BritCham VIETNAM

ACSV LEGAL

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LEGAL UPDATE

ELECTRICITY GENERATION PRICE RANGE FOR SOLAR AND WIND POWER PLANTS

4. Electricity Generation Price Brackets

The chart in appendix 2 illustrates the procedures for developing, appraising, and issuing electricity generation price brackets. It is expected that MOIT will provide guidance for the implementation of this Circular 15:

- The consequences if developers do not submit reports on time to EVN or fail to submit reports;
- Qualifications for EVN to select sample reports of the Standard SPP and WPP to determine the electricity generation price brackets; and
- The calculation method to determine the electricity generation price applicable to the Transitional Plants, which are not a Standard SPP or WPP.

5. Sell Power to EVN

EVN is the dominating party in the Vietnamese energy market. Since 2019 private parties can sell the power, they do not need to the wholesale electricity market.

Transitional Plants can register to participate voluntarily. It seems that the tariff at which the plant could sell would need to be within the relevant tariff range. It depends on the committed capacity. However, it is not yet clear how committed capacity will be determined nor how the contracted tariff will be agreed upon.

6. Conclusion

The issuance of Circular 15 may be considered as the first step of MoIT to solve the issue of determining the price for the Transitional Plants that was not regulated up to now. However, there are still several points that remain unclear and will hopefully be clearer soon. These clarifications are needed to attract investors in wind and solar energy.

For more information, please contact:

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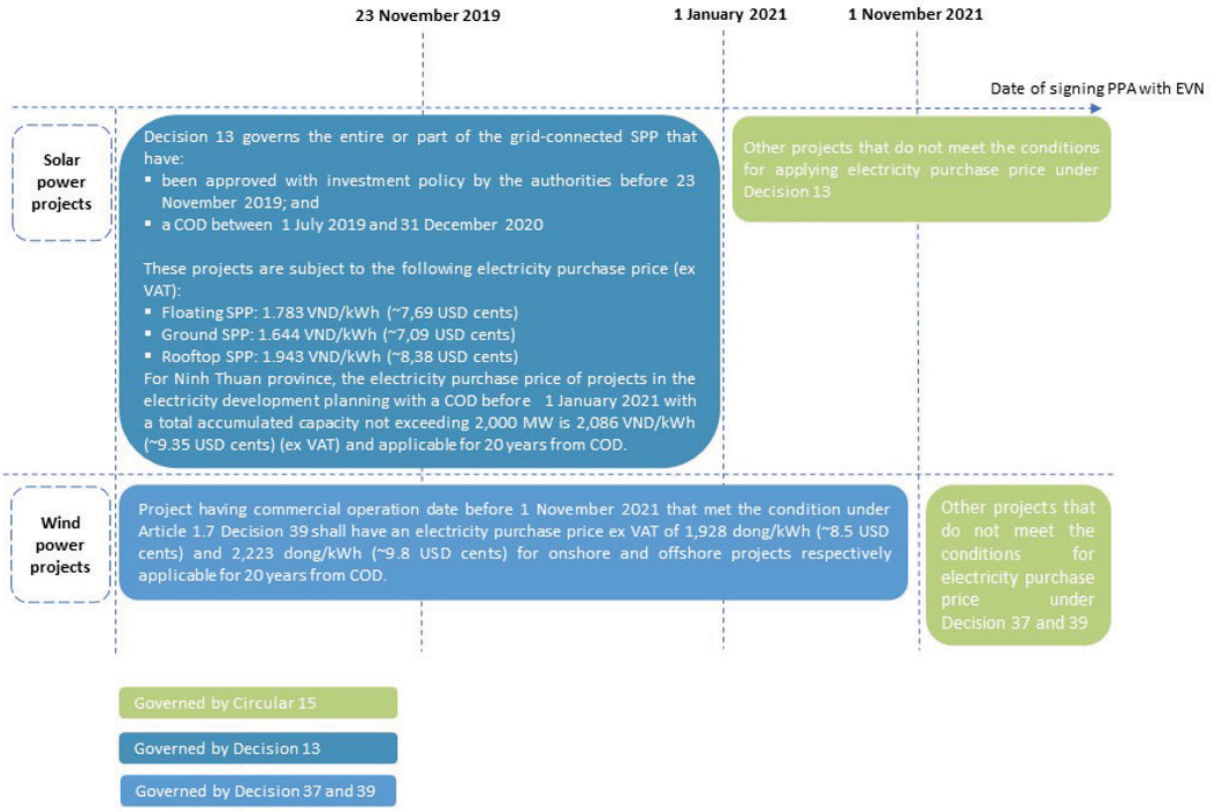
APPENDIX 1



Maximum Value Applicable to SPPs

The maximum value applicable to SPPs is the electricity generation price of the Standard SPP (P^{MT}), which is determined by the following factors:

- average fixed costs of the Standard SPP (FC^{MT}); and
- fixed operation and maintenance costs of the Standard SPP ($FOMC^{MT}$).

So the formula will be: $P^{MT} = FC^{MT} + FOMC^{MT}$

- FC^{MT} is calculated by dividing the annual converted investment capital for the construction of the Standard SPP (excluding VAT) (TC^{MT}) by the average delivery electricity of the Standard SPP over multiple years (E_{bq}^{MT}); and
- $FOMC^{MT}$ is calculated by dividing the total fixed operation and maintenance costs of the Standard SPP (TC_{FOMC}^{MT}) by the average delivery electricity of the Standard SPP over multiple years (E_{bq}^{MT}).

Maximum Value Applicable to WPPs

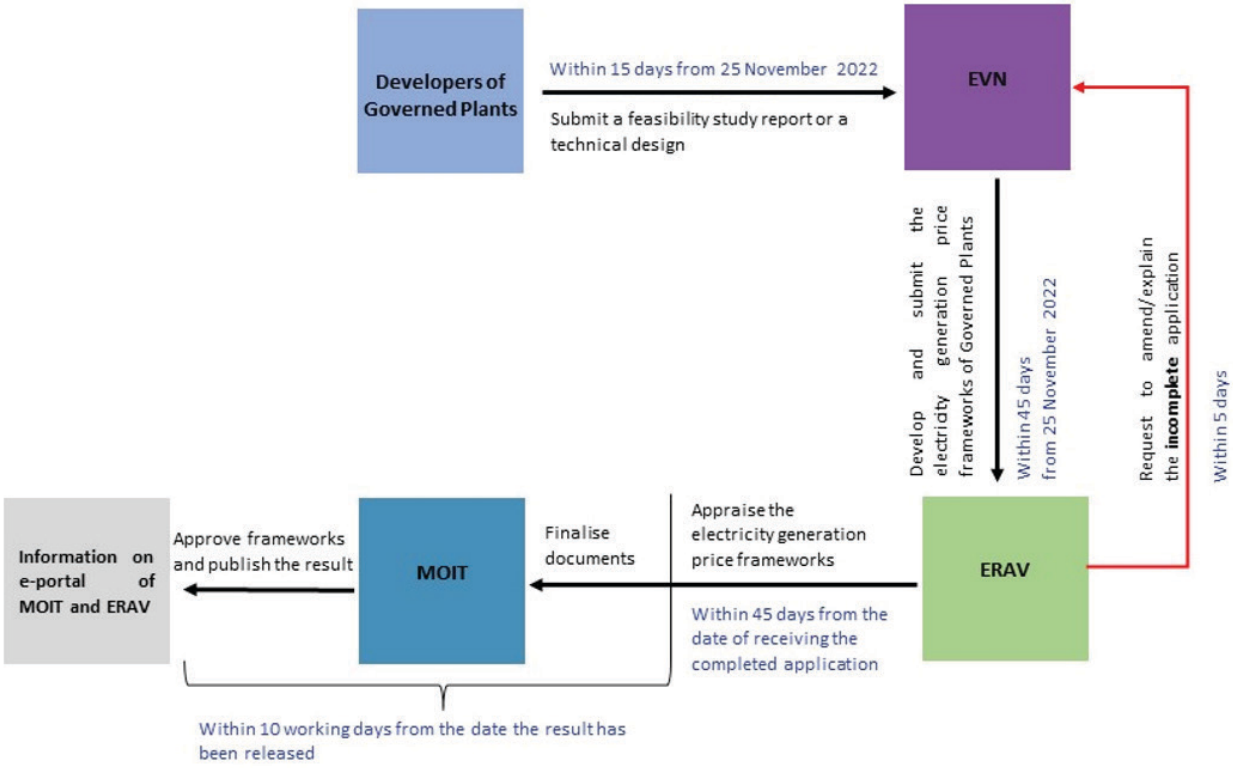
The maximum value applicable to WPPs is the electricity generation price of the Standard WPP (P_C^G), which is determined by the following factors:

- average fixed costs of the Standard WPP (FCG)
- fixed operation and maintenance costs of the Standard WPP (FOMCG)

So the formula will be: $P_C^G = FC^G + FOMC^G$:

- FC^G is calculated from (i) annual converted investment capital for construction of the Standard WPP (excluding VAT) (TC^G) dividing (ii) average delivery electricity of the Standard WPP over multiple years (E_{bq}^G); and
- $FOMC^G$ is calculated from (i) total fixed operation and maintenance costs of the Standard WPP (TC_{FOMC}^G) and (ii) average annual delivery electricity of the Standard WPP (E_{bq}^G).

APPENDIX 2


Developers of Governed Plants
Within 15 days from 25 November 2022
Submit a feasibility study report or a technical design
EVN
Develop and submit the electricity generation price frameworks of Governed Plants
Within 45 days from 25 November 2022
Request to amend/explain the incomplete application
Within 5 days
Information on e-portal of MOIT and ERAV
Approve frameworks and publish the result
MOIT
Finalise documents
Appraise the electricity generation price frameworks
Within 45 days from the date of receiving the completed application
ERAV
Within 10 working days from the date the result has been released