

# Lights flicker on for solar feed in tariffs in Vietnam

9 April 2020

On 6 April 2020 the prime minister of Vietnam issued Decision 13<sup>1</sup> which sets out a new and long awaited feed-in-tariff regime for solar power projects in Vietnam to apply from 22 May 2020.

As highlighted in our previous renewables sector [update](#) published last month<sup>2</sup>, solar power developers have been left in the dark as to power pricing since the previous tariff regime expired on 30 June 2019.<sup>3</sup> The new regime is broadly consistent with previous instructions from the government and proposals of the Ministry of Industry and Trade in this regard<sup>4</sup>, and will be relatively short-lived, as the indications are that the government appears intent on moving towards a competitive bidding model (see our previous update for more details). Key points of Decision 13 are as follows.

## Grid-connected solar

The following feed-in tariffs will apply to grid-connected solar projects which (i) obtained in-principle investment approval before 23 November 2019 and (ii) partially or entirely achieve commercial operation date (COD) between 1 July 2019 and 31 December 2020:

- a) 7.09 U.S. cents/ kilowatt-hour (kWh) for ground-mounted solar power projects.
- b) 7.69 U.S. cents/kWh for floating solar power projects.

These tariffs are linked to the U.S. dollar, although payable in Vietnam Dong based on the State Bank of Vietnam's exchange rate from time to time.

Where a project only partially achieves COD within the applicable timeframe, only the part of the project which comes online in time will benefit from these tariffs. The tariffs will apply for 20 years as from the COD, pursuant to the existing standardized power purchase agreement (PPA)<sup>5</sup>.

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<sup>1</sup> Decision No. 13/2020/QĐ-Ttđ of the prime minister on the mechanism encouraging the solar power development in Vietnam.

<sup>2</sup> Renewable energy projects in Vietnam 2019 in review and the horizon for 2020 (March 2020).

<sup>3</sup> Decision No. 11/2017/QĐ-Ttđ of the prime minister supporting the development of solar power projects in Vietnam in relation to solar energy development, dated 11 April 2017.

<sup>4</sup> In particular, Notice No.402/TB-VPCP of the government office on the development of solar power projects in Vietnam, dated 22 November 2019; Proposal No. 10170/TTr-BCT of the Ministry of Industry and Trade on the mechanism for developing solar power projects in Vietnam, dated 31 December 2019, supplemented by Report No. 06/BC-BCT of the Ministry of Industry and Trade dated 6 February 2020 and supplementary report dated 17 February 2020.

<sup>5</sup> The standardized PPA is set out in Circular No. 16/2017/TT-BCT of the Ministry of Industry and Trade on the implementation of solar power projects in Vietnam, dated 12 September 2017.

Note however, the previous feed in tariff of 9.35 U.S. cents/kWh continues to apply to solar power projects under development in Ninh Thuan province that achieve COD by the end of 2020, up to an aggregate cap of 2,000 megawatt (MW) installed capacity in that province, with eligible projects to be approved by the prime minister<sup>6</sup>.

### **Rooftop solar**

Rooftop solar power projects with a capacity not exceeding 1 MW may sell excess power generated to Vietnam Electricity (EVN) and in doing so benefit from a special feed-in-tariff of 8.38 U.S. cents/kWh<sup>7</sup>. Eligible rooftop projects may also sell some or all of the power generated to other entities off-grid. This is a new development and should provide more flexibility for small-scale rooftop solar power developers. Power sold to EVN must be on the terms of the standardized PPA, however developers are free to agree to terms with third party off-grid purchasers.

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<sup>6</sup> Resolution No. 115/NQ-CP of the government dated 31 August 2018.

<sup>7</sup> However these projects must connect to the grid with a voltage not exceeding 35kV to be eligible.

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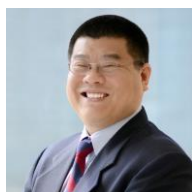
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