh for solar farm projects, THB 3.1014 per kWh for wind projects, THB

2.8331 per kWh for solar farm projects with battery energy storage systems and THB 2.0724 per kWh for biogas power projects. As a result, the new policy may be viewed as an attempt to bring the economic profile of certain legacy renewable PPAs closer to the pricing discipline and fixed-term structure of the current FiT procurement model.

Key policy decisions

1. Proposals of the Committee on Resolving Problems Arising from Private Power Procurement

According to press reports, in July 2026, the government's Committee on Resolving Problems Arising from Private Power Procurement ("**Committee**"), chaired by Deputy Prime Minister Pakorn Nilprapunt, resolved to propose a restructuring of legacy long-term power purchase arrangements with private power producers. The objective is to ensure greater fairness to electricity consumers and to align electricity purchase costs with current market conditions and government policy.

The Committee has categorized affected renewal power projects into three main groups ("**Affected Renewable Power Projects**"), as follows:

Group	Description	No. of PPAs	Total Capacity	The Committee's Proposals
Group 1	Renewable power projects whose original 25-year contract term has already lapsed	515 PPAs	2,400 MW	Automatic renewals of these PPAs will cease. Instead, each PPA will be extended for one further cycle matching the original renewal period (e.g., three or five years), during which the purchase price will be reduced to approximately THB 2.16 per kWh (same as the purchase tariff under the recent community solar procurement scheme). Upon expiry of this final extension, the PPAs will terminate immediately.
Group 2	Renewable power projects that have received 10 years of Adder subsidies but have not yet reached the end of their 25-year contract term	46 PPAs	1,478 MW	The purchase price for the remaining contract term would be reduced to approximately THB 2.16 per kWh, on the basis that these projects are considered to have recovered their investment costs during the Adder subsidy period.
Group 3	Renewable power projects under legacy procurement schemes that have not yet achieved COD	4 PPAs	67 MW	Where the COD deadline has been exceeded by more than two years and there has been no material progress, cancellation of the relevant PPA may be considered on a case-by-case basis.

Separately, in relation to large independent power producers (IPPs), the Committee resolved to establish a dedicated sub-committee to review Availability Payments (AP) and Energy Payments (EP) under IPP PPAs, with a view to reducing their impact on the base electricity tariff charged to consumers. The Committee has indicated, however, that the review of IPP arrangements will be addressed at a later stage, after the proposed reforms for the Affected Renewable Power Projects have progressed.

2. Resolutions of the National Energy Policy Council

On 15 July 2026, the National Energy Policy Council (NEPC), chaired by Prime Minister Anutin Charnvirakul, convened and approved the Committee's proposals to establish clear end dates for relevant PPA terms and revise electricity purchase tariffs to reflect the current costs of the Affected Renewable Power Projects.

The NEPC's endorsed approach includes the following key measures:

1. Establishing **clear contract end dates for all SPP and VSPP Non-Firm PPAs** with automatic renewal provisions
2. **Adjusting electricity purchase tariffs** to reflect actual costs, with solar power cited as an example at THB 2.1579 per kWh

3. Authorizing the electricity authorities (EGAT, PEA and MEA) to **proceed with negotiations to amend the relevant PPAs**

Concurrent with the above measures, the Energy Policy and Planning Office (EPPO) and ERC have been tasked with recalculating the adjusted electricity purchase tariff under the legacy PPAs. This process is ongoing, as the final tariff can only be determined after the PPA amendments have been negotiated.

What's next

The NEPC-approved policy on setting definite PPA end dates and adjusting electricity purchase tariffs for the Affected Renewable Power Projects is not, in itself, a regulation and therefore does not have immediate legal effect. Implementation is expected to proceed through the contractual framework of the relevant PPAs, including bilateral negotiations between the electricity authorities and private power producers and the execution of PPA amendments. In practice, this means that the final purchase tariff for the Affected Renewable Power Projects will be subject to the outcome of negotiations between the electricity authorities and the relevant private power producers, after which the electricity authorities will report such outcomes to the ERC and EPPO. Both agencies will then determine a flat purchase tariff that will apply to the PPAs of the Affected Renewable Power Projects.

Nevertheless, given that the policy has now been approved and endorsed by the NEPC, it is reasonable to expect that the relevant electricity authorities may soon begin engaging with affected PPA counterparties.

Potential impact

The new policy may have important commercial and legal implications for projects that fall within the scope of the Affected Renewable Power Projects. At this stage, implementation appears to require negotiated amendments to the PPAs between the relevant electricity authorities and PPA counterparties, rather than unilateral changes taking immediate effect. However, depending on the terms of the relevant PPA and financing documents, the policy direction may warrant an assessment of whether a material adverse effect has occurred or may occur upon execution of the relevant PPA amendments, particularly if it results in a reduction of contracted revenue, a shortening of the expected cash flow tenor or an adverse impact on debt service capacity.

Any proposed PPA amendment should be reviewed carefully against the existing contractual framework, including provisions relating to the contract term, tariff adjustment, termination, change in law, dispute resolution, government support and regulatory approvals linked to the relevant PPA.

Recommended actions

The government's new policy underscores its increased focus on electricity cost management and prioritizing tariff reductions over legacy power procurement arrangements. Although policy approval does not, by itself, amend existing contracts, it signals a more decisive approach by state agencies and electricity authorities in seeking negotiated amendments to legacy renewable energy PPAs. Project companies, sponsors, lenders and investors with potential exposure to the Affected Renewable Power Projects should therefore consider taking the following steps:

- Identify whether any project within the relevant portfolio falls within the scope of the Affected Renewable Power Projects.
- Review the relevant PPA to assess amendment rights, termination provisions, tariff adjustment provisions and any procedural requirements for contractual changes.
- Review financing documents to identify financial covenant implications, permissions to amend material project documents, material adverse effect provisions and notification obligations.
- Assess the financial impact of any potential tariff reduction or earlier PPA end date, including assessment of potential credit risk and cash flow disruption, impact on expected IRR and repayment profiles and downside sensitivity analysis, as well as the necessity of making adjustments to financial models.
- Monitor any further regulations, orders, guidance or clarifications issued by the government, the ERC and electricity authorities in relation to this new policy.
- Prepare a coordinated legal, regulatory and commercial strategy before engaging with the relevant electricity authority on any proposed PPA amendment.

How we can help

Stakeholders in Affected Renewable Power Projects should treat this policy shift as a developing issue and review their contractual position under both the relevant PPAs and financing arrangements at an early stage, rather than waiting for a formal amendment request.

Our energy, infrastructure and finance teams can assist clients with assessing legal, regulatory and financing risks arising from the new policy, reviewing relevant PPA and financing documents, preparing negotiation strategies, and engaging with electricity authorities, lenders and other stakeholders. If your project or investment may be affected by the new policy, please contact us to discuss appropriate next steps and potential mitigation measures.

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