MORI HAMADA

Vietnam Newsletter

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Vietnam's New Law on Electricity



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1. Overview on legal framework

Vietnam's new Law on Electricity, enacted on 30 November 2024, took effect on 1 February 2025 ("**Law on Electricity 2024**"). This law replaced the previous Law on Electricity 2004. As of the date of this update, the following decrees have been issued to implement the Law on Electricity 2024:

- Decree No. 18/2025/NĐ-CP dated 8 February 2025 guiding electricity purchase and sale activities and ensuring electricity supply, which took effect on 8 February 2025;
- Decree No. 56/2025/NĐ-CP dated 3 March 2025 on electricity development planning, power grid development planning, investment in construction of electricity projects, and bidding for selection of investors in electricity business projects, which took effect on 3 March 2025 ("**Decree 56**"). Decree 56 provides, among others, for national and provincial master plans to clearly set out the projects being considered, pass-through for fuel costs for gas-to-power projects reaching COD within prescribed dates (being by 1 January 2031 for imported LNG projects and 1 January 2036 for domestic LNG projects) and competitive bidding for gas-to-power, coal-fired and renewable power projects;
- Decree No. 57/2025/NĐ-CP dated 3 March 2025 regulating the direct power purchase mechanism for large customers, which took effect on 3 March 2025;

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- Decree No. 58/2025/NĐ-CP dated 3 March 2025 guiding the development of renewable energy and new energy (being power generated from green hydrogen and green ammonium), which took effect on 3 March 2025 ("**Decree 58**"); and
- Decree No. 61/2025/NĐ-CP dated 4 March 2025 regulating electricity operation licences, which took effect on 4 March 2025.

In this newsletter, we summarise some key developments in Vietnam's new energy policies, particularly for development of offshore wind and new energy power projects.

2. Long-term minimum contracted quantity - New incentive

The Law on Electricity 2024 introduces long-term minimum contracted quantity to incentivise investment in certain types of power projects (such as new energy and offshore wind). This initiative, which commits the offtaker to a minimum purchase, ensures stable revenues for power projects.

3. Offshore wind power project

The Law on Electricity 2024 includes a chapter on offshore wind projects to prioritise development of such projects.

Incentives

Offshore wind power projects may enjoy several incentives as set out in Decree 58):

- **Sea area usage fees**: exempted during construction (capped at 3 years), and discounted by 50% for 12 years following construction;
- **Land use and rental fees**: exempted during construction (capped at 3 years), with post-construction exemptions and reductions as per investment and land laws; and
- **Long-term minimum contracted quantity**: 80% output during the term of any financing for the power project, capped at 15 years for projects selling power to the national grid (assuming the project generates the committed minimum output), providing stable revenues for offshore wind projects.

The above incentives are only available for projects (i) obtaining in-principle approval (the "**IPA**") before 1 January 2031, and (ii) with capacity of 6,000 MW (for projects supplying electricity to the national power system).

Conditions for the foreign investment in offshore wind power project

Decree 58 requires foreign investors in offshore wind projects to meet the following criteria:

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- **Experience**: the foreign investor has developed at least one previous offshore wind power project;
- **Financial capacity**: capital contribution by the foreign investor in the project accounts for at least 15% of the total estimated project investment, and equity ratio to the capital contribution in the project must be at least 20%;
- **Joint venture with domestic partners**: at least 5% of the charter capital or total voting shares is held directly or indirecty by state-owned enterprises ("**SOE**");
- **Government approval**: the investment must be approved by the Ministry of National Defense ("**MOND**"), the Ministry of Public Security ("**MOPS**"), and the Ministry of Foreign Affairs ("**MOFA**"); and
- **Commitment to use domestic resources:** the foreign investor commits to use domestic labour, goods, and services during the investment, construction, and operation phases of the project.

Investor selection

- **Via IPA**: (i) projects which are not subject to bidding due to national security and defence concerns; and (ii) projects proposed and developed by SOEs, are subject to a requirement to obtain an IPA issued by the Prime Minister.
- **Via bidding**: investors may be selected to invest in offshore wind projects via bidding according to the Law on Bidding. The electricity price ceiling in the bidding dossier must not be higher than the maximum electricity generation price bracket issued by the Ministry of Industry and Trade in the applicable year. The wining electricity price will be the ceiling for the electricity price for the offtaker to negotiate with the winning bidder.

Share/project transfer in wind power project

Under Decree 58, transfers of interests in wind power projects must, among others, (i) comply with Vietnamese law, including the Law on Electricity 2024, Law on Investment, the Law on Enterprises and the Law of the Sea of Vietnam; (ii) not threaten national defence; (iii) for a transfer to foreign investors, the foreign investor must be qualified (as described above) where the project has not been put into operation, and otherwise must comply with the local ownership and resourcing requirements for offshore wind projects described above, and be approved by the MOND, MOPS, MOIT and MOFA.

4. New energy power project

The Law on Electricity 2024 also encourages development of new energy sources, being green hydrogen or green ammonium created from solar, wind, ocean, or geothermal energy.

According to the Decree 58, new energy power project will enjoy the following incentives:

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- **Sea area usage fees**: exempted during construction (capped at 3 years), and discounted by 50% for 9 years following construction;
- **Land use and rental fees**: exempted during construction (capped at 3 years), with post-construction exemptions and reductions as per investment and land laws; and
- **Long-term minimum contracted quantity**: 70% output during loan repayment, capped at 12 years for projects selling power to the national grid (assuming the project generates the committed minimum output, providing stable revenues.

The above incentives only apply for projects (i) produced from 100% green hydrogen or green ammonium or a mixture of green hydrogen and green ammonium; (ii) supply electricity to the national power grid; and (iii) are the first project for each type of new energy.

5. Tariff regime

Several regulations were issued to guide the tariff framework calculation (e.g. Circular 15/2022/TT-BCT for transitional projects (which are the projects signing PPAs with EVN prior to 1 January 2021 (for solar) and 1 November 2021 (for wind)); and then Circular 19/2023/TT-BCT for non- transitional projects). Circular 09/2025/TT-BCT, which took effect on 1 February 2025, was issued to guide the tariff framework calculation in accordance with the Law on Electricity 2024 (**Circular 09**).

Under Circular 09, the solar and wind power plants signed PPAs with EVN but did not meet the requirements to enjoy the tariffs under the Prime Minister's decision shall be entitled to the maximum price of the following tariff frame:

No.	Type	Maximum price of tariff frame (VND/kWh)
1	Ground-mounted solar power plant	1,184.90
2	Floating solar power plant	1,508.27
3	Onshore wind power plant	1,587.12
4	Nearshore wind power plant	1,815.95

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