IN-DEPTH

Renewable Energy Law

VIETNAM

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In-Depth: Renewable Energy Law (formerly The Renewable Energy Law Review) provides an insightful overview of the policies, legal structures and state of play in the renewable energy industry globally. It offers a practical guide to the legal frameworks and current status and challenges in structuring, financing and investing in renewable energy projects in key jurisdictions worldwide.

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Vietnam

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Summary

Introduction

Vietnam continues to demonstrate strong potential in renewable energy development. In 2023, PDP VIII marked a significant shift in Vietnam's energy strategy, with a strong focus on renewable energy, grid stability and transitioning to a low-carbon economy in alignment with Vietnam's commitment to net-zero emissions by 2050. In accordance with PDP VIII, several legal documents have been issued to support the implementation of its objectives.

Despite its ambitious objectives, the implementation of PDP VIII has encountered significant legal and regulatory challenges. Specifically, while the approved capacity for solar and hydropower projects has exceeded the plan targets, there are no established legal procedures in place to enable necessary adjustments or prioritise projects. Also, the majority of approved gas-fired power projects have experienced substantial delays, which may undermine the feasibility of electricity supply during the 2026–2030 period and jeopardise overall energy security, particularly in the northern region.

In light of existing challenges, 2025 marked a period of significant regulatory evolution, with the issuance and revision of key legal instruments governing the sector, including but not limited to PDP VIII, Law on Electricity, amended Direct Power Purchase Agreement (DPPA) scheme, self-consumption and self-production rooftop solar energy and other numerous guiding legislations. These changes are anticipated to catalyse a fundamental transformation in the renewable energy landscape, aligning with the country's long-term sustainability and energy transition goals.

Year in review

The legislative landscape governing Vietnam's renewable energy sector has undergone notable transformations, particularly following the issuance of Power Development Plan VIII (PDP 8) and its Implementation Plan. However, PDP 8 has revealed several critical shortcomings, including imbalances in regional energy allocation and a lack of cross-border transmission infrastructure. As a result, on 15 April 2025, the Prime Minister issued Decision No. 768/QD-TTg to revise PDP 8. This amendment reflects the government's ongoing efforts to realign energy planning with practical implementation needs and regional demands.

Legislative progress in 2024 also marked a turning point for the electricity and renewable energy sectors, with the issuance of the Law on Electricity 2024 and several guiding decrees. These developments have helped establish a more cohesive legal framework aimed at resolving previously ambiguous issues. Key regulatory advancements include the introduction of legal instruments governing amended DPPA scheme and detailed regulations on electricity planning – offering much-needed clarity for investors and project developers.

However, the current legal framework remains incomplete. While significant strides have been made, several material issues from the previous regime remain insufficiently addressed. Notable gaps, such as comprehensive guidelines on grid access, pricing mechanisms and investor protection, are still awaiting clarification. As a result, investors,

particularly those pursuing greenfield developments, continue to adopt a cautious wait-and-see approach.

Policy and regulatory framework

The policy background

Policy factors underpinning renewable energy framework

Generally, Vietnam's renewable energy framework is underpinned by: (1) Resolution No. 937/NQ-UBTVQH15 specialised supervision on the implementation of policies and laws on energy development in the period 2016-2021; (2) the Prime Minister's commitment to Vietnam's goal of achieving Net Zero by 2050 at COP 26 and COP 28; (3) the shortcomings in the implementation of the PDP 8; and (4) the need for timely legislative reform to address emerging issues and ensure regulatory coherence.

The policy background has an amplified impact on all aspects of the renewable energy framework, particularly the following.

1. Electricity Law 2024 as the foundational statute: the Law on Electricity 2024 is designed to serve as the overarching legal foundation for Vietnam's electricity sector. Unlike previous versions, this law was drafted at a high level of generality, setting out core principles and key provisions applicable across the industry. The goal for this law is to minimise the need for frequent amendments at the statutory level, thereby preserving the stability of the legal hierarchy and avoiding unnecessary disruption to implementing regulations.
2. Detailed regulations delegated to subordinate legislation: the specifics of electricity market operations, licensing, pricing mechanisms and other technical or procedural matters will be addressed in decrees and sub-law instruments. This delegation allows the government to adapt more swiftly to technological advances, market changes and policy priorities without waiting for revisions to the main law. Under the new approach, decrees and the implementation of regulations will follow a shortened legislative cycle, enabling authorities to address emerging issues promptly as they arise. Instead of waiting for periodic comprehensive reviews, the principle guiding this framework is 'immediate resolution over delayed reform'.
3. The growth of electricity capacity by 2030, with a focus on renewable energy: under the revised PDP8, total installed capacity is projected to reach between 183,291MW and 236,363MW, representing a 30–50 per cent increase from the previously approved 150,489MW. Renewable energy will play a central role in this growth: solar power capacity is expected to rise significantly nearly sixfold, from 12,836MW to 73,416MW; onshore and nearshore wind power from 21,880MW to 38,029MW, and hydropower also from 12,836MW to 73,416MW.
4. Reduce the proportion of coal-fired power: the government is moving to reduce the proportion of coal-fired power in the national energy mix. From now until 2030, only coal-based power projects already in the planning phase or under construction will

be permitted to continue. The strategic direction is to gradually transition existing coal-fired plants to alternative fuels such as biomass and ammonia, marking a significant policy shift toward cleaner thermal energy solutions. Looking further ahead, the national orientation for 2050 is to fully eliminate coal-based electricity generation.

Pricing framework

The FIT mechanism for solar and wind projects is no longer applied, but numerous related issues remain unresolved

Under the Electricity Law 2024, electricity tariffs must follow a state-regulated market mechanism, aligned with the level of development of the competitive electricity market.[1] This reflects a policy shift away from the FIT mechanism, which is no longer considered a part of the State's electricity development strategy. In fact, FIT schemes for solar and wind power projects have already expired. While the FIT regime for other renewable sources such as biomass has not been formally repealed, the policy direction embedded in the Electricity Law 2024 suggests that its continuation is unlikely.

Future projects entitled to FIT pricing are no longer anticipated. However, unresolved issues remain concerning projects that were delayed in securing FIT pricing in the past. On 10 December 2024, the Government issued Resolution No. 233/NQ-CP addressing ongoing issues related to the application of Feed-in Tariff (FIT) pricing for solar and wind energy projects. The Resolution endorses the Ministry of Industry and Trade's (MOIT) Report No. 1070/BC-BCT, agreeing on principles and solutions to resolve difficulties, especially for such projects delayed in receiving FIT pricing. The MOIT is tasked with reviewing individual cases to ensure transparency and prevent waste or undue advantage.

Following this, the MOIT issued Report No. 120/BC-BCT on resolving difficulties in enjoying FIT prices, outlining payment solutions:

1. 25 solar projects (1,278MWp) paid under FIT1 will temporarily apply FIT2;
2. 93 solar projects (7,257MWp) under FIT1/2 will temporarily apply the transitional ceiling price;
3. 14 wind projects (649MW) will also shift to the transitional ceiling price;
4. projects with accepted results within the FIT period continue to apply their agreed FIT rates; and
5. for projects without acceptance approval, EVN will temporarily pay O&M costs in line with the Ministry of Industry and Trade's Document No. 210/BCT-DL dated 13 March 2025.

The recognition of market pricing mechanisms through retail electricity prices

Besides the FIT issues, Decree No. 72/2025/ND-CP marks a significant policy shift in Vietnam's electricity retail pricing framework. The Decree introduces a more

market-oriented approach, acknowledging that electricity retail prices must reflect actual production and operational costs. Under Article 3 of Decree 72, electricity retail prices will be reviewed annually, based on disclosed production and business costs from the preceding two years. Additionally, intra-year adjustments are allowed to respond to major fluctuations in input costs. The mechanism enables:

1. EVN to adjust electricity prices when the average retail price decreases by at least 1 per cent or increases by at least 2 per cent compared to current levels; and
2. if the proposed adjustment involves an increase of 10 per cent or more, the MOIT must coordinate with other ministries to evaluate and submit the matter to the Government for approval.

This updated framework introduces pricing flexibility for electricity market participants, while ensuring regulatory control remains in place to protect public and economic interests during the transition toward a competitive power market.

Investment incentives

Renewable energy is one of the sectors that is entitled to enjoy special investment incentives.[2] Special investment incentives normally take the form of tax incentives, land rental exemption or reduction, accelerated depreciation and increasing deductible expenses upon calculation of taxable income.[3]

Depending on the specific case, the tax incentives may include:

1. a 15-year period with reduced corporate income tax rate (i.e., reduced rate of 10 per cent as opposed to the customary 20 per cent).[4] In some special cases that meet certain statutory conditions, the applicable corporate income tax rate could go as low as 5 per cent for the period of 37 years;[5]
2. a 4-year exemption from corporate income tax, followed by a 9-year period with a 50 per cent reduction in corporate income tax.[6] In some special cases that meet certain statutory conditions, a renewable energy project may be entitled to a 6-year exemption, followed by a 13-year period with a 50 per cent reduction in corporate income tax;[7] and
3. an import tax exemption for certain imported items.

Depending on specific cases, the land rental exemption and reduction could include:

1. an exemption to land rental for the period of basic construction (no more than three years);[8] and
2. additional period of land rental exemption (e.g., another (1) 11 years in an ordinary case;[9] and (2) 15 years if the project is located in areas facing social-economic difficulties).[10]

It is worth noting that offshore wind power projects may benefit from specific incentives and support if approved by 1 January 2031 and having a minimum capacity of 6,000MW (if supplying electricity to the national grid). Key incentives include:[11]

1. sea area levy: exemption for up to three years during construction; and 50 per cent reduction for 12 years thereafter;
2. land levy/rent: exemption for up to three years during construction; and
3. power purchase commitment: a minimum long-term contracted quantity of 80 per cent during the loan repayment period (up to 15 years), unless otherwise agreed between the investor and the power purchaser.

Of further note, projects with electricity storage systems (e.g., BESS) that are connected to the national grid are prioritised for mobilisation during peak hours.[12]

Encouragement of technology ancillary to renewables

Vietnam has detailed policies to promote the development of renewable energy technology.

Under the laws on technology transfer, renewable energy-related technology is included in the list of technologies encouraged for transfer. Some examples include:[13]

1. high-efficiency biomass material utilisation technology;
2. solar panel manufacturing technology;
3. technology for energy production from solar, wind, biomass, solid waste at industrial capacity;
4. smart grids technology; and
5. advanced energy storage technology.

Additionally, hydrogen energy is considered a high-tech product encouraged for development under the laws on high-tech.[14]

In general, technologies promoted for transfer, and high-tech products prioritised for development can access specific government funding and subsidies, as well as enjoy attractive tax and land rental incentives.

The regulatory and consenting framework

Regulatory framework

Generally, renewable energy regulatory framework is governed by two levels of law:

1. General laws: these apply to all projects, including renewable energy projects. They encompass laws and guiding decrees and circulars governing planning, investment, land, construction, environment, fire prevention and other relevant areas.

2. Renewable energy-specific regulations: in addition to the general legal framework, renewable energy projects are subject to sector-specific regulations. As outlined in Item III(i), the key instruments include: (1) The Law on Electricity 2024 – the principal legislation governing all electricity activities (notably, the Law on Electricity 2024 dedicated a separate Chapter 3 for renewable energy and new energy development); and (2) Subordinate regulations that address specific aspects of the electricity sector and are subject to periodic amendment to meet evolving policy needs and market dynamics. Notable recent regulations include:
    - Electricity Planning: Decree No. 56/2025/ND-CP;
    - Direct Power Purchase Agreements (DPPA): Decree No. 57/2025/ND-CP consumers;
    - Self-Production and Self-Consumption Renewable Enegy Power Sources: Decree 58/2025/ND-CP;
    - Electricity Operation Licensing: Decree No. 61/2025/ND-CP;
    - Electricity Trade and Supply Capacity: Decree No. 18/2025/ND-CP; and
    - Electricity Retail Pricing: Decree No. 72/2025/ND-CP.

Notably, the legislative approach in the electricity sector is increasingly shifting towards a dynamic, need-based model, allowing for more frequent and timely updates to subordinate legislation. As a result, the decrees listed above may be revised or replaced to reflect changes in policy direction or market demands.

Key regulatory bodies

The MOIT, particularly through the Electricity Regulatory Authority, and its provincial departments, namely Department of Industry and Trade (DOIT), function as the main regulatory bodies for renewable energy projects. The MOIT's responsibilities include developing power development plans, authorising certain licensing processes for project development based on specific capacity requirements (except those under the DOIT's authority), signing public-private partnership agreements and fostering a competitive power market.

Other Ministerial-level bodies and their provincial departments are also involved during project development. For instance:

1. the Ministry of Agricultural and Environment and its provincial departments (as applicable) are responsible for approving environmental impact assessment reports and issuing environmental permits; and
2. the Ministry of Finance, the Ministry of Public Security, the Ministry of Defense and the Ministry of Foreign Affairs may be involved in assessing areas sensitive to national security in relation to foreign-invested projects.

Provincial People's Committees, the highest local administrative body, also play a vital role in project development. Each People's Committee and its subordinate bodies are tasked with approving investment projects, allocating or leasing land or sea areas, managing the

land clearance process and approving various licensing procedures throughout project development.

Key regulatory approvals

Subject to each particular project, the regulatory approvals required may vary. Most of the utility-scale renewable projects (e.g., wind farm or solar farm) involve utilising land for project development. These projects are typically subject to a more stringent set of regulatory approvals. For the purposes of this Chapter, we will outline the key approvals for utility scale renewable energy projects.

Establishing project – in-principle investment approval (IPIA) and/or investment registration certificate (IRC)

Since renewable energy projects often involve land use (except in certain cases such as rooftop solar projects), they are typically subject to obtaining an IPIA. Depending on the project's scale, location and environmental impact, the IPIA can be issued by National Assembly, the Prime Minister or the Provincial People's Committee.[15]

The IPIA may be issued with or without an identified investor. Specifically for projects subject to competitive investor selection procedures, such as land use right auctions or project bidding, the IPIA is issued to approve, among other matters, the project and the method of investor selection. Following the issuance of the IPIA, the competent authority will carry out the investor selection process to identify the project investor.[16] On the other hand, IPIA can also be issued to approve for an identified investor in the case that the competitive investor procedure is either not required (e.g., cases where the investor already holds lawful land use rights for project implementation (except where such rights are subject to revocation), projects located within industrial zones or high-tech parks, concentrated digital technology zone, etc.).[17]

Regarding bidding requirements in the renewable energy sector; applicable legal framework is primarily governed by the Law on Bidding and the recently issued Decree No. 56/2025/ND-CP. Under the Law on Bidding, bidding procedures apply, among others, to: (1) investment projects involving land use that are subject to bidding in accordance with the law on land; and (2) investment projects required to undergo bidding as prescribed by specialised sectoral laws.[18] Prior to the issuance of Decree No. 56/2025, it was debatable whether a renewable energy project was required to undergo a bidding process due to the absence of detailed regulations. Nevertheless, the issuance of this Decree has provided much needed clarity regarding the applicability of bidding requirements to these types of projects. Accordingly, a power project is eligible for competitive bidding if the following criteria are met:[19]

1. the project must be listed in the National Power Development Plan for 2021–2030, with a vision to 2050; or in the Provincial Planning for 2021–2030, with a vision to 2050;
2. at least two investors must express interest in the project; and
3. the project must fall within one of the following categories: (1) gas-fired or coal-fired thermal power projects or (2) renewable energy projects, including solar power, wind power, hydropower or biomass power.

Following IPIA issuance, a foreign investor or deemed foreign investor[20] is required to obtain an investment registration certificate from the provincial Department of Finance (DOF) or Industrial/Economic Zone Authority.[21] For domestic investors, obtaining an IRC is optional, unless otherwise stipulated by applicable regulations.

Establishing SPV – enterprise registration certificate

A special purpose vehicle (SPV) is commonly set up by investors to implement the project and assume the borrower's role in the project financing model (as discussed below). An enterprise registration certificate typically issued by the DOF is required for establishment of the SPV.

Securing the land – certificate of land use right (land use right title)

Land plays a vital role in utility-scale renewable energy projects. The land clearance project is usually undertaken by the state authorities, with financing typically coming from the project developer. The land clearance process is often the most time-consuming stage in the duration of the project's development. When the land clearance is completed, the cleared land will be leased from the state to the project developer. Once the project developer has fulfilled any applicable financial obligations (if any) related to the land, a certificate of land use rights, serving as the title document for the project developer's land use, will be issued to them.[22]

Ensuring environmental compliance – environment-related approvals

Utility-scale renewable energy projects are subject to various environmental compliance obligations. Two key approvals typically required for such projects are the approval of the environmental impact assessment and the acquisition of environmental permits.

Commencing construction – construction-related approvals

Depending on various factors, a renewable energy project may be subject to multiple permits and approvals related to construction. After securing investment approvals, the project developer must conduct a construction feasibility study, formulate technical and construction designs (including fire prevention design), obtain height clearance approval (for wind farm projects) and, finally, obtain the appraisal results of the construction design based on the fundamental design[23] or the construction permit (as the case may be, unless otherwise exempted in accordance with the laws) as the final approval-seeking step to commence construction.

Commissioning the project – commissioning approval

Generally, commissioning approvals include the following.

1. Construction acceptance approval – normally, utility scale renewable energy project requires the competent State authority (i.e., Council for State Inspection of Construction Pre-commissioning Test established by the Prime Minister or the

specialised construction body of the MOIT, as the case may be) to conduct the inspection on pre-commissioning test of the construction.[24]

2. Electricity operation licence – unless otherwise exempted by law,[25] entities engaging in electricity-related activities – including generation, transmission, distribution, wholesale or retail – are legally required to obtain an electricity operation licence.[26] The electricity operation licence can be issued by the MOIT or the provincial People's Committee (as the case may be).[27]
3. COD approval – COD testing and approval process follows the guidelines from EVN under Decision No. 454/QD-EVN (as amended and replaced from time to time).

Renewable energy project development

Project finance transaction structures

In the renewable energy sector, project finance is typically based on the PPA. Under current regulations, a PPA may be entered into with either off-taker as follows: (1) EVN, in the form of a conventional PPA or a virtual DPPA; or (2) large power consumers, in the form of a physical DPPA.

Where the PPA is to be entered into with EVN, it must follow a standard form mandated by Vietnamese law. The terms are generally considered not to follow international standards and more favourable to EVN. In practice, it should be expected that there is low flexibility for EVN to deviate from this standard form. These issues, along with the past uncertainty of the policies and tariff concerns, affect the bankability of renewable energy projects in Vietnam.

Where the PPA is to be entered into with large power consumers under a physical DPPA, the parties are generally free to agree on the contractual terms, provided that the key high-level substantive elements required by law are preserved.[28] While the bankability of such PPA arrangements is generally viewed as more favourable than those with EVN, the requirement that electricity tariffs remain subject to a statutory ceiling determined by governmental authority from time to time[29] may pose a challenge to bankability.

Common project financing structure

The sponsors set up the SPV to implement the renewable energy project. The SPV's operation (including developing the project) is funded through the following.

1. Equity stake of the sponsors: at present, there is no regulation specifying the minimum proportion of capital contribution relative to the total investment capital for renewable energy projects, except in the case of offshore wind projects. For offshore wind projects, the regulations require that (1) the capital contributed to the project must account for at least 15 per cent of the total estimated investment capital, and (2) the equity ratio must be at least 20 per cent.[30]
2.

Debt financing: debt financing could be provided by either commercial loans or development finance institutions (e.g., International Finance Corporation or Asian Development Bank), or Export Credit Agencies. Typical securities for financing include (without limitation to):

- sponsors' equity in the SPV;
- SPV's assets, including real properties (e.g., land use rights and constructions), equipment and other physical and tangible assets;
- revenue pledge – cash flows and future revenues from the PPA are directed towards repaying the loan;
- sponsors' assets;
- debt service reserve accounts; and
- sponsors' guarantee.

It is important to note that foreign lenders are not permitted to take a mortgage over any real property (such as land use rights and assets attached to land) belonging to the SPV or the sponsors.[31] Consequently, special structures are typically employed to mitigate the credit risks associated with interests in real property. These structures include syndicated loans involving local Vietnamese banks or obtaining irrevocable bank guarantees from reputable local Vietnamese banks.

Another factor worth mentioning is the absence of lenders' step-in rights – a right that allows lenders to 'step-in' and assume the rights and obligations of the SPV under critical project contracts (such as offtake contracts like PPA) in the event of default. The current standard form does not include any provision for step-in rights for the lenders. Therefore, to implement such step-in rights, a mutual agreement must be reached between the lenders, SPV and EVN on a case-by-case basis. However, it is currently impractical for EVN to agree to such terms. That said, with the introduction of the physical DPPA mechanism, it is expected that step-in rights may increasingly be incorporated into privately negotiated PPAs. Nonetheless, the enforceability of such rights under Vietnamese law and in practice remains uncertain.

Foreign lenders and local Vietnamese credit institution

Foreign lenders may provide larger volumes of financing at reduced costs. However, foreign financings may be subject to stringent requirements. For example:

1. Medium- to long-term foreign loans are required to be registered with the State Bank, either at its headquarters in Hanoi or at its provincial branches, depending on the loan volume.[32] Further, changes to such registered foreign loans (e.g., changes in interests, repayment schedule or method of repayment) may also need to be registered from time to time.
2. Short-term loans, though not requiring registration, are exclusively designated for short-term payables and foreign debts restructuring.[33] Foreign loans generally (including short, medium and long-term loans) cannot be used to refinance domestic loans.

3. Foreign loan is also subject to borrowing limits. Currently, there are two borrowing limits as follows:
    - project-based borrowing limit: foreign borrowing is limited to the allocated portion within the registered investment capital for a specific project;[34] and
    - nationwide foreign borrowing limit: the foreign borrowing must be within the total limit on foreign commercial loans established by the Prime Minister.[35]

Unlike foreign lenders, local Vietnamese credit institutions have the distinct ability to take mortgages over real property located in Vietnam. This distinctive advantage enables Vietnamese banks to play a significant role even in projects predominantly financed by foreign sources.

Principal documentation for project financing

Principal documents for project financing in Vietnam include:

1. facility agreement – this outlines the terms and conditions of the facility;
2. inter-creditors agreement (if applicable) – agreements between different classes of lenders, detailing their respective rights and priorities in the event of default or bankruptcy;
3. security documents – these include mortgage deeds, pledges or other instruments securing lenders' interest;
4. project agreements – these include supplier and offtake agreements such as EPC contracts, equipment supply contracts and PPA;
5. financial documents – these include financial statements, projections and other financial information related to the project;
6. legal opinion – opinions from the legal counsel affirming the legality of the project and enforceability of the project agreements.
7. accounts set-up agreements – these include the escrow account or DRSA arrangements;
8. permits and licences – documentation demonstrating that the project has obtained all necessary permits, licences and regulatory approvals; and
9. guarantees and indemnities – guarantees provided by sponsors or other entities (e.g., local Vietnamese banks) to backstop the project's obligations and indemnities against certain risks.
10. Power purchase

Off-takers

Currently, the main renewable energy off-takers include EVN and large power consumers that are eligible to participate in the DPPA mechanism. The criteria for DPPA participation include, among others, the power generation capacity (applicable for virtual DPPA) and

the power consumption as determined by the MOIT in accordance with each development period of the electricity system.[36]

It is noteworthy that the electricity tariff, even in the case of a physical DPPA, is subject to a cap under the electricity price framework approved by the Prime Minister.[37]

Renewable energy credits

Generally, the renewable energy credit market in Vietnam is at its early stage. Focus has been put on development and deployment of renewable energy capacity rather than on promoting a robust market for renewable energy certificates.

Currently, Vietnam is perfecting its legal framework to support the domestic carbon credit market, with an aim of establishing and experimenting carbon credit trading platform up to the end of 2028.[38] At this moment, Vietnam is planning for trial operation from the middle of 2025.[39]

Corporate power purchase market

Before the introduction of the DPPA mechanism, corporate PPAs (or non-EVN PPAs) were primarily entered between on-site off-takers and rooftop solar power generators. The most common arrangement involved a factory operator purchasing electricity generated from a rooftop solar system installed on the roof of its own premises.

With the DPPA mechanism now in place and a clearer legal framework for the self-production and self-consumption of rooftop solar power, on-site off-takers who are not classified as large power consumers (and thus ineligible to participate in the DPPA mechanism) are no longer permitted to directly purchase electricity from the non-EVN entities. In other words, the corporate power purchase market in Vietnam is now expected to shift its focus primarily to DPPA arrangements.

Wholesale market arrangement

Vietnam operates a power pool system, where electricity producers sell their power to the Vietnam Wholesale Electricity Market. This centralised pool allows generators to offer their electricity into the market, and buyers, such as distribution companies, purchase electricity from the pool based on their demand requirements. The price of electricity in the pool is determined based on factors such as supply and demand dynamics and generation costs.

Non-project finance development

Non-project finance development, especially corporate finance, is also utilised for certain renewable energy projects in Vietnam. However, corporate finance is typically confined to small-scale projects, particularly rooftop solar power installations with minimal capacity.

Distributed and residential renewable energy

Under the amended PDP8, the share of renewable energy has been significantly increased, with a particular emphasis on solar energy. The proportion of solar energy is set to rise from 8.5 per cent to between 25.3 per cent and 31.5 per cent[40] of the total power mix. As a result, solar energy, especially rooftop solar installations, remains a strategic area of investment in Vietnam. These installations have played a pivotal role in driving the country's recent expansion of renewable energy.

A typical structure for on-site rooftop solar involves a third-party developer investing in the installation of the rooftop solar system and subsequently selling the generated power to the occupants (e.g., factory operators) situated beneath the roof.

However, under the Law on Electricity, the on-site solar model may be classified as self-consumption rooftop solar power.[41] It is currently regulated that no electricity sale shall be permitted under the self-consumption rooftop solar model, except for the transfer of excess output to certain entities within the EVN network.[42]

Renewable energy supply chains

The domestic manufacturing market for renewable energy equipment in Vietnam currently falls short of the demand from renewable energy developers. The number of local manufacturers is limited, leading to most of the equipment used in renewable energy projects (particularly for wind power) being imported from foreign suppliers. However, it is worth noting that the import of used electrical equipment for the purpose of investing in and developing self-produced, self-consumed power sources that sell surplus electricity to the national grid is currently prohibited.[43]

Manufacturing renewable energy equipment is listed among the prioritised supporting industrial products.[44] Therefore, developers of renewable energy manufacturing projects may be eligible for special investment incentives similar to those available to renewable energy developers as mentioned in 'The Policy and regulatory framework' section above.-[45]

The Government has instituted policies to promote the localisation of renewable energy equipment. As per the Development Strategy of Renewable Energy by 2030, with a vision to 2050 approved by the Prime Minister,[46] the target for the localisation rate by 2020 is 60 per cent. Additionally, PDP 8 outlines the objective of establishing two interregional renewable energy industry and service hubs by 2030. However, these policies are currently at a high-level, with general objectives only. Detailed measures for implementation are yet to be determined.

Special considerations

The period from 2024 to 2025 marks a particularly active phase of legislative reform in Vietnam's renewable energy sector, characterised by the issuance of numerous legal instruments. However, the absence of detailed implementing guidance in certain key regulations has created uncertainty, leading to delays in investment decisions – especially for greenfield projects.

On 25 December 2023, the Government Inspectorate issued an inspection report on, among others, the compliance of various renewable energy projects in Vietnam (Inspection Report No. 3116).[47] Inspection Report No. 3116 highlighted numerous projects that failed to meet various legal requirements, resulting in their postponement. In response, and to support investors facing these challenges, the MOIT Minister approved, on 5 March 2025, the inclusion of 142 projects, previously subject to Inspection Report No. 3116, into the PDP 8 Implementation Plan (Transitioned Projects).[48] This decision presents a new opportunity for investors to acquire projects that are now officially recognised within the national planning framework.

However, it is crucial to emphasise that inclusion in the PDP8 Implementation Plan does not confer eligibility for preferential FIT schemes on the Transitioned Projects. According to the Government, certain projects may remain ineligible for FIT entitlement due to non-compliance issues identified in Inspection Report No. 3116.[49] As such, investors considering acquisition of these projects are strongly advised to conduct thorough legal and technical due diligence to assess the viability and risk profile of each project.

Outlook and conclusions

In the coming year, Vietnam's renewable energy sector is expected to enter a new phase of development, driven by the issuance of the DPPA mechanism. The legal framework now provides provisions on participant eligibility, registration procedures and operational modalities. However, the market continues to await the actual implementation, particularly the rollout of the programme and identification of approved projects. The DPPA is anticipated to create new opportunities for corporate clean energy procurement, enhancing market competitiveness and diversifying offtake options for renewable energy developers.

At the same time, Vietnam is set to pilot its national carbon credit exchange in 2025, allowing project developers to monetise verified emission reductions under a domestic trading scheme. Offshore wind also continues to attract policy attention, with regulatory groundwork underway to govern project surveying, investor selection, project transfers, and investment incentives – supporting the 6,000MW target under Power Development Plan VIII. Alongside investments in grid infrastructure and the gradual reform of the electricity market, these developments indicate a shift towards a more open and investor-oriented landscape for renewable energy in Vietnam.

Endnotes

1 Article 5.11, Electricity Law 2024. ^ Back to section

2 Section A.I.6, Appendix II, Decree 31/2021. ^ Back to section

3 Article 15.1, Law on Investment 2020. ^ Back to section

4 Article 12.2(d), Article 13.1.(a), Law on Corporate Income Tax 2025. ^ Back to section

5 Article 20.6, Decree 31/2021; Article 5.3, Decision 29/2021/QD-TTg. Back to section

6 Article 12.2(d), Article 13.1.(a), Article 14.1(a), Law on Corporate Income Tax 2025. Back to section

7 Article 20.6, Decree 31/2021; Article 6.3, Decision 29/2021/QD-TTg. Back to section

8 Article 39.2, Decree 103/2024; Article 157.1(a), Law on Land 2024. Back to section

9 Article 39.3(c), Decree 103/2024. Back to section

10 Article 39.3(d), Decree 103/2024. Back to section

11 Article 25, Decree 58/2025. Back to section

12 Article 4, Decree 58/2025. Back to section

13 Article 9.2(d), Law on Technology Transfer 2017; Appendix I, Decree 76/2018. Back to section

14 Article 5, Law on Hi-tech 2008; Appendix I, Decision 38/2020/QD-TTg. Back to section

15 Article 30, 31, and 32, Law on Investment 2020. Back to section

16 Article 29.2, Law on Investment 2020. Back to section

17 Article 29.4, Law on Investment 2020. Back to section

18 Article 2.3, Law on Bidding 2023. Back to section

19 Article 17, Decree No. 56/2025. Back to section

20 Article 23.1, Law on Investment 2020. Back to section

21 Articles 39.1 and 39.2, Law on Investment 2020. Back to section

22 Article 135.3 Law on Land 2024. Appendix 1, Section V, B.I.2(h), Decree 151/2025. Back to section

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