



POSITION PAPER

DIRECT POWER PURCHASE AGREEMENT (DPPA) **IMPLEMENTATION IN VIETNAM**

Renewable Energy & Energy Efficiency Working Group
Green Growth Sector Committee under
the European Chamber of Commerce in Vietnam

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ACRONYMS

1.	EuroCham	European Chamber of Commerce in Vietnam
2.	GGSC	Green Growth Sector Committee
3.	EVN	Vietnam Electricity
4.	MOIT	Minister of Industry and Trade
5.	DPPA	Direct Power Purchase Agreement
6.	PDP8	Power Development Plan VIII
7.	JETP	Just Energy Transition Partnership
8.	EVFTA	European Union–Vietnam Free Trade Agreement
9.	IPP	Independent power producers
10.	FDI	Foreign direct investments
11.	SME	Small and Medium-sized Enterprises
12.	ESG	Environmental, Social and Governance
13.	RE GENCOs	Renewable Energy Generation Companies
14.	GENCOs	Energy Generation Companies
15.	COD	Commercial Operation Date
16.	RTS	Rooftop Solar
17.	IZ	Industrial Zone
18.	VNEM	Vietnam Wholesale Electricity Market
19.	CEER	Council of European Energy Regulators
20.	FIP	Feed-In Premiums
21.	CfD	Contracts for Difference
22.	PPAs	Power Purchase Agreements
23.	C _{DPPAdv}	Wheeling Charge
24.	P _{CL}	Difference Clearing Charge

FOREWORD FROM EUROCHAM CHAIRMAN

DPPA: A strategic steppingstone on Vietnam's path to net-zero

For Vietnam, with its bold pledge to achieve net-zero emissions by 2050, the next decade will determine whether this ambition can be translated into meaningful execution. The path to net-zero is shaped not only by technology but, more decisively, by political choices that define the trajectory of economies, the confidence of investors, and the credibility of nations on the international stage. Energy policy has thus emerged as one of the most consequential political choices of our time.

The DPPA, legalised under Decree 57¹, represents a decisive step in this direction. More than a contractual framework, the DPPA is a signal of Vietnam's determination to reform its energy market, attract green investment, and align its domestic transition with global sustainability standards. If implemented effectively, it will accelerate renewable energy deployment, deepen market reforms, and make Vietnam's growth story both competitive and green.

Why DPPA, and why now?

Over the past decade, Vietnam has made remarkable progress in renewable energy. Supported by Feed-in-Tariff, solar and wind power grew at an unprecedented pace, positioning Vietnam as a regional leader in clean energy deployment. By the end of 2023, renewable energy (excluding large hydropower) accounted for nearly 28% of installed capacity – an extraordinary achievement for a fast-growing economy.

But success has also revealed new challenges. Electricity demand is rising by 8–9% annually, driven by industrialisation and urbanisation. Grid infrastructure is under mounting strain. Meanwhile, global shocks, from fossil fuel price volatility to supply chain disruptions, have underscored the importance of energy security and resilience. This is one of the key demands any new investor in Vietnam will have.

The DPPA responds directly to this problem and offers a possible solution. It allows large power consumers to contract electricity directly from renewable generators, thereby:

- Matching corporate demand with Vietnam's renewable potential.
- Sending a clear message to international investors that Vietnam is ready for transparent, predictable, and scalable reforms.

The timing is critical. With Vietnam's net-zero pledge, the approved PDP8, and the launch of the JETP, the DPPA arrives as a central tool to deliver on national and international commitments.

¹ Decree 57/2025/ND-CP dated March 3, 2025 by the Government of Vietnam on mechanisms for direct power trading between renewable energy generation units and large electricity consumers (Decree 57).

How DPPA impacts Vietnam

The DPPA is not only an energy reform – it is a catalyst for reshaping Vietnam’s development model. Its impacts span three interlinked dimensions:

(a) For the public sector: Strengthening energy security and policy credibility

The government faces a dual challenge due to its fast economic growth: meeting surging demand while keeping electricity prices affordable. At the same time, Vietnam wants to uphold its COP26 pledge of net-zero by 2050. The DPPA addresses these challenges by mobilising private sector investment into renewable energy, reducing reliance on public finance and imported fossil fuels. It enhances policy credibility by providing a mechanism that is aligned with global best practices and investor expectations.

(b) For the private sector: Unlocking green growth opportunities

For Vietnamese enterprises, the DPPA provides a direct pathway to access clean power and enhance competitiveness in a global market that increasingly values low-carbon supply chains. For FDIs, particularly European companies operating under strict ESG and supply chain decarbonisation commitments, the DPPA is a decisive factor in choosing Vietnam as a production base. Companies in electronics, automotive, textiles, and high-tech sectors will see in the DPPA an opportunity to meet both corporate sustainability targets and operational needs.

In this sense, the DPPA is not merely an energy tool; it is an FDI-enabling mechanism. By offering cost transparency, contractual certainty, and renewable availability, Vietnam strengthens its position as a preferred destination for investment in a world where green credentials are becoming as important as tax incentives or labour costs.

(c) For EU–Vietnam relations: A platform for deeper cooperation

The DPPA is also profoundly international. The EU and Vietnam are already bound by the EVFTA and are advancing cooperation under JETP. The DPPA creates a bridge between Vietnam’s domestic reforms and Europe’s global leadership in climate policy and clean technology. It enables European businesses to demonstrate how innovation, finance, and best practices can directly support Vietnam’s transition.

The macro-political imperative

By aligning with international frameworks, Vietnam sends a clear signal: it is open for green business, committed to reform, and willing to create a predictable environment for foreign partners. This strengthens Vietnam’s diplomatic and economic positioning at a time when global supply chains are being reconfigured around sustainability.

While the DPPA’s potential is immense, its success is not automatic. Early uptake has been modest, reflecting uncertainties around pricing, wheeling charges, grid dispatch, and licensing. Without clarity and uniform interpretation across the provinces of the regulatory framework, investor confidence will falter and Vietnam risks losing momentum at a critical juncture.

The stakes could not be higher. Effective DPPA implementation would:

- Attract billions in FDI linked to green supply chains.
- Reduce dependence on imported fossil fuels, enhancing energy sovereignty.
- Create new industries and jobs in renewable energy, storage, and digital energy management.
- Strengthen Vietnam’s credibility in global climate negotiations and unlock greater JETP financing.

Conversely, a poorly executed DPPA could deepen investor frustration and slow Vietnam’s progress toward net-zero. And jeopardise the trust of FDI investors in the commitments made by this country.

EuroCham’s call for strategic choices

Realising the DPPA’s full potential requires three political commitments:

1. **Clarity and predictability:** Transparent methodologies for wheeling charges, standardised contract templates, and clear grid dispatch rules must be established. Predictability is the foundation of bankability.
2. **Public-private partnership:** The DPPA should be embedded in a structured framework for dialogue between regulators, businesses, and international partners. This ensures reforms reflect both Vietnam’s development priorities and global market realities.
3. **Alignment with international commitments:** The DPPA must be positioned as part of Vietnam’s delivery on its **COP26 net-zero pledge** and the JETP. Explicitly linking domestic reforms to global frameworks will mobilise stronger financial and technical support.

In the detailed paper that follows, we outline EuroCham’s concrete recommendations to translate these commitments into practice. As the collective voice of European business in Vietnam, EuroCham fully supports DPPA as a strategic tool to accelerate renewable energy deployment, attract FDI, and help Vietnam meet its net-zero commitments by 2050. To unlock its full potential, we respectfully recommend the following priorities:

1. **Remove ceiling price constraints:** Allow physical DPPAs to be governed by market dynamics, where competition naturally ensures efficiency and affordability. Eliminating administrative price caps will make projects bankable, unlock financing, and align with Vietnam’s commitments under the Law on Electricity² and international best practices.
2. **Broaden eligibility criteria:** Expand DPPA participation beyond only large enterprises. Enabling industrial zones, private grid clusters, and SMEs to aggregate

² Law No. 61/2024/QH15 dated November 30, 2024 by the National Assembly of Vietnam on Electricity (Law on Electricity).

demand will maximize existing infrastructure, reduce waste, and ensure the benefits of renewable energy reach a wider base of businesses.

3. **Recognize rooftop solar in dppa models:** Support rooftop solar systems (RTS) by allowing excess generation to be sold not only to EVN but also to industrial zone power retailers. This will encourage decentralized green energy solutions, optimize investments, and reduce reliance on fossil-based grid power.
4. **Ensure regulatory clarity and simplicity:** For virtual DPPAs to succeed, investors require predictability. EuroCham calls for detailed implementing circulars, standardized templates, a unified national framework, and a streamlined “one-stop” approval process. Regular stakeholder consultations will ensure rules remain clear, practical, and responsive.
5. **Increase transparency in the VWEM:** Corporate buyers must be able to trust the market index that underpins DPPA settlement. Transparency on VWEM pricing, data access, and its linkage with EVN tariffs is essential. Introducing flexibility (merchant structures, tailored profiles, CfDs) would further stabilize revenues and strengthen market confidence.
6. **Clarify and cap wheeling charges:** Stakeholders need transparent methodologies, draft calculations, and consultations on transmission (wheeling) fees. Predictable charges, capped at no more than 9% over three years, will allow reliable financial modeling, de-risk projects, and encourage broader participation.
7. **Enhance bankability and legal certainty:** Develop standardized contracts, clarify risk allocation, permit assignability with MOIT approval, and establish efficient dispute resolution. Targeted government support in the early phase can provide additional investor confidence. Clear rules on when bidding is required will further ensure fairness and stability.

Conclusion: A defining choice for vietnam’s future

The DPPA is more than an energy contract. It will be a guarantee for future economic growth. It is a strategic decision about Vietnam’s development model, signalling whether the country will remain a leader in Southeast Asia’s renewable revolution or risk being left behind. Properly implemented, it will help Vietnam meet its soaring energy demand, enhance competitiveness, and cement its role as a trusted partner in global climate diplomacy.

In this sense, the DPPA is not simply an option, it will serve as a cornerstone in Vietnam’s journey to net-zero by 2050, and for the success of EU–Vietnam cooperation in the decades ahead.

EuroCham and GGSC remain fully committed to supporting the Vietnamese authorities on this path, offering expertise, dialogue, and partnership to ensure that DPPA becomes a driver of shared prosperity and climate leadership.

A. INTRODUCTION

- Vietnam has officially approved the DPPA mechanism under Decree 57, marking a significant milestone toward liberalizing the country's electricity market and enabling direct renewable energy procurement. However, despite this regulatory breakthrough, several implementation challenges remain that have delayed progress instigating these and could hinder the effectiveness and scalability of the DPPA program in Vietnam.
- DPPA are currently structured to be delivered in Vietnam via two formats:
 - Direct line or Physical DPPA – where an energy generator constructs a private transmission line between the generating asset and the consumer, whereby energy is generated and transmitted directly between the two parties and does not require the use of EVN-established transmission system. In this case a commercial agreement is established between the two parties; generator and consumer.
 - Virtual or Synthetic DPPA – where an energy generator provides electricity to a consumer via the nationally controlled transmission system that is owned and operated via EVN, this is where the contract of generating and consuming energy between two parties relies upon the EVN constructed and managed transmission infrastructure. In this model there are three parties, (i) the generator, (ii) grid transmission operator, and (iii) consumer. Here, a commercial agreement needs to be established between generator and operator, operator and consumer, and generator and consumer.
- Recognizing these obstacles, GGSC under EuroCham, in collaboration with other key industry associations and stakeholders (including power generators, corporate offtakes, and financial institutions), have actively engaged in collecting practical feedback and insights from across the value chain. Together, this collective group brings a depth of technical, commercial, and legal expertise to support the government in refining the operational framework of DPPA; both in their physical and virtual forms.
- This joint effort aims to ensure the progress with establishing and implementing the DPPA mechanism is functional, bankable, and aligned with Vietnam's energy transition goals, while also meeting the needs of international investors and corporate sustainability commitments.
- We would like to express gratitude to our external partners who constantly support this Paper, including but not limited to American Chamber of Commerce in Vietnam (AmCham Vietnam), Nordic Chamber of Commerce in Vietnam (NordCham Vietnam), Belgian-Luxembourg Chamber of Commerce in Vietnam (BeluxCham Vietnam), The Japan Chamber of Commerce and Industry (JCCI), Vietnam Business Forum (VBF), Power and Energy Working Group (PEWG), Global Wind Energy Council (GWEC), and Viet Nam Energy Partnership Group (VEPG).
- Within the following sections of this document, we have sought to highlight aspects of the DPPA delivery framework under Decree 57, which are considered some form of barrier or constraint to enabling the delivery of energy projects for direct offtake, and/or a hinderance to consumers with a demand for certified and available green energy.

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offer recommendations for the improvement of European – Vietnamese business relations. Furthermore, the Paper is strictly intended for the use of EuroCham members and other interested parties, and not for a particular company and/or institution.

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B. PHYSICAL DPPA MODEL

This model requires the establishment of a private wire between the generator and the consumer. It does not directly involve the need for any EVN infrastructure, investment, or active management.

1. Ceiling price constraints

EuroCham respectfully recommends amending Clause 1(b), Article 6 of Decree 57, which imposes a price cap on electricity traded through private wire or physical DPPA, limiting the negotiated price to not exceed the maximum level in the electricity generation price of the equivalent generation source framework:

“b) Both parties shall agree on the electricity price, but it shall not exceed the maximum price of the electricity generation bracket of the corresponding electricity source type.”

While the intention of this provision is to maintain regulatory oversight, applying such a cap to voluntary, off-grid commercial arrangements between IPPs and large electricity consumers may unintentionally hinder investment in renewable energy projects. For physical DPPA projects to be truly bankable, electricity pricing must be governed by two fundamental principles:

- a) A functioning market mechanism, where competition among renewable energy suppliers naturally keeps prices efficient and competitive. In such a context, a regulatory price cap is unnecessary, as buyers will select the most cost-effective offers through open market dynamics; and
- b) The principle set forth in the 2024 amendment to the Law on Electricity, which ensures that electricity pricing must reflect acceptable investment costs and provide a reasonable return on investment for the investor.

Allowing prices in physical DPPA arrangements to be determined by these two principles—without an administrative ceiling—is essential to unlocking financing and enabling large-scale renewable energy deployment, including FDI from Europe. EuroCham believes this adjustment would align the DPPA framework with Vietnam’s legal commitments and international best practices for a competitive, sustainable power market. The unlock also creates a fairer competition, as well as encourage manufacturers to use more renewable energy in manufacturing, contributing to a greener environment of Vietnam.

It should be noted that many energy consumers have their own net-zero commitments and carbon reduction targets, which are heavily linked to their energy sourcing and usage – these are often driven by investors etc. When seeking to establish available, guaranteed and certified green energy, consumers typically acknowledge the need to pay a premium to secure this availability and renewable resources. DPPAs function effectively in other areas of the world, examples are evident in Taiwan and South Korea, particularly with high-tech industries and large power consumers. To support Vietnam’s green transition, and that of private companies and IZs, restricting the offtake price from DPPAs effectively offers little benefit for those wishing to invest in green energy generation, as grid connected energy will be equally available but unqualified for green credits, and will therefore create additional pressure on EVN to create its own energy generation infrastructure. Without privately funded and delivered DPPAs through investment via FDI and domestic capital, the countries’ GDP growth and increased energy demand from high-tech industries and newer manufacturing and logistics hubs will require more committed, available, certified and well-managed electrical systems that will put additional pressure on EVN solely to deliver and invest in.

2. Restrictive eligibility criteria

Current rules limit DPPA participation to large consumers ($\geq 200,000$ kWh/month). This restriction should be lifted for the private wire (direct line) model to also enable SMEs offtakers and smaller-sized renewable projects.

2.1. Legal basis

Decree 57 regulates **the mechanism for DPPAs via private wire**. Specifically, Article 2, Clause 1 stipulates the entities eligible to participate, in particular:

“Entities involved in direct power trading through private connection grids include:

- a) **Renewable energy generating entity;**
- b) **Large electricity consumers.”**

Article 3 of Decree 57 defines a “**renewable energy generating entity**” as electricity units possessing renewable energy power plants prescribed in Clause 14, Article 4 of the Law on Electricity. The types of renewable energy sources that are eligible to participate in the private wire model are diverse and not limited to a few specific types.

Meanwhile, a “**large electricity consumer**” is defined as an electricity consumer with significant consumption capacity and volume as prescribed by MOIT, in accordance with each development phase of the power system. Pursuant to Circular 16³ of the MOIT regulating the operation of the competitive wholesale electricity market, a 'large electricity consumer is one with an average monthly consumption of **200,000 kWh** or more.

In essence, unlike the virtual direct power purchase model via the national grid, the direct power purchase model via private wires (DPPA via private wires) enables the direct physical transmission of electricity from the Renewable energy generating entity to the electricity consumer through dedicated system and equipment, independently of the national transmission grid. The investment, installation, construction and operation cost for the dedicated connection line shall be borne by the Renewable energy generating entity, unless otherwise agreed with the large electricity consumer.

2.2. Limitations of the current regulations

a. Underutilization of large-scale IZs

A typical private wire model is the behind-the-meter grids within IZs, economic zones, export processing zones, industrial clusters, high-tech parks, concentrated information technology zones, high-tech agricultural zones and similar models. These grids are invested in, managed and operated by Electricity retailers who have Power operating license for retailing activities in these clusters and zones.

In practice, many IZs have established behind the meter grid systems, functioning as a closed-loop ecosystem characterized by:

- Common connection point(s) for the entire IZ with the national grid, and the Electricity retailer acts as the sole large electricity consumer of EVN;
- Significant and stable electricity demand with total average monthly power consumption of all entities within the IZ typically exceeding 200,000kWh/month.

However, Decree 57 mandates that each individual customer participating in a DPPA via private wire model must independently meet the general eligibility conditions applicable to large electricity consumer, similar to the requirements applicable to those participating in the

³ Circular No. 16³/2025/TT-BCT dated February 01, 2025 of the Minister of Industry and Trade on operation of a competitive wholesale electricity market (Circular 16).

DPPA via national grid model. This effectively excludes numerous enterprises within the IZ from participation, even when the entire zone collectively qualifies.

The absence of a policy recognizing IZs as aggregated electricity consumption entities constitutes a significant policy gap, wasting the substantial potential for clean energy development within large IZs.

b. Limited accessibility for SMEs

In reality, SMEs demonstrate a growing demand for clean electricity, yet very few achieve the minimum consumption threshold of 200,000kWh/month. Concurrently, increasingly stringent ESG commitments, particularly for export - oriented businesses are making renewable energy usage essential.

Enterprises often seek RTS power solutions to meet green transformation requirements, however not all enterprises have enough resources in terms of finance, human resources and operational experience to develop RTS power in line with the self-production and self-consumption model, especially SMEs. In such cases, renewable energy generating entities could provide solutions for installing RTS power systems according to the DPPA model via private wire meeting the demand of the enterprises if eligibility restrictions do not exist.

Furthermore, when RTS projects are implemented in a private grid in an IZ, it can allow businesses to share excess power capacity, bringing direct benefits to both SMEs and large enterprises. Specifically, SMEs or enterprises with small loads, which are not eligible to participate in the DPPA mechanism under Decree 57, may have suitable rooftops for solar power installation, especially enterprises in the logistics sector. In this case, RTS power systems could be installed on the entire maximum available roof area of an enterprise and the generated electricity could be shared with neighboring customers unrestricted by the load profile of any single enterprise.

The minimum consumption threshold for DPPA participation presents an evident barrier for the vast majority of SMEs, excluding them from existing supporting incentives, hence adversely impacting equity in renewable energy access as well as the competitiveness and FDI attractiveness of Vietnam's IZs.

c. Hindered energy transition and inequitable access

The singular focus on large consumers slows down the penetration rate of renewable energy into rural areas and smaller IZs. This contradicts the sustainable and equitable development objectives clearly articulated in Decision 768⁴, Article 1, Section II, clause 1, point đ, which emphasizes that the “Energy transition must align with international trends and ensure

⁴ Decision No. 768/QĐ-TTg date April 15, 2025 by the Prime Minister of Vietnam on approving amendment to National Electricity development planning of 2021 - 2030 period and vision to 2050 (Decision 768).

sustainability, equity and justice”. Including specific measures for smaller-sized participants or SMEs would also help to ensure that Vietnam can quicker achieve its carbon neutrality targets.

2.3. Proposed policy revisions and recommendations

Currently, Decree 57 only facilitates participation in DPPAs for large enterprises. However, the private wire model holds significant potential for broader application. To maximize the benefits of this model, it is necessary to permit **electricity consumption aggregation, recognize IZs with private grid as collective electricity consumption entities, and eliminate the 200,000kWh/month threshold for renewable energy consumers utilizing private grids.**

These revisions are essential to:

- Foster participation from a diverse range of enterprises, including SMEs;
- Stimulate the development of renewable energy projects across various scales, create flexibility to utilize the RTS systems and opportunities for investors to invest, operate the system and sell electricity to premises owners;
- Optimize the advantages of existing privately invested grid infrastructure, promote energy sharing, enhance utilization efficiency and prevent energy resource wastage;
- Accelerate the green energy transition and advance sustainable development.

3. Other comment relating with DPPA applying for rooftop

Under Decree 57, RTS systems are eligible to participate in the DPPA mechanism, specifically through the physical DPPA model via private power lines. This inclusion allows RE GENCOs to develop and own RTS systems and directly sell electricity to large electricity consumers.

Key points include:

- Eligibility: RTS systems can be part of the DPPA framework, provided they are connected via private power lines to the consumer (a physical or direct line DPPA).
- The current Decree only accepts EVN and its subsidiaries to buy Excess Electricity Sales (Article 6, clause 3), which would limit the role of the IZ in supporting the development of the DPPA mechanism.

Therefore, we suggest Excess Electricity Sales: RTS GENCOs are entitled to sell excess electricity output to: IZ Power Retailers, if the large power consumer is located within an IZ or a similar area.

This policy aims to encourage the adoption of RTS by providing a precise mechanism for selling surplus power, thereby making RTS investments more attractive and financially viable for both developers and consumers.

C. VIRTUAL/SYNTHETIC DPPA MODEL

This model requires the use of EVN’s transmission system to create an electrical and commercial link between the generator and the consumer, where the actual energy generated is not necessarily specifically issued to the consumer, however it becomes part of the grid capacity

that is then allocated to the consumer. Where green energy is generated, such green credits are transmitted by the EVN infrastructure and management – here EVN is actively involved.

1. Regulatory unclarity and procedural challenges

Navigating the regulatory landscape for energy projects in Vietnam can be particularly daunting for investors, especially those involved in FDI. Regulatory unclarity creates confusion and inconsistent interpretations, making it difficult for investors to make informed decisions. Additionally, procedural challenges, such as bureaucratic inefficiencies and cumbersome documentation requirements, further complicate the process. These hurdles not only hinder compliance but also pose significant barriers to successful investment.

1.1. Regulatory clarity

Regulatory clarity is essential for fostering a stable and predictable investment environment. Clear and well-defined regulations provide investors with the confidence to navigate the legal landscape, ensuring that their investments are secure and compliant. By eliminating ambiguities and offering precise guidelines, regulatory clarity helps streamline decision-making processes and reduces the risk of legal disputes. This clarity is particularly crucial for foreign investors, who may be unfamiliar with local laws and regulations.

- **Definition of virtual/synthetic dppa:** We kindly suggest that the Decree provide further details on contractual and CfD/Spot-market settlement structures, particularly the interaction between EVN, GENCOs, buyers, and the system operator.
- **Eligibility criteria:** It would be beneficial to clarify the requirements for both renewable generators (licensing, capacity, COD status) and buyers (minimum consumption, creditworthiness) to promote fairness and transparency.
- **Participation method:** Clear rules on whether participation to DPPA scheme will be based on competitive bidding, bilateral negotiation, or registration would help market participants prepare adequately.
- **Legal enforceability:** Explicit recognition of DPPA contracts as legally binding, with clear provisions for dispute resolution and governing law, will strengthen investor confidence and bankability.

1.2. Procedural challenges

Procedural challenges are a significant obstacle for investors, particularly in the context of FDI. These challenges encompass the complexities and inefficiencies inherent in navigating bureaucratic processes and adhering to documentation requirements. The procedural hurdles can lead to delays, increased costs, and frustration, ultimately impacting the overall investment experience. Addressing these challenges is crucial for creating a more efficient and investor-friendly environment.

- **Consistency across provinces:** In practice, we observe that implementation guidance can differ across provinces and is sometimes provided verbally rather than in written form. We respectfully propose a unified national framework, supported by official written guidelines, to ensure consistent application.

- **Approval & licensing:** We recommend streamlining approval processes with clear timelines and documentation requirements, to reduce the administrative burden and encourage broader participation.
- **Grid access & dispatch:** Transparent criteria and procedures for granting grid connection and dispatch priority for DPPA projects would help level the playing field.
- **Settlement & credit risk:** Guidance on settlement arrangements, credit risk allocation, and possible use of standardized templates would provide clarity and reduce uncertainty.

1.3. Recommendations

EuroCham advocates for policies that create a favorable business environment for every investors. Our position paper outlines five key recommendations: improving regulatory clarity, streamlining procedures, enhancing transparency, fostering public-private partnerships, and promoting sustainable development. These recommendations reflect the collective opinions of European investors and aim to enhance the investment climate for mutual growth and prosperity:

1. Issuing detailed implementing circulars: To ensure clarity and consistency, it is essential to issue detailed implementing circulars that clearly outline eligibility criteria, participation methods, and settlement models. These circulars will serve as comprehensive guides for investors, reducing ambiguity and facilitating smoother compliance with regulatory requirements.
2. Establishing a unified national framework: Creating a unified national framework with written instructions is crucial to minimize provincial-level variations. Energy is a matter of national importance. Investors across the country should receive the same treatment. This framework will provide a standardized approach across the country, ensuring that investors face consistent regulations and procedures regardless of their location. This uniformity will enhance predictability and confidence in the investment environment.
3. Providing standardized templates and processes: Offering standardized templates and processes for applications and contracts can significantly streamline administrative tasks for investors. These standardized documents will reduce the complexity and time required for compliance, making it easier for investors to navigate the regulatory landscape and focus on their core business activities.
4. Considering a centralized “one-stop” approval: Implementing a centralized “one-stop” approval system can greatly enhance the efficiency of the investment process. This system will consolidate various approval procedures into a single point of contact, reducing bureaucratic hurdles and expediting the approval process. Investors will benefit from a more streamlined and transparent experience. Additionally, this can be organised on provincial level if the legal framework and guidance is clear enough.
5. Conducting regular stakeholder consultations: Regular stakeholder consultations are vital for ensuring continuous feedback and practical implementation of policies. By engaging with investors and other stakeholders, policymakers can gather valuable insights and address any concerns or challenges. This collaborative approach will lead to more effective and investor-friendly regulations.

2. Viet Nam wholesale electricity market

The MOIT is under revising Circular 16⁵ (already amended by Circular 36⁶) on operation of the VWEM. It is crucial for DPPA investors from the EU to follow such developments closely, especially in relation to Decree 57 on DPPA framework.

The case study on the reform of the EU's electricity market design for renewable energy is more and more relevant to Vietnam's reform of its wholesale electricity market.

2.1. Case study from the EU

With increasing shares of intermittent renewable sources require to review the electricity market design to better enable their deployment and integration in EU's electricity market, however with the rising electricity prices since the second half of 2021 show certain drawbacks of the current EU electricity market design in terms of affordable prices for consumers, the EU Commission has recently proposed a reform of the EU's electricity market design⁷, with significant points as follows:

- The penetration of renewables in electricity markets in the EU continues to grow at fast pace.⁸
- Following such growth, CEER report found that the volume of supported renewable electricity increased from 297 TWh in 2014 to 422 TWh in 2019 in the EU.⁹
- Similar to Decree 57 of Vietnam, the EU introduced the concept of CfD. In addition to the characteristics of a FIP, under CfD or a sliding premium (Art.4 of Renewable Energy Directive), if the wholesale price rises above the guaranteed price, generators are required to pay back the difference between the guaranteed price and the wholesale price.¹⁰
- However, for the costs of support schemes, the level of support received by renewable electricity producers reached EUR 35 bn in 2018 and EUR 43 bn in 2019 (corresponding to around 0.35% of GDP).¹¹

⁵ Circular No. 16/2025/TT-BCYT dated February 01, 2025 by the Ministry of Industry and Trade on operation of a competitive wholesale electricity market (Circular 16).

⁶ Circular No. 36/2025/TT-BCT dated 3 June 2025 by the Ministry of Industry and Trade on amendments to some articles of MOIT Circular No. 16/2025/TT-BCT dated February 01, 2025 on operation of a competitive wholesale electricity market (Circular 36).

⁷ European Commission, European Economy Discussion Papers (June 2023), The Development of Renewable Energy in the Electricity Market, page 9.

⁸ European Commission, European Economy Discussion Papers (June 2023), The Development of Renewable Energy in the Electricity Market, page 12.

⁹ European Commission, European Economy Discussion Papers (June 2023), The Development of Renewable Energy in the Electricity Market, page 21.

¹⁰ European Commission, European Economy Discussion Papers (June 2023), The Development of Renewable Energy in the Electricity Market, page 22.

¹¹ European Commission, European Economy Discussion Papers (June 2023), The Development of Renewable Energy in the Electricity Market, page 23.

- The renewable electricity sector is progressing towards competitive market conditions with reduced reliance on public funding. Several wind projects are now being auctioned with no subsidy support. This trend encourages the renewable sector to innovate new business models and adopt price-hedging strategies, like DPPA¹².
- As solar photovoltaic and wind energy sources are shifting the merit-order curve to the right, pushing thermal power plants out of the market. This can lead to a decline in wholesale prices, which may fall to zero when there is no need for thermal power plants to meet demand. Additionally, prices can turn negative if the benefits from subsidies or the costs associated with shutting down thermal baseload plants justify the expense of continued operation. In fact, as prices decline when renewable technologies are in operation, the compensation they receive in the market for their production is also reduced. Since the extent of this effect amplifies with their market share, it implies that renewable technologies diminish their own market value as time progresses. This is the so-called **cannibalization effect of renewable energy**.¹³

Please refer to Annex 1 - EU's electricity market design for renewable energy for detailed data.

2.2. Recommendations

Private DPPA between corporate buyers and producers are based on VWEM as the relevant index for financial settlement. Corporate buyers have difficulty tying themselves to a market (VWEM) that is comparably new and untransparent. Efforts could be given to making the VWEM supply/demand information freely accessible, and to making the VWEM operational structure as transparent and coherent as possible.

Further, a strengthening of the relation between the setting of the EVN industrial prices and the VWEM prices would increase the confidence that corporate buyers have in VWEM if they knew that VWEM will - with a time lag – effectively set the industrial tariff they already are used to pay.

To allow buyers and sellers the freedom to shape commercially beneficial contract structures, it could be considered to allow producers to retain part of the project capacity as merchant (i.e not having to sell all capacity and all production volumes to customers). As a result, producers could develop electricity products other than “pay-as-produced”. Examples could be the offering of a baseload profile or an individually tailored consumption profile to the industrial customer (and consequentially the producer absorbing the volume difference between production and consumption). The introduction of such a merchant structure ideally would also

¹² European Commission, European Economy Discussion Papers (June 2023), The Development of Renewable Energy in the Electricity Market, page 25.

¹³ European Commission, European Economy Discussion Papers (June 2023), The Development of Renewable Energy in the Electricity Market, page 34.

allow the producer to source spot volumes from the VWEM in order to fulfil delivery obligations to the customers.

By setting a reference tariff level on which the contract depends, CfD provides certainty on a minimum level of market revenue to renewable projects when prices are low, but at the same time avoids overcompensation by governments when price are high. Efforts should also be pursued to act on barriers for PPAs between power consumers and producers. This provides a market-based alternative based on bilateral contracts between market operators, as opposed to the CfD where the government acts as the direct counterparty guaranteeing the agreed price. Overall, all these types of long term and hedging instruments will be able to provide better price and revenue stability to producers and investors in an unstable future market, so that they can more easily commit to investment in long-term renewable energy projects. The availability and use of these long-term instruments should ultimately be market-based. However, public authorities have a role to play in promoting and facilitating their development. Moreover, due consideration should be given to the budgetary cost that this may entail. To ensure the stability of the power market, public authorities need to apply a protection clause under PPA to enable investors to mitigate market risks (see section below for more details).

A greater use of long-term contracts (e.g. CfD) need to be complemented by reforms to promote a more flexible power system. A power system with increased renewable and storage capacity will need to match supply to demand, providing baseload as well as peaking power, given any type of weather conditions in every hour of every day over many years. To ensure the 100% dispatch of renewable electricity, this will require large investments into flexible solutions such as cross-border interconnections or electricity storage, as well as greater penetration of demand-side flexibility through for instance electrolyzers or demand side response.

This can contribute also to counteracting the cannibalisation effect, as it allows demand to be shifted in time and space depending on the price signal. For that, public authorities need to provide historical data of the wholesale market to the investors.

3. Wheeling charge

Since the issuance of Decree 57 on March 5, 2025, clarity is limited regarding two critical cost components of the DPPA framework: $C_{DPPAAdv}$ and P_{CL} . While EVN has shared some cost information with its five Power Corporations, this has not yet been accompanied by broader consultation with the DPPA stakeholder community, nor has the underlying methodology been made public. At present, there are no clear guidelines on how these charges are determined, what cost elements are considered, or which data sources and assumptions are applied.

This lack of information creates risks in the process of developing financial models, bankability, and limits the participation of renewable energy generators as well as large electricity consumers. As a result, power purchasers face difficulties in planning long-term operating costs, while renewable energy project investors struggle to establish viable financial models for capital mobilization. This may result in:

- Delays in signing DPPA contracts, as parties are unable to agree on an all-in price;

- Higher cost of capital, since financial institutions perceive DPPA projects as riskier due to the absence of a clear cost framework;
- Reduced attractiveness of the DPPA mechanism compared to conventional electricity procurement channels, thereby hindering the goals of fostering a competitive electricity market and promoting renewable energy development.

DPPA stakeholders would greatly appreciate if some instructions, reference sources, or indicative methodologies could be shared. Such information would help generators, consumers, and lenders better understand the basis of these charges, improve confidence in the DPPA model, and allow participants to incorporate them into more reliable financial projections. To address this issue and foster broader participation, the following steps are recommended:

1. Publish draft calculations or indicative ranges for C_{DPPAdv} and P_{CL} to provide stakeholders with early visibility.
2. Clarify data sources and key assumptions underlying these calculations, ensuring they align with established regulatory principles.
3. Open consultations with the DPPA community, including renewable energy generators, large electricity consumers and authorised electricity retailers in clusters and zones, as well as other stakeholders such as finance providers, before finalizing the charges, allowing for constructive feedback on economic viability and market impact.

Once these fees are finalized, a price adjustment cap should be recommended—specifically, limiting increases to no more than 9% within a 3-year window. This cap would enable DPPA participants to build more reliable and predictable financial models, enhance long-term investment confidence, and stimulate the sustainable development of DPPA market.

4. PPA bankability and legal certainty of contracts

A core prerequisite for the success of Vietnam's DPPA mechanism under the virtual connection model is ensuring bankability of the PPAs. Without a bankable PPA and clear allocation of risks, the mechanism will struggle to attract both international and domestic investors, as well as the necessary financing from (inter)national commercial banks and development finance institutions.

The DPPA should provide a contractual structure that aligns with international best practices and allocates risks in a manner acceptable to lenders. Currently, concerns arise from:

- Curtailment and dispatch risk: Investors require assurance that generated electricity will not be unreasonably curtailed without compensation, particularly given grid congestion risks.
- Currency convertibility: With revenue in VND, foreign lenders require guarantees for convertibility and remittance of USD to service debt.
- Contract termination and remedies: Investors and offtakers must have clarity on events of default, termination compensation, and step-in rights for lenders.
- Market access protection: Since DPPA revenues are linked to the VWEM, the PPA must include protection in case the generator is unable to access or transact in the

wholesale market due to regulatory delays, market suspension, EVN restrictions, or technical failures in metering/settlement systems. In such cases, investors should be compensated through either:

- deemed dispatch mechanism (treating the energy as if sold into the wholesale market at the prevailing spot price), or
- a fallback tariff (pre-agreed strike price with the offtaker until market access is restored).

The exposure of the remaining electricity production on competitive market as well as limited operation of the competitive electricity market in Vietnam makes the feasibility of the model still ambiguous.

While the Decree mentions damage compensation, it provides no formal methodology for calculating specific damages, compensation caps, legal basis for determining actual losses or timeline for compensation payments.

The bankability of virtual Direct PPAs is a critical concern for both renewable energy generators and large electricity consumers. Bankability refers to the ability of a project to secure financing based on the perceived risks and the reliability of its revenue streams. For virtual DPPAs, several factors influence their bankability, including market risks, curtailment risks, and the legal certainty of the contracts.

4.1. Market risks

Market risks refer to potential financial losses due to fluctuations in market conditions. Understanding and mitigating market risks is crucial for informed investment decisions and financial stability:

- In a virtual DPPA, the generator sells electricity to the VWEM, and the consumer purchases from the retail market. The financial settlement is based on the difference between the agreed price and the market price.
- This expose both parties to market price volatility. If the market price is lower than expected, the generator may receive less revenue, while the consumer may pay more.
- To mitigate this, the CfD must be structured to provide a stable revenue stream for the generator and predictable costs for the consumer.

4.2. Curtailment risks

Curtailment risks occur when a grid operator reduces the output of a renewable energy plant due to grid constraints or oversupply. In a virtual DPPA, this can affect the generator's revenue if they cannot deliver the agreed amount of electricity:

- Curtailment occurs when the grid operator reduces the output of a renewable energy plant due to grid constraints or oversupply.
- In a virtual DPPA, if the generator is curtailed, it may not be able to deliver the agreed amount of electricity, affecting its revenue.

- The contract should clearly define how curtailment is handled, including whether the generator is compensated for curtailed energy and under what conditions.

4.3. Legal certainty

A strong legal framework ensures contract enforceability and effective application:

- The legal framework for virtual DPPAs must provide certainty regarding the enforceability of contracts and the resolution of disputes.
- Decree 57 provides the regulatory basis, but detailed guidelines and standard contract templates can enhance legal certainty.
- Provisions for unilateral termination should be carefully considered to avoid undue risks for either party.

4.4. Recommendations

Enhancing the bankability of virtual DPPAs is crucial for attracting investment. This can be achieved by developing standardized contracts, clearly defining risk allocation, allowing contract transfers with MOIT approval, considering government support mechanisms, and establishing efficient dispute resolution processes:

- Standardized contracts: Develop standardized contract templates that address key risks and are accepted by financial institutions.
- Risk allocation: Clearly define risk allocation in the contract, particularly for market and curtailment risks.
- Contract assignability: Permit DPPA contract transfers with MOIT approval to facilitate project financing and ownership changes
- Government support: Consider government guarantees or support mechanisms to mitigate specific risks, especially in the early stages of DPPA implementation.
- Dispute resolution: Establish precise and efficient dispute resolution mechanisms to handle any conflicts that may arise.

By addressing these issues, Vietnam can enhance the attractiveness of virtual DPPAs for investors and consumers, thereby promoting the growth of renewable energy in the country.

5. Bidding process

It is recommended to clarify the required bidding process for DPPA projects to enhance practicality.

5.1. Competitive bidding regulations for power projects

- There should be a separate investor selection process for projects selling electricity to EVN or DPPA.
- As the decentralization to provincial level is increasing, province may have rights to decide to clarify type of projects which are to be sold to EVN or DPPA.
- Industrial parks and companies who have a demand for renewables can register as potential off takers with the province. This will be a base for the province to clarify type of projects and launch the bidding process accordingly.

Vietnam's legal framework for power project development includes competitive bidding requirements, particularly for projects listed in national or provincial power master plans with multiple interested investors. The Law on Bidding 2023¹⁴, effective from January 1, 2024, and its guiding decrees, such as Decree 23¹⁵ and Decree 115¹⁶, mandate transparent and competitive processes for investor selection, especially for land-use projects, including greenfield power developments.

Decree 56¹⁷ provides detailed guidelines on bidding for power projects, covering gas-to-power, coal-fired, and renewable energy projects. It specifies that bidding is required if there are at least two interested investors, with evaluation criteria based on power tariffs or state budget contributions, depending on MOIT's tariff framework. For instance:

- Projects with an MOIT tariff framework: The winning bid sets the maximum price for negotiating PPAs.
- Projects without a tariff framework: Bidding focuses on minimizing state budget contributions.

5.2. *Potential clashes*

For standard power projects, especially those in the national or provincial power master plans with multiple interested investors, competitive bidding is typically required for investor selection, as outlined in Decree 56 and the Bidding Law 2023.

For DPPA Model 2 (grid-connected), projects must participate in the competitive wholesale electricity market and likely follow standard approval processes, which may include bidding if there are multiple investors. Yet, it is unclear whether projects with pre-allocated land for the correct purpose requires bidding or not. This unclarity hinders projects going forward especially for projects requiring land use, whereas Decree 115 mandates competitive bidding.

5.3. *Recommendations*

To address potential clashes, MOIT should clarify the relationship between DPPA and bidding regulations. This includes specifying which DPPA projects are exempt from bidding and under

¹⁴ Law No. 22/2023/QH15 dated June 23, 2025 by the National Assembly of Vietnam on Bidding (Law on Bidding).

¹⁵ Decree No. 23/2024/ND-CP dated February 27, 2024 by the Government of Vietnam on elaboration of and measures for implementation of the Law on Bidding on selection of investors to implement projects subject to bidding organization in accordance with special laws (Decree 23).

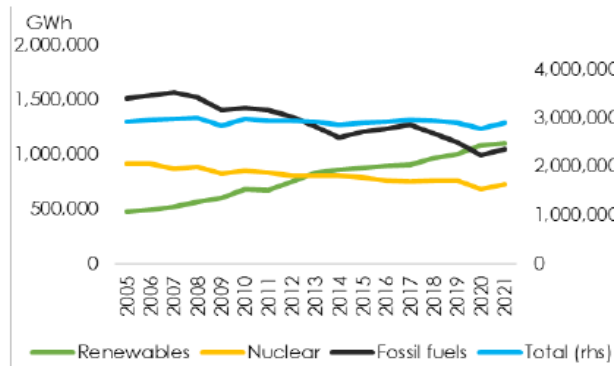
¹⁶ Decree No. 115/2024/ND-CP dated September 16, 2024 on elaborating some articles of and introducing measures for implementing Law on Bidding regarding selection of investors executing investment projects involving land use (Decree 115).

¹⁷ Decree No. 56/2025/ND-CP dated March 03, 2025 by the Government of Vietnam on elaborating the Law on Electricity pertaining to electricity development, electrical supply grid development plan, electricity plan investment and development, bidding for investor selection of electricity business investment project (Decree 56).

what conditions grid-connected DPPA projects must undergo competitive bidding, ensure clarity on when bidding is required, integrating with Decree 115 for land-use projects to avoid ambiguity. Such updates would ensure transparency, maintain fair competition, and align with the goal of promoting renewable energy investment.

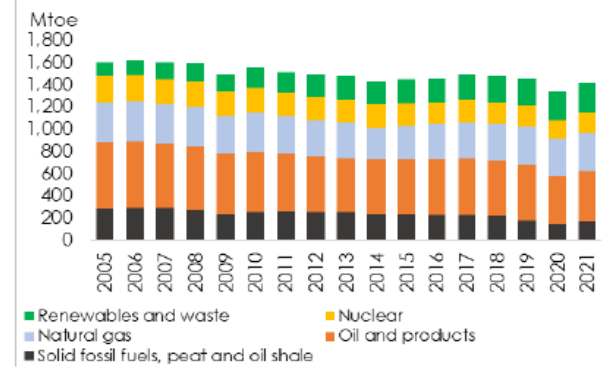
ANNEX 1: EU ELECTRICITY MARKET DESIGN FOR RENEWABLE ENERGY

Graph 2.1 Gross electricity production (EU27)



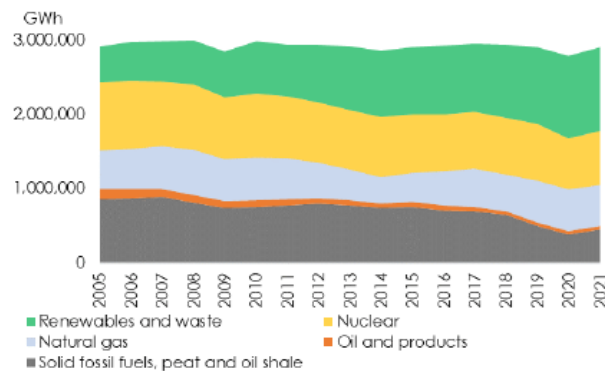
Source: Eurostat.

Graph 2.2 Energy mix – gross inland consumption of energy (EU27)



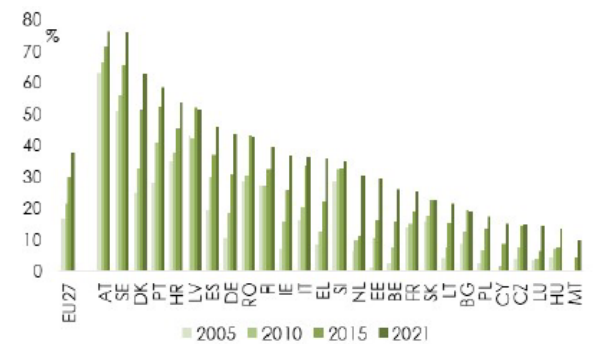
Source: Eurostat.

Graph 2.3 Gross electricity production by energy source (EU27)



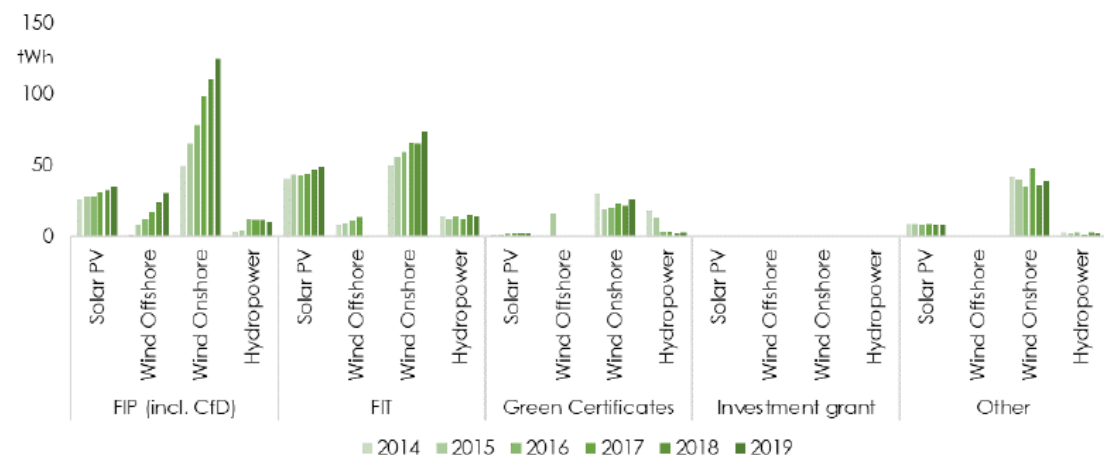
Source: Eurostat.

Graph 2.4 Share of energy from renewable sources in gross electricity consumption (by Member State)



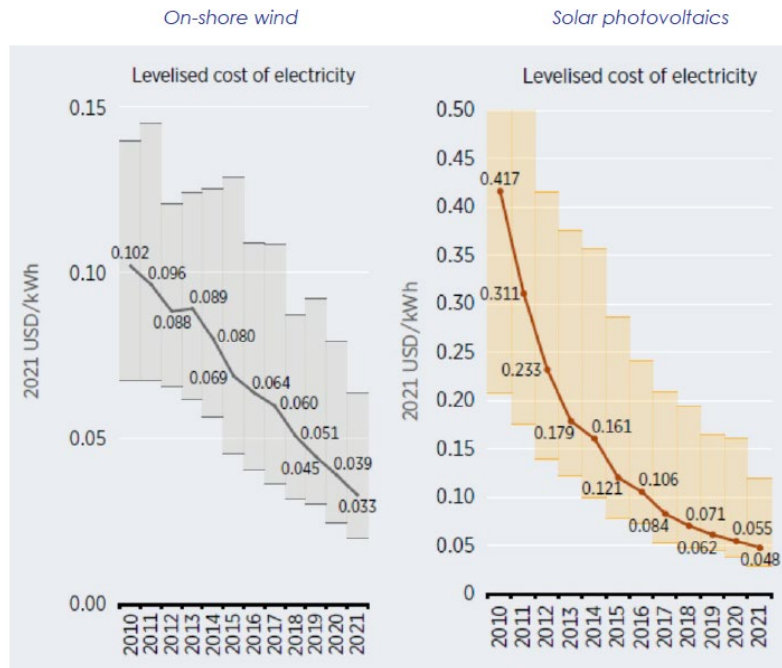
Source: Eurostat (SHARES 2021).

Graph 3.2 Renewable electricity receiving support per type of support scheme in the EU



Source: CEER 2021 Status Review of Renewable Support Schemes reports.

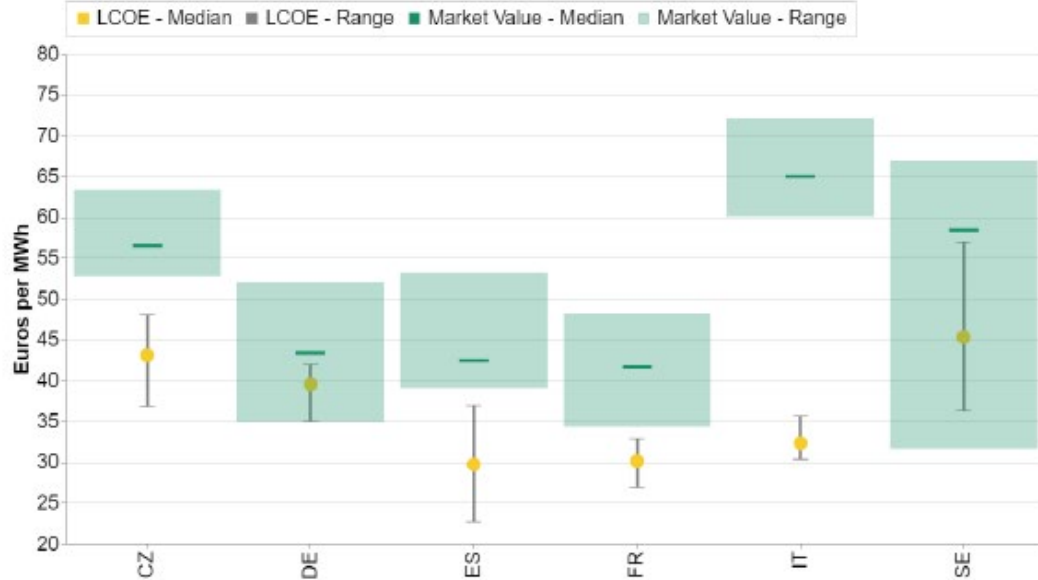
Graph 5.1 Evolution of the levelised cost of electricity for onshore wind and solar photovoltaic electricity from 2010 to 2021 at global level.



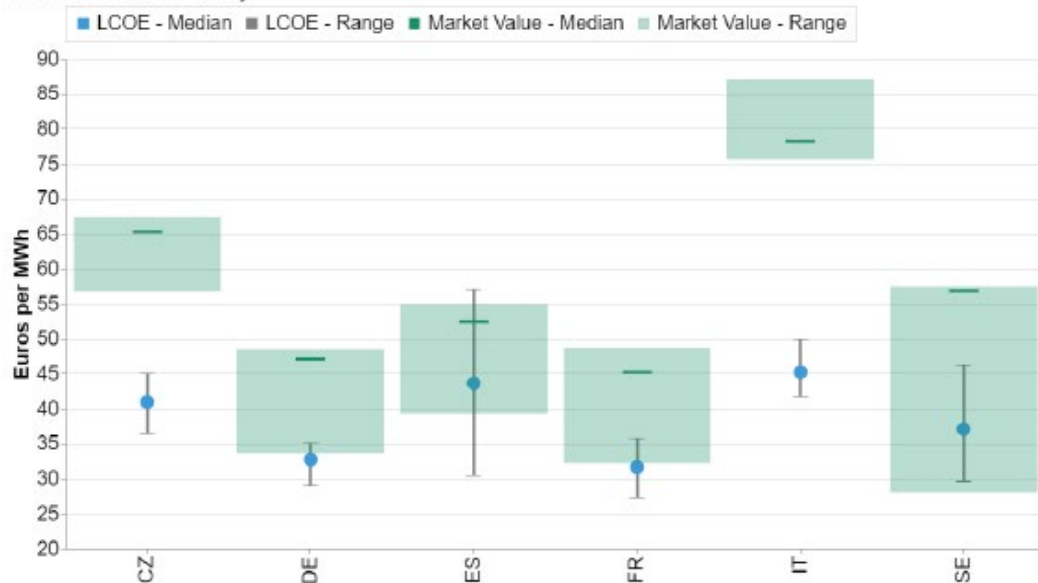
Source: reproduced from IRENA - Renewable Power Generation Costs in 2021.

Graph 5.3 Comparison between the production cost (LCOE) and the market value of solar photovoltaic and onshore wind electricity generation in representative European market conditions by 2030.

Solar photovoltaic electricity



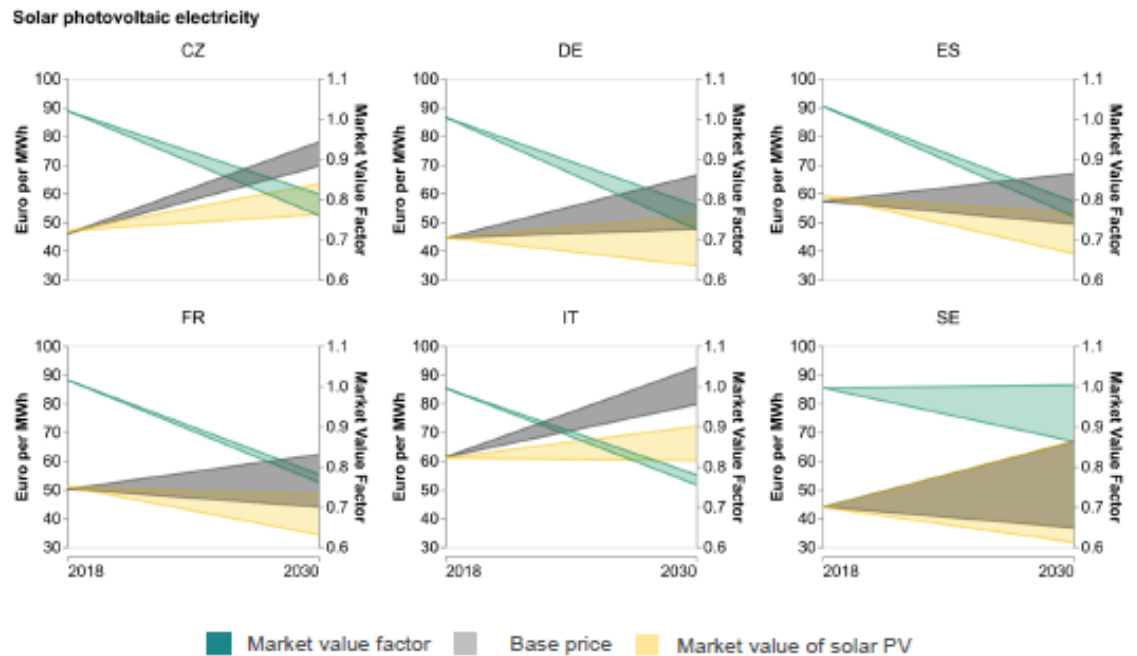
Onshore wind electricity



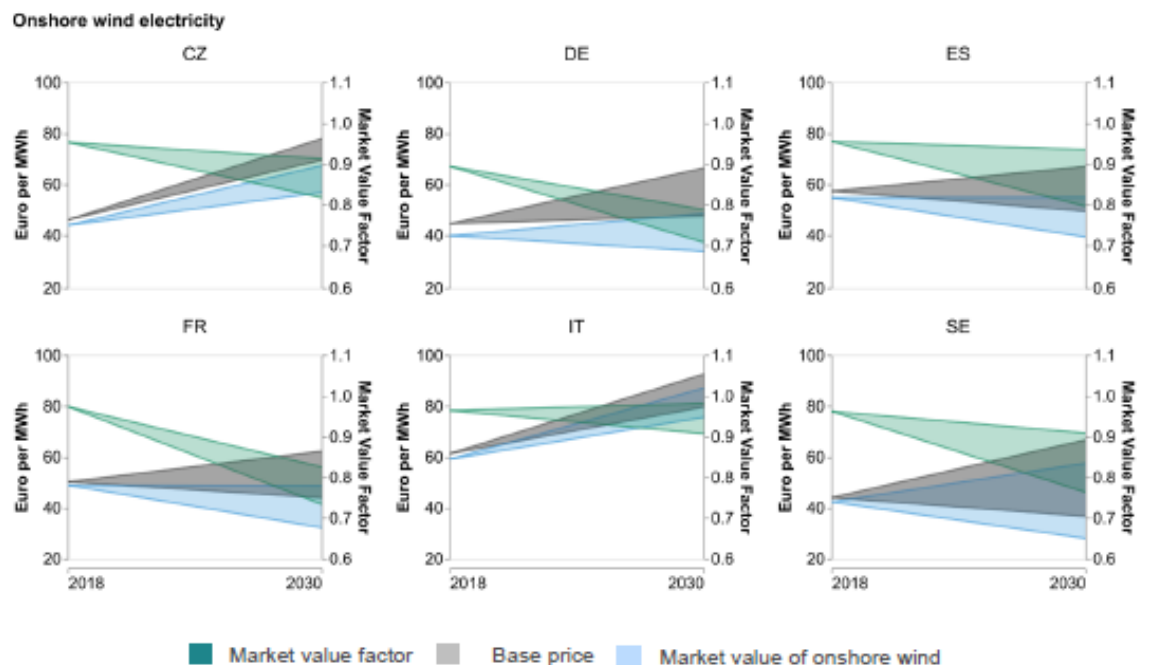
Source: European Commission's Joint Research Centre. The Green box represents the ranges of market values modelled; the vertical error bars represent the ranges of LCOE. Circles and dashes respectively indicate the median values across three selected climatic years.

Graph 5.4 Evolution of the wholesale electricity price, market value and market value factors of solar photovoltaic and onshore wind electricity from 2018 to 2030 in the selected Member States⁷⁵.

Solar photovoltaic electricity

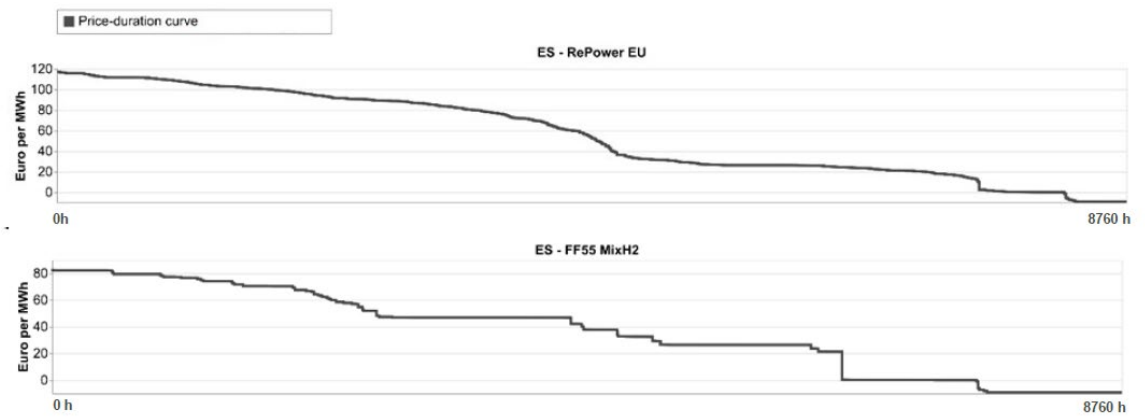


Onshore wind electricity



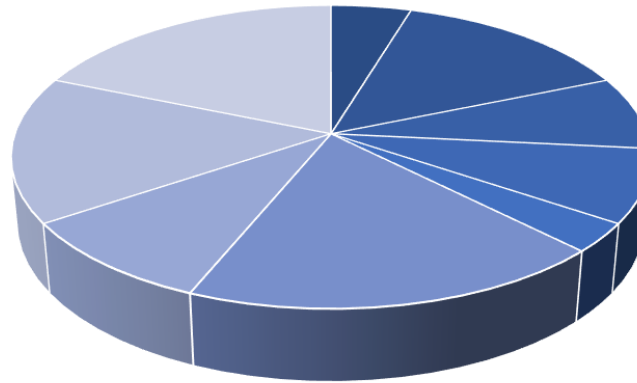
Source: European Commission's Joint Research Centre.

Graph 5.5 Comparison of the price duration curves and the availability of the solar fleets between the MIX H2 and REPowerEU related scenarios for Spain in 2030



Source: European Commission's Joint Research Centre.

ANNEX 2: CONDUCTED SURVEY



- Private wire - Offtaker Eligibility
- Private wire - Pricing
- Private wire - Procedures
- Synthetic - GENCO Eligibility
- Synthetic - Offtaker Eligibility
- Synthetic - Pricing
- Synthetic - Bankability
- Synthetic - Procedures
- Others

Private wire - Offtaker Eligibility	3	Limited to "Large Consumers" only with average consumption of 200,000 kWh/month or above and to be adjusted by MOIT from time to time, causing uncertainty and exclude many potential participants. This should be lifted.
Private wire - Pricing	9	There should be no ceiling price applicable to DPPA via private wire model. Price should be defined between the parties of the contract.
Private wire - Procedures	5	Complex and conflicting procedures should be streamlined and simplified. Further guidance should be given and be consistent across different provinces.
Synthetic - GENCO Eligibility	5	Limited to large players only (capacity of 10MW and above) --> should also be open for smaller and medium-sized players. Limited to solar, wind, and biomass energy only --> should be open for other types (LNG, Hydrogen, etc.)

Synthetic - Offtaker Eligibility	2	Limited to "Large Consumers" only with average consumption of 200,000 kWh/month and to be adjusted by MOIT from time to time, causing uncertainty and exclude many potential participants. This should be lifted.
Synthetic - Pricing	12	Uncertainty on VWEM operation and on calculation of component fees. High wheeling charge with annual adjustments leading to high uncertainty and low bankability of DPPA.
Synthetic - Bankability	6	Risks need to be addressed: curtailment and dispatch risks, contract termination and remedies, etc.
Synthetic - Procedures	10	Complex and conflicting procedures should be streamlined and simplified. Further guidance should be given and be consistent across different provinces. Guidance should be given for transitional projects to be shifted to DPPA structure.
Others	12	<i>Including</i> Bidding process needs further clarity and guidance. <i>but</i> Need legal protection against retroactive change. <i>not</i> <i>limited</i> <i>to:</i> Lack of grid infrastructures.

DPPA role	Which specific points in DPPA decree pose obstacles to your business?	Please indicate the priority level for the following potential improvements to the DPPA?	Your Recommendations
Generator	DPPA decree- RTS through private wire-with zero export system in a large customer (offtaker), the decree mentions unlimited capacity. but different provinces are verbally saying they don't know what the policies for implementation/ permitting process is... Need clarity on the permitting process for this, which is UNIFORMLY applicable across the country.	High	Should mention a notification to the DOIT and EVN with the details about the project and offtaker should be enough. If authorities need additional information, they should send a written response. not just verbally
Generator	• EVN ceiling tariff on physical DPPA EVN unbankable PPA role in virtual DPPA; curtailment, uncompensated termination, not indexed to USD, Vietnam law (not international arbitration) • Very high wheeling fees in EVN virtual DPPA • Tariff change based on 173 projects - role EVN has to directly change or be influenced by a change	High	• No ceiling tariff to physical/direct-line DPPA; this is for generator and consumer to decide. • Bankable PPA (in virtual DPPA), no curtailment or minimum maximum curtailment guaranteed i.e. 2-4% over a set period of time, offtake indexed to USD, full compensation for termination, international arbitration (e.g. SIAC)
Generator	Electricity price shall be decided between a generator and an offtaker without any limit or cap, especially in case of physical model, i.e. DPPA with a private line.	Medium	Vietnamese power and energy sector shall review and study other countries' case to introduce them to Vietnamese market. This is applied not only to DPPA, but also to other issues in the sector.
Others	• Even for physical DPPA, Large Consumers are required to have the	High	MOIT should relax the condition of large consumers and electricity selling price for physical DPPA

	power consumption more than 200,000kWh/month. • Even for physical DPPA, the cap is set for electricity selling price.		
Generator	According to Clause 1, Article 16 of the Decree, the method for calculating the electricity purchase cost for Large Customers (Ckh) is specified. However, the specific parameters for calculating the cost components have not been clearly defined, leading to difficulties in determining the cost of purchasing electricity.	Medium	• Since it is not possible to accurately calculate transmission costs and energy losses, to encourage investment in electricity-deficient areas, electricity generators and consumers are only permitted to engage in electricity trading within the same geographical region. • When participating in the DPPA mechanism, electricity consumers expect to purchase electricity at a price lower than the retail price, while power generators aim to sell electricity at a price close to the ceiling price of the corresponding energy type. Therefore, the following proposals are made: ○ The price in the Contract for Difference (CFD) should not exceed the ceiling price issued by the MOIT (as agreed upon between the generator and the consumer). ○ EVN's applicable charges (including DPPA cost, balancing cost, etc.) = Retail price – Ceiling price of the corresponding energy type. Accordingly, the amount collected by EVN would cover other costs, including system operation services and settlement of price differences.
Generator	Wheeling Charge for Synthetic DPPA ("Wheeling Charge") will be announced annually. It means DPPA Generators and Off-takers will be difficult on cost projection	High	It is recommended that EVN and the Government shall publish clear roadmap for transparent components of electricity price, including CAPEX and OPEX of the power plants/transmission-lines/substations. Furthermore, the

	on future annual increase of the Wheeling Charge.		annual increase of the Wheeling Charge could be capped in accordance with a reasonable market benchmark (e.g. the Consumer Price Index).
Others	Limited Access for Certain Sectors: • Problem: The current DPPA framework is predominantly focused on large-scale renewable projects, and smaller, decentralized players (such as RTS installations or smaller solar/wind projects) face obstacles in accessing the market under the existing rules. • Impact: Smaller businesses, especially SMEs, may struggle to secure contracts and enter the renewable energy market due to regulatory barriers, limiting the growth of decentralized energy generation. Lack of Clarity on Eligibility and Procedure for Non-Utility Scale Projects: • Problem: The Decree doesn't clearly specify the eligibility criteria for non-utility scale projects or the detailed process for these projects to enter into DPPAs. This leaves room for confusion and delays in project development. • Impact: Smaller-scale projects may face regulatory hurdles and lengthy	High	Government Actions: • Clarify Pricing and Tariff Mechanisms for DPPA: Action: Standardize pricing structures and introduce a transparent tariff system for renewable energy projects under DPPA. This provides long-term price stability, encouraging investor confidence and reducing legal uncertainties. • Simplify DPPA Process for Small and Medium Projects: Action: Lower the minimum energy thresholds and simplify the approval process for smaller, decentralized renewable energy projects (e.g., RTS). We believe this will expand the market participation and accelerates the adoption of renewable energy. • Set Clear Eligibility and Approval Timelines for DPPA Projects: Action: Define clear eligibility criteria and standardize the procedural steps for entering into a DPPA. Increasing transparency • Introduce Legal Protections Against Retroactive Changes: Action: Ensure that once a DPPA is signed, its terms (pricing, duration) cannot be changed retroactively. It is important to provide stability and security to investors, reducing perceived risks and increasing participation in DPPA projects. • Upgrade Grid Infrastructure for Renewable Energy Integration: Action: Prioritize grid expansion and integration of energy storage solutions to handle

	approval processes, stifling innovation and new market entrants.		intermittent renewable energy sources under the DPPA. One of the major roadblocks. • Streamline DPPA Permitting Process: Action: Digitize and simplify the permitting process for DPPA projects to reduce administrative burdens and delays. This is probably one of the simplest things to do, in order to speed up project timelines and reduces barriers to entry for developers. • Promote DPPA Access for Smaller Projects: Action: Push for regulatory changes that allow smaller projects, such as RTS, to easily enter into DPPAs. This is key to broaden the market, allowing more businesses to participate and scale up renewable energy adoption. • Facilitate Dialogue Between Developers and Government on DPPA Terms: Action: Organize workshops, roundtables, and consultations with developers, investors, and regulators to refine and improve DPPA frameworks. These dialogues provide direct feedback to regulators from industry stakeholders, ensuring the framework aligns with market needs. • Support Legal Framework Stability for DPPAs: Action: Advocate for legal measures that ensure long-term stability and protection for DPPA agreements. Self-explanatory • Create Capacity-Building Programs for DPPA Projects: Action: Develop training programs for businesses on how to navigate the DPPA process, including project financing and regulatory compliance. Equips businesses with the knowledge
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			and skills needed to enter the DPPA market successfully. This is a critical one. • Monitor and Report on DPPA Success: Action: Track the progress of DPPA projects and their outcomes, and produce annual reports to showcase successes, challenges, and areas for improvement. We need to increase transparency, encourage further investment, and provide insights for continuous improvement of the DPPA framework.
Generator	Synthetic: • Lack of Priority Dispatch: The current DPPA Decree does not include any clause guaranteeing priority dispatch for electricity generated by participating projects. As a result, even though these projects are integrated into the wholesale market, they still face curtailment risks. • Uncertainty in Wheeling Charge Escalation: While a draft framework for wheeling charges has been introduced, it remains unclear how the charges will escalate over time, particularly on an annual basis. This creates uncertainty in long-term financial planning for investors. • Limited Access to Market History: There is insufficient transparency or access to historical records of wholesale market transactions,	High	• Guaranteed Dispatch: A clear provision ensuring the dispatch of electricity generated by DPPA projects is essential to mitigate curtailment risk and provide greater confidence to investors. • Wheeling Charge increase structure: A well-defined structure for annual wheeling charge escalation is needed for both generators and offtakers, enabling more accurate and reliable financial modeling. • Wholesale Market Participation Guidance: More detailed guidelines on how to participate in the wholesale market are necessary. Additionally, sharing historical market data with participants would greatly support risk assessment and strategy development.

	which makes it challenging for new market participants to evaluate risks and build robust market entry strategies.		
Offtaker	We are still unclear and currently investigating the DPPA scheme. However, even under the PPA framework, the legal interpretation remains ambiguous. When we try to proceed, EVN and the relevant authorities often provide conflicting guidance.	Medium	We understand that the DPPA is a direct contract between the power generator and the end user. We believe that excluding EVN from the middle of this arrangement could enable a smoother transaction process. As for the certification process of the DPPA, we believe that clarifying the responsible authority would help eliminate ambiguity.
Generator	• The uncertainty in wheeling charges is to be decided annually by EVN and MOIT • The definition of a large consumer is to be defined by MOIT from time to time • The clauses of suspension and termination	High	• Wheeling charges needed to be approved and announced annually, before the end of the year, to be applied for the next year • The definition of a large consumer needs to be clearer and certain • More bankability DPPA
Others	Currently, lack of transactions is a major obstacle for DPPA implementation. It is critical that sufficient capacity building, training, and consulting is provided to relevant parties to help them to make a deal. There are a lot of misconceptions about the DPPA that needs to be addressed.	High	• Remove the MOIT ceiling price for private wire DPPA. If consumers want to pay more than the ceiling for their own private generation, it is up to them. Regulating private investment like this is not in line with the spirit of Resolution 68 and it will prevent investments. • MOIT and EVN should explicitly clarify (as in Decree 57 already) that there is complete flexibility for consumers and buyers under the Virtual DPPA to set the strike price as they choose to do so. There should be no limits (or ceiling price constraints) on strike prices in the Forward Electricity Contracts. In

			my view, this is only clarification because Decree 57 does not set any limits on the strike price. • A specific pathway or guidance should be provided by EVN for Transition Projects to shift to DPPA contracts. In other words, they should be able to change their current PPAs with EVN to a contract under Circular 16 to sell power in the VWEM and then be allowed to participate in the DPPA. In principle, they already can do this under Decree 57, but explicit clarification from MOIT and EVN is necessary to support DPPA transactions for Transition Projects. • MOIT should clarify that the planned auction process for new capacity under the Updated PDP-8 Implementation Plan is ONLY for those who will contract with EVN for a PPA. If developers/investors are able to secure a DPPA MOU with a consumer for an approved PDP-8 project, then there is no need for auctioning. However, these DPPA developers should be obligated to finalize the DPPA transactions with a limited time (e.g., six months) or else pay a penalty to MOIT and lose their right to the project. This project can then be taken up by other DPPA developers or be auctioned for EVN contract. Similarly, if a project is auctioned for EVN contract and then PPA is NOT signed within a limited time (e.g., six months post auction), then the project should be available for DPPA transaction with the same or another investor. In this case, both EVN and auction winner should pay an equal penalty for
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			causing delays in PDP implementation. Such penalties should be high enough for only allowing serious developers for both DPPA and auction-based transactions. Penalties for EVN (in the case of failed post-auction negotiations) will also ensure that delays will be limited. Currently, there is a lot of delay because of the ongoing provincial reorganization. GVN and MOIT should clarify that DOITs, EVN-PC, NSMO should be able to make decisions on DPPA now and any decisions provided under the current provincial authority will be "grandfathered" or accepted by the new provinces without any penalties. 6) MOIT should consider expanding the large consumers to include data centers.
Generator	Non clear on the instruction for obtaining permits/ licenses under foreign generators. For example: Project IRC for RTS PPA, etc	High	Exempt the project IRC for RTS PPA for foreign generators whom already established Vietnamese entity.
Generator	Price cap for electricity selling price for physical DPPA. This paralyzes the whole scheme.	High	Ministry should organize feedback sessions with business associations like Eurocham and take into account those feedback when revise the DPPA Decree.
Offtaker	- Decree does not have clear regulations on whether EPE can participate in the DPPA mechanism for renewable energy generation or not. - For EPE, there is no clear guidance from government for the issue below: Which are appropriate mechanism/method of renewable	High	1. - Decree does not have clear regulations on whether EPE can participate in the DPPA mechanism for renewable energy generation or not. - Specific guidance should be provided on the eligibility of EPEs to participate in the DPPA for renewable energy generation, including the necessary conditions and procedures. 2.

	energy generation or purchase & sales for EPE. • Complicated administrative procedures: The requirement to report and notify multiple regulatory agencies can be cumbersome for businesses.. • Lack of detailed instructions: The Decree does not provide specific guidance on the implementation of DPPA in industrial parks or export processing zones.. • Renewable energy self-generating and self-using projects of some EPE in Hai Phong are suspended and kept on hold at customs clearance step for several months without explanation for reason and guidance from Customs Branch Region III. One example is the project of Bridgestone Tire Manufacturing Company. • The challenge with DPPA through Private Line is due to the distance between the power plant and the customer. . • DPPA for RTS for FDI Companies: The application of DPPA for RTS is hindered by inconsistent and unclear policies and guidelines from relevant ministries, including tax and		• For EPE, there is no clear guidance from government for the issue below: Which are appropriate mechanism/method of renewable energy generation or purchase & sales for EPE. • EPE expects to have a Decree with clear guidance below: Which are appropriate mechanism/method of renewable energy generation or purchase & sales for EPE 3. • Complicated administrative procedures: The requirement to report and notify multiple regulatory agencies can be cumbersome for businesses. • Simplify reporting and notification processes, possibly through a one-stop shop to reduce red tape. 4. • Lack of detailed instructions: The Decree does not provide specific guidance on the implementation of DPPA in industrial parks or export processing zones. • Issue detailed guidance on the implementation of DPPA in these areas, including technical and legal requirements. 5. • Renewable energy self-generating and self-using projects of some EPE in Hai Phong are suspended and kept on hold at customs clearance step for several months without explanation for reason and
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	customs. The lack of specific regulations on registration, connection, and system operation has led to the suspension of many projects pending guidance, disrupting investment progress and forcing businesses to consider alternatives such as equipment leasing or equity investment.		guidance from Customs Branch Region III. One example is the project of Bridgestone Tire Manufacturing Company • Renewable energy generating and using projects of EPE in Hai Phong need stronger supports from Customs Branch Region III in giving clear guidance of procedure and speed up customs clearance process. 6. DPPA Average Electricity Consumption Regulations: Regulations stipulate that the average electricity consumption committed under a Direct PPA (DPPA) must be 200,000 kWh/month or more. This gives a risk to the purchaser, as unforeseen circumstances such as natural disasters, epidemics or national grid overloads may cause the business to consume less electricity than the minimum threshold, potentially leading to non-compliance with the contractual terms agreed with the Renewable Energy Generator. 7. • The challenge with DPPA through Private Line is due to the distance between the power plant and the customer. • Therefore, electricity has to be traded through the national grid. Some issues that need to be addressed: ○ In situations where a renewable energy generator sells electricity to many customers but does not generate enough electricity for all at certain times,
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			customers will need to buy part of their electricity from EVN. This situation complicates the PPA due to the potential for disputes over the metering of electricity output from renewable energy sources versus conventional electricity from EVN. In addition, the allocation of RECs not yet obtained under the DPPA among large electricity users needs to be clarified. ○ The DPPA mechanism involves eight procedural steps and six entities with related rights and responsibilities, making the process of reaching consensus lengthy. Parties involved in the DPPA may need to engage specialized consulting services to address these complexities. 8. DPPA for RTS for FDI Companies: The application of DPPA for RTS is hindered by inconsistent and unclear policies and guidelines from relevant ministries, including tax and customs. The lack of specific regulations on registration, connection, and system operation has led to the suspension of many projects pending guidance, disrupting investment progress and forcing businesses to consider alternatives such as equipment leasing or equity investment. 9. Transfer of RECs and Carbon Credits: The Government needs to establish a mechanism and organization by which Renewable Energy Certificates (RECs) and carbon credits will be transferred from Renewable Energy Generators to Electricity Consumers.
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Others	Calculation of transmission charges and what is included.	High	Reasonable levels that do not include charges for other technologies, especially charges that subsidize fossil generation.
Others	The obstacles: 1. Complex Procedures: Lengthy and technical administrative steps discourage participation. 2. Participant Limitations: Only RE plants ≥ 30 MW and customers at 110 kV+ level can join, excluding many potential users. 3. VWEM Requirement: Mandatory use of the wholesale electricity market, which is complex and unfamiliar to most investors. 4. Unclear Pricing & Risk: Lack of clarity on price formation, curtailment risks, and financial responsibilities. 5. EVN's Dominance: EVN as both market operator and competitor raises concerns about fairness. The challenges for my role: 1. Complex Procedures: Lengthy and technical administrative steps discourage participation. 2. Participant Limitations: Only RE plants	High	The obstacles are indicated at point 6, the recommendations would be based on the ideas: 1. Widen Participation → Let smaller energy producers and mid-size businesses join, not just the big players. 2. Simplify the Process → Cut red tape. Make it easier to apply with clear, streamlined procedures. 3. Make the Market Understandable → Improve transparency in the electricity market and offer training to users. 4. Clarify Risks and Responsibilities → Be clear on who handles price changes, curtailments, and contract risks. 5. Ensure Fair Competition → Separate EVN's roles and let new service providers (like energy brokers) join. 6. Promote Efficiency and Storage → Encourage combining DPPA with energy-saving solutions and battery systems.

	≥30 MW and customers at 110 kV+ level can join, excluding many potential users. 3. VWEM Requirement: Mandatory use of the wholesale electricity market, which is complex and unfamiliar to most investors. 4. Unclear Pricing & Risk: Lack of clarity on price formation, curtailment risks, and financial responsibilities. 5. EVN's Dominance: EVN as both market operator and competitor raises concerns about fairness.		
Others	Nexus with challenges in Solar and Onshore Wind development: Conflicting Land Regulations: There's a conflict between Decree 56/2025/ND-CP and the Electricity Law 2024 regarding land acquisition for power projects. Decree 56 mandates competitive bidding for all solar and wind projects, regardless of whether land has been secured. However, the Electricity Law suggests that projects with pre-allocated land for the correct purpose might not require bidding. This inconsistency creates a scenario where the winning bidder might not be able to proceed because the land is already owned, necessitating a revision of this regulation for projects to move forward. Administrative Changes in Localities: Mergers and administrative changes in many	Medium	Included above

	provinces are causing disruptions. These changes impact socio-economic development plans from regional and provincial levels down to commune construction plans, leading to delays as new administrative structures are put in place and personnel are reorganized. Unclear Post-FIT Pricing Mechanism: The lack of a clear and timely pricing mechanism after the feed-in tariff (FIT) scheme ended in 2021 has eroded investor confidence, leading to project delays or cancellations. The transition from FIT to bidding or PPAs (PPAs) with price caps is unclear regarding price determination, risk-sharing, and implementation roadmap. Weak PPA Contracts: Current PPA contracts are often not legally binding enough and lack payment guarantees or risk-sharing mechanisms for infrastructure, policy, and legal risks. This discourages long-term investment from international financial organizations. Incomplete Policy Framework: Despite the revised Power Development Plan VIII and international net-zero commitments, Vietnam still lacks a dedicated Renewable Energy Law or Energy Transition Law. This leads to fragmented policies that are not highly legally binding and are difficult to implement consistently between central and local governments.		
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Others	Electricity consumers need to have consumption of 200,000kWh/month or more to be eligible to participate in DPPA mechanism. This condition limits the number of eligible consumers, while many other businesses and SMEs who also wish to access renewable energy to meet sustainable development goals and requirements to export to US or Europe are excluded. In IZs with private grid, the IZ itself is the single customer of EVN and its consumption is already larger than 200,000kWh/month, so customers within the IZ should be allowed to participate in DPPA without such limitation. Decree 57 also requires electricity selling price of projects under DPPA mechanism to follow regulated ceiling price applicable to electricity of similar sources, which is too low and not bankable (e.g. ground mounted solar (1,382.7 VND/kWh) and floating solar (1,685.8 VND/kWh)). There is no clarity on whether a ceiling price for RTS is applicable either. Licensing procedure is not yet clarified and applicable across provinces. Lack of guidance has caused difficulty for provinces in application of the law, in reviewing and approving licenses for DPPA projects and as such leading to delay in execution despite	High	There should be more flexibility on who can participate in DPPA mechanism especially for the private wire model (and for behind-the-meter model). The allowance for aggregated demand by enabling businesses within an IZ to participate collectively with a generator should be clearly stated. The electricity selling price should be freely determined by the parties of the contract for private wire projects. Circular and guidance should soon be established, taking into account recommendations from market players, to lift the licensing limitations and set clear timelines, procedures, and responsibilities
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	issuance of Decree 80 in July 2024 and Decree 57 in March 2025.		
Offtaker	Both for Schneider Electric and for our PPA clients, we are hoping to understand if an offtaker can subscribe to a higher DPPA volume, compared to actual comparison, if the offtaker is willing to offtake all contract for difference risk with the generator. For example, can we subscribe for 18 GWh, while actual consumption is 11 GWh on EVN electricity invoice is? This is one of the most pressing concerns that we have when talking to offtakers and deciding on how to proceed with our DPPA application.	Medium	We would recommend that off takers be allowed to subscribe to a higher DPPA volume, compared to actual consumption. Many times, off takers require the excess volumes to help with EAC supply to sub-entities that may not be able to be part of the DPPA. Thank you for your consideration and we look forward to the government's feedback.