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Thailand Set to Launch First Direct Power Purchase Agreements for Renewable Energy by Year-End

Thailand is preparing to implement its first direct power purchase agreement (PPA) by the end of 2025, marking a significant milestone in the country's clean energy transition. According to the Energy Regulatory Commission (ERC), the pilot project will allow renewable power producers to sell electricity directly to large corporate consumers—most notably data centre operators—under a framework designed to increase access to green energy and attract foreign investment.

A direct PPA enables private entities to contract directly with renewable power generators, bypassing the traditional model in which the state utility acts as the sole buyer. To facilitate this, authorities are finalising rules under the Third Party Access (TPA) Code, which would permit the use of the state transmission grid subject to a wheeling charge. The National Energy Policy Council (NEPC) approved the scheme in 2024, initially capping transactions at 2 gigawatts of renewable energy, with potential expansion in a second phase to meet growing demand. Eligible renewable sources include solar, wind, hydropower, and biogas.

The initiative has been welcomed by clean energy developers such as Gunkul Engineering, which see direct PPAs as critical to Thailand's competitiveness in attracting international investment. Foreign investors, particularly in the data centre sector, have consistently sought clarity on direct renewable energy procurement policies as part of their investment decisions. By enabling direct PPAs, Thailand will align more closely with international practices and provide corporations with the tools to meet sustainability commitments.

Looking ahead, policymakers are considering whether to expand capacity beyond the initial 2GW in light of increasing demand. While the Energy Policy and Planning Office projects that overall energy demand will contract by 1.6% in 2025 due to slower economic growth, the appetite for renewable electricity from multinational corporations remains strong. For investors and developers, the launch of Thailand's direct PPA framework represents both a regulatory breakthrough and an opportunity to participate in shaping the country's renewable energy market under a more liberalised model.

Should you have any question, please do not hesitate to contact us via info@bgloballaw.com