

**VIETNAM’S NEW STANDARDS FOR COAL FIRED AND GAS TURBINE POWER PLANTS
AND
PRICING FOR TRANSITIONAL PROJECTS**

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A. NEW STANDARDS FOR COAL-FIRED AND GAS-TURBINE POWER PLANTS

From July 15, 2023, construction of new coal-fired and gas-turbined power plants that are unable to meet a specific energy efficiency rate will no longer be allowed. The minimum energy efficiency rate of each power generation unit must exceed the minimum efficiency rate set out in Decision 14/2023/QD-TTg of the Prime Minister dated May 24, 2023 (“**Decision 14**”).

Subject to technology and capacity, the minimum efficiency rate may vary. Below are the mandated minimum efficiency rates under Decision 14:

No	Power generation unit	Minimum Efficiency Rate (%)
I. Coal fired plants		
1	Capacity \geq 50 MW and $<$ 150 MW	34
2	Capacity \geq 150 MW and $<$ 300 MW	38
3	Capacity \geq 300 MW and $<$ 600 MW	39
4	Capacity \geq 600 MW and $<$ 800 MW	41
5	Capacity \geq 800 MW	43
II. Simple cycle gas turbine		
1	Capacity \geq 100 MW and $<$ 150 MW	33
2	Capacity \geq 150 MW and $<$ 200 MW	34
3	Capacity \geq 200 MW and $<$ 300 MW	37
4	Capacity \geq 300 MW	39

No	Power generation unit	Minimum Efficiency Rate (%)
III. Combined cycle gas turbine		
1	Capacity \geq 100 MW and $<$ 150 MW	49.5
2	Capacity \geq 150 MW and $<$ 200 MW	51.0
3	Capacity \geq 200 MW and $<$ 300 MW	55.5
4	Capacity \geq 300 MW	58.5

To meet these standards, new coal-fired power plants and new gas-turbine power plants must install energy efficient equipment when constructing a new power plant.

This requirement does not apply to existing power plants.

B. UPDATE ON PRICING FOR TRANSITIONAL PROJECTS

Due to Covid and for other reasons, several solar and wind power projects (about 85 projects) have failed to achieve the COD¹ deadline (“**Transitional Projects**”). Consequently, those Transitional Projects are ineligible to enjoy the subsidized feed-in-tariff set out in power purchase agreements which have been signed with EVN.

In 2023, the Ministry of Industry and Trade (“**MOIT**”) issued a number of new regulations (Circular 15², Decision 21³ and Circular 01⁴). They contain provisions which are unfavorable to Transitional Projects: (i) ceiling prices at which EVN will purchase electricity generated by Transitional Projects are low; (ii) the electricity price of those Transitional Projects must be fixed and they can be denominated only in Vietnamese dong (not US dollars); and (iii) under Decision 21, the ceiling electricity price (exclusive of VAT) for each type of Transitional Project is as below:

No.	Type	Ceiling price (VND ⁵ /kWh)
1	Ground-mounted solar power plants	1,184.90
2	Floating solar power plants	1,508.27
3	Onshore wind power plants	1,587.12
4	Offshore wind power plants	1,815.95

¹ COD is an abbreviation of “commercial operation date”.

² Circular 05/2022/TT-BCT of the MOIT dated October 3, 2022 (“**Circular 15**”).

³ Decision 21/QĐ-BCT of the MOIT dated January 7, 2023 (“**Decision 21**”).

⁴ Circular 01/2023/TT-BCT of the MOIT dated January 19, 2023 (“**Circular 01**”).

⁵ USD1=VND23,500.

Since these ceiling prices are lower than the subsidized tariffs that apply to previous solar and wind power projects, a large number of owners of Transitional Projects are unwilling to accept the ceiling prices. 23 owners of Transitional Projects have submitted a position paper to the Prime Minister, asking him to instruct the MOIT to amend Circular 15 and Decision 21.

On May 17, 2023, the Government Office issued a Notice (notice no. 182) that contains the Vice Prime Minister's instructions. The Vice Prime Minister has asked the MOIT urgently to: (1) amend its Circular 15 and Decision 21; (2) study a pricing mechanism similar to those that applied to BT⁶ transport projects taking into account the opinion of independent auditors and including reasonable profits for RE developers; (3) expedite the issuance of power generation licenses for ready-to-operate projects; (4) instruct EVN to negotiate with owners of Transitional Projects to: (i) adopt a temporary price which applies to electricity volumes being uploaded to the national grid; (ii) agree on the final price, and to settle payments for electricity volumes being uploaded to the national grid at the final price.

As of May 31, EVN and 40 owners of the Transitional Projects have reached an agreement. For the time being, a temporary price (equivalent to 50% of the ceiling price set out in Decision 21⁷) will apply to these Transitional Projects. EVN and owners of these Transitional Projects will continue to negotiate in order to agree on a final price.

⁶ *BT is an abbreviation of the term "Build-Transfer".*

⁷ *See the above table.*