



Viet Nam Energy Partnership Group Technical Working Group 3 – Power Sector Reform

4th Meeting – 12 September 2019
MOIT, Ha Noi

Key Objectives of the Meeting

- Update and discussion **first 6 months of Wholesale Market operation** (progress report EVN/NLDC)
- Update and discussion on **DirectPPA process** and pilot scheme (update USAID)
- **Review of TWG 3 activities and progress** on implementation of VEPG Policy Recommendations in preparation of VEPG High-Level Meeting 2019
- **Identification of TA support** needs for the VWEM process and further power sector reform tasks
- **Outlook – priorities for work of TWG 3** in the field of power sector reform

Agenda

Time	Subject
14.00-14.10	1. Opening remarks, overview of the agenda <ul style="list-style-type: none"> Mr. Phạm Quang Huy / Mr. Rahul Kitchlu
14.10-15.00	2. Power Sector Reform Process – Update on VWEM Operation <ul style="list-style-type: none"> <u>EVN/NLDC</u>: Update on Power Sector Reform process (operation of Wholesale Market in 1. half of 2019) <u>Plenary</u>: Q&A and discussion
15.00-15.50	3. DirectPPA Pilot - Update on Implementation of Pilot Scheme <ul style="list-style-type: none"> <u>USAID</u>: Update on DirectPPA Pilot process (recap of consultation workshop in June, current activities and implementation planning) <u>Plenary</u>: Q&A and discussion
15.30-15.45	Coffee/tea break and photo session
15.45-16.30	4. VEPG High-Level Meeting 2019 - TWG 3 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 3 Progress Report (monitoring/implementation the TWG Policy Recommendations) <u>Chair/Co-Chair</u>: Outlook to the future work of TWG 3 - presentation and discussion of draft list of priority topics “regulatory challenges for the competitive power market Viet Nam” <u>Plenary</u>: Discussion and feedback on achieved progress and future work of TWG 3 / support needs for the development of the competitive power sector
16.30-16.45	5. Conclusions and closing remarks <ul style="list-style-type: none"> Mr. Phạm Quang Huy / Mr. Rahul Kitchlu

Top 1: Opening and Introduction

TWG 1 Chair:

- Mr. Phạm Quang Huy, Deputy Director General ERAV/MOIT*

TWG 3 Co-Chair:

- Mr. Rahul Kitchlu, Energy Sector Coordinator World Bank Viet Nam*

Top 1: Secretariat Report on VEPG Activities

VEPG Secretariat:

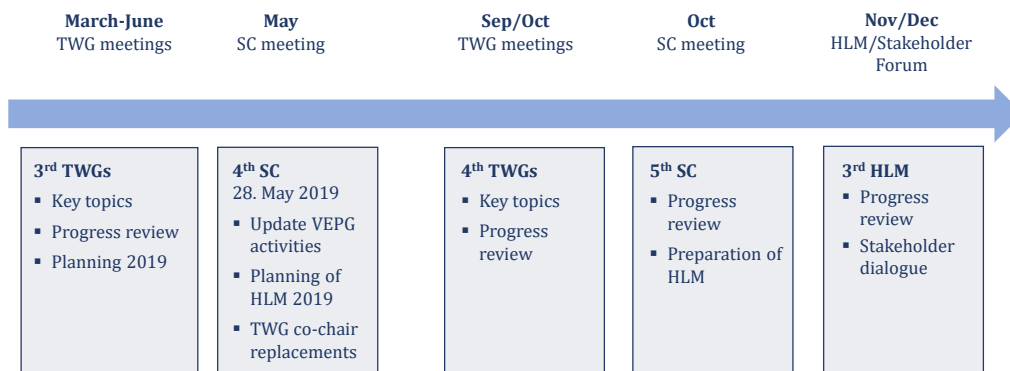
- *Mr. Rainer Brohm, International Coordinator*

Follow up on 3rd TWG 3 meeting (Jun 2019)











Key focus on DirectPPA process – Joint meeting with DirectPPA Consultation Workshop

- Since experience with the newly started Wholesale Market could only be reviewed in Q3 2019, the Chair, Co-Chair and VEPG Secretariat decided to invite TWG 3 members to the MOIT/ERAV consultation workshop developed in cooperation with USAID on 12 June 2019.
- This was also following the guidance from the VEPG Steering Committee that asked all TWGs to use synergies with ongoing partner activities and workshops in the sector.
- The 4th meeting of TWG 3 will give an update on the DirectPPA process that will also allow those members to follow up on this process who could not attend the Consultation Workshop in June 2019.
- Information on the event to be found on www.vepg.vn (short meeting report upcoming)

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) • Focus topic: Solar Dual-Use / Agri- and Aqua-Photovoltaic
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 	 Sep 2019	<ul style="list-style-type: none"> • Progress and Challenges in Rural Electrification (results of validation exercise) • 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

High-Level Meeting 2019 – Planning



Proposed date: End of November/early 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, Energy Strategy...)
 - **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	E/R	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 multibranche 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 supporting 500 kV and 220 kV/200 kV transmission lines and improving the operational effectiveness and efficiency of the National Power Transmission Corporation.	Loan (sovereign)	2015 – 2020					x	
ADB	Ho Nai and Ho 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 Ho Nai and Ho 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 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				x		
ADB	Renewable Energy Development and Network Expansion and Rehabilitation for Remote Communes Sector - Additional Financing		Grant	2015 – 2017	NPC, CPC, SPC	x				
ADB	Capacity Building of Renewable Energy Development		TA	2009 – 2017		x				
AED	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 training on generic wholesale market mechanisms; (ii) Recommendation on new functions and critical requirements of Power Corporation and NLDC (NAC) for the WEM; (iii) Review the current ICT infrastructure of Power Corporation and NLDC (NAC); and recommendation for upgrading ICT infrastructure for the WEM.	TA	2015 – 2018	ERWV			x		
AED	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 Circular 05/2019/TT-BCT amending Circular 16/2017/TT-BCT on Standardized PPA for Solar Power projects</p> <ul style="list-style-type: none"> - Effective date: 25/04/2019 - Legislation type: Circular - Signer: MOIT Minister Trần Tuấn Anh <p>DOWNLOAD FOR DETAILS ></p>	<p>DRAFT Decision on the Mechanisms to Promote Development of Solar Power Projects in Viet Nam</p> <ul style="list-style-type: none"> - Effective date: 15/04/2019 - Legislation type: Decision <p>DOWNLOAD FOR DETAILS ></p>	<p>Consultation on Draft Decision on the new Solar FIT</p> <ul style="list-style-type: none"> - Effective date: 15/04/2019 <p>DOWNLOAD FOR DETAILS ></p>
<p>EVN Guidelines 1532/EVN-KD for the Implementation of Rooftop Solar Projects</p> <ul style="list-style-type: none"> - Effective date: 27/03/2019 - Legislation type: Guidelines - Signer: Vice President of EVN Võ Quang Lâm <p>DOWNLOAD FOR DETAILS ></p>	<p>MOIT Decision 648/QĐ-BCT on Adjustment of Average Electricity Retail Price and Regulations on Electricity Price</p> <ul style="list-style-type: none"> - Effective date: 20/03/2019 - Legislation type: Decision - Signer: MOIT Minister: Trần Tuấn Anh <p>DOWNLOAD FOR DETAILS ></p>	<p>PM Decision 280/QĐ-TTg on the Approval of the National Energy Efficiency Programme (VNEEP) for the period of 2019 -2030</p> <ul style="list-style-type: none"> - Effective date: 13/03/2019 - Legislation type: Decision - Signer: Deputy Prime Minister: Trịnh Đình Dũng <p>DOWNLOAD FOR DETAILS ></p>

- **Legal Database** online and constantly expanding
- **+30 legal documents** translated in EN uploaded in last 6 months (VN and EN versions).
- PM Decisions, MOIT documents, Consultation Documents, EVN guidelines, etc.

➤ www.vepg.vn

VEPG Partner Support – Information Sharing



Earth Hour 2019: Joining hands to “Save Energy, Save the Earth”

The Earth Hour call for the contribution to protecting the Earth through specific and practical actions and express their response by turning off lights and unnecessary

[READ MORE >](#)



Consultation Workshop: Development of National Standards on Photovoltaic Module Safety Qualification

Under the framework of implementing the European Union (EU) funded Project on Development of Solar Energy in Danang (DSED) with main objective of increasing accessibility

[READ MORE >](#)



Consultation Workshop of World Bank Vietnam and MoIT/EREA on “Solar Auctioning”

Consultation workshop on “Solar Auction - Strategy and Preliminary Findings on the Solar Auction Framework for Vietnam” The Electricity and Renewable Energy Authority (EREA) and

[READ MORE >](#)

12 Next >

- **VEPG Partner events** are featured on the website
- **+10 workshops and events** featured on website and information disseminated to members via TWG email groups in last 6 months.
- Including e.g. **MOIT Earth Hour events** and support of public **consultation on Solar FIT 2**.
- The Website attracted **485 visits** with **370 unique visitors** in the period from 07/05- 20/05

Top 2: Update on Power Sector Reform and Report on VWEM Operation in 2019

EVN/NLDC:

[NLDC presentation](#)

- *Mr. Nguyen Tuan Anh, Deputy Head of Power Market Operation Department*

Top 3: Update on DirectPPA Process

USAID/V-LEEP:

[V-LEEP presentation](#)

- *Mr. Gary Zieff, Principal Energy Advisor V-LEEP/Deloitte*

Tea Break

Top 4: Progress Review and Outlook for TWG 3 / Preparation of HLM 2019

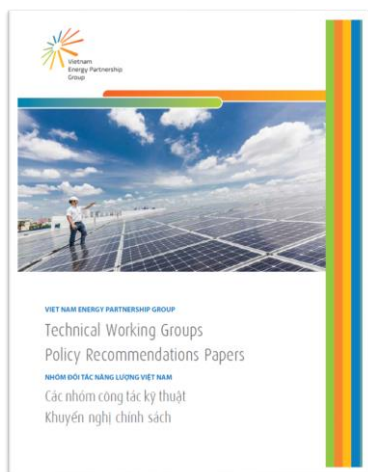
Progress Review – TWG 3 Policy Recommendations

- Progress on the VEPG / TWG 3 Policy Recommendations
- Review of work of TWG 3

Challenges and Outlook – Future Scope-of-Work and Priority Topics for TWG 3

- Challenges in the field of power market reform
- Support and TA needs of ERAV/MOIT on these topics
- Priority topics and workplan for TWG 3 – What is the scope-of-work for TWG 3?

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 3 Policy Recommendations – Monitoring of Progress

	Policy Recommendations TWG 3 - Energy Sector Reform	Timeframe	Instruments & Indicators
Topic 1	→Implementation of the Viet Nam Wholesale Energy Market (VWEM)		
	Improve the detailed VWEM design in order to meet the target of a fully operational VWEM in 2021 and subsequent implementation of the Viet Nam Competitive Retail Market in particular with a cross-subsidy mechanism among Power Corporations through a balancing account (or equivalent mechanism	Short-Term (end of 2019): VWEM design Medium-Term (end of 2020): Cross-subsidy mechanism	Further develop design of VWEM Implement cross-subsidy mechanism for PCs, pricing mechanism for public utility products, mechanism on power system ancillary service costs.
	Develop a pricing mechanism for public-utility products and services to supply power to deep-lying, remote, border and island areas and a mechanism on managing the power system ancillary service (A/S) costs of SMO in both Wholesale Market and Competitive Electricity Retail Market.	Long-Term (post-2020) Full VWEM and VCRM implementation	Fully implement VWEM and VCRM.

TWG 3 Policy Recommendations – Monitoring of Progress

Topic 2	→Development of a Direct Power Purchase Agreement (DPPA) mechanism		
	Develop DPPA within a robust legal market framework and in compliance with the VWEM, gradually improving the existing legal framework based on outcomes of the pilot mechanism.	Short-Term (end of 2019): Pilot DPPA	Prepare and implement pilot DPPA model.
	In particular, this could involve a Prime Minister's decision on implementing DPPA as a separate mechanism to the FIT including electricity system infrastructure fees, specific regulations on licensing, a VAT mechanism and further guiding circular provisions on grid connection.	Medium-Term (end of 2020): Pilot DPPA follow-up	Analyze pilot DPPA model for further implementation of VWEM and VCRM.
	Furthermore, and more specifically, develop the legal basis for a Distribution Charge as a prerequisite to implement the DPPA and the competitive retail market in 2021.	Medium-Term (end of 2020): Pilot DPPA follow-up	Develop legal base for a Distribution Charge

TWG 3 Policy Recommendations – ERAV Update on ERAV Work and Progress

[ERAV presentation](#)

ERAV:

- *Mr. Le Anh Duc, Director of Power Market Development Research and Training Centre*

TWG 3 Policy Recommendations – Topics for Future Work of TWG 3

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

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)?

Closure of the Meeting

Mr. Phạm Quang Huy, Deputy Director General ERAV/MOIT

Mr. Rahul Kitchlu, Energy Sector Coordinator World Bank Viet Nam