

**THE PRIME MINISTER**

**SOCIALIST REPUBLIC OF VIETNAM**  
**Independence – Freedom - Happiness**

No. 63/2013/QĐ-TTg

Hanoi, November 08, 2013

**DECISION**

**REGULATIONS ON SCHEDULE, CONDITIONS AND STRUCTURE OF ELECTRICITY  
SECTOR FOR FORMULATION AND DEVELOPMENT OF ELECTRICITY MARKET  
LEVELS IN VIETNAM**

*Pursuant to the Law on Government organization dated December 25, 2001;*

*Pursuant to Law on Electricity dated December 03, 2004; the Law on amendments to a number of articles of Law on Electricity dated November 20, 2012;*

*At the request of the Minister of Industry and Trade;*

*The Prime Minister promulgates the Decision on schedule, conditions and structure of electricity sector for formulation and development of electricity market levels in Vietnam.*

**Chapter 1.**

**GENERAL PROVISIONS**

**Article 1. Governing scope**

This Decision provides for schedule, conditions and structure of electricity sector for formulation and development of electricity market levels in Vietnam.

**Article 2. Regulated entities**

This Decision applies to entities participating in electricity market.

**Article 3. Interpretation of terms**

In this Decision, some terms are construed as follows:

1. Supervisory Control and Data Acquisition/Energy Management System (Abbreviated to SCADA/EMS) refers to a system collecting data, monitoring, controlling and managing energy during the operation of national electricity system.

2. Supervisory Control and Data Acquisition/Distribution Management System (Abbreviated to SCADA/DMS) refers to a system collecting data, monitoring, controlling and managing electrical grids during the operation of national electricity system.

3. Bilateral agreement refers to a term electricity purchase agreement between the buyer and seller of electricity.

4. Spot electricity market refers to a market where electricity is sold, purchased in transaction cycles conducted by electricity market transaction management unit according to regulations of electricity market at all levels.

#### **Article 4. Schedule for formulation and development of electricity market levels in Vietnam**

Electricity market is formed and developed through three levels as follows:

1. Competitive electricity markets (Level 1): Continue competitive electricity markets to the end of 2014.

2. Competitive wholesale electricity markets (Level 2):

a) From 2015 – 2016: Pilot competitive wholesale electricity markets;

b) From 2017 – 2021: Put into operation complete competitive wholesale electricity markets;

3. Competitive retail electricity markets (Level 3):

a) From 2021 – 2023: Pilot competitive retail electricity markets;

b) From after 2023: Put into operation complete competitive retail electricity markets;

#### **Article 5. General principles of electricity market**

Electricity market operates in following principles:

1. Transmission network operator, electricity distribution units shall provide electricity transmission and distribution services.

2. National electricity system regulatory units, electricity market transaction management unit shall provide electrical system regulation and market transaction management services.

3. Entities that participate in electricity market shall pay fees, prices for using services of electrical system regulation, electricity market transaction management, electricity transmission, distribution and other services.

4. Electricity regulatory agencies shall carry out electricity regulation in electricity market.

## **Chapter 2.**

### **COMPETITIVE ELECTRICITY MARKETS**

#### **Article 6. Principles of electricity market**

Apart from principles as prescribed in Article 5 hereof, competitive electricity market shall operate in following principles:

1. Generating units that meet requirements as prescribed shall be eligible for selling electricity to a single buyer via a bilateral agreement in spot electricity market. Proportion of electricity sold and purchased via a bilateral agreement in spot electricity market shall be annually declared by the electricity regulatory agency.
2. The single buyer shall purchase electricity from generating units via a bilateral agreement in spot electricity market for wholesaling to power corporations that belong to Vietnam Electricity.

## **Chapter 3.**

### **COMPETITIVE WHOLESALE ELECTRICITY MARKETS**

#### **Article 7. Principles of competitive wholesale electricity markets**

1. Apart from principles as prescribed in Article 5 hereof, competitive wholesale electricity markets shall operate according to following principles:

- a) Power corporations, power companies, electricity retailers and major end-users that meet requirements as prescribed shall be eligible for purchasing electricity from generating units, electricity wholesalers via a bilateral agreement in spot electricity market.

Apart from rights and obligations of electricity distributors and retailers, the power corporations and power companies shall perform rights and obligations of electricity wholesalers.

- a) Newly established electricity wholesalers that meet requirements as prescribed shall be eligible for purchasing electricity from generating units, electricity wholesalers via a bilateral agreement in spot electricity market for selling to other electricity wholesalers, electricity retailers and major end-users.
- c) Newly established electricity wholesalers that meet requirements as prescribed shall be eligible for purchasing electricity from generating units, electricity wholesalers via a bilateral agreement in spot electricity market for selling to other electricity wholesalers, electricity retailers and major end-users.
- d) During pilot operation of wholesale electricity markets, a number of power corporations, power companies affiliated to Vietnam Electricity and a number of electricity retailers, major end-users shall be selected to participate in the pilot competitive wholesale electricity markets.

## **Article 8. Structure of electricity sector for formation and development of competitive wholesale electricity markets**

To form a competitive wholesale electricity market, the structure of electricity sector should meet following requirements:

### 1. Pilot competitive wholesale electricity market stage

- a) National electricity system regulatory units, electricity market transaction management units are independent units that do not share common interests with entities involved in electricity market;
- b) Power corporations, power companies affiliated to Vietnam Electricity (except for large power plants playing important roles in socio-economic development, national defense and security under exclusive management of the State as prescribed in Article 4 of Law on Electricity) should be split into independent generating units sharing no common interests with electricity wholesalers, transmission network operators, national electricity system regulatory units and electricity market transaction management units;
- c) Total installed capacity of a generating unit should not exceed 25% of total installed capacity of generating units involved in electricity market;
- d) Power corporations, power companies that meet requirements as prescribed, are eligible for participation in the pilot competitive wholesale electricity markets should clearly define the organizing and accounting apparatus of electricity distribution and retailing departments.

### 2. Complete competitive wholesale electricity market stage

Power companies affiliated to power corporations shall be organized as independent accounting units; these units should clearly define the organizing and accounting apparatus of electricity distribution and retailing departments.

## **Article 9. Conditions for formation and development of competitive wholesale electricity markets**

### 1. Legal document system

- a) Project on re-structuring of electricity sector approved by the Prime Minister;
- b) Design for competitive wholesale electricity market approved by the Ministry of Industry and Trade;
- c) The Ministry of Industry and Trade shall promulgate or make amendments and supplements to following regulations:

- Regulations on conditions for participation in wholesale electricity markets; regulations on operation of competitive wholesale electricity markets;
- Regulations on electricity regulatory activities, electricity transmission system, distributed electricity system, electrical energy measurement and electricity pricing in accordance with activities of competitive wholesale electricity markets;
- Regulations on prices for electricity transmission, distribution, electricity system regulation and electricity market transaction management;
- Other necessary conditions;

## 2. Infrastructure of electricity system

a) Complete SCADA/EMS, remote measurement system connected to electricity distribution units as independent accounting units, major end-users meeting requirements of competitive wholesale electricity markets;

b) Equip communications system serving electricity market operation management meeting requirements of competitive wholesale electricity markets;

3. Entities participating in competitive wholesale electricity markets should be staffed by persons being trained in professional competence and skills, equipped with adequate infrastructure meeting requirements of competitive wholesale electricity markets.

4. Legal document system, infrastructure of electricity system should be adjusted as appropriate to meet requirements of complete wholesale electricity markets.

## **Chapter 4.**

### **COMPETITIVE RETAIL ELECTRICITY MARKETS**

#### **Article 10. Principles of competitive retail electricity market**

1. Apart from principles as prescribed in Article 5 hereof, competitive retail electricity markets shall operate according to following principles:

a) Electricity retailers shall purchase electricity from generating units, electricity wholesalers via a bilateral agreement in spot electricity market to re-sell to end-users;

b) Newly established electricity retailers that meet requirements as prescribed shall be eligible for purchasing electricity from generating units, electricity wholesalers to re-sell to end-users.

c) End-users that meet requirements as prescribed shall be eligible for purchasing electricity from generating units, electricity wholesalers, electricity retailers via a bilateral agreement in spot electricity market.

2. A number of end-users shall be selected to participate in the pilot competitive retail electricity markets during the pilot stage.

### **Article 11. Structure of electricity sector for formation of competitive retail electricity markets**

To form a competitive wholesale electricity market, the structure of electricity sector should meet following requirements:

1. Stage of pilot competitive retail electricity market: Electricity retailing departments of a number of power companies meeting requirements as prescribed should be split into electricity retailers as independent accounting units.

2. Stage of complete competitive retail electricity market: Electricity retailing departments of power companies shall be split into electricity retailers as independent accounting units.

### **Article 12. Conditions for formation of competitive retail electricity markets**

#### 1. Legislative document system

a) The Prime Minister shall grant approval for the project on re-structuring of electricity sector (except in case of need);

b) Design for competitive retail electricity market approved by the Ministry of Industry and Trade;

c) The Ministry of Industry and Trade shall make amendments and supplements to the regulations applicable to competitive retail electricity markets;

- Regulations on conditions for participation in competitive retail electricity markets; regulations on operation of competitive retail electricity markets;

- Regulations on electricity regulatory activities, electricity transmission system, distributed electricity system, electrical energy measurement and electricity pricing in accordance with competitive retail electricity markets;

- Regulations on prices for electricity transmission and distribution, electricity system regulation and electricity market transaction management;

- Other necessary conditions;

#### 2. Infrastructure of electricity system

a) Complete SCADA/DMS, remote measurement system for distribution grids meeting requirements of competitive retail electricity markets;

- b) Equip communications system serving electricity market operation management meeting requirements of competitive retail electricity markets;
- 3. Entities participating in competitive retail electricity markets should be staffed with persons being trained in professional competence; be equipped with adequate infrastructure meeting requirements of competitive retail electricity markets.
- 4. Legal document system, infrastructure of electricity system should be adjusted as appropriate to meet requirements of complete competitive retail electricity markets.

## **Chapter 5.**

### **IMPLEMENTATION**

#### **Article 13. Implementation**

##### **1. The Ministry of Industry and Trade:**

- a) Establish the Project on re-structuring of electricity sector in accordance with schedule of development of electricity market levels and make the submission to the Prime Minister for approval;
- b) Direct establishment and development of electricity market in Vietnam according to the schedule prescribed hereof; carry out supervision and assessment of the establishment and development of electricity market;
- c) Grant approval for the design on electricity market levels;
- d) Promulgate regulations on electricity market operation and other relevant regulations;
- dd) Keep receiving aids from international donors for the establishment and development of electricity market levels;
- e) Compile and report demands for budget for the development of electricity market under annual plan to the Ministry of Planning and Investment for submission to the Prime Minister;

2. The Ministry of Planning and Investment shall preside over and cooperate with the Ministry of Finance in providing sufficient budget to the Ministry of Industry and Trade for activities relating to the establishment and development of electricity market according to cost estimates approved by competent authorities;

##### **3. Vietnam Electricity:**

- a) Complete investment in technical infrastructure required for activities of competitive electricity markets and competitive wholesale electricity markets;

b) Organize training in professional competence for carders, staff from affiliates of Vietnam Electricity;

c) Invest in technical infrastructure and provide financial supports for the establishment of new independent units;

4. Generating units, transmission network operator, national electricity system regulatory units, electricity market transaction management units, electricity distributors, electricity wholesalers, electricity retailers and other units involved in electricity market shall take following responsibility:

a) Invest in necessary technical facilities that meet requirements of electricity market levels;

b) Organize training in professional competence for carders, staff;

#### **Article 14. Effect**

This Decision takes effect since December 25, 2013; the Prime Minister's Decision No. 26/2006/QĐ-TTg dated January 26, 2006 granting approval for schedule, conditions for formation and development of electricity market levels in Vietnam shall become invalid since the effective date of this Decision.

#### **Article 15. Responsibility**

1. The Ministry of Industry and Trade shall instruct and deploy the execution of this Decision.

2. Ministers, heads of ministerial-level agencies, heads of governmental agencies, presidents of People's committees of central-affiliated cities and provinces, Vietnam Electricity and other relevant organizations, individuals shall be responsible for executing this Decision./.

**THE PRIME MINISTER**

**Nguyen Tan Dung**

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