



## Thailand: Cornerstone Investment in Leading Independent Power Producer Project

Project Name	Cornerstone Investment in Leading Independent Power Producer Project		
Project Number	51273-001		
Borrower/Company	Gulf Energy Development Public Company Limited		
Country	Thailand		
Location	Nation-wide		
Approval Number	EI7525		
Type of ADB Assistance / Amount	Ordinary capital resources	USD 75.00 million	Approved
Strategic Agendas	Environmentally sustainable growth Inclusive economic growth		
Drivers of Change	Private sector development		
Sector / Subsector	<b>Energy</b> - Conventional energy generation		
Gender Equity and Mainstreaming	No gender elements		
Responsible ADB Department	Private Sector Operations Department		
Responsible ADB Division	Infrastructure Finance Division 2		
Responsible ADB Officer	Lockhart, Robert S.		
Project Sponsor(s)			
Description	<p>Gulf Energy is one of the leading private sector power generation companies in Thailand with the largest strategic portfolio of gas-fired power projects in the country. The company's portfolio includes ten operating gas-fired projects with total installed generation capacity of 4,373 MW, of which Gulf Energy's equity capacity is 1,755 MW. Gulf Energy is positioned for strong growth with the largest power project pipeline in Thailand. Approximately 11 gas-fired power projects and 1 biomass project (1,452 MW) are currently under construction with commercial operations scheduled to commence between 2017-2020 and 2 large gas-fired IPP projects (5,570 MW) are currently under development with commercial operations scheduled to commence between 2021-2024.</p>		
Objectives and Scope	<p>The investment supports the growing demand in Thailand for clean, low-cost, efficient power generation. Overall demand for power is expected to grow at a CAGR of 2.5% from 2016 to 2036 due to growing population, a healthy macroeconomic environment, and a forecasted 2.5% average annual GDP growth rate from 2016 to 2021. Power consumption per capita is also relatively low in Thailand compared to more developed countries and older existing power plants in Thailand are becoming obsolete and/or reaching the end of their useful lives. Gulf Energy will also seek growth opportunities to expand its renewable energy generation profile and explore other opportunities outside of Thailand where it can leverage its proven track record in Thailand.</p>		
Linkage to Country/Regional Strategy	<p>The project is consistent with the ADB Midterm Review of Strategy 2020, which reaffirmed ADBs support under Strategy 2020 for (i) the role of the private sector in meeting growing demand for clean energy in the region; (ii) poverty reduction by supporting rapid and inclusive growth, (iii) capitalizing on ADBs operating strengths in infrastructure development, finance, and other areas, and (iv) supporting public-private partnership initiatives.</p> <p>The project is consistent with the latest country partnership strategy for Thailand, 2013-2016, as well as the country operations business plan 2017-2019, both of which prioritize: (i) increasing clean power generation capacity, (ii) increasing efficiency of energy generation, (iii) public-private partnerships, and (iv) development of capital markets.</p> <p>The project is consistent with ADBs Energy Policy, which gives emphasis to investments in energy efficiency, least-cost supply, private sector participation, and wider access to the poor. ADB supports projects that utilize efficient technologies such as combined cycle and projects that incorporate state-of-the-art emission control equipment.</p>		
<b>Safeguard Categories</b>			
Environment	A		
Involuntary Resettlement	B		

### Summary of Environmental and Social Aspects

Environmental Aspects	The proposed investment is a General Corporate Finance (GCF) transaction and is classified as category A for environment. A corporate audit was undertaken by an external third party in accordance with ADBs Safeguard Policy Statement requirements. The corporate audit assessed that the Environment, Health & Safety (EHS) function, is embedded in the business processes of the company and works very closely with different teams (planning, development, operations) to ensure both statutory compliance and management of risks. The EHS teams are staffed with dedicated and qualified personnel who have developed a comprehensive set of systems and procedures which govern the overall EHS management at both corporate and portfolio project level. Monitoring, reporting and documentation of EHS performance is tracked and integrated in the management process of the company. In addition, the different operating plants of the company were also certified for International Organization for Standardization systems for environment and quality, demonstrating its willingness to adopt and move towards meeting international standards requirements.
Involuntary Resettlement	The project is classified category B for involuntary resettlement. Gulf Energy buys or leases land for its various projects. Land is purchased through negotiated settlement with individual land owners, and in some cases leased from industrial estates on a long-term basis, on mutually agreed terms. Land for the existing projects has either been purchased or leased on a long-term basis. For the planned and under-construction projects, the company has/will either purchase or lease lands on a negotiated basis. To minimize adverse impacts, the site and land screening and selection procedure is designed to avoid inhabited, irrigated lands or ethnic people owned lands.
Indigenous Peoples	The project is classified category B for indigenous peoples. Gulf Energy's human resource policies and procedures and core labor standards comply with national law and are enforced through contractual obligations with suppliers and contractors. Pursuant to ADBs Social Protection Strategy (2001), the company will take measures to fully comply with internationally recognized core labor standards. The company will report to ADB on (i) compliance with laws and international standards, and (ii) corrective measures taken in case of non-compliance. Information disclosure and consultations with affected people or communities will be conducted in accordance with ADB requirements.
Stakeholder Communication, Participation, and Consultation	

### Timetable for assistance design, processing and implementation

Concept Clearance	13 Sep 2017
Due Diligence	
Credit Committee Meeting	25 Sep 2017 to 25 Sep 2017
Approval	07 Nov 2017
Last PDS Update	13 Dec 2017

Project Page	<a href="https://www.adb.org/projects/51273-001/main">https://www.adb.org/projects/51273-001/main</a>
Request for Information	<a href="http://www.adb.org/forms/request-information-form?subject=51273-001">http://www.adb.org/forms/request-information-form?subject=51273-001</a>
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