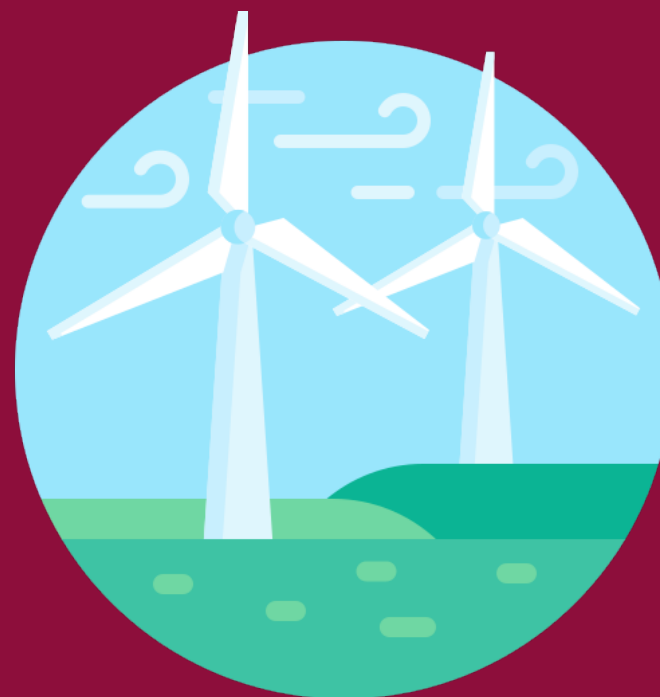


POLICY ASSESSMENT ON AUCTION FOR RENEWABLE ENERGY

Nguyen Hung Quang
NHQuang&Associates



STRUCTURE

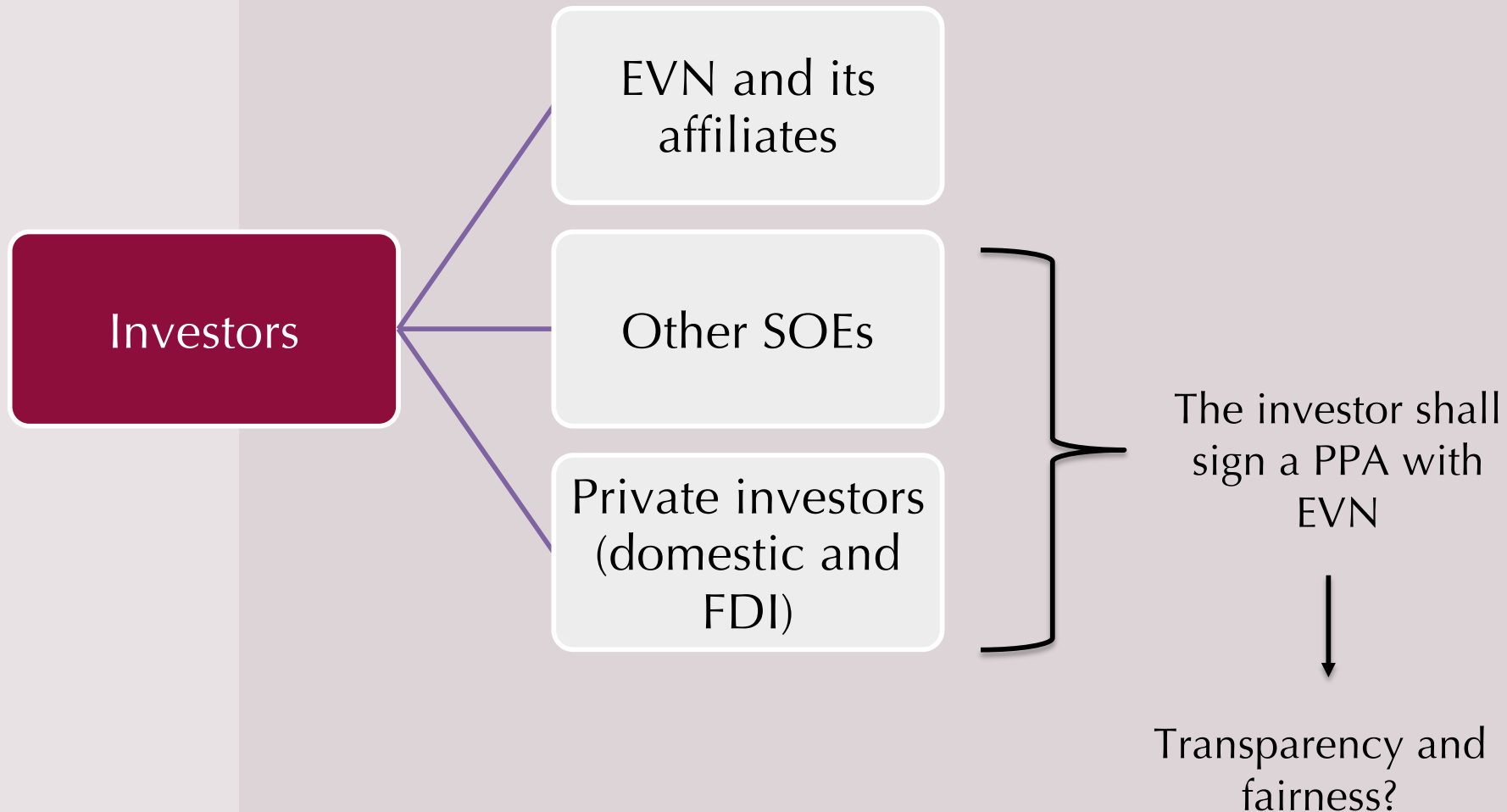
- 01** Overview of the current legal framework on the auction/bidding mechanism to select investor that can be applied to power generation projects from RE sources
- 02** Problems should be resolved
- 03** Conclusion and suggestions



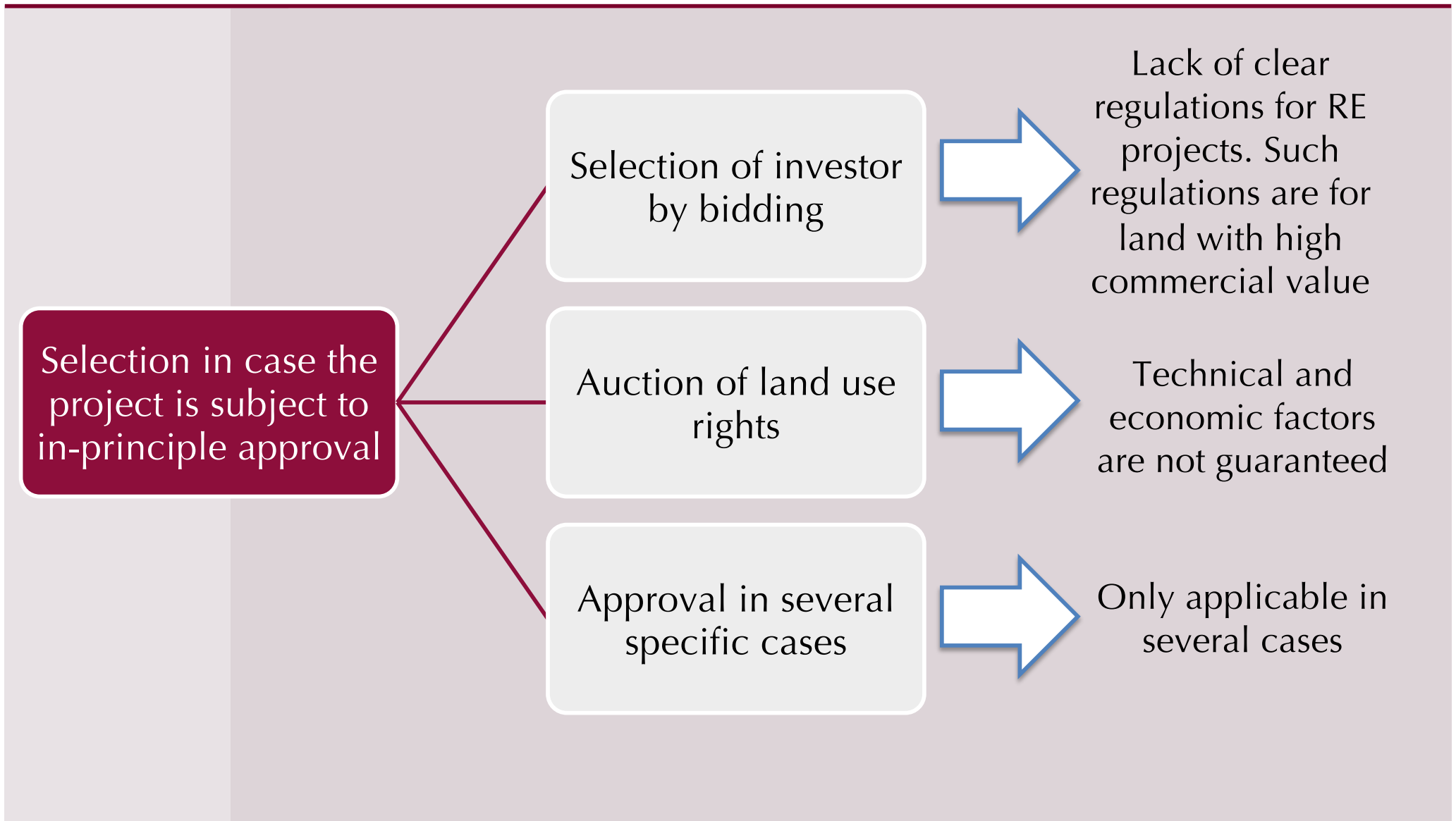
Overview of the current legal framework

01

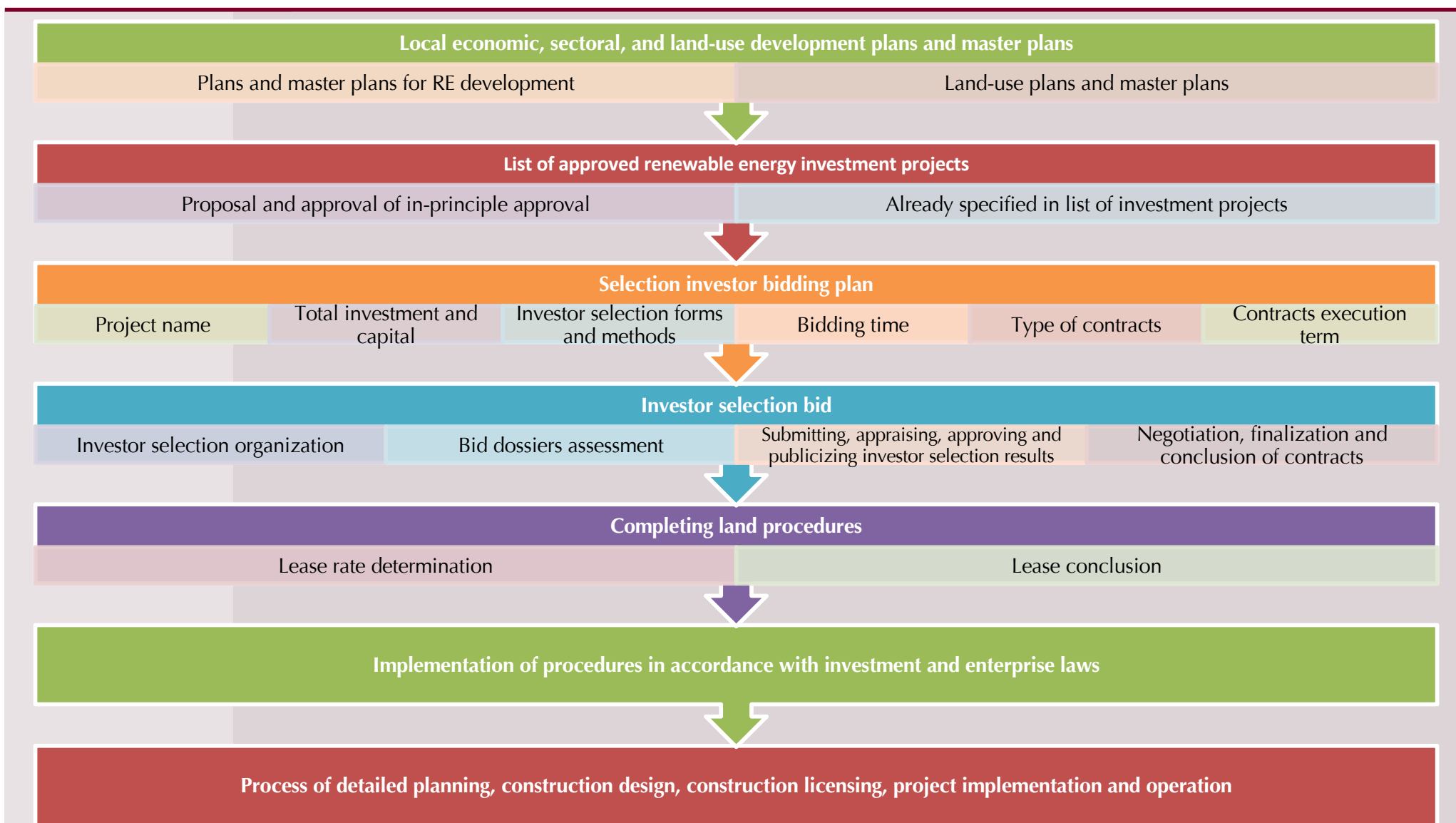
Types of investment in power generation projects using RE



Investor selection process under the Investment Law 2020



Application of investor selection through bidding



**Problems should
be resolved**

02

Problems to be tackled

Legal basis for bidding to select investors for power generation projects from RE using land

Instruction to prepare dossier for in-principle approval or feasibility report according to specialized laws

Identification of bid – soliciting party

Determination of location for RE project implementation

Land Lease price

Electricity price determination method

Investor evaluation criteria

Contract negotiation and conclusion

Guarantee of fair competition

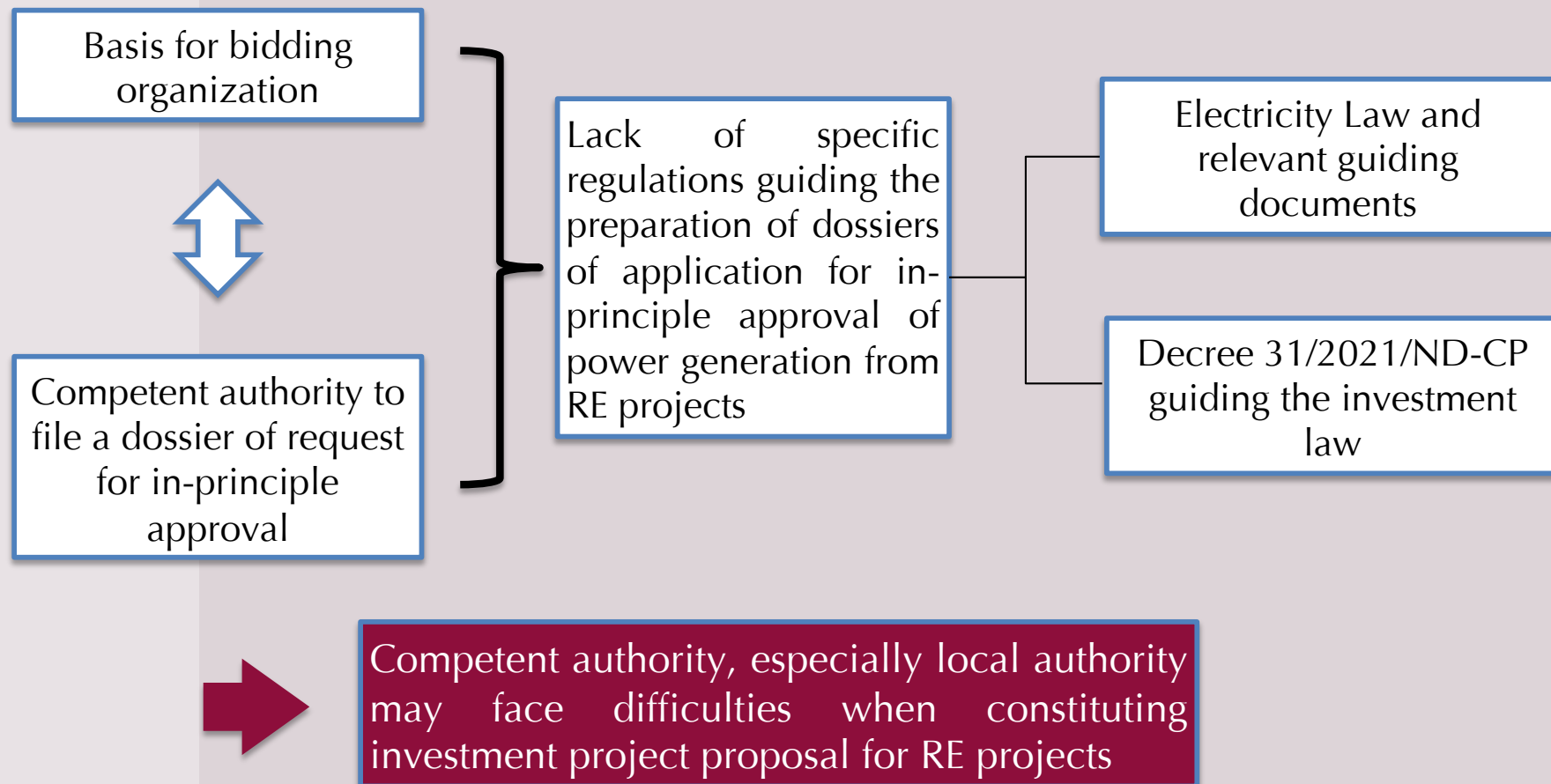
Legal basis for bid organization to select investors for power generation projects from RE using land

Electricity Law and
relevant guiding
documents

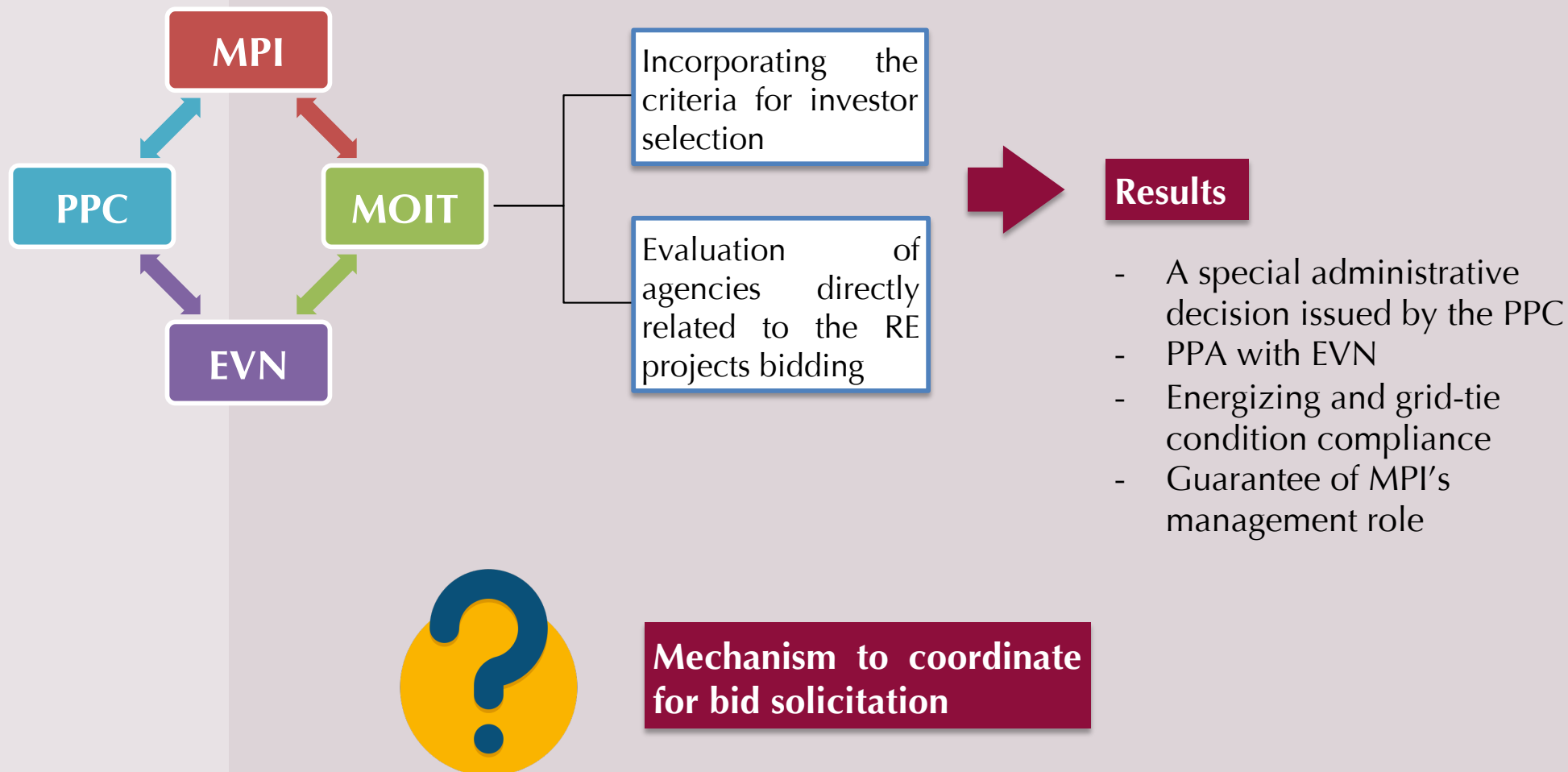


Specific regulations to
lay the legal
foundation for bid
organization to select
investors

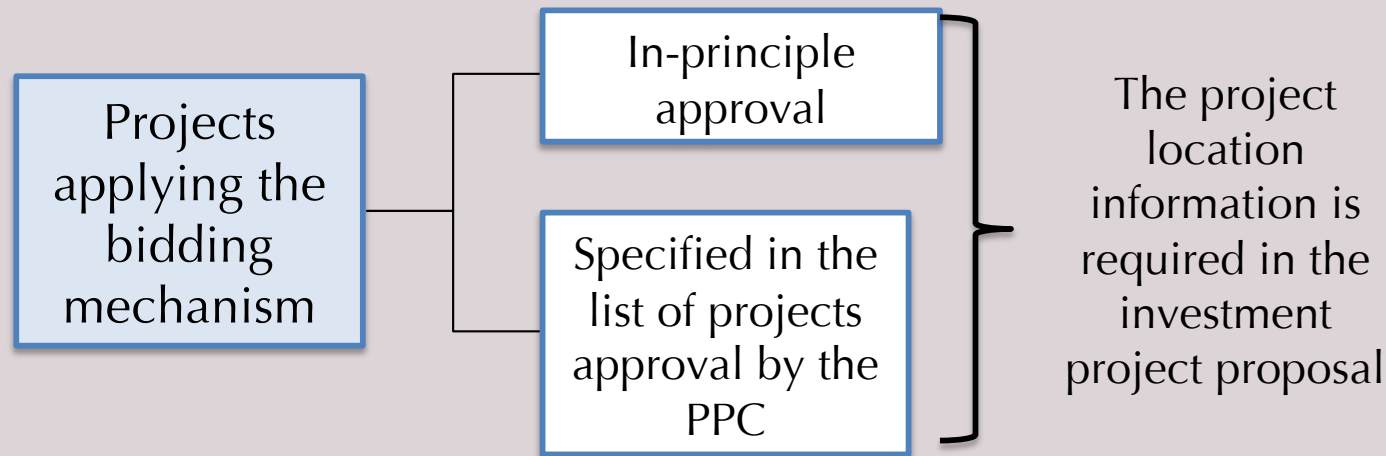
Instruction to prepare dossier for in-principle approval or pre-feasibility study according to specialized laws



Identification of bid – soliciting party



Determination of location for RE project implementation



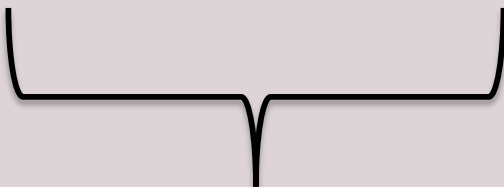
The need to identify the agency(ies) to perform appraisal of the project site for the potential RE exploitation

Land Lease Rate

RE projects subject to
land lease and annual
or one-time rental
payment



Under the law on
bidding, land lease rate
shall be determined at
the time of land
allocation

- 
- Not suitable for RE projects (Decree 25/2020/ND-CP)
 - Similar application will cause inadequacies in determining the price of electricity

Electricity price determination method

- ❖ Electricity price: electricity is a price - stabilized commodity, and the electricity price is framed. Currently fixed prices are no longer valid
- ❖ The method of electricity generation price determination and power purchase price is not applicable to RE plant projects (Circular 57/2020/TT-BCT).
- ❖ Power plants to calculate and negotiate electricity purchase prices on the basis of the electricity generation price bracket promulgated by the MOIT
- ❖ No specific standards have been set for the MOIT to issue a price bracket for electricity generation based on specific factors of RE projects.



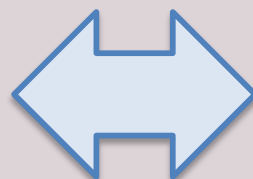
Lack of a mechanism to determine electricity generation prices, criteria and guidelines for determining electricity generation prices for power generation projects from RE sources

Investor evaluation criteria

To develop investor evaluation standards

Local requirements

- Local socio-economic development
- Using labor resources in the project implementation area
- Contribution to the local budget



Power development requirements

- Power purchase price,, state capital preservation
- Conditions of grid connection
- Electricity infrastructure, the suitability of capacity and electricity demand



To require specific regulation on method of evaluation of bids after setting out harmonization criteria between local requirements and electricity development requirements

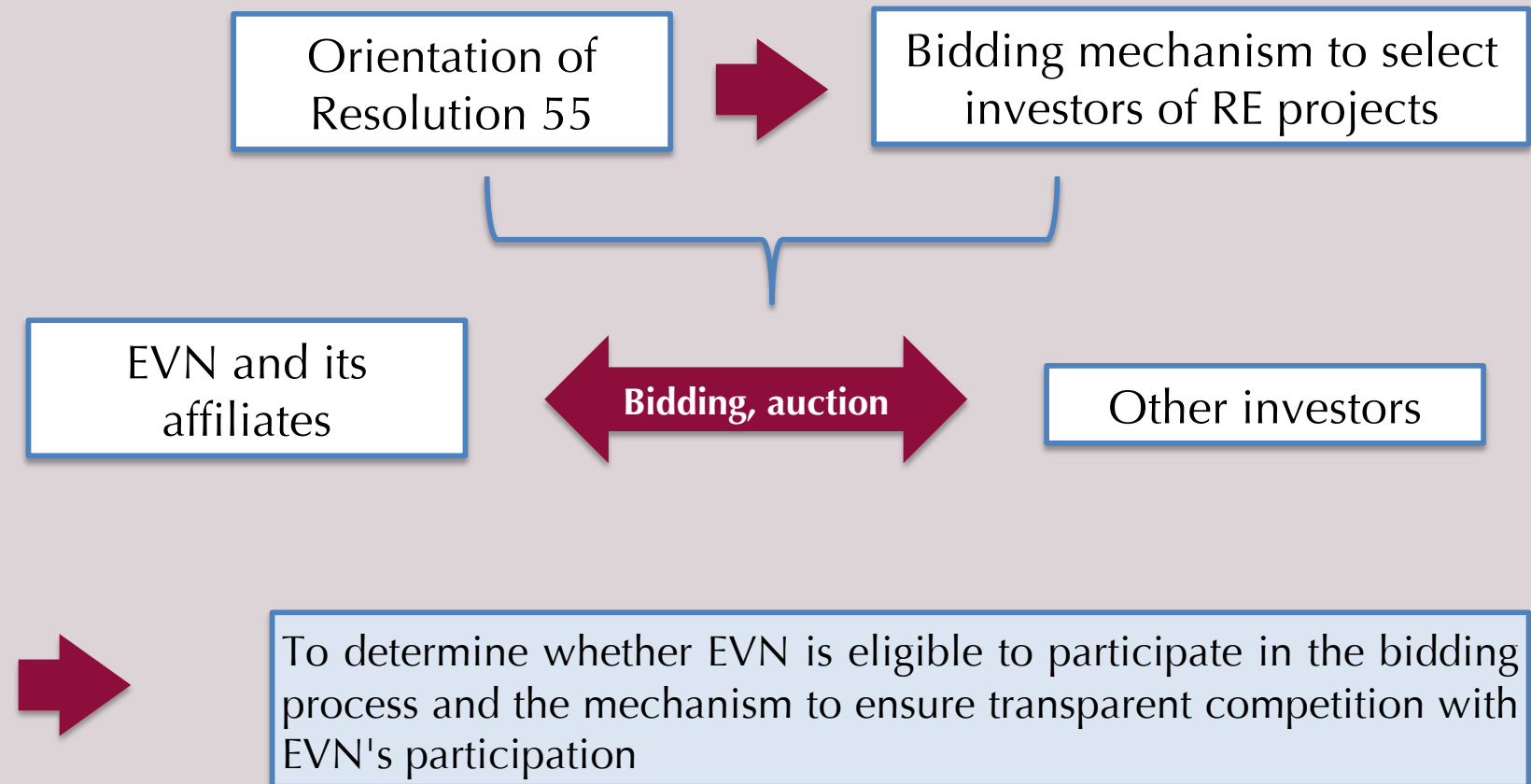
Contract negotiation and conclusion

- ❖ 02 basic contracts shall be signed regarding RE projects: (i) Land lease contract; and (ii) PPA with EVN
- ❖ The PPA with EVN shall be include and considered throughout the bidding process
- ❖ According to the bidding regulations, the bid solicitor shall be the party to negotiate the contract
- ❖ The stipulated sample of PPA shall be applied to RE projects (wind, solar)



PPC cannot represent EVN to negotiate and sign the PPA

Guarantee of fair competition



Suggestions and recommendations

03



Suggestions and recommendations



-  To perfect the legal regulations on bidding for investor selection of RE projects, regulations or auction on selling price → comprehensive revision of Law on Electricity
-  Develop criteria guiding the preparation of bidding/offer documents, methods of identifying, evaluating and selecting investors, harmonizing national and local interests, EVN - electricity buyer
-  To promulgate regulations on coordination mechanism between state agencies (PPC and MOIT), EVN and competent authorities to evaluate and develop bidding documents, develop the database of energy sector that the state agencies can base for preparing the bidding documents

Suggestions and recommendations



The locality to complete the land use planning and other plans that can support for preparing the bidding documents for both the state agencies and the investors.



To review, amend legal regulations on bidding, investment, land, construction, marine and island environmental resources, etc. in order to develop a separate bidding mechanism for RE projects but still take advantage of the current legal framework



Developing the road map for applying bidding for investor selection or electricity price auction. At this moment, the bidding investor selection should not be applied, but instead, a more suitable mechanism.



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Thank You!

