

# New regulation on Solar Power

## At a glance...

The long awaited new fit-in tariffs (FiT) for solar power projects were finally introduced by the Prime Minister's Decision 13/2020/QD-TTg. However, some aspects of these new rules will cause concern to investors.

# In detail...

Effective from 22 May, Decision 13/2020/QĐ-TTg dated 6 April 2020 replaces Decision 11/2017/QĐ-TTg dated 11 April 2017, which provided rules for encouragement of the development of solar power projects in Vietnam from 1 June 2017 to 30 June 2019.

Key points in Decision 13 include:

- Solar projects are now categorised into three types, as follows:
  - Rooftop solar power system: a directly or indirectly grid-connected solar power system with solar energy panels installed on rooftops, with a capacity of 1 MW or less and with a voltage of 35 kV or less;
  - Floating solar power project: a grid-connected solar power project with solar energy panels installed on a floating structure on water; and
  - Ground mounted solar power project: all grid-connected solar power projects other than the above.
- Decision 13 stipulates the new FiT rates for each type of grid-connected solar power project (i.e. those projects directly connected to the national power grid). Only those projects which (i) received an approval-in-principal for investment before 23 November 2019 and (ii) whose commercial operation date (COD) for the entire project or part of the project is from 1 July 2019 to 31 December 2020, are qualified for these rates:
  - Rooftop solar power projects: VND1,943/kWh, equivalent to USD8.38 cents/kWh;
  - Floating solar power projects: VND1,783/kWh, equivalent to USD7.69 cents/kWh;
  - Ground-mounted solar power project: VND1,644/kWh, equivalent to USD7.09 cents/kWh.
- For grid-connected solar power projects in Ninh Thuan Province which (i) are in accordance with the power development master plan, (ii) have COD before 1 January 2021 and (iii) have total accumulated capacity not exceeding 2,000 MW, the applicable FiT rate will be VND2,086/kWh, equivalent to USD9.35 cents/kWh.

Of note,

- All these new FiT rates are VAT exclusive and will be applicable for 20 years from COD;
- The above equivalent USD amounts are based on the central exchange rate announced by the State Bank of Vietnam on 10 March and may be adjusted in accordance with the exchange rate announced by the SBV on the invoicing date.
- With respect to grid-connected solar power projects that are not qualified to apply the above mentioned new FiT rates (i.e. do not have approval-in-principal for investment before 23 November 2019 and COD is not within period of 1 July 2019 to 31 December 2020, or are outside Ninh Thuan Province), the purchase prices for electricity will be determined based on a competition mechanism. This regulation will cause a big concern to investors.
- Besides Vietnam Electricity EVN and its affiliates, “*electricity purchasers*” now include “*other organisations and individuals*”. As a result, EVN is no longer the sole purchaser of electricity from solar power projects in Vietnam.
- “*Electricity sellers*” include any organisation or individual who generates solar electricity or those who have the rights and obligations thereof (not only those who are licensed to develop, operate and own solar power projects as previously).
- A developer of a rooftop solar power project may now sign a direct power purchase agreement with purchasers (other than EVN and its affiliates) and agree with purchasers the electricity price which does not depend on the FiT.

## Contact us

This publication has been prepared for general guidance on matters of interest only, and does not constitute professional advice. For further information, please reach out to us.



**Richard Irwin**  
Partner - Tax & Legal services  
+84 (28) 3824 0117  
[r.j.irwin@pwc.com](mailto:r.j.irwin@pwc.com)



**Le Anh Tuan**  
Director – Legal services  
+84 (24) 3946 2246, ext. 1504  
[tuan.le.anh@pwc.com](mailto:tuan.le.anh@pwc.com)

[www.pwc.com/vn](http://www.pwc.com/vn)



[facebook.com/pwcvietnam](https://facebook.com/pwcvietnam)



[youtube.com/pwcvietnam](https://youtube.com/pwcvietnam)



[linkedin.com/company/pwc-vietnam](https://linkedin.com/company/pwc-vietnam)

At PwC Vietnam, our purpose is to build trust in society and solve important problems. We're a member of the PwC network of firms in **157 countries** with over **276,000 people** who are committed to delivering quality in assurance, advisory, tax and legal services. Find out more and tell us what matters to you by visiting us at [www.pwc.com/vn](http://www.pwc.com/vn).

©2020 PwC Legal (Vietnam) Co., Ltd. All rights reserved. PwC refers to the Vietnam member firm, and may sometimes refer to the PwC network. Each member firm is a separate legal entity. Please see [www.pwc.com/structure](http://www.pwc.com/structure) for further details.