

LEGAL UPDATES (September 2nd, 2019)

In these legal updates, we would like to send clients the legal updates on some following issues:

- Key issues of the Draft of Solar Power Encouragement Mechanism

Key issues of the Draft of Solar Power Encouragement Mechanism

Office of the Government just published their Conclusion Notification of the Prime Minister at the Usual Meeting of Government on the Draft of solar power encouragement mechanism which has been applied on July 1st, 2019.

In pursuant to the Conclusion Notification, the Government shall continue to develop projects classified as recycled energy projects, especially solar powers. However, in order to control the heat development, the Prime Minister has requested to make the calculation of the power structuration scientifically and also requested to switch completely to the implementation of **the auction mechanism**.

The future solar power development projects shall focus on potential, convenient and well-developed conditions locations; giving priorities to encourage the development of solar powers on rooftops... Development of solar powers must comply with the plan and ensure the balance of the electricity system, avoiding massive development which causes significantly impact on the production cost of the electricity system, ensuring the benefits of the State – the Investors – the public.

A particularly important note for the Investors already invested in solar power projects, the Prime Minister has requested **not to withdraw the provisions on cost of the solar power which is applied as Fit-in Tariff (FIT) in pursuant to Decision No. 11/2017/QD-Ttg** on solar power development encouragement mechanism in Vietnam, creating favorable conditions for sustainable development and ensuring the legitimate interests of the Investors.

Moreover, the Prime Minister has requested to agree on the issuance of the FIT for commonly national application of the solar power on rooftop and on scheduled time;

considering on publishment of the FIT for application on the projects which has agreed on Trade on Electricity Product Agreement and in the progress of construction to operate in 2020. The remain projects and the new projects shall not continue to be applied to the current FIT but instead, switch to implement in the openly, transparent, competitive auction mechanism to reduce the production cost of the solar power projects.

Regarding to the cost of the solar power applied to projects at Ninh Thuan Province, the Conclusion Notification has clarified to execute in pursuant to the Resolution No. 115/NQ-CP of the Government on implementation of a number of special policies to promote Ninh Thuan Province's socio-economic development, settlement of business and people's life during 2018-2023; valid until Ninh Thuan Province reaches the capacity of 2000 MW or until the end of 2020, whichever comes first.

We hope this short Letter of legal updates would bring you useful information.

Best regards.

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