**OVERVIEW OF 1 YEAR OF IMPLEMENTING THE EIGHTH POWER DEVELOPMENT PLAN**

The Eighth Power Development Plan is the planning for the development of power sources and transmission grids at voltage levels of 220 kV or higher, industry and services for renewable energy and new energy in the territory of Vietnam in the period 2021 - 2030, vision to 2050. Officially applied from 2023, this plan is considered an important milestone in the process of reform and building national energy policy. The Eighth Power Development Plan was issued under Decision No. 500/QD-TTg dated May 15, 2023 and guided in detail by Decision 262/QD-TTg dated April 1, 2024 on approving the Plan to implement the Eighth Power Development Plan.

1. **OVERVIEW OF LEGAL REGULATIONS**

On May 15, 2023, the Prime Minister issued Decision No. 500/QD-TTg approving the Eighth Power Development Plan as a precursor to the deployment of numerous important projects and investment priorities in the electricity sector. However, the terms of progress, construction and commissioning time of power source and grid projects list is not specifically.

Nearly one year after the approval of the Eighth Power Development Plan , on April 1, the Prime Minister issued Decision No. 262/QD-TTg approving the Implementation Plan of the Eighth Power Development Plan (“**Implementation Plan**”), which sets specific targets for the timeline to commission major electricity generation projects, particularly renewable energy sources, to reduce environmental pollution and achieve Vietnam’s net-zero emissions goal by 2050. Specifically, the Implementation Plan highlighted several key electricity generation projects prioritized for investment by 2030 as follows:

1. Total domestic gas-fired thermal power capacity: 14,930 MW
2. Total LNG thermal power capacity: 22,400 MW
3. Total coal-fired thermal power capacity: 30,127 MW
4. Total combined heat and power, waste heat utilization, blast furnace gas, and by-product power from technology lines: 2,700 MW
5. Total hydropower capacity: 29,346 MW
6. Total pumped-storage hydropower capacity: 2,400 MW Furthermore, the Implementation

Implementation Plan also aims to **develop investment-attracting solutions** for power development, mobilizing available capital both domestically and internationally. At the same time, regulate the **coordination mechanism** between ministries and People’s Committees of provinces and cities in implementation and orientation for ministries and People’s Committees of provinces, cities in coordinating with the Ministry of Industry and Trade and related units to effectively implement the Eighth Power Development Plan.

1. **PRACTICAL IMPLEMENTATION**

Up to the time of issuance of the Implementation Plan, the Eighth Power Development Plan was still almost impossible to implement, causing risks of delay as well as threatening to cause consequences for electricity supply security in the future. In particular, the lack of capacity allocation of renewable energy sources by region/locality as well as specific implementation progress has resulted in localities still not completing their plans for implementation. Provinces, cities have previously reported on proposed power source projects to be implemented in their areas, of which only a few localities have implemented them in accordance with the direction of the Ministry of Industry and Trade. Due to the urgent need to approve the Implementation Plan, the Ministry of Industry and Trade has been assigned the task of reviewing and completing the allocation of specific renewable energy projects by region/locality. At the same time, determine the schedule for putting into operation the projects in the Implementation Plan to meet the requirements of ensuring adequate annual electricity supply during the implementation of the Eighth Power Development Plan.

The approved Implementation Plan solves urgent issues related to capacity allocation and project progress for each specific region/locality/project as stated above. However, by the time the Implementation Plan was issued, the 10-year power source development time according to the Eighth Power Development Plan was only 6.5 years left. According to analysis from the Scientific Council of Vietnam Energy Magazine, **more than half of the basic items in the Eighth Power Development Plan are likely impossible or very difficult to ensure on schedule and promptly put into operating in 2030**.[[1]](#footnote-1) The main reasons come from the following issues:

* 1. **No investor to implement specific projects:** for offshore wind power projects, pumped storage hydropower projects (Phuoc Hoa Pumped Storage Hydropower), storage battery projects, other connection project to release capacity of power sources, etc.
  2. **Difficulties in procedures and regulations (including regulations on investor selection, etc.) and the purchase price has no mechanism to determine or is not really attractive:** for biomass power projects, electricity produced from waste, storage battery projects, transmission grid projects, connection projects to release capacity of power sources, rooftop solar power sources, etc.
  3. **Difficulties in negotiating power purchase contracts (PPA) between project investors and EVN:** for domestic gas thermal power projects and LNG gas power projects.
  4. **Capital arrangement issue:** for coal thermal power projects
  5. **Lack of legal framework:** for offshore wind power projects.

1. **PROBLEM RAISED**

Given the vast scope of the Eighth Power Development Plan, challenges have inevitably arisen in the process of implementing each component of the the Eighth Power Development Plan as mentioned above. Below are some requirements and difficulties encountered during the implementation of the Eighth Power Development Plan:

* + 1. **Improving electricity pricing policies, adapting the electricity market to the new context**

Currently, electricity prices are implemented according to Decision 28/2014/QD-TTg on the retail electricity price structure. However, after 10 years of implementation, some shortcomings and limitations have emerged, such as the adjustment of electricity prices not compensating for input costs and ensuring reasonable profits. The development of the competitive energy market has been slow to deploy, and the current retail electricity pricing mechanism is not synchronized with the actual development of the electricity market. Therefore, in the draft amendment to Decision No. 28/2014/QD-TTg, based on EVN’s proposal, the Ministry of Industry and Trade submitted to the Prime Minister to adjust the retail electricity price. Currently, this draft is being evaluated by ministries to submit to the Prime Minister for consideration and promulgation in the near future. This revision aims to base retail electricity prices on adjusted average retail electricity prices and the retail price structure according to the Government’ Decision.

Regarding the mechanism to adjust the average retail electricity price, on March 26, 2024, the Prime Minister issued Decision No. 05/2024/QD-TTg, which stipulates “The average retail electricity price is established on the basis of electricity generation costs, costs of purchasing electricity transmission services, electricity distribution - retail, power system dispatching and electricity market transaction management, system support service costs electricity, operating and industry management costs, and other costs are allocated and only include costs that directly serve the production and supply of electricity of EVN to ensure the ability operate, supply electricity and meet investment needs, etc.” Along with that, the Decision also stipulates: “When the average retail electricity price decreases by 1% or more compared to the current average retail electricity price, the electricity price is allowed to adjust accordingly. When the average retail electricity price increases by 3% or more compared to the current average retail electricity price, the electricity price is allowed to increase.” Thus, the administration and adjustment of the average retail electricity price will be carried out on the basis of Decision No. 24/2017/QD-TTg and the previous Decision No. 24/2017/QD-TTg. Current No. 05/2024/QD-TTg.

Accordingly, the Government has taken steps to soon complete the electricity price policy, creating a basis for the implementation of the Eighth Power Development Plan.

* + 1. **Closing legal gaps for offshore wind power**

From the practical situation it can be found that, implementing offshore wind projects requires 6-8 years from the survey phase, posing a significant challenge to meet operational deadlines before 2030.

Furthermore, Vietnam currently lacks a legal framework for offshore wind development, causing uncertainties for investors already involved in this sector. Investors are awaiting detailed implementation plans from the government, including information on licensing procedures, business conditions, registration timelines, grid integration, and wholesale electricity mechanisms, all of which remain unclear.

The Ministry of Industry and Trade views offshore wind as a nascent sector in Vietnam, involving national security and maritime sovereignty considerations, and requiring coordination among multiple ministries and agencies. Therefore, a comprehensive assessment of challenges and shortcomings has yet to be conducted. The ministry plans to proceed after receiving input from the Standing Committee of the Government and relevant ministries and agencies. In essence, Vietnam has not yet fully embarked on investing and conducting business in offshore wind, making it imperative to propose to the competent authorities for consideration and issuance of special mechanisms to expedite implementation, gain experience, and expand scale, while continuing to refine legal regulatory documents.

* + 1. **Enhancing policies for rooftop solar power (self-produced, self-consumed)**

Assigned by the Prime Minister, the Ministry of Industry and Trade has coordinated with relevant ministries and agencies to draft Decree regulating the development of solar power (self-produced, self-consumed).

Compared to previous regulations, having a separate Decree to regulate has shown the Government’s encouragement in developing rooftop solar power (self-produced, self-consumed), in accordance with the spirit of the Eighth Power Development Plan. For rooftop solar power (self-produced, self-consumed), the purpose of using electricity is self-production and self-consumption, not selling electricity to other organizations or individuals. The Draft Decree stipulates two forms of development: (i) self-produced and self-consumed rooftop solar power connected to the national electricity system; and (ii) self-produced and self-consumed rooftop solar power not connected to the national electricity system. Documents and registration procedures are also given in the Draft Decree. On May 25, 2024, the Ministry of Industry and Trade sent document No. 3525/BCT-DL to the Ministry of Justice to organize an appraisal and on June 4, 2024, the Ministry of Justice organized an appraisal of the Draft Decree and may the Draft Decree will soon be finalized and issued in the near future.

* + 1. **Amendment of the Electricity Law 2004, amended and supplemented in 2013**

The Electricity Law, enacted in 2004 and currently in effect, indicates that the legal framework related to electricity has not been fully completed, updated, or adjusted to align with rapid changes in the economic and social situation by 2024. Accordingly, the current Electricity Law has not met the requirements for implementing retail electricity market competition, market-based electricity pricing mechanisms, specific regulations on technical safety inspections of electrical equipment and tools, hydropower facility operation management, and safety regulations for dams and reservoirs, which are regulated in other subordinate legal documents, failing to meet the specific requirements of the electricity sector. Therefore, to concretize the Party’s orientations on developing energy sectors, including electricity, addressing the difficulties and obstacles in the practical implementation of the Electricity Law 2004 comprehensively is essential.

On April 2, 2024, the Drafting Committee completed 1st Draft 1 of the Electricity Law and posted it for public comment. The Government has basically agreed with six policies in the Proposal to build the Law as proposed by the Ministry of Industry and Trade, including:

1. Planning and investment in electricity development to ensure energy security for the country;
2. Developing renewable energy and new energy sources: Regarding this content, the Draft Report of Electricity Law clearly states the following main contents:

* *First*, require completion of the legal framework to promote the development of renewable energy sources;
* *Second*, the requirement to complete the policy framework to specifically regulate bidding and competitive development for renewable energy projects in specialized fields; Resolve shortcomings and problems in applying current legal regulations on investment and bidding

1. Improving regulations on electricity business operation conditions and the issuance and revocation of electricity business licenses;
2. Managing electricity trading activities to promote transparent, fair, efficient, and market-based electricity market mechanisms;
3. Managing and operating the power system, emphasizing energy-saving electricity use, enhancing the implementation of electricity demand management solutions, and adjusting electrical load;
4. Safety in electricity use beyond the meter and ensuring the safety of hydroelectric dams and reservoirs during construction and operation.

Accordingly, it can be clearly seen that the issues of legal framework for each specific renewable energy item, regulations on bidding, electricity prices, etc. are being paid attention and adjusted by the Government in Draft 1 of the Electrical Law. However, this is only the first Draft, there are still many stages ahead to collect comments, evaluate, promulgate, guide, etc. while the Eighth Power Development Plan only has a 6.5 years left.

These above are just some of the issues highlighted during the implementation of the the Eighth Power Development Plan, which, due to its vastness and ambitious criteria, poses challenges that exceed practical realities. There are still many challenges facing the implementation of the Eighth Power Development Plan that have not been specifically analyzed here, such as: sanctions to strictly control the progress of power projects and determine specific responsibilities; Direct Power Purchase Agreement (DPPA) mechanism between renewable energy power producers and consumers,... for which we need to wait for an answer from the State energy management agency in the future.

1. **CONCLUSION**

The Eighth Power Development Plan is a comprehensive strategy for Vietnam’s electricity sector and the broader energy industry. The goals and expectations of the Vietnamese government with this Eighth Power Development Plan are very ambitious. However, implementing the entire Eighth Power Development Plan poses a significant challenge for ministries and departments. Given the difficulties and challenges encountered in the first year of implementation and anticipated in the future, Vietnam urgently needs to refine legal policies, address issues related to electricity pricing mechanisms, promptly resolve rooftop solar project frameworks, and expedite the enactment of legal regulations in sectors currently lacking them. Only then can the country achieve the progress required by the Eighth Power Development Plan. Although since the Implementation Plan was issued (April 1, 2024), relevant agencies have taken quite rapid steps, partly demonstrating their determination to accelerate the implementation of the Eighth Power Development Plan, but the remaining 6.5 years of Eighth Power Development Plan is still a big challenge for the Government, Ministry of Industry and Trade and relevant agencies.

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1. <https://nangluongvietnam.vn/quyet-dinh-phe-duyet-quy-hoach-dien-viii-sau-1-nam-nhin-lai-32565.html> [↑](#footnote-ref-1)