



LEGAL UPDATE

National Power Development Plan For 2021 – 2030, with a vision to 2050

Our monthly Legal Update is to provide the summary of key regulatory news that potentially impact your investment and business activities in Vietnam.

This Legal Update focuses on National Power Development Plan For 2021 – 2030, with a vision to 2050.

On 15 May 2023, the Government issued Decision 500/QD-TTg approving the National Power Development Plan For 2021 – 2030 (“*PDP8*”), with a vision to 2050. Here are key highlights of *PDP8*.

1. Priority for renewable energy

The plan targets increase the share of renewable energy to 30.9-39.2% by 2030 and 67.5 – 71.5% by 2050.

a) Solar power

- Until 2030, total capacity of rooftop solar power is estimated to increase by 2,600 MW and prioritized for unlimited capacity development subject to reasonable cost and utilizing available grid connection facilities without any upgrade.
- 27 solar power projects which have been included in the amended *PDP7* but investors for which have not been selected (as listed in Appendix IV of the *PDP 8*) are not permitted to implement until 2030 and will be considered after 2030, unless these projects are developed for self-production and self-consumption.
- The solar projects which have had investment policy approval issued and investors selected will be reviewed by the MOIT following legal regulations during the authority’s preparing the Plan to implement *PDP8*.
- It is targeted that development of solar power projects in the future must include storage battery systems when the cost is reasonable.
- From now to 2025, there is no limit to the capacity of rooftop solar power development provided that the prices are reasonable and the existing transmission network is not overloaded, particularly in the areas where power shortage is likely to occur.

b) Wind power

- Onshore wind power to be developed to a capacity of 21,880 MW by 2030.
- Offshore wind power capacity is expected to reach at least 6,000 WM by the end of this decade and 70,000-91,500 WM by 2050. The development of offshore wind power will be combined with the development of other types of renewable energy such as solar power, onshore wind power.

- The Government estimates that total capacity of offshore wind power for new energy production should reach about 15,000 MW by 2035 and around 240,000 MW by 2050.

c) Hydropower

Hydropower sources in Vietnam have the potential to produce up to 40,000 MW of electricity. The total capacity of hydropower, including small hydroelectricity plants, is expected to reach 29,346 MW by 2030. If the conditions are right, by 2050, the total capacity could reach 36,016 MW, according to the PDP8.

d) Biomass energy

Biomass and waste-to-energy power plants are emerging sources of energy in Vietnam with significant potential. According to the PDP8, these sources have the capacity to generate up to 7,000 MW of electricity in the future. However, the plan estimates that by 2030, the combined capacity of biomass and waste-to-energy plants will reach 2,270 MW. Vietnam aims to further develop these energy sources and increase their capacity to 6,015 MW by 2050.

2. National grid development

After 2030, it is targeted to develop national transmission lines to connect the most potential offshore wind areas in the Central to the North of Vietnam. It is also under feasibility study for the regional grid connection in Asia Pacific.

3. Trans-regional energy hubs

Two trans-regional energy hubs would be established by the end of the period, around which cluster power plants, power grids, and facilities that manufacture energy-related equipment. The hubs would be located in certain well-positioned regions, including the South Central Region.

4. Investment demand

Total investment capital for power generation and transmission is estimated at US\$ 134.7 billion for the 2021-2030 period and US\$399.2 – US\$523.1 billion for the 2031 – 2050 period.

5. Legal framework

The implementation of the PDP8 would be put under the authority of the Ministry of Industry and Trade.

The Ministry is also tasked with preparing the draft versions of the Revised Law on Electricity and Law on Renewable Energy, which must be submitted to the National Assembly for discussion in 2024.

The Ministry shall provide governmental policy advice on direct power purchases and accelerate those energy projects that have been hindered by complications.

It is worth noting that the State is advocating for a plural power sector based on fair competition and a market electricity price, which would ensure a level playing field for all investors.

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