International Carbon Action Partnership

Thailand

General Information

ETS Description

Thailand has been considering economic instruments to incentivize GHG emissions reductions for several years. The 2018 National Reform Plan under the National Strategy 2018 to 2037 [KC1.1][AE1.2]mandated the Thai government to begin developing and implementing such instruments, laying the groundwork for the country's first Climate Change Act.

In December 2025, the Cabinet approved the Draft Climate Change Act. Following Cabinet approval, the bill has been forwarded to the Office of the Council of State for legal review before being submitted to Parliament for consideration and enactment, with enforcement anticipated in 2027. [AE2.1][KC2.2][AE2.3]The approved Draft Act establishes four carbon pricing instruments: an ETS, a carbon tax, a carbon border adjustment mechanism on imported products (modeled on the EU's CBAM), and a regulated market for carbon credits. It also establishes a Climate Fund to be financed through revenues from the ETS and CBAM, among other sources[KC3.1][AE3.2].

Under the approved Draft Act, the National Committee on Climate Change (NCCC) will develop the "Climate Change Master Plan", serving as the national framework for climate change mitigation and adaptation. The Draft Act also gives primary supervisory authority to the Department of Climate Change and Environment (DCCE). The DCCE is charged with developing up to 50 subsidiary laws to implement the Climate Change Act, including detailed regulations for the ETS, carbon credit markets, and the MRV system.

The Draft Act establishes annual MRV obligations for covered entities. The DCCE will manage the MRV system, which will include an electronic platform to standardize reporting criteria and methodologies. This system will underpin the four carbon pricing instruments outlined in the Draft Act.

DCCE will establish industry-specific GHG ceilings and reduction targets aligned with Thailand's newly updated NDC 3.0. The proposed ETS will function within this ceiling framework, managed by the DCCE under the NCCC. According to the Draft Act, covered entities must surrender sufficient allowances annually to meet their compliance obligations under the cap. It is expected that the specific sectors to be covered by the ETS will be identified in subsidiary law following a data collection period planned for 2027 and 2028, with a pilot ETS potentially launching in 2029.

The DCCE will develop and update allocation plans every three to five years, incorporating a mechanism for the progressive reduction of allowances in the system. The allocation plans will define the following for each allocation period:

- the scope of covered activities and gases;
- annual caps;
- the maximum number of carbon credits allowed for compliance; and
- allocation methods, including the share of allowances to be auctioned for each sector.

The NCCC will revise and approve allocation plans and also issue regulations governing the ETS, including:

- rules for holding and trading allowances;
- limits on banked allowances; and
- eligibility criteria for carbon credits used for compliance.

The DCCE will establish a registry to track covered entities and allowances. It will also authorize an operator to set up an allowance trading center[KC4.1][AE4.2].

In January 2025, Thailand's Securities and Exchange Commission announced plans for a new carbon credit trading platform operated by the Stock Exchange of Thailand (SET). In February 2025, SET signed a MoU with the Intercontinental Exchange (ICE) to leverage financial technology and market expertise.

Thailand is considering allowing covered entities to meet up to 15% of their ETS compliance obligations with carbon credits from projects certified by the Thailand Greenhouse Gas Management Organization (TGO[KC5.1][AE5.2]) or other independent standards. Offset eligibility rules will be detailed in the relevant regulations and announced by NCCC together with the allocation plan.

Thailand's ongoing carbon market development builds on more than a decade of work. In 2013, TGO initiated the Thailand Voluntary Emissions Trading Scheme (Thailand V-ETS) to test MRV systems, cap-setting, allocation procedures, and trading infrastructure. Since 2021, TGO has collaborated with the Eastern Economic Corridor Office to pilot an ETS in the region, focusing on stakeholder engagement, capacity building, and technical support for T-VER project development.

ETS Status

under consideration

Jurisdictions

Thailand

Emissions & Targets

Overall GHG Emissions excl. LULUCF (MtCO2e)

384.3 MtCO_2e (*2022*)

GHG reduction targets

By 2030: Unconditional 30% reduction compared to BAU; 40% reduction compared to BAU conditional on adequate and enhanced support (NDC 2.0)

By 2035: 47% reduction in net GHG emissions compared to 2019 baseline level (NDC 3.0)

By 2050: Net-zero GHG emissions (NDC 3.0)

Other Information

Institutions involved

Thailand Greenhouse Gas Management Organization (Public Organization) (TGO): Autonomous public agency responsible for developing, implementing, and managing Thailand's climate change mitigation programs and projects.

Department of Climate Change and Environment (DCCE): Central government agency in charge of supervising Thailand's missions and operations related to climate change, while also coordinating with public and private agencies on climate change issues.

National Committee on Climate Change Policy (NCCC): Interministerial committee, chaired by the Prime Minister, will take charge of national mitigation and adaptation policy

Regulatory Framework

Thailand's Long-Term Low Greenhouse Gas Emission Development Strategy (November 2022)
Draft Climate Change Act (March 2024)

Report on public hearing of the draft Climate Change Act (May 2024)

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