

The background of the entire page is a composite image. The upper portion shows several wind turbines against a sky with soft, orange and yellow clouds, suggesting a sunset or sunrise. The lower portion shows a close-up, perspective view of solar panels, with a dark vertical line running through the center, possibly a cable or a shadow. The overall color palette is warm, dominated by oranges, yellows, and soft blues.

**Baker
McKenzie.**

Vietnam adopted new Electricity Law 2024

Legal updates

30 November 2024



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I. Executive summary and key highlights

On 30 November 2024, the National Assembly of Vietnam has officially adopted the new law on electricity ("**New Electricity Law**"). The New Electricity Law will take effect from 1 February 2025 and replace the current electricity law (together with consolidated prior amendments).

This is the most important legal document governing the power and energy sector in Vietnam. The New Electricity Law provides for a comprehensive reform in the legal framework in the power and energy sector of Vietnam after 2 decades of having implemented the current electricity law 2004 (with certain rounds of ancillary amendments).

The New Electricity Law covers a broad range of areas, including: power development master plan, investment and construction of power projects, new regulations on developing renewable energy and new energy, electricity operation license, the operation of competitive electricity market, electricity business activities, dispatching and operating the national power system, protection of electricity works and safety in the field of electricity; responsibilities, rights and obligations of agencies and stakeholders in electricity activities and electricity use; state management of electricity, among others.

We would like to highlight the key regulations in the New Electricity Law impacting on the development and financing of power projects in Vietnam:

- (a) **Mechanisms for developing power projects:** The new law provides a legal basis for the government to adopt mechanisms for development of electricity projects suitable to the level of the competitive electricity market on the basis of ensuring national energy security and national financial security, particularly including: long-term minimum contracted electricity output and application period, principles for calculating electricity prices, assurance for implementation of investment projects, and the duration of the policy for each case. In each period and for each type of power source investment project, the Government will prescribe the mechanism for ensuring the consumption of domestically exploited gas, the principle of passing through fuel prices to electricity prices, as well as long-term minimum contracted electricity output.
- (b) **Domestic gas thermal power projects:** Under the new law, there will be a mechanism to mobilize thermal power projects using domestic natural gas to the maximum extent according to the gas supply capacity and fuel constraints to ensure the harmony of the overall interests of the country.
- (c) **Imported liquefied natural gas (LNG) to power projects:** There will also be a mechanism for developing thermal power plants using LNG, including: prioritizing the development of power projects associated with the common use of infrastructure of LNG import terminals and gas pipelines to reduce electricity production costs.
- (d) The New Electricity Law continues to make a strong emphasis on **renewable energy** sources, as well as expanding to **green hydrogen and green ammonia** as new energy.
- (e) On **Offshore wind**, the law suggests to have preferential policies, supports and breakthrough mechanisms for offshore wind power development. Importantly, the final version of the New Electricity Law has removed the earlier proposed prohibition that transfer of projects, shares or contributed capital in offshore wind power projects are not allowed in any form. Instead, it is generally required that transfers of projects, shares, contributed capital portions in offshore wind projects will ensure complying with general regulations of this new law and other regulations of relevant laws. The government shall regulate this provision in detail. The law also provides a brief legal basis for minimum long-term contracted electricity output for offshore wind projects selling electricity to the national power system. The new law also mentions about foreign investors or

domestic investors other than State-owned enterprises (SOEs), noting, however, that on conditions for implementation and participation in the implementation of offshore wind power projects of organizations being foreign investors or domestic investors, including the total percentage of ownership of shares and contributed capital in offshore wind power projects, the Government shall detail those contents later.

- (f) **Nuclear power** is also restarted under this new law. Nuclear power development planning must be contiguous, synchronous and consistent with the electricity development master plan to ensure electricity supply security objectives. In addition, the investment in the construction, operation, termination of operation and safety assurance of nuclear power plants must comply with the Law on Atomic Energy and other relevant laws.
- (g) The new law also encourage power plants using fossil fuels to convert to low-emission fuel sources, install carbon capture equipment and systems to reduce emissions into the environment, ensure the interests of the State, the legitimate rights and interests of enterprises and employees; to develop coal-fired power at a reasonable level in the direction of prioritizing large-capacity, high-efficiency units using advanced and modern technology; ensuring compliance with the law on environmental protection.
- (h) To address energy security, the new law introduces a new concept of “emergency power projects”, including those aimed to make up for the shortage of power source capacity, or those projects playing an important role in the transmission of power source capacity between regions to prevent overload of the power grid. For those projects, the law gives certain special mechanisms to allow for quicker developments, simplifications and incentives.
- (i) The new law provides principles and key regulations in the relation to master planning, investment approval, selection of investors (including bidding mechanism) to provide a clearer process between different master planning documents and approvals.
- (j) In relation to bidding mechanism for selection of investors, similar to the recently-issued Decree No. 115/2024/ND-CP of the government and Circular No. 27/2024/TT-BCT of the Ministry of Industry and Trade (“**MOIT**”), under the New Electricity Law, bidding shall be organized to select investors to implement power projects when there are two (2) or more interested investors on the basis of the standard of assessment of the efficiency of electricity sector development, which is electricity price (save that for (i) power projects without price brackets promulgated by the MOIT or (ii) power projects that implements direct power purchase and sale mechanism (DPPA), the standards for assessment of the efficiency of electricity sector development will comply with the Government's regulations. This is an important clarification given the fact that a number of greenfield solar PV and onshore wind projects in Vietnam to be included in the PDP8 implementation plan or next updates to PDP8 are potential for synthetic DPPA mechanism following the recently issued DPPA Decree No. 80/2024/ND-CP.
- (k) In terms of new energy such as green hydrogen and green ammonia, the new law also mentions about a potential consideration for developing a mechanism around minimum long-term contracted electricity output for projects selling electricity to the national power system on the basis of ensuring the interests of the State and the People, and the safety of the power system in each period.
- (l) In terms of revenue contracts such as power purchase agreements (PPAs) and power service supply agreements (PSLAs), the law allows for foreign-owned projects to agree with the power purchase on an English version as well. Particularly, in case the electricity seller has foreign

investor(s), the electricity seller and the electricity buyer may further agree on the use of contracts with the language used in English. This is important for negotiations of a number of large scale power projects like LNG to power projects, offshore wind, as well as various smaller-sized projects.

- (m) On **power import and export** of Vietnam with other countries, the new law impose certain requirements on tariffs. **Electricity import prices** determined at Vietnam's border will be agreed upon by the electricity buyer and the electricity seller in accordance with the electricity import price bracket promulgated by the Minister of the MOIT, ensuring the principle of maximum savings in electricity purchase costs. In case of electricity export not through the national electricity system, the electricity export price must not be lower than the maximum price of the domestic electricity generation price bracket corresponding to the type of electricity generation promulgated by the Minister of MOIT. On the other hand, in case of exporting electricity to foreign countries through the national electricity system, the electricity export price shall be: (A) based on the electricity retail price and (B) must not be lower than the maximum price of the price bracket of the average domestic electricity retail price.
- (n) On **corporate DPPA mechanism**, the new law continues to recognize the two models of physical DPPA and synthetic/virtual DPPA as recently approved by the government under its Decree No. 80. The law also authorizes the Government to regulate in detail, and hopefully that would be a meaningful round for further enhancement to the DPPA framework following the initial implementation of the DPPA mechanisms under Decree No. 80 and addressing ongoing or new issues.
- (o) In addition to providing a comprehensive framework on electricity, this new law also address some of the issues in other relevant laws. Particularly, “**offshore works belonging to offshore wind power projects that have been assigned sea areas by competent authorities for project implementation**” will be exempt from construction permit; and instead, the work construction investor in that case will have to send a notice of the time of commencement of construction and the construction design dossier.
- (p) The new law also confirms that power projects that organize bidding to select investors under the Electricity Law must make a pre-feasibility study (Pre-FS) report on construction investment.
- (q) In addition, the New Electricity Law supplements the Pricing Law (Section 2, Appendix 2) in terms of the list of goods and services subject to the pricing determination by the State to include: “**liquefied natural gas (LNG) storage, regassification, transportation and distribution services for power generation**” besides natural gas transportation services via pipelines. This is subject to specific price determination by the MOIT. This is expected to give a clear basis for the MOIT to issue specific regulations given that a number of LNG to power projects are in the process of negotiating PPAs and tariffs.
- (r) Finally, the New Electricity Law takes effect very soon from 1 February 2025 given that the time sensitiveness for enhancing the implementing frameworks in the coming time for a number of under-development power and energy projects in Vietnam. That said, the new law also provides for certain transitional provisions to minimize impacts on certain relevant projects.

II. General regulations

1. Governing scope

The Electricity Law provides for regulations on power development master planning, investment in construction of power projects; develop renewable energy and new energy; electricity operation license; competitive electricity market, electricity trading activities; dispatching and operating the national power system; protection of electricity works and safety in the field of electricity; responsibilities, rights and obligations of agencies, organizations and individuals in electricity activities and electricity use; state management of electricity.

2. Rules of application of laws

- (a) In case there **are** different provisions between the Electricity Law and other laws promulgated before the effective date of this New Electricity Law on the same specific relevant issue, the Electricity Law shall apply for implementation, including those on the following matters:
- (i) Competence to approve investment policies for power projects as prescribed in Clauses 2, 3 and 4, Article 13 of the new Electricity Law (as also mentioned at items II.2.2(b),2.2(c) and 2.2(d) below).
 - (ii) specific regulations on investment and construction of emergency electricity projects and works as prescribed in Article 15 of the new Electricity Law (as also mentioned in item II.2.3 below);
 - (iii) Selection of investors for electricity business investment projects;
 - (iv) Regulations on development of offshore wind power.
- (b) In case other laws promulgated after the effective date of the New Electricity Law need to provide specific regulations on investment different from the provisions of the New Electricity Law, the implementation or non-implementation of the New Electricity Law and the implementation of the provisions of such other laws must be specified.

3. The State's policies on power development

3.1 Overall policy

Under the New Electricity Law, the State of Vietnam will promulgate policies on development and investment in the construction of the electricity sector to ensure the requirement of being an important infrastructure industry in order to serve the socio-economic development and people's life, sustainable development on the basis of optimal exploitation of all resources, meet the demand for electricity to serve the people's life and socio-economic development with stable, safe and economic quality, civilized services, environmental protection, contributing to ensuring national defence, security and energy security.

3.2 State monopoly

The State of Vietnam shall maintain monopoly on the following activities for the purpose of ensuring national energy security:

- Dispatching the national power system;
- Investing in the construction and operation of projects on nuclear power plants, multi-purpose strategic hydropower plants and important transmission power grids with a voltage of 220 kV or more according to a list decided by the Prime Minister;
- Operating transmission power grids, except for transmission power grids invested and built by non-State economic sectors.

3.3 Economic sectors

The New Electricity Law's policy is to attract all economic sectors to participate in investment in the construction of power source works and power grids according to the power development master planning, the plan for development of the power supply network in the provincial master plan, the implementation plan for the power development master planning, electricity generation and distribution activities, electricity wholesale and retailing. Non-State economic sectors are allowed to operate power grids they invest and build in accordance with Vietnamese law.

3.4 ODA and concessional loan – funded projects

Power projects funded by official development assistance (ODA) capital, concessional loans from foreign donors of enterprises in which the State holds 100% of charter capital or enterprises of such enterprises holding 100% of charter capital as investors on the State's priority list of investment may be on-lent capital and the on-lending agencies will not bear credit risk in accordance with the Law on Public Debt Management.

3.5 Mechanism for development of power projects

The New Electricity Law provides a basis to adopt a mechanism for development of electricity projects suitable to the level of the competitive electricity market on the basis of ensuring national energy security and national financial security, ensuring the interests of the State and the People, and macroeconomic stability in each period, including: long-term minimum contracted electricity output and application period, principles for calculating electricity prices, assurance for implementation of investment projects, and the duration of the policy for each case.

3.6 Fuel conversions

The new law encourages power plants using fossil fuels to convert to low-emission fuel sources, install carbon capture equipment and systems to reduce emissions into the environment, ensure the interests of the State, the legitimate rights and interests of enterprises and employees; to develop coal-fired power at a reasonable level in the direction of prioritizing large-capacity, high-efficiency units using advanced and modern technology; ensuring compliance with the law on environmental protection.

3.7 Development of gas thermal power

- (a) The new law prioritizes the development of gas-fired thermal power using domestic gas sources, to rapidly develop gas-fired thermal power using liquefied natural gas, to gradually turn gas-fired power into an important source of electricity supply, supporting the regulation of the power system.
- (b) There will be a mechanism to mobilize thermal power projects using domestic natural gas to the maximum extent according to the gas supply capacity and fuel constraints to ensure the harmony of the overall interests of the country.
- (c) There will also be a mechanism for developing thermal power plants using liquefied natural gas (LNG), prioritize the development of power projects associated with the common use of

infrastructure of liquefied natural gas (LNG) import terminals and gas pipelines to reduce electricity production costs.

3.8 Development of renewable energy and new energy

- (a) Under the new law, the policy is to develop renewables and new energy in accordance with the ability to ensure the safety of the power system at reasonable electricity prices, in sync with the development of the power grid and the power development master planning, in accordance with the technological level and human resources, and to meet Vietnam's emission reduction targets in each period.
- (b) There will also be a mechanism needed with incentives and support for each type of power source, including small hydropower projects determined in accordance with law, in accordance with the requirements of socio-economic development in each period. Notably, the law suggests to have preferential policies, supports and breakthrough mechanisms for offshore wind power development; encourage investment in projects participating in the competitive electricity market.

3.9 Nuclear power development policy

- (a) Nuclear power has now been reintroduced in the new law at a high level. Nuclear power development planning must be contiguous, synchronous and consistent with electricity development plannings to ensure electricity supply security objectives.
- (b) Investment in the construction, operation, termination of operation and safety assurance of nuclear power plants must also comply with the provisions of the Law on Atomic Energy and other relevant laws.

3.10 Competitive electricity market

The new law aims to build and develop a competitive and State-regulated electricity market in order to improve the efficiency of electricity activities. The policy is also to restructure, renovate and improve the operational efficiency of state-owned enterprises in the electricity sector in accordance with the competitive electricity market level with the following key principles:

- (a) Separating the functions of production, business and service provision from the functions of state management; separating activities with natural exclusivity and state monopoly from competitive activities in the power generation line in order to form independent service providers, forming many power generating units, many electricity wholesalers and retailers in order to increase the number of participants and improve the efficiency of the electricity market;
- (b) Focusing on the core sectors and strengths of state-owned enterprises operating in the electricity sector; optimize the use of resources and increase business value.

3.11 Electricity prices and prices of electricity services

The New Electricity Law provides for the following policies and principles:

- (a) Ensure reasonable and valid reflection of electricity production and trading expenses of electricity units; create conditions for economic sectors to invest in electricity development with reasonable profits, save energy resources, use renewable energy and new forms of energy in electricity activities, contributing to promoting socio-economic development, especially in rural areas, ethnic minority areas, mountainous areas, borders, islands and areas with extremely difficult socio-economic conditions;

- (b) The electricity selling price shall comply with the market mechanism with the State's price regulation in accordance with the level of the competitive electricity market;
- (c) Electricity prices should encourage efficient and economical use of electricity;
- (d) Implement a rational and gradually decreasing electricity retail tariff structure, proceed to eliminate the cross-compensation of electricity prices among groups of customers who do not participate in the competitive electricity retail market when they are not eligible to participate in or do not choose to participate in electricity trading on the competitive electricity retail market;
- (e) Gradually reduce and eliminate the cross-compensation of electricity prices among customer groups, regions and regions in accordance with the level of the competitive electricity market;
- (f) Ensure the right to self-determine electricity purchase prices and electricity sale prices not exceeding the electricity price bracket and electricity retail tariff structure prescribed by the State;
- (g) Ensuring the legitimate rights and interests of electricity units and electricity users. Electricity prices ensure publicity, transparency, equality, and non-discrimination between electricity units;
- (h) Formulate an appropriate electricity price mechanism for specific groups of customers according to the State's guidelines in accordance with the socio-economic development situation in each period.

3.12 State's electricity bill support

- (a) The state budget shall support electricity bills for domestic purposes for poor households and households with social policies according to the criteria and mechanisms prescribed by the Prime Minister in accordance with the socio-economic situation in each period;
- (b) The Government shall promulgate a plan to support the reduction of electricity charges in case of incidents or disasters in accordance with the Law on Civil Defence in order to stabilize socio-economic development.

III. Master planning and investment of power projects

1. Master planning for power projects

1.1 National power development master planning and provincial master plan's power supply network development plan

- (a) Power development master planning is a national sectoral planning.
- (b) The plan for development of power supply network is an integrated content in the provincial master planning.
- (c) The formulation, appraisal, approval, announcement, adjustment, organizing the implementation of the power development master planning, the provincial master plan, including the plan for development of the power supply network must comply with the provisions of the law on master planning and the provisions of the Electricity Law.
- (d) The formulation and adjustment of master plans shall comply with the provisions of the law on master planning and also ensure the following requirements:
 - (i) Ensure sufficient electricity supply for the needs of socio-economic development and people's lives;
 - (i) Effectively exploit and use domestic energy resources, ensuring sustainable development;
 - (ii) Optimize the overall factors of power sources, power transmission, distribution, economical and efficient use of electricity, have an appropriate roadmap in tandem with the sustainable exploitation and use of natural resources, environmental protection and economic model transformation, and ensure national energy security;
 - (iii) Implement energy transition according to national objectives and commitments on the basis of scientific and technological advances and development policies on renewable energy and new energy;
 - (iv) Ensure that the power grid system is synchronized with power sources, meeting the load development needs of regions and localities.
- (e) Based on the scale of power source capacity and voltage level of the power grid, competent agencies and organizations shall formulate power development master plans and plans for development of power supply networks in provincial master plans. The power development master planning and the plan for development of the power supply network in the provincial master planning do not include the following projects:
 - (i) Power sources which have no impact or minor impact on the national power system;
 - (ii) Power sources which are not connected to or sold to the national power system, except for the case of electricity export or import;

- (iii) Low-voltage power grids;
- (iv) Renovation and upgrading of power projects that do not increase the capacity or voltage level, and do not generate land use demands.

1.2 Implementation plan for the national power development master plan, implementation plan for the provincial master plan covering the contents of the plan for development of the power supply network

- (a) Implementation plans for the national power development master planning must comply with the provisions of the law on master planning and also the following requirements:
 - (i) Closely follow the objectives and orientations of the planning, concretize the tasks assigned in the master planning;
 - (ii) Ensure the development of balanced power sources by regions, towards the balance of supply and demand within the region; ensuring feasibility, synchronization and flexibility in the development of power sources and power grids in accordance with the national context and resources;
 - (iii) Determine the time to put projects into operation in two phases in the 10-year planning period and the expected 5 years ahead period.
- (b) The contents of the implementation plan for the national power development master planning must meet the provisions of the law on master planning and determine the list of power projects subject to the State monopoly as a basis for assigning an enterprise with 100% charter capital held by the State or an enterprise with 100% of charter capital held by this enterprise for construction investment.
- (c) Provincial-level People's Committees shall formulate and promulgate an implementation plan for their provincial master plans in accordance with the law on master planning, including plans on development of power supply networks as a basis for implementing power projects and identifying power grid projects in service of socio-economic development in the national and public interests invested by an enterprise which charter capital is 100% owned by the State or other enterprise wholly owned by such enterprise.

2. Investment approvals and investor selection for power projects

2.1 General regulations on investment and construction of power projects

- (a) The milestones and progress of achieving the objectives of each stage of a power source/generation investment project in accordance with the investment law must be specified in the investment registration certificate (IRC) or the written investment policy approval (IPA). The Government is required to detail the milestones and progress of implementing the objectives of each stage of the power investment projects in this regard.
- (b) In each period and for each type of power source/generation investment projects, the Government shall prescribe the mechanism for ensuring the consumption of domestically exploited gas; the principle of passing through fuel prices to electricity prices; and long-term minimum contracted electricity output.

- (c) The Minister of MOIT is also required to prescribe the principles of calculation of electricity prices for the implementation of power projects.
- (d) The Government will also prescribe criteria for determining power projects on the list of State investment priorities in the electricity sector. Based on the criteria prescribed by the Government, the Minister of MOIT will need to decide on the list of power projects on the State's list of investment priorities.

2.2 Investment policy approval(s) for power projects

- (a) Except for emergency power projects and power projects specified below, investment policy approvals or decisions for electricity projects (if required) must comply with the respective provisions of the Law on Public Investment, Law on PPP Investment or the Law on Investment.
- (b) Except for emergency power grid projects, the investment policy approvals for power grid investment projects with a voltage of 220 kV or less passing through the administrative boundaries of 2 or more provincial-level administrative units under the provisions of the Law on Investment shall be carried out as follows:
 - (i) The provincial-level People's Committee of the locality where the starting point of the transmission line is located as determined according to the name of the power grid project in the power development master planning or the power supply network development plan in the provincial master planning will have the authority to issue investment policy approvals;
 - (ii) The dossier and contents of the appraisal of the application for investment policy approvals will need to comply with the provisions of the Law on Investment;
 - (iii) The order and procedures for investment policy approvals will need to comply with the order and procedures for investment policy approvals for projects under the authority of provincial-level People's Committees under the Law on Investment and the regulations on the order and procedures for consulting with relevant localities;
 - (iv) The provincial-level People's Committees are required to consult with the People's Committees of the remaining provinces within seven (7) working days from the date of receipt of a complete dossier;
 - (v) Within 15 days from the date of receipt of a complete dossier, the People's Committees of the remaining provinces are required to give their opinions on the dossier of proposal for investment policies of the project within the provincial-level administrative boundaries and send it to the requesting provincial-level People's Committee. The content of the written opinion must express an agreement or a disagreement; in case of disagreement, it is necessary to clearly state the reason for the investor to complete the project investment policy proposal dossier;
 - (vi) The investment registration authority will be determined following the investment policy approval issued by the provincial-level People's Committee.
- (c) For low-voltage and medium-voltage power grid investment projects subject to investment policy approval by provincial-level People's Committees:

- (i) Based on the plan for development of the power supply network in the provincial master planning, proposals of electricity entities and investors, the provincial-level People's Committee will approve the list of low-voltage and medium-voltage power grids in accordance with the decentralization of management of the power development master planning, the plan for development of the power supply network in the provincial master planning;
 - (ii) The decision of the provincial-level People's Committee will replace the written investment policy approval for each individual medium-voltage and low-voltage grid investment project and will serve as the basis for next steps for land allocation, land lease, conversion of land use purpose.
- (d) The Government is required to detail the above provisions, stipulating cases in which investment projects on renewable energy and new energy business fall under the Prime Minister's authority to issue investment policy approval.

2.3 Emergency power projects and works

(a) List and criteria of emergency power projects and works

To address energy security, the New Electricity Law introduces a new concept of “emergency power projects and works”, which include:

- (i) Newly built or repaired or renovated electricity projects and works in order to promptly overcome consequences of natural disasters, disasters or epidemics under the construction law and other relevant laws;
- (ii) Projects and works on construction of power sources and connected power grids in order to make up for shortage of power source capacity compared to the capacity under the power development master planning due to delays in the progress of other power source construction investment projects, causing risks of power shortage; or due to shortages when the regional and national loads increase unexpectedly; or due to the suspension of investment projects for constructing other power source works;
- (iii) Power grid construction projects and works, which play an important role in the transmission of power source capacity between regions to prevent overload of the power grid; or following an urgent requirement for ensuring national defence and security or urgent requirements for local socio-economic development;

The Government is required to develop the principles and criteria for identifying emergency electricity projects and works under Articles 14.2 and 14.3 of the New Electricity Law (as also mentioned at item 2.3(a)(ii) and (iii) above) on the basis of ensuring the timely satisfaction of the requirements for handling urgent issues for ensuring power supply security.

(b) Specific regulations with respect to the investment and construction of emergency power projects and works

Emergency power projects and works (as specified under Articles 14.2 and 14.3 of the New Electricity Law and as also mentioned at item 2.3(a)(ii) and (iii) above) will be eligible for certain specific and special regulations in terms of construction and investment, specifically:

- (i) Those projects are not required to carry out the procedures for investment policy approval under the Law on Investment and an in-principle approval for changing the forest use purpose to other purposes. Instead, they only need to ensure the principle of minimizing the change of forest use purpose to other purposes under the Forestry Law, especially natural forests when building such power projects.

The prime minister's decision in that case will replace the written investment policy approval under the investment law and also serves as the basis for next steps for land allocation, land lease and conversion of land use purposes.

For emergency power projects and works wishing to change the forest use purpose to other purposes, the Prime Minister's decision will also serve as a written investment policy approval under the Law on Investment and also a written in-principle approval for changing the forest use purpose to another purpose under the Forestry Law. In that case, the Prime Minister's decision must clearly state the forest area that needs to be converted to other purposes for project implementation.

- (ii) Those projects may also be eligible for government guarantees under the Law on Public Debt Management; be eligible for a decision by the Prime Minister on the maximum credit extension level in case the total outstanding credit extension to enterprises and related persons has exceeded the limit specified in the Law on Credit Institutions; exempt from providing security for implementation of investment projects under the Law on Investment.
- (iii) Investors of emergency electricity projects and works are not required to carry out procedures for submission to their state representative agency for approval of contents related to investment projects, plans on capital mobilization and mortgage of assets for loans in accordance with the Law on Management and Use of State Capital invested in Production and Business at Enterprises.
- (iv) Investors of those projects may decide by themselves all works in construction investment activities, including: assigning other entities to perform survey, design, construction and other necessary works to serve for the construction of emergency works; to decide on the order of survey, design and construction; to decide on the supervision of construction and acceptance of construction works to meet the requirements of emergency work progress.
- (v) In that case, State management agencies shall, based on their functions of appraising construction design dossiers implemented after basic design, appraising fire prevention and fighting designs, carrying out procedures simultaneously at the respective construction design steps, ensuring full contents in accordance with the law on construction, the law on fire prevention and fighting for emergency power projects and works mentioned at items 2.3(a)(ii) and (iii) above (pursuant to Articles 13.2 and 13.3 of the New Electricity Law.
- (vi) After completion of the construction of the work, the investor must inspect and re-evaluate the quality of the built work and perform the work warranty, complete the work completion dossier and archive the dossier and documents in accordance with the law on construction and the settlement of the work in accordance with the law.
- (vii) Those projects may be eligible for application of the mechanisms as specified in Article 12.2 of the New Electricity Law (as mentioned at items 2.1(b) above).

- (viii) The authority to decide on emergency power projects and works is as follows:
- The Prime Minister will decide to approve the list of projects, power sources and emergency power grids as specified under Articles 14.2 and 14.3 of the New Electricity Law (as mentioned in items 2.3(a)(ii) and (iii) above) on the basis of the assessment and proposals of the MOIT or provincial-level People's Committees based on the decentralization of planning management for applying the specific mechanisms, except for projects, power source works, emergency power grids using public investment capital, or projects under the authority of the National Assembly to approve investment policies under the Law on Investment.
 - The Prime Minister will decide to assign an enterprise with 100% charter capital held by the State or an enterprise with 100% charter capital held by such enterprise as the investor of the project, power source work or emergency power grid as specified under Articles 14.2 and 14.3 of the New Electricity Law (as also mentioned in items 2.3(a)(ii) and (iii) above);
 - The competence to decide on the construction of emergency electricity projects and works specified in Article 14.1 of the New Electricity Law (as mentioned at item 2.3(a)(i) above) shall comply with the law on construction and other relevant laws.

2.4 Contracts for power plant projects invested in the form of public-private partnership (PPP) apply the type of build-operate-transfer (BOT) contracts

A contract dossier for a power plant project invested in the form of public-private partnership (PPP) applying the type of build-operate-transfer (BOT) contract must include documents in accordance with the law on PPP Investment and also the following documents:

- (a) Power purchase agreement as a written agreement between the electricity buyer and the electricity seller being the project company;
- (b) Land lease agreement as a written agreement between the land lessor of the locality where the project is located and the project company (if any); and decision on assignment of sea area (if any);
- (c) Onshore/domestic fuel supply contract as a written agreement between the domestic fuel supplier and the project company (if any);
- (d) Shared infrastructure sharing contract as a written agreement between the investor or developer of the shared infrastructure and the project company (if any).

2.5 Selection of investors for electricity business investment projects

- (a) The selection of investors for the following power business investment projects will not through either land use right auctions or bidding for investor selection:
 - (i) Investment projects under the State's monopoly;
 - (ii) Hydropower expansion projects and power grid renovation or upgrading projects for which the existing investors owning projects are approved;

- (iii) Power projects approved by authorized State agencies on the basis of investment proposals of enterprises in which the State holds 100% of charter capital or enterprises in which such enterprises hold 100% of charter capital;¹
 - (iv) Emergency power projects for which the selection of investors are provided under Article 15.8 of the New Electricity Law (as also mentioned at item 2.3(b)(viii) above);
 - (v) Offshore wind power projects for cases as specified in Article 29.2 of the Electricity Law (as also mentioned at item 2.4(b) below);
 - (vi) Other cases as prescribed by the investment law and the land law.
- (b) Except for the cases specified in Clause 1 of Article 18 of the Electricity Law (as mentioned at item 2.5(a) above), cases of selection of investors through auction of land use rights shall comply with the land law.
- (c) Except for the cases specified in Clause 1 of Article 18 of the Electricity Law (as mentioned at item 2.5(a) above), cases of investor selection through bidding shall comply with the provisions of Article 19 of the Electricity Law (as discussed at item 2.6 below).

2.6 Bidding for selection of investors for electricity business investment projects

- (a) For the cases specified in Clause 3, Article 18 of the New Electricity Law (as mentioned at item 2.5(c) above), except for offshore wind power projects in cases specified at Article 29.3 of the New Electricity Law (as mentioned at item 2.4(c) below), bidding shall be organized to select investors to implement the electricity project when there are two (2) or more interested investors in accordance with the law on bidding on the basis of the standard of assessment of the efficiency of electricity sector development, which is electricity price (save that for (i) electricity projects without price brackets promulgated by the Ministry of Industry and Trade or (ii) electricity projects that implements direct power purchase and sale mechanism (DPPA), the standards for assessment of the efficiency of electricity sector development shall comply with the Government's regulations.
- (b) Bid-winning electricity price shall be the maximum electricity price for the electricity buyer to negotiate the price of the power purchase agreement with the bid-winning investor. The electricity buyer is responsible for negotiating and concluding the PPA with the bid-winning investor.
- (c) The Government shall detail the following contents:
- (i) In case of having to organize bidding to select investors to implement electricity business investment projects based on socio-economic development conditions in each period;
 - (ii) Specific requirements of electricity business investment projects in the invitation-to-bid dossier for investor selection;
 - (iii) The negotiation and conclusion of business investment project contracts and power purchase agreements with bid-winning investors on the basis of ensuring the interests of the [involved] parties.

¹ The Prime Minister will approve the list of power projects that do not fall under the authority to issue investment policy approval by the National Assembly and are included in the power development master planning; Provincial-level People's Committees will approve the list of power projects in the provincial master planning.

IV. Renewable energy and new energy

1. General regulations for renewable energy and new energy

The Electricity Law (Article 4.14) defines “**renewable energy electricity**” as electricity produced from one or more of the following primary energy sources: (i) solar energy; (ii) wind energy; (iii) ocean energy, including tides, sea waves and ocean currents; (iv) geothermal energy; (v) energy from hydropower; (vi) biomass energy (including biofuels and other forms of energy derived from plants); (vii) energy from waste from production, business and daily life processes, except for waste from production and business processes using fossil fuels and wastes determined to be hazardous according to the law on environmental protection; (viii) other forms of renewable energy as prescribed by law.

The Electricity Law (Article 4.13) defines “**new energy electricity**” as electricity produced from one or more of the following sources:

- (i) hydrogen produced from power sources of solar, wind, ocean energy (including tides, sea waves and ocean currents) and geothermal energy (“**green hydrogen**”);
- (ii) ammonia produced from power sources at solar, wind, ocean energy (including tides, sea waves and ocean currents) and geothermal energy (“**green ammonia**”); and
- (iii) other new forms of energy as prescribed by law.

1.1 General regulations on the development of renewable energy electricity and new energy electricity

- (a) Agencies, organizations and individuals shall carry out activities to develop renewable energy and new energy electricity on the basis of respecting national independence, sovereignty and territorial integrity, non-interference in each other's internal affairs, equality and mutual benefit, in accordance with the Constitution, the laws of Vietnam and treaties to which Vietnam is a signatory. Agencies, organizations and individuals carrying out activities related to the development and investment in the construction of new and renewable energy power projects shall have the following responsibilities:
 - (i) Comply with the provisions of Vietnamese laws on national defence, security, social order and safety, community health, environmental protection, response to climate change, protection of natural resources and cultural heritage, preservation of historical-cultural relics and scenic spots;
 - (ii) Use modern techniques and technologies, comply with national technical regulations, and apply standards in accordance with the provisions of Vietnamese laws.
- (b) Principles for development of renewable energy and new energy
 - (i) Ensuring the security of electricity supply and the safety of the power system;
 - (ii) Developing in regions, regions and localities that have the potential and advantages of renewable energy and new energy and synchronize with the development of infrastructure of the power system in order to avoid waste and loss in construction investment due to inability for capacity evacuation in order to effectively exploit power sources, ensuring the reliability of electricity supply; reduce technical losses, reduce pressure on power

transmission over long distances; to ensure environmental requirements and conformity with the social conditions of the relevant region in Vietnam for development;

- (iii) Ensuring synchronous plans for training and development of human resources to participate in research and activities in the field of renewable energy and new energy, moving towards technological autonomy at a number of appropriate stages;
 - (iv) Prioritizing an effective exploitation and use of renewable and new energy sources in order to exploit natural resources sustainably and rationally, ensuring national energy security and serving electricity export;
 - (v) Prioritizing the development of large power source projects to form clusters of plants or renewable energy centers in order to promote natural advantages, power grid infrastructure and conformity with the ability of capacity evacuation and operation requirements of the national power system of each region, each locality, in accordance with the conditions and technological level in each period;
 - (vi) Encouraging an appropriate development of rooftop solar power, floating solar power on water surface and irrigation reservoir beds; prioritizing development in the water surface of existing hydropower reservoirs, not requiring new investment in transmission power grids;
 - (vii) Prioritizing the development of offshore wind power sources in association with ensuring national defense and security, and maintaining national sovereignty over borders and islands.
- (c) Organizations and individuals are encouraged to invest in wind and solar power projects in combination with investment in energy storage systems or production of green hydrogen and green ammonia to serve electricity generation and use. For solar and wind power sources connected to the national power system, the total generating capacity of solar and wind power plants and including the capacity of the energy storage system must not exceed the capacity of solar and wind power plants which have been determined in the power development master planning or the plan for development of power supply networks in the provincial master planning. The installed capacity may be decided by the investor during the implementation phase of the construction investment project on the basis of ensuring that the capacity ratio of the energy storage system will be in accordance with relevant legal regulations and the use of natural resources is efficient.
- (d) Developing electricity from renewable energy and new energy to create a foundation for shifting the power structure in the direction of low carbon, achieving the goal of reducing emissions and ensuring the development of a sustainable power system.
- (e) Under the New Electricity Law, a **wind power project at sea** (“*Dự án điện gió trên biển*” in Vietnamese) is defined as a project which all wind turbines are built in the waters of Vietnam and located outside the lowest average sea level edge line for many years of the mainland towards the sea. **Wind power projects at sea** is classified into the two following sub-groups:
- (i) **Near-shore wind power projects** (“*Dự án điện gió gần bờ*” in Vietnamese) are those with all turbines built in the sea area of six nautical miles from the lowest average sea level edge of the mainland for many years towards the sea;

- (ii) **Offshore wind power projects** (“Dự án điện gió ngoài khơi” in Vietnamese) are those with all turbines built outside the sea area of six nautical miles from the lowest average sea level edge line of the mainland for many years towards the sea.
- (f) The planning and investment in **wind power projects at sea** will be in the following order of priority:
- (i) Projects on electricity generation to supply electricity to the national power system;
 - (ii) Self-produced or self-consumed power projects or power projects for production of green hydrogen, green ammonia and other needs to serve domestic demands;
 - (iii) Projects on electricity generation for export and production of green hydrogen and green ammonia for export to other countries.
- (g) The development of renewable energy power and new energy power at sea will also need to be in accordance with the order of priority for development of marine economic sectors in each period.
- (h) The Government shall detail the following contents:
- (i) Mechanisms for incentives and support for the development of energy storage systems of power projects from renewable energy sources in accordance with the technological level in this field;
 - (ii) Preferential policies and supports for appropriate research and development of technologies in the field of wind and solar power in Vietnam;
 - (iii) Mechanism for sharing and providing information and data on monitoring parameters of primary energy sources and statistics on electricity output of renewable energy power plants and new energy power plants, except for rooftop solar power sources that are self-produced and self-consumed.

1.2 Developing self-produced and self-consumed electricity from renewable energy sources and new energy sources

- (a) Self-produced and self-consumed power sources may be connected to the national power system, and such connection must comply with the provisions of the electricity law; to sell surplus/excess electricity output in accordance with laws; to use land for multi-purpose energy and public lighting works in accordance with the land law.
- (b) Based on technical capability, economic conditions and state budget capacity in each period, the Prime Minister and provincial-level People's Councils shall promulgate policies to support households installing electricity for self-production and self-consumption as follows:
 - (i) Financial support for investment in the installation of rooftop solar power and energy storage systems;
 - (ii) Provide technical assistance in the design and solutions to ensure the force-bearing safety of the work, solutions for fire prevention and fighting.
- (c) The Government is required to detail the following contents:

- (i) The production capacity and electricity suitable to the electricity load and development conditions of the power system;
- (ii) Installation of energy storage systems in combination with investment in self-produced and self-consumed power sources;
- (iii) Order and procedures for development of self-produced and self-consumed electricity sources;
- (iv) Mechanism of purchase and sale prices for excess electricity output; and
- (v) Responsibilities of relevant organizations and individuals when developing self-produced and self-consumed electricity sources.

1.3 Development of new energy (green hydrogen and green ammonia)

- (a) New energy power projects as clean energy production projects may be eligible for the State's tax and investment credit policies and credit in accordance with relevant laws.
- (b) Based on the requirements for ensuring electricity supply security, scientific and technological progress, and socio-economic development conditions in each period, the Government will prescribe the conditions and time limits for application of the following mechanisms and policies for new energy power projects:
 - (i) Exemption or reduction of sea area use levy;
 - (ii) Exemption or reduction of land use levies and land rents;
 - (iii) Minimum long-term contracted electricity output for projects selling electricity to the national power system on the basis of ensuring the interests of the State and the People, and the safety of the power system in each period.

1.4 Renovation, repair and replacement of equipment of renewable energy and new energy power plants

- (a) During the operation period of power plants according to the approved design in accordance with their operation duration, renewable energy power projects or new energy power plants may be renovated, repaired or replaced with equipment other than their current operating specifications to ensure safe and efficient operation, complying with the provisions of laws and not leading to an increase in land use area or sea area.
- (b) The power generation capacity of those projects to the national power system must not exceed the capacity stated in the following legal documents of the project:
 - (iv) the written investment policy decision or approval, or investment registration certificate;
 - (v) the electricity operation license.

1.5 Dismantling of works under renewable energy and new energy power projects

- (a) Works of renewable energy and new energy power projects must be dismantled after termination of operation in the following cases:
- (i) Upon expiration of the utilization period as prescribed by the law on construction, if the expiration date is not extended according to the law on construction;
 - (ii) Upon expiration of the operation duration as prescribed by the law on investment; or upon expiration of the operation duration of the investment project but not extended;
 - (iii) When there is any difference in the time limit specified among the two scenarios mentioned above, the dismantling after the termination of operation shall be carried out based on whichever scenario occurs sooner.
- (b) The dismantling of solar and wind power plants after termination of operation will be implemented as follows:
- (i) Owners of solar and wind power plants must dismantle their plants as required above; all dismantling costs shall be borne by the owner;
 - (ii) The dismantling, recovery, treatment and management of wastes, materials and scraps must comply with the law on environmental protection and other relevant laws, and meet the requirements for restoration of the premises and environment after the dismantling of the factory;
 - (iii) From the time of termination of operation of the project, the owner shall be responsible for completing the dismantling within the time limit prescribed by the Government.
- (c) For cases other than those specified above, the dismantling of works of new and renewable energy power projects must comply with other relevant provisions of law.

2. Offshore wind developments

This section discuss regulations specific to offshore wind power projects (“dự án điện gió ngoài khơi” in Vietnamese) with all turbines built outside the sea area of six nautical miles from the lowest average sea level edge line of the mainland for many years towards the sea.

2.1 General regulations for offshore wind

- (a) The implementation of offshore wind power projects must meet the following requirements on national defense, security and information safety:
- (i) Organizations and individuals implementing and participating in the implementation of offshore wind power projects must comply with the provisions of laws on ensuring national defense and security;
 - (ii) The production and use of equipment and the creation, transmission, collection, processing, storage and exchange of information and data outside the border [of Vietnam] must comply with relevant laws.

- (b) The implementation of offshore wind power projects must comply with the provisions of the Electricity Law and Vietnamese laws on maritime safety and safety of equipment and works, in accordance with treaties to which Vietnam is a contracting party.
- (c) Offshore wind power projects are entitled to the following mechanisms and policies under conditions and deadlines to be prescribed by the Government:
 - (i) Minimum long-term contracted electricity output for projects selling electricity to the national power system;
 - (ii) Exemption or reduction of sea area use levy;
 - (iii) Exemption or reduction of land use levy or land rent.
- (d) In addition to the mechanisms and policies specified above, enterprises with 100% charter capital held by the State will be exempt from the requirement for security for project implementation under the investment law, may be considered by the prime minister to decide on granting credit in excess of the limit for a customer and related persons for offshore wind power projects in accordance with the Law on Credit Institutions.
- (e) Based on socio-economic development conditions, development objectives and investment attraction in each period, and the level of the competitive electricity market, in order to ensure the security of electricity supply, the Government will detail the following contents:
 - (i) Contents mentioned at items 2.1(c) and 2.1(d) above;
 - (ii) Conditions for implementation and participation in the implementation of offshore wind power projects of organizations being foreign investors or domestic investors, including the total percentage of ownership of shares and contributed capital in offshore wind power projects;
 - (iii) The time of termination of the application of the mechanisms and policies specified in item 2.1(c) above.
- (f) Offshore wind power projects as construction investment projects are subject to the following provisions:
 - (i) The survey of offshore wind power projects shall be subject to standards, technical regulations, economic-technical norms, and unit prices according to international and foreign standards in case they have not yet been promulgated;
 - (ii) Offshore wind power works shall be subject to standards and technical regulations according to international and foreign standards in case they have not yet been promulgated.
- (g) The Government shall prescribe a mechanism for coordination between ministries, ministerial-level agencies, provincial-level People's Committees with seas and other relevant agencies in the management of offshore wind power projects and works.

- (h) Transfers of projects, shares, contributed capital portions in offshore wind projects must ensure complying with regulations mentioned at item 2.1(a) above and other regulations of relevant laws. The government shall regulate this provision in detail.

2.2 Site survey for offshore wind power projects

- (a) The site survey for offshore wind power projects shall comply with the provisions of laws on sea, natural resources, marine environment and islands, formulate and comply with treaties to which Vietnam is a contracting party and international practices.
- (b) The selection of surveying entities for offshore wind power projects before selecting investors to implement projects will be implemented as follows:
 - (i) The Prime Minister will assign implementation to enterprise(s) with 100% of charter capital held by the State;
 - (ii) Based on the socio-economic development conditions in each period, the Government will prescribe the selection of entities other than those case specified at item (i) above to conduct surveys of offshore wind power projects.
- (c) The handling of survey expenses of enterprises enterprise(s) with 100% of charter capital held by the State will be carried out as follows:
 - (i) Survey expenses in this case will be arranged by an enterprise with 100% charter capital held by the State; this enterprise may contribute capital to invest in projects in areas assigned by the Prime Minister to conduct surveys;
 - (ii) In case of not applying the provisions of item (i) above, the investor selected to execute the project shall be responsible for reimbursing the survey expenses to such enterprise with 100% charter capital held by the State.
- (d) The management, exploitation and use of samples, documents, information, data and survey results of offshore wind power projects must comply with the following regulations:
 - (i) State agencies and enterprises assume the prime responsibility for surveying and managing samples, documents, information, data and survey results of offshore wind power projects conducted by them; other organizations in charge of conducting surveys must submit approved samples, documents, information, data and survey results of offshore wind power projects to the state management agency in charge of marine and island natural resources and environment for management;
 - (ii) Organizations and individuals that access, consult, exploit and use samples, documents, information, data and survey results of offshore wind power projects must keep the information confidential in accordance with laws and the agreement between the parties.
- (e) The Government is required to provide detailed regulations on item 2.2(d) above and survey contents, mechanism for handling survey expenses, conditions and capacity of survey units; to prescribe the assignment of responsibilities to prescribe economic-technical norms, survey unit prices, verification of survey results, survey area and use of sea areas, payment of expenses for preparation of pre-feasibility study reports on project construction investment.

2.3 Investment policy approval or decision for offshore wind power projects

- (a) Investors compiling dossiers of application for investment policy approval for offshore wind power projects include:
 - (i) An enterprise with 100% charter capital held by the State may (A) make a dossier of application for investment policy approval and investor approval concurrently, or (B) make a dossier of application for investment policy approval for the project for bidding for investor selection;
 - (ii) The site-surveying investor (being an enterprise with 100% charter capital held by the State) in case the surveyed area and the scale of the project are consistent with the power development master planning, may make a dossier of request for an investment policy approval for the project for investor selection.
- (b) The contents of the dossier of application for concurrent investment policy approval and investor approval, or the dossier of application for investment policy approval for offshore wind power projects shall comply with the relevant provisions of the Law on Investment or the Law on Public Investment or the Law on Investment in the form of public-private partnership (as relevant) and also the following regulations:
 - (i) Intended location, coordinates and area of the sea area to be used instead of documents determining the right to use the location for the implementation of the investment project;
 - (ii) Estimated duration of use of the sea area.
- (c) When appraising applications for investment policy approvals in accordance with the law on investment, the law on public investment, and the law on investment in the form of public-private partnership, the State agency in charge of appraisal of offshore wind power projects must consult the following agencies:
 - (i) The Ministry of National defence, the Ministry of Public Security, the Ministry of Foreign Affairs, the Ministry of Natural Resources and Environment, the Ministry of Transport and other ministries and branches as assigned by the Government;
 - (ii) People's Committees of coastal provinces in areas where offshore wind power projects are implemented.
- (d) The Government is required to prescribe cases of concurrent investment policy approval and investor approval in case of enterprises with 100% charter capital held by the State as specified at item 2.3(a)(i) above.

2.4 Selecting investors for offshore wind power projects

- (a) Selecting investors for offshore wind power projects will be implemented as follows:
 - (i) public investment projects will be implemented in accordance with the law on public investment;
 - (ii) investment projects in the form of public-private partnerships (PPP) will comply with the law on PPP investment;

- (iii) other business investment projects will comply with the law on investment.
- (b) Except for projects falling under the competence to issue investment policy approvals by the National Assembly, the Prime Minister will have the authority to issue investment policy approvals and investor approvals concurrently for the following offshore wind power business investment projects:
- (i) Projects that are not subject to bidding for investor selection due to defense and security reasons according to the opinions of the Ministry of National Defense or the Ministry of Public Security;
 - (ii) Projects which investment policy approvals and investor approval are issued concurrently in case of enterprises with 100% charter capital held by the State as specified at item 2.3(a)(i) above.
- (c) Other than those projects as specified in item 2.4(b) above, the selection of investors to implement offshore wind power business investment projects for sale of power to the national grid must comply with the provisions of the law on electricity and the law on bidding. The ceiling electricity price in the invitation-to-bid dossier must not be higher than the maximum price of the electricity generation price bracket issued by the MOIT. The bid-winning electricity price for selecting investors will be the maximum electricity price for the electricity buyer to negotiate with the bid-winning investor. The bidding dossier shall be made in accordance with laws and also the following documents and contents:
- (i) The draft power purchase agreement (PPA) agreed upon by the bidding agency and the electricity buyer;
 - (ii) Preferential mechanisms and policies as specified in Article 25.4² of the Electricity Law.
- (d) Based on socio-economic development conditions, development objectives and investment attraction in each period, and conditions for development of the electricity market, in order to ensure electricity supply security, the Government will prescribe the following contents:
- (i) Conditions for investors to participate in bidding;
 - (ii) The selection of investors to implement offshore wind power projects to meet the planned development objectives and the demand to attract investment in this field;
 - (iii) The negotiation and conclusion of business investment project contracts and power purchase agreements with the winning bidders complying with the provisions of item 2.4(c) above.

² Note: While the text of the New Electricity Law refers to Article 25.4, it seems that it should be Article 25.3 instead.

V. Power sale and purchase transactions

1. Different types of power purchase agreements (PPAs) and power service supply agreements (PSLAs)

1.1 General regulations

- (a) PPAs and PSLAs must be established in paper documents or in the form of data messages as prescribed by laws.
- (b) PPAs between power generation entities and electricity buyers, except for power plants invested in the form of public-private partnerships (PPP); electricity wholesale agreements and the contract for provision of auxiliary services of the electricity system must contain the following main contents:
 - (i) Information of the parties to the contract, including: name, address, telephone number, other contact methods (if any);
 - (ii) The price of the PPA; wholesale electricity prices; prices of auxiliary services of the power system;
 - (iii) Contracted electricity output (if any);
 - (iv) Billing and payments for invoices, electricity bills and payment time limits;
 - (v) Rights and obligations of the [involved] parties;
 - (vi) The language used being Vietnamese. In case the electricity seller has foreign investor(s), the electricity seller and the electricity buyer may further agree on the use of contracts with the language used in English;
 - (vii) Other contents agreed upon by the parties.

1.2 Power forward contracts, power purchase or sale option contracts, power futures contracts

- (a) The main contents of an **power forward contract**:
 - (i) The contracted electricity output and electricity purchase and sale price in the power forward contract to be determined on the basis of negotiation, agreement and agreement between the power buyer and the power seller;
 - (ii) The reference price in the power forward contract is the spot electricity market price calculated and announced in accordance with the regulations on operation of the competitive electricity market;
 - (iii) The power buyer or the power seller will pay the difference between the electricity purchase price and the reference price in the power forward contract for the committed electricity output.

- (b) The main contents of a **power purchase or sale option contract**:
- (i) The option in the power purchase or sale option contract which may be the option to buy or sell, which is determined on the basis of agreement between the option buyer and the option seller;
 - (ii) The contracted electricity output, electricity price and validity period of the power purchase or sale option contract to be determined on the basis of negotiation, agreement and agreement between the option buyer and the option seller;
 - (iii) The option buyer may choose to exercise or not exercise the option within the validity period of the contract;
 - (iv) The option seller is obliged to sell the electricity output at the contracted price when the buyer exercises the option to purchase or purchase the electricity output at the contracted price when the buyer exercises the option to sell;
 - (v) The option purchase price (consideration) is determined on the basis of supply and demand for the power purchase option contract or electricity sale on the forward electricity market.
- (c) The main contents of a **power futures contract** must include contents similar to those for forward contracts as specified in item 1.2(a) above. Power futures contracts are standardized and listed on the electricity futures market.
- (d) Value-added tax mechanism applicable to transactions of electricity forward contracts, electricity purchase or sale option contracts, and power futures contracts must comply with the law on value-added tax (VAT).

1.3 Power sale and/or purchase of Vietnam with other countries

- (a) Electricity trading with foreign countries includes: electricity trading activities with foreign countries (i) through the national electricity system or (ii) direct connection not through the national electricity system. The electricity purchase and sale with foreign countries must ensure national energy security, the interests of the State and the people, the interests of electricity users and must be consistent with the electricity purchase and sale strategy with foreign countries and the approved electricity development planning.
- (b) The linkage of the power grid with foreign countries through the national power system must meet the following requirements:
- (i) Ensure security, safety, reliability and stability in the operation of the national power system;
 - (ii) Ensure the economic-technical optimization of the power system, conform to standards, technical regulations, management and operation processes of the national power system;
 - (iii) Projects and works linking power grids with foreign countries in land border areas must not change border identification signs or affect national border markers.
- (c) In case a part of the power grid is separated from the national power system for association with the foreign power grid, the agreement of the parties to the power grid association must comply with the technical regulations and standards for management and operation of the national power system.

- (d) Direct power grid linkage with foreign countries not through the national power system must comply with the agreements of the parties to the power grid linkage.
- (e) **Electricity import prices** determined at Vietnam's border will be agreed upon by the electricity buyer and the electricity seller in accordance with the electricity import price bracket promulgated by the Minister of MOIT, ensuring the principle of maximum savings in electricity purchase costs.
- (f) **Electricity export prices** to foreign countries will be agreed upon by electricity sellers and electricity buyers on the following principles:
 - (i) Comply with the provisions of item 1.3(a) above;
 - (ii) In case of electricity export not through the national electricity system, the electricity export price must not be lower than the maximum price of the domestic electricity generation price bracket corresponding to the type of electricity generation promulgated by the Minister of MOIT;
 - (iii) In case of exporting electricity to foreign countries through the national electricity system, the electricity export price shall be: (A) based on the electricity retail price and (B) must not be lower than the maximum price of the price bracket of the average domestic electricity retail price.
- (g) Based on the needs of socio-economic development in each period, the Prime Minister will decide on the strategy of electricity purchase and sale with foreign countries.
- (h) The Minister of MOIT will issue an in-principle policy approval on electricity purchase and sale with foreign countries in accordance with the strategy on electricity purchase and sale with foreign countries, the electricity development planning and the plan for implementation of the approved planning; prescribe dossiers, order and procedures for formulation and approval of electricity import price brackets, methods of formulation of electricity import price brackets applicable to specific countries, dossiers, order and procedures for electricity purchase and sale with foreign countries.

1.4 Direct power sale and purchase agreement (DPPA) mechanisms

- (a) Similar to the current DPPA Decree No. 80/2024/ND-CP, the New Electricity Law regulates two models of direct power sale and purchase between large electricity users and power generators as follows:
 - (i) Sale and purchase of electricity through a separate connected power wire (also known as “**physical DPPA**”);
 - (ii) Sale and purchase of electricity through the national grid (also known as “**synthetic DPPA**”).
- (b) The direct sale and purchase of electricity between large electricity users and power generators must ensure the following principles:
 - (i) Complying with the provisions of the laws on planning, investment, issuance of power operation licenses, electricity purchase and sale activities and other relevant provisions of law;

- (ii) Conformity with the level of the competitive electricity market.
- (c) The Government provides for the mechanism of direct electricity sale and purchase between large electricity users and power generating units; stipulate the dossiers, order, procedures and responsibilities of relevant parties when participating in the mechanism of direct electricity sale and purchase between large electricity users and power generating units.

2. Electricity prices and electricity service prices

The new law classifies into two groups of prices: (i) electricity prices (including: (A) electricity retail price, and (B) electricity wholesale price), and (ii) electricity services prices (including electricity generation prices).

2.1 Electricity prices

(a) Electricity retail price

- (i) The electricity retail price is required to be formulated by the electricity retailers on the basis of the electricity price policy, the price bracket of the average electricity retail price, the mechanism for adjusting the average electricity retail price and the structure of the electricity retail price schedule;
- (ii) The electricity retail price is specified in detail for each group of electricity users in accordance with the socio-economic situation in each period and the level of the competitive electricity market, including: (i) manufacturing, (ii) business/commercial, (iii) administrative and (iv) residential activities. The electricity retail price according to the time of electricity use in a day is applied to eligible electricity users, including the retail price of electricity during peak hours, off-peak and normal hours.

(b) **Electricity wholesale price** under the PPA may be agreed upon by the electricity units, ensuring the right to self-determine electricity purchase prices and electricity sale prices not exceeding the electricity price bracket and electricity retail tariff structure prescribed by the State.

(c) The authority to formulate, submit, approve and decide on electricity prices is as follows:

- (i) The Government will prescribe the mechanism and time for adjustment of the average retail electricity price;
- (ii) The Prime Minister will prescribe the structure of the electricity retail tariff and the price bracket of the average electricity retail price;
- (iii) The MOIT will formulate and submit to the Government and the Prime Minister on the contents mentioned above; submit to the Prime Minister for decision on electricity selling prices in rural, mountainous, border and island areas not yet connected to the national grid, in accordance with the level of the competitive electricity market; the roadmap for cross-compensation of electricity prices; the roadmap for improving the structure of electricity retail tariffs, including electricity retail prices with multiple components, including at least two components such as capacity prices, energy prices, fixed prices, variable prices or other price components (if any) applied to customer groups when technical conditions allow; the electricity price mechanism suitable for groups of electricity users;

- (iv) The Minister of Industry and Trade shall prescribe the method of determining wholesale electricity prices; methods of formulation and order and procedures for approving the electricity wholesale price bracket.

2.2 Electricity service prices

(a) Electricity generation service prices

- (i) **The price of the PPA** includes: (A) the fixed price component (determined on average according to the economic life of the project); (B) operation and maintenance price component and variable price component;
- (ii) **The price of the PPA at base year** shall be agreed upon by the electricity units in the PPA. The electricity seller and the electricity buyer have the right to sign a PPA at a fixed price for each contract year on the basis of ensuring that the fixed price will not change;
- (iii) In case the price of the PPA has not yet been reached, the electricity seller and the electricity buyer may agree on a temporary/interim price to be applied until the official price is agreed;
- (iv) In case of organizing bidding to select investors in power plant projects, the price of the PPA shall be determined by the electricity seller and the electricity buyer according to the provisions mentioned above and Article 19.2 of the New Electricity Law (as also mentioned at item III.2.6(b) above);
- (v) Prices of power generation services for power plants invested in the form of public-private partnerships (PPP) shall comply with the provisions of Article 16 of the New Electricity Law (as also mentioned at item 2.4 above);
- (vi) Small renewable energy power plants may apply the avoided cost tariff (ACT) mechanism;
- (vii) The Minister of MOIT will promulgate the method of determining the price of electricity generation services.

- (b) The electricity buyer and the electricity seller may agree on the price of the PPA on the principle of ensuring the recovery of investment expenses (if any) and expenses for electricity production and trading activities and agree on a reasonable profit level for the following power plants:

- (i) Small renewable energy plants that have expired the duration for applying the avoided cost tariff;
- (ii) The power plants that has been commercially operated and their duration for applying the price of the PPA has expired;
- (iii) The power plants which term of the BOT contract has expired and shall be handed over to the government.

- (c) The Minister of MOIT is required to prescribe dossiers, order, procedures and methods for determining electricity generation price brackets; approve the electricity generation price bracket formulated and submitted by electricity units.

- (d) The Minister of MOIT is also required to prescribe the method of determining the cost of electricity generation of power plants in the period when they have not yet participated in the competitive electricity market in the following cases:
- (i) Power plants under State monopoly as specified in Article 5.2 of the Electricity Law (as also mentioned at item I.3.2);
 - (ii) Power plants which coordinate operation with power plants under State monopoly as mentioned above to support the regulation of the system according to the list prescribed by the MOIT;
 - (iii) Other power plants which price of electricity generation services cannot be determined.
- (e) In case there is no method of determining the price and price bracket of electricity generation for expanded hydropower projects, renewable energy source projects integrated with energy storage system, the electricity buyer and the electricity seller may agree on the formulation of the method of determining the price of electricity generation services on the basis of the provisions at items 2.2(a) above and in accordance with the reality of the power plant.
- (f) The Minister of MOIT is required to prescribe the following contents:
- (i) Methods of making, dossiers, order and procedures for approving electricity transmission service prices, electricity distribution service prices, electricity system ancillary service prices, electricity system operation dispatching service prices and electricity market transaction operation service prices;
 - (ii) Methods of guidance and forms of valuation of transmission power grids invested and built by non-state economic sectors.
- (g) The Minister of MOIT will approve the prices of electricity transmission services, electricity distribution services, auxiliary services of the power system, prices of dispatching services for operation of the power system and prices of services for administration of electricity market transactions formulated and submitted by electricity entities.
- (h) Based on the characteristics of power plants in each period, the Minister of MOIT will decide on the following contents:
- (i) Application of the electricity generation price bracket to offshore wind power plants and power plants mentioned at item 2.2(b) above;
 - (ii) Multi-component electricity price mechanism, including components of capacity price, energy price, fixed price, variable price or other price components (if any).
- (i) Grounds for adjustment of electricity generation service prices in signed PPAs

The New Electricity Law provides for the following grounds and events where a negotiation for adjustment to the price will be possible:

- (i) Changes in policies and laws promulgated by competent state agencies, adversely affecting the lawful interests of electricity sellers or electricity buyers;

- (ii) Comply with requests of competent State agencies for review and adjustment of electricity generation service prices;
- (iii) The electricity seller is assigned to invest in the construction, upgrading and renovation of items (outside the scope of investment management of the power generating unit in the signed PPA) for the implementation of the planning or to implement new requirements on standards and technical regulations as prescribed by laws;
- (iv) Optimize the process of management, production, technological change and innovation in electricity production activities.

VI. Amendments to relevant laws

1. Amendments to Construction Law

- (a) The new Electricity Law amends the Construction Law (Article 52.2) to supplement (besides other current cases) that **electricity projects that organize bidding to select investors in accordance with the provisions of the Electricity Law must make a pre-feasibility study (Pre-FS) report on construction investment.**
- (b) The new Electricity Law amends the Construction Law (Article 89.2) to include “**Offshore works belonging to offshore wind power projects that have been assigned sea areas by competent authorities for project implementation**” as an additional case eligible for exemption from construction permit. However, the work construction investor in that case will still have to send a notice of the time of commencement of construction and the construction design dossier as prescribed to the local state management agency in charge of construction for management.

2. Amendments to Law on Natural Resources, Marine Environment and Islands

The new Electricity Law amends Article 3.1 of the Law on Natural Resources, Marine Environment and Islands in the definition of “marine and island resources” to also include those on sea surface, among other current ones.

3. Amendments to Pricing Law

The new Electricity Law supplements the Pricing Law (Section 2, Appendix 2) in terms of the list of goods and services subject to the pricing determination by the State to include: “**liquefied natural gas (LNG) storage, regassification, transportation and distribution services for power generation**” besides natural gas transportation services via pipelines. This is subject to specific price determination by the MOIT.

VII. Effectiveness and transitional provisions

The new Electricity Law takes effect from **1 February 2025** and replaces Electricity Law 2004 dated 3 December 2004, which has been amended and supplemented by Law No. 24/2012/QH13, Law No. 28/2018/QH14, Law No. 03/2022/QH15 and Law No. 16/2023/QH15, except for the cases specified in the transitional provisions as discussed below.

- (a) Electricity business investment projects that have approved and issued invitation-to-bid (ITB) dossiers before 1 February 2025 (as the effective date of this new electricity law) shall continue to organize the selection of investors, sign and manage the performance of contracts in accordance with the provisions of the Bidding Law No. 22/2023/QH15 and its other implementing documents. The Government is required to detail the transitional application to the bidding for selection of investors to implement electricity business investment projects.
- (b) For PPAs signed before 1 February 2025 (as the effective date of this new electricity law), they shall continue to be executed according to the signed contracts. In case there are provisions different from the regulations on the level of the competitive electricity market in accordance with the provisions of the New Electricity Law, the parties must amend and supplement the contract to suit that level.
- (c) Electricity entities that have been granted electricity operation licenses before 1 February 2025 (as the effective date of this new electricity law) may continue to implement so until expiration of the time limit stated in such electricity operation licenses; in case of exemption from electricity operation licenses before the effective date of the New Electricity Law, they shall continue to be exempted from electricity operation licenses.
- (d) In case an organizational applicant has submitted a valid dossier of application for issuance, amendment or supplementation of its electricity operation license to the licensing agency before 1 February 2025 (as the effective date of this new electricity law) but has not yet been granted an electricity activity license, the Electricity Law No. 28/2004/QH11 shall apply to grant the license. In case an organizational applicant requests the issuance, amendment, supplementation, re-issuance and extension of licenses in accordance with the provisions of this new electricity law, this new electricity law shall apply to the issuance of electricity operation licenses.
- (e) Investment projects in construction of power grids with a voltage of 220 kV or less passing through the administrative boundaries of two (2) or more provincial-level administrative units, for which valid application dossiers for issuance or adjustment of investment policy approvals have been received by the Ministry of Planning and Investment (MPI) before the effective date of this new electricity law, they may continue to be implemented in accordance with the current Investment Law.
- (f) For power grid projects with a voltage of 220 kV or less passing through the administrative boundaries of two or more provincial-level administrative units, which have been approved by the Prime Minister for investment policy approval before the effective date of this new electricity law, they are now under the competence to approve investment policies of provincial-level People's Committees as prescribed under this new electricity law, then the provincial-level People's Committee shall be the agency authorized to approve adjustments to investment policy approval.

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