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# **Lower Mekong Initiative (LMI) Renewable and Clean Energy Business Dialogue 2015**

## **Enabling Energy Efficiency and Viable Power Grids to Promote Sustainable Development FROM ECC-HCMC' S PERSPECTIVES**



**Asian Development Bank, Manila, Philippines  
June 15 -16, 2015**



**TRUNG TÂM TIẾT KIỆM NĂNG LƯỢNG TP.HCM - ENERGY CONSERVATION CENTER HCMC**

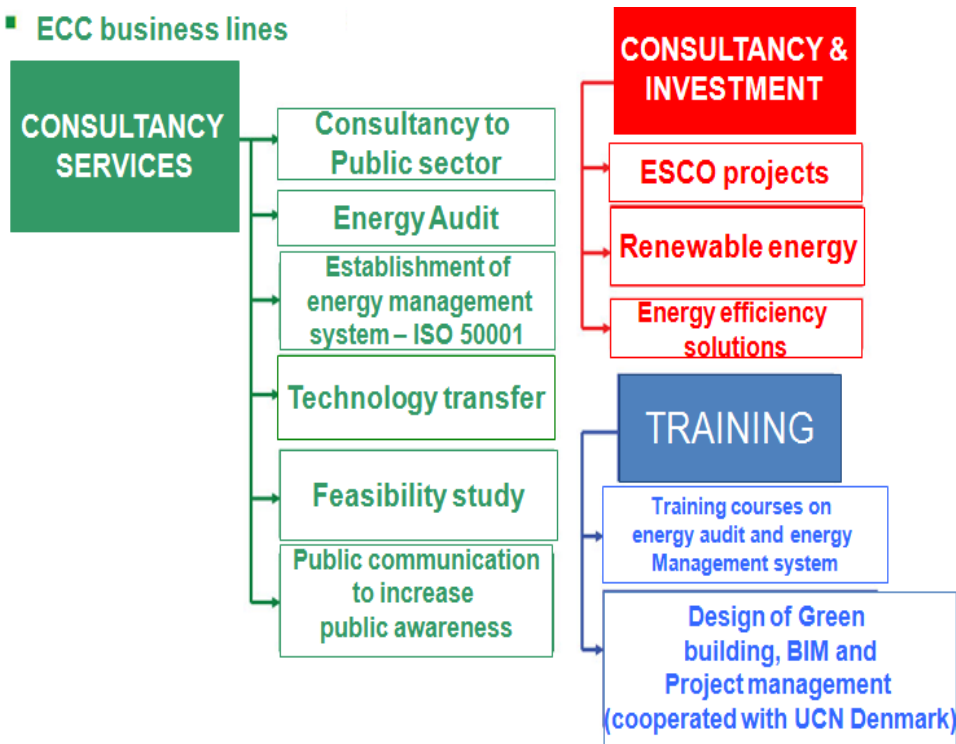
244 Dien Bien Phu Street, Ward 7, District 3, HCMC Tel: (84-8) 39322372 Fax: (84-8) 39322373 [www.ecc-hcm.gov.vn](http://www.ecc-hcm.gov.vn)

# Agenda

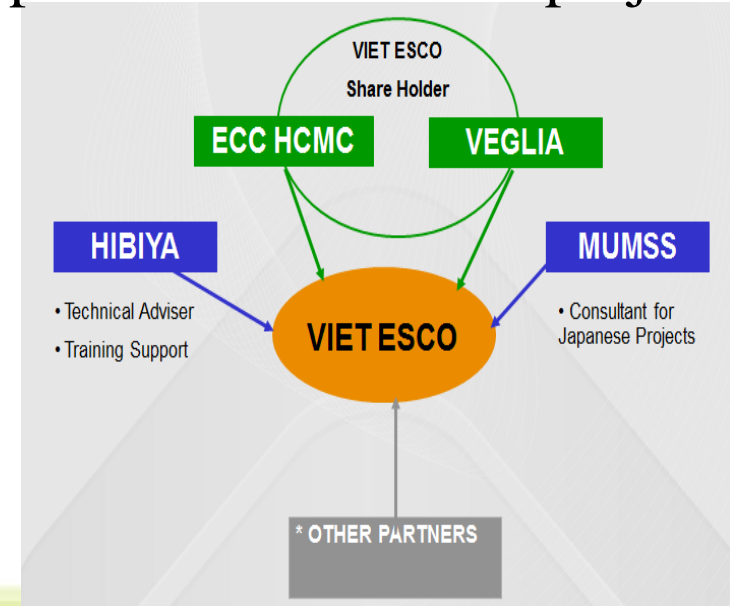
- 1. ECC-HCMC & Viet Esco**
- 2. Energy consumption & market segments in EE**
- 3. Opportunities and challenges**

ECC-HCMC: The leading organization in energy efficiency and renewable in Vietnam for over 11 years.

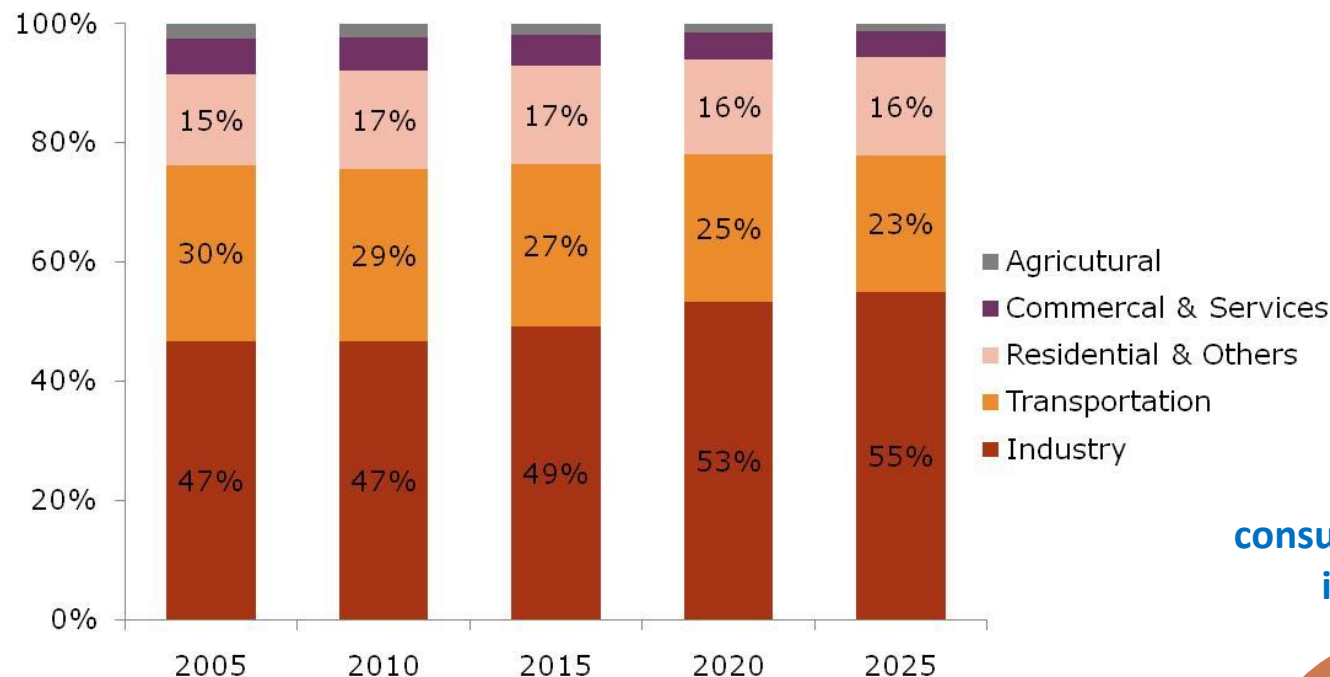
■ ECC business lines



Viet Esco: The first ESCO in Vietnam with founding member and technical partner from Japan with strong international networks & high potential investment projects



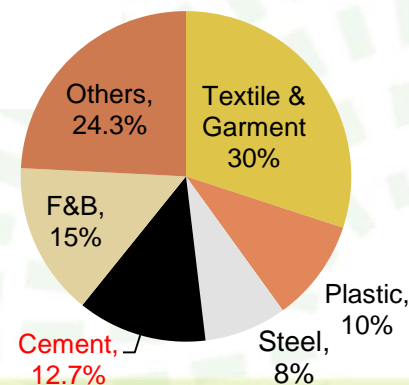
# Vietnam's Share of Energy Consumption by Sector



Source: APEC. Peer review on energy efficiency in Viet Nam, 2009

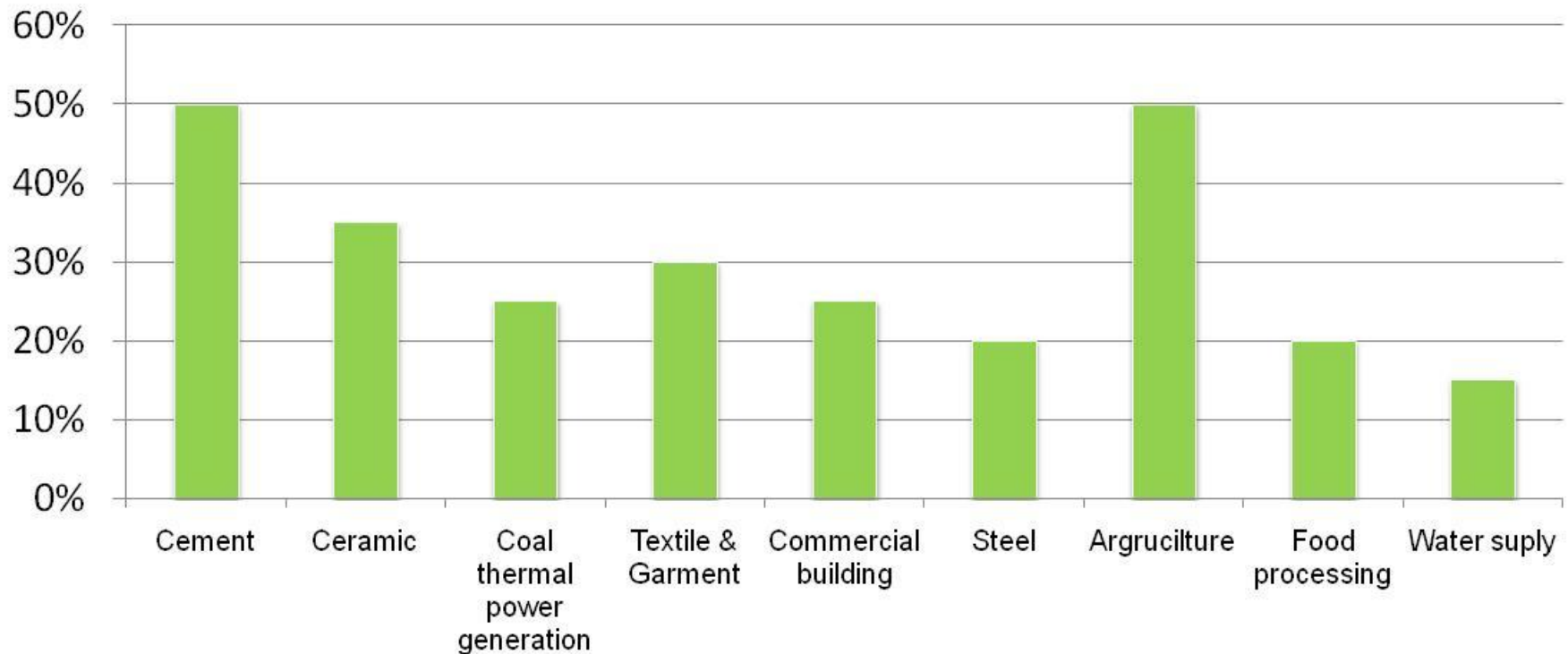
**Just Cement & Steel account for 20% electricity consumption in industry in Vietnam**

## Electricity consumption structure in Industries



# Energy consumption status

Energy saving potential by sector



Source: DSM project 2000, MoIT & ADB

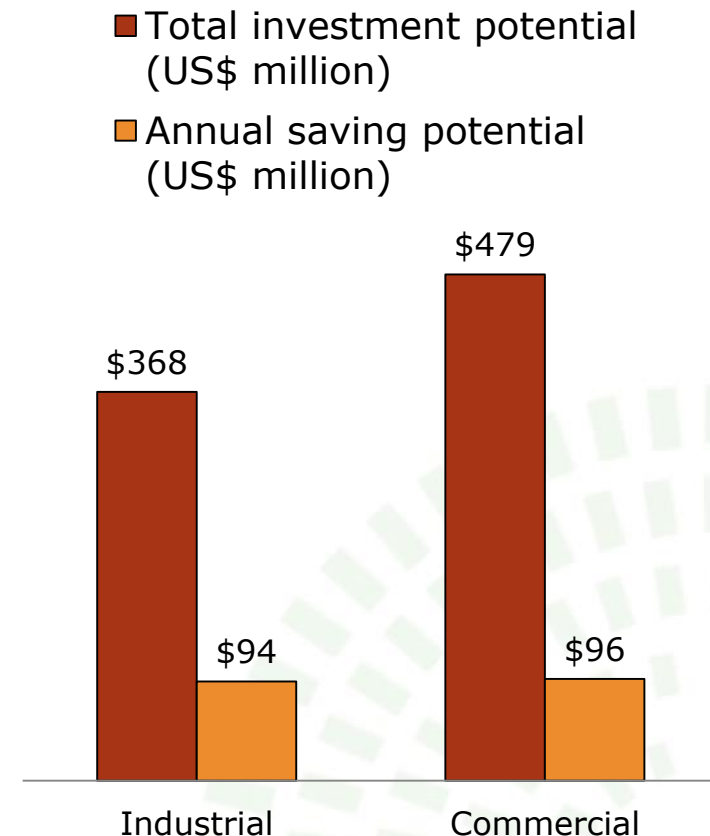
# Market segments

## ■ Huge market potential

- Power consumption is forecast to increase from 81TWh in 2010 to 451TWh in 2030 while supply is shortage.
- 1,190 key energy-consumption facilities using over the country in 2011.
- The total investment needed for EE projects during 2011-2015 is US\$ 847m

## ■ Fuel shortage after 2015

- Vietnam has started to import steam coal and oil products over the last 5 years
- Although oil is currently its largest source of export revenue, Vietnam is projected to become a net importer by 2015

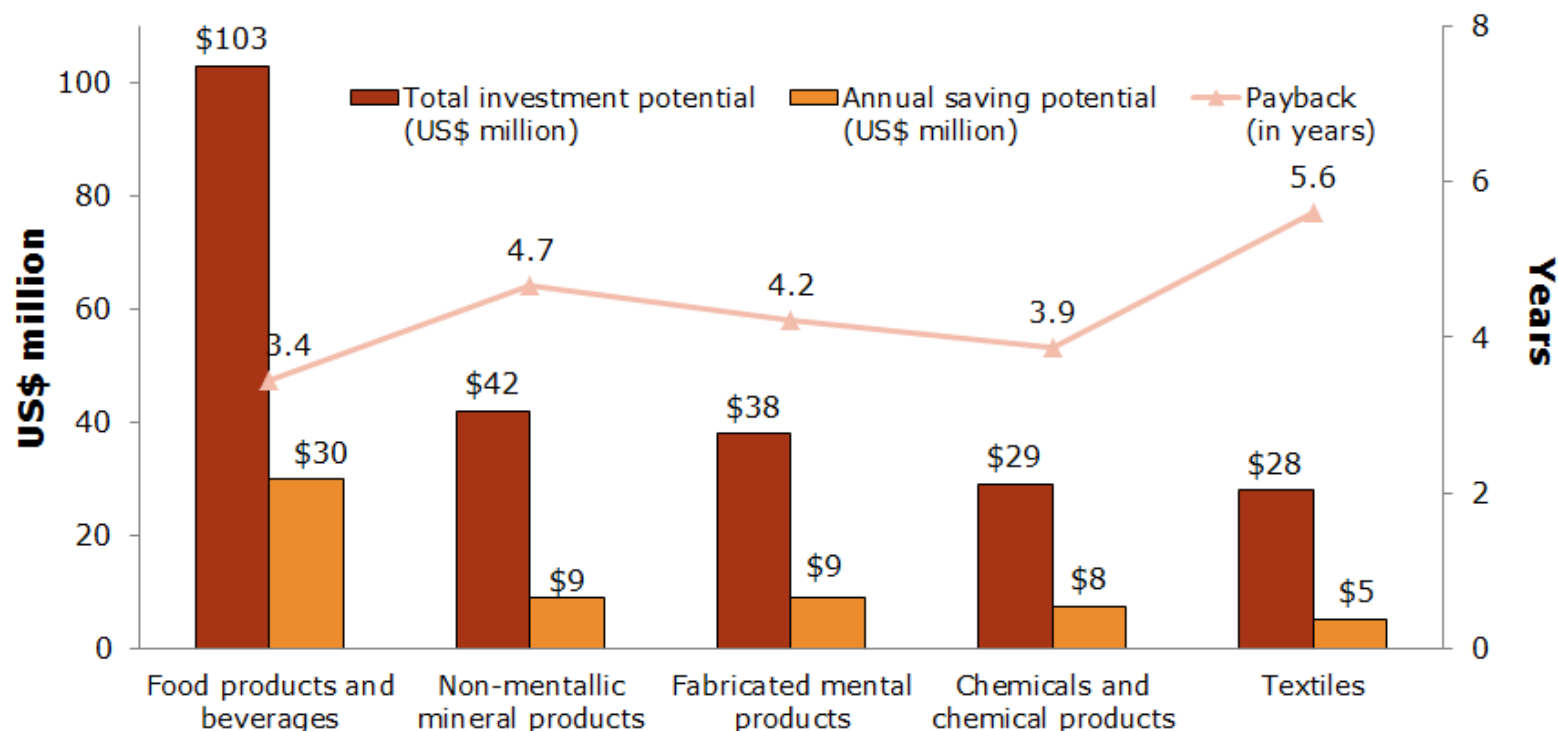


Source: Reex Capital Asia, October 2010



# Market segments

## EE in Industrial Sectors

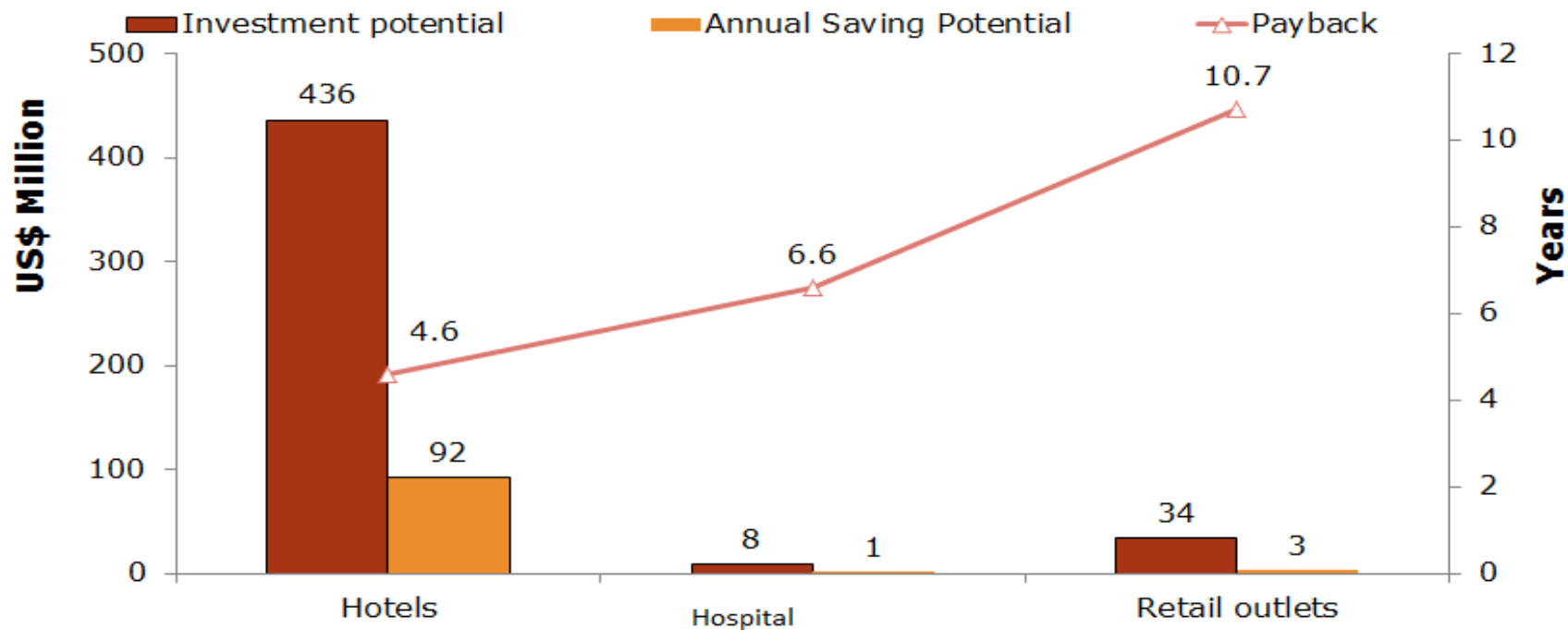


Source: Reex Capital Asia, October 2010

- Cement sector, potential electricity generation capacity is over 200 MW nationwide: Capital required is about 500 million US\$.
- ECC – HCMC has many potential projects in Food product, Steel and water supply with required capital is around 20 million US\$.

# Market segments

## EE in Building Sector



Source: Reex Capital Asia, October 2010

**ECC-HCMC has 50 ESCO potential projects as in hotels in Hanoi and HCMC with required capital of 10 million US\$, and 30 potential projects in hospitals in HCMC with required capital of 36 million US\$.**



## Other: Public lighting

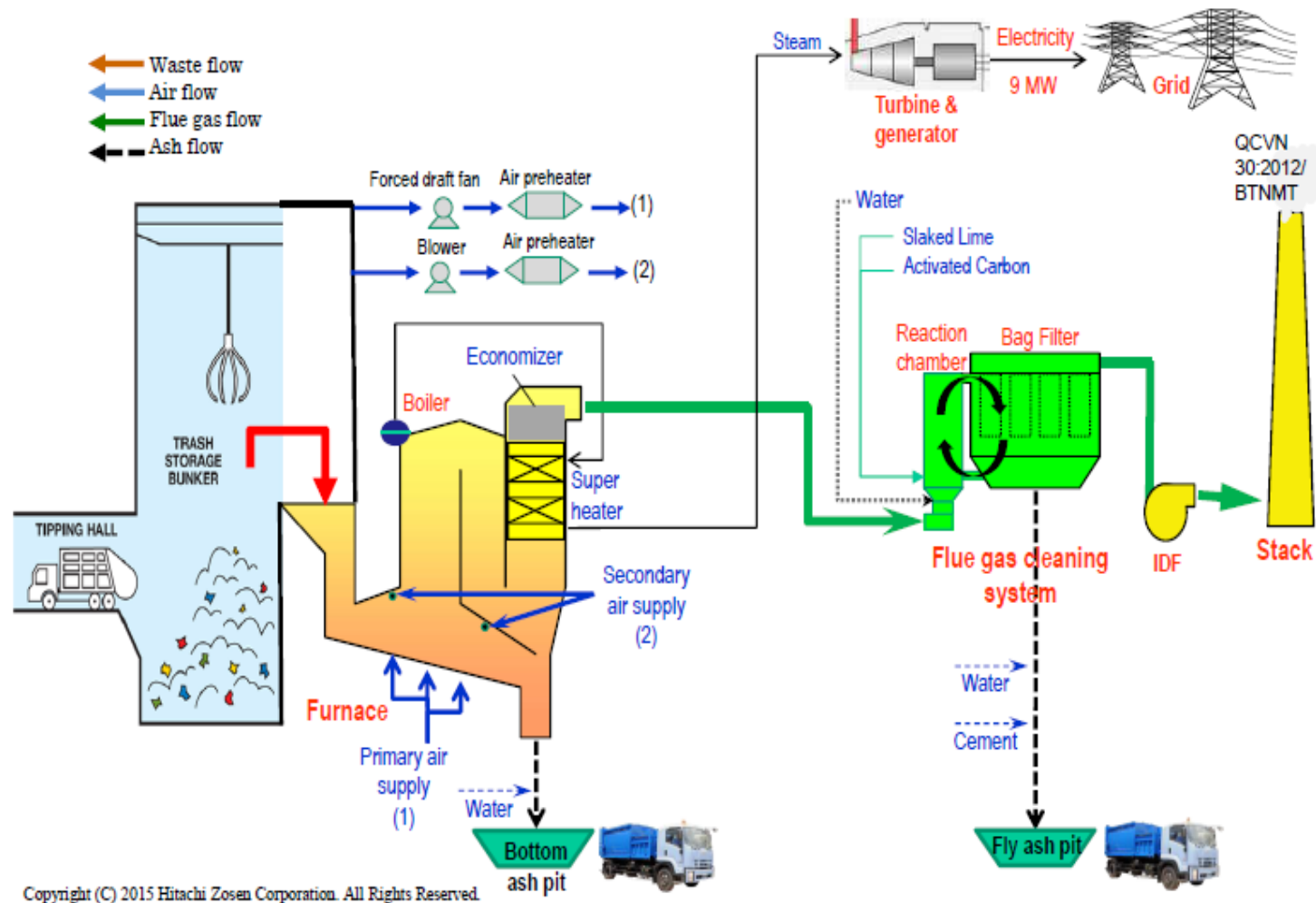


**Replacement of existing light bulbs with high efficiency LED light bulbs. Capital required 100 million US\$ in HCMC and 7 Provinces in South of Vietnam**



## Other: Electric generator from garbage in Hochiminh city

- Total capacity of garbage in Ho Chi Minh city: 7000 tons/day
- Capacity of energy from waste plant : 182,5 Million kWh/year with 1000 tons/day
- Investment cost: 149 Million US\$



## EE's investment opportunities

- **Current efforts of the Government and international organizations to create electricity market based on competitiveness**
  - Removal of fuel subsidies
  - Power sector reform based on competitive market
- **Interest of stakeholders in energy efficiency market**
  - Vietnamese firms having EE projects will have an opportunity to borrow capital from various financial institutions such as:
    - ✓ IFC at \$100 million
    - ✓ Danish embassy at \$30 million
    - ✓ Asian Development Bank at \$100 million
    - ✓ World Bank at \$70-\$100 million, and
    - ✓ Japan International Cooperation Agency at \$50 million
    - ✓ The other (VDB, etc...)

# EE' s investment challenges

## ❑ Difficulty accessing financing

### ➤ *Scarce capital and immature banking sector*

- ✓ Lenders is lack of familiarity with EE financing
- ✓ Lenders is lack of confidence in return of EE projects

### ➤ *Challenging in accessing to finance*

- ✓ Unawareness of existing grants, loans, credit facilities offered by a large number of international financial support mechanism.
- ✓ Unclear system for accessing domestic source of capital

## ❑ Governmental supports in terms of policies and measures are not sufficient:

- *No tax incentives*
- *Lack of an effective overarching and comprehensive EE policy framework*
- *Insufficient financial support and assistance*
- *Electricity price subsidies negatively EE investment*

## ❑ EE is not yet regarded as top business priority by many companies

- *Users are not fully aware of EE and not confident that measures deployed can achieve projected savings*

Thank you for your attention!

