



# BritCham Energy Working Group Renewable Update on DPPA

20 June 2024

# ➤ Where we are

- The Past:
  - FiTs gone (though remain for W2E and biomass for now)
  - Sector a victim of own success but also policy breaches: ensuing investigations led to policy and regulatory delay
- The Present:
  - PDP8 and PDP8 IP
  - Transitional projects' path now clear
  - New pricing mechanism in place (pending ceiling tariffs)
- The (near?) Future:
  - Investor selection regulations
  - Amended Electricity Law (incl. Renewable Energy Law?)
  - Offshore wind regulatory framework
  - DPPA/ RTS Decrees
  - New template PPAs for RE?

# Draft laws/regulations by project investment process

- Existing law/regulation
- Existing draft law/regulation
- No draft released yet but expected

- Investment Law 2020
- Tendering Law 2023
- Land Law 2024 ([link](#))
- Draft Amended Electricity Law ([link](#))
- Draft Decree on investor selection for power projects

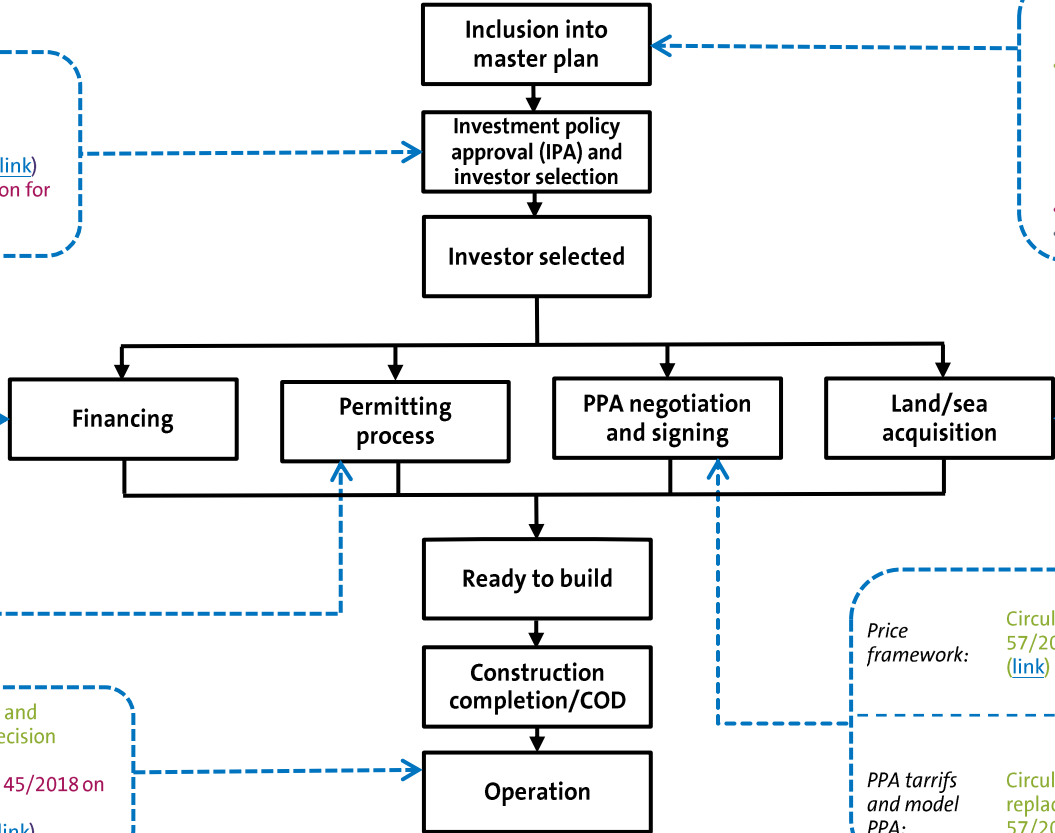
- PDP8 and PDP8 Implementation plan (including project lists for LNG, onshore winds, etc.) ([link](#))
- Other master plans (eg, national energy master plan, marine spatial master plan, land use master plan, petroleum storage infrastructure master plan, provincial master plans, etc.)
- Draft Amended Electricity Law ([link](#))
- New Renewable Energy Law

- Law on Credit Institutions 2024 ([Vietnam project financing guide](#), [Vietnam bond investment guide](#) and [Vietnam cross-border lending guide](#))

- Land Law 2024 ([link](#))
- Draft Decrees and Circulars implementing Land Law
- Decree 42/2024 on land reclamation from sea
- Draft Decree amending Decree 11/2021 on sea area allocation ([link](#))
- Draft Minerals Law

- Construction Law 2020
- Environmental Protection Law 2020

- Regulations on timeline, design and operation of VWEM (eg, PM's Decision 63/2013)
- Draft Circular replacing Circular 45/2018 on the operation of VWEM
- Draft Amended Electricity Law ([link](#))



Price framework:	Circular 57/2014 ( <a href="#">link</a> )	Circular 19/2023 (wind and solar) ( <a href="#">link</a> )	Draft Circular (biomass and WTE) ( <a href="#">link</a> )	New Circular (import power)
PPA tariffs and model PPA:	Circular 07/2024 replacing Circular 57/2020 ( <a href="#">link</a> )		New model PPAs for wind, solar, biomass and WTE	Draft Decree on DPPA

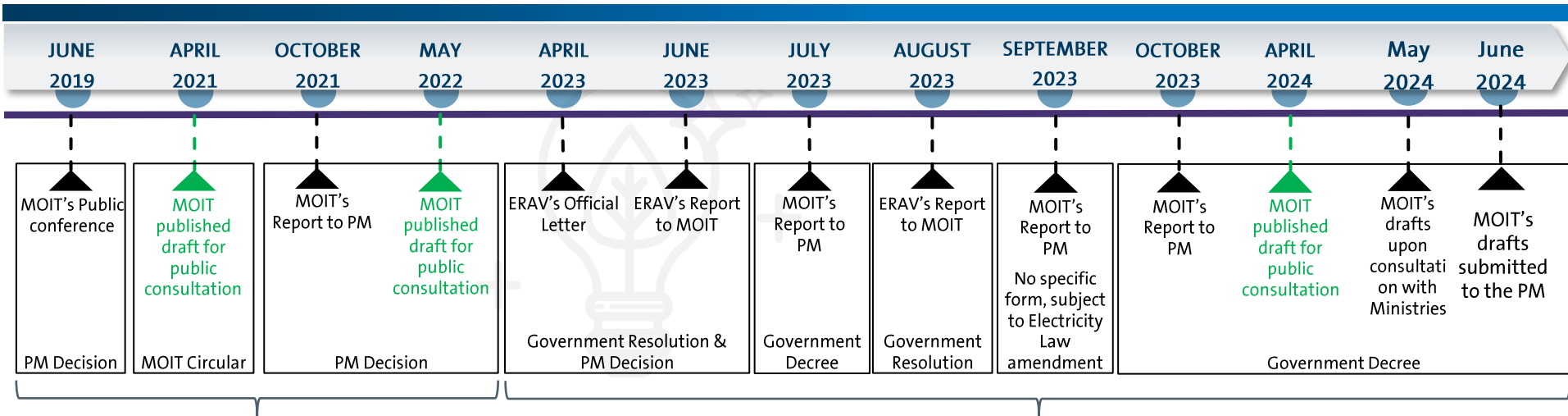
Others: Draft pilot scheme for offshore wind, Draft Decree on LNG and natural gas-fired power projects, Draft Decree on RTS for self-consumption and Draft decision on list of sectors, GHG-emitting facilities subject to GHG inventory.

Note: This chart is updated as of 06 June 2024.



## Direct Power Purchase Agreement

# DPPA - Key chronological highlights



Only 1 model: Virtual DPPA

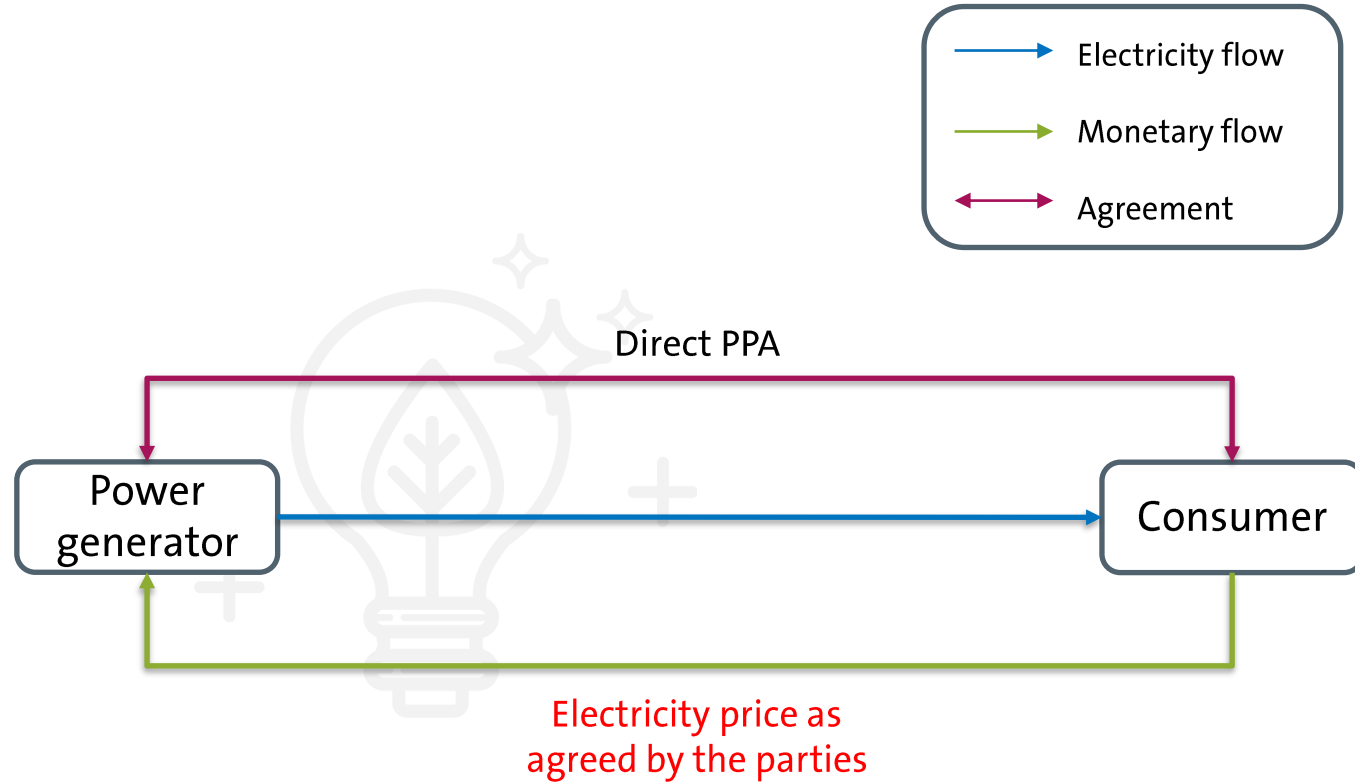
Both models: Physical and Virtual DPPA

# Physical DPPA

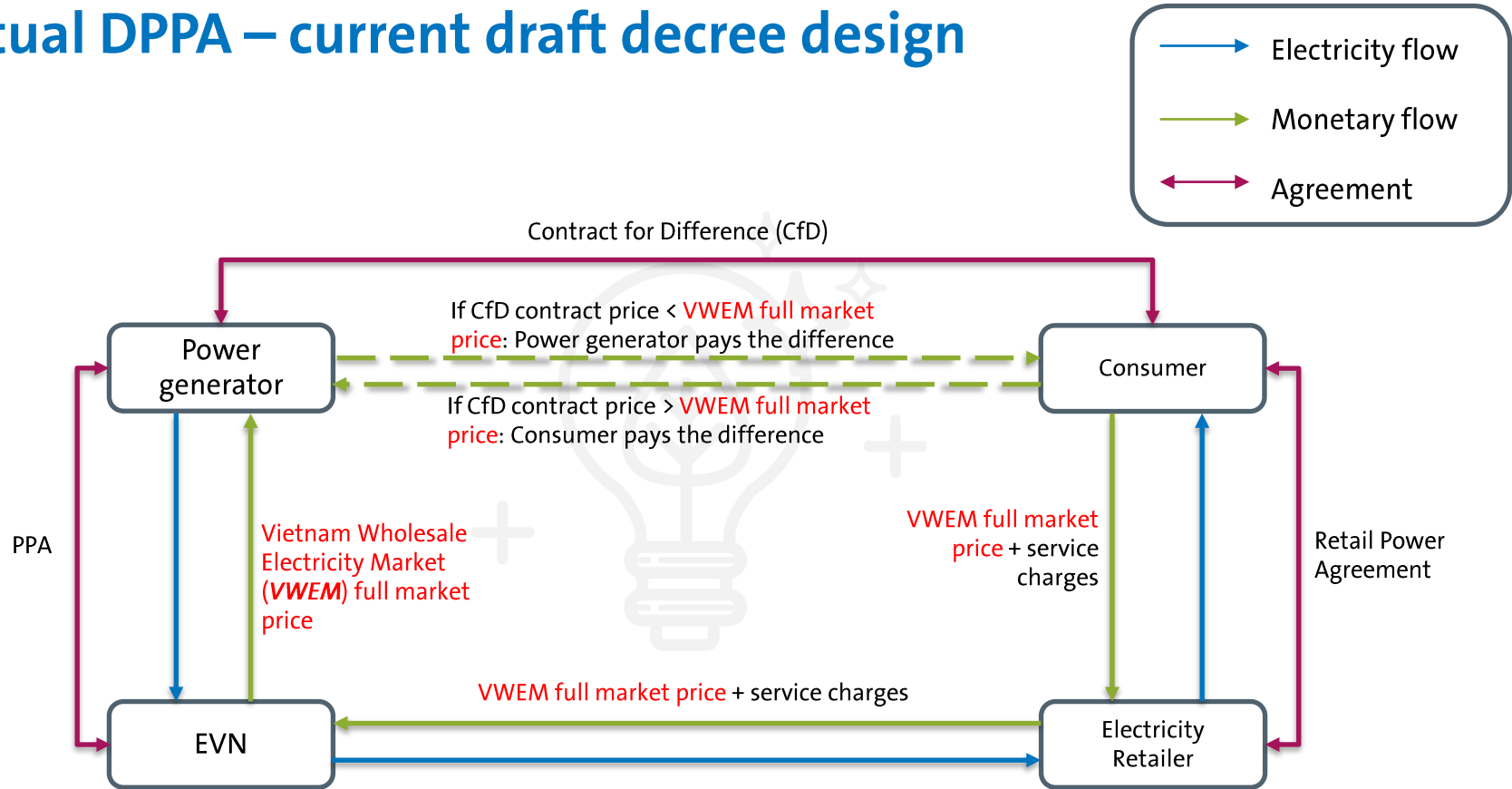


## Three key takeaways:

- Power generators must be included in the relevant master plans (ie, PDP8 IP and provincial master plan) without any limitation on capacity.
- Consumers must use at least 500,000 kWh per month (determined by taking average of latest 12 months or as per registration for new or less than 12-month consumers).
- The Draft Decree provides key contents of the PPA, and the parties are free to agree on its terms and conditions.



# Virtual DPPA – current draft decree design



# Virtual DPPA – current draft decree design



## Four key takeaways:

- Power projects of at least 10MW and included in relevant master plans (ie, PDP8 IP and provincial master plan) may participate in Virtual DPPA. Only wind and solar projects eligible for now, other technologies under consideration.
- Consumers using at least 500,000 kWh per month with 22kV connection may participate in Virtual DPPA. Similar to the Physical DPPA, this minimum consumption is determined by taking average of latest 12 months or as per registration for new or less than 12-month consumers. Some uncertainty over whether the draft permits groups of consumers in industrial zones, hi-tech zones, etc. with combined consumption of 500,000 kWh per month to authorize the IZ electricity retailer with 22kV connection to participate in DPPA.
- Neither CfD contract price nor VWEM payment is subject to any cap (such as the ceiling tariff for the relevant type of electricity generator).
- The draft contains appendices with model PPAs (between generator and EVN, and between Electricity Retailer and customer/authorized IZ electricity retailer) and key provisions of CfD. While the model PPAs still have major bankability issues, the Draft Decree allow the parties to freely agree on CfD terms and conditions.