

No: 612 /QD-BCT

Hanoi, February 24th, 2020

DECISION

On approving the revised Project Document of the “Vietnam Renewable Energy Development Program” using Official Development Aid Grant from the Government of Germany

MINISTER OF INDUSTRY AND TRADE

Pursuant to Decree No. 98/2017/ND-CP dated 18th August 2017 by the Government on defining the functions, tasks, powers and organizational structure of the Ministry of Industry and Trade (MOIT);

Pursuant to Decree No. 16/2016/ND-CP dated 16th March 2016 by the Government on the management and use of official development aids (ODA) and incentive loans from foreign donors;

Pursuant to Decision No. 2091/QD-TTg dated 26th December, 2017 by the Prime Minister on approving the investment in “Vietnam Renewable Energy Development Program” financed by the ODA grant of the Government of Germany through KfW Development Bank (KfW);

Pursuant to Decision No. 2101/QD-TTg dated 27th December 2017 by the Prime Minister on the Financial Agreement for “Vietnam Renewable Energy Development Program”;

Pursuant to the Financial Agreement for “Vietnam Renewable Energy Development Program” dated 28th December 2017 and financed by the non-refundable aid of the Government of Germany through Kiwi Development Bank (KfW);

Pursuant to Decision No. 1580/QD-BCT dated 7th May 2018 by the Ministry of Industry and Trade on approving the Document of “Vietnam Renewable Energy Development Program”;

At the request of the Director-General of the Electricity and Renewable Energy Authority (EREA),

DECIDES:

Article 1: To approve the addition of the sub-component of rooftop solar power development support in Component 2 of “Vietnam Renewable Energy Development Program” (the Program) to promote the development of rooftop solar power in the period 2021 – 2024 and the next coming years (hereinafter

referred as to sub-component 2 in Component 2). Detailed information on sub-component 2 in Component 2 is provided as follows:

1. Needs and objectives of the rooftop solar power promotion

(i). Needs

- Currently, the supply of the power system is experiencing a tough time. Power demand is increasing at the rate of 9-10% per annum while the additional power sources are not enough to meet the demand. It is projected that the power supply will face ever-more difficulties, especially in the South in the upcoming years. Therefore, all measures that can improve the current power supply and contribute to ensuring the power supply in the future are necessary.

- In parallel to promoting energy saving, the promotion of rooftop solar power development is necessary as it serves as the sources of electricity at the site of use, which can ease the pressure on both the system's sources and grids.

- The development of rooftop solar power is a smart solution to tap Vietnam's solar energy potential, especially in locations with great solar energy potential such as the country's Southern part.

(ii) Objective

The Program aims to promote the development of rooftop solar power in the period 2021 – 2024 and the coming years.

2. Measures

In order to strongly promote the development of rooftop solar power in Vietnam, along with the dissemination of information to the public at large, the solutions to support the customers' investment costs of installing rooftop solar power for is applied with the following details:

- Support beneficiary: Households

- Support rate: VND 3 million/1kWp, up to VND 6 million/household (equivalent to the support of up to 2 kWp/household).

To promote the use/market of high-performance energy equipment and renewable energy equipment (sold at higher prices than the ordinary one), the solution to support the investment cost is one of the effective measures. The aforementioned support policy (15% of the investment cost) is expected to strongly promote the installation of rooftop solar power in Vietnam.

3. Implementation method

(i). Implementing agency: Vietnam Electricity (EVN)

(ii). Selecting equipment providers:

In order to launch and strongly promote the market, it is necessary to involve the participation of many providers in the program.

- Develop *Technical requirements for equipment* of the Program (because currently, Viet Nam lacks technical standards for solar power equipment); Announce to call for bids from providers; Select at least 6 *Providers* that have equipment satisfying the *Technical requirements* and offer the lowest prices to provide equipment for the program.

- EVN shall sign the *Cooperation Agreement* with the selected providers.

- In the course of implementing the Program, a provider shall not sell equipment at a higher price than the initial quotation (which is considered the ceiling price of that provider) and the customers shall choose, by themselves, to buy equipment from one of the providers in taking part in the program in the book of providers. During the implementation process, it is possible to add providers to the Program.

(iii). Communication and dissemination of information

EVN shall collaborate with providers to disseminate and communicate information (about solar power, supporting programs/policies, list of providers in the program and the ceiling price of each provider) on social media/channels and channels of Electricity units.

(iv). Purchase, sale, and installation of equipment, confirmation of equipment installation

- the customers shall decide, by themselves, to buy equipment from one of the providers taking part in the program.

- When buying/installing solar power equipment, the customers shall inform the electricity units.

- Electricity units shall check the conditions of connection of solar power equipment, install power meters and connect the solar power system to the power grid and sign solar power trading contracts with customers.

- Electricity units and customers shall sign *The Confirmation of equipment installation*.

(v). Financial support for customers

Necessary documentation includes: Receipts of equipment purchase and the confirmation of equipment installation.

(vi). Applicable subjects:

The Program is applicable to Electricity Corporations with a tentative number of customers of approx. 70,000 or more, depending on the implementation situation of the program.

4. Implementation timeframe

The Program will be implemented from 2021 to 2024.

5. Tentative budget

- Tentatively, in the implementation time, the Program will lure the attendance of approx. 70,000 customers with a total installed solar power capacity of approx. 180 MWp.

- The tentative budget to support customers: Approx. VND 350 billion.

6. Benefits of the Program

(i). Benefits for the power sector

In the context of stress in power supply, promoting customers to invest in rooftop solar power shall yield great benefits to EVN:

- Avoid the investment costs in power sources and grids: With the financial support of approx. VND 350 billion to encourage customers to install approx. 180 MWp of solar power, EVN will avoid having to invest in such a capacity for power sources and grids, which is approx. VND 4,000 billion.

- Avoid costs for oil-fired power generation: In the context that the system falls short of both power capacity and electricity, the investment of customers in spot solar power will help EVN avoid not only investment costs for power sources and grids as mentioned above, but it also helps EVN avoid using costly oil-fired power generation. With 180 MWp of solar power, roughly VND 600 billion for oil-fired power generation can be saved in the first 5 years.

(ii). Impacts on the market:

The Program will strongly affect the development of the solar power market in Viet Nam. Apart from household installation supported by the Program, there will be a strong boost for solar power in other groups such as restaurants, hotels, enterprises and others...

Article 2. This decision is an integral part of the Decision No. 1580/QD-BCT dated 7th May 2018 by the MOIT on approving the Project Document of “Vietnam Renewable Energy Development Program”.

Article 3. Chief of the MOIT’s Office, Director of EREA, General Director of EVN and related units are responsible for implementing this decision./.

Recipients:

- As mentioned in Article 3;
- Minister of the MOIT (for report);
- Ministry of Science and Technology,
Ministry of Finance;
- Archive: Document Servicing Department, EREA.

**ON BEHALF OF MINISTER
VICE MINISTER**

Hoang Quoc Vuong

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