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Legal Update on MOIT's Report on Vietnam's Proposed Feed-in Tariff Support Mechanism for Solar Power Projects

In a meeting on 17 February 2020, the Ministry of Industry and Trade (**MOIT**) prepared a written report to the Deputy Prime Minister of Vietnam on the proposed support mechanism for the development of solar power projects (**Meeting Report**). The Meeting Report was made in the context that on 11 November 2019, the Office of the Government issued Notice 402/TB-VPCP (**Notice 402**) to guide the development of solar power projects (**SPPs**) from 01 July 2019 onwards. In response, the MOIT submitted a draft decision on support mechanism for SPPs in December 2019 (**December Draft**), and Report No. 06/BC-BCT to supplement the December Draft in February 2020 (**Report 06**).

The Meeting Report highlights the following issues.

1. Analysis of 02 options for grid-connected solar power projects

- (1) Under Notice 402, the Government instructed that the Feed-in Tariff (**FIT**) policy should remain for SPPs which have had a signed power purchase agreement (**PPA**) and the commercial operation date (**COD**) within 2020. Accordingly, Article 5.1 of the December Draft states that the FIT rate of 7.09 US cents/kWh is applicable to grid-connected SPPs (or a part thereof) which have:
 - (a) Signed PPA and been under construction before 22 November 2019; and
 - (b) COD from 01 July 2019 to 31 December 2020.
- (2) Subsequently, in Report 06, the MOIT proposed 02 options for regulating the qualification of grid-connected SPPs entitled to the proposed FIT under the December Draft as follows:

- (a) Option 1: similar to what is currently proposed under Article 5.1 of the December Draft (see paragraph (1) above).
 - (b) Option 2: grid-connected SPPs or a part thereof which have (i) the in-principle investment approval issued by competent authorities before 23 November 2019, and (ii) COD from 1 July 2019 to 31 December 2020.
- (3) According to the MOIT's statistics, there are currently 07 SPPs with a total capacity of about 320 MW qualified under Option 1 (see Appendix 1 below), and 36 SPPs with a total capacity of about 2,988 MW under Option 2 (see Appendix 2 below).

2. MOIT Proposal to the Government of Vietnam

Based upon the recommendations of solar project developers and localities, the MOIT has proposed to the Government to approve the December Draft which adopts **Option 2** to continue applying the FIT scheme for those specified 36 grid-connected SPPs (with a total installed capacity of 2,988.9MW) which have all secured an in-principle investment approval before 23 November 2019 and will achieve a COD before 01 January 2021:

- 7.09 US cents/kWh for ground mounted solar power projects; and
- 7.69 US cents/kWh for floating solar power projects

Appendix 1
List of SPPs that have had PPA signed and been under construction

No.	Project name	Capacity (MW)				PPA	Technical design (before 23 November 2019)	Note	
		Total	Operated	Expected 2020	After 2020				
An Giang									
1	1	SPP Sao Mai (Period 3&4)	106		44	62	✓		Investor submitted technical design appraisal on 28 June 2019
Khanh Hoa									
2	1	SPP of Central Power Corporation	50	8	42		✓	✓	EVN reported operation before 01 July with 8MW
Long An									
3	1	SPP GAIA	100.5		100.5		✓	✓	
Tay Ninh									
4	1	SPP Dau Tieng 3	150	60	90		✓	✓	Operation before 01 July with 60MW
Thua Thien Hue									
5	1	SPP Phong Dien II	40		40		✓	✓	
Long An									
6	1	SPP Solar Park 1	40	40			✓	✓	Operation after 30 June
Binh Thuan									
7	1	SPP VSP Binh Thuan II	29.99	26.48	3.51		✓	✓	Operation before 01 July with 26.48MW
Total			516.5	134.5	320.0	62.0			

Note:

- This list includes SPPs that have PPA signed and been under construction with partial/total operation.
- This list excludes SPPs in Ninh Thuan province due to the application of a separate mechanism.
- The investor of SPP Sao Mai (Period 3&4) submitted technical design appraisal on 28 June 2019. The appraisal agency issued a written request to complete the technical design on 19 July 2019, and currently is appraising the technical design after completion.

Appendix 2

List of SPPs that have been issued with an in-principle investment approval before 23 November 2019

No.		Project name	District	Capacity (MW)
An Giang				
1	1	Sao Mai (Period 3&4)	Tinh Bien	106
Ba Ria Vung Tau				
2	1	Ho Gia Hoet 1	Chau Duc	28
3	2	Ho Tam Bo	Chau Duc	28
Binh Dinh				
4	1	Dam Tra O	Phu My	40
5	2	Phu My (1,2 and 3)	Phu My	264
6	3	My Hiep	Phu My	40
Binh Phuoc				
7	1	Loc Ninh (1,2,3,4 and 5)	Loc Ninh	640
8	2	Thac Mo	Phuoc Long	40
Binh Thuan				
9	1	Phan Lam 2	Bac Binh	39.2
10	2	Hong Liem 3	Ham Thuan Bac	40
11	3	Hong Phong 5.2	Bac Binh	38.4
12	4	Ham Kiem 1	Ham Thuan Bac	36.8

13	5	Song Luy	Bac Binh	14
Dak Lak				
14	1	Jang Pong	Buon Don	24
15	2	Xuan Thien – EaSup	Ea Sup	600
Gia Lai				
16	1	Krong Pa 2	Krong Pa	39
Ha Tinh				
17	1	Cam Hung	Cam Xuyen	23
18	2	Son Quang	Cam Xuyen	23
Hau Giang				
19	1	Hau Giang	Phung Hiep	29
Khanh Hoa				
20	1	Long Son	Ninh Hoa	136
21	2	Central Power Corporation	Cam Lam	50
22	3	Trung Son	Cam Lam	28
Kon Tum				
23	1	Se San 4	Ya H'Drai	49
Long An				
24	1	Solar Park 1	Duc Hue	40
25	2	Solar Park 3	Duc Hue	40

26	3	Solar Park 4	Duc Hue	40
27	4	GAIA	Thanh Hoa	100.5
Phu Yen				
28	1	Thanh Long Phu Yen	Tay Hoa	40
Quang Binh				
29	1	Dohwa Le Thuy	Le Thuy	39
Quang Tri				
30	1	Gio Thanh 1	Gio Linh	40
31	2	Gio Thanh 2	Gio Linh	40
Tay Ninh				
32	1	Dau Tieng 3	Tan Chau	90
33	2	Tan Chau 1	Tan Chau	40
Thanh Hoa				
34	1	Ngoc Lac	Ngoc Lac	45
Thua Thien Hue				
35	1	Phong Dien II	Phong Dien	40
Vinh Long				
36	1	VNECO Vinh Long	Vung Liem	39
		Total		2,988.90

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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