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**DRAFT****SUBMISSION  
Electricity Law Project (revision)**

To: Government

Implementing the provisions of the Law on Promulgation of Legal Documents (revised and supplemented in 2020), the Ministry of Industry and Trade shall submit to the Government for approval the contents of the Law on Electricity (revised) as follows:

**I. NECESSITY TO ISSUE THE ELECTRICITY LAW (REVISED)****1. Political basis and legal basis**

- Resolution No. 55-NQ/TW dated February 11, 2020 of the Politburo on the orientation of Vietnam's National Energy Development Strategy to 2030, vision to 2045 (hereinafter referred to as Resolution No. 55-NQ/TW) has set out the guiding view of "*quickly building a synchronous energy market, competition, transparency, diversification of ownership forms and business methods; apply market prices to all types of energy*" (Point 1 Part II of Resolution No. 55-NQ/TW) in order to realize the general objective of "*Building a competitive, transparent, efficient energy market in line with socialist-oriented market economy institutions*" (Point a, Clause 2, Part II of Resolution No. 55-NQ/TW). Accordingly, Resolution No. 55-NQ/TW assigns the task of renovating mechanisms, policies and developing a synchronous, interconnected, modern and efficient energy market, in line with the socialist orientation, specifically: "*It is necessary to develop a synchronous and interconnected energy market among electricity subsectors, coal, oil and gas and renewable energy, connecting with regional and world markets*" and "*revising and perfecting specialized laws on petroleum, electricity, economical and efficient use of energy and other laws related to the energy sector to serve as a basis for more effective implementation of the market mechanism*" (Clause 6 Part III of Resolution No. 55-NQ/TW).

- Implementing Resolution No. 55-NQ/TW of the Politburo, on October 2, 2020, the Government issued Resolution No. 140/NQ-CP on the Government's Action Program, in which, at Point a, Clause 2, Part II, the Ministry of Industry and Trade assigned: "*Study and propose revisions, supplementing to complete the provisions of the Electricity Law and relevant documents on electricity prices, electricity regulation, the national program on electricity demand management, the electricity load adjustment program and the electricity market in accordance with the roadmap for implementing a competitive electricity market*".

- Implementing the National Assembly's Resolution No. 16/2021/QH15

dated July 27, 2021 on the 5-year socio-economic development plan 2021-2025, the Government has issued Resolution No. 99/NQ-CP dated August 30, 2021 promulgating the Government's Action Plan for the term 2021-2026 implementing the National Assembly's Resolution on the 5-year socio-economic development plan 2021 -2025. With regard to the task of continuing to build and synchronously complete development institutions, first of all socialist-oriented market economy institutions, the Resolution stated *"Promote the review, supplementation and perfection of legal provisions that are no longer relevant, overlapping, incomplete or entangled, especially in terms of planning, investment, business, land, finance, budget, public assets, taxation ... in the direction of problems at any level, branch level, that branch actively and actively modifies and perfects; Urgently study to revise and replace mechanisms and policies that are no longer suitable with reality to remove bottlenecks and solve outstanding problems causing loss and waste, ensuring comprehensiveness, comprehensiveness and uniformity in the legal system"*.

- On June 16, 2022, the National Assembly passed Resolution No. 61/2022/QH15 on continuing to enhance the effectiveness and effectiveness of the implementation of policies and laws on planning and a number of solutions to remove difficulties and obstacles, accelerate the progress of formulation and improve the quality of planning in the period 2021 - 2030. In particular, the National Assembly assigned the Government: *"To summarize and comprehensively evaluate the implementation of the Planning Law and planning-related contents in laws and legal documents to urgently submit to the National Assembly for revision and supplementation of the Planning Law and related laws to meet the requirements of state management of planning work, ensure uniformity and uniformity of the legal system"*. On August 26, 2022, the Government issued Resolution No. 108/NQ-CP implementing Resolution No. 61/2022/QH15 on continuing to enhance the effectiveness and effectiveness of the implementation of policies and laws on planning and a number of solutions to remove difficulties and obstacles, accelerate the progress of formulation and improve the quality of planning in the 2021-2030 period.

Therefore, it is necessary to fully institutionalize the contents of Resolution No. 55-NQ/TW in the Law on Electricity, organize the implementation and implementation of the tasks of the National Assembly and the Government on reviewing and perfecting legal regulations, creating unity and synchronization in the legal system.

## **2. Practical basis**

The Law on Electricity in 2004 (revised and supplemented by the Law revising and supplementing a number of articles of the Law on Electricity in 2012, the Law revising and supplementing a number of articles of 11 laws related to planning in 2018 and Law No. 03/2022/QH15 revising and supplementing a number of articles of the Law on Public Investment, The Law on Investment in the form of public-private partnership, the Law on Investment, the Law on

Housing, the Law on Procurement, the Law on Electricity, the Law on Enterprises, the Law on Excise Tax and the Law on the Enforcement of Civil Judgments) has established a legal framework for electricity activities and electricity use, protecting the legitimate interests of electricity users and enterprises operating in the field electricity sector, meeting the increasing demand for electricity and contributing to promoting the socio-economic development of the country.

However, after nearly 20 years of implementation and through 03 revisions and supplements to a number of articles (in 2012, 2018 and 2022), it is necessary to study to revise and supplement the Electricity Law to promptly adjust social relations arising in electricity activities and electricity use. The practice of implementing the law on electricity shows that there are still some problems that the provisions of the current Electricity Law have not met, which need to be revised and supplemented to meet the objectives of implementing the Party's policies for the energy sector in general and electricity in particular, especially the objective of ensuring national energy security, strengthening the assignment, decentralization and raising the effectiveness of state management of electricity, and at the same time solving a number of problems in the process of implementing the Electricity Law that currently lacks a legal basis to improve the efficiency of state management, As follows:

### ***2.1. Electricity development planning***

a) In the process of summarizing and reviewing the Electricity Law, it is shown that at present, the implementation of the national electricity development planning has a number of obstacles in implementation, affecting the security of electricity supply, namely the quality of construction, organization and implementation of the electricity sector planning is not high:

- Electricity development planning is related to many plannings of sectors such as coal, oil and gas, renewable energy, socio-economic development planning, transport planning, urban spatial planning, industrial development planning,... In fact, the synchronization of these plans is quite difficult because the timing of the construction of the plans often does not coincide. The data for the planning is not completely complete and inconsistent, leading to inaccurate forecast and calculation results.

- The state management of the implementation of the planning is still ineffective and the project implementation procedures are complicated. Managing and managing the implementation of the planning is still limited, indecisive and there are no timely solutions to promote power source and grid projects on schedule.

- Lack of compliance and local coordination and support for the approved planning, delay in allocating resources (land, ...) to implement the project, in some cases localities that previously approved the planning later changed, causing the

power plan to be broken.

- The plan, implementation schedule, and resource identification of some projects in the planning are not clear. The negotiation of BOT project contracts depends on many strict requirements from international financial institutions (lenders) and has many contents related to many management areas of different ministries, branches and localities, making the project development time prolonged.

- The capacity of domestic investors as well as contractors is limited both financially and technically. Some localities are slow to hand over the premises to the investor as committed to implement the project. In the current period, international financial institutions have limited or no longer financed coal-fired power projects.

- Problems when implementing projects under the PDP need to adjust land use plannings, land use plans, change of land use purposes and forest land: The list of power projects that have been approved for location agreement, but not yet included in the land use planning, Not included in the annual land use plan, so procedures for adjustment must be carried out according to regulations. Many power projects, when implementing the technical design approval step, have to wait for the locality to carry out additional procedures for land use plans. This prolongs the project implementation time (delayed from 06 months to 01 year, even longer). Therefore, it is necessary to have solutions in organizing, managing the implementation of planning and investment in synchronous and drastic electricity development, from the central, ministries to localities, state economic groups,....

b) Mechanisms and policies for the electricity sector are still inconsistent

*Firstly, legal documents related to electricity supply still have many inadequacies, contradictions, many unclear contents, and many problems such as:*

(i) Regarding the decentralization of state management between central and local governments in the electricity sector (competence problems):

+ 2015 - 2020 period: The Law on Investment No. 67/2014/QH13 has not stipulated the competence to decide on investment policies and investment decisions on group A projects with total investment (from 2,300 to less than 5000 billion VND) using investment capital of state-owned enterprises and construction projects in many provinces. By 2021, Investment Order No. 61/2020/QH14 takes effect, clearly stipulating the competence to decide on investment policies to remove the above-mentioned obstacles.

+ The Law on Management and Use of State Capital Invested in Production and Business at Enterprises No. 69/2014/QH13 and Decree No. 131/2018/ND-CP dated September 29, 09, 2018 stipulating the functions, tasks, powers and organizational structure of the State Capital Management Committee at enterprises has not clearly stipulated the "consideration, approval" of the State

Capital Management Committee in the procedures for submitting investment project approval for state-funded projects.

+ The investment process (on the competence to decide on investment projects) between Law No. 69/2014/QH13 differs from the order of investment procedures in the Law on Investment, the Law on Construction and the Law on Public Investment. Although, at Point a, Clause 3, Article 4 of the Law on Investment No. 61/2020/QH14 stipulates: In case there are different provisions between the Investment Law and other laws promulgated before the effective date of the Investment Law on the order and procedures for business investment and investment guarantee, the provisions of the Investment Law shall be complied with, except for the following cases "*The investment, management and use of state investment capital in enterprises shall comply with the provisions of the Law on Management and use of state capital invested in production and business at enterprises*". However, state-funded power projects are still unclear in the organization submitting, appraising and approving investment policies under the Law on Investment stipulating "yes" or "no" to implement this procedure.

(ii) Regarding problems related to legal provisions in the implementation of investment in power projects

The process of implementing state-funded power projects is still inadequate, there is no clear implementation process because it involves many laws and many sectors. Many procedures must be carried out, there is overlap that has not been minimized/considered simultaneously in stages (investment preparation, investment,...) due to being governed by many relevant laws. From 2018 up to now, large power projects implemented by state economic groups have been difficult and obstructed in implementation, leading to many projects that have not been implemented construction investment or implemented very slowly, not meeting the planning schedule.

+ Difficulties in adjusting the planning to invest in and build power projects to meet the demand for electricity supply. The review and adjustment of the national electricity development plan is still slow, lacking clear criteria, and there are no regulations to create a flexible operating mechanism in the implementation of the planning to ensure electricity supply.

+ The adjustment of project parameters from planning stage to construction implementation is a research process with an increasing level of accuracy with each step, each stage of research and design in accordance with the law on construction. Therefore, the adjustment of technical parameters of power projects during construction investment is necessary and needs to be specified in this Law.

+ The lack of specific mechanisms for the development of the electricity sector has caused many difficulties for the development of electricity in accordance with the plan. The determination of criteria for "urgent issues on ensuring energy security" has not been specified in any legal documents, leading to a lack of legal corridor to implement this regulation. On the other hand, in order to apply a specific mechanism under the Law on Construction, procedures need

to be carried out separately for each project<sup>1</sup>, there is no basis for general application to the group of works of the same urgent nature, and urgent issues need to shorten the implementation time for projects according to the approved planning.

*Second, problems and limitations in the organization of the central and local state management apparatus in the implementation of electricity development planning and investment*

- The state management of the implementation of the planning is still ineffective and the project implementation procedures are complicated. Managing and managing the implementation of the planning is still limited, indecisive and there are no timely solutions to promote power source and grid projects on schedule.

- Lack of compliance and local coordination and support for the approved planning, delay in allocating resources (land, ...) to implement the project, in some cases localities that previously approved the planning later changed, causing the power plan to be broken.

- The Law on Electricity does not have sanctions to bind the responsibilities of investors when delaying the implementation of investment projects in the construction of power works. Although the Law on Investment and the Law on Land have provisions to handle cases where projects need to be withdrawn. However, in practice, the implementation of this procedure has not been drastic from local and central authorities.

- The Law on Electricity was promulgated nearly 20 years ago, the legal provisions related to planning, investment, construction and land have changed many times, some contents in the Law on Electricity are outdated or overlap with other laws.

*Third, on investment in electricity development in rural, mountainous, border and island areas*

Currently, there are many villages/villages, some islands, especially remote areas, border areas, islands that still do not have access to electricity or have electricity but are not safe, these areas have very high investment rates, but are not economically and financially effective. Mobilizing resources from organizations and individuals to invest in power supply is a huge challenge and not feasible. In the period from 2013 to 2023, the deployment of electricity supply depends mainly on central and local state budget funds.

Implementing the energy policy of the Party and the State, in which ensuring national defense and security, implementing progress and social justice is of

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<sup>1</sup> Clause 3, Article 130 of the Law on Construction: The Prime Minister shall decide on specific mechanisms for each work specified at Point b, Clause 1 of this Article, including survey and construction design; forms of selection of contractors and other specific mechanisms according to their competence to accelerate the implementation of construction investment.

special importance, it is necessary to concretize in the Electricity Law in synchronization with current legal provisions to have investment resources reaching the rate of 100% of households having safe access to electricity, rely. Thus, it is necessary to adjust the provisions of Clause 1, Article 61 of the 2004 Electricity Law, specifying the use of public investment capital for investment in the development of power grids in deep-lying, remote, border and island areas.

## ***2.2. Encouraging the development of renewable and new energy (RE)***

*First*, it is required to institutionalize the guidelines and policies of the Party and the State on renewable energy development and complete the legal framework to promote the development of renewable energy sources and implement commitments on combating climate change.

The current large hydropower sources have been exploited, new coal-fired power plants are difficult to arrange and mobilize investment capital, imported liquefied natural gas power plants depend a lot on world oil prices and currently electricity selling prices are quite high. While electricity demand for socio-economic development will remain at a relatively high level of about 8-9% per year, by 2030, it is a big challenge for the electricity industry. Therefore, the Politburo issued Resolution No. 55-NQ/TW, which proposes a series of tasks and solutions for the renewable energy sector such as building breakthrough mechanisms and policies to encourage and promote the strong development of renewable energy sources to replace fossil energy sources; prioritize the use of wind and solar energy for power generation; encourage investment in the construction of power plants using municipal waste, biomass and solid waste in conjunction with environmental protection and circular economy development; develop support policies and breakthrough mechanisms for offshore wind power development in association with the implementation of the Vietnam Marine Strategy...

*Second*, the requirement to complete the policy framework to specify bidding and competitive development for renewable energy projects in specialized fields; solve shortcomings and problems in the application of current laws on investment and bidding; ensure orientation on the shift from incentive policies, support the development of renewable energy sources to competition policy.

In recent years, the Government has directed the Ministry of Industry and Trade to coordinate with ministries and sectors to promulgate many specific policies and solutions to encourage the development of renewable energy types such as wind power, solar power, biomass power, solid waste power, small hydropower, including the support electricity tariff policy (Feed in tariff). Common points of support electricity pricing policy The support is to apply the mechanism of electricity purchase and sale at the support price at the point of power delivery, prioritize the buyer's electricity purchase for renewable energy sources, apply a model power purchase contract with a term of 20 years. The FIT pricing policy is promulgated on the basis of the world's experience for countries with newly formed and developed renewable energy power markets, electricity

market conditions are not ready, services and auxiliary production are not ready, and the cost of developing renewable energy power sources is higher than traditional power sources. However, the FIT pricing policy is an incentive mechanism of the State that is only applied for a certain period of time to encourage investment attraction in areas that need investment. Currently, Vietnam has made certain developments in renewable energy, so it is necessary to study the shift from support policies to competition policies to enhance efficiency in system management, cost competitiveness and ensure quality and stable electricity supply, unshakeable. Accordingly, the continuation of the above-mentioned FIT pricing policies is no longer appropriate. The encouragement of renewable power sources should be implemented through a flexible power generation price framework to suit the development orientation in each period.

It is necessary to institutionalize the guidelines and objectives in Resolution No. 55-NQ/TW on "*Encouraging the development of rooftop solar power*" after the incentive regulations on the FIT mechanism expire and "*Having a mechanism to allow the development of on-site power plants, self-sufficiency in industrial zones, clusters and export processing zones*" in the Electricity Law to encourage households and enterprises to install self-use rooftop solar power, promote social resource mobilization, and contribute to reducing financial mobilization pressure for the State.

For offshore wind power development: With a coastline length of more than 3,400 km, Vietnam's wind resources (offshore wind power technical potential of about 600 GW) are rated by domestic and international experts as the best in Southeast Asia, ranking 5th in Asia and 13th in the world. For the offshore wind power sector, the investment rate is very large, about 2-3 billion USD/01 GW and the implementation time is from 6-8 years from the beginning of the survey and depending on the scale of capacity and the area of project implementation. Offshore wind power projects play an important role in supplying electricity to the national power system, and the development of offshore wind power will contribute to helping Vietnam realize its carbon neutrality commitment by 2050. However, the development of offshore wind power, in addition to ensuring energy security, must be associated with the protection of airspace and sea areas and ensuring national security. The exploitation of natural resources for offshore wind power projects has not been determined whether or not they fall under the scope of the Law on Natural Resources and Environment of the Sea and Islands. Therefore, the institutionalization of Resolution 55 of the Politburo on a breakthrough mechanism for offshore wind power development associated with the implementation of the Vietnam Marine Strategy is facing many difficulties.

Therefore, the Law on Electricity needs to be revised and supplemented with the content of renewable energy development policies to institutionalize the Party's guidelines and policies.

### ***2.3. Conditions for electricity operation and issuance, exemption and***



***revocation of electricity operation licenses***

In practice, the process of implementing the Electricity Law still has some problems, specifically as follows:

a/ Conditions for granting licenses for electricity activities:

- Electricity activities are conditional business activities as prescribed in the Law on Electricity and the Law on Investment. Currently, in order to create conditions for enterprises to operate electricity, the conditions for issuance of licenses must be regularly reviewed and evaluated to implement maximum reductions. In practice, the Government has abolished and reduced 99/163 (about 60%) conditions for doing business in the electricity sector (in Decree No. 08/2018/ND-CP), abolished 08 conditions and simplified 03 conditions for the fields of power generation, transmission, distribution, wholesale, retail and electricity consultancy (in Decree No. 17/2020/ND-CP). Meanwhile, some contents on conditions for granting electricity operation licenses in Article 32 of the Law on Electricity are no longer suitable with reality and do not ensure flexibility in assessing electricity operation conditions in order to promptly adjust and create conditions for enterprises as well as state management tasks.

Therefore, in order to be consistent with the practice of implementing and revising and reducing business conditions in the electricity sector to be flexible and timely respond to administrative reform requirements, it is necessary to revise the provisions of the Electricity Law in the direction of assigning the Government to stipulate conditions for granting electricity licenses and regulations on the competence to grant licenses Electricity activities aim to improve the decentralization and decentralization of units.

b/ Regarding dossiers of granting electricity operation licenses:

Currently, the Electricity Law is stipulating four common application components for issuance of electricity operation licenses. In the actual implementation of the issuance of electricity operation licenses, each electricity activity must have its own conditions, corresponding to the components of the dossier showing satisfaction of the conditions for licensing as prescribed. Therefore, in order to determine whether the applicant for a license meets the conditions for electricity activities, the Ministry of Industry and Trade must guide in detail the composition of the dossier for each field of electricity activities. The composition of this dossier also flexibly changes to meet the requirements of streamlining licensing conditions and reforming administrative procedures of the electricity sector. Therefore, the regulation of the composition of dossiers in the Electricity Law is no longer suitable for flexibility in streamlining licensing conditions and reforming administrative procedures, creating conditions for related entities to participate in electricity activities.

Therefore, it is necessary to assign the Government to prescribe the order, procedures and dossiers of issuance of electricity operation licenses to ensure flexibility in implementation from time to time in accordance with the reality of

technological development and meet the requirements of administrative procedure reform.

c/ Regarding exemption from electricity operation licenses:

Due to the nature of some electricity activities, in order to create conditions for some organizations and individuals to participate in electricity activities without having to carry out administrative procedures to apply for electricity operation licenses, the Electricity Law has stipulated a number of cases of exemption from electricity operation licenses. However, some exemptions are no longer suitable for the current electricity industry development conditions such as the scale of electricity business in rural, mountainous and island areas; development of renewable energy for on-site loads (Point c, Clause 1, Article 34)... Therefore, it is necessary to study and revise regulations on exemption from electricity operation licenses reasonably in order to promote and encourage electricity development in the future.

d/ Regarding revocation of electricity licenses:

The current Law on Electricity only allows the revocation of electricity operation licenses in 04 cases. In practice, there are also cases where it is necessary to revoke other licenses such as dishonest applicants in the process of submitting applications for licenses, which are then detected; the power unit wishing to cease operation or transfer licensed operations to another unit; at the request of a competent state agency due to the electricity unit's violation of relevant provisions of law; The electricity unit shall not report to the agency issuing the electricity operation license within 30 days from the date of change of head office address in the electricity operation license...

Thus, it can be seen that, according to the change of enforcement practice, the corresponding changes in cases of revocation of electricity operation licenses will arise. Therefore, in addition to defining principles on the revocation of electricity operation licenses in the Electricity Law, it is also necessary to assign the Government to stipulate cases of revocation of electricity operation licenses to ensure flexibility, create conditions for units to quickly participate in electricity activities, while managing the satisfaction of all conditions for participating in electricity activities, removing difficulties and obstacles in practical implementation.

#### ***2.4. Regarding electricity prices according to the market mechanism and electricity purchase and sale activities, ensuring the development orientation of the electricity market***

- Regarding the implementation of electricity prices according to the market mechanism and electricity price management

The current Electricity Law stipulates that "*Electricity selling prices shall comply with the State-regulated market mechanism in accordance with the development level of the electricity market*" (Point a, Clause 1, Article 31). According to the provisions of Clause 1, Article 31 of the Law on Electricity, the

Prime Minister has the authority to prescribe a mechanism for adjusting retail electricity prices. The mechanism for adjusting the current average retail electricity price promulgated by the Prime Minister (in Decision No. 24/2017/QĐ-TTg dated June 30, 2017 and will be replaced by Decision No. 05/2024/QĐ-TTg from May 15, 2024) decentralizes the authority to adjust retail electricity prices to Vietnam Electricity, The Ministry of Industry and Trade and the Prime Minister, depending on the level of retail electricity price adjustment, have created a legal corridor for calculating and adjusting electricity prices according to the State-controlled market mechanism to ensure the macroeconomy.

In fact, the current electricity price management ensures transparency and flexibility in the implementation process, but because electricity is an essential commodity, the adjustment of electricity prices is under a lot of pressure from public opinion and can greatly affect the macroeconomic situation. The management of retail electricity prices, decisions on adjustment of retail electricity prices need to be considered and evaluated holistically in all areas. The management of actual retail electricity prices in recent years has been discussed and decided through Standing Meetings of the Government. Clause 3, Article 8 of the 2015 Law on Government Organization stipulates that the Government has the authority to *"decide on specific policies on finance, national currency, wages and prices"*. In addition, Resolution No. 55-NQ/TW stated: *"Study and implement the legalization of electricity price management"*. Therefore, in order to ensure the conformity with other legal provisions and ensure the consistency in macroeconomic management of the Government, it is necessary to consider revising the competence in promulgating the mechanism for adjusting retail electricity prices stipulated in the current Electricity Law (decentralised to the Prime Minister), ensure compliance with the orientation in Resolution No. 55-NQ/TW in the direction of the Government to promulgate a Decree on the mechanism for adjusting retail electricity prices, which specifies the competence to adjust electricity prices according to each price adjustment level.

This ensures the general principle that the Government plays the role of promulgating legal institutions, mechanisms and policies on electricity price adjustment, in accordance with the orientation in Resolution No. 55-NQ/TW, in accordance with the practice of adjusting electricity prices in recent times, in accordance with the Law on Government Organization.

- On electricity tariff policy

(i) On the correctness, adequacy and reasonable profitability of power units

Clause 1, Article 29 of the Electricity Law stipulates the electricity price policy: *"1. To create conditions for economic sectors to invest in electricity development with reasonable profits, save energy resources, use new forms of energy and renewable energy that do not pollute the environment in electricity activities, contributing to promoting socio-economic development, especially in rural, mountainous, island areas."*

Clause 4, Article 30 of the Electricity Law stipulates the grounds for

establishment and adjustment of electricity prices: *"4. The costs of electricity production and business and the reasonable profit of the power unit."*

Based on the above provisions in the Electricity Law, the Prime Minister and the Ministry of Industry and Trade have issued decisions and circulars guiding the implementation of electricity generation prices, electricity transmission prices, electricity system auxiliary service prices, and average retail electricity prices. Accordingly, electricity prices in the above stages are determined on the basis of correctness, sufficient calculation of production and business costs and reasonable profits.

The development orientation of the electricity market in Vietnam is to open up competition for power generation first, then electricity wholesale and then electricity retail competition. Recently, in order to attract private investment in power generation, power generation projects in the form of IPP, BOT (whose investor is not Vietnam Electricity) have agreed, negotiated and signed power purchase contracts with the popular internal financial rate of return (IRR) at 10% to 12% while the applicable rate for power generation units accounting dependent on Vietnam Electricity (multi-target hydropower) and other stages (power transmission, electricity distribution-retail) normally only at 3% (or lower from 0% to less than 3%, depending on EVN's financial balance every year, especially in years when retail electricity prices are not adjusted). In addition, one of the guiding views in Resolution No. 55-NQ/TW is *"building a synchronous, competitive and transparent energy market"*.

Therefore, it is necessary to inherit the principles stipulated in the Law on Electricity and continue to supplement appropriate policies in the direction of electricity prices to reflect the costs of electricity production and business activities of electricity units and be implemented openly and transparently, equality, non-discrimination between power units.

(ii) Grounds for establishment and adjustment of electricity prices;

In recent years, the preparation and adjustment of electricity prices are based on audited financial statements and electricity production and business cost data of electricity units. In order to legislate the requirement for data on establishment and adjustment of electricity prices for electricity units, it is necessary to supplement these contents in the revised draft Electricity Law.

(iii) On the issue of cross-compensation

The current Electricity Law stipulates *"Implementing a reasonable retail electricity tariff structure for customer groups"*; Resolution No. 55-NQ/TW sets out the orientation *"not to cross-offset electricity prices between customer groups and between regions"*. Therefore, it is necessary to supplement regulations and policies on gradual reduction towards eliminating cross-compensation of

electricity prices between customer groups and between regions.

(iv) On the issue of electricity imports

Resolution No. 937/NQ-UBTVQH15 dated 13/12/2023 of the Standing Committee of the National Assembly (National Assembly Standing Committee) on thematic supervision on the implementation of policies and laws on energy development in the period 2016-2021 has set tasks and solutions on the need for an appropriate electricity price mechanism in importing electricity for countries in the region. Therefore, it is necessary to add relevant contents to the revised draft Electricity Law.

(v) Miscellaneous

- The Government shall direct the study and formulation of plans to support electricity price reduction and electricity bill reduction in case it is necessary to stabilize socio-economic development.

In the years 2020 and 2021, due to the heavy impact of the COVID-19 epidemic, the Government and the Prime Minister have directed the Ministry of Industry and Trade and EVN to support electricity price reduction and electricity bill reduction for customers affected by the COVID-19 epidemic. In order for relevant units to have a basis for implementation for similar cases arising later, It is necessary to supplement general regulations on cases where the Government or the Prime Minister directs the study and development of support plans to reduce electricity prices and reduce electricity bills in case it is necessary to stabilize socio-economic development. This proposal is based on the Government's tasks and powers as "*To unify the state management of the national economy, promote the development of a socialist-oriented market economy; ensuring macroeconomic stability, major balances of the economy; ...*" (specified in Clause 1, Article 8 of the Law on Government Organization) and the duties and powers of the Prime Minister are "*To lead the work of the Government; leading policy development and law enforcement organization;*" (Clause 1, Article 28 of the Law on Government Organization).

- In order to clarify the calculation of the average electricity generation price bracket according to the economic life of the project, the average calculation of the wholesale electricity price bracket according to the time of use and the average calculation in the price bracket calculation cycle, it is necessary to add contents related to the chairmanship of the Minister of Industry and Trade, coordinate with the Minister of Finance in guiding the method of setting up the average electricity generation price frame and the average wholesale electricity price bracket.

- Currently, contents related to competence to guide methods of setting electricity generation prices and wholesale electricity prices; competence to formulate two-component electricity prices, guidance on temporary prices in Decree No. 137/2013/ND-CP and contents related to the incentive electricity price mechanism for customers participating in the electricity demand management program in Decision No. 28/2014/QĐ-TTg but not yet specified in the Law on

assignment of competent state agencies to prescribe. In addition, the contents of methods for determining electricity costs and prices of power plants built and operated by the state monopoly and small hydropower plants have not been prescribed in the Law on the assignment of competent state agencies to prescribe.

Therefore, it is necessary to supplement the content of assigning authority to detail these contents to have a basis for implementation.

- Regarding the electricity price mechanism and electricity purchase and sale activities, ensuring the development orientation of the electricity market

The Electricity Law promulgated in 2004 (revised and supplemented in 2012, 2018, 2022 and 2023) has created a legal basis for the implementation of the electricity market at all levels. The principles of electricity market operation so far are still consistent with the guidelines and policies of the Party in Clause 1 Part II of Resolution No. 55-NQ/TW on the development of the energy market in general and the electricity market in particular such as the policy of "*attracting all economic sectors to participate in power generation activities, electricity distribution, electricity wholesale, electricity retail and electricity specialized consultancy*" (Clause 2, Article 4 of the Electricity Law) or regulations on principles, objects, forms and contents of operation of the electricity market in Section 1, Chapter IV of the Electricity Law (from Articles 17 to 21). Implementing the provisions of the Electricity Law, the Ministry of Industry and Trade has implemented a competitive power generation market since 2012, then converted to a competitive wholesale electricity market from 2019.

However, in order to continue implementing the level of competitive electricity retail market in the coming years to meet the requirements of "*Review and adjustment of regulations on control and coordination of the electricity market*" and "*Accelerate the implementation roadmap of the competitive electricity market*" in Clause 2 Part III of Resolution No. 55-NQ/TW, The prerequisite is to separate electricity distribution (natural monopoly) from electricity retail business (competitive). Meanwhile, some provisions in the current Electricity Law have not met the level implementation of the competitive electricity retail market such as: lack of regulations on forward contracts, this is a derivative financial service for units to manage risks before continuous fluctuations of electricity prices in the electricity market. In addition, a number of other regulations need to be legislated in the Electricity Law such as electricity purchase and sale activities through contracts, payment of electricity bills, payment guarantees, etc. to ensure openness and unity, in order to strengthen consensus in society, business autonomy of enterprises, specifically as follows:

- On forward contracts in the electricity market

In Clause 2, Article 20 of the current Electricity Law, there are regulations on two forms of electricity purchase and sale in the electricity market: (i) Purchase and sale on the spot electricity market; (ii) Sale through fixed-term contracts.

However, the current Law on Electricity does not specify fixed-term

contracts including forward contracts - a derivative financial service for parties to manage risks when participating in the electricity market. Therefore, it is necessary to clearly define a forward contract as a form of contract in the form of power purchase and sale through a fixed-term contract to serve as a legal basis for practical implementation as well as handle VAT problems for transactions of this type of contract.

- Regarding direct electricity purchase and sale between large electricity users and power generation units through the national grid

Article 47 of the current Electricity Law provides for the right to purchase electricity directly from electricity units of large electricity users. However, this Article has not stipulated that the issuance of guiding documents falls under the responsibility of any agency as prescribed in the Law on Promulgation of Legal Documents in 2015. At the same time, the current Electricity Law should also clearly stipulate the operation of the mechanism of direct electricity purchase and sale between large electricity users and power generation units through the national grid. Therefore, it is necessary to add regulations on the main principles and guiding competence for this power purchase as a legal basis for implementation to meet the new needs of customers and businesses and in accordance with the policy of the Politburo in Resolution No. 55/NQ-TW dated February 11, 2020 as well as of the Prime Minister in Quyet No. 500/QD-TTg dated May 15, 2023.

- Regarding electricity selling prices in rural, mountainous, border and island areas not connected to the national grid

According to the provisions of Clause 2, Article 62 of the Law on Electricity: The mechanism of retail electricity prices for domestic electricity users in these areas shall be stipulated by the People's Committees of provinces in accordance with the retail electricity price support mechanism stipulated by the Prime Minister; other types of electricity prices shall be formulated by electricity units and decided by provincial-level People's Committees in consultation with electricity regulatory agencies.

The practice of implementing the provisions of Article 62 of the Law on Electricity shows that: According to the results of annual inspection of electricity production and trading costs of Vietnam Electricity, the cost of electricity production and trading in rural, mountainous, border and island areas not connected to the national grid is many times higher than in areas connected to the national grid. The country must therefore use local power generation sources such as diesel, wind, solar.

Currently, in the structure of electricity tariff in Decision No. 28/2014/QD-TTg dated April 07, 4 of the Prime Minister stipulating a mechanism to support electricity prices for unconnected areas through the application of electricity selling prices in areas connected to the national grid for electricity customers in rural areas, mountainous, border and island areas not connected to the national grid; the difference in the cost of the electricity unit due to the application of the

nationwide uniform electricity selling price is lower than the cost of electricity production and business is included in the national general electricity price for areas sold by Vietnam Electricity, for areas not sold by Vietnam Electricity, cost differentials shall comply with regulations of the Prime Minister. The application of the mechanism to support electricity prices for unconnected areas through the application of electricity selling prices in areas connected to the national grid for electricity users in rural, mountainous, border and island areas not connected to the national grid in order to perform political tasks, ensure national security in border areas, islands and social security policies for disadvantaged and economically low areas.

Therefore, it is necessary to revise regulations on electricity prices in rural, mountainous, border and island areas not connected to the national grid to both meet the guidelines and policies of the Party and the State in ensuring national security in border areas, islands and social security policies for disadvantaged areas, low economy, in accordance with the provisions of Clause 1a, Article 4 of the Law on Electricity on electricity development policies (stipulating: "prioritize electricity development for rural, mountainous, border, island and areas meeting with extremely difficult socio-economic conditions") and to ensure uniformity, throughout the provisions from the Electricity Law to the text under the Law.

- Some contents of power purchase contracts

+ Regarding a fixed-term power purchase contract (between the electricity unit and the electricity user) and some contents related to electricity purchase and sale between the seller and the customer:

The current Electricity Law stipulates the inspection by state agencies of power generation contracts and wholesale electricity contracts: "Inspection of fixed-term power purchase contracts between power generators and electricity buyers, wholesale electricity purchase contracts according to the Government's regulations" (Point m, Clause 1, Article 66 of the revised Electricity Law, supplemented by Clause 23 Article 1 of the Law revising and supplementing a number of articles of the Law on Electricity). However, the examination of power purchase agreements is only suitable for the stage of electricity market development that competes with the single buyer model, in which the single buyer has market power. In the stage of competitive market development at a higher level, market power is not concentrated in a single purchasing unit because there are many competitive power buyers in the market. Therefore, it is not necessary to have a form of regulation by state management agencies for fixed-term power purchase contracts in the market of many units buying electricity and many units selling electricity.

Therefore, when the electricity market develops at a higher level, the stipulation of responsibility for inspection of power purchase contracts may not be appropriate, it is necessary to add contents to clearly show this content in the Draft Law on Electricity in the direction that the Ministry of Industry and Trade is responsible for checking the contract price under the unit's fixed-term power



purchase contract Power generation participates in the competitive electricity market under the model of a single buyer at the request of the seller and the buyer.

+ Regarding power purchase contracts (between power generators and buyers, contracts for provision of auxiliary services, electricity wholesale purchase contracts):

Practice shows that the Ministry of Industry and Trade stipulates the form of power purchase contract and examines the power purchase contract will cause difficulties for the parties in negotiating and agreeing between the 2 parties according to other legal provisions such as the Civil Code and the Commercial Law. Therefore, in order to be consistent with the market mechanism as well as the principle of the parties agreeing on themselves in the price bracket, it is necessary to revise and supplement the provisions of the Electricity Law in the direction that the Ministry of Industry and Trade only stipulates the main principles of power purchase contracts to comply with electricity market regulations and the parties signing power purchase contracts according to the content of the parties negotiate and ensure that electricity prices do not exceed the bracket (for electricity prices with regulations on price brackets issued by competent state agencies).

Contracts for the provision of auxiliary services and wholesale electricity purchase contracts also need to apply the same mechanism as power purchase contracts of power generating units.

- Regarding electricity purchase and sale with foreign countries through the national electricity system and direct purchase of electricity with foreign countries not through the national electricity system in border areas

Pursuant to Article 28 of the Law on Electricity and Decree No. 137/2013/ND-CP of the Government, the Ministry of Industry and Trade has issued Circular No. 09/2015/TT-BCT dated May 29, 5, 2015 stipulating the order and procedures for approving policies on buying and selling electricity with foreign countries (administrative procedures). However, according to the provisions of Clause 4, Article 14 of the Law on the Promulgation of Legal Documents (revised and supplemented), the Minister's Circular may only provide for administrative procedures in cases assigned by the Law or resolutions of the National Assembly, therefore, this Draft Law proposes to revise relevant contents accordingly.

### ***2.5. Management and operation of power systems***

- Implementing the Electricity Law on the construction of the electricity market in Vietnam, currently the scheduling and mobilization of power plants is being carried out according to the market mechanism. According to the provisions of the Circulars issued by the Minister of Industry and Trade, the current dispatch and operation of the electricity system is carried out on the basis of market principles with the goal of optimizing electricity purchase costs for the whole electricity system. Power plants participating in the market (including direct and

indirect) will be scheduled to mobilize and operate based on the asking price of the units, from low to high, to meet the load of the power system, while taking into consideration technical constraints in the system. The above-mentioned mechanism of dispatch and mobilization of power plants creates transparency and fairness in the mobilization of power plants, optimizing costs of the whole system and in line with the objectives of operating the electricity market in Vietnam. This principle has been applied throughout the operation of the power system to ensure optimal operation and cost of the whole system.

The current Electricity Law lacks a legal basis for updating and adjusting technical regulations and operating the power system to meet the reality as it has not been specifically assigned to the Ministry of Industry and Trade - the Ministry of Industry and Trade - the Ministry of Industry and Trade to perform the responsibility for regulating and guiding technical issues, power system operation. Therefore, this Draft Law proposes to add decentralization regulations for the Ministry of Industry and Trade in promulgating technical processes and regulations such as regulations on operating principles, dispatch, operation, troubleshooting, black start and restoration of the national electricity system, technical requirements, connection and operation of the transmission-distribution grid.

- Regarding electricity saving: The 2004 Electricity Law stipulates 01 chapter on "saving in power generation, transmission, distribution and use of electricity", which stipulates policies and measures to encourage and promote electricity saving, however, in 2010 the National Assembly promulgated the Law on Economical and Efficient Use of Energy, In particular, regulations on policies on economical and efficient use of energy (including electricity). Therefore, in the process of implementing the above two laws, it is difficult to avoid intersecting problems between regulations. In addition, some contents on electricity saving of specialized nature have not been updated and added to the Electricity Law, so there will be a lack of legal basis for implementation.

According to actual statistics, the high growth rate of electricity demand in the period of 2011-2019 has posed great challenges to ensuring electricity supply and improving the quality of electricity services. The use of energy (especially electricity) in Vietnam has not been economical and efficient, causing great waste to the electricity industry in particular and the economy in general. The increased load capacity along with the upward trend of electricity demand increases the investment demand for the grid and the peak power source capacity, reducing the economic efficiency of the power system in general. The use of expensive power sources (oil, diesel) to meet peak load demand will increase greenhouse gas emissions, affecting the implementation of national commitments on reducing greenhouse gases and combating climate change of Vietnam and the world.

Therefore, economical, efficient use of electricity and environmental protection must be considered as an important national policy and responsibility

of the whole society<sup>2</sup>. Therefore, it is necessary to develop policies to develop the market for electricity saving and energy saving when studying and supplementing contents on electricity saving in the Law on Electricity to clearly define the scope of adjustment on "electricity saving" in the Law on Electricity and regulations in the Law on Economical and Efficient Use of Energy, at the same time, institutionalize our Party's guidelines and guidelines on electricity saving policies in Resolution No. 55-NQ/TW.

- Regarding electricity demand management, electricity load adjustment: Current regulations on electricity demand management are only mentioned very sketchily in Article 16 of the Law on Electricity on electricity saving. This draft Law proposes to supplement the basic orientation of electricity demand management, stipulate responsibilities of electricity units and electricity customers, define financial mechanisms to implement demand management programs such as electricity. In addition, supplementing regulations on responsibilities of the Government and the Ministry of Industry and Trade in formulating and promulgating regulations guiding and ordering the implementation of the electricity demand management program.

## ***2.6. Technical safety inspection of electrical equipment and tools, electricity safety after meters and safety of dams and hydropower reservoirs***

### *a/ Safety in electricity use*

In fact, electrical accidents tend to increase. According to preliminary statistics from localities across the country in the past few years, on average, each province has 5-8 electricity accidents / year, especially in the Southwest region with an average of 10-15 cases / year, especially in Ca Mau area up to 20 cases per year, killing and injuring many people, causing property damage, economic damage ...

The contents of electricity safety (especially electricity safety after meters) have not been fully and systematically regulated in the Law and documents under the law, some issues related to acts threatening the safety of electricity grid operation, threatening people's lives and properties caused by electrical accidents. Therefore, agencies are facing many difficulties in management.

A number of regulations related to the power grid in the residential housing area are presided over and promulgated by different agencies and ministries. On the other hand, the (old) Electricity Law stipulates the boundaries of "*... Responsible for investing in power lines from the back of the meter to the place of electricity use ...*". Therefore, in residential and public works, the electricity after the main meter (galvanometer) invested by electricity users currently has no control sanctions, leading to failure to ensure quality requirements when approving design, construction supervision and acceptance of works.

In fact, there have been and are appearing violations of electrical safety

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<sup>2</sup> Excerpt from Politburo Resolution No. 55-NQ/TW

regulations among the people causing unsafe use of electricity such as:

- Arbitrarily repair and change the electrical circuit structure in the house; increase the load capacity for electricity use in excess of the demand registered in the power purchase contract;

- Arbitrarily pulling electricity for the wrong purpose registered in the power purchase contract.

Because there is no provision in the Electricity Law, there is no basis to prescribe sanctions for handling administrative violations, so there is not enough deterrence for acts, safety violations in electricity use, violations of operating procedures leading to electrical accidents.

*b/ Technical safety inspection of electrical equipment and tools*

- Over the years, the inspection of power tool equipment has been governed by the Law on Metrology and regulations on business of conformity assessment services. There is overlap and is stipulated in many different legal documents. Therefore, the fact arises that there are devices that must both have a certificate of inspection and a certificate of calibration or a record of experiments. These regulations also do not fully reflect the characteristics of electrical equipment safety inspection. Some regulations are not strict on the operating conditions of inspection organizations, leading to the issuance of operation certificates, it is difficult to control unqualified units in terms of people, equipment and workshops.

- The cycle of inspection, experiment and maintenance is based on the operating condition of the equipment, the types of functional failure of the equipment, based on the degree of impact of the types of damage, the frequency of damage that has occurred in the past, the type of similar equipment, the manufacturer's requirements, the role of equipment in the electrical system, expert experience, the nature of each item of inspection, experiment, desired performance of the property owner.

- For equipment owners with advanced repair and maintenance policies applied, the inspection cycle of the equipment is allowed to be extended based on the analysis process of the owner-approved repair and maintenance policy. Therefore, the application of a cycle not exceeding 3 years for equipment as mentioned above will not implement an advanced maintenance repair policy.

- Norms and unit prices applied to inspection activities currently have no specific regulations.

Therefore, the revision and supplementation of regulations on technical safety inspection of electrical equipment and tools and management of electricity safety after meters is necessary to solve the current legal gap, in order to minimize the consequences in people's lives today.

*c/ Safety of dams and hydropower reservoirs*

- The Law on Electricity does not contain detailed regulations on the safe operation of reservoirs, the work of ensuring the safety of the downstream area of

hydropower dams, the management of activities within the scope of safety protection of dams and hydropower reservoirs, the coordination between the project management unit and local authorities in disaster prevention and emergency response. These regulations are currently scattered in the Law on Irrigation, the Law on Water Resources, the Law on Natural Disaster Prevention and Control, the Law on Dikes, the Law on Environmental Protection and the Government's Decree No. 114/2018/ND-CP dated September 04, 2018 on safe management of dams and reservoirs. State management agencies and dam and reservoir owners are currently managing and operating dams and hydropower reservoirs and related works related to disaster prevention and search and rescue downstream mainly in compliance with the above laws and general implementation guidelines for both irrigation and hydroelectric power works.

- Violations of operating procedures, leading to the risk of serious incidents, are still common at owners of dams and reservoirs belonging to private and non-state enterprises. In current practice, the work of ensuring the safety of dams and hydropower reservoirs has different characteristics from irrigation reservoirs such as: Different project operation objectives; objects of various management; Different operating modes, more diverse and complex types of hydropower dams need specific regulations for each type of suitability, synchronization and consistency with the management of electricity safety in general. Therefore, it is necessary to add regulations on dam and reservoir safety management to the revised Electricity Law.

The Government's promulgation of Decree No. 114/2018/ND-CP has partly solved the problem of the legal framework of the hydropower sector. In order to improve the legal effect in the safe management of dams and hydropower reservoirs, it is necessary to legislate a number of principles and regulations in Decree No. 114/2018/ND-CP to stipulate in the Law on Electricity, especially specialized and specific contents to regulate dam safety, hydropower reservoirs compared to dam safety management issues, water reservoirs in general. Accordingly, it will decentralize the Government and the Ministry of Industry and Trade to perform the state management of dam and reservoir safety.

In addition to the two main issues mentioned above, in the context of the increase of renewable energy power sources, the addition of regulations related to the safety of renewable energy power projects and new energy is very necessary.

## **II. PURPOSE AND PERSPECTIVE OF LAW PROJECT DEVELOPMENT**

### **1. Purpose**

- Complete the legal provisions on electricity, in accordance with the views, guidelines and guidelines of the Party, legislate the guidelines and policies of Resolution No. 55-NQ/TW of the Politburo; The Government's Resolution No. 140/NQ-CP on renovating mechanisms, policies and developing the energy market synchronously, interconnectedly, modernly and efficiently, in line with the

socialist orientation;

- Complete the Electricity Law in order to create a synchronous and feasible legal framework for electricity activities and electricity use. Ensure the conformity and synchronization between electricity development policies and other relevant policies, contribute to perfecting the legal system, ensure synchronization and consistency with relevant legal documents, and at the same time, overcome shortcomings in the process of implementing the current Electricity Law.

- To create conditions for the development of power sources and grids to meet the increasing electricity demand of the people and the development of the socio-economy; ensure and improve the quality of electricity and the quality of electricity service provision; contribute to ensuring national defense, security and energy security, in particular, promoting the development of renewable energy power in line with the development of the socio-economy.

- Renovate the contents prescribed in the law in order to improve the feasibility and efficiency in the enforcement of the law on electricity, meet the requirements of the development of the electricity industry in general and the competitive electricity market in particular, towards building a complete competitive electricity retail market, in particular, the focus is on adjusting the electricity price mechanism according to the State-regulated market mechanism; ensure the promotion of autonomy in production and business of electricity units, non-discrimination in electricity activities, create a healthy competitive environment in order to improve the socio-economic efficiency of electricity activities; harmoniously combine the legitimate rights and interests of electricity users, electricity units and the State.

- Develop mechanisms and policies to encourage the safe and efficient use of electricity, protect the environment and develop sustainable energy, and at the same time, complete regulations to bind the responsibilities of electricity users in the process of using electricity to ensure the safety of life and property, minimize damage to families and society.

- Improve the effectiveness of state management, promote decentralization and decentralization of guiding contents to the Government and the Ministry of Industry and Trade, in accordance with the characteristics of the electricity industry as a technical sector, regularly changing to match the improvement of science, Technology, especially the operation of power systems, dam and reservoir safety, actively contributes to ensuring the security of power supply.

## **2. Perspectives on the development of the Electricity Law Project (revised)**

- Formulate laws to institutionalize the guidelines and policies of the Party and the State, resolutions of the National Assembly on the development of a socialist-oriented market economy, associated with renovating the growth model, improving the business environment, raising national competitiveness in order to

build and develop the electricity sector in accordance with economic development conditions socio-economic of the country.

- Ensure the unified management of the State over electricity activities, promote decentralization and decentralization; which clearly delineates the state's management and regulation functions on electricity and the management function of electricity production and business of enterprises.

- Concentrating resources to revise and perfect the Electricity Law in a synchronous and comprehensive manner to ensure feasibility; selectively acquire international experience to complete the legal basis for the formation and operation of a complete competitive electricity retail market.

- Focus on innovation, application of advanced science and technology and make effective use of the fourth technological revolution.

- Reform of administrative procedures in electricity activities in combination with comprehensive reform of specialized management, inspection and inspection, ensuring effective implementation of state management and coordination among state management agencies in detection, promptly and strictly handle violations of the law on electricity, maintain market discipline and sustainability.

- Inherit, continue to develop and perfect the legal regulations on electricity that are still in line with reality and have had positive impacts on the development of the electricity industry, and at the same time actively review, revise and supplement regulations that have arisen limitations, problems in the process of implementation, meeting the requirements of state management in the electricity sector.

- To ensure the constitutionality, legality and uniformity in the legal system, compatibility with relevant international commitments; clearly define the contents and principles of application of the Electricity Law to ensure no overlap or contradiction between the Electricity Law and other relevant laws.

### **III. THE PROCESS OF DEVELOPING THE LAW PROJECT**

1. The Ministry of Industry and Trade has summarized and evaluated the provisions of the current Electricity Law and issued a final report on the implementation of the Electricity Law No. 258/BC-BCT dated December 06, 2023.

2. Implementation of Resolution No. .... the Government's May 2024 date on the 2025 Law and Ordinance Making Program, adjusting the 2024 Law and Ordinance Making Program and *the Government's Resolution No. 203/NQ-CP dated December 1, 2023 on the November 2023 Legislative Session*, The Government assigns the Ministry of Industry and Trade to assume the prime responsibility for, and coordinate with ministries and sectors in, formulating the draft Law on Electricity (revised).

3. On March 4, 2024, the Drafting Committee and Editing Team to formulate

the Electricity Law (revised) project have been established under Decision No. 462/QĐ-BCT of the Minister of Industry and Trade, in which the Drafting Committee consists of 47 members from the Party Agency (Central Committee for Propaganda and Education); political, social organizations and associations (Vietnam Fatherland Front Committee, Vietnam Federation of Commerce and Industry, Vietnam Electricity Association, Consumer Protection Association); 14 ministries and ministerial-level agencies (the Ministry of Industry and Trade is the agency in charge of drafting together with the following agencies: Office of the Government, Government Inspectorate, Ministry of Justice, Ministry of Interior, Ministry of Foreign Affairs, Ministry of Finance, Ministry of Construction, Ministry of Planning and Investment, Ministry of Science and Technology, Ministry of Agriculture and Rural Development, Ministry of Natural Resources and Environment, Ministry of Public Security and Ministry of National Defense); some Departments of Industry and Trade of provinces and centrally-run cities and 02 corporations with many activities in the field of electricity (Vietnam Electricity Group and Vietnam Oil and Gas Group).

4. In March 2024, the Drafting Committee and the Editing Team for the development of the Electricity Law (revised) project held a meeting and approved the detailed outline of the law and Draft 01 of the draft law.

5. The draft Law has been sent for comments as prescribed in the promulgation of legal documents as follows:

*a) Post the full text of the draft law and the submission on the Government Portal and the website of the Ministry of Industry and Trade on ... month... in 2024 to collect wide opinions of people and businesses;*

*b) The Ministry of Industry and Trade has sent a document to the People's Committees of provinces and centrally-run cities, ministries, sectors, etc., electricity units and associations operating in the electricity sector (Official Letter No. .../BCT-... nn... month... year... of the Ministry of Industry and Trade) requesting comments on the draft Law on Electricity (revised);*

*c) The Ministry of Industry and Trade has organized ... workshop (in 3 regions in Hanoi, Da Nang and Ho Chi Minh City) with the participation of ... enterprises operating electricity, representatives of state management agencies nationwide and experts. In addition, the Ministry of Industry and Trade has directly exchanged and worked with international experts to deeply understand the management model, regulatory context, development level, and practical implementation of policies in some advanced countries in the world, especially countries with similar conditions to Vietnam. At the same time, many working sessions were organized with domestic experts, associations, the Vietnam Federation of Trade and Industry to comment on the contents of the draft law.*

*As of the date ... month... in 2024, the Ministry of Industry and Trade has received... text and comments (... documents of ministries, ministerial-level agencies, .... documents of provincial agencies, ... documents of associations,*



*enterprises operating electricity and ... comments on the web portal).*

*Based on the opinions of ministries, branches, localities, socio-political organizations, enterprises and experts in the electricity sector, the Ministry of Industry and Trade has organized the reception, explanation and completion of the Draft Law.*

*d) The draft Law after correction and the table of explanation and reception of opinions have been posted on the Government Portal and the website of the Ministry of Industry and Trade on ... month... 2024;*

*6. The project dossier of the Electricity Law (revised) has been sent by the Ministry of Industry and Trade to the Ministry of Justice for review in Official Letter No. .../BCT-... nn... month... year... of the Ministry of Industry and Trade;*

*7. The Ministry of Justice has appraised the draft Law dossier and issued the Review Report No. .../...-... day... month... year... to the Ministry of Industry and Trade.*

*8. The Ministry of Industry and Trade has issued a report explaining the review opinion of the Ministry of Justice No. .../BCT-BC dated ... month... year....*

*9. The draft has been revised and finalized by the Ministry of Industry and Trade on the basis of receiving opinions of the Ministry of Justice and submitting it to the Government in Submission No.*

*10. On ... month... In 2024, the Government has met to comment on the content of the draft law and adopted it in Resolution No. ... Based on the opinions of Government Members, the Ministry of Industry and Trade has made a report on receiving and explaining the opinions of Government Members and completing the draft law.*

*11. On ... month... In 2024, the Government has submitted to the National Assembly the draft Law on Electricity (revised) in Submission No. ...*

*12. On ... month... in 2024, the Committee on Science, Technology and Environment of the National Assembly has issued a Report No. ... on verification of the Electricity Law (revised) project*

*13. On ... month... In 2024, the National Assembly Standing Committee met and commented on the Electricity Law (revised) project at the second sessionThe Government submitted to the National Assembly the Electricity Law (revised) project in Submission No. ... The Government has submitted to the National Assembly the draft Law on Electricity (revised) in Submission No. ...*

*Implementing the Government's direction, the Ministry of Industry and Trade has presided over and coordinated with relevant agencies to study and receive opinions of the National Assembly Standing Committee and the*

#### **IV. LAYOUT AND BASIC CONTENTS OF THE DRAFT ELECTRICITY LAW (REVISED)**

The draft Law closely follows 06 policies that have been submitted to the

National Assembly by the Government and does not add new policies, specifically as follows

### **1. Layout of the draft Law**

The draft Law on Electricity consists of 9 chapters with 94 articles. The Chapters of the law are arranged and rearranged as follows:

- a) Chapter I. General provisions include 08 articles (from Articles 1 to 8)
- b) Chapter II. Electricity development planning and investment includes 04 items with 14 articles as follows:
  - Section 1. The electricity development planning includes 04 articles (From Articles 9 to 12);
  - Section 02. Investment in electricity projects includes 03 articles (From Article 13 to Article 15);
  - Section 03. Selection of investors of power source projects includes 03 articles (From Article 16 to Article 18);
  - Section 04. Handling power projects behind schedule includes 04 articles (From Article 19 to Article 22).
- c) Chapter III. Development of renewable energy and new energy includes 05 articles (from Articles 23 to 27).
- d) Chapter IV. The electricity operation license includes 08 articles (from Article 28 to Article 35)
- dd) Chapter V. Power purchase and sale activities include 3 items as follows:
  - Section 1. The competitive electricity market includes 07 articles (from Article 36 to Article 42);
  - Section 2. Electricity purchase and sale and electricity supply services include 14 articles (from Articles 43 to 56);
  - Section 3. Electricity price includes 04 articles (from Article 57 to Article 60).
- e) Chapter VI. Operation and dispatch of the national electricity system includes 12 articles (from Articles 61 to 72)
- (g) Chapter VII. Protection of electrical works and safety in the electrical sector includes the following 2 items:
  - Section 1. Protection of electricity projects includes 07 articles (from Articles 73 to 79).
  - Section 2. Electricity safety and dam and reservoir safety include 10 articles (from Articles 80 to 89).
- h) Chapter VIII. Responsibility for state management of electricity consists

of 02 articles (Article 90 and Article 91).

(i) Chapter IX. The implementation clause consists of 03 articles (Articles 92, 93 and 94).

## **2. Basic contents of the draft Law**

### ***2.1. General provisions (Chapter I)***

This chapter includes provisions on: Scope of regulation (Article 1); Subjects of application (Article 2); Application of law (Article 3); Interpretation of words (Article 4); Electricity development policy (Article 5); International cooperation in electricity activities (Article 6); Propagate, disseminate and educate the law on electricity (Article 7) and prohibited acts in electricity activities and electricity use (Article 8).

- Scope of regulation (Article 1): This Law provides for electricity development policies; electricity development planning and investment in construction of electricity projects; development of renewable and new energy power; electricity operation license; power purchase and sale activities; operation of electrical systems; protection of electrical works and safety in the electrical sector. (This content is adjusted to conform to the revised and supplemented content in the Draft Law)

- Subjects of application (Article 2): This Law applies to organizations and individuals engaged in electricity activities, electricity use or other activities related to electricity activities in the territory of the Socialist Republic of Vietnam. (This content inherits the provisions of the current Law)

- Application of law (Article 3): The draft law supplementing this Article on the basis of inheriting the provisions on the application of international treaties and supplementing 02 cases: (i) In case there are different provisions between the Electricity Law and other laws promulgated before the effective date of the Electricity Law, the provisions of the Electricity Law shall be complied with; (ii) Where other laws promulgated after the effective date of the Electricity Law need specific regulations on electricity sectors and domains different from those prescribed by the Electricity Law, the contents of implementation or non-implementation must be specified in accordance with the provisions of the Electricity Law, The contents shall comply with the provisions of such other laws.

- Interpretation of words (Article 4): Inheriting current definitions, supplementing some definitions of Power projects, specialized specifications; Investment projects to expand power sources; Renewable energy electricity; New energy electricity; Small hydropower; Distribution grid; Transmission grid; Offshore wind power plants, offshore wind power plants; Onshore wind power plants; Self-use power supply; Spot electricity market; Power metering data management unit; Electrical metering equipment; Electricity theft; Electrical safety; Electricity use; Technical safety inspection of power tool equipment; Corridors to protect grid safety; High-voltage power grid; Dams, hydroelectric reservoirs; Safety of dams and hydroelectric reservoirs; Hydroelectric dam

owners; Organizations and individuals exploiting dams and hydropower reservoirs.

- Electricity development policy (Article 5):

+ Inheriting the current definitions and orientations in the proposal for making laws and outlines of the Law, this Article has been mainly developed in the direction of inheritance specified in Articles 4 and 60 of the current Law, in which, in the content of "The State monopolizes its activities", regulations on assigning the Government have been added detailing Point b of this Clause. The Prime Minister shall prescribe a list of large power plants of special socio-economic, defense and security significance in accordance with the detailed outline of the law.

+ Not continuing to inherit policies and measures to encourage and promote electricity saving (Article 13 of the current Law) in Article 5 of the Draft Law. Because this content overlaps with the content in the Law on Economical and Efficient Use of Energy. In the Draft Law on Electricity (revised), only appropriate contents on savings in power generation, transmission and distribution and electricity demand management should be specified in detail in Chapter VI, there is no need to include general policy contents in Chapter I (other contents on economical use of electricity, efficiency in use has been governed by the Law on Economical and Efficient Use of Energy).

- International cooperation in electricity activities (Article 6): supplementing provisions on international cooperation and technology transfer on renewable energy in this Article.

- Propagate, disseminate and educate the law on electricity (Article 7): Inherit and revise and supplement the responsibilities of the "Vietnam Fatherland Front, its member organizations and other social organizations" and the responsibilities of the Ministry of Education and Training "to assume the prime responsibility for, coordinate with the Ministry of Industry and Trade and relevant ministries, ministerial-level agencies, Government-attached agencies and People's Committees at all levels in formulating educational contents on measures to prevent accidents or incidents caused by electricity, first aid skills for people suffering from electric shock to add to age-appropriate education programs".

- Prohibited acts in electricity activities and electricity use (Article 8): supplementing mainly a number of prohibited acts related to electrical safety in this Article. The contents supplementing the prohibition on electrical safety have been stipulated in Decree 14/2014/ND-CP and are now upgraded and supplemented to the Prohibition of the law to improve the effectiveness and

uniformity with other prohibitions in the Law

## ***2.2. Electricity development planning and investment (Chapter II)***

This chapter includes 04 sections on:

- Section 1 on electricity development planning, including 04 articles on (electricity development planning (Article 9); Elaborating, approving, announcing and adjusting electricity development plannings (Article 10); Plan for implementation of electricity development planning (Article 11); Funding for planning work (Article 12)).

+ Inheriting the provisions of Article 10 (Formulation, approval for announcement and adjustment of electricity development plannings), Article 12 (Funding for planning work) under the current Electricity Law.

+ To revise Article 9 on the Electricity Development Planning (PDP) on the term PDP in the Draft to include "National PDP" and "Plan for development of power supply networks in provincial planning" in order to create a basis for assessing the conformity with sectoral planning of power projects in "Plan for development of power supply networks in provincial planning. In addition, the contents of principles, periods and visions of the PDP inherit the current Electricity Law and comply with the law on planning.

+ To supplement Article 11 of the draft plan on implementation of electricity development plannings in order to specify the formulation and submission for approval of plans for implementation of electricity development plannings and stipulate that the Government shall detail this content as a basis for implementation of the approved planning.

- Section 2 on investment in construction of electricity projects, including 03 articles on (Investment in construction of electricity projects (Article 13); Investment in the construction of emergency power projects (Article 14); Investment in power development in rural, mountainous, border and island areas (Article 15))

+ Article 13 of the Draft inherits some general provisions and principles in Article 11 of the current Electricity Law on responsibilities of power project investors in complying with relevant laws. Supplementing regulations on assessment of conformity with the planning; regulations on adjustment and supplementation of projects not included in the planning, adjustments and supplements to electricity development plannings must be made according to the Law on Planning or plans for implementation of electricity development plannings and in cases where procedures for adjustment and supplementation of the master plan are not required: "Power generation projects using residual heat sources from product production lines, renewable energy sources to produce electricity for on-site consumption purposes, not selling electricity and not connecting to the national electricity system, low-voltage power grid projects"

+ Supplementing Article 14 of the Draft on investment in construction of

emergency power projects in order to solve urgent issues of ensuring electricity supply security (setting out criteria for emergency power projects; competence of the Prime Minister to decide on lists and specific mechanisms for implementation of emergency power projects).

+ Inheriting a number of contents on electricity development in rural, mountainous, border and island areas in Article 11 of the current Law on Electricity and revising and supplementing regulations on use of public investment capital for investment in power grid development in deep-lying, remote, border and island areas in order to ensure supply, Invest in electrical energy sources to basically 100% of households in remote, border and island areas using safe and reliable electricity.

- Section 3 on selection of investors of power source and grid projects, including 03 articles stipulating: Article 16 (Selection of investors for synchronous power source and grid projects); Article 17 (Bidding for selection of investors for synchronous power source and grid projects); Article 18 (Dossier of submission to the Prime Minister for approval of investors for projects specified at Points a, b and dd, Clause 3, Article 16).

Supplementing Section 3 of the draft regulations on selection of investors of power source projects and synchronous power grids and power grids in order to concretize objects and cases of investor selection through bidding and not through bidding on the basis of reviewing legal provisions on investment, PPP, Bidding and supplementing some specific cases (emergency, national security and defense, replacement of power project investors).

- Section 4 on handling delayed power projects, including 04 articles on: Progress of power source projects (Article 19); Adjustment of project progress milestones (Article 20); Monitoring and evaluating the progress of power source projects (Article 21); Mechanism for handling delayed power projects (Article 22)

To supplement the contents of Section 4 of regulations on handling delayed power projects in order to stipulate sanctions binding the responsibilities of investors when delayed implementation of investment projects on the construction of power works, responsibilities of local state management agencies, the central government to manage the progress of power projects, take measures to handle power projects behind schedule, propose project withdrawal according to the Law on Investment and the Law on Land.

### ***2.3. Development of renewable energy and new energy (Chapter III)***

Supplementing this Chapter includes provisions on: Policies on development of renewable and new energy electricity (Article 23); Development of renewable energy electricity (Article 24) Electricity for self-use and self-consumption of renewable energy (Article 25); Development of offshore wind power (Article 26) Management and operation of renewable and new energy electricity (Article 27).

The contents of this chapter are newly added to institutionalize the Party's guidelines and guidelines and the Government's resolutions on the development

of renewable energy and new energy.

#### ***2.4. Electricity operation license (Chapter IV)***

This chapter includes provisions on: Subjects granted licenses for electricity activities and scope of licenses (Article 28); Conditions for granting, revising, supplementing, re-granting and extending electricity operation licenses (Article 29); Exemption from electricity operation licenses (Article 30); Contents of electricity operation licenses (Article 31); Duration of electricity operation license (Article 32); Revocation of electricity operation licenses (Article 33); Competence to grant, re-grant, amend, supplement, extend and revoke electricity operation licenses (Article 34); Rights and obligations of licensed electricity units (Article 35).

Inherit a number of provisions in the current Law and adjust and supplement a number of new regulations on subjects granted electricity operation licenses and the scope of electricity operation licenses; revising and supplementing regulations on conditions for granting, revising, supplementing, re-granting and extending electricity licenses; revising and supplementing regulations on competence to grant, re-grant, amend, supplement, extend and revoke electricity operation licenses.

The draft supplement stipulates the rights and obligations of licensed power units. The draft has removed regulations on dossiers of application for grant, revision and supplementation of electricity operation licenses and supplemented regulations specifying conditions and dossiers of application for electricity operation licenses for each field of electricity activities; prescribing the sequence, procedures for granting, modifying, supplementing, re-granting and renewing electricity operation licenses.

#### ***2.5. Power purchase and sale activities (Chapter V)***

This chapter contains 3 Sections providing for:

- Section 1. The competitive electricity market regulates on:

This Section provides for: Principles of operation (Article 36); Level of development of competitive electricity market (Article 37); Participants in the competitive electricity market at all levels (Article 38); Electricity purchase and sale in the competitive electricity market according to levels (Article 39); Operate and administer transactions in the competitive electricity market according to levels (Article 40); Rights and obligations of participants in the competitive electricity market (Article 41); Rights and obligations of electricity market transaction operators (Article 42).

+ For the contents specified from Articles 36 to 40: Most of the contents inherit the contents in the current Electricity Law, because these contents are still valid in practice. New contents in these Articles are added including:

(i) Add Clause 2 of Article 37 to the necessary conditions to be fulfilled to meet the operational requirements of competitive electricity market levels. This

content is included to ensure compliance with the Prime Minister's Decision No. 63/2013/QĐ-TTg dated November 08, 2013 on the roadmap, conditions and structure of the electricity sector for the formation and development of electricity market levels in Vietnam and the policy in Resolution No. 55 – NQ/TW dated February 11, 02 of the Ministry The politics of Vietnam's national energy development strategy to 2030, with a vision to 2045, *"do not cross-offset electricity prices between customer groups, between regions and regions"*;

(ii) Add the subject "Power metering data management unit" as a participant in the competitive electricity market in Clause 1, Article 38. This unit has the function of managing and operating the system of collecting, processing and storing electricity metering data for operation and payment calculation in the electricity market. This unit is not a unit The newly established units, which are the units of power generation, transmission and operation of the power system and the electricity market and distribution are responsible for managing and operating the metering system within the scope of management of each unit (defined in Article 4 of the draft Law). In addition, Clause 2 of this Article stipulates the responsibilities of the Ministry of Industry and Trade in setting conditions for participants in the electricity market suitable to each level of development of the competitive electricity market.

(iii) Supplementing a forward contract specified in Clause 2 of Article 39 is a form of contract in the form of sale and purchase through a contract between the seller of electricity and the buyer of electricity in a competitive electricity market. The current Electricity Law does not stipulate that fixed-term contracts are forward contracts - a derivative financial service for parties to manage risks when participating in the electricity market. The competitive electricity market is characterized by the fact that electricity prices in the spot market fluctuate very quickly with each trading cycle (currently 30 minutes) and forward contracts are effective and necessary derivative financial services for sellers and buyers to manage risks against continuous fluctuations in electricity prices in the spot electricity market, and is commonly applied in countries that develop competitive electricity markets. The application of the forward contract mechanism in the electricity market is also related to the value-added tax (VAT) mechanism for these transactions. According to international practice in countries with complete electricity markets (such as Australia, Singapore, Ireland,...) and are applying forward or swap contracts in the electricity market, transactions through this contract are not subject to VAT/GST. In recent years, the Ministry of Industry and Trade has cooperated with the Ministry of Finance to study the VAT mechanism in case of application of forward contracts in the electricity market. This is also a necessary requirement to handle the inadequacies of the current wholesale electricity market, creating conditions to expand the scope of the competitive wholesale electricity market, creating a premise for the electricity retail market in the future.

+ For Articles 41 and 42: These are 02 newly added articles stipulating the rights and obligations of participants in the competitive electricity market and



operators of electricity market transactions. The content of Article 41 is mostly inherited from the content of Articles 39 to 47 of the current Electricity Law so that units can easily perform their functions and tasks when participating in the electricity market. The content of Article 42 is built on the basis of ensuring the conformity of the unit's electricity market operation function in current regulations (Circular No. 45/2018/TT-BCT, Circular No. 24/2019/TT-BCT) and overcoming shortcomings of the current Electricity Law (although it has stipulated the electricity market transaction operator, it has not stipulated the content of rights and the responsibility of this unit).

- Section 2. Power purchase and sale and electricity supply services include provisions on a fixed-term power purchase contract between the generating unit and the buyer (Article 43); Power purchase and sale between electricity units and electricity users (Article 44); forward contracts (Article 45); Electricity purchase and sale with foreign countries (Article 46); Direct electricity purchase and sale between large electricity users and power generation units (Article 47); Payment of electricity bills in power purchase contracts for electricity users (Article 48); Stop or reduce the level of electricity supply to electricity users (Article 49); Rights and obligations of power generating units (Article 50); Rights and obligations of electricity transmission units (Article 51); Rights and obligations of electricity distribution units (Article 52); Rights and obligations of electricity wholesalers (Article 53); Rights and obligations of electricity retailers (Article 54); Rights and obligations of electricity users (Article 55); Rights and obligations of large electricity users (Article 56).

The content in Section 2 basically inherits the provisions of the current Law and adjusts and supplements a number of new regulations as follows:

+ Supplementing Article 45 detailing forward contracts: The regulation of forward contracts (reference price, contract price, responsibilities of ministries/agencies) as a basis for guidance in practice, creating an important legal basis to complete the design features of the competitive wholesale electricity market, promote the deployment of a competitive electricity retail market.

+ Supplementing Article 47 stipulating direct electricity purchase and sale between large electricity users and power generation units to ensure compliance with the guidelines of the Party and the State (in Resolution No. 55-NQ/TW dated February 11, 02, 2020 of the Politburo and Decision No. 500/QĐ-TTg dated May 15, 2023 of the Prime Minister approving the planning develop national electricity in the period of 2021-2030, vision to 2050) and stipulate specific responsibilities for relevant agencies in accordance with the Law on Promulgation of Legal Documents in 2015.

+ Revising and supplementing regulations on electricity purchase and sale with foreign countries and decentralizing to the Government detailed regulations on competence, order and procedures for approving policies on electricity purchase and sale with foreign countries.

+ Regarding a fixed-term power purchase contract between a power

generator and a buyer: stemming from the necessity mentioned in Section I.4 of this Submission, the draft Law revising the provisions of Point m, Clause 1, Article 66 of the current Law in the direction that the Ministry of Industry and Trade is responsible for checking the contract price under the fixed-term power purchase contract of the generating unit participate in the competitive electricity market under the model of a single buyer at the request of the seller and buyer, in accordance with the method of determining the price of power purchase contracts guided by the Ministry of Industry and Trade; supplementing regulations that the Ministry of Industry and Trade is responsible for guiding the main terms of fixed-term power purchase contracts applicable to the electricity market.

- Section 3. Electricity prices are regulated on: Electricity price policy (Article 57); Electricity price (Article 58); Bases for establishment and adjustment of electricity prices (Article 59); Electricity selling prices in rural, mountainous, border and island areas (Article 60).

The contents of Section 3 basically inherit the provisions of the current Law and revise and supplement a number of new regulations as follows:

+ Regarding electricity price policy, the draft Law supplementing electricity prices should ensure that they reflect the costs of electricity production and business activities of electricity units and be implemented openly, transparently, equally, without discrimination between electricity units; have an appropriate electricity tariff mechanism in importing electricity with foreign countries. To reflect the orientation in Resolution No. 55-NQ/TW, the draft Law also adds and clarifies regulations on the implementation of a reasonable retail electricity tariff structure for groups of customers who are not yet eligible to participate in electricity purchase and sale in the electricity market and gradually reduces towards eliminating cross-compensation between customer groups, between regions and regions in accordance with the development level of the electricity market. The draft Law also adds the content assigning the Prime Minister to stipulate a mechanism to support retail electricity prices for living purposes for poor households and households with social policies.

+ About electricity prices:

To revise the contents of: competence to prescribe the price adjustment mechanism (electricity retail), whereby the Government prescribes the price adjustment mechanism instead of the Prime Minister as current; revise and clarify the Ministry of Industry and Trade's guidance on the method of setting the average electricity generation price bracket (to clarify the calculation of the average electricity generation price bracket according to economic life projects) and the average wholesale electricity price bracket (average calculation of the wholesale electricity price bracket over time of use and average calculation in the price bracket calculation cycle). The guidelines of the Ministry of Industry and Trade on types of electricity prices/electricity price brackets will be in line with the development level of the electricity market.

To supplement regulations on the Government's direction to study and

develop plans to support electricity price reduction and electricity bill reduction in case it is necessary to stabilize socio-economic development so as to have a basis for future implementation.

Supplementing regulations on the scope of formulation of the average electricity generation price bracket, according to which the average power generation price bracket will not be developed for power plants invested under the Law on Investment in the form of public-private partnership, power plants exclusively built and operated by the state under Article 4 of the Law and small hydropower plants to ensure the continuation of implementation current mechanisms and policies for these types of power plants. At the same time, it added the competence of the Ministry of Industry and Trade to prescribe methods for determining electricity costs and prices for power plants built and operated by the state monopoly under Article 4 of the Law and small hydropower plants.

Supplementing regulations on responsibilities and competence of the Ministry of Industry and Trade on electricity prices that have been specified in Decree No. 137/2013/ND-CP but not yet stipulated in the Law, including: competence of the Ministry of Industry and Trade in guiding methods of setting electricity generation prices and wholesale electricity prices; competence to research and develop multi-component electricity prices and incentive electricity price mechanisms for customers participating in electricity demand management programs.

Supplementing regulations on temporary prices between electricity sellers and buyers (already stipulated in Decree No. 137/2013/ND-CP, however with changes compared to Decree No. 137/2013/ND-CP) in the direction of cases where electricity generation and wholesale electricity prices have not been agreed upon to sign a fixed-term power purchase contract, The seller and buyer have the right to agree on an interim price to apply until the official price is agreed.

+ Regarding the grounds for establishment and adjustment of electricity prices: supplementing the provisions of Clause 6, Article 59 of the draft Law according to which, in addition to the financial statements, the annual audited electricity production and trading cost data of the electricity unit is also one of the grounds for making and adjusting electricity prices.

+ Regarding electricity selling prices in rural, mountainous, border and island areas: revise regulations (compared to those specified in Clause 2, Article 62 of the current Law) in the direction of the Prime Minister to stipulate electricity selling prices in rural, mountainous, border and island areas not connected to the national grid, in line with the development level of the electricity market.

## ***2.6. Operation and dispatch of the National Electricity System (Chapter VI)***

This Chapter includes provisions on: Principles of operation and dispatch of the national electricity system (Article 61); Regulations on power transmission systems (Article 62); Regulations on electricity distribution systems (Article 63);

Regulations on management of electricity demand and electricity saving (Article 64); Linking power grids with foreign countries (Article 65); Savings in power generation (Article 66); Savings in electricity transmission and distribution (Article 67); Regulations on electricity metering (Article 68); Assurance of power quality (Article 69); Rights and obligations of national electricity system dispatchers (Article 70); Rights and obligations of electricity units in operation (Article 71); Rights and obligations of customers when connecting to the power grid (Article 72).

- Inheriting the provisions of the current Electricity Law on contents related to electricity saving, saving in power generation, saving in electricity transmission and distribution, regulations on electricity metering, ensuring power quality and power units in operation, rights and obligations of customers when connecting to the grid.

- Revising and supplementing regulations on rights and obligations of national electricity system dispatch units.

- Revising and supplementing regulations on stopping and reducing electricity supply for electricity customers, cases of stopping or reducing electricity supply, as well as supplementing regulations on decentralization to the Ministry of Industry and Trade detailing the cessation and reduction of electricity supply for electricity customers, method of determining and the level of cost of stopping and restoring power.

- Added some new contents: i) Principles of dispatch and operation of the power system; ii) regulations related to the decentralization of the Government and the Ministry of Industry and Trade in the promulgation of technical processes and regulations such as regulations on operating principles, moderation, etc operation, troubleshooting, black start and restoration of the national power system, technical requirements, connection and operation of the transmission-distribution grid. In addition, supplementing regulations on responsibilities of the Government and the Ministry of Industry and Trade in formulating and promulgating regulations guiding and ordering the implementation of the electricity demand management program; iii) linking power grids with foreign countries through the national electricity system.

### ***2.7. Protection of electrical works and electrical safety in the electricity sector (Chapter VII)***

This chapter consists of 2 Sections:

- Section 1. Protection of electricity projects includes the following provisions: Responsibility for protection of electricity projects (Article 73); Responsibility for coordination in the construction, renovation and termination of use of electricity and other works (Article 74); Corridor for safeguarding high-voltage power grids (Article 75); Safety protection of overhead power lines (Article 76); Safety protection of underground power cables (Article 77); Protection of power station safety (Article 78); Technical safety inspection of

electrical equipment and tools (Article 79).

- Section 2. Electrical safety and safety of dams and reservoirs include the following provisions: General requirements on electricity safety (Article 80); Safety in power generation (Article 81); Safety of dams and hydropower reservoirs (Article 82); Safety in power transmission and distribution (Article 83); Safety in connection to the national electricity system (Article 84); Safety in electricity use for production (Article 85); Safety in electricity use for daily life and services (Article 86); Electrical safety in rural, mountainous, border and island areas (Article 87); Use of electricity as a means of direct protection (Article 88); Handling electrical problems (Article 89).

- Inheriting the provisions of the current Electricity Law on contents related to regulations on: protection of electrical works; corridors to protect the safety of cable power grids; electrical safety in power generation, transmission and distribution; electrical safety in production.

- Revising and supplementing regulations on: safety in electricity use for daily life and services (Article 88); Electrical safety in rural, mountainous and island border areas (Article 87) aims to specify more specifically the responsibilities of organizations and individuals in implementing regulations on electrical safety.

- Adding 03 new articles compared to the current Electricity Law, including:

+ Article 79. Technical safety inspection of electrical equipment and tools: In order to supplement regulations on conditions of machinery and equipment for inspection, standards of inspectors participating in inspection, responsibilities of organizations and individuals in inspection activities... Thereby, creating a legal basis to improve the effectiveness of state management for inspection units and inspection activities, and prevent those units that do not meet the capacity to participate in the inspection of electrical equipment and tools.

+ Article 80. General requirements on electricity safety: In order to supplement general regulations that the fields of power generation, power transmission, distribution and use must apply; create a legal basis for the Government and the Ministry of Industry and Trade to stipulate responsibilities for training, testing, issuance of electrical safety cards, reports on electrical accident statistics (these regulations are being regulated in Decree 14/2014/ND-CP à Circular 05/2021/TT-BCT on electrical safety).

+ Article 82. Safety of dams and hydropower reservoirs: In order to supplement regulations on safety according to characteristics in the hydropower sector that the Law on Irrigation and the Law on Water Resources have not yet stipulated such as: Regulations on reservoir water accumulation for trial operation and the stage of putting the project into official operation; regulations on inspection, dam safety assessment is assigning responsibility to state management agencies (while hydropower projects are mostly invested by joint-stock and private enterprises); stipulate dam protection plans and permits in the operation

of the scope of protection of hydropower projects; regulations on contents of state management of dam and reservoir safety, hydropower reservoirs, etc.

### **2.8. State management responsibilities (Chapter VIII)**

This Chapter stipulates responsibilities and contents of state management of electricity, including: Responsibilities for state management of electricity (Article 90); Contents of state management of electricity (Article 91).

- Inherit the provisions on state management responsibilities in the current Electricity Law and concretize the responsibilities of the Ministry of Industry and Trade and People's Committees at all levels.

- Inheriting a number of provisions in Article 66 of the current Electricity Law on electricity regulation, supplementing the contents of state management of electricity development planning, investment in electricity development, electricity safety, dam and reservoir safety to cover the entire state management in the electricity sector.

### **2.9. Enforcement Provisions (Chapter IX)**

Implementation provisions include: Revising, supplementing, replacing or abolishing a number of clauses, articles and annexes of relevant laws (Article 92); Effect (Article 93); Transitional provisions (Article 94), specifically:

- Article 92 on revision, supplementation, replacement and abolition of a number of clauses, articles and annexes of relevant laws in the Law on Planning and the Law on Investment. Concrete:

- + Revise the following provisions of the Law on Planning and Investment: replace the phrase "Electricity development planning" to "National electricity development planning". Reason: in order to accurately agree with this planning name in the Law on Planning and Decree No. 37/2019/ND-CP the connotation of the phrase "electricity development planning" in the Law on Electricity.

- + Supplementing the missing provisions in the Law on Investment on:

- + In addition to cases not subject to approval of investment policies in Article 77 of the Law on Investment, supplementing cases of projects using state capital according to the Law on Management of Use of State Capital for Production and Business Investment at Enterprises (investment projects approved by the Prime Minister in the development investment plan and production plan, 05-year business of enterprises decided by the Prime Minister to establish, except for projects under the competence to decide investment policies of the National Assembly") to reduce investment procedures of these projects.

- + Competence to approve investment policies of the Prime Minister and provincial People's Committees for offshore wind power projects at sea and submarine power cable projects crossing the sea as a basis for carrying out procedures for submitting approval for these projects according to the provisions

of the Law on Investment.

- Article 94.- Transitional provisions: An entity granted an electricity operation license under the provisions of the Electricity Law No. 28/2004/QH11 and the revised and supplemented Laws shall continue to do so until the expiry of the term stated in such electricity operation license.

Above is the proposal to approve the content of the Law on Electricity (revised), the Ministry of Industry and Trade respectfully submits to the Government for consideration and decision./.

*(Please enclose: (1) Final report on the implementation of the Electricity Law; (2) Impact assessment report of the policy on the development of the Electricity Law (revised); (3) A summary, reception and explanation of opinions of relevant ministries, branches, agencies and organizations on the draft dossier of formulation of the Electricity Law (revised), copies of comments of relevant ministries, branches, agencies and organizations; (4) Review report on the development of the Electricity Law (revised); (5) Report on receipt and explanation of review opinions of the Electricity Law (revised)).*

**MINISTER**

***Recipients:***

- As above;
- Prime Minister (to report);
- Deputy Prime Ministers (to report);
- Members of the Government;
- Government Office;
- Ministry of Justice;
- Deputy Minister Nguyen Sinh Nhat Tan;
- Legal Department, Department of Civil Affairs,  
Department of Environmental Security,  
Department of Environmental Protection;
- For filing: Admin, ERAV.

**Nguyen Hong Dien**