

DECISION

Approving the Planning on national electricity development in the 2006-2015 period, with a vision to 2025 taken into consideration

THE PRIME MINISTER

Pursuant to the December 25, 2001 Law on Organization of the Government;

Pursuant to the December 14, 2004 Electricity Law;

Considering the Industry Ministry's Report No. 5523/TTr-BCN of October 3, 2006, Official Letters No. 2080/BCN-NLKD of May 11, 2007, and No. 2944/BCN-NLKD of June 27, 2007, and opinions of ministries and branches on the planning on national electricity development in the 2006-2015 period, with a vision to 2025 taken into consideration,

DECIDES:

Article 1.- To approve the Planning on national electricity development in the 2006-2015 period, with a vision to 2025 taken into consideration (referred to as the Electricity Planning VI), with the following principal contents:

1. Objectives:

- Forecasts about load demands:

To satisfy the requirements of national socio-economic development with an annual GDP growth rate of around 8.5%-9% or higher in the 2006-2010 period, Vietnam's electricity demands are forecasted to increase at an annual rate of 17% (basic plan) or 20% (high-level plan) in the 2006-2015 period, of which the high-level plan is the to-be-executed plan and a plan for an annual increase of 22% shall be prepared for cases of extraordinary increase.

- Development of electricity sources

+ To develop electricity sources to satisfy the above-said load demands. To keep to the schedule of construction of hydroelectric power plants for multiple purposes of flood control, water supply and electricity production; to rationally and effectively develop gaseous and thermal electricity sources; to boost the construction of coal-fired thermoelectric plants; to develop small hydropower plants, new and renewable energy sources for deep-lying, remote, mountainous and border areas and islands; to take the initiative in effectively exchanging electricity with regional countries; to ensure national energy security and sustainable development. To complete investment preparations for a project on a nuclear power plant before submission to the Prime Minister for approval.

+ To develop electricity centers in all regions across the country in order to ensure local electricity supply, reduce loss on the national electricity system, ensure economic efficiency of projects and contribute to regional and national socio-economic development.

+ To develop new electricity sources in parallel with formulating plans on intensive investment in, and technology renewal of, existing power plants; to satisfy environmental standards; and to use modern technologies in new electric power plants.

+ To develop electricity sources under the forms prescribed by the State, with a proper proportion of projects to be implemented in the BOT or BOO form as determined by the Industry Ministry.

+ Electricity source projects under the basic plan are listed in Appendix IA while those under the high-level plan are listed in Appendix IB to this Decision (*not printed herein*).

- Development of electricity grids:

+ To develop electricity transmission and distribution grids in synchrony with programs on development of electricity sources. To modernize and gradually place underground electricity grids in cities and towns so as to improve the landscape and environment. To apply measures to reduce electricity loss according to regulations.

+ Electricity grid projects are listed in Appendix II to this Decision (*not printed herein*).

2. Electricity in rural and mountainous areas and islands:

a/ To continue implementing investment programs for rural electricity development already approved by the Prime Minister, striving for the target that 95% and 100% of communes will have electricity by 2010 and 2015, respectively.

b/ The Ministry of Industry shall assume the prime responsibility for, and coordinate with concerned branches and localities in, formulating relevant mechanisms and policies and promulgating documents guiding their implementation.

3. Investment capital sources:

To encourage domestic economic sectors and foreign investors to participate in projects on development of electricity sources and projects on electricity distribution grids in investment forms specified by law.

4. Financial mechanisms:

a/ Capable domestic investors may raise capital for investment in electricity source and grid projects under the mechanism of self-borrowing and self-payment.

b/ To continue implementing the Prime Minister's Decision No. 276/2006/QĐ-TTg of December 4, 2006, on electricity selling prices.

c/ To set market-driven electricity selling and buying prices and encourage domestic and foreign investors to invest in electricity source projects.

5. Renewal of organization and management to raise the efficiency of electricity-related activities:

a/ The State owns 100% of charter capital in enterprises operating in the national electricity-transmission system or engaged in large-scale electricity generation of special socio-economic, defense and security significance.

b/ The State holds over 50% of total shares in electricity-producing enterprises having the function of ensuring great balances of the economy and stabilizing the market.

c/ The equitization of units within the Vietnam Electricity Group shall be carried out carefully in appropriate steps.

Article 2.- Responsibilities of concerned ministries, branches, localities and units:

1. The Ministry of Industry:

a/ To direct, inspect and urge investors and concerned units to effectively implement this Planning according to schedule.

b/ To regularly monitor and evaluate electricity demand and supply and the implementation of electricity source and grid projects in order to adjust or supplement the list of projects, project investors and implementation schedules in line with the practical development of the electricity industry.

c/ To approve a location planning and a detailed planning on coal-fired electricity centers and a planning on hydroelectric power plants for calling for investment from domestic and foreign investors. To direct the development of natural gas sources for electricity generation for both industrial and civil use.

d/ To assume the prime responsibility for, and coordinate with concerned ministries and branches in, formulating financial mechanisms to encourage investment in the development of new and renewable energy projects.

e/ To assume the prime responsibility for, and coordinate with concerned ministries and branches in, negotiating and signing documents on cooperation and electricity exchange with neighboring countries as well as those on Vietnam's participation in the electricity system of the Mekong river delta sub-region countries.

f/ To direct and urge localities and investors to well implement rural energy projects according to plan and schedule.

g/ To direct the study and manufacture of synchronous equipment for projects on building coal-fired thermoelectric power plants and hydroelectric power plants.

2. The Ministry of Planning and Investment: To formulate mechanisms and policies to attract investment and rationally use ODA capital for the electricity industry to develop in a synchronous, balanced, rational and sustainable manner.

3. The Ministry of Finance: To assume the prime responsibility for, and coordinate with concerned ministries and branches in, formulating mechanisms for raising capital for the development of the electricity industry in order to promptly and fully meet electricity demands of the whole society under the Electricity Planning VI.

4. The State Bank of Vietnam: To assume the prime responsibility for, and coordinate with concerned ministries and branches in, formulating proper mechanisms and policies to accelerate investment in electricity works and ensure sustainable development of the electricity industry.

5. The Vietnam Electricity Group:

a/ To play the key role in ensuring stable and safe supply of electricity for socio-economic development. To invest in the development of synchronous electricity grids in order to improve investment efficiency; to invest in electricity source projects according to its assigned duties.

b/ To concentrate efforts on studying a location planning and a detailed planning on coal-fired electricity centers before submitting them to the Ministry of Industry for consideration and approval.

c/ To assume the prime responsibility for building infrastructure works in coal-fired electricity centers where electricity source projects are invested partially or wholly by the Group.

d/ To coordinate with consultancy units of the Ministry of Transport in:

- Making an investment report on the renovation of Quan Chanh Bo canal to ensure timely coal transport for coal-fired electricity plants in the region.

- Studying and making an investment report on the selection of locations of depots of imported coal and reporting it to the Prime Minister for decision.

e/ To apply solutions to further reducing electricity loss and implement programs on thrifty use of electricity in production and life for sustainable development.

6. Other localities, organizations and individuals:

a/ Localities shall assume the prime responsibility for, and coordinate with investors in, implementing the work of ground clearance, compensation, relocation and resettlement for electricity source and grid projects.

b/ Units, organizations and individuals engaged in electricity-related activities shall implement the Prime Minister's Decision No. 79/2006/QĐ-TTg of April 14, 2006, approving the national target program on economical and efficient use of energy, and Directive No. 19/2005/CT-TTg of June 2, 2005, on thrift practice in electricity use.

Article 3.- Projects on electricity sources and transmission lines connected to the national electricity system in the 2006-2015 period invested by domestic enterprises shall be executed in accordance with the Prime Minister's Decision No. 1195/QĐ-TTg of November 9, 2005.

For investment projects implemented in the form of BOT or BOO by foreign investors, international biddings are required. If it is necessary to appoint contractors, the Ministry of Industry shall coordinate with the Ministry of Planning and Investment in considering and submitting the case to the Prime Minister for decision.

Article 4.- The Ministry of Industry shall base itself on the Prime Minister's directing opinions to draft a decision on the establishment of the State Steering Board for the Electricity Planning VI and submit it to the Prime Minister for approval.

Article 5.- This Decision takes effect 15 days after its publication in "CONG BAO."

Article 6.- The Minister of Industry, heads of concerned ministries and branches, presidents of provincial/municipal People's Committees, the Board of Directors, the president of the Board of Directors and the general director of the Vietnam Electricity Group, and concerned units and individuals shall implement this Decision.

THE PRIME MINISTER OF GOVERNMENT

PRIME MINISTER

(Đã ký)

Nguyen Tan Dung