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NEW ELECTRICITY GENERATION PRICING FRAMEWORK FOR SOLAR AND WIND POWER PLANTS AFTER TRANSITION PERIOD

As scheduled, on 1 November 2023, the Vietnam Ministry of Industry and Trade issued Circular No. 19/2023/TT-BCT (“**Circular 19**”) on methodology for determining electricity generation pricing framework applicable to solar and wind power plants. Generally, Circular 19 still follows the legal framework under current regulations such as Circular No. 15/2022/TT-BCT (“**Circular 15**”) but also have some significant changes.

Only applicable for future solar and wind power projects

Circular 19 comes into effect from 19 December 2023. However, Circular 19 does not apply to (i) the transitional solar and wind power plants and (ii) those entering into existing power purchase agreements with Vietnam Electricity Group (EVN) with effective electricity price.

Electricity generation price framework for solar power plants established on geographic basis

A remarkable change is designed under Circular 19, according to which the electricity generation pricing framework for both ground-mounted and floating solar power plants are differently

determined on the basis of average annual radiation intensity in Northern, Central, and Southern Vietnam.

New input parameters for calculating electricity generation price

Some input parameters for calculating electricity generation price, including photovoltaic panel conversion efficiency and loan interest rates, experience significant changes in comparison with Circular 15. For instance, photovoltaic panel conversion efficiency of solar power plants now is based on data from consulting organizations (instead of feasibility study reports and appraised technical designs of power plants under Circular 15).

This wider approach is aimed at updating data internationally and resolving inadequacies for calculating the electricity generation prices under current regulations.

Following National Power Development Plan VIII, Circular 19 is expected to bring positive effects to investment in greenfield renewable energy sector and enhance investors’ interests by providing more rational basis for establishing electricity generation pricing framework.

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