

# **Viet Nam Energy Partnership Group Progress Report 2019**

**VEPG Secretariat Report  
3<sup>rd</sup> High-Level Meeting – 10 December 2019  
Hanoi**

# Overview of the Presentation

- The VEPG in a Nutshell
- Report – VEPG Activities in 2019
- Report – Progress on Policy Recommendations

# VEPG – High-Level Policy Dialogue on Energy

## Policy Dialogue Forum since 2017

- Forum for high-level and technical dialogue between GoV and Development Partners and other sector Stakeholders.

## Platform for ODA Alignment

- Facilitate alignment of ODA support with VN's energy & climate policy strategies and private investments in the energy sector.

## Coherence and Effectiveness of International Support

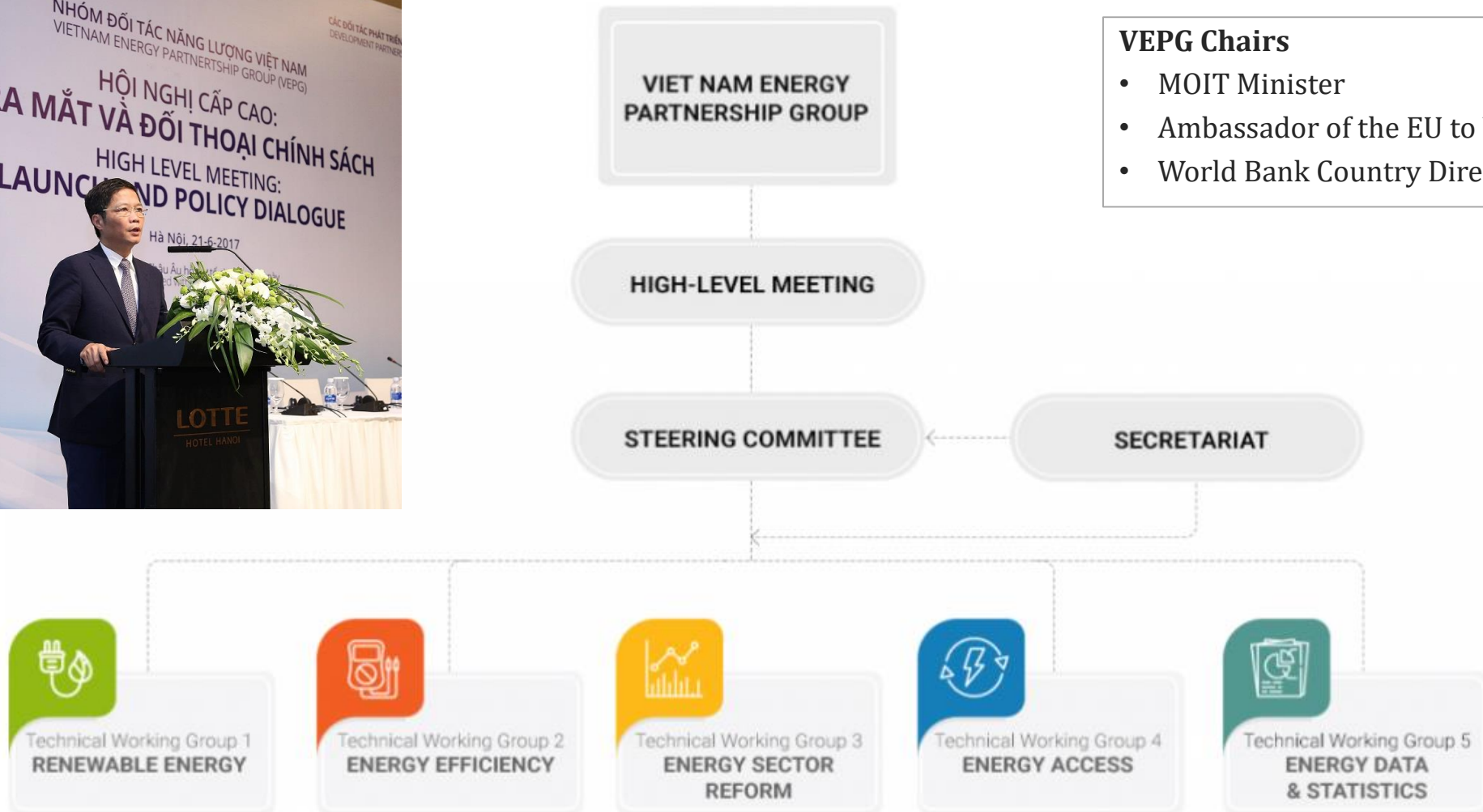
- Facilitate implementation and coordination of development cooperation efforts.

## Information Sharing & Learning

- Enhance learning through communication and information.



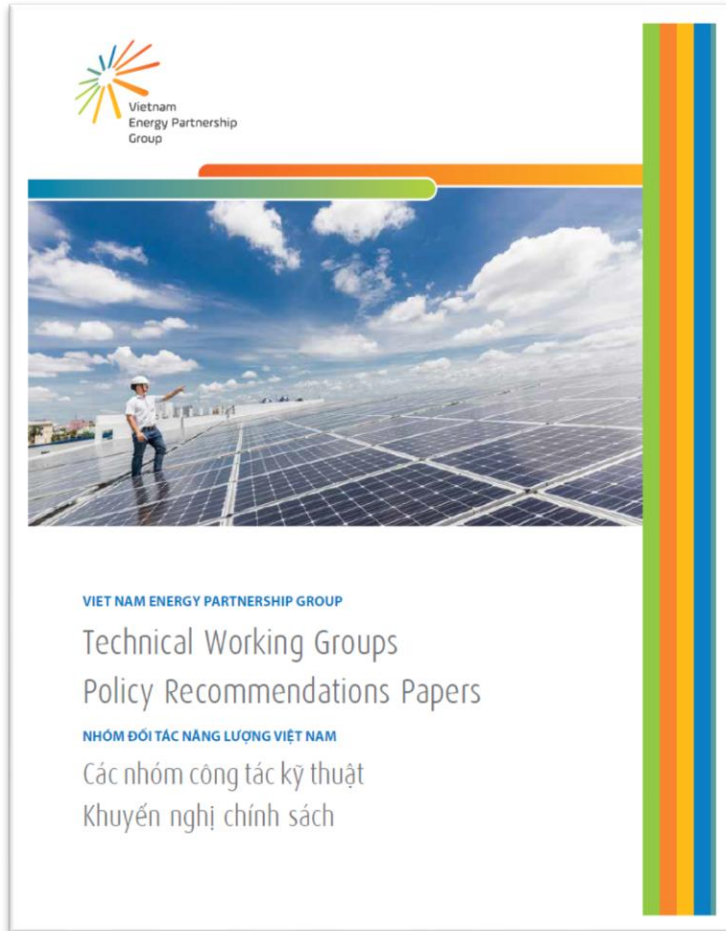
# VEPG – High-Level Policy Dialogue on Energy



## VEPG Chairs

- MOIT Minister
- Ambassador of the EU to Viet Nam
- World Bank Country Director

# VEPG Policy Recommendations 2018

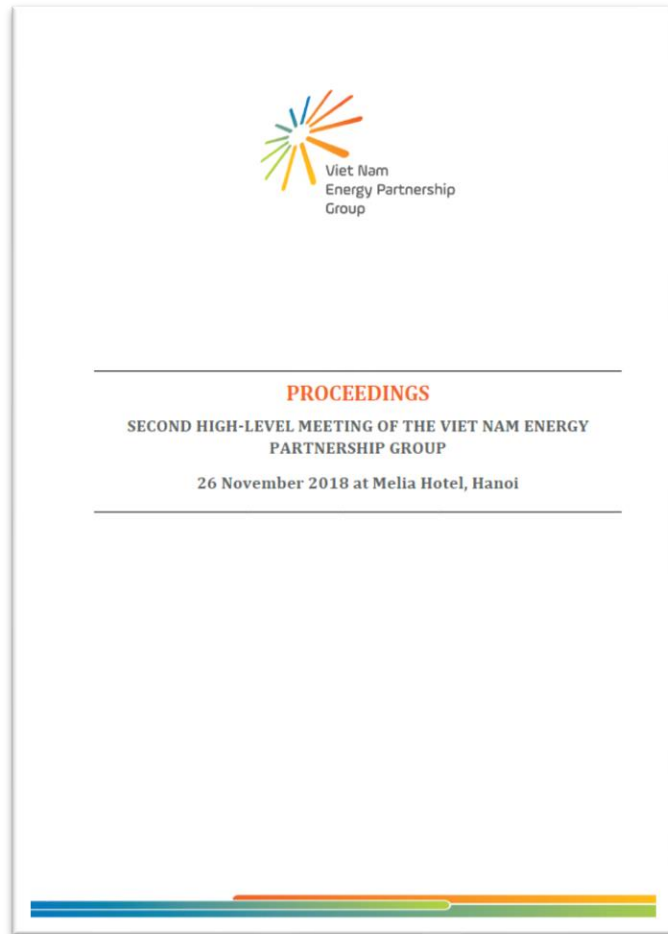


## Development and Endorsement of the VEPG Policy Recommendations

- **Five Technical Working Groups** developed (40) Policy Recommendations in 2018.
- **MOIT Minister and Co-Chairs of VEPG endorsed the Policy Recommendations** at the High-Level Meeting 2018.
- **Technical Working Groups** are now working on supporting the implementation of the Policy Recommendations.
- **Review of progress in HLM 2019 .**



# VEPG High-Level Meeting 2018



## The High-Level Meeting Proceedings 2018

- Available for download at [www.vepg.vn](http://www.vepg.vn)



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- **Report – VEPG Activities in 2019**
- Report – Progress on Policy Recommendations

# VEPG Sector Coordination and Partner Support

## VEPG Partner Support and Sector Coordination

- **VEPG fosters and facilitates cooperation:** E.g. support of Energy Outlook Report 2019 development with focus meetings, USAID/MOIT consultation on DPPA, VEPG members of RTS Programme Advisory Board.
- **VEPG supports partners: participation in project scoping/ appraisal missions and mid-term reviews** (e.g. UK Low Carbon Energy Fund, Danish Energy Partnership Programme, USAID Urban Energy Project).
- **VEPG provides inputs to workshops/events** (e.g. launch events of RTS Programme and launch of VIET, UN consultation on NDC implementation).





# VEPG Partner Support – Project Mapping

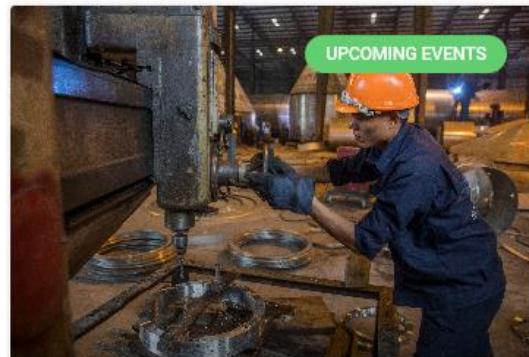


## MAPPING OF CURRENT DONOR AND INTERNATIONAL EFFORT IN VIETNAM ENERGY SECTOR

Donor/Agency	Project name	Description/Description of interventions	Type of support	Time frame	Implementing agency	RE	EE	ESR	EA	ED \$
ADB	Power Transmission Investment Program–Tranche 1	australia and the UK are providing funds to a World Bank led project, the Vietnam Climate Innovation Center (V/CIC). The project supports entrepreneurs/ SMEs in developing and commercialising innovative solutions in green economic sectors such as energy e	Loan (sovereign)	2011–2017	National Power Transmission Corporation (NPT)				x	
ADB	Power Transmission Investment Program–Tranche 2	The second tranche of the multitranche loan facility will finance the expansion of the transmission network, improve the operational effectiveness and efficiency of the National Power Transmission Corporation, and project implementation support.	Loan (sovereign)	2012–2017					x	
ADB	Power Transmission Investment Program–Tranche 3	The Asian Development Bank is working with Viet Nam to improve the transmission network to balance power loads in northern, central, and southern Viet Nam. The project is upgrading 500 kilovolt and 220 kilovolt transmission lines and improving the operational effectiveness and efficiency of the National Power Transmission Corporation.	Loan (sovereign)	2015 - 2020					x	
ADB	Ha Noi and Ho Chi Minh City Power Transmission Development Sector project	The projects indicative outputs are (i) strengthened institutional capacities of HNPTC and HCMPTC; and (ii) the development and rehabilitation of 220 kV and 110 kV transmission lines and substations of Ha Noi and Ho Chi Minh City. It is co-financed by ADB with Asean Infrastructure Fund (AIF) and US\$100 million from Vietnam Government.	Loan (sovereign)	2014 - 2018	Hanoi and HCMC Power Corporations				x	
ADB	Renewable Energy Development Network Expansion and Rehabilitation for Remote Communes Sector	The primary objective of the sector Project is to develop rural electrification and renewable energy in Viet Nam to benefit ethnic minority communities inhabiting remote and poorer parts of the country. The Project consists of two investment components: (i) development of mini-hydropower plants in mountain provinces, and (ii) network expansion and rehabilitation of distribution networks serving poor provinces. The Project will include an associated technical assistance (TA) grant for capacity building for renewable energy development.	Loan (sovereign)	2009 - 2017	NPC, CPC, SPC				x	
ADB	Renewable Energy Development and Network Expansion and Rehabilitation for Remote Communes Sector - Additional Financing		Grant	2015 - 2017		x				
ADB	Capacity Building of Renewable Energy Development		TA	2009 - 2017		x				
ADB	Establishing the Wholesale Electricity Market	The impact of the TA is that national electricity growths are met sustainably through deregulation. The activities of the TA include (i) Basic and advanced trainings on generic wholesale market mechanisms; (ii) Recommendation on new functions and critical requirements of Power Corporations and NLDC (SMO) for the VWEM; (iii) Review the current ICT infrastructure of Power Corporations and NLDC (SMO), and recommendation for upgrading ICT infrastructure for the VWEM.	TA	2015 - 2018	ERAV			x		
ADB	Rural Electrification	The project preparatory technical assistance (PPTA) will conduct a feasibility study for the Asian Development Bank (ADB)'s supported Rural Electrification (RE) Project in Viet Nam, which should include: (i) rationale/justification of the rural electrification project; (ii) assessments of the project sites proposed by the government; (iii) full feasibility study for the selected project sites; and (iv) preparation of all project documents required by ADB for the investment of the project.	TA	2015 - 2018	MOIT and EVN				x	

- **Overview of VEPG partner projects** in the energy sector (<http://vepg.vn/resources/vepg-documents/>).
- **60 ongoing partner projects** with key information included (plus 40 concluded projects).
- **New survey update** finalized in **October 2019**.

# VEPG Partner Support – Information Sharing



## Conference on Development of Energy Efficiency Project “Promoting Investment Market for Energy Efficiency Industrial Sector in Vietnam”

The Ministry of Industry and Trade is implementing the Project “Promoting Investment Market for Energy Efficiency Industrial Sector in Vietnam”, funded by the Korean Government

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## Public Consultation Workshop: DPPA Design and Pilot Planning for Viet Nam

The Public Consultation Workshop DPPA Design and Pilot Planning for Viet Nam took place on Wednesday 12 June 2019. The consultation workshop was co-organized by the MOIT

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## Launching Event of Vietnam Initiative for the Energy Transition, Social Enterprises

Vietnam Initiative for the Energy Transition, Social Enterprise (VIET SE) is an independent think tank. The mission is to promote a sustainable and reliable way

[READ MORE »](#)

- **VEPG Partner events** are featured on the website.
- **+30 workshops and events** featured on website and information disseminated to members via TWG member newsletter.
- **Increasing outreach of VEPG website:**
  - > 4,000 unique visitors since June 2019
  - 50/50 Vietnamese and International users

# VEPG Sector Support – Legal Database

## RECENT LEGAL DOCUMENTS

**PM Decision 1264/QĐ-TTg on the Approval of the Terms of Reference for the Development of the National Power Development Plan for 2021-2030 Period, Outlook to 2045**

- **Effective date:** 01/10/2019  
- **Legislation type:** Decision  
- **Signer:** Deputy Prime Minister Trịnh Đình Dũng

[DOWNLOAD FOR DETAILS >](#)

**MOIT Report 58/BC-CBT on the Implementation Progress of Power Projects in the Revised PDP7**

- **Effective date:** 04/06/2019  
- **Legislation type:** Report  
- **Signer:** MOIT Vice Minister Hoàng Quốc Vượng

[DOWNLOAD FOR DETAILS >](#)

**MOIT Decision 2023/QĐ-BCT on the Approval of the Rooftop Solar PV Promotion Program**

- **Effective date:** 05/07/2019  
- **Legislation type:** Decision  
- **Signer:** MOIT Minister Trần Tuấn Anh

[DOWNLOAD FOR DETAILS >](#)

**GoV Decree 37/2019/NĐ-CP Elaboration of the Planning Law**

- **Effective date:** 07/05/2019  
- **Legislation type:** Decree  
- **Signer:** Prime Minister Nguyễn Xuân Phúc

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**EVN Guidance 3450/EVN-KD on Settlement of Outstanding Issues on Rooftop Solar Power**

- **Effective date:** 02/07/2019  
- **Legislation type:** Guidelines  
- **Signer:** Vice President of EVN Võ Quang Lâm

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**MOIT Circular 05/2019/TT-BCT amending Circular 16/2017/TT-BCT on Standardized PPA for Solar Power projects**

- **Effective date:** 25/04/2019  
- **Legislation type:** Circular  
- **Signer:** MOIT Minister Trần Tuấn Anh

[DOWNLOAD FOR DETAILS >](#)

- **Legal Database** online and constantly expanding.
- **+40 legal documents** (VN and EN versions).
- PM Decisions, MOIT documents, Consultation Documents, EVN guidelines, etc.
- **Increasing use:**
  - 60% of all VEPG website visits are on legal database
  - > 2,500 downloads since June 2019

# VEPG Sector Coordination and Partner Support







## Increasing Stakeholder Participation in TWGs

- Around **100 experts** from Development Partners, government and other public authorities, Civil Society Organizations (CSOs) and research actively participate in five Technical Working Groups (TWGs).
- **Private sector participation increasing** (e.g. EuroCham, VBF, REBA, VSEA, project investors & developers from renewable energy and energy efficiency sector).
- **VEPG increasingly perceived and ‘utilized’ as the central dialogue and coordination platform in the energy sector.**











# VEPG Technical Working Group Meetings 2019




TWG	3 <sup>rd</sup> / 4 <sup>th</sup> Meeting	Key Topics/Highlights
<b>TWG 1 RE</b> 	 15. Mar 2019	<ul style="list-style-type: none"> <li>• Consultation workshop on <b>Solar FIT 2 Draft</b></li> <li>• Discussion of draft concept for Solar <b>Rooftop Programme</b></li> </ul>
	 23. Sep 2019	<ul style="list-style-type: none"> <li>• Updates on <b>current policy processes</b> (Solar FIT 2, RTS Programme, bioenergy FIT etc.)</li> <li>• Focus topic: <b>RE grid integration</b> (grid assessment in Southern Vietnam)</li> </ul>
<b>TWG 2 EE</b> 	 16. Apr 2019	<ul style="list-style-type: none"> <li>• Presentation and first consultation on <b>VNEEP 3</b></li> <li>• Discussion of <b>EE Benchmarking</b> and <b>Energy Efficiency in Buildings</b></li> </ul>
	 02. Oct 2019	<ul style="list-style-type: none"> <li>• Presentation and discussion on <b>draft National EE Action Plan (NEEAP)</b></li> <li>• Discussion of <b>MRV Framework for EE/VNEEP</b> and <b>EE Database</b></li> </ul>



# VEPG Technical Working Group Meetings 2019

TWG	3 <sup>rd</sup> / 4 <sup>th</sup> Meeting	Key Topics/Highlights
<b>TWG 3 ESR</b> 	 12. Jun 2019	<ul style="list-style-type: none"> <li>• Joint meeting with <b>MOIT/USAID consultation workshop on the DirectPPA</b></li> <li>• Discussion of models and solutions for the implementation of the pilot model</li> </ul>
	 12. Sep 2019	<ul style="list-style-type: none"> <li>• Report on first half year of <b>VWEM operation</b></li> <li>• Update on <b>DirectPPA process</b> and pilot scheme</li> <li>• Discussion on <b>priority topics / scope-of-work for TWG 3</b> (competitive power market)</li> </ul>
<b>TWG 4 EA</b> 	 06. Jun 2019	<ul style="list-style-type: none"> <li>• Updates on <b>Rural Electrification Programme</b> (introduction of Dec. 1740)</li> <li>• Focus topic <b>Off-Grid solutions</b> for Energy Access</li> </ul>
	 03. Oct 2019	<ul style="list-style-type: none"> <li>• Progress and Challenges in <b>Rural Electrification</b></li> <li>• Discussion of <b>Energy Access projects</b> in different VN regions</li> </ul>

# VEPG Technical Working Group Meetings 2019

TWG	3 <sup>rd</sup> / 4 <sup>th</sup> Meeting	Key Topics/Highlights
<b>TWG 5 D&amp;S</b> 	 18. Apr 2019	<ul style="list-style-type: none"> <li>• Discussion on <b>VEIS Roadmap and Action Plan</b></li> <li>• Update on <b>PDP 8 process</b> and DP support</li> <li>• <b>Input from GSO</b> on energy data activities and cooperation project with Italy</li> </ul>
	 26. Nov 2019	<ul style="list-style-type: none"> <li>• Discussion on <b>VEIS Circular and Pre-Feasibility Study</b></li> <li>• Discussion of approved outline for <b>PDP 8</b></li> <li>• Discussion of <b>Energy Balance 2017</b></li> </ul>

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# TWGs Assess Progress on Policy Recommendations

## VEPG member feedback on Policy Recommendations:

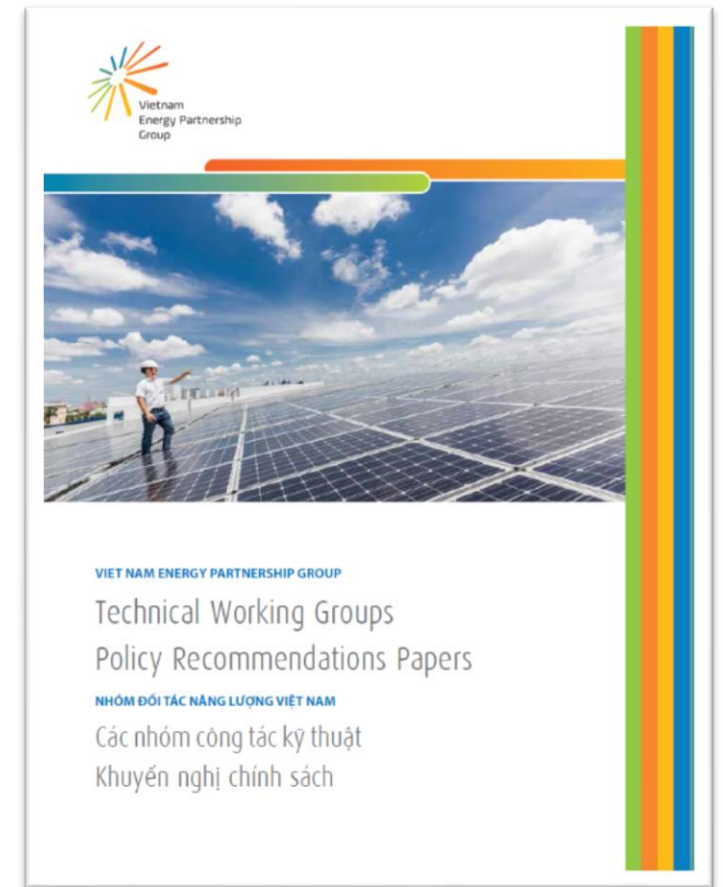
- TWGs discuss **progress** on Policy Recommendations, remaining **challenges** and **outlook** for 2020 in 4<sup>th</sup> meeting round.
- Inputs were captured in monitoring matrix and **draft Progress Report**.
- Draft Progress Report was **discussed in VEPG Steering Committee (06 Nov)** – comments and guidance were included to report.



Topic 1	→Financing for increased energy access Increase the state budget allocation for the Rural Electrification Programme and mobilize further domestic and international funding sources.				
	Increase state budget for access to energy measures	Short-Term (end of 2019)	Increase state budget for access to energy	Partially Completed	Partly completed: PM Decision 1740/2018 was issued in Dec. 2018 approving budget for EA measures
	Encourage and facilitate the development and implementation of new financial mechanisms such as blending ODA grants with loans or results-based financing (RBF).	Medium-Term (end of 2020)	Develop and implement new financial and incentive mechanisms	Ongoing	4E/EVEF Study on policy and financing support for off-grid systems
	Develop an incentive mechanism to encourage private investments to unlock additional non-state budget and non-ODA funding potentials in remote areas.	Medium-Term (end of 2020)	Develop and implement new financial and incentive mechanisms	Ongoing	4E/EVEF Study on policy and financing support for off-grid systems
	Develop a policy to promote independent power supply systems for off-grid areas.	Medium-Term (end of 2020)	Off-grid support programme (?)	Ongoing	4E/EVEF Study on policy and financing support for off-grid systems
	Consider a Feed-in-Tariff (FIT) for biogas, which could incentivize farmers or other private sector stakeholders to invest.	Medium-Term (end of 2020)	FIT for biogas	Ongoing	Not yet targeted (only solid biomass) Potentially W2E expanded to biogas FIT in 2020 (RE Division)

# Progress on VEPG Policy Recommendations

- **VEPG / TWGs supported key policy processes** in the five topic fields (e.g. Solar FIT 2, RTS Programme, VNEEP 3/NEEAP, Wholesale Market implementation, Rural Electrification Programme, VEIS, etc.).
- Main contribution **via consultation meetings, comments and reflections, best-practice presentations.**
- TWGs achieved **substantial progress** in supporting the 40 **specific policy recommendations** but also identified **gaps** and remaining **challenges.**





# Progress on Policy Recommendations

## TWG 1 – Renewable Energy



### **Progress:**

- FIT and PPA Wind Energy revised, Rooftop incentive mechanism revised
- Consultation and support for Solar FIT 2 and Rooftop Solar Programme
- Discussion on auctioning and Grid Integration topic initiated

### **Challenges:**

- Development of support framework (auctioning, bioenergy FIT, wind off-shore)
- Support measures for grid integration of RE (cross-cutting, support from other TWGs)

### **Priority topics for 2020:**

- FIT development (biomass, biogas, Waste-to-energy)
- Auctioning pilot solar
- Off-Shore Wind energy and Bioenergy (roadmap/legal framework)
- PDP 8 and Grid integration of RE (cross-cutting, in cooperation with other TWGs)

# Progress on Policy Recommendations

## TWG 2 – Energy Efficiency



### **Progress:**

- Launch of VNEEP 3
- Circular on financing mechanism for VNEEP 3 developed
- NEEAP under development with inputs from TWG members

### **Challenges:**

- Finalization and implementation of NEEAP
- Mobilization of further funding and coordination of DP support
- Capacity building and awareness raising to develop Energy Efficiency market

### **Priority topics for 2020:**

- Finalization and implementation of NEEAP / focus of TWG 2 on NEEAP implementation
- Coordination of NEEAP support among VEPG members
- Financing EE and Energy Efficiency in Industry (depending on priorities of NEEAP)

# Progress on Policy Recommendations

## TWG 3 – Energy Sector Reform



### **Progress:**

- Start of operation of VN Wholesale Market beginning of 2019
- Development of Direct Power Purchase Agreement (DPPA) in final stage after consultation

### **Challenges:**

- Finalization of VWEM and VREM (further mechanisms and regulations: e.g. cross-subsidy mechanism, power system A/S cost mechanism for SMOs, distribution charge)
- Mobilization of further Development Partner support (TA needs list developed)

### **Priority topics for 2020:**

- Regulatory aspects of competitive power market (revised scope-of-work, new topic list)
- Implementation of Wholesale Market (VWEM/VREM, specified TA needs list)
- Implementation and monitoring of DPPA pilot

# Progress on Policy Recommendations

## TWG 4 – Energy Access



### **Progress:**

- Regulation on Target Programme for Rural Electrification issued (PM Dec. 1740/2018)
- Most FS studies for the Target Programme approved, investment preparations ongoing
- TWG 4 provided inputs for sustainable off-grid project implementation

### **Challenges:**

- Mobilizing missing funds (>80% of total) and higher priority for full implementation of Target Programme (barrier of debt-ceiling / ODA regulation)
- Solutions for ‘sustainability challenge’ of off-grid projects (O&M, ownership)
- Cross-sectoral and cross-ministerial coordination on bioenergy for rural areas

### **Priority topics for 2020:**

- Financing challenge for Rural Electrification (cross-cutting)
- Suitability and sustainability of off-grid projects and different technical options
- Bioenergy strategy

# Progress on Policy Recommendations

## TWG 5 – Energy Data & Statistics



### **Progress:**

- VEIS Action Plan approved and issued (MOIT Dec. 4651/2018)
- Draft MOIT Circular on VEIS implementation under consultation and Report on Investment Policy in development

### **Challenges:**

- Finalization of VEIS legal framework and establishment of VEIS infrastructure
- Mobilization of further DP support (detailed task list developed in TWG) and coordination with other TWGs (e.g. TWG 2 on EE Database) and state agencies (e.g. GSO)
- Support of PDP 8 development in coordination with other TWGs (TWG 1, 2, 3)

### **Priority topics for 2020:**

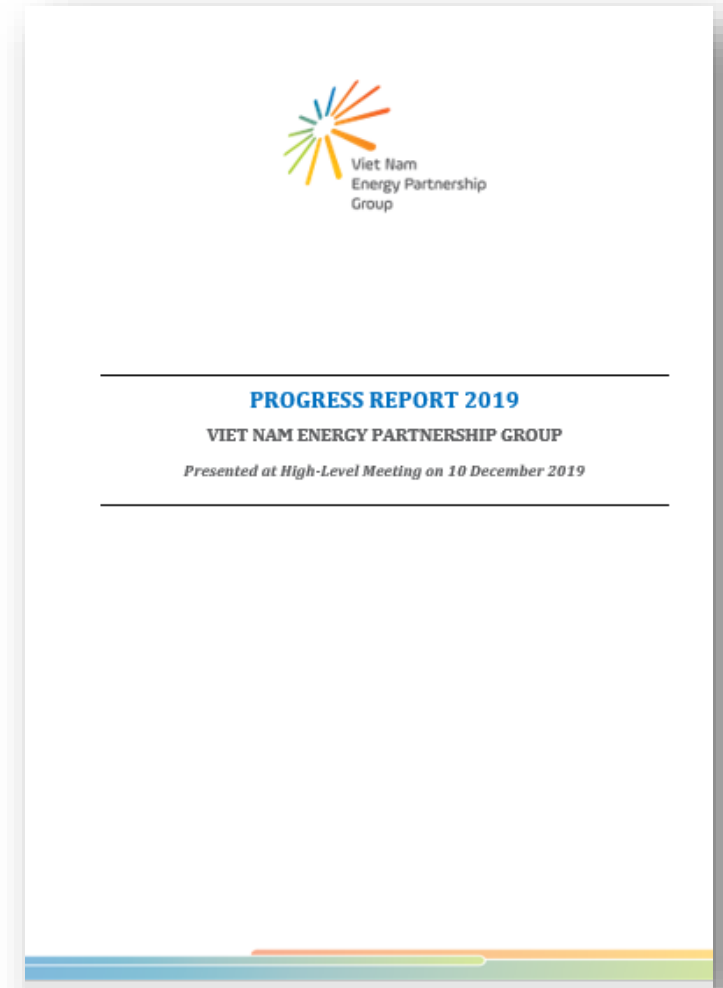
- Establishment of Viet Nam Energy Information System (VEIS)
- Support/coordination on PDP 8 development



# Progress on Policy Recommendations

## Cross-cutting challenges:

- **Financing** of key policy projects of energy transition investment needs: RE capacities, grid enforcement, energy efficiency measures, rural electrification (!).
- **Debt ceiling/ODA framework** as key barrier identified. Private sector can only partly fill the gap (in necessary amount and timeframe of investment).
- **Mobilization of private sector investments** requires reliable and supportive legal framework and enabling market environment (investment security).
- **Strategic and integrated planning** (demand-side, power capacity, power grid): PDP 8 and TWG work on cross-cutting topics.
- **Mobilization and coordination of further DP support** (e.g. Power Market Reform, Energy Efficiency/VNEEP 3)



# Please join the VEPG dialogue!

## *And get in contact:*

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