

# Power Development Plan VIII

## Introduction

On 15 May 2023, the Prime Minister of Vietnam issued Decision No. 500/QD-TTg approving the National power development plan for the period between 2021 and 2030, and setting out the vision for 2050 ("**PDP VIII**"). PDP VIII takes effect from the issuing date and serves as the national master plan for the development not only of the energy sector but also the country's economy in general. It creates the framework for investments and introduces significant changes to the existing regulations for the energy industry in Vietnam. PDP VIII sets out the issues to take note of in relation to green energy transition, clean energy and reduction of CO<sub>2</sub> emitting power sources while aiming for a total power capacity to remain at about 400,000 MW.

This Update summarises the key features of PDP VIII.

## Scope of Application

PDP VIII sets out the plan for the development of energy sources and transmission grids at voltage levels of 220 kV or higher. It also sets out the plan for the renewable energy service and industry in Vietnamese territory for the period between 2021 and 2030 and the vision for 2050, including the plan to connect power grids with neighboring countries.

Its vision involves both Vietnamese and foreign agencies, organisations, and individuals. For foreign agencies, organisations or individuals who directly participate in or are otherwise involved in the power industry in Vietnam or the cross-border power grids connection in which Vietnam is involved, they may also be affected by PDP VIII and/or relevant regulatory documents that will be issued pursuant to the action plan.

## Regulatory Oversight

The Ministry of Industry and Trade is the state agency with primary oversight of the overall power development plan in Vietnam. It oversees, among other things, the energy industry, including power, coal, fuel, new energy, and renewable energy.

## Power Transmission Project

The approval of PDP VIII will pave the way for the implementation of power transmission projects, which is expected to ease the burden of other renewable power projects in the Central and Southern regions of Vietnam. PDP VIII will also increase the number of 500 kV transmission lines in the three regions in the country (i.e. North, Central and South) to help balance the supply and demand of energy between and among these three regions.

In addition, PDP VIII lays down the following development plans for power transmission projects:

- (a) Development of power transmission systems is in sync with the progress of power sources;

Meeting the needs of load development of localities by using modern technology and ensuring compliance with international standards, to prepare them to connect the region;

- (b) Development of smart grids to integrate renewable energy sources on a large scale to meet the requirements of safe, stable, and economical power system operation.
- (c) Development of 500 kV and 220 kV transmission grids to ensure the ability of power plants to increase their capacity, improve power supply reliability, reduce power losses, and meet criteria N-1 for critical load areas and N-2 for especially important load areas; and
- (d) Development of power transmission grids with long-term redundancy, and increase in the use of multi-circuit poles and multi-voltage levels to reduce land occupancy; encourage the construction of combined transmission substations to supply electricity to neighboring loads.

## Incentive for Renewable Energy Development

With the goal of attaining national energy security, PDP VIII aims to ensure sufficient supply of electricity demand, meeting the growth requirement of about 7%/year in the period of 2021-2030, and about 6.5 - 7.5%/year in the period of 2031-2050.

Notably, PDP VIII prioritises the strong development of renewable energy sources for electricity production. This power source will reach a ratio of about 30.9 to 39.2% by 2030.

The goal of PDP VIII is to achieve a renewable energy share of 47% under the Just Energy Transition Partnership ("JETP") in which Vietnam is a signatory. Oriented to 2050, the proportion of renewable energy will be up to 67.5 - 71.5%.

## Incentive for Private Investment in Power Projects

PDP VIII presents several solutions to generate capital sources and mobilise investment capital for the power sector development, including:

- (a) Researching and completing financial mechanisms to mobilise capital for investment in the development of the electricity sector;
- (b) Diversifying capital sources and forms of capital mobilisation to effectively attract domestic and foreign capital sources to develop the electricity sector, ensure national defense and security, and increase competition in the electricity market;
- (c) Strengthening calls for and effective use of international support commitments (such as JETP, AZEC – Asia Zero Emissions Community), green credit sources, climate credits, green bonds, etc.;
- (d) Diversifying forms of investment (e.g. public, private, public-private partnership) for power projects, and promoting the role of state-owned enterprises to attract the domestic and foreign private sectors to invest in electricity development; continuing to negotiate and effectively use funding sources to support capital arrangements of international partners in the process of implementing the energy transition and move towards a net zero emissions of Vietnam;

- (e) Encouraging people and businesses to invest in the development of rooftop solar power, self-produced and self-consuming power sources;
- (f) Creating a favorable and transparent environment to attract and encourage private participation in the investment and development of power projects;
- (g) Gradually increasing the financial mobilisation capacity of enterprises in the electricity sector at the request of domestic and international financial institutions; and
- (h) Implementing flexible and effective credit policies to create favorable conditions for enterprises to access capital sources for the development of power projects.

## Legal Framework

PDP VIII sets out the plan for the amendment of the current Law on Electricity and related regulations such as the Law on Efficient and Effective Use of Energy. The research and drafting of a separate law on renewable energy is also put on plan and is assigned to the Ministry of Industry and Trade as the main authority in charge. This plan is highly appreciated by the legal and energy experts since renewable energy is a special area that requires a different regulatory regime from the traditional energy sources.

## Concluding Words

The enactment of PDP VIII clearly indicates the Government's priority towards the development of renewable energy, which, together with the incentives mentioned above, will create numerous investment opportunities for both the domestic and foreign sectors not only in the energy industry but also in other industries such as construction, design and management, and installation and technology.

Overall, the enactment of PDP VIII shows Vietnam's recognition of the importance of the global trend towards renewable energy utilisation. PDP VIII is expected to change the landscape of power investment activities in Vietnam. Companies – whether Vietnamese or foreign – will need to have in place processes and preparation to ensure compatibilities with further governmental policies that will be subsequently enacted in the implementation process. Given the explicit shift to the utilisation of renewable and clean energy, companies are advised to start considering new investment strategies in the relevant business lines.

The full Vietnamese text of the Decision No. 500/QD-TTg and PDP VIII can be found [here](#).

## Contacts

---



**Vu Thi Que**  
Chairwoman

T +84 28 3821 2382

[que.vu@rajahtannlct.com](mailto:que.vu@rajahtannlct.com)



**Logan Leung**  
Deputy Managing Partner

T +84 28 3821 2382

[logan.leung@rajahtannlct.com](mailto:logan.leung@rajahtannlct.com)



**Cao Dang Duy**  
Partner

T +84 28 3520 8206

[duy.cao@rajahtannlct.com](mailto:duy.cao@rajahtannlct.com)



**Trinh Minh Duc**  
Partner

T +84 28 3821 2382

[duc.trinh@rajahtannlct.com](mailto:duc.trinh@rajahtannlct.com)

---

## Regional Contacts

R&T SOK & HENG | *Cambodia*

**R&T Sok & Heng Law Office**

T +855 23 963 112 / 113

F +855 23 963 116

kh.rajahtannasia.com

RAJAH & TANN | *Myanmar*

**Rajah & Tann Myanmar Company Limited**

T +951 9345 343 / +951 9345 346

F +951 9345 348

mm.rajahtannasia.com

RAJAH & TANN 立杰上海

SHANGHAI REPRESENTATIVE OFFICE | *China*

**Rajah & Tann Singapore LLP  
Shanghai Representative Office**

T +86 21 6120 8818

F +86 21 6120 8820

cn.rajahtannasia.com

GATMAYTAN YAP PATACSIL

GUTIERREZ & PROTACIO (C&G LAW) | *Philippines*

**Gatmaytan Yap Patacsil Gutierrez & Protacio (C&G Law)**

T +632 8894 0377 to 79/ +632 8894 4931 to 32

/ +632 8552-1977 to 78

F +632 552 1978

www.cagatlaw.com

ASSEGAF HAMZAH & PARTNERS | *Indonesia*

**Assegaf Hamzah & Partners  
Jakarta Office**

T +62 21 2555 7800

F +62 21 2555 7899

**Surabaya Office**

T +62 31 5116 4550

F +62 31 5116 4560

www.ahp.id

RAJAH & TANN | *Singapore*

**Rajah & Tann Singapore LLP**

T +65 6535 3600

F +65 6225 9630

sg.rajahtannasia.com

RAJAH & TANN | *Thailand*

**R&T Asia (Thailand) Limited**

T +66 2 656 1991

F +66 2 656 0833

th.rajahtannasia.com

RAJAH & TANN | *Lao PDR*

**Rajah & Tann (Laos) Co., Ltd.**

T +856 21 454 239

F +856 21 285 261

la.rajahtannasia.com

RAJAH & TANN LCT LAWYERS | *Vietnam*

**Rajah & Tann LCT Lawyers**

**Ho Chi Minh City Office**

T +84 28 3821 2382

F +84 28 3520 8206

CHRISTOPHER & LEE ONG | *Malaysia*

**Christopher & Lee Ong**

T +60 3 2273 1919

F +60 3 2273 8310

www.christopherleeong.com

**Hanoi Office**

T +84 24 3267 6127

F +84 24 3267 6128

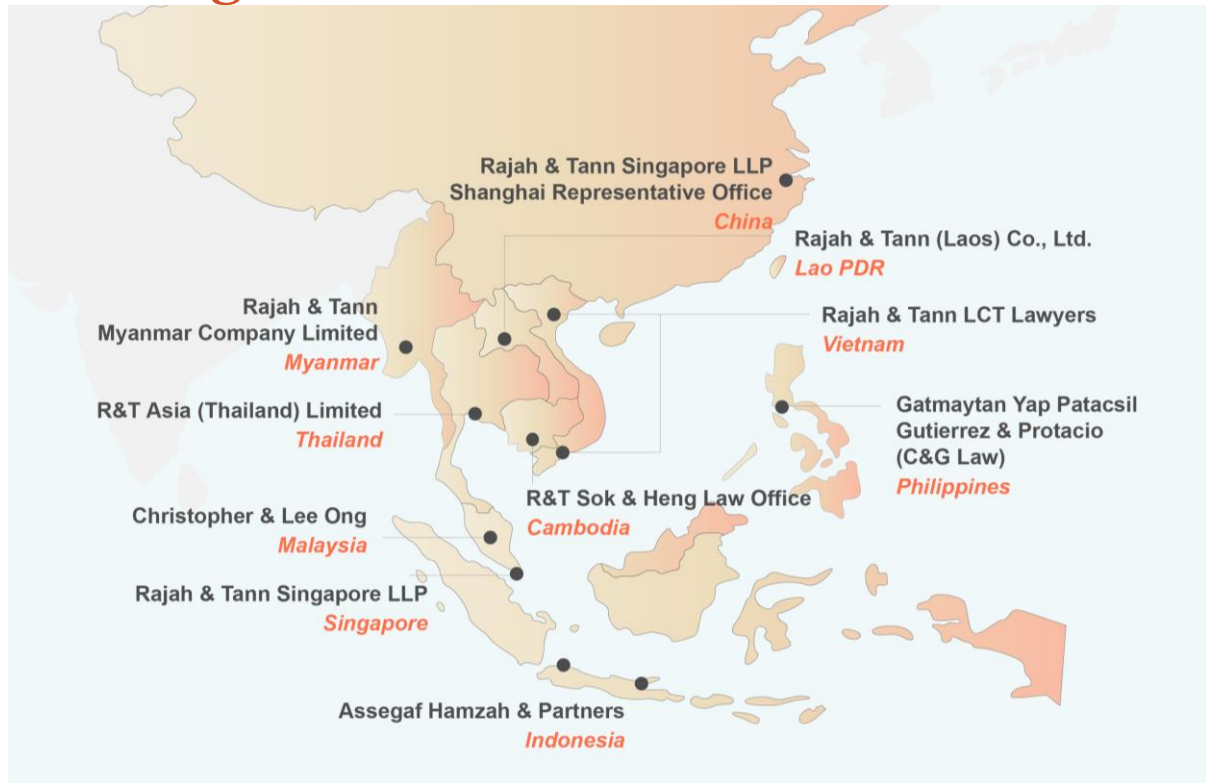
www.rajahtannlct.com

Rajah & Tann Asia is a network of legal practices based in Asia.

Member firms are independently constituted and regulated in accordance with relevant local legal requirements. Services provided by a member firm are governed by the terms of engagement between the member firm and the client.

This publication is solely intended to provide general information and does not provide any advice or create any relationship, whether legally binding or otherwise. Rajah & Tann Asia and its member firms do not accept, and fully disclaim, responsibility for any loss or damage which may result from accessing or relying on this publication.

## Our Regional Presence



Rajah & Tann LCT Lawyers has a multi-faceted talent pool of lawyers with expertise in a range of practice areas who are able to provide end-to-end legal services for all transactions in Vietnam. Rajah & Tann LCT Lawyers is also able to handle cross-border transactions involving other jurisdictions, particularly those within the Indochina region.

Rajah & Tann LCT Lawyers is part of Rajah & Tann Asia, a network of local law firms in Cambodia, China, Indonesia, Lao PDR, Malaysia, Myanmar, the Philippines, Singapore, Thailand and Vietnam. Our Asian network also includes regional desks focused on Brunei, Japan and South Asia.

The contents of this Update are owned by Rajah & Tann LCT Lawyers and subject to copyright protection under the laws of Vietnam and, through international treaties, other countries. No part of this Update may be reproduced, licensed, sold, published, transmitted, modified, adapted, publicly displayed, broadcast (including storage in any medium by electronic means whether or not transiently for any purpose save as permitted herein) without the prior written permission of Rajah & Tann LCT Lawyers.

Please note also that whilst the information in this Update is correct to the best of our knowledge and belief at the time of writing, it is only intended to provide a general guide to the subject matter and should not be treated as a substitute for specific professional advice for any particular course of action as such information may not suit your specific business and operational requirements. It is to your advantage to seek legal advice for your specific situation. In this regard, you may call the lawyer you normally deal with in Rajah & Tann LCT Lawyers.