



Special Alert

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Vietnam's PDP VIII: Ushering in a Renewable Energy Investment Era

Vietnam's long-awaited Power Development Plan VIII ("**PDP8**") has finally been approved by the Government. This strategic blueprint, steering Vietnam's energy sector for the next decade, offers significant opportunities for investors, particularly in the renewable energy field.

Major Highlights of the PDP8

1. **Renewable Energy Uplift:** The PDP8 aims to substantially increase the share of clean and renewable energy to between 30.9% and 39.2% by 2030 and to a remarkable 67.5-71.5% by 2050. This transformation will be achieved by enhancing the capacities of wind, solar, and hydro/ammonia thermal energy sources. The plan also seeks to reduce dependence on coal-fired thermal energy, thus aligning with global trends towards sustainable energy.
2. **Grid Infrastructure Enhancement:** The PDP8 seeks to upgrade the transmission grid infrastructure to meet high-tier criteria, such as N-1 and N-1-1. This will enable greater efficiency and stability in electricity transmission, ensuring a secure power supply that is critical for economic growth.
3. **Development Mechanism & Policy:** The PDP8 introduces several policies for power development, including the diversification of financial instruments for emissions and CO2 reductions, a competitive bidding mechanism for renewable energy sources, and the completion of the regulatory framework to encourage investments from all economic sectors in the industry.

Investment Potential under the PDP8

The PDP8 estimates total investments of approximately US\$134.7 billion for the development of energy plans from 2021 to 2030. Of this, US\$119.8 billion is allocated for energy sources and US\$14.9 billion for the transmission grid. This projection opens up significant opportunities for investors.

Renewable Energy: The New Focus

The PDP8 proposes a shift in the energy mix, favoring onshore and offshore wind power along with solar energy, with a special emphasis on offshore wind power. In addition, power importation from hydropower-rich countries within ASEAN and the Greater Mekong Sub-region (GMS) is encouraged.

The plan also includes an estimated import of 5,000 MW from Laos by 2030, potentially increasing to 8,000 MW with the implementation of suitable projects. By 2050, power imports could reach up to about 11,000 MW.

Let's delve into the specifics of the PDP8. The plan outlines a dramatic shift in Vietnam's power sources, with an increased focus on renewable energy and a phasing out of traditional power sources by 2050. The following table provides a detailed breakdown of the capacity and percentage of different power sources projected for 2030 and 2050:

Power Sources	By 2030 Capacity (MW)	2030 %	2050 Vision Capacity (MW)
Installed Capacity (excluding export)	150,489 MW		490,529 – 573,129 MW
Coal-fired thermal power	30,127 (↓)	20.0%	0
Biomass / ammoniac thermal power	n/a		25,632 – 32,432
Domestic gas thermal power	14,930	9.9%	n/a
Domestic gas thermal power and a part converted to operate with LNG	n/a		7,900
Domestic gas thermal power converted to operate totally in hydro	n/a		7,030
LNG thermal power	22,400 (↓)	14.9%	n/a
LNG thermal power converted to operate in combination with hydro	n/a		4,500 – 9,000
LNG thermal power converted to operate totally in hydro	n/a		16,400 – 20,900
Imported power	5,000 (could be up to 8,000)	3.3%	11,042
Hydropower	29,346	19.5%	36,016
Offshore wind power (assuming favorable conditions)	6,000 (+)	4%	70,000 – 91,500
Onshore wind power	21,880	14.5%	60,050 – 77,050

Power Sources	By 2030 Capacity (MW)	2030 %	2050 Vision Capacity (MW)
Solar power (priority for unlimited capacity development)	12,836	8.5%	168,594 – 189,294
CHP (could be increased based on industrial capacity)	2,700	1.8%	4,500
Flexible sources	300	0.2%	30,900 – 46,200
Biomass and WTE (potential for large-scale development)	2,270	1.5%	6,015
Storage Capacity	Storage hydropower: 2,400	1.6%	30,650 – 45,550
	Battery: 300	0.2%	

Grid Infrastructure Development

The PDP8 stresses the importance of developing, operating, and maintaining the transmission grid infrastructure. The Ministry of Industry and Trade (MOIT) sets out design criteria for the transmission grid infrastructure, which includes meeting high-tier criteria and developing 500 kV inter-regional and intra-regional transmission lines by 2030.

Development Mechanisms

The PDP8 introduces key mechanisms for power development, including financial instruments for emissions, a bidding mechanism for renewable energy, and a legal framework that enables all economic sectors to invest in transmission infrastructure.

Navigating the PDP8 with Indochine Counsel

The approval of the PDP8 marks a significant turning point for Vietnam's energy sector, presenting substantial opportunities for foreign investors, especially in the renewable energy field. Our team at Indochine Counsel is ready to assist you in understanding and capitalizing on these opportunities. Please do not hesitate to reach out for further information or guidance.

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