

# Financing Thailand's energy future:

Why banks must shift from LNG to renewables



**Thailand's energy system has long been anchored in offshore oil and gas production from the Gulf of Thailand, which has shaped its electricity mix since the 1980s.** Gas remains dominant, supported by domestic production, pipeline imports from Myanmar, and a rapidly growing share of liquefied natural gas (LNG).<sup>1</sup>

**This dependence on LNG has become increasingly risky.** With Qatar as Thailand's main supplier and Thailand being the most exposed country in Southeast Asia to spot-market volatility,<sup>2</sup> the Middle East conflict triggered a sharp LNG price spike. In response – and alongside emergency measures – <sup>3</sup> **the government has now announced a decisive shift away from gas and a strong pivot towards renewables.**<sup>4</sup>

## A power system built for gas despite shrinking use

**Gas is dominant in Thailand's electric system, supplying 65% of power generation in 2025.**<sup>5</sup> In recent years, Thailand has faced **structural overcapacity**, driven by stagnant electric demand, despite the government's projections for demand growth, and increasing solar deployment.<sup>6</sup> In 2025, solar output surged 72% while gas-fired generation fell 12%.<sup>7</sup>

As a result, **Thailand's gas-fired power plants are underutilized.** In 2025, seven gas plants operated under a 10% capacity factor, and several produced almost no electricity in 2024 and 2025. Even with demand now rebounding,<sup>8</sup> the system remains significantly overbuilt.

**In recent years, Thailand has continued to pursue new gas-fired power capacity. Yet numerous proposed projects – many reliant on imported LNG – have been delayed or cancelled.**<sup>9</sup> Thailand faces the same constraints as the wider region: global gas turbine shortages and their prices that have nearly tripled, significantly undermining the feasibility and cost-efficiency of adding new gas-fired capacity.

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<sup>1</sup> IEA, [Thailand country page](#), accessed on 17/08/2026

<sup>2</sup> Wood Mackenzie, [Asian LNG demand forecast to decline for a second consecutive year as Middle East conflict reshapes regional supply flows](#), 13/07/2026

<sup>3</sup> Mongabay, [Thailand tightens embrace of fossil fuels amid Middle East conflict](#), 09/03/2026 and Wood Mackenzie, [Asian LNG demand forecast to decline for a second consecutive year as Middle East conflict reshapes regional supply flows](#), 13/07/2026

<sup>4</sup> Bloomberg, [Thailand to Shift From LNG Toward Renewables in Wake of Iran War](#), 27/08/2026

<sup>5</sup> IEEFA, [Thailand's gas conundrum: Overbuilt, underutilized, and increasingly expensive](#), February 2026

<sup>6</sup> Ember, [Electricity Data Explorer](#), accessed on 18/08/2026.

<sup>7</sup> Energy Tracker Asia, [Renewable Energy in Thailand: An Alternative to LNG](#), 27/04/2026

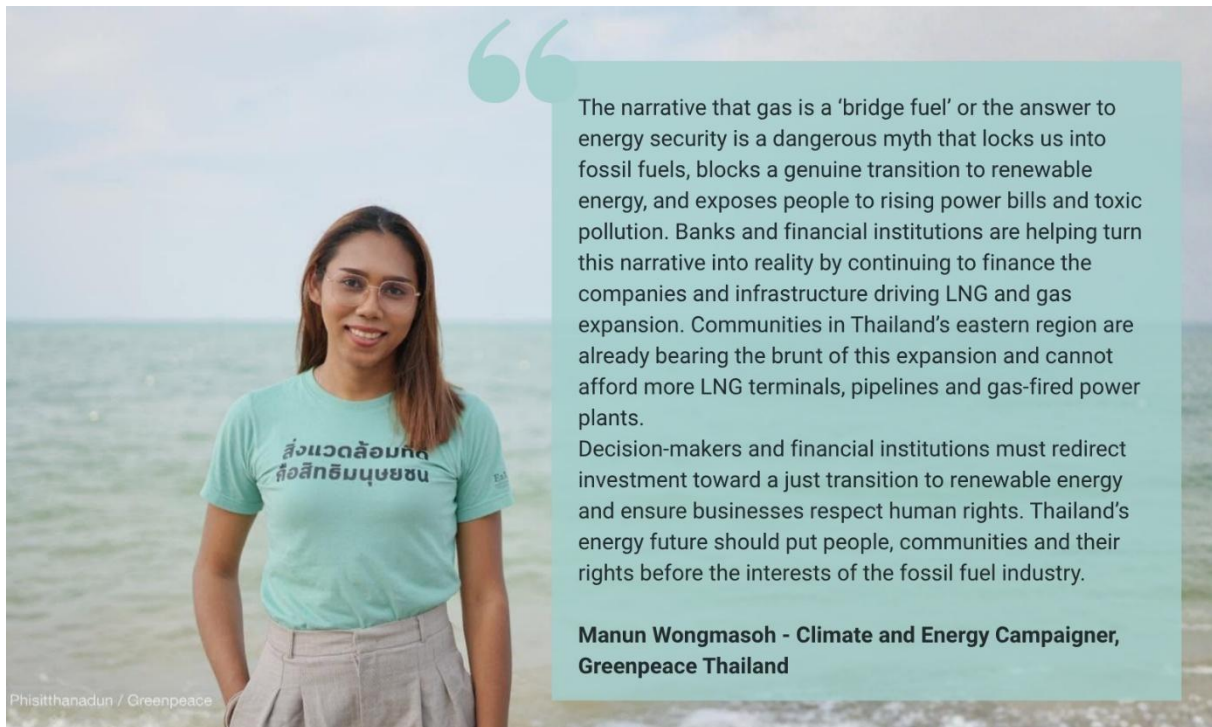
<sup>8</sup> Thai Times, [Rising Energy Demand in Thailand Driven by Tourism and Exports](#), 18/08/2026

<sup>9</sup> Such as Songkhla Chana power station, Wang Noi power plant replacement, Nam Phong replacement plant, North Bangkok power plant extension, South Bangkok power plant extension and the Surat Thani power station.

The Surat Thani power project, a proposed 1.4 GW greenfield LNG-fired plant scheduled for completion in 2027 and 2029. The project was approved by Thailand's National Environment Board in 2022. The Electricity Generating Authority of Thailand (EGAT) launched EPC bidding in May 2021 and finally cancelled the bidding process in February 2025. More details on cancelled and stalled gas-fired power plants projects are available in the following sources:

- IEEFA, [Thailand's gas conundrum: Overbuilt, underutilized, and increasingly expensive](#), February 2026
- Bangkok Post, [Weak demand results in suspension of 4 power plants](#), 29/10/2025

**The new Power Development Plan (PDP), to be released in October 2026, marks a decisive shift away from gas.** No new gas plants are planned through 2037 due to turbine constraints,<sup>10</sup> even though 8.5-9.1 GW of gas-fired capacity additions will be added by recontracting existing facilities. All four PDP scenarios project gas capacity falling to 16-25 GW by 2050.<sup>11</sup>



## Thailand's LNG build-out: escalating costs, impacts, and risks

**LNG's share in the Thai energy mix has rapidly increased<sup>12</sup>** and now provides 31% of Thailand's gas supply,<sup>13</sup> nearly double its 2020 level.<sup>14</sup>

**Thailand is Southeast Asia's largest LNG importer,<sup>15</sup>** supported by substantial LNG import capacity:

- Map Ta Phut terminal — operating since 2011, with a 5 million tonne per annum (mtpa) capacity, expanded to 11.5 mtpa in 2018.
- Nong Fab terminal — commissioned in 2022, adding 7.5 mtpa.

Although the combined capacity of Map Ta Phut and Nong Fab should meet national gas needs through 2037, **Thailand aims to become a regional LNG hub, reloading LNG for resale to neighboring markets.<sup>16</sup>**

<sup>10</sup> The Nation, [Thailand's draft PDP targets first 300MW SMR by 2037](#), 21/08/2026

<sup>11</sup> Down from around 38 GW in 2024 (Charting the Globe, [Installed electricity generation capacity from gas in GW in Thailand](#), accessed on 03/09/2026)

<sup>12</sup> IEA, [Thailand country page](#), accessed on 17/08/2026

<sup>13</sup> Energy Policy and Planning Office Ministry of Energy, [NGV Statistic](#), accessed on 02/09/2026

<sup>14</sup> IEEFA, [Thailand's gas conundrum: Overbuilt, underutilized, and increasingly expensive](#), February 2026

<sup>15</sup> Reuters, [Thailand set for record plunge in annual power output, LNG imports](#), 23/09/2025

<sup>16</sup> Energy Tracker Asia, [The Challenges Facing Thailand's Plans to Become ASEAN's LNG Hub](#), 20/04/2026

To support this strategy, **Thailand is developing a third LNG terminal — Map Ta Phut Phase 3 — scheduled for completion in 2029.**<sup>17</sup> The project, owned by GulfDevelopment Public Company Limited (PCL) and PTT Public Company LTD, will start at 8 mtpa, expandable to 10.8 mtpa.<sup>18</sup> A final investment decision (FID) was made in 2025, backed by US\$1.2 billion in loans and US\$750 million in equity, though financiers remain undisclosed.<sup>19</sup> **According to Gulf Development PCL, the project’s realization will ultimately depend on future LNG demand —<sup>20</sup> a significant uncertainty given Thailand’s recent pivot away from gas.**

**Map Ta Phut** — one of Southeast Asia’s largest petrochemical hubs —<sup>21</sup> **has long been criticized as a pollution hotspot**, with communities reporting air and water contamination, hazardous waste, and industrial accidents.<sup>22</sup> **Decades of industrial expansion and land reclamation have degraded marine ecosystems and harmed local fisheries.** Phase 3 will intensify these pressures through additional land grabbing and shoreline construction.

**Beyond local impacts, rising LNG imports carry major national risks:**

- **Imported LNG prices were more than twice domestic gas prices in 2025**, and 29% higher than pipeline imports from Myanmar — raising generation costs which are passed to consumers through higher energy bills.<sup>23</sup>
- **Thailand was hit hard by the Middle East conflict** registering a 125% spike in spot LNG prices in March 2026.<sup>24</sup> With Persian Gulf LNG supplies disrupted, Thailand is forced to purchase replacement cargoes at these high rates. LNG procurement costs are currently over triple those of domestic sources.<sup>25</sup> The average cost of gas is the highest it has been since April 2023.

**In addition, Thailand’s LNG hub strategy exposes the country, companies and banks backing them to significant financial risks:** if the country cannot resell LNG competitively — due to regional competition or cheaper renewables — storage and infrastructure costs could be passed on through higher electricity bills.<sup>26</sup> For companies and banks backing them, the growing public frustration over high electricity prices might lead to the reform of power purchase agreements (PPAs) structure thus impact expected profitability.

**Thailand has also signed 3.4 mtpa of medium- and long-term LNG import contracts from 2025 onward**, which could further lock in long-term gas consumption if PTT is unable to

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<sup>17</sup> Global Energy Monitor, [Map Ta Phut Phase 3 LNG Terminal](#), accessed on 18/08/2026

<sup>18</sup> Gulf Development Public Company Limited, [MANAGEMENT DISCUSSION AND ANALYSIS OF THE COMPANY’S PERFORMANCE For the quarter and year ended December 31, 2025](#), accessed on 02/09/2026

<sup>19</sup> Project-level deals extracted from the *IJ Global database*, including loans and the underwriting of bond and share issuances between 2016 and 2025.

<sup>20</sup> Gulf Development Public Company Limited, [MANAGEMENT DISCUSSION AND ANALYSIS OF THE COMPANY’S PERFORMANCE For the quarter and year ended December 31, 2025](#), accessed on 02/09/2026

<sup>21</sup> The Standard, [ชุมชนชายฝั่งกับสิ่งที่ต้องเผชิญจากการขยายตัวของก๊าซ LNG ในไทย](#), 13/08/2025

<sup>22</sup> EarthRights International, [Small-boat fishing is collapsing](#), 15/07/2024

<sup>23</sup> IEEFA, [Thailand’s gas conundrum: Overbuilt, underutilized, and increasingly expensive](#), February 2026 and Chiangrai Times, [Thailand’s Imported Gas Trap: Why Energy Bills Keep Rising](#), 14/08/2026

<sup>24</sup> IEEFA, [Iran conflict exposes Thailand’s LNG vulnerability](#), 01/04/2026

<sup>25</sup> EPPO. [ราคา Pool gas](#), accessed on 03/09/2026.

<sup>26</sup> Energy Tracker Asia, [The Challenges Facing Thailand’s Plans to Become ASEAN’s LNG Hub](#), 20/04/2026

offload its commitments <sup>-27</sup> — a growing challenge given intensifying competition from global and regional portfolio players such as JERA and Tokyo Gas.

**Signs of stranded assets are already visible.** Seven underutilised gas-fired power plants — totalling 11 GW — have cost THB61 billion (close to US\$2 billion) in Availability Payments since 2023.<sup>28</sup> In a context of structural overcapacity, and according to local experts, Thailand faces mounting challenges managing surplus generation locked into long-term PPAs.<sup>29</sup>

## Thailand's new plan signals a shift — but gaps remain

**While Thailand's solar potential exceeds 300 GW,<sup>30</sup> administrative hurdles and regulatory uncertainty<sup>31</sup> have long slowed deployment. Yet recent trends suggest that renewables may soon begin to displace gas.**

**Solar capacity doubled between 2023 and 2026**, rising from 5.8GW to over 11.8GW.<sup>32</sup> At the same time, imports of Chinese solar panels have surged, signaling strong market appetite<sup>33</sup> in a context where solar and other renewables are cheaper than gas.<sup>34</sup>

**The new PDP marks a notable shift:<sup>35</sup> gas capacity is set to decline, while solar and wind ramp up to reduce exposure to LNG imports.<sup>36</sup>** The government also aims to install 5 GW of rooftop solar across one million households within a year.<sup>37</sup>

**Across its scenarios, the PDP foresees 42% to 72% of electricity generation coming from renewables within 25 years** — driven by 29–61 GW of solar and 10–53 GW of wind. **However, the PDP's definition of "clean energy" includes small modular reactors (SMRs)**, projected to reach 9 GW — or 16–18% of electricity generation — by 2050, as well as carbon capture and storage (CCS). Neither technology exists at commercial scale, and both are incompatible with a rapid and just energy transition.<sup>38</sup>

## Banks supporting LNG expansion in Thailand

Thailand's LNG expansion is driven by two state-owned companies — PTT Public Company LTD, the country's largest energy firm, and the Electricity Generating Authority of Thailand

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<sup>27</sup> These contracts have been signed with [Cheniere Energy](#), [ENI](#) and [Glenfarne](#). See Argus Media, [Viewpoint: Thailand's LNG demand poised to remain slow](#), 21/01/2026

<sup>28</sup> IEEFA, [Thailand's gas conundrum: Overbuilt, underutilized, and increasingly expensive](#), February 2026

<sup>29</sup> Wood Mackenzie, [Southeast Asia to deliver less than one-third of planned gas power capacity by 2030](#), 04/08/2026

<sup>30</sup> Clean, [Affordable and Secure Energy for Southeast Asia \(CASE\). Unlocking Rooftop Solar Potential in Thailand: Policies and Pathways to Boost Investments](#), 27/01/2025

<sup>31</sup> IEEFA, [Iran conflict exposes Thailand's LNG vulnerability](#), 01/04/2026

<sup>32</sup> IEEFA, [Reforming Thailand's rooftop solar policy framework to reduce gas dependence](#), August 2026

<sup>33</sup> Ember, [Electricity Data Explorer](#), accessed on 18/08/2026

<sup>34</sup> Bloomberg NEF's, [Thailand: Turning Point for a Net-Zero Power Grid](#), 19/05/2025

<sup>35</sup> Draft PDP 2026 reported in media coverage.

<sup>36</sup> Bloomberg, [Thailand to Shift From LNG Toward Renewables in Wake of Iran War](#), 27/08/2026

<sup>37</sup> This comes in addition to recent policy reforms — including new tax deductions, a net-billing scheme allowing households to sell surplus electricity, and [simplified permitting](#) <sup>-37</sup> in a context where solar and other renewables are cheaper than gas.<sup>37</sup>

<sup>38</sup> In particular, CCS would increase the cost of gas-fired power and extend the use of gas-fired plants.

(EGAT) – together with Gulf Development PCL, one of Thailand’s most influential energy conglomerates.

**Between 2021 and 2025, PTT Public Company LTD and Gulf Development PCL received a support of at least US\$34.3 million from banks globally to support their LNG expansion plans in Thailand.<sup>39</sup> 14 banks supported the two companies’ LNG expansion in the country with US\$1 million or more.** This financial support was provided by domestic and regional institutions – including Bangkok Bank, Kasikornbank and United Overseas Bank – as well as international banks such as Standard Chartered, Mitsubishi UFJ Financial, BNP Paribas, and Groupe BPCE.

*Table – Financial support for LNG expansion plans in Thailand by the leading supporters of PTT Public Company LTD and Gulf Development PCL (banks having provided over US\$1 million).<sup>40</sup>*

| Bank                             | Country        | Financial support for LNG expansion in Thailand (2021-2025, in US\$ million) |
|----------------------------------|----------------|------------------------------------------------------------------------------|
| Bangkok Bank                     | Thailand       | 4.0                                                                          |
| Kasikornbank                     | Thailand       | 3.7                                                                          |
| United Overseas Bank             | Singapore      | 3.2                                                                          |
| Siam Commercial Bank             | Thailand       | 3.0                                                                          |
| Malayan Banking                  | Malaysia       | 2.9                                                                          |
| Standard Chartered               | United Kingdom | 2.8                                                                          |
| Krung Thai Bank                  | Thailand       | 2.3                                                                          |
| Mitsubishi UFJ Financial         | Japan          | 2.3                                                                          |
| SMBC Group                       | Japan          | 2.0                                                                          |
| Kiatnakin Phatra Financial Group | Thailand       | 1.4                                                                          |
| DBS                              | Singapore      | 1.1                                                                          |
| BNP Paribas                      | France         | 1.1                                                                          |
| Groupe BPCE                      | France         | 1.1                                                                          |
| TMBThanachart Bank               | Thailand       | 1.0                                                                          |

**This is particularly concerning given that most of these banks have adopted net-zero commitments, and that BNP Paribas and Groupe BPCE partially exclude financing for LNG export terminals** – a clear indication that they recognize the climate, financial, and geopolitical risks associated with LNG expansion.<sup>41</sup>

<sup>39</sup> Total financial support received by companies listed in the *2025 Global Oil & Gas Exit List* with LNG expansion plans in Thailand. Deals have been extracted from the *2026 Banking on Climate Chaos extended dataset* and include loans and the underwriting of bond and share issuances between 2021 and 2025. An adjuster reflecting each company’s share of LNG-related activities in Thailand was applied.

<sup>40</sup> All banks mentioned here have been contacted and given the opportunity to respond and verify the data.

<sup>41</sup> More information on the banks’ policies on LNG on the [Oil & Gas Policy Tracker](#) and on the [Exit LNG](#) website.

## Banks financing will contribute to shape Thailand's energy future

**Banks have a decisive role.** Continued financing of companies developing new gas-fired power plants and LNG infrastructure would entrench LNG dependency, create stranded-asset risks, and undermine banks' own climate commitments. Instead, banks can accelerate Thailand's shift toward renewables and resilient energy systems.

Therefore, **banks should adopt robust exclusion policies, ending all financial support for LNG terminals, methane carrier expansion, new gas-fired power plants, and the companies that develop them.**