Direct Power Purchase Agreements (DPPAs) in Vietnam New Opportunities under Decree 57/2025 and Decree 243/2026

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- Evolution of the DPPA framework
- Key reforms under Decree 57 and Decree 243
- Physical vs Virtual DPPAs
- Eligibility requirements
- Contractual arrangements
- Pricing mechanisms
- Practical legal issues
- Future outlook

Vietnam's Electricity Market

Traditional model

Renewable Energy Developer

↓

EVN

↓

Electricity Consumers

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Characteristics

- EVN is the sole wholesale purchaser
- Consumers cannot purchase renewable electricity directly
- Limited flexibility for renewable corporate procurement

Message

The new DPPA framework fundamentally changes this structure.

Evolution of DPPA Framework

Year	**Development**
July 2024	Decree 80 introduced the first DPPA mechanism
March 2025	Decree 57 replaced Decree 80
June 2026	Decree 243 amended Decree 57

Observation

The legal framework has evolved rapidly in response to the need for practical implementation.

Why Were Reforms Necessary

Problems under Decree 80 and Decree 57

- Narrow definition of large power consumers (Decree 80)
- Price caps (Decree 57)
- Limited renewable technologies (Decree 80)
- Limited contractual flexibility (Decree 80)
- Administrative burdens (Decree 80)
- Technical uncertainties (Decree 80)

Decree 57 + Decree 243

- Broad flexibility
- More commercial mindset
- More investor-friendly

Key changes

- Enlarged definition of large power consumers
- Retail Electricity Providers (REPs)may participate
- Biomass included
- **Freely negotiated pricing** (Physical DPPA)
- Rooftop solar export increased from **20% → 50%**
- Simplified licensing
- New technical requirements

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Expanded Market Participants

Eligible purchasers now include

- Manufacturers
- Data centers
- Electric vehicle charging stations
- Retail Electricity Providers (REPs)

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Observation

This change is expected to significantly enlarge the potential DPPA market.

Physical DPPA

Visual flow diagram

RE Developers
↓ *Sell electricity*
Private Transmission Line
↓
Large Consumers

OR

RE Developers
↓ *Sell electricity*
Private Line
↓
Retail Electricity Providers (REPs)

Characteristics

- Direct electricity delivery
- Negotiated electricity price
- Private transmission infrastructure

Virtual DPPA

Visual flow diagram

RE Developers
↓
Sell electricity
↓
EVN Grid
↓
Large Consumers

Key features

- Uses EVN transmission network
- Spot market settlement
- Forward contract
- Consumer receives electricity through EVN's pooled grid

Physical vs Virtual DPPA

Physical	Virtual
Private transmission line	EVN grid
Negotiated price	Formula under Decree 57
Direct delivery	Financial settlement (offsetting)
Suitable for nearby customers	Suitable nationwide

Eligibility & Requirements

Physical DPPA

<u>*Eligible technologies*</u>
- Solar
- Wind
- Biomass
- Small hydro
- Geothermal
- Ocean energy
- Rooftop solar
- Waste-to-Energy

<u>*Requirements*</u>
- Generation power license
- Retail license
- Inclusion in the master plan

Virtual DPPA

<u>*Eligible technologies*</u>
- Solar
- Wind
- Biomass

<u>*Requirements*</u>
- Generation license
- Retail license
- Inclusion in the master plan
- Capacity above 10 MW
- Generation power license

Contractual Structure

Physical DPPA

Single negotiated agreement
↓
RE Developer ↔ Customer

Virtual DPPA

Agreement 1
RE Developer ↔ EVN

Agreement 2
EVN ↔ Large Consumer

Forward Contract
RE Developer ↔ Large Consumer

Pricing

<u>*Physical DPPA*</u>

Old system

Price ceiling as notified by MOIT

↓

New system

Price is freely negotiated

That is a major improvement for project bankability

<u>*Virtual DPPA*</u>

Three components

Spot Market Price

↓

Forward Contract Adjustment

↓

EVN Retail Charges

Practical Implications

For Investors

- Greater commercial flexibility
- More potential customers
- New financing opportunities

For Large Consumers

- Renewable procurement
- ESG compliance
- Carbon reduction
- Supply chain competitiveness

Conclusion

- Vietnam has entered a new phase of renewable electricity trading.
- Decree 57 and Decree 243 significantly improve the DPPA framework.
- The reforms create greater commercial flexibility while supporting Vietnam's energy transition.
- Further regulatory refinement will be critical to unlock wider adoption of DPPAs.

Q&A

THANK YOU!

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