Department for International Trade

VIETNAM RENEWABLE SECTOR

Highlights

Vietnam is considered to have great potential for renewable energy

• Vietnam's power demand has grown and continues to grow rapidly, reflecting the country's economic development .

• Vietnam's three main energy resources are crude oil, coal and electricity, while hydroelectric has played an important role.

• In 2016 the Revised Power Development Plan (RPDP) VII was published indicating a significant change in the power generation structure. The total installed capacity for power generation is forecasted to increase massively from 39,000 MW in 2015 to 129,5000 MW in 2030.

• According to the RPDP VII, Vietnam aims to increase its renewable energy share in power production from 3.7% in 2015 to 6.5% in 2020, 6.9% in 2025 and 10.7 % in 2030.

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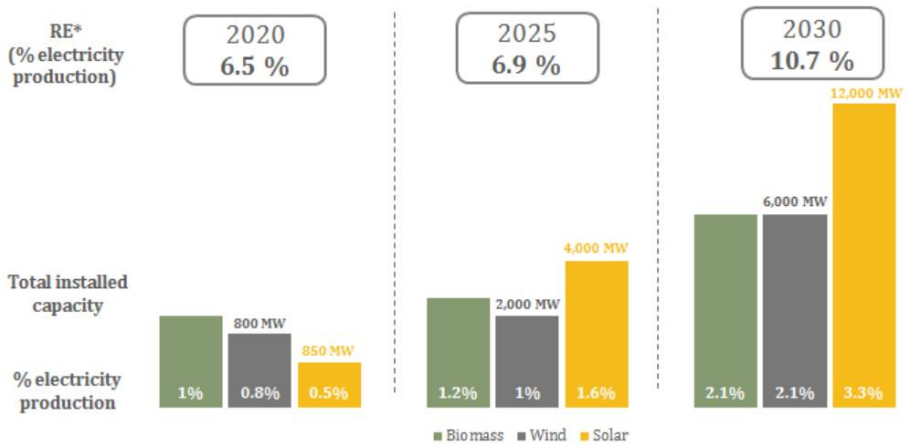
Renewable Target for 2020, 2025 and 2030 according to RPDP VII



Potential

Vietnam has a wide range of natural resources to develop renewable energy.

• Solar PV: More than 2,000 sunny hours per year produces 4-5 kWh/m2/day with highest potential in Southern and Central Vietnam. Current solar power capacity is 4.5 MW.

• Wind power: Located in the monsoon area with a 3,000 km long coastline, Vietnam has great potential estimated about 10 GW, wind speed in Central Vietnam can reach 4m/s at 12 metres of height. However, current total wind capacity is only 140 MW.

• Biomass from agricultural production is equal to ten million tons of oil.

Challenges

• Low level of Fit-In-Tariff (FIT)
• Lack of a road map of future electricity inflation
• Legal framework and institutional development: key issue is unbankable Power Purchase Agreement (PPA)
• Lack of financial resources, low technology, human resources, local supply chains, infrastructure, etc…

FIT rate (ex VAT) & Investment incentives

Onshore Wind: 8.5 US cents/kWh [1]
Offshore Wind: 9.8 US cents/kWh [1]
All solar projects: 9.35 US cents/kWh [2]

Draft Decision tentatively applied from July 2019 for solar projects propose various FiT rates based on 4 geographic zones and 4 solar project types.

Investment incentives: Long term power project agreement, import duty exemption on equipment, corporate income tax exemption and reduction, land rental exemption.

1: Only if COD before 1st Nov 2021 and secured a 20 year PPA with EVN
2: Only if COD before 31st Jun 2019 and secured a 20 year PPA with EVN

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