

VIETNAM RENEWABLE ENERGY REPORT

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Prepared by Business Centre
British Chamber of Commerce Vietnam



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Commerce**

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CONTENTS

- 1 ABOUT US
- 2 VIETNAM'S RENEWABLE ENERGY OVERVIEW
- 3 VIETNAM'S TRANSITION FROM FOSSIL FUELS TO RENEWABLES
- 4 DEVELOPMENT PLAN IN VIETNAM
- 5 ADVANTAGES AND CHALLENGES
- 6 FOREIGN INVESTMENT
- 7 FUTURE PROSPECT
- 8 REFERENCES
- 9 YOUR SUSTAINABLE OPTION IN VIETNAM

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OUR TEAM



What we do ?

The British Chamber of Commerce (BritCham) was officially established in Ho Chi Minh in 1998 with its Ha Noi office founded in 2007. BritCham Vietnam aims to support and develop Vietnam-UK business links while raising the profile of Vietnam in the British business community and vice versa. As an accredited British Chamber, Britcham in association with the Department for International Trade (DIT), is committed to promote strong business links between Vietnam and the UK.



BUSINESS MATCHING:

Partner search and one-to-one meetings with potential clients, agents/distributors or outsourcing partners



BUSINESS DEVELOPMENT REPRESENTATIVE:

Provide a professional business development representative to act locally on your behalf, strengthen existing engagements with the Vietnam market on a long term basis and develop further business relationships within the market.



INWARD INVESTMENT FACILITATION:

Business Registration, Site Selection, Factory/Office Set-up & Operations Support, HR & Financial Management



BUSINESS SERVICES EVENTS:

Organise trade missions, product launches and seminars/workshops



MARKET STUDIES:

Sector reports, competitor analysis and local prospect background research



EXPORT OPPORTUNITIES:

Explore your export opportunities to Vietnam through DIT's portal opportunities.export.great.gov.uk



WEBINARS:

Online dialogues with experts within industries to forecast new trends in doing business in Vietnam



BACK-OFFICE SUPPORTS:

Due Diligence, Marketing Materials & Company Documents Translation

CONTACT US



OUR ADVOCACY WORKS

BCAC

The BRITISH CORPORATE ADVOCACY COUNCIL, comprising of the Heads of some of the largest British companies operating in Vietnam, continue to provide support to BritCham Vietnam in its engagement of key business issues and was instrumental in the support to gain the full VBF membership.



BRITISH EDUCATION BUSINESS GROUP – BEBG is a proposed working group of BritCham Vietnam and its British Corporate Advocacy Council, to work alongside the British Embassy, Department for International Trade and British Council.

Members

DIAGEO



Founding Members



VIETNAM'S RENEWABLE ENERGY OVERVIEW

Energy access: 99.4% (2019)

National primary energy consumption: 1,144 TWH (2020)

POPULATION

97M

Electricity Vietnam (EVN) dominates the power sector.

Total number of COD certified projects as of 2021:
 . Solar: 148
 . Wind: 69

ECONOMIC GROWTH RATE resumed to

5.03%

in Q1/2022

GDP PER CAPITA in 2021

3,609 USD

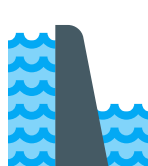
increased by 29.5% compared to 2020

Share of energy generation (2020)



Coal

53%



Hydropower

26%



Natural Gas

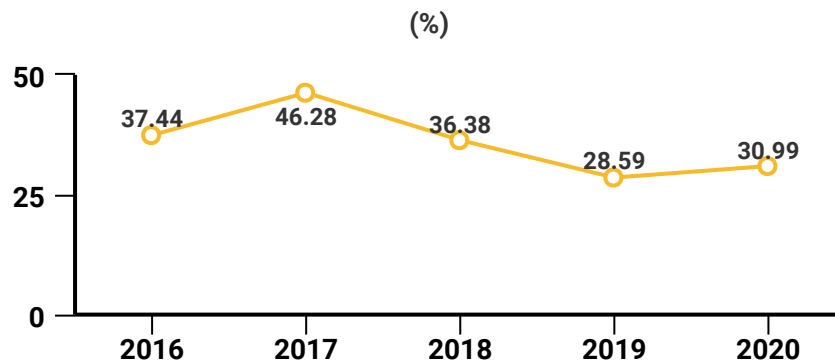
16%



Renewable resources

5%

Share of electricity production from renewables in 2016-2020



VIETNAM'S TRANSITION FROM FOSSIL FUELS TO RENEWABLES



At Cop26, Vietnam commits to cut down the carbon emissions to achieve the net-zero target by 2050. Vietnamese government has set plans to achieve the goals such as develop the renewable energy sectors like wind and solar power, protecting forests and methane reductions as well as transition from fossil fuels to clean energy.



Vietnam ranked 3rd in the world in terms of new renewable energy capacity added in 2020 with 11.6 GW, behind only China and the USA. The year 2021 witnessed a remarkable growth of wind power, with the total capacity from only 540 MW in 2020 increased to approximately 4,000 MW by the end of 2021. This has made Vietnam the second in East Asia (to China) in terms of development rate of renewable energy sources.

16.6GW

Solar capacity

as of 2020



18.6GW

Solar capacity

by 2030

0.6GW

Wind capacity

as of 2020



18GW

Wind capacity

by 2030

DEVELOPMENT PLAN IN VIETNAM

..... Target

Resolution No 55NQ/TW on the orientation of the National Energy Development Strategy of Vietnam to 2030

15-20% proportion of renewables in energy mix by 2030, reaching 25-30% by 2045.

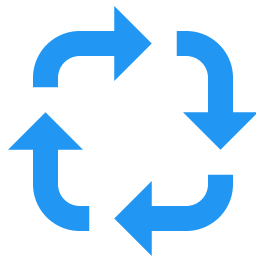


Reduce greenhouse gas emissions from energy activities compared to the business-as-usual (BAU) scenario by 15% in 2030 and 20% in 2045

..... Action



Formulate breakthrough mechanisms and policies to promote remarkable development of renewable energy sources



Prioritize the use of wind and solar power; promote investments in the development of power plants using waste and biomass in parallel with environmental protection and circular economy development



Conduct research about geothermal, wave, tidal power and ocean current power as well as hydrogen to develop directions and plans.

DEVELOPMENT PLAN IN VIETNAM

National Power Development Plan (Draft PDP8) Highlight

On 22 February 2021, the Ministry of Industry and Trade of Vietnam (MOIT) published the draft proposal for National Power Development Plan for 2021-2030, with a vision to 2045.

..... Mechanism



Amend **Electricity Law** to meet new power development requirements and attract investment.



Improve formation and operation to develop a competitive power market.



Develop new mechanisms for power development, investment and capital mobilisations, and ensure the operation of the power system and power market.

..... Required capital investments

USD 95.4 billion for power plants



USD 32.9 billion for power grids



2021-2030 period



USD 140.2 billion for power plants

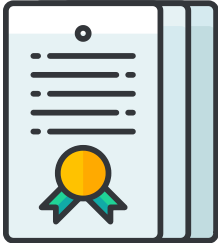


USD 52.1 billion for power grids

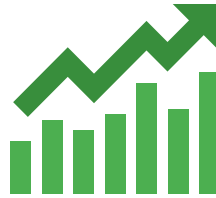
2031-2045 period

ADVANTAGES

..... Opportunities



The government is amending the law and creating favourable conditions for renewable energy investors. There is also the FIT scheme for biomass, wind, waste-to-energy, and solar projects.



According to VietinBank Securities, the market value is estimated at USD 714 billion, in which solar energy accounts for USD 280 billion and wind energy accounts for USD 434 billion. This sector growth rate will be about 20% in the next ten years.



Vietnam is facing the electricity shortage, reaching the peak at 2023 due to the growing demand. This will support the growth of renewable energy sector.

..... Other advantages



Vietnam has tremendous natural endowments: 4 – 5 KWh/m² for solar energy and over 3,000 km coastlines with consistent winds (5.5 – 7.3 m/s), which benefits the renewable energy development.



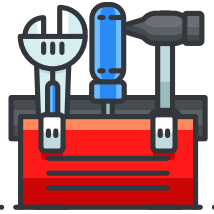
Several tax policies can be applied for this sector, including CIT, Preferential Tax Rates, Import Duty Incentives, Land Related incentives and VAT Refund for Construction Stage.

CHALLENGES

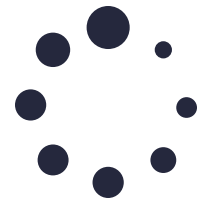
.....Key challenges.....



The PPA (Power Purchase Agreement) is unbankable, which increases the risks for the investors.



Investors will also face the lack of supporting industries and high-skilled human resources challenges since this aspect in Vietnam is still underdeveloped.



Complicated regulatory framework results in project delays.

.....Other difficulties.....



Banks evaluate this sector as a sector with high risks, which makes it difficult for the renewable energy investors to get domestic loans.



The asynchronization between the projects and the national grid also remains a challenge. In addition, the risk of renewable energy overdevelopment will also threaten the transmission line.



The renewable energy projects site clearance may be met with opposition from local people.

FOREIGN INVESTMENT

Domestic enterprises license, develop and complete the renewable projects and then sell them to foreign investors. The former is familiar with laws and regulations to deal with the early investment stage while the strengths of the latter include capital, technology and experience to manage the projects.

..... Outstanding collaboration



On 14 May 2021, Trung Nam Group signed a strategic cooperation agreement with Hitachi Sustainable Energy Company (Hitachi SE), from which Hitachi SE owns a 30% stake in Trung Nam Wind Power Plant.



On June 19, 2019, TTC Group and Gulf Group (Thailand) held the inauguration ceremony of two of TTC's power plants. The cost of the two projects was about USD 115 million.



FOREIGN INVESTMENT

.....Notable Companies.....



Shire Oak was a Scottish company founded in 2002. It penetrated into Vietnam's renewable energy sector in 2009. It has also invested in a lot of rooftop solar projects. Recently, it has cooperated with Hoa Binh Construction Group to launch and invest in many solar energy projects



GE was one of the first American companies to enter Vietnam in 1993. In June 2021, GE Renewable Energy has signed an agreement with BIM Wind JSC to launch a 88 MW wind energy project in Ninh Thuan which is one of the largest wind energy projects in Southeast Asia.



Mainstream Renewable Power is actively growing projects throughout the APAC region through its local offices in Vietnam, the Philippines and Australia. Its two recent projects include the 500MW offshore wind project in Ben Tre province and the 1.4 GW Phu Cuong Soc Trang offshore wind farm.



Siemens Gamesa has developed in the Asia Pacific region since the 1980s. It has been the wind turbine supplier that also provides maintenance and operation services for large projects, such as the 78 MW Hiep Thanh wind farm and the latest 117 MW project in Ninh Thuan province.

FUTURE PROSPECT



There should be more training programs for the workforce of this sector to meet rising requirements.



Capital subsidies and incentives such as tax breaks and preferential loans should be given to domestic investors in renewable energy as well as supporting industries.



The government should also gradually increase FiTs or release a price plan so that investors can be aware of how the price will change.



Guidelines and regulatory approval process should be simplified to prevent project delay and abandonment.



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