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Model PPA for Vietnam solar energy

Key legal issues and challenges

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Circular 16/2017/TT-BCT

- issued by MOIT on 12 September 2017
- effective on 26 October 2017
- includes model PPAs for grid-connected and roof-mounted solar energy projects
- revision to existing solar energy master plans
 - ✓ MOIT to approve new projects of 50MW or less
 - ✓ Prime Minister to approve new projects of more than 50MW

Key issues

- electricity operating licence is required for solar energy projects with a generating capacity of 1MW or more
- FIT of US cents 9.35/kWh (exclusive of VAT)
 - ✓ applies to grid-connected solar projects
 - ✓ term of PPA is 20 years from COD
 - ✓ COD before 30 June 2019
 - ✓ FIT uncertainty for solar projects which achieves COD after 30 June 2019
- equity is no less than 20% of total investment for grid-connected solar projects

PPA issues

- use of model PPA is mandatory, major deviation unlikely accepted
- lack of a robust risk allocation
- no mechanism for direct corporate PPAs
- EVN or an authorised subsidiary as a sole offtaker
- termination payment
 - ✓ inadequate to recover project debts
 - ✓ covers 1 year of sales revenue if EVN defaults
- Vietnamese law as the governing law of the PPA
- it is unclear if international arbitration can be adopted

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