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Legal Update

Price Frame for Solar and Wind Power Plants

The Ministry of Industry and Trade has just completed a draft Circular on methods of developing a price frame for solar and wind power plants for comments.

The fit price of new solar power projects will be calculated on the basis of solar radiation intensity in each region, to prioritize development in the North - where radiation is low.

The method of developing renewable power projects is similar to that applied to transitional renewable power projects.

Some input parameters for calculating the price bracket will be:

- installed capacity;
- project economic life;
- debt repayment period;
- equity/loan ratio;
- profit margin;
- standard distribution ratio corresponding to the expected electricity with wind power;
- the parameters of investment rate;
- maintenance operating cost ratio (O&M);
- loan interest (domestic and foreign currency) ...

Vietnam Electricity (EVN) is the unit that calculates the fit frame on the basis of selecting an appropriate consultant to collect input data, then submits it to the Ministry of Industry and Trade in November every year for appraisal and issuance. In case of necessity, especially in years when there are many solar and wind power plants negotiating electricity prices with EVN, the Ministry of Industry and Trade will establish an Advisory Council to appraise the results of calculating the price bracket submitted by this group.

Key contacts

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

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