

NEW LEGAL FRAMEWORK FOR THE ELECTRICITY INDUSTRY

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After nearly 20 years of implementation and 4 amendments, the practice of implementing electricity laws shows that there are still some issues that Electricity Law 2004 could not resolve.

To create a synchronous and feasible legal framework for electricity activities and investments in the electricity sector, and to overcome difficulties in implementation of the Electricity Law 2004, a new Electricity Law was passed on 30 November 2024 and took effect on 1 February 2025 (“Electricity Law 2024”).

Highlights of the Electricity Law 2024

In general, the Electricity Law 2024 regulates planning for electricity development, investments in electricity project construction; development of renewable energy and new energy; electricity operation licenses; competitive electricity market, electricity trading activities; dispatch and operation of the national electricity system; protection of electricity construction works and safety in the electricity sector; responsibilities, rights and obligations of agencies, organizations and individuals in electricity activities and electricity use; State management of electricity.

Below are some notable new points of the Electricity Law 2024:

No.	Highlight	Interpretation
1	Applying market mechanisms to electricity prices; direct electricity sale mechanism	Electricity prices will be implemented according to market mechanisms with prices regulated by the State. Electricity purchase and sale can be through direct power purchase agreements (DPPA), electricity term contracts, electricity purchase or sale options, electricity future contracts between electricity sellers and electricity buyers. The winning bid price of electricity will be the maximum electricity price for the electricity buyer to negotiate with the winning investor.
2	Gradually reducing and eventually eliminating cross-subsidy in retail electricity prices between customer groups	Retail electricity prices will be implemented according to a reasonable and gradually decreasing price structure, moving towards eliminating cross-subsidy of electricity prices between customer groups which do not participate in the competitive retail electricity market when they are not eligible to participate or do not choose to participate in buying and selling electricity on the competitive retail electricity market. The right of the parties to decide on electricity purchase price and selling price will be guaranteed on the basis of not exceeding the electricity price frame and retail electricity price structure prescribed for by the State. Electricity prices are guaranteed to be implemented publicly, transparently, equally, and without discrimination between electricity units.
3	Investment and financial incentives for investors (domestic and foreign) in construction of power sources and power grids, and electricity business	Applying investment, financial and other incentives and support to domestic and foreign organizations and individuals in construction of power sources and power grids, and in electricity business. The Electricity Law 2024 clearly states that all economic sectors are encouraged to participate in investing in construction of power sources and power grids according to the planning for electricity development, the power supply network development plan in the provincial-level planning, the plan to implement the planning for electricity development, power generation, power distribution, electricity wholesale, and electricity retail activities; non-State economic sectors are allowed to operate the power grids which they have invested in and constructed according to the provisions of law.
4	Encouraging investments in developing	Encouraging investment in developing renewable energy projects, new energy, power plants using fossil fuels to switch to low-emission fuel sources, installation of equipment and carbon capture systems to reduce

No.	Highlight	Interpretation
	renewable energy and new energy projects	emissions into the environment; developing coal-fired thermal power at a reasonable level in the direction of prioritizing large-capacity, high-efficiency units using advanced, modern technology; ensuring compliance with environmental protection laws.
5	Nuclear power development	Adding the nuclear power development policy; accordingly, the planning for development of nuclear power will be closely linked, synchronized, and consistent with the master plan for electricity development, and ensuring the safety of nuclear power plants according to the provisions of the Energy Law.

Guiding legal documents

To create a synchronous legal framework, just a very short time after the Electricity Law 2024 came into effect, a series of legal documents providing guidelines for implementation of the Electricity Law 2024 has synchronously been issued (which previously somehow took a long time to achieve):

At the decree level:

No	Document number văn bản	Summary of content	Date of issue	Effective date
1	Decree No. 18/2025/ND-CP	Detailing a number of articles of the Electricity Law related to electricity trading activities and circumstances of ensuring electricity supply.	8 February 2025	8 February 2025
2	Decree No. 56/2025/ND-CP	Providing regulations on planning for electricity development, plans of developing power supply networks, investments in construction of electricity projects and bidding to select investors for electricity business projects.	3 March 2025	3 March 2025
3	Decree No. 57/2025/ND-CP	Providing regulations on the mechanism for direct electricity purchase and sale between renewable energy power generation units and large electricity users.	3 March 2025	3 March 2025
4	Decree No. 58/2025/ND-CP	Providing regulations on the development of renewable energy and new energy power.	3 March 2025	3 March 2025
5	Decree No. 61/2025/ND-CP	Providing regulations on electricity operation licenses.	4 March 2025	4 March 2025
6	Decree No. 62/2025/ND-CP	Providing regulations on the protection of power construction works and safety in the electricity sector.	4 March 2025	4 March 2025
7	Decree No. 72/2025/ND-CP	Providing regulations on the mechanism and timing for adjusting average retail electricity prices.	28 March 2025	28 March 2025

At the circular level:

No	Document number	Summary of content	Date of issue	Effective date
1	Circular No. 02/2025/TT-BCT	Providing regulations on protection of power construction	1 February 2025	1 February 2025

No	Document number	Summary of content	Date of issue	Effective date
		works and safety in the electricity sector.		
2	Circular No. 03/2025/TT-BCT	Providing regulations on documents, order and procedures for purchasing and selling electricity with foreign countries.	1 February 2025	1 February 2025
3	Circular No. 04/2025/TT-BCT	Providing regulations on procedures for stopping and reducing power supply.	1 February 2025	1 February 2025
4	Circular No. 05/2025/TT-BCT	Providing regulations on power transmission, power distribution, and power metering systems.	1 February 2025	1 February 2025
5	Circular No. 06/2025/TT-BCT	Providing regulations on dispatching, operation, handling, troubleshooting, black start and restoration of the national power system.	1 February 2025	1 February 2025
6	Circular No. 07/2025/TT-BCT	Providing regulations on implementation of management of demands for electricity.	1 February 2025	1 February 2025
7	Circular No. 08/2025/TT-BCT	Providing regulations on electricity generation costs of power plants in the period before participating in the competitive electricity market for some types of power plants.	1 February 2025	1 February 2025
8	Circular No. 09/2025/TT-BCT	Providing regulations on documents, order, procedures, methods for determining and approving the electricity generation price framework; regulations on documents, order, procedures for formulation and approval of the electricity import price framework.	1 February 2025	1 February 2025
9	Circular No. 10/2025/TT-BCT	Providing regulations on the method of determining and principles of applying the avoided cost price list for small renewable energy power plants; main contents of the power purchase contract.	1 February 2025	1 February 2025
10	Circular No. 11/2025/TT-BCT	Providing regulations on the method for determining and the order and procedures for approving the price of auxiliary services for the power system; main contents of the contract for providing auxiliary services to the power system.	1 February 2025	1 February 2025
11	Circular No. 12/2025/TT-BCT	Providing regulations on the method for determining the price of electricity generation services; principles of calculating electricity prices for implementation of power projects; main contents of the power purchase contract.	1 February 2025	1 February 2025

No	Document number	Summary of content	Date of issue	Effective date
12	Circular No. 13/2025/TT-BCT	Providing regulations on determining electricity bills to be paid in the cases where electricity metering equipment is inaccurate, stops working or is lost.	1 February 2025	1 February 2025
13	Circular No. 03/2025/TT-BTNMT	Detailing the scope of basic surveys on renewable energy and new energy electricity resources in Vietnam.	20 February 2025	20 February 2025
14	Circular No. 14/2025/TT-BCT	Providing regulations on the method for preparation, records, order and procedures for approving electricity transmission service prices.	1 February 2025	1 February 2025
15	Circular No. 15/2025/TT-BCT	Providing regulations on the method for preparation, records, order and procedures for approving prices applicable to power system operation and dispatch services and electricity market transaction management services.	1 February 2025	1 February 2025
16	Circular No. 16/2025/TT-BCT	Providing regulations on the operation of the competitive wholesale electricity market.	1 February 2025	1 February 2025
17	Circular No. 17/2025/TT-BCT	Providing regulations on the method for preparation and order and procedures for approving wholesale electricity price frameworks; methods for determining wholesale electricity prices; main contents of wholesale electricity contracts.	1 February 2025	1 February 2025

Adjustment of Power Planning VIII

Along with the synchronization of the legal framework for power activities, after many proposals for amendments and adjustments, on 15 April 2025, the Prime Minister issued Decision No. 768/QĐ-TTg, approving the adjustment of the Planning for National Power Development for the period of 2021 - 2030, with an orientation to 2050 ("Power Planning VIII"), creating a legal basis for investments in the development of power generation and grid projects in Vietnam.

Electricity production and import

According to the adjusted Power Plan VIII, the total electricity production and import output is expected to reach 650-624 billion kWh by 2030, 82-102% higher than in 2024. The electricity output growth target is to ensure supply to serve the average GDP growth of 10% in the 2026-2030 period. To achieve this target, the total electricity capacity target by 2030 is expected to reach 183-236 GW, an increase of 122-187% compared to 2024 and an increase of 16-49% (+25-78 GW) compared to the initial Power Plan VIII.

Period of 2021-2030:

No.	Adjusted Power Planning			Initial Power Planning	
	Structure	Capacity (MW)	Percentage (%)	Capacity (MW)	Percentage (%)
1	Onshore and nearshore wind power	26,066-38,029	14.2-16.1	21,880	14.5
2	Offshore wind power	6,000-17,032	3.2-7.2	6,000	4.0
3	Solar power (including concentrated and rooftop solar power, excluding existing rooftop solar power)	46,459-73,416	25.3-31.1	12,836	8.5
4	Biomass power, waste-to-energy power, geothermal and other new energy	3,009-4,881	1.6-2.06	2,270	1.5
5	Hydropower	33,294-34,667	14.7-18.2	29,346	19.5
6	Nuclear power	4,000-6,400	2.2-2.7		
7	Power Storage	12,400-22,300	6.8-9.4	2,700	1.8
	Pumped-storage hydropower	2,400-6,000	1.3-2.5	2,400	1.6
	Battery Storage	10,000-16,300	5.5-6.9	300	0.2
8	Cogeneration (using residual heat, blast furnace gas, etc.)			2,700	1.8
9	Thermal power			67,457	44.8
	Coal-fired thermal power	31,055	13.1-16.9	30,127	20.0
	Domestic gas-fired thermal power	10,861-14,930	5.9-6.3	14,930	9.9
	LNG-fired thermal power	22,524	9.5-12.3	22,400	14.9
10	Flexible power sources (thermal power using LNG, oil, hydrogen)	2,000-3,000	1.1-1.3	300	0.2
11	Electricity imports (from Laos, China)	9,360-12,100	4.0-5.1	5,000	3.3
	Total capacity	183,291-236,363	100.0	150,489	100.0

Period of 2031-2050:

No.	Adjusted Power Planning			Initial Power Planning	
	Structure	Capacity (MW)	Percentage (%)	Capacity (MW)	Percentage (%)
1	Onshore and nearshore wind power	84,696-91,400	10.9	60,050-77,050	12.2-13.4
2	Offshore wind power	113,503-139,097	14.7-16.6	70,000-91,500	14.3-16
3	Solar power (including concentrated and rooftop solar power)	293,088-295,646	35.3-37.8	168,594-189,294	33.0-34.4

No.	Adjusted Power Planning			Initial Power Planning	
	Structure	Capacity (MW)	Percentage (%)	Capacity (MW)	Percentage (%)
4	Biomass power, waste-to-energy power, geothermal and other new energy	7,077-9,561	0.9-1.14	6,015	1.0-1.2
5	Hydropower	40,624	4.8-5.2	36,016	6.3-7.3
6	Nuclear power	10,500-14,000	1.4-1.7		
7	Power Storage	116,674-117,447	14-15	30,650-45,550	6.2-7.9
	Pumped-storage hydropower	20,691-21,327	2.5-2.6		
	Battery Storage	95,983-96,120	11.5-12.4		
8	Cogeneration (using residual heat, blast furnace gas, etc.)			4,500	0.8-0.9
9	Thermal power	69,391-80,445	8.4-10.0	61,462-77,262	11.2-15.0
	Coal-fired thermal power	0	0	0	0
	Thermal power using biomass and ammonia	25,798	3.1-3.3	25,632-32,432	4.5-6.6
	Domestic gas-fired thermal power switching to LNG use	7,900	0.9-1.0	7,900	1.4-1.6
	Domestic gas-fired thermal power switching to hydrogen use	7,030	0.8-0.9	7,030	1.2-1.4
	LNG-fired thermal power with hydrogen combustion	18,200-26,123	2.3-3.1	4,500-9,000	0.8-1.8
	LNG-fired thermal power switching to hydrogen use	8,576-11,325	1.1-1.4	16,400-20,900	3.3-3.6
	LNG-fired CCS thermal power	1,887-2,269	0.2-0.3		
10	Flexible power sources (thermal power using LNG, oil, hydrogen)	21,333-38,641	2.8-4.6	30,900-46,200	6.3-8.1
11	Electricity imports (from Laos, China)	14,688	1.8-1.9	11,042	1.9-2.3
	Total capacity	774,503-838,681	100.0	490,529-573,129	100.0

Transformer stations and power grids

In addition to electricity production and import, transformer stations and power grids also need to be invested in order to ensure power transmission capacity.

No.	Item	Periods		
		2026 - 2030	2031 - 2035	2036 - 2050
1	Construction of new 500kV substations	102,900 MVA	73,800 MVA	72,900 MVA

No.	Item	Periods		
		2026 - 2030	2031 - 2035	2036 - 2050
2	Renovation of 500kV substations	23,250 MVA	36,600 MVA	102,600 MVA
3	Construction of new 220kV substations	105,565 MVA	44,500 MVA	81,875 MVA
4	Renovation of 220kV substations	17,509 MVA	34,625 MVA	103,125 MVA
5	Construction of new 500kV lines	12,944 km	7,480 km	7,846 km
6	Renovation of 500kV lines	1,404 km	650 km	750 km
7	Construction of new 220kV lines	15,307 km	4,296 km	5,370 km
8	Renovation of 220kV lines	5,483 km	624 km	830 km

Demands for Investment Capital

To achieve the above targets on power generation and transmission, Vietnam needs to mobilize a huge amount of capital for investment in power sources and power grids.

No.	Item	Periods		
		2026 - 2030	2031 - 2035	2036 - 2050
1	Investments in power sources	USD 118.2 billion	USD 114.1 billion	USD 541.2 billion
2	Investments in power grid	USD 18.1 billion	USD 15.9 billion	USD 27.9 billion
	Total investment capital	USD 136.3 billion	USD 130.0 billion	USD 569.1 billion

Due to limited public investment resources, the private sector (including foreign investment) is expected to play a key role in investing in power generation projects in the coming periods.
