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MOIT's Report on appraised Vietnam solar power projects

On 31 December 2020, the Ministry of Industry and Trade of Vietnam (MOIT) submitted to the Prime Minister its Report No. 10299/BCT-DL on the appraisal results of solar power projects nationwide (**Report 10299**).

Report 10299 was prepared following the issuance of Notification No. 221/TB-VPCP dated 01 July 2020 on conclusion of the Deputy Prime Minister on the proposed mechanism to determine a competitive price for the development of Vietnam solar power projects.

In Report 10299, the MOIT reports to the Prime Minister the following issues.

1. Power master planning for SPPs

The MOIT categorises Vietnam solar power projects (SPPs) into 3 groups:

(i) **SPPs that have been added into the power development plan:**

167 SPPs, with a total installed capacity of 16,449 MWp, have been added into Vietnam's power development plan.

Among which 38 SPPs, with a total installed capacity of 2,888 MWp, are not eligible for a feed-in tariff (FIT) mechanism and shall apply the bidding and auction mechanism instead.

(ii) **SPPs that have been appraised and reported to the Prime Minister:**

6 SPPs have been appraised and reported to the Prime Minister with a total installed capacity of 2,780 MWp.

(iii) **SPPs that have been appraised and proposed to be added into the power development plan:**

351 SPPs, with a total installed capacity of 39,500 MWp, are being proposed by the MOIT.

Among which, 138 SPPs, with a total installed capacity of 14,316 MWp, have been appraised and have the released capacity calculated by Vietnam Electricity (EVN) spreading throughout regions, including the North and North Central (26 SPPs, with a

total capacity of 2,093 MWp); the South Central (35 SPPs, with a total capacity of 3,302 MWp); Central Highlands (32 SPPs, with a total capacity of 5,089 MWp); South East (36 SPPs, with a total capacity of 5,586 MWp); and South West (19 SPPs, with a total capacity of 1,264 MWp).

2. **MOIT's comments**

Under the draft report on power development plan VIII (**Draft PDP VIII**) in November 2020, the installed capacity of wind power in 2030 is expected to reach 18,590 MW; and 19,090 MW for base load and high load scenarios respectively.

The total capacity of SPPs as reported to the PM is still lower than the expected installed capacity of solar power stated in the Draft PDP VIII in both scenarios. Accordingly, the MOIT is working to improve the mechanism for the development of solar power in the coming period.

The MOIT considers prioritizing SPPs in areas that are still capable of releasing capacity, or floating SPPs in areas that the investors commit to investing in an electric transmission grid or a Battery Energy Storage System (**BESS**).

Moreover, the MOIT is working to develop a direct power purchase agreement (**DPPA**) mechanism which allows customers buy electricity directly from a renewable energy generating unit. Therefore, the MOIT will also consider adding into the power development plan a number of SPPs under DPPA mechanism.

3. **MOIT's recommendations**

The MOIT reports to the Prime Minister a proposed list of 48 SPPs (with a total installed capacity of 6,550 MWp) along with the connection plan, and expected operation progress in several provinces/regions to serve as a basis for the mechanism for bidding and auction for SPPs or implementation of DDPA.

As demand for additional SPPs in localities remains high, the MOIT shall continue to research, calculate to determine the installed capacity of solar power in different sectors in the national power development plan for the period 2021-2030, with a vision to 2045 to ensure efficiency for the economy on the whole.

Key contacts

If you have any questions or would like to know how this might affect your business, please contact the key contacts.



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