



**Explanatory notes for Measures to Promote Energy Conservation, Alternative Energy Utilization, or Reduction of Environmental Impact according to the Board of Investment Announcement No: 2/2553**

To enhance the Measures to Promote Energy Conservation Alternative Energy Utilization or Reduction of Environmental Impact in consistence to the Board of Investment's Announcement No. 2/2554 dated 23 April B.E. 2553 Re: Investment Promotion for Sustainable Development, the Board of Investment issues the following guidelines

1. The Application must submit the "investment application form" attached with "Supplemental form for the application for investment promotion in accordance to measures to promote energy conservation, alternative energy utilization, or reduction of environmental impact based on announcement of Board of Investment No. 2/2554 within 31<sup>st</sup> December 2012
2. The application must be submitted prior the investment in machinery
3. The application must comply to the measures criteria to as regards in the following conditions: -

**3.1 Indication**

<b>Measures</b>	<b>Indication according to the announcement</b>	<b>Given Indication</b>
Energy Conservation	The energy conservation reduces at the stipulated ratio	The value of energy that project can reduce must not less than the value of the corporate income tax exempting
Alternative Energy Utilization in the Business	The use of alternative energy is at the stipulated ratio to the total energy consumption	Must switch to use specific type of alternative energy to replace the use of fossil energy (except natural gas)
Reduction of Environmental Impact	The environmental impact namely waste, waste water or exhaust air is reducing according to the stipulated criteria	Amount of loading for exhausted air or amount of waste water or amount of pollutant in waste water must be reducing as proper technology make a claim

In this regards, given the year before submitting this investment application as the base year and calculate in accordance to the ratio of one year after the project realization and calculate the production capacity in that base year.

### **3.2 The scope of Alternative Energy**

3.2.1 Stipulated type of alternative energy that will cause a low impact on environment, namely, is natural gas and renewable energy.

3.2.2 Specified as fossil energy replacement, therefore, not include the substitute to natural gas consumption.

### **3.3 The stipulated ratio to proceed in each criteria**

3.3.1 Indicator 1: The reduction of energy in accordance to the stipulated ratio, as set for value of energy consumption of the project shall not be less than the value of corporate income tax exempting has a criteria to consider as following: -

1. The duration in order to calculate the value of energy conservation.

1.1 In case of small and medium size project, shall calculate the value of energy conservation within the project for the period of 5 years.

1.2 In case of large size project, shall calculate the value of energy conservation within the project for the period of 10 years.

2. The duration in order to calculate the corporate income tax exempting shall be calculate as the period of 3 year corporate income tax exemption.

3.3.2 Indicator 2: The use of alternative energy in the project for the stipulated ratio to the total energy consumption and the Indicator 3 the reduction of waste, waste water, or exhaust air according to stipulated ratio shall be considered on the case by case in relation to the proper technology put in. Therefore, the minimum stipulated ratio will not apply.

### **3.4 The description of an amount unit.**

3.4.1 The amount of loading for exhaust air

The reduction in term of loading shall take into consideration of the concentration and the rate of loading, not just to reduce the amount (loading) of exhaust air.

3.4.2 The amount of pollutant in waste water

The reduction of the amount of pollutant in waste water shall take into consideration of the decrease of the degree of each pollutant (parameter), namely BOD, COD, and each heavy metal for example.

**3.5 The scope of upgrading machinery**

- 3.5.1 The machinery used for upgrading have to be the new machinery only and will apply for promotion as the overall company or just the section that can be upgrade if the said project is comply to the measures and criteria as indicated.
- 3.5.2 The upgrading machinery shall be considered in 2 cases as: -
  - 3.5.2.1 To upgrading machinery in direct production line i.e. upgrading the tool or fuel of furnace in glass manufacturing line, steam boiler for fiber dryer in continuous production line, oven in food processing production line etc.
  - 3.5.2.2 To upgrade supporting machinery for example the steam boiler for power generation for factory utilization, the waste water treatment system, an application of solar cell system for factory used in replacement of the electricity purchase from the grid.

**3.6 The qualification of the application**

- 3.6.1 The application must not received the tax incentive to operate under the same or similar objective from other related agencies.
- 3.6.2 The application must operate in compliance with the principles and conditions in environment management as stipulated by related authorities with drained pollutant not exceeding the control level specified by laws.

The above announcement is made for information to all concerned.

Office of the Board of Investment

23<sup>rd</sup> July B.E. 2553