About V-LEEP II
### V-LEEP II Goals and Objectives

1. **Increase Deployment of Advanced Energy Systems**  
   - *Objective #1*: Increasing the deployment of advanced energy systems through improving enabling policies, laws, and regulations and mobilizing private investment.

2. **Improve Energy Sector Performance**  
   - *Objective #2*: Improving energy sector performance by improving planning and operation practices.

3. **Increase Competition in Energy Sector**  
   - *Objective #3*: Increasing energy sector competition by promoting transparent procurement practices and increasing the availability of advanced energy skilled workforce, products, and services.

V-LEEP II’s ambitious goals include supporting the financial close of at least 2,000 MW of renewable energy projects, and is uniquely positioned to serve as a bridge between GVN and private sector.
Overview of Corporate/Direct Power Purchase Agreements
Why Corporations Purchase Clean Energy

<table>
<thead>
<tr>
<th>Mandates</th>
<th>Corporate Commitments</th>
<th>Stable Long-Term Financial Contracts</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Types of Mandates</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Renewable Portfolio Standards</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Energy Efficiency Standards</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Carbon-Reduction Goals</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Climate Goals (e.g., NDCs under the Paris Agreement)</td>
<td></td>
<td>Predictable energy costs over the term of the contract.</td>
</tr>
</tbody>
</table>

Government mandates to purchase RE often lead to utility programs, which allow or require RE purchases by large customers.
Corporate RE Commitments: Four Initiatives Attracting New Members

**400+ Members**
- Cumulative annual revenues over US$2.75 trillion
- Over 30 Global Fortune 500 Companies

**24 Companies** participated in the first stage for the ACT initiative (February 2016 – March 2017)
- Auto manufacturing
- Electric Utilities
- Retail

**9 UN Agencies**
- Connect4Climate – WBG
- ILO
- ITC Ethical Fashion Initiative
- UNDP
- UN Economic Commission For Europe
- UNEP
- UN Global Compact
- United Nations Office For Partnerships
- UNFCCC

**2,679 Companies** are acting across a variety of sectors, including:
- Oil & Gas
- Construction
- Mining
- Food
- Textiles
- Transportation
- Real Estate
- Software
How Corporations Purchase Clean Energy

- Energy Efficiency Measures
- Renewable Energy Certificates
- Corporate/Direct Power Purchase Agreements
- Green Tariffs
- Carbon Offsets
- On-Site Generation
What is a Corporate or Direct PPA?

Corporate or Direct Power Purchase Agreements (CPPAs or DPPAs) are long-term contracts under which a consumer agrees to purchase electricity directly from an energy Generating Co. (GENCO) instead of through the enterprise’s local power utility.

Benefits of Corporate/Direct PPAs

**Low Up-Front Capital Costs**
- Procure grid-connected RE without having to develop consumer RE project

**GENCOs get long-term revenue stream + transfers credit responsibilities to consumer**

**Increased Grid Usage and Reduced Fiscal Impact**
- CPPAs generally increase revenue to the SMO, enabling new sources of RE.

**GENCOs can dictate where generation is sited and balance capacity to the grid**

**Long-Term Revenue/Price Certainty**

**Decouple Generation and Consumption Locations**
Development of Direct Power Purchase Agreement (DPPA) mechanism in Vietnam
Why DPPA in Vietnam?

**Private Sector**

- Interest in a DPPA originated from power consumers. *More than 40 global companies* have RE100 commitments and operations in Vietnam

- Project development community (i.e., solar and wind developers) also saw it as a way to bring projects to the market and secure lower cost financing.

- The DPPA was the #1 recommendation of the 2016 “Made in Vietnam Energy Plan” by Vietnam Business Forum

**Government**

- Willingness of GVN to increase FDI to promote Vietnam’s economic development helped secure the DPPA’s place on the agenda of the political leadership and the Electricity Regulatory Authority of Vietnam (ERAV).

- Since 2017, USAID V-LEEP led public-private collaboration and worked with ERAV on the policy design and financial modeling

**DPPAs will fit the requirements and goals of both the public and private sectors in Vietnam.**
USAID V-LEEP: Bringing Together the Public and Private Sectors

Designing the DPPA Program
V-LEEP collaborated with GVN to support design and develop the DPPA Program including: evaluating international experiences, identifying models for Vietnam market, and evaluating financial impacts to the power market.

Establishing the Renewable Energy Buyers Working Group Vietnam (REBWGV)
V-LEEP and Clean Energy Investment Accelerator co-created REBWGV to share program design with the private sector and share feedback with GVN.

Working with Public and Private Sector Stakeholders
V-EEP bridged design requirements, conducted market surveys, and shared feedback with both GVN and private sector and enable efficient program design.

Moving Forward
V-LEEP continues to gauge market interest, identify other areas for program support, and continues to provide trainings in an effort to secure a successful implementation.
Listening to the Voice of Energy Buyers

Corporate DPPA Declaration

+ **2017 APEC Summit:** USAID V-LEEP supported the initial DPPA Declaration’s release to communicate the undersigned companies' commitment to securing direct access to RE.

+ **June 2019:** V-LEEP Convened a formal DPPA Public Consultation, where Ambassador Daniel J. Kritenbrink provided keynote address. Approximately 120 participants from government agencies, the private sector, international donors, and development partners joined this workshop to learn about DPPAs in Vietnam.

+ **April 2021:** MOIT shared a draft DPPA Pilot Circular. However, the selected DPPA model required significant changes in Electricity Law

+ **May 2022:** MOIT developed and shared an updated draft DPPA PM Decision that is fully compliant with current legal framework

+ **Present:** DPPA framework and associated circulars on wholesale electricity market are being updated, aiming for a final approval shortly
Proposed Draft DPPA Mechanism per 2nd draft Decision 9 May 2022

Definitions:
- CfD = Contract for Differences
- GENCO = Generation Company
- EVN = Vietnam Electricity
- PC = Power Corporation
- VWEM = Vietnam Whole Electricity Market

1. Consumer and GENCO enter into a CfD
   - Price Support Agreement with Contract for Differences
   - Compensation Payments
   - Support Payments
   - Environmental Attributes

2. Solar or Wind Developer
   - RE Power Production
   - Spot Market Revenues

3. VWEM
   - EVN/NPT network
   - Revenue

4. TO BE UPDATED SHORTLY
Global firms need country level support to maintain their **strong and growing commitments to sustainability.**

These companies need strategies to apply their commitments to their **supply chains**, especially in Vietnam.

The strength of these commitments are so great they are requesting **national governments** (like Vietnam) to provide frameworks for compliance.

**Corporate/Direct Power Purchase Agreements** are one solution to enable companies to abide by their sustainability commitments.

**Coordination between Consumers and Developers** is essential to unify the private sector and engage policymakers to unlock access to clean energy.

**Active support for Government** requires practical approaches such as knowledge transfer of leading international experience, market surveys, technical assistance, and legal analyses.

Doing so will **promote leading practices**, new business models, and continued FDI.

**Successful programs can persuade government to act as a regional champions**, catalyzing shift towards clean energy, crowding in other stakeholders.
Thank you!

Ananth Chikkatur, achikkatur@deloitte.com

Nguyen Linh Chi, linhcnguyen@deloitte.com

Gary Zieff, gzieff@deloitte.com