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# LEGAL ALERT



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**POWER PLANNING VIII  
– DRIVING FORCE FOR  
RENEWABLE ENERGY  
DEVELOPMENT?**



After more than 2 years of drafting and finalising with 8 submissions from the Ministry of Industry and Trade, on 15 May 2023, the Prime Minister issued *Decision No. 500/QĐ-TTg on approving the National Power Development Planning for the period of 2021 – 2030 and with vision toward 2050* (“Power Planning VIII”) with 3 key objectives: (i) ensuring national energy security; (ii) fair energy transition; and (iii) developing a renewable energy service and industry ecosystem. Renewable energy is the most trending issue today.



*Toward 2050, the rate of renewable energy in Vietnam will reach 67.5 - 71.5%. Photo by courtesy of oneconomy.vn*

According to the Power Planning VIII, the Government sets the orientation that will not build any more coal-fired power plants after 2030, gradually shifting to renewable energy sources by setting priorities to strongly develop renewable energy sources for electricity production. Accordingly, renewable energy will reach the rate of about 30.9 - 39.2% by 2030 and 67.5 - 71.5% by 2050, specifically:

### 1. Solar power

The scale of solar power under Power Planning VIII will continue to increase during this period, being expected to reach 168,954 – 189,294 MW by 2050. However, compared to the past, rooftop solar power projects will only serve on-site consumption without selling electricity to the national electricity system. Therefore, the payback period of investors will also be prolonged.

### 2. Wind power

Power Planning VIII sets the target that by 2050, the total onshore wind power capacity will reach 60,050-70,050 MW and the total offshore wind power capacity 70,000-91,500 MW.

Wind power has also drawn more attention recently due to its great development potential in terms of scale, power output and profitability. However, until now, investing in offshore wind power still faces many difficulties due to the lack of a legal corridor. To go on the path to right direction and sustainable development, the Government will have to urgently issue specific guiding documents for this field.

### 3. Biomass electricity, electricity produced from garbage and solid waste

It is expected that by 2050, the total capacity of biomass electricity, electricity produced from garbage and solid waste will reach 6,015 MW. Although the set target is not high, the projects of biomass power, solid power, and electricity from solid waste are encouraged to invest because of the abundant raw materials as well as the great benefits that these projects bring in from the perspective of environmental protection.

### 4. Hydroelectricity

With orientation toward 2050, the total capacity of hydropower will be 36,016 MW. Compared with the rapid development of 3 types of electricity mentioned above, hydropower has gradually slowed down at the moment.



With the said orientation of Power Planning VIII, *investors and enterprises in the field of renewable energy* will need to pay special attention to the specific mechanism and roadmap in each stage of Vietnam's energy development. South to participate in investment and development of renewable energy projects. In addition, the removed inadequacies in the electricity generation price mechanism will also affect the decision to expand investment of enterprises as well as positively affect the competitiveness of Vietnam's energy industry.

*On the side of enterprises using electricity:* enterprises will be proactive in negotiating with electricity suppliers with competitive electricity prices according to the market, this helps enterprises save production costs as well as ensure power source for their production and business activities.

Thus, it can be seen that the adoption of Power Planning VIII will create new investment and development trends for the Vietnamese energy market, especially renewable energy. It is likely to predict the



*Vietnam is focusing on wind power development. Photo by courtesy of vneconomy.vn*

possibility of capital flow into wind power projects going forward. Besides, garbage electricity is also a promising potential market for energy investors in the current period.

Through the legal lenses, the Government needs to quickly promulgate a clear and consistent legal framework in favour of developing Vietnam's energy industry in accordance with Power Planning VIII, attracting domestic and foreign investment capital, as well as technical and technological support (especially for wind power) for green energy development in Vietnam going forward.





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