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## Vietnam's eighth national power development plan prioritizes development of renewable energy

The Deputy Prime Minister has finally approved Vietnam's eighth national power development plan ("PDP8") under Decision No. 500/QD-TTg dated 15 May 2023 taking effect on the same date, which is a much-anticipated and exciting development for the Vietnamese power market.

The PDP8 sets the goal of firmly ensuring national energy security, meeting requirements of socio-economic development and industrialization, and modernizing the country. In addition, the PDP8 aims to contribute to scientific and technological development, helping to form a strong and innovative renewable energy industry.

### Estimation of Vietnam's future demand for electricity

The PDP8 forecasts that Vietnam would attain an average GDP growth rate of roughly 7% per year from 2021 to 2030, followed by an average growth rate of 6.5 to 7.5 % per year from 2031 to 2050.

In accordance with the above-mentioned forecasts, commercial electricity demand will reach roughly 335 billion kWh by 2025 and nearly 505.2 billion kWh by 2030. By 2050, this quantity is expected to rise to between 1,224 and 1,378 billion kWh.

### New focus on renewable energy

As predicted, renewable energy is a significant priority and will make up almost 50% of the energy mix by 2030, with 19.5% coming from hydropower (down from 30% in 2020), 18.5% coming from wind (the majority of which will come from onshore wind generation), and 8.5% coming from solar.



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# Legal Updates

## Wind

- By 2030, Vietnam is aiming onshore wind power to be developed to a capacity of 21,880 Megawatts (MW).
- Offshore wind power is expected to be developed to a capacity of 6,000 MW until 2030 and even up to 91,500 MW by 2050 provided that technology capabilities and pricing permit.
- Offshore wind power will be developed in conjunction with other renewable energy sources (solar power, onshore wind power, etc.) to generate new energy (hydro, green ammonia, etc.) with no capacity limitations for domestic use and export.

## Solar

Given that solar energy is becoming a bigger part of Vietnam's energy mix, Vietnam expects that by 2030, the capacity of solar power and rooftop solar power production will increase by 4,100 MW and 2,600 MW, respectively.

The PDP8 further encourages the development of rooftop solar by giving rooftop solar of households and construction works unlimited capacity, provided that it is reasonably priced and makes the best use of the current grid connection facilities without the need for any upgrades.

It is also intended that future solar power project development must incorporate storage battery systems when the price is affordable.

## Hydropower

Vietnam's hydropower resources have the potential to generate up to 40,000 MW of electricity. By 2030, total hydropower capacity, including minor hydroelectricity plants, is estimated to reach 29,346 MW. The PDP8 estimates that by 2050, the total capacity might reach 36,016 MW under ideal circumstances.



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## Investment Potential

From 2021 to 2030, the electrical sector in Vietnam is expected to require significant investment. Approximately USD134.7 billion will be required, with USD119.8 billion budgeted for power generation and USD14.9 billion for grid infrastructure.

Between 2031 and 2050, the estimated investment needed for Vietnam's electrical sector will soar to between USD399.2 billion and USD523.1 billion, in which the amount for production of electricity is projected to be around USD364.4 billion to USD511.2, leaving the remaining amount from USD34.8 billion to USD38.6 billion for the further expansion of Vietnam's grid infrastructure.

## Impending measures

The Ministry of Industry and Trade (MOIT) has been tasked with finalizing the amended laws on electricity and renewable energy and submitting the same to the National Assembly in 2024.

The MOIT has also been required to propose direct power purchase policies to the Government.

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