The role of Renewable Energy Certificate (REC) in driving greenhouse gas (GHG) emission targets

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Viet Nam’s context and GHG emission reduction targets

Pressure from Global value chain

- Stringent requirements on low carbon footprint
- EU Carbon Border Adjustment Mechanism (CBAM) barriers and equivalent mechanisms
- Pressure for ESG reporting from international partners

Concept of Renewable Energy Certificates (REC)

Renewable Energy Certificate

REC (Renewable Energy Certificate) is a certificate proiding proof that 1MWh of electricity was generated from a renewable energy source.

This is “solid proof” of a company’s use of clean electricity

REC vs. Carbon Credits: Key differences

Criteria	REC	Carbon Credit
Measuring unit	MWh (Energy)	Ton of CO2e (Avoided emissions)
Objective	To demonstrate clean energy usage	To offset GHG emissions
Scope	Indirect emissions (Scope 2)	Scope 1, 2 & 3

The role of REC in energy sector

Function of RECs in reducing GHG emissions

Scope 2 reduction

A tool for enterprises to mitigate indirect emissions

Uniqueness

Avoiding double counting within emissions reporting

Easy tracking and verification of energy origins

Significance for the Business Community

- **Achieving ESG goals:** Enhancing brand value and investor confidence
- **Competitive advantage:** Greater ease in exporting to demanding markets
- **Flexible solution:** An optimal option when on-site solar installation is not feasible

Significance for Society

Promoting green consumption awareness

environmental protection

Green jobs

Current status of REC market in Viet Nam

Presence

International certificates such as I-RECs and TIGRs are active in the voluntary market

Constraints

Lack of a formal legal framework and a centralized national tracking system.

Implementation challenges

- **Regulatory framework:** Requires alignment between the Ministries and Government agencies
- **Technical challenge:** Requirement for robust IT systems to track the lifecycle of certificates
- **Perception:** View RECs as a strategic investment, not a cost

Policy recommendations for Viet Nam

Regulation

Promulgating regulations on the recognition and management of domestic RECs

System

Establish a transparent national registry

Linkage

integrated into the DPPA mechanism and carbon market

International experience

Developed countries have successfully implemented REC systems to accelerate the energy transition.

- International standardization
- Interconnection between markets.

Conclusion

2050

NET ZERO

REC is an **important tool** that helps both businesses and governments achieve greenhouse gas emission reduction targets, moving toward the Net Zero commitment by 2050.

Thank you!

Your attentive listening is a great honor to us.

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