

**THE PRIME MINISTER OF
GOVERNMENT**

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SOCIALIST REPUBLIC OF VIET NAM
Independence - Freedom - Happiness

Hanoi, June 29, 2011

DECISION

**ON THE MECHANISM SUPPORTING THE DEVELOPMENT OF WIND POWER PROJECT
IN VIETNAM**

THE PRIME MINISTER

*Pursuant to the December 25, 2001 Law on Organization of the Government;
Pursuant to the December 03, 2004 Law on Electricity;
Pursuant to the November 29, 2005 Law on Investment;
Pursuant to the November 26, 2003 Law on Construction;
Pursuant to the December 16, 2002 Law on State budget;
At the proposal of the Minister of Industry and Trade,*

DECIDES:

Chapter 1.

GENERAL PROVISIONS

Article 1. Scope of governing and Subject of application

1. This Decision provides for the mechanism supporting the development of wind power project in Vietnam.
2. The subjects of application of this Decision include organizations take part in electricity activities in relation to the development of wind power project in Vietnam.

Article 2. Interpretation of terms

Some terms used in this Decision are construed as follows:

1. *The electricity buyer* means the Vietnam Electricity Cooperation or its authorized - affiliated units.

2. *The electricity seller* means enterprise product, operate electricity business from wind power projects.
3. *Wind power work* means the comprehensive complex of wind turbine, electric generator, comprehensive equipments and other construction compositions using wind power to generate power.
4. *Wind power project* includes one or many Wind power works.
5. *Grid-linked Wind power project* means Wind power project constructed connection into the national electricity net to supply a part or total of production power.
6. *The connection point* means the position at which the lines of seller connect into the electricity system of the electricity purchase.
7. *The point of electricity exchange* means the point to measure and calculate the sold electricity production of electricity seller.
8. *Wind power project without linked grid* means Wind power project constructed to supply total of power for using of householders in area, not connect into national power net.
9. *The Investment owner of Wind power project* means organization conduct operation investment on Wind power projects according to provision of Vietnam law.
10. *Contract of electricity trading sampled for Wind power projects* means electricity trading contract which is promulgated by the Ministry of Industry and Trade to apply in transaction trading electricity which is produced from Grid-linked Wind power project between electricity seller and electricity purchaser.
11. *Main items of wind power work* include wind pillar, turbine, generator and transformer station.

Chapter 2.

PLANNING AND DEVELOPMENT OF WIND POWER

Article 3. Planning of wind power development

1. Planning of wind power development includes national planning of wind power development, planning of wind power development at provincial level. Planning of wind power development is base for activities of investment for wind power development, be adjusted suitable with researches, assess of wind potential in each periods.

Article 4. Make, approve and announce of planning of wind power development

1. The Ministry of Industry and Trade organizes making planning of national wind power development submit to The Prime Minister for approving, announcement and guides, monitors, checks executing of approved national planning of wind power development.

2. People's Committee of centrally-affiliated cities and provinces (hereinafter referred to as People's Committee at provincial level where have potential of wind power development, organize making planning of wind power development at provincial level, submit the Minister of Industry and Trade for approving.

3. Announcement and adjustment of planning execute according to current provision.

4. The main content of Planning of wind power development:

a) National Planning of wind power development includes the following main content:

- Wind potential of locals;

- List of wind power projects;

- Orientation of connection wind power projects into system national power.

b) Planning of wind power development at provincial level has the following main content:

- Wind potential of province;

- Area and boundary of areas developing wind power projects;

- List of wind power projects;

- Capacity scale of each Wind power project and project of connection into system national power.

5. In time when wind power planning has not yet approved, Wind power projects must have agreed by The Prime Minister on investment policy.

6. The Ministry of Industry and Trade specifies content, order and procedures of make, evaluate and approve Planning of wind power development.

Article 5. The state budget for mission of making the planning of wind power development

1. The central budget allocates fund to execute the mission of making, evaluating, announcement and adjusting the planning of national wind power development.

2. The budget of centrally-affiliated cities and provinces allocates fund to execute the mission of making, evaluating, announcement and adjusting the planning of locality wind power development

3. Encourage mobilize other lawfull budget source for the mission of making planning of wind power development.

Article 6. Investment for construction of Wind power projects

1. Investment for construction of Wind power projects must suitable with planning of wind power development and planning of electricity development at government levels which have been approved by competent agencies.

2. For Wind power projects which have not yet had in the list of approved planning of national wind power development and approved planning of national electricity development, investment owner has responsibility of making dossier to suggest on supplementing planning, send to the Ministry of Industry and Trade to evaluate, submit to The Prime Minister for consideration and decision.

3. Investment of construction of wind power projects is executed according to provision of law on management of investment for work construction.

Article 7. Connection Wind power projects into electricity system, moderation of Wind power firm operation

1. Connection Wind power projects into national electricity grid must suitable with planning of approved power development. The connection point is agreed by electricity seller and electricity purchaser on the principle that the electricity seller has responsibility for investment on transmission line to the connection point into national electricity grid which be exist and nearest in the planning of provincial electricity development. If The connection point is belong to planning of new electricity grid investment has not yet performed, the electricity seller must agree with the electricity purchaser in order to synchronous in progress of Wind power projects investment and planning of electricity grid development investment. If can not agree for the connection point, the electricity seller has responsibility for submitting to The Ministry of Industry and Trade to consider and decide

2. Investment owner of wind power project has responsibility for investment, operation, maintain lines and step-up transformer stations (if any) from electric plant of seller to the connection point such as connection agreement with the electricity purchaser

3. Depend on level of connected transformer, power distributing unit or power transmit unit have responsibility for investment on transmission lines from the connection point into national electricity grid under the approved planning of power development and sign connection agreement with investment owners of wind power projects.



4. After finish investment and inspection and taking enter trade operation, unit executes moderation the electricity system and operate the power market, has responsibility for mobilize wind power plant according to the priority mode to exploit total capacity and generated power in suitable with wind mode of plant area.

Article 8. Commence of wind power work construction

Investment owner has only permitted to begin to build wind power work when had investment certificate; had electricity trade contract signed with electricity buyer; had agreement on power connection with power distributing unit or power transmit unit and had data report of wind measure in the continuous period fewest is 12 months.

Article 9. The end of project performance

After 12 months, since granted investment certificate, if investment owner don't begin to build main items of work, People's Committee at provincial level has responsibility for consider to withdraw the investment certificate, report to state competent agency to assign project for other investor execute. Except from legitimate reason, shall be accepted by competent level of temporary stop or stretching the progress of project executing.

Article 10. Mode of report

1. In 5 working days, since the day of granting the investment certificate, investment owner has responsibility for sending a copy of investment certificate has been notarized to the Ministry of Industry and Trade in order to inspect manage.

2. In the time of building the wind power project, before the fifth day of the month at the head of every quarter, investment owner must have report of status of carrying out the project of the front quarter, the executing plan of the following quarter. Yearly, before the January 15, the investment owner must have report of status of carrying out the project in last year, the plan of carrying out project of the following year, to send to the Ministry of Industry and Trade in order to manage and inspect executing.

Chapter 3.

MECHANISM OF SUPPORTING DEVELOPMENT OF WIND POWER PROJECT

Article 11. Responsibility of buying electricity from wind power project

1. The electricity purchaser has responsibility for buy whole electric produced from grid-linked wind power plant belong to the area managed by itself.

2. Electric trade is performed through electric trade contract made as the sample electric trade contract applying for grid-linked wind power project promulgated by the Ministry of Trade and Industry. The sample electric trade contract has main content as the following:

- a) Contract Time is twenty (20) years since the day of trading operation. The electric seller may extend the contract time or sign new contract with the electric purchaser according to current regulation.
- b) Base Price of buying electric and principle of adjusting Price of selling electric in contract time.
- c) Agreement of connection, measurement and operation wind power plant.
- d) Agreement of making invoice and payment.

Article 12. Preferential of capital, tax, charge

1. Mobilize investment capital:

- a) Investor can mobilize capital under forms allowed by laws, from organizations, individuals are indigenous or foreign to invest executing wind power project.
- b) The wind power projects enjoy preferential according to current regulation on investment credit of the State.

2. Import tax: wind power project is exempt from import tax for goods imported in order to form fixed assets of project, import goods are material, semi-finished products have not yet produced in country so that import to service for manufacture of project according to the provisions at the Law of import tax and export tax and other regulations of current law on import tax and export tax.

3. Enterprise Income tax: tax rate of enterprise income tax, exemption of and reduction of enterprise income tax for wind power project shall be performed like as for projects belong to fields which are special preferential in investment specified in the Law of investment, the Law of enterprise income tax and documents guiding executing the Law of investment, the Law of enterprise income tax.

Article 13. Preferential of land infrastructure

1. Wind power projects and line work and transformer station to connect with grid of national electricity are exempted, reduced the land use levies, land hire levies according to regulation of current law apply with project belong to field which is special preferential in investment.

2. Base on planning approved by competent level, the People's Committee of provincial level has responsibility for assigning land for investment owner to execute wind power projects. Compensation, supporting for land clearance are executed according to regulation of current law on land.

Article 14. Supporting of electric price for grid-linked wind power project

1. The electric purchaser has responsibility for buying whole electric output from wind power projects with the electric buying price at the point of electric receipt is 1.614 dong/kwh (not yet include VAT, equivalence 7,8 UScents/kwh). The electric buying price is adjusted by changes of rate dong/USD.

2. The State support electric price for the electric buyer for whole electric output buy from wind power plants is 207 dong/kwh (equivalence 1,0 UScents.kwh) through the Vietnam Fund of Environment Protection.

3. The Ministry of Industry and Trade inspects to propose adjustment of the level of electric buying price at the point of receipt and the level of electric price supporting, submits to the Prime Minister to consider, decide on the principle of decreasing slowly and come to deleting price supporting when electric selling price is executed like market price.

4. The wind power projects which are supported according to this provision, shall be not allowed to apply the mechanism of price supporting for electric output of project according to other current regulations.

5. The wind power projects are permitted to apply mechanism of clean development according to current regulation of the State.

Article 15. Preferential, supporting for grid-unlinked wind power projects

1. The grid-unlinked wind power project is enjoyed preferential, supporting specified in article 12, article 13 of this Decision.

2. Investment owner makes planning of the electric price and defines total of supporting level from State budget to submit to the Ministry of Industry and Trade to evaluate, report to The Prime Minister approve.

Chapter 4.

PERFORMANCE ORGANIZATION

Article 16. The responsibility of Ministries, localities with wind power project

1. The Ministry of Industry and Trade

- a) Have responsibility for organization, guiding and combination with The People's Committee of centrally-affiliated cities and provinces to inspect, supervise performance of this Decision.
- b) Promulgate the sample contract of electricity trade for wind power projects.
- c) Make and promulgate technical norms of wind power technology.

2. The Ministry of Finance

To be the main responsible for , combine with The Ministry of Industry and Trade, the Ministry of Natural Resources and Environment in order to define supporting finance mechanism from the Vietnam Fund of Environment Protection in suitable with regulation of the State budget Law.

3. The People's Committee of centrally-affiliated cities and provinces

- a) Have mechanism for supporting, encouragement with investor in land clearance, infrastructure, and human resource in order to invest, perform wind power projects.
- b) Execute the State management function at locality with wind power projects.
- c) Monitor, supervise, and check executing wind power projects at locality according to the competent.

Article 17. Implementation effect

This Decision takes effect from August 20, 2011.

The Ministers, heads of ministry agencies, heads of agencies under Government, presidents of People's Committee of centrally-affiliated cities and provinces, heads of agencies, units and organizations in relation to activities of development of wind power projects in Vietnam are responsible for implementation of this Decision./.

THE PRIME MINISTER

Nguyen Tan Dung

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