



Viet Nam Energy Partnership Group

Technical Working Group 1 – Renewable Energy

4th Meeting – 23 September 2019
MOIT, Ha Noi

Key Objectives of the Meeting

- **Update and current developments** in the renewable energy sector – market and policy
- **Focus on topic of grid integration** – presentation of new grid assessment study (Planning Division, EREA)
- **Review of TWG 1 activities and progress** on implementation of VEPG Policy Recommendations in preparation of VEPG High-Level Meeting 2019
- **Outlook – priorities for work of TWG 1** in the field of renewable energy and support needs for the future

Agenda

Time	Subject
14.00-14.20	1. Opening remarks, overview of the agenda <ul style="list-style-type: none">• Mr. Nguyễn Ninh Hải/ Mr. Sebastian Paust (introduction as new Co-Chair)• Secretariat updates on VEPG activities
14.20-15.10	2. Updates on current RE development – market and policy <ul style="list-style-type: none">• <u>EREA/MOIT Chair</u>: Updates on current market and policy development• <u>Plenary</u>: Q&A and discussion
15.10-15.40	3. Focus topic: Grid integration of renewable energies <ul style="list-style-type: none">• <u>EREA/MOIT Planning Department</u>: New grid assessment study for Southern Vietnam• <u>Plenary</u>: Q&A and discussion
15.40-15.55	Coffee/tea break and photo session
15.55-16.50	4. VEPG High-Level Meeting 2019 - TWG 1 progress and future work <ul style="list-style-type: none">• <u>Secretariat</u>: Update on the HLM 2019 planning and presentation of the draft TWG 1 Progress Report (monitoring/implementation the TWG Policy Recommendations)• <u>Plenary</u>: Discussion and feedback on achieved progress, remaining challenges, future work/priorities of TWG 1
16.50-17.00	5. Conclusions and closing remarks <ul style="list-style-type: none">• Mr. Nguyễn Ninh Hải/ Mr. Sebastian Paust

Top 1: Opening and Introduction

TWG 1 Chair:

- *Mr. Nguyễn Ninh Hải, Director of Renewable Energy Division, ERAV/MOIT*

New TWG 1 Co-Chair:

- *Dr. Sebastian Paust, Head of Development Cooperation, German Embassy*

Top 1: Secretariat Report on VEPG Activities


VEPG Secretariat:

- *Mr. Rainer Brohm, International Coordinator*

Follow up on 3rd TWG 1 meeting (March 2019)

Consultation on new Solar FIT 2

- VEPG TWG 1 **consultation workshop** on the Solar FIT 2 as part of the public consultation workshop.
- All inputs from TWG members and further private sector stakeholders were collected and compiled in a **submission document to MOIT** (as a formal input to the MOIT consultation process).
- VEPG Secretariat **coordinated with private sector** (REBA workshop).

VEPG Technical Working Group 1 – Renewable Energy	
	
Consultation on draft PM Decision for the Solar FIT 2 (draft issued by MoIT on February 21, 2019)	
The following comments and questions from energy sector stakeholders were collected and documented by the VEPG Secretariat during the 3 rd meeting of VEPG TWG 1 on March 15, 2019. TWG members and further sector stakeholders additionally submitted comments and questions to the VEPG Secretariat before and after the meeting. This document was submitted to EREA/MoIT on April 3, 2019 as an input to the public consultation process on the Solar FIT 2.	
Topic	Comments and questions from energy sector stakeholders
General Comments on the draft	<ul style="list-style-type: none">• Many sector stakeholders see the draft Decision as potentially providing a more supportive legal framework for Rooftop Solar (RTS) investments in Viet Nam, particularly with the opening of new third-party investor models (e.g. on-site direct PPA, ESCO etc.) and increased FIT levels for some regions (due to the new FIT zone approach).• Sector stakeholders also see the potential of the new FIT zone approach to attract more solar ground-mounted project investments to regions in Central and Northern Viet Nam where grid capacity is available.• In general, there are still uncertainties and worries regarding the detailed regulations for ground-mounted PV that will be defined in an upcoming MoIT Circular (replacing Circular 16/2017). This applies specifically to the PPA regulation and related issues that have been discussed in the past already, such as the curtailment risks etc.• Furthermore, there is still need for clarification and open questions regarding legal definitions and some regulations in the draft Decision. This applies to terms of legal definitions, the defined business/FIT models, the role of investors and developers and of EVN in particular (also see the below comments and questions).• To reach investment security for the time after June 2019 (when the current FIT regulation expires) as soon as possible, the expected additional MoIT Circular (replacing regulations of Circular 16/2017) should be issued as soon as possible.• In this respect, MoIT Circular 5/2019, issued March 11, 2019 is understood as providing detailed regulations for RTS systems already. However, since this Circular 5/2019 refers to the FIT of the current PM Decision 11/2017, it is expected that this Circular also needs to be updated for the new FIT levels after June 2019.
Legal Definition	
Electricity Buyers and Electricity Sellers	<ul style="list-style-type: none">• Need for clarification: Does the third-party investor/ developer fit into the definition of the "Electricity Sellers"?• Need for clarification: Does the term "Electricity Buyers" include the PV/project off-takers/ customers other than EVN or Power Companies under EVN?

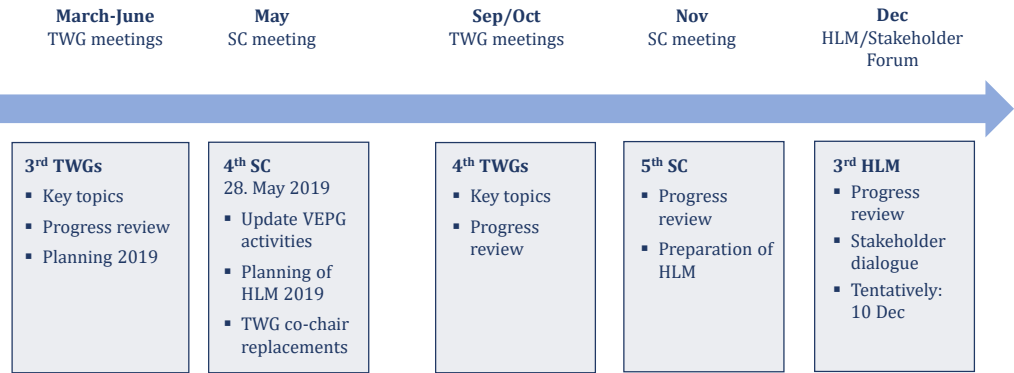
Follow up on 3rd TWG 1 meeting (March 2019)

Presentation and consultation on the Rooftop Solar Promotion Programme











- All inputs from TWG members were discussed within the Programme Coordination Group.
- **Launch event on 25 July 2019** in HCMC.
- EREA is setting up an **Advisory Board** for the Programme and develops the implementation framework (M&E) with support from DPs.
- **Further open for inputs from other DPs or sector stakeholders!**



VEPG – Timeline for 2019



TWG's 4th Round of Meetings – Overview

TWG	3 rd Meeting	Key Topics/Highlights
TWG 1 RE 	 23. Sep 2019	<ul style="list-style-type: none">• Updates on current policy processes (Solar FIT 2, RTS programme, bioenergy FIT etc.)• Focus topic: RE grid integration (Grid Assessment in Southern Vietnam)
TWG 2 EE 	 2. Oct 2019	<ul style="list-style-type: none">• Presentation and discussion on draft National EE Action Plan (NEEAP)• Discussion of MRV Framework for EE/VNEEP and EE Database
TWG 3 ESR 	 12. Sep 2019	<ul style="list-style-type: none">• Report on first half year of VWEM operation• Update on DirectPPA process and pilot scheme• Discussion on priority topics / scope-of-work for TWG 3 (competitive power market)
TWG 4 EA 	 3. Oct 2019	<ul style="list-style-type: none">• Progress and Challenges in Rural Electrification• Discussion of Energy Access projects in different VN regions
TWG 5 D&S 	 Nov 2019	<ul style="list-style-type: none">• Discussion on VEIS Circular and Pre-Feasibility Study• Discussion of approved outline for PDP 8• Discussion of Energy Balance 2017

Update TWG 3 (12.9): Topics for Future Work Power Sector Reform

Regulatory challenges for developing a competitive power market

- Wholesale electricity market status and next steps
- Pathways towards retail market development
- Development of commercial frameworks (PPP law, DPPA, Auctions, etc.)
- Purchase tariff setting mechanisms on supply side
- Long-term contracts vs. spot market, generation and ancillary services
- Contracted capacity evacuation and VRE integration challenges
- Retail tariff mechanisms on demand side (consumer categories, incremental blocks)
- Evolution of tariff design (MYTO, time-of-use, e-mobility, etc.)
- Comprehensive communication plan for tariff

High-Level Meeting 2019 – Planning



Proposed date: 10 December 2019

Concept of 3rd VEPG HLM and 1st VEPG Stakeholder Forum:

3rd VEPG HLM:

- **Progress review** regarding VEPG Policy Recommendations and TWG work since HLM 2018
- **Outlook 2020 and guidance of VEPG Chairs** for TWGs and Secretariat

1st VEPG Stakeholder Forum:

- **Exchange of sector stakeholders** on „hot“ topics (progress/best-practice in VN/international, challenges, etc.)
- **Focus topics:**
 - **Strategic Sector Planning** (e.g. PDP 8, Party Energy Strategy, sector scenarios/energy mix of the future)
 - **Energy Efficiency** (VNEEP 3, etc.)
 - **Integration of Renewable Energy / Distributed RE** (e.g. Rooftop Solar)

VEPG Partner Support – DP Project Survey



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	ER	EA	EDS
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 (VICIC). 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 (NPTC)				x	
ADB	Power Transmission Investment Program- Tranche 2	The second tranche of the multitranchise 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	Hu Noi and Hu Chi Minh City Power Transmission Development Sector project	The projects indicative outputs are (i) strengthened institutional capacities of HNPC and HCMPC; and (ii) the development and rehabilitation of 220 kV and 110 kV transmission lines and substations of Hu Noi and Hu Chi Minh City. It is co-financed by ADB with Asian 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 mountainous 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, OPC, 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 Corporation and NLDC (SRAC) for the VVEM; (iii) Review the current ICT infrastructure of Power Corporation and NLDC (SRAC); and recommendation for upgrading ICT infrastructure for the VVEM.	TA	2015–2018	ERA/V			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) rationalization of the rural electrification project; (ii) assessments of the project risks 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/>)
- **80 partner projects** with key information included
- **New survey update** running in **September 2019**




VEPG Partner Support – Legal Database

RECENT LEGAL DOCUMENTS		
<p>MOIT Decision 2023/QĐ-BCT on the Approval of the Rooftop Solar PV Promotion Program</p> <p>- Effective date: 05/07/2019</p> <p>- Legislation type: Decision</p> <p>- Signer: MOIT Minister Trần Tuấn Anh</p> <p>DOWNLOAD FOR DETAILS ></p>	<p>EVN Guidance 3450/EVN-KD on Settlement of Outstanding Issues on Rooftop Solar Power</p> <p>- Effective date: 02/07/2019</p> <p>- Legislation type: Guidelines</p> <p>- Signer: Vice President of EVN Võ Quang Lâm</p> <p>DOWNLOAD FOR DETAILS ></p>	<p>MOIT Report 58/BC-CBT on the Implementation Progress of Power Projects in the Revised PDP7</p> <p>- Effective date: 04/06/2019</p> <p>- Legislation type: Report</p> <p>- Signer: MOIT Vice Minister Hoàng Quốc Vượng</p> <p>DOWNLOAD FOR DETAILS ></p>
<p>GoV Decree 37/2019/NĐ-CP Elaboration of the Planning Law</p> <p>- Effective date: 07/05/2019</p> <p>- Legislation type: Decree</p> <p>- Signer: Prime Minister Nguyễn Xuân Phúc</p> <p>DOWNLOAD FOR DETAILS ></p>	<p>MOIT Circular 05/2019/TT-BCT amending Circular 16/2017/TT-BCT on Standardized PPA for Solar Power projects</p> <p>- Effective date: 25/04/2019</p> <p>- Legislation type: Circular</p> <p>- Signer: MOIT Minister Trần Tuấn Anh</p> <p>DOWNLOAD FOR DETAILS ></p>	<p>Consultation on Draft Decision on the new Solar FIT</p> <p>- Effective date: 15/04/2019</p> <p>DOWNLOAD FOR DETAILS ></p>

- **Legal Database** online and constantly expanding
- **+30 legal documents** (VN and EN versions).
- PM Decisions, MOIT documents, Consultation Documents, EVN guidelines, etc.

➤ www.vepg.vn

VEPG Partner Support – Information Sharing

<p>VEPG AND PARTNER EVENTS</p>  <p>Public Consultation Workshop: DPPA Design and Pilot Planning for Viet Nam</p> <p>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 – ERAV and the USAID V-LEEP.</p> <p>READ MORE ></p> <p>12/06/2019</p>	<p>UPCOMING EVENTS</p>  <p>Launching Event of Vietnam Initiative for the Energy Transition, Social Enterprises</p> <p>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 of development to Vietnam's national energy system, throughout the efficient use of energy and the development of renewable energy sources.</p> <p>READ MORE ></p> <p>19/09/2019</p>	<p>UPCOMING EVENTS</p>  <p>Vietnam Renewable Energy Week 2019</p> <p>The Renewable Energy Week Vietnam 2019 is organized during a week from September 17th to September 20th in Hanoi and some other provinces in Vietnam with a chain of events including workshops, seminars, and other side events.</p> <p>READ MORE ></p> <p>17/09/2019</p>
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- **VEPG Partner events** are featured on the website
- **+25 workshops and events** featured on website and information disseminated to members via TWG email groups in last 10 months.
- Including e.g. **RTS Launch Event** and support of public consultation on **Solar FIT 2**.

Top 2: Updates on Current RE Developments

EREA/MOIT:

EREA presentation

- *Mr. Nguyễn Ninh Hải, Director of Renewable Energy Division, EREA/MOIT*

Top 3: Focus Topic – Grid Integration of RE

EREA/MOIT:

EREA presentation

- *Ms. Nguyễn Thị Thương, Planning Division, EREA/MOIT*

Tea Break

Top 4: Progress Review and Outlook for TWG 1 / Preparation of HLM 2019

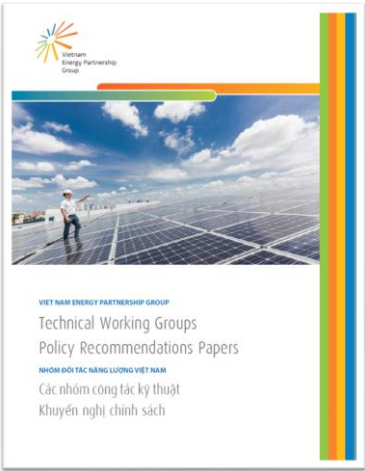
Progress Review – TWG 1 Policy Recommendations

- Progress on the VEPG / TWG 1 Policy Recommendations
- Review of work of TWG 1

Challenges and Outlook – Future Scope-of-Work and Priority Topics for TWG 1

- Challenges in the field of renewable energy development
- Priority topics and workplan for TWG 1 – What is the scope-of-work for TWG 1 in the coming year?

VEPG Policy Recommendations



Implementation of the VEPG Policy Recommendations

- **MOIT Minister** and **Co-Chairs of VEPG** endorsed the **Policy Recommendations** from 5 TWGs.
- **Technical Working Groups** were asked to focus work on supporting the implementation of the Policy Recommendations.
- **Monitoring Matrix** with information on 40 recommendations with timeline, indicators, progress status and DP support developed for each TWG.
- **Ongoing evaluation/assessment** of progress during current phase of 4th round of TWG meetings (September/October)
- Presentation of **Progress Report for HLM 2019** (submitted for SC review before next SC meeting (October 2019)).

TWG 1 Policy Recommendations – Monitoring of Progress

Policy Recommendations TWG 1 Renewable Energy		Timeframe	Instruments & Indicators	Status	Ongoing activity
Topic 1	→Revision of the PPA for solar and wind energy De-risk investments in solar and wind energy projects and mobilize domestic and international private sector investment potentials.				
	Revise the PPA for solar and wind energy based on international standards with focus on the key aspects of transmission and distribution risks, off-taker obligations, contract termination provisions, dispute resolution mechanisms, off-taker payment risks and future compatibility with the VN Wholesale Electricity Market.	Short-Term (end of 2019):	Solar: Solar FIT 2 New PM Dec. and MoIT Circ. (replacing Dec. 11/2011 and Circ. 16/2017)	Ongoing	MoIT draft Solar FIT 2: new PM Dec. (replacing PM Dec. 11/2011) published for consultation (21.2.19)
		Short-Term (end of 2019):	Wind: Circular to implement Dec. 39/2018	Completed	MoIT Circ. 2/2019 with revised PPA for Wind published (28.02.19)
Topic 2	→Improvement of the solar rooftop incentive mechanism Overcome investment barriers in the solar PV rooftop sector and mobilize private (residential rooftop) and private sector (commercial-industrial rooftop) investment potentials.				
	Revise the existing net metering scheme (Dec.11/2017/QD-TTg and related MoIT's Circular 16) to overcome the existing barriers (taxation).	Short-Term (end of 2019):	Revision of PM Dec.11/2017 and MoIT Circ. 16/2017	Completed	PM Dec. 2/2019 amending Dec. 11/2017 published (8.1.19) changing net metering to FIT mechanism. MoIT Circ. 5/2019 amending Circ. 16/2017 published (11.03.2019).
	Maintain investment incentive for solar Rooftop projects.	Short-Term (end of 2019):	Solar FIT 2 for rooftop: New PM Dec. and MoIT Circ. (replacing Dec. 11/2011 and Circ. 16/2017)	Ongoing	MoIT draft Solar FIT 2: new PM Dec. (replacing PM Dec. 11/2011) published for consultation (21.2.19)

TWG 1 Policy Recommendations – Monitoring of Progress

Topic 3	→Develop future wind and solar support mechanisms [including auctioning] Develop a future procurement framework for renewable energies that limits barriers for project development and gives long-term investment security.			
Develop the future procurement framework for renewable energies along the guiding principles of harmonization and streamlining of the regulatory framework, non-discrimination of RE technologies against other technologies, long-term compatibility with the Viet Nam Wholesale Electricity Market, compatibility with the specific Vietnamese market and public-sector environment, long-term signaling for investors and specificity of policy instruments for different RE projects or market segments.	Short-Term: (end of 2019)	Revision of solar support mechanism (Dec.11/Cir.16)	Ongoing	PM Dec. 39/2018 on revised Wind-FIT issued (10.09.2019). MoIT draft Solar FIT 2 (revision of PM Dec. 11/2011) published for consultation (21.2.19)
	Medium-Term: (end of 2020)	Development of auctioning pilot for solar/wind	Ongoing	Development of auctioning pilot programme
	Long-Term (post-2020)	Further development of other incentive mechanisms for RE (VWEM, RPS, DPPA, etc.)	Ongoing	Development of pilot DPPA (ERAV/USAID) Development of VWEM (ERAV/WB) Development of RPS scheme (EREA/USAID)

TWG 1 Policy Recommendations – Monitoring of Progress

Topic 4	→Integration of fluctuating renewable energy in the national grid Implement measures that assure the necessary absorption capacity of the national power grid (in time and amount) to allow large-scale wind and solar generation development.			
Develop and implement a transparent and comprehensive RE project approval process.	Short-Term (end of 2019)	Revise process of including RE projects to Power Plan (PDP)	Ongoing	<u>Completed for wind:</u> new procedures for Wind power project development (MoIT Circ. 2/2019, 28.02.2019). <u>Ongoing for solar:</u> New MoIT Circ. for solar project development (replacing Circ. 16/2017) will include guidelines from new MPI Planning Law (upcoming MPI Circular/Decree on implementation of new Planning Law)
	Medium-Term (end of 2020):	Align RE capacity planning and grid planning in PDP VIII	Ongoing	Ongoing PDP 8 development Ongoing MoIT/EVN grid expansion projects
	Medium-Term (end of 2020):	Zonal approaches in FIT mechanisms or designated zones for RE auctioning	Ongoing	<u>For Solar:</u> Zonal FIT in draft: Solar FIT 2 (draft PM Dec. replacing Dec. 11/2017)
	Medium-Term (end of 2020):	Develop new PDP (in line with new Planning Law)	Ongoing	<u>Implementation of new MPI Planning Law:</u> Upcoming MPI Circular on implementation of new Planning Law
	Short-Term (end of 2019):	Review grid codes for utility-scale RE and rooftop solar	Ongoing	MoIT/ERAV Circular 25/2016/TT-BCT (Regulations for transmission system) and MoIT/ERAV Circular 39/2015/TT-BCT (Regulations for distribution system) currently under revision (first draft expected by end of May) Preliminary revision of Circ. 25 and 39 under consultation, to be published soon (March/April)

Discussion: Key Questions

Progress

- Which policy recommendations have been fully implemented? What have been the driving factors (including special commitment from the government, donor support, etc.)?
- Which policy recommendations are progressing well? What is the status? What have been the main factors driving this progress (including special commitment from the government, donor support, etc.)?

Challenges

- Which policy recommendation are progressing only very slowly or have not progressed at all? What are the main challenges/bottlenecks impeding progress?
- Which actions are required to advance those policy recommendations?

Outlook

- Are all the policy recommendations still relevant? Those that are not, why?
- Are there any new developments that require the addition of new policy recommendations?
- Which new developments, which could potentially have a positive/negative impact on specific policy recommendations, must be taken into account?
- Are there any new DP (or other stakeholder) programmes/projects foreseen for the next reporting period that will contribute to the implementation of the policy recommendations (projects/activities in the pipeline)?

Outlook Topics for Future Work of TWG 1

• Renewable Energy

- Development of further **FITs – bioenergy** (biomass, biogas, Waste-to-Energy)
- Support framework for **Rooftop Solar**
- Regulatory Framework for **off-shore wind energy**
- Further development of the **procurement framework /support mechanisms** (auctioning, Renewable Portfolio Standards, etc.)
- **Dual-Use approaches** of energy and agricultural production (Agri-PV)

• Grid integration of RE

• Planning of RE development / grid development (PDP 8)

• Further topics...?

Objective: Clear “division of labor” between the TWGs (e.g. regulatory aspects of market access in TWG 3 – Power Sector Reform)

Topics for Future Work of TWG 3 Power Sector Reform

Regulatory challenges for developing a competitive power market

- Wholesale electricity market status and next steps
- Pathways towards retail market development
- Development of commercial frameworks (PPP law, DPPA, Auctions, etc.)
- Purchase tariff setting mechanisms on supply side
- Long-term contracts vs. spot market, generation and ancillary services
- Contracted capacity evacuation and VRE integration challenges
- Retail tariff mechanisms on demand side (consumer categories, incremental blocks)
- Evolution of tariff design (MYTO, time-of-use, e-mobility, etc.)
- Comprehensive communication plan for tariff

Closure of the Meeting

Mr. Nguyễn Ninh Hải, Director of Renewable Energy Division, ERAV/MOIT

Dr. Sebastian Paust, Head of Development Cooperation, German Embassy

