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ASIA CLEAN ENERGY FORUM

Experiences with Wind Energy Policies in Vietnam

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EXPERIENCE WITH WIND POWER POLICIES

- *Past and Current Wind Energy Policy*
- *Tariff*
- *Licensing and Permits*
- *Grid Integration*
- *Experience (successes/failures) of Policy*
- *Policy Reform*
- *Key Bottlenecks*
- *Policy Making Opportunities*

Past and Current Wind Energy Policy

Decision 18/2008/QD-TTg:
Avoided cost tariff for small renewable energy including wind energy

Decision 37/2011/QD-TTg:
Feed in tariff for wind power: 7.8 cents/kwh

Circular 06/2013/TT-BCT:
Procedures for formulation, appraising and approving wind power planning

Circular 32/2012/TT-BCT:
Project development and Standard Power Purchase Agreements(SPPAs)

Circular 96/2012/TT-BCT:
Financial mechanism guideline for tariff and subsidy for wind power

- Guidelines for wind power investment by GIZ-MOIT
- Review of feed in tariff for wind power
- Provincial wind power development plans

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Tariffs

Current Feed in tariff	New feed in tariff being proposed for revision
• FIT for grid-connected wind power project: 7.8 US¢/kWh (VAT exclusive; payment in VND subject to VND/USD fluctuation)	• 10.4 cents/kWh for onshore wind power projects (an increase of 15% compared to the existing FIT level) • 11.2 cents/kWh for nearshore wind power projects (an increase of 21% compared to the existing FIT level) • 23 cents/kWh for offshore wind power projects
• This FIT is applied for all type of wind projects including onshore, nearshore and offshore projects	• A distinction between types of wind power projects (onshore, nearshore and offshore)
• FIT payment mechanism: EVN buyer (6.8 US¢/kwh) and Vietnam Environmental	• FIT payment mechanism: Single source of payment to be made by one body (EVN preferable)

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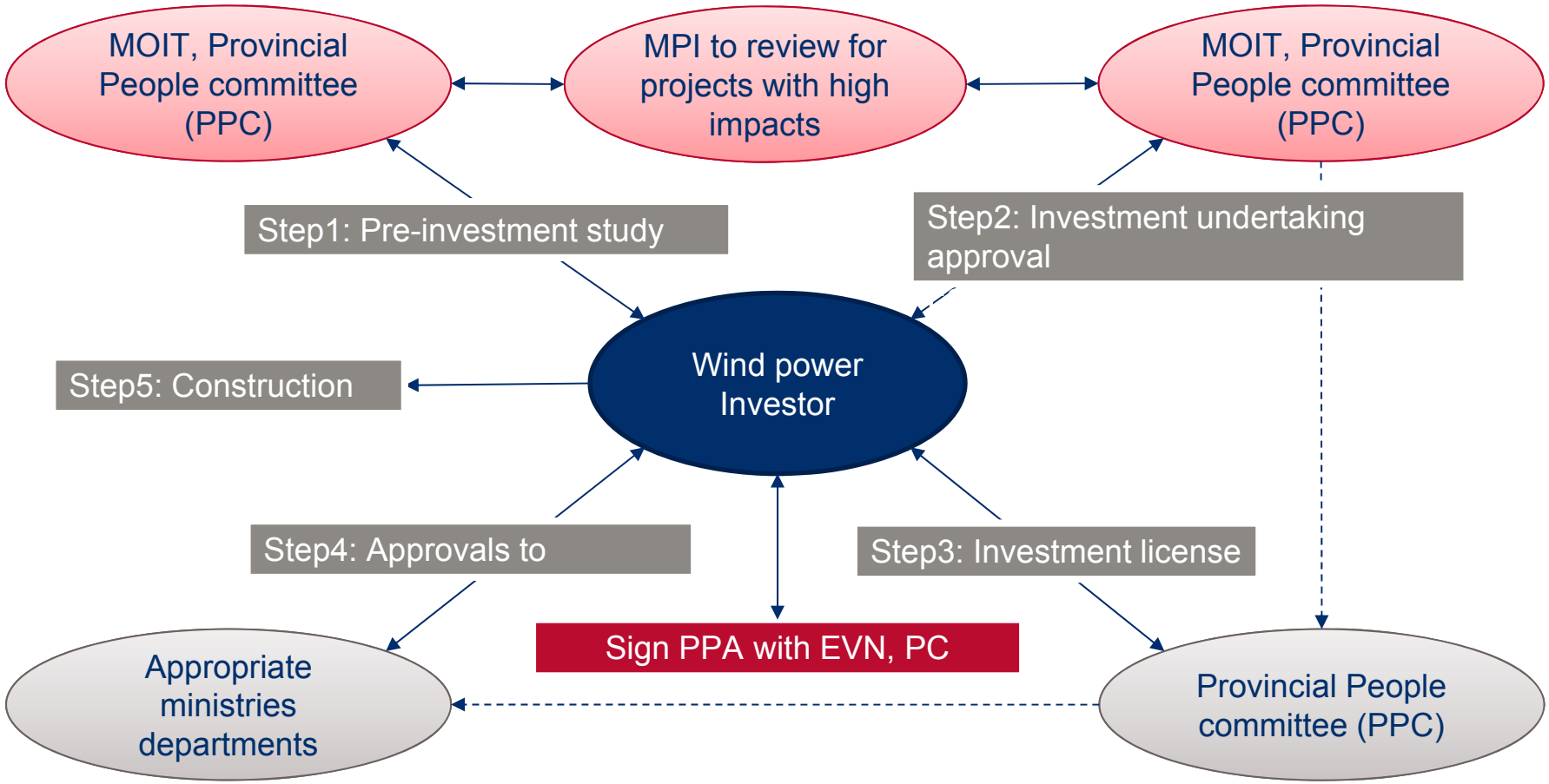
Licensing and Permits (key steps)



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Grid Integration

Regulations	Key contents related to grid connection
Circular No 12/2010/TT-BCT by MOIT dated 15/04/2010	• Technical requirements for connection for hydro and thermal power plants with capacity greater than 30MW to the transmission grid (frequency range and time)
Circular No 39/2015/TT-BCT by MOIT dated 18 Nov 2015	• Technical requirements for connection for hydro and thermal power plants greater 30MW (including biomass fired plants and waste to energy plants with capacity less than 30MW) to the distribution grid (frequency range and time)
Circular No. 32/2012/TT-BCT by MOIT dated 12/11/2012	• Wind power development procedures and • Standard PPAs (SPPA) for wind power projects • Comply with standards regulated in Circular 12/2010 & 32/2010 above)

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Policy Experience (Success/Failures)

Unattractiveness of feed in tariff mechanism

- So far just three grid connected wind power projects have been put into operation
- FIT payment mechanism is still complicated (EVN @6.8 US¢/kWh + VEPF @1 US¢/kwh)

Unclear investment procedure & uncertain policy

- Varies depending on each province
- No SPPAs signed off with foreign investors so far
- Tariff subsidy (1 US¢/kWh) is subject to fund availability, thus the payment is not always timely made

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Policy Reform

Revision of National Electricity Power Development Plan period 2011-2020 with a outlook to 2030 (Master Plan VII)	Key contents reformed
	Share of RE sources (including wind energy) increased significantly compared to old plan, in particular: • By 2020: 9.9% (from 5.6%) • By 2030: 21% (from 9.4%)
	• Inclusive of large scale wind power projects list
	• Give priority on RE sources development over coal-fired plants
Approval of Renewable Energy Development Strategy up to 2030 with a vision to 2050	• To specify RE sources development targets and renewable energy industry and market development orientations by period

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Key Bottlenecks

Some key bottlenecks identified

- A grid code for wind power integration is not yet developed
- Investment procedure is not yet really clear and observably different by province
- Lack of regularly updated reliable wind resource maps
- Feed in tariff not yet attractive to wind investors
- Local banks are not yet experienced in financing wind power projects
- Low capacity of wind power developers/consultants

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Policy Making Opportunities

Wind exploitation

- To develop reliable wind resource maps that is regularly updated

Licensing guidelines

- Establish a central body to coordinate all the licensing, approvals, and permits to reduce time and cost for wind investors

Grid integration

- To develop a specific grid code for wind power connection

Incentives

- Revision of existing feed in tariff & payment mechanism to attract more investors

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Thank You!