

Viet Nam Energy Partnership Group
TECHNICAL WORKING GROUP 5: ENERGY MARKET
FIRST-ROUND MEETING IN 2022

Date: 26 May 2022
Venue: Romana Hotel, Mui Ne, Binh Thuan
Time: 8:30 – 17:00

Main contents:

1. Update from the government on policies and national orientations towards the oil, gas and coal market.
2. To update policies and orientations of the power market.
3. To exchange views on challenges and opportunities for gas, coal and power market in Viet Nam.
4. To agree on focus themes and work plans for year 2022 for VEPG TWG 5 on Energy Market.

Chair/ Co-chair:

- **Ms. Ngo Thuy Quynh**, Deputy Director General of Oil, Gas and Coal Department, Ministry of Industry and Trade (MOIT)
- **Mr. Sean Lawlor**, Foreign Service Officer, US Department of State

Agreed Conclusions and Actions: (see next page)

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AGREED CONCLUSIONS AND ACTIONS:

Agreed Conclusions	Action by
<p>Orientations of the oil and gas market:</p> <ul style="list-style-type: none"> To form and develop a State-regulated healthy competitive gas market in a phased manner, To establish and further develop legal framework and technical standards for LNG and hydrogen power sector To review and complete the conditions on infrastructure and restructure of the energy sector 	Oil, Gas and Coal Department/ MOIT
<p>Orientations of the coal sector:</p> <ul style="list-style-type: none"> To continue implementing the Government-guaranteed coal purchase agreements To control domestic coal selling price in accordance with market-based mechanisms To research and develop tools and legal corridor for finalizing, managing and operating a fully competitive market efficiently 	Oil, Gas and Coal Department/ MOIT
<p>Orientations of the power market:</p> <ul style="list-style-type: none"> To revise the Electricity Law and further develop regulations on the electricity market. To establish an independent SMO to ensure fairness, transparency and non-discrimination for all market participants. To develop regulations on piloting DPPA to allow big customers to sign PPA with RE power plants. 	ERAV/ MOIT
<p>Proposed topics for task forces:</p> <ul style="list-style-type: none"> LNG pricing mechanism Coal transition towards carbon emission reduction and carbon-neutral orientations Carbon credits and carbon market Support Viet Nam wholesale electricity market (VWEM), direct power purchase agreement (DPPA) 	Oil, Gas and Coal Department/ MOIT ERAV/ MOIT VLEEP II MONRE, MOF
<p>Work plan of the TWG on Energy Market through end of 2022:</p> <ul style="list-style-type: none"> 1st Steering Committee Meeting - Phase II: End of June Hand-over to new VEPG Secretariat: End of June 2nd Technical Working Group Meetings: August to October 2nd Steering Committee Meeting – Phase II: October or November High-Level Meeting 2022: End of November or December 	VEPG Secretariat

Annex 1 – AGENDA

08.30-09.00	Registration/ Log-In
09.00-09.15	<p>Introduce participants and agenda</p> <p><i>Chair: Ms. Ngo Thuy Quynh</i></p> <p><i>Co-chair: Mr. Sean Lawlor</i></p> <ul style="list-style-type: none"> • Opening remarks and introduction of the agenda
09.15-09.30	<p>Report by VEPG Secretariat</p> <ul style="list-style-type: none"> • Terms of Reference of the TWG beyond 2021 • Proposed focus themes and work plan 2022 of the TWG • Inputs and updates from representatives of DP • Questions & Answers
09.30-10.00	<p>Updates on policies and orientations towards the development of oil and gas market</p> <ul style="list-style-type: none"> • <i>Oil, Gas and Coal Department/ MOIT: Current status and development orientations of the oil and gas market in Viet Nam</i> • Questions & Answers
10.00-11.00	<p>Challenges and opportunities for the gas market</p> <ul style="list-style-type: none"> • <i>USAID: V-LEEP II support to development of energy sector regulations and planning</i> • <i>PV Gas: Opportunities and Challenges for gas market in Viet Nam.</i> • <i>AES Group: Developing the LNG terminal project in accordance with the socio-economic condition and the energy market in Viet Nam</i> • Questions & Answers
11.00 – 11.15	Tea Break
11.15-12.30	<p>Challenges and opportunities for coal transition market in Viet Nam</p> <ul style="list-style-type: none"> • <i>Oil, Gas and Coal Department/ MOIT: The current status and development orientations of the coal market in Viet Nam</i> • <i>USAID: Analysis of fossil fuel reduction scenarios in long term power sector planning</i> • <i>Denmark: Flexible operation of thermal power plants</i> • Questions & Answers
12.30-14.00	Lunch Break
14.00-15:00	<p>Updates on policies and development orientations of the power market and impacts of global trends on Viet Nam’s power market</p> <ul style="list-style-type: none"> • <i>ERAV/MOIT: The electricity market and development orientations of the development of Viet Nam competitive electricity market</i> • <i>ERAV/MOIT: Updates on the standard DPPA form.</i> • <i>Asia Foundation: Emissions Trading System and Impacts on Power Markets</i> • Questions & Answers
15:00 – 15.30	Provincial power development plan

- *DOIT Binh Thuan*: The role of the energy sector in local socioeconomic development plans and the expectations of the locality for technical assistance from international development organizations.
- Questions & Answers

15:30 – 15:45 **Tea Break**

15:45 – 17.15 **Exchange on focus themes and work plan 2022**

- To discuss and agree on focus themes for the TWG
- Exchange on the establishment of task forces

Control: Confirmation pending

17.15-17.30 **Conclusions and closing of the meeting**

Chair Ms. Ngo Thuy Quynh
Co-chair Mr. Sean Lawlor

17.30 – 19.00 ***Networking Dinner***

Annex 2 – MINUTES

Agenda Item	Summary
<p>Opening</p>	<p><i>Ms. Ngo Thuy Quynh, chair of the TWG</i>, delivered welcome speech to in-person and on-line participants of the TWG 5 on Energy Market.</p> <p>In recent years, the energy industry of Viet Nam has made significant progress, driving the country’s socio-economic development. With the goal of developing a competitive, transparent and efficient energy market in alignment with the socialist-oriented market economy, Viet Nam has formulated and deployed a competitive market scheme covering coal, gas and power sub-sector, with particular details as below:</p> <ul style="list-style-type: none"> • Coal market: to step-by-step transform the coal market towards a fully competitive market in which all trading activities conform to the market practices • Gas market: to gradually develop legal framework as a basis for deploying business model and building a competitive market operation roadmap • Power market: To consolidate, develop and upscale the competitive wholesale market to lay a solid foundation to transform the competitive power retail market. <p>The objective of the meeting was to discuss the current status and development orientations of the energy sub-sectors from the perspective of state management agencies, local authorities and comments from businesses and international organizations, thereby promoting cooperation in the development of a competitive energy market.</p> <p><i>Mr. Sean Lawlor, co-chair of the TWG</i>, thanked the VEPG Secretariat for organizing the meeting and welcomed the participants.</p> <p>After Viet Nam’s statement at COP26, many tasks have been set for the energy industry, in which energy transition and energy market restructuring are identified as urgent targets that need to be implemented soon. Achieving the goals of energy transition and promoting a competitive energy market requires large financial and technological resources, and international organizations are willing to support the Viet Nam’s Government to address these technical and financial challenges.</p> <p>Within the framework of VEPG, the Technical Working Group on Energy Markets will discuss and identify key topics of the TWG such as LNG power development, the flexibility, transparency and competition of Viet Nam’s power market, coal phase-out, application of innovative policies such as direct power purchase agreement.</p>
<p>VEPG Secretariat’s report</p>	<p><i>Mr. Sven Ernerdal, International Coordinator of the VEPG Secretariat</i> briefed VEPG’s activities and restructure of TWGs, and proposed focus themes and work plan of the TWG 5 on EM in year 2022.</p> <p>The Viet Nam Energy Partnership Group (VEPG) serves as a multiple-level forum for policy exchange on the energy sector chaired by the Ministry of</p>

	<p>Industry and Trade (MOIT), and co-chaired by the Delegation of the European Union to Viet Nam (EUD) and the World Bank (WB). In the past, VEPG’s activities mainly revolved around promoting renewable energy, energy efficiency and energy information. At the 4th High-Level Meeting (HLM) in January 2022, the VEPG Steering Committee has adopted the revised VEPG’s terms of reference, officially introducing new Technical Working Groups and new chairing and co-chairing units, including the TWG on Energy Market co-chaired by the Department of Oil, Gas and Coal and the U.S. Embassy.</p> <p>In the new phase, the TWGs will have in-depth discussions on policies and technical issues to make practical recommendations for a sustainable energy transition through the establishment and operation of task forces.</p> <p>The Secretariat proposed the work plan 2022 for the TWG including tentative time for the second meeting of the TWG, VEPG Steering Committee Meeting and VEPG HLM after handing over the Secretariat in late June 2022.</p> <p>Proposed focus themes of the TWG include:</p> <ul style="list-style-type: none"> • Development orientations of the oil and gas market and LNG power development • Coal transition plan • Power market, pricing mechanism, direct power purchase agreement (DPPA) • Carbon credits <p>(See Appendix ... for details)</p> <p><i>Ms. Tran Thuy Duong from the EUD</i> thanked the VEPG Secretariat for supporting VEPG’s and the TWGs’ activities. The Secretariat will be handed over to Stantec by GIZ in July. The TWG needs to discuss to come up with a more specific work plan to deliver and report the results in the upcoming Steering Committee Meeting and the High-Level Meeting.</p> <p>In addition, the Secretariat and the TWG should consider consolidating statistical data and information on the activities and specific technical assistance of development partners supporting the energy market in order to avoid activities overlapping and waste of resources.</p>
<p>The role of the energy sector in local socioeconomic development and recommendations _DOIT Binh Thuan_</p>	<p><i>Mr. Vo Van Hoa, Director of DOIT Binh Thuan</i>, delivered a report on the role of the energy sector in local socio-economic development and made recommendations to international development organizations on supporting for Binh Thuan’s energy sector.</p> <p>Binh Thuan is among the top localities having the highest potential for wind and solar energy in the country. The province’s electricity and energy industries have made important contributions to the local socio-economic development, securing the electricity supply to the southern key economic region and ensuring national energy security.</p> <p>Following the Politburo’s conclusion of and the Provincial Party Congress’s Resolution, Binh Thuan has elaborated its provincial wind and solar power development plan for the period up to 2020 with an outlook to 2030, covering specific objectives as follows:</p>

	<ul style="list-style-type: none"> • Wind power: The cumulative installed capacity is expected to reach about 2,500 MW with a corresponding wind power output of 5,475 million kWh by 2030. • Solar power: By 2030, the total installed capacity is expected to reach approximately 6,199 MWp, equivalent to approx. 9,769 million kWh. <p>Mr. Hoa also made a number of recommendations to call for financial and technical supports from international organizations in:</p> <ul style="list-style-type: none"> • Developing supportive policies and breakthrough mechanisms for offshore wind power in alignment with the Viet Nam Marine Strategy • Conducting surveys, measuring wind speed, collecting information and setting up offshore wind data sets for the locality's basis to identify the potential and specific location for developing offshore wind power projects • Technology transfer and attraction of large investments in development of supporting industries. <p><u>Ms. Nguyen Phuong Mai, Electricity and Renewable Energy Authority (EREA)/ MOIT</u> proposed to establish a task force responsible for additional studies on evaluating potential of renewable energy sources and other energy sources in potential areas of Viet Nam.</p>
<p>Current status of and development orientations of the oil and gas market _Oil, Gas and Coal Department/ MOIT _</p>	<p><u>Mr. Dang Hai Anh, Head of Oil and Gas Division under Oil, Gas and Coal Department, MOIT</u> shared about the current situation and development orientation of the oil and gas market in Viet Nam.</p> <p>Regarding the current situation, Viet Nam's oil and gas resources are located in 7 basins with a total reserve of about 4.5-7 billion TOE. In which, oil accounts for 25% while gas represents about 75% of the total reserve, and 50% of the total reserve is located in offshore deep water.</p> <ul style="list-style-type: none"> • Crude oil: Currently, the domestic crude oil extraction in Viet Nam is about 9-10 million tons/year. In which, about 30-50% of the output will be supplied to Dung Quat Refinery Plant and the remaining 50%-70% will be exported, and then additional crude oil is imported for domestic processing. • Natural gas: In recent years, the domestic gas extraction output of Viet Nam has reached about 10 billion m³/year, serving domestic demand. Of which, electricity is still the main gas consumer, accounting for about 85% of the total output, followed by fertilizer plants (about 11%) and other small consumers (4%). <p>Development orientation of the gas market:</p> <ul style="list-style-type: none"> • Crude oil and petrol: Deep processing, Improving the quality of petrol products, meeting at least 70% of the domestic demand, stabilizing the market; the petrol price subjected to market rules; harmonizing the interests of the three parties; encouraging all economic sectors to invest and participate in the market. • Gas: Ensuring adequate gas supply, building a legal framework to create a basis for implementing a competitive business model for

	<p>CNG, LPG and LNG trading; continuing to implement the Government’s commitments and signed trade commitments for gas collection and distribution systems to be developed on the basis of domestic gas extraction projects.</p> <p>Mr. Hai Anh has outlined a roadmap to develop the oil and gas market in 3 phases: from now to the end of 2025, from 2026 to the end of 2030 and from 2031 to the end of 2045 with corresponding tasks given for each phase, focusing on further developing the legal framework, introducing a system of standards and regulations for the operation of LNG plants; promoting the competitive gas market, enhancing the role of state-owned enterprises and attracting investment from foreign enterprises.</p> <p>Lastly, to achieve the above goals and roadmap, Mr. Hai Anh proposed solutions to develop the oil and gas market that require close coordination of the Ministry of Industry and Trade, the Ministry of Finance, the Ministry of Transport, the provincial/ municipal People’s Committees and businesses.</p> <p><u>Ms. Nguyen Phuong Mai, EREA/MOIT</u>, gave her opinion on the need to assess the role of oil and gas in the whole picture of the energy sector, determine the role of fossil energy sources in the short and long term, especially in the context that Viet Nam is moving towards a mixed energy structure that combines renewable energy and high-quality energy sources such as hydrogen and ammonia, and expected development partners to join the task forces to study the role and competitiveness of each type of energy.</p>
<p>VLEEP II support to Oil, Gas and Coal Department _USAID_</p>	<p><u>Mr. Nguyen Trong Nghia, Task Lead of the USAID Vietnam Low Emissions Energy Project (V-LEEP) II</u> presented an overview of the VLEEP II and its support to the Oil, Gas and Coal Department in developing standards and regulations on liquefied natural gas (LNG) infrastructure.</p> <p>The VLEEP II is currently supporting 4 departments under the Ministry of Industry and Trade namely: Electricity and Renewable Energy Authority, Electricity Regulatory Authority of Viet Nam, Department of Energy Efficiency and Sustainable Development, and Oil, Gas and Coal Department to implement tasks to achieve 3 main objectives:</p> <ul style="list-style-type: none"> • Increase deployment of advanced energy systems • Improve energy sector performance • Increase competition in energy sector <p>The VLEEP II’s support to the Oil, Gas and Coal Department covers 5 ongoing activities with specific objectives as follows:</p> <ul style="list-style-type: none"> • Strengthen the legal framework to enable LNG imports • Support development of Annual Implementation Plans (AIP) for Energy Master Plan (EMP) • Capacity building program on LNG • Tolling Fee and business model for LNG terminal projects • Integrated gas and power modeling
<p>Challenges and opportunities for the gas market</p>	<p><u>Mr. Doan Van Cuong, Deputy Head of Investment Department, PV Gas</u> talked about the opportunities and challenges of the gas market in Viet Nam.</p>

<p><u>PV Gas</u></p>	<p>Development status: PV GAS's natural gas supply mainly comes from domestically extracted gases at 04 gas basins, namely Cuu Long, Nam Con Son, Malay-Tho Chu and Song Hong with potential humid gas output extracted and transported to shore reaching about 9-10 billion m³/year.</p> <p>Development potential and trends:</p> <ul style="list-style-type: none"> • 2022-2025: there are no additional new gas sources while the gas reserves being extracted are depleting, leading to the need to import gas to compensate the gas shortage in some cases. • 2025-2029: It is expected that domestic gas production will increase and reach about 13-14 billion m³/year as gas fields No. 2B, Block B and Ca Voi Xanh will soon be extracted. • After 2030, the country's gas production will start to decrease from 13 billion m³/year to 8 billion m³/year. • Existing gas sources alone tend to gradually decrease from 10 billion m³/year in 2021 to 4 billion m³/year in 2030 and continue to decrease to less than 2 billion m³/year from 2035 onwards. By 2040, the supply of existing gas fields is less than 1 billion m³/year. <p>Opportunities:</p> <ul style="list-style-type: none"> • Energy transition from coal and oil power plants to LNG power plants • Maintaining domestic gas-fired electricity <p>Challenges:</p> <ul style="list-style-type: none"> • The growth of renewable energy • The development of LNG power projects tends to be decentralized and lacks of synchronization • High volatility of the input LNG price, instability and big difference between the term price and spot price <p>Recommendations:</p> <ul style="list-style-type: none"> • Provide a suitable and harmonized roadmap to gradually shift LNG to hydrogen power. Develop legal framework and technical standards for hydrogen. • Develop a gas-to-electricity chain investment model according to the model of "Centralized LNG Hub/ Terminal (or so-called Standalone LNG Terminal) providing regasified gas for satellite gas-fired power centers nationwide". • Implement a mechanism to assign State-owned Groups/ Corporations to invest in and develop national LNG import terminal infrastructure. • Develop specific mechanisms to encourage extraction of domestic gas resources. • Develop an appropriate LNG pricing mechanism for power consumers to ensure efficiency and stimulate investment in LNG gas power projects. <p><i>Ms. Vu Chi Mai, Renewable Energy and Energy Efficiency Project, GIZ</i> shared GIZ's support to the Ministry of Industry and Trade in developing a proposed hydrogen development roadmap in Viet Nam, which is expected</p>
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	<p>to have preliminary study results in September. At the same time, GIZ has been conducting capacity building courses on hydrogen technology for officials and lecturers and will continue to research and develop technical regulations and standards on hydrogen and provide development orientation of various hydrogen forms.</p>
<p>Developing the LNG terminal project in accordance with the socio-economic condition and the energy market in Viet Nam _ AES Group _</p>	<p><u>Mr. Daneal Blicblau, AES Corporation</u> shared his experience in developing LNG terminal project in Viet Nam.</p> <p>AES is a sustainable energy corporation among the world's leading energy companies. In 2019, AES was officially permitted by the Vietnamese Government to develop the Son My 2 Combined Cycle Gas Turbine (CCGT) Power Plant Project located in Binh Thuan.</p> <p>AES considers LNG as a transitional fuel accelerating the energy transition in Viet Nam to a cleaner energy future. LNG provides economic and environmental benefits - with significantly lower CO2 emissions relative to other fossil fuels LNG.</p> <p>There are generally two different arrangements of LNG terminal projects proposed in Viet Nam: Stand Alone LNG Terminal and Single Project LNG Terminal and CCGT. The presentation provided specific comparisons of these two arrangements.</p> <p>Finally, Mr. Daneal made some comments on LNG market fluctuations in the short term due to the impact of political conflicts between Russia and Ukraine and forecasted the trend of LNG development and project development in the coming years.</p>
<p>Current status and development orientations of the coal market _ Oil, Gas and Coal Department _</p>	<p><u>Mr. Lam Thien Hoan, Head of Coal Industry Division under Oil, Gas and Coal Department</u>, presented the current situation of coal production and trading and the targets, roadmap, and solutions for the future development of Viet Nam's coal market.</p> <p>Development status:</p> <ul style="list-style-type: none"> • The 2016-2021 period witnessed changes in the volume of Viet Nam's coal imports: from roughly 13 million tonnes in 2016 to above 54 million tonnes in 2020 and around 36 million tonnes in 2021. • Coal production volume mostly supplied for domestic consumers' demand (accounting for above 95% of the total coal production volume of the industry). • Coal use for power generation increased significantly from around 32 million tonnes in 2016 to around 70 million tonnes in 2021 (more than doubled). <p>Development orientation:</p> <ul style="list-style-type: none"> • To transform coal industry towards a State-regulated competitive market mechanism • To develop Viet Nam's coal market in synchronization and interconnection with gas and power sub-sectors; ensure transparent market-determined coal prices. • To implement the Government's direction for coal supply to power generation and coal exports

	<ul style="list-style-type: none"> To attract and diversify coal investments and trading activities; and enable reasonable and efficient exploitation and use of domestic resources. <p>Roadmap and Recommendations:</p> <ul style="list-style-type: none"> The period to 2025: To research the global coal price index as reference for imported coal prices for Viet Nam. After 2025: To pilot and finalize the coal price index for official application in coal imports if it is relevant to the actual conditions in Viet Nam. <p><u>PVN</u>: What is the roadmap of shifting from LNG to Hydrogen and from Coal to Ammonia?</p> <p>Oil, Gas and Coal Department is currently coordinating with EREA to develop the Draft Power Development Plan (PDP) 8 and the Energy Master Plan, which take into account the balance of supply and demand of gas and coal and energy transition scenarios. The final draft will be sent to the relevant units.</p> <p><u>EREA</u>: The PDP8 has been commenced developing a few years ago; however, the Prime Minister’s statement at COP26 has posed many challenges for the energy sector, requiring many objectives, roadmap and schedules to be reviewed. Hydrogen and ammonia remain challenging for many countries around the world, which will be the topic of further discussion by the TWG and require supports of development partners.</p>
<p>Fossil fuel reduction scenarios in long term power planning _USAID_</p>	<p>Mr. Annath Chikkatur, VLEEP Project Manager, USAID analysed fossil fuel reduction scenarios in the long-term power sector planning based on assumptions from the National Power Development Plan VIII (PDP8).</p> <p>In order to reduce coal consumption and fulfil the commitment of “net zero” emissions of the Prime Minister of Viet Nam at COP26, Viet Nam needs to reach the peak coal use soon.</p> <p>USAID developed a Technical Report on Peak Coal Analysis based on long term scenarios developed during its support to EREA on PDP-8 development.</p> <p>USAID has considered 7 long-term power sector development scenarios including: (1) Business As Usual (BAU) without externality cost; (2) Base Case with current RE target and externality costs; (3) High RE Target with externality cost; (4) Current RE target, no new coal after 2030, with externality cost; (5) Carbon Price Sensitivity; (6) Low RE Capital and Lower Financing Cost; and (7) Coal & Gas Delay and Low RE.</p> <p>Recommendations:</p> <ul style="list-style-type: none"> Consider options for delaying or not constructing any new coal power plants Firm (and high) future carbon prices in the power sector can be an effective policy for reducing CO2 emissions and coal consumption, getting CO2 prices translated into wholesale & retail electricity prices Increasing energy security in Vietnam implies a greater scrutiny on the reliance of imported fossil fuels (both coal and LNG) in power sector

	<ul style="list-style-type: none"> Continue to pursue RE targets and develop policies to promote RE
Flexible operation of thermal power plants <u>Denmark</u>	<p><i>Mr. Loui Algren, Long-term Advisor, DEPP</i> shared Denmark's experience in flexible operation of thermal power plants.</p> <p>The presentation analysed the correlation between operation of thermal power plants, energy demand and spot prices on the electricity market in Denmark in the last week.</p> <p>To optimize revenue and minimize losses, thermal power plants will operate at full capacity when price is higher than marginal cost, ramp down when the price is low and exceed 100% when the price is very high.</p> <p>Flexibility parameters of a thermal power plant include overload, ramping, minimum load, start-up times.</p> <p>Lessons Learned:</p> <ul style="list-style-type: none"> Economic market incentives have made Danish thermal power plants flexible Key parameters are ramp rates and minimum load but also start-up time and overload The changes happened gradually and did not need large investments
Emissions Trading System <u>Asia</u>	<p><i>Mr. Michael Digregorio, the Asia Foundation</i> introduced about carbon tax and emissions trading, and their impacts on power markets.</p> <p>Distinction between carbon tax and emission trading system: Carbon tax is considered a good economic instrument but cannot be used to monitor the implementation of emissions reduction targets.</p> <p>Introduction of EU's Emissions Trading System (ETS) and Carbon Border Adjustment Mechanism (CBAM)</p> <p>Currently, Viet Nam is yet to apply any emissions trading system but plan to apply in accordance with Decree 06/2022/ND-CP</p> <p>Recommendations for Viet Nam:</p> <ul style="list-style-type: none"> Indirect emissions should be included in the CBAM Generators will not be able to buy carbon offset credits to reduce their emissions intensity Apply RE certificates (REC) or DPPA in order to meet emissions reduction goals and reduce the cost of potential border adjustments Carbon intense industries like steel and cement will have to reduce their emissions.
The competitive electricity market and electricity market development in Viet Nam <u>Electricity Regulatory Authority of Viet Nam</u>	<p><i>Mr. Nguyen Duc Luan, Electricity Regulatory Authority of Viet Nam (ERAV), MOIT</i> shared some updates on the competitive electricity market and development orientation of the electricity market in Viet Nam.</p> <p>According to the Prime Minister's Approval Decision 63 on the roadmap for formation and development of the electricity market, the competitive electricity market of Viet Nam consists of 3 phases. Up to now, the competitive electricity generation market has officially launched in 2012 while the competitive wholesale electricity market has been piloted in 2017 and officially operated in 2019. The competitive retail electricity market has been designed in 2020 but yet to pilot.</p>

	<p>In the competitive retail electricity market, customers are entitled to select and change their power supplier. Two models are introduced: Big customers purchase power on the spot market and Big customers select electricity retailer.</p> <p>In order to ensure fairness in the competitive electricity market, it is essential to firstly unbundle electricity distribution and electricity retailing units in terms of financial aspect to set distribution prices for pilot implementation, followed by organizational unbundling.</p> <p>Actions:</p> <ul style="list-style-type: none"> • Revision of the Electricity Law: to finalize the Electricity Law revision proposal and report to the Government for submission to the National Assembly • Establishment of an independent SMO: Submitted the Plan for transferring NLDC to one-member limited liability company as an independent accounting unit under EVN to the Prime Minister for approval • Development of regulations on pilot DPPA allowing large customers to sign power purchase agreements with renewable energy power plants.
<p>Pilot DPPA Program _Electricity Regulatory Authority of Viet Nam_</p>	<p><i>Ms. Do Hong Thanh, ERAV, MOIT</i> briefly presented the pilot DPPA program between RE generators and customers.</p> <p>The objective of the pilot program is to test a new mechanism by which RE developers can raise capital through bilateral contracts with electricity users. This is a necessary step to support the competitive electricity market in Viet Nam.</p> <p>Currently, the draft decision of the Prime Minister on piloting DPPA between renewable energy generators and large electricity users has been published by EREA on its website for consultation. Then EREA will finalize, appraise and submit to the Government for approval.</p> <p>Main contents of the draft decision:</p> <ul style="list-style-type: none"> • 3 main trading agreements: (1) Renewable energy generator (RE GENCO) and electricity user enter into DPPA Agreement; (2) RE GENCO sells to EVN at spot market price; (3) Consumer buys electricity from electricity retailer. • Clear regulations on the subject matter, pilot scale, selection method and registration method <p>Next implementation steps: After the Prime Minister approves the decision, MOIT will announce the pilot program and open registration/ application on the website. After the units submit their applications, MOIT will evaluate and select the applications that meet the criteria of the pilot program and publish the list of selected units. When projects are commercially operated under DPPA mechanism, MOIT will monitor and collect information to assess the effectiveness and impacts of the program.</p>
<p>Conclusions _VEPG Secretariat_</p>	<p>Regarding the TWG work plan, the Chair and Co-chair agreed on the Secretariat's proposal.</p> <p>Proposed focus topics for task forces include:</p>

	<ul style="list-style-type: none"> • Coal transition towards carbon emission reduction and carbon-neutral orientations • Support Viet Nam wholesale electricity market (VWEM), direct power purchase agreement (DPPA): USAID to support ERAV • LNG pricing mechanism: VLEEP II to coordinate with Oil, Gas and Coal Department • Carbon credits and carbon market: Asian Foundation; The TWG 5 to collaborate with MOF and MONRE
<p>Closing</p>	<p>Chair Ms. Ngo Thuy Quynh delivered the closing remarks, thanked the speakers for their detailed presentations on various aspects of the energy market and the delegates for their participation and comments/inputs. Throughout an active and productive day of work, the TWG discussed the key contents to develop a competitive and transparent energy market, which is the basis for the task forces to further work on research, discuss and report in next TWG meetings.</p> <p>The VEPG Secretariat will consolidate comments/ inputs of the delegates, recommendations and support proposals of the development partners to the chair and co-chair for considering the establishment of appropriate task forces.</p> <p>The Chair announced the closing of the meeting./.</p>



Annex 3: Presentations

Presentations are available for download below:

English:

[Documents of Technical Working Group 5 on EM 26-27 May – Viet-Nam-Energy-Partnership-Group \(vepg.vn\)](#)

Vietnamese:

[Tài liệu phiên họp nhóm CTKT về thị trường năng lượng 26,27/05 – Viet-Nam-Energy-Partnership-Group \(vepg.vn\)](#)