

CIRCULAR

Guiding the application of selling prices of electricity

Pursuant to the Government's Decree No.55/2003/ND-CP of May 28, 2003, defining the functions, tasks, powers and organizational structure of the Ministry of Industry;

Pursuant to the December 3, 2004 Electricity Law and the Government's Decree No. 105/2005/ND-CP of August 17, 2005, detailing and guiding the implementation of a number of articles of the Electricity Law;

Pursuant to the Prime Minister's Decision No. 276/2006/QD-TTg of December 4, 2006, on selling prices of electricity, and the Industry Minister's Decision No. 45/2006/QD-BCN of December 14, 2006, on wholesale prices of electricity applicable to rural areas and wholesale prices applicable to dormitories and residential quarters;

After consulting the Ministry of Finance, the Ministry of Industry guides the application of selling prices of electricity as follows:

I. GENERAL PROVISIONS

1 This Circular guides the implementation of the Prime Minister's Decision No. 276/2006/QD-TTg of December 4, 2006, on selling prices of electricity (hereinafter referred to as Decision No. 276/2006/QD-TTg), and the Industry Minister's Decision No. 45/2006/QD-BCN of December 14, 2006, on wholesale prices of electricity applicable to rural areas, dormitories and residential quarters (hereinafter referred to as Decision No. 45/2006/QD-BCN).

2. The retail prices of electricity specified in Clause a and Clause b, Article 3 of Decision No. 276/2006/QD-TTg and the wholesale prices of electricity applicable to rural areas and dormitories and residential quarters specified in Decision No. 45/2006/QD-BCN apply to subjects that sign electricity purchase and sale contracts directly with units selling electricity from the national grid. The selling prices of electricity are based on electricity quality standards stipulated in the Government's Decree No. 105/2005/ND-CP of August 17, 2005, detailing and guiding the implementation of a number of articles of the Electricity Law.

3. The signing of electricity sale and purchase contracts complies with the provisions of the Electricity Law and other current regulations.

4. The selling prices of electricity must be correctly applied to proper subjects and for proper use purposes as guided in this Circular.

The electricity buyer has the responsibility to declare correctly the electricity use purposes for application of the selling price of electricity in accordance with this Circular.

If the electricity buyer changes the electricity use purpose, thus leading to price change, it must notify the electricity seller thereof 15 days in advance for adjustment of the contractual price. The electricity seller shall inspect and promptly apply a proper selling price of electricity to the electricity buyer according to regulations.

In case of wrong application of the price to an electricity user, thus causing damage to the electricity buyer or the electricity seller, an electricity charge shall be retrospectively collected or refunded. When the time of wrong application of the price cannot be determined, an electricity charge arising within 12 months preceding the time of detection of the wrong application shall be retrospectively collected or refunded.

5. When the electricity buyer uses electricity for different purposes at different prices, the electricity seller shall install separate meters for each price; Pending the installation of separate meters, the electricity buyer and seller shall base on the actual use of electricity to determine the specific percentages of electricity volume at each price and include them in the electricity purchase and sale contract.

6. If the electricity buyer uses electricity during the time when the electricity meter is lost or does not work, the volume of the used electricity shall be determined under the provisions of Clause 3, Article 14 of the Government's Decree No. 105/2005/ND-CP and of the electricity purchase and sale contract. The applicable electricity price accords with the electricity use purpose indicated in the electricity purchase and sale contract. Particularly for the electricity user to which three prices are applied, the selling price of electricity is the average of the last three cycles of meter recording; if only one cycle is or two cycles are available, the selling price of electricity applicable during regular hours shall be applied.

7. The retail prices of electricity sold directly by independent electricity generation units to electricity-using organizations and individuals comply with the provisions of Point c, Article 3 of Decision No. 276/2006/QD-TTg.

8. In this Circular, the terms below are construed as follows:

a/ Electricity buyer means an organization or individual signing a contract on purchase of electricity from the electricity seller for direct use or resale to other organizations or individuals.

b/ Electricity seller means a unit that wholesales or retails electricity and is licensed to conduct electricity activities in the domain of electricity wholesale and retail.

II. RETAIL PRICES OF ELECTRICITY BASED ON VOLTAGE LEVELS AND USE TIME IN THE DAY

1. Voltage-based selling prices of electricity

The voltage-based selling prices of electricity stipulated in Decision No. 276/QD-TTg apply to all electricity buyers, excluding those buying electricity at the retail prices of electricity used for daily life and at the wholesale prices of electricity applicable to rural areas, dormitories and residential quarters.

Electricity charges shall be calculated based on the prices set for the voltage level at which the electricity measurement or recording system is installed.

2. Selling prices of electricity based on use time in the day.

2.1. The selling prices of electricity are set according to the time of using electricity in the day (hereinafter called the three-price form).

a/ The time of using electricity in the day for application of the three-price form is prescribed as follows:

- Regular hours: From 04.00 hrs to 18.00 hrs (14 hours).
- Peak hours: From 18.00 hrs to 22.00 hrs (4 hours).
- Off-peak hours: From 22.00 hrs to 04.00 hrs of the following day (6 hours).

b/ The selling prices of electricity in the three-price form are applied to the following electricity buyers:

- Electricity buyers that use electricity for production, business and service purposes and are supplied with electricity via specialized transformers of 25 kVA or higher or use electricity with an average volume of 2,000 kWh/month or more for three consecutive months.
- Electricity buyers that use electricity for water pumping for irrigation for rice, subsidiary crops or intercropped short-term industrial plants.

c/ The purchase of electricity in the three-price form is encouraged for electricity buyers that use electricity for production, business and service purposes with an electricity volume lower than the above-prescribed level and have transformers;

The electricity seller has the responsibility to create conditions and provide guidance for the electricity buyer to install three-price meters.

2.2. The electricity seller shall prepare sufficient electricity meters to be installed for electricity buyers subject to the application of the three-price form. Pending the installation of three-price electricity meters by the electricity seller, the selling prices of electricity for regular hours shall be applied.

2.3. When the electricity seller is able to install three-price meters and sends a written notice in advance on the plan on installation of a three-price meter to the electricity buyer that is subject to the application of the three-price form, the electricity buyer shall coordinate with the electricity seller in facilitating the installation of the three-price meter.

If the electricity buyer subject to the application of the three-price form still refuses the installation of a three-price meter after it has been notified three times by the electricity seller, after 15 days counting from the first notification, the electricity seller may apply the selling price of electricity applicable during peak hours to the whole used volume of electricity till a three-price meter is installed.

2.4. When an electricity buyer subject to the application of the three-price form has organizations and individuals that uses a common electricity meter and are not subject to the application of the three-price form, the electricity seller shall install separate electricity meters for such organizations and individuals as principal users to directly sign electricity purchase and sale contracts.

If the technical conditions do not permit the installation of separate meters for signing contracts with organizations and individuals that are using a common meter, the electricity seller shall install three-price meters for such organizations and individuals and deduct electricity volume according to their actual use. Pending the installation of three-price meters, these organizations and individuals that use a common meter are entitled to the electricity price applicable during regular hours.

Example: Factory A is an electricity buyer having a transformer of 560 kVA and being subject to the application of the three-price form. It has organizations and individuals that use a common meter but are not subject to the three-price form, including:

- The factory's dormitory using electricity for daily life and eligible for the wholesale price of electricity used for daily life.
- Vocational training school B eligible for the electricity price applicable to non-business administrative agencies.

These electricity users, which share a common meter, are entitled to the installation of a three-price meter for deduction of electricity volume. So, the use time-based electricity volume of factory A is calculated as follows:

Unit of calculation: kWh

	Regular hours	Peak hours	Off-peak hours
1. Total used electricity (indicated by meter)	7,856,000	2,150,000	3,450,000
2. Electricity used by vocational-training school B (indicated by meter)	1,572,000	457,000	356,000
3. Electricity used for daily-life activities (indicated by meter)	560,800	349,400	175,000
4. Electricity used by factory A (4 = 1 - 2 - 3)	5,723,200	1,343,600	2,919,000

III. SELLING PRICES OF ELECTRICITY BASED ON ELECTRICITY USERS

1. Selling prices of electricity used for production

1.1. Selling prices of electricity applicable to production branches

Applicable to all electricity buyers that use electricity for production activities in the following branches:

- Industry (including refining of steel, ferrous metals and clinton, production of soda, urea, apatite ore and yellow phosphor);
- Construction; transport; mining; forestry; fishery;
- Agriculture: cultivation (including electricity used for irrigating industrial plants and fruit trees on areas free from irrigation charges, for lighting to stimulate fruit trees to give high yields); cattle raising, aquaculture and other types of animal raising; production of preservatives and anti-epidemic drugs;
- Production of clean water (including electricity used at clean water business offices) for daily-life, production and business activities;

When the electricity buyer is an organization or individual that produces clean water in a village or commune for sale to households for use, if it uses electricity after the general meter, the wholesale price of electricity used for other purposes in rural areas shall be applied; if it uses electricity under a separate contract, the selling price of electricity used for production activities shall be applied.

- Offices of groups, corporations and production and business management companies;
- Warehouses of goods (finished products and semi-finished products) being in the process of production;
- Public-utility enterprises;
- Pumping for water drainage or treatment of wastewater for cities and towns;
- Radio-receiving and -transmitting stations of post and telecommunications companies;
- Other production activities.

1.2. Selling prices of electricity used for water pumping for irrigation and drainage

The selling prices of electricity used for water pumping for irrigation and drainage are applied to electricity buyers using electricity for water pumping for irrigation and drainage in service of cultivation of rice, vegetables, subsidiary crops or intercropped short-term industrial plants (jute, rush, groundnuts, bean and pea...), production of rice seeds and cultivation of fruit trees or fruit tree saplings subject to irrigation charges, including electricity used at the offices of agencies in charge of managing and operating irrigation facilities that are certified to use electricity for water pumping for irrigation and drainage in service of cultivation of rice, vegetables, subsidiary crops or intercropped short-term industrial plants .

2. Selling prices of electricity applicable to non-business administrative agencies:

2.1. Selling prices of electricity applicable to non-business administrative agencies:

The selling prices of electricity applicable to electricity buyers being:

- State administrative agencies; non-business units; armed force units; political organizations; socio-political organizations; and professional associations;
- Embassies, diplomatic agencies and representative offices of international organizations (not engaged in business management);
- Units operating in the domains of culture, art, press, physical training and sports (including swimming pools, tennis courts,...); radio, television stations; theaters, art performance companies; companies and cinemas, circuses, culture and information houses; gymnasiums; museums, memorial houses, exhibition houses, funeral houses and crematories;
- Sections of trade fairs or market management boards, which are provided with budgetary funds; sections of guest houses and motels of administrative agencies or non-business units, which are provided with budgetary funds. The electricity buyers must supply legal documents on the use of budgetary funds as the basis for determining the electricity prices pro rata;

Example: Guest house A is a unit attached to a government agency. The electricity volume used for its activities funded by the government agency is liable to the selling price applicable to non-business administrative agencies while the electricity volume used for business activities is liable to the price applicable to business and service activities.

- Health insurance and social insurance agencies;
- Research, designing and planning institutions; vocational training and educational establishments (other than the subjects mentioned at Point 2.2, Item 2, Section III of this Circular);
- Central and local organizations and agencies distributing books and newspapers (including shops), supplying school and medical equipment (including shops) and foreign charity organizations;
- Consultancy establishments (excluding those mentioned at Point 2.2, Item 2, Section III of this Circular);
- Reserve storehouses with the national reserve function prescribed by competent authorities which are attached and not attached to the National Reserve Department.
- The social policy bank operating not for profits.
- Project management units.
- Goods manufacture activities of administrative agencies and non-business units are subject to the selling price of electricity applicable to production activities; business and service activities of administrative agencies and non-business units are subject to the selling price of electricity applicable to business activities.

2.2. Selling prices of electricity applicable to hospitals, crèches, kindergartens and general education schools:

Applicable to the following subjects:

- Crèches, kindergartens and general education schools of all levels: primary schools, lower secondary schools, higher secondary schools,

regular education centers (sections in charge of providing general education), ethnic minority boarding schools of all types: public, semi-public and people-founded;

- Hospitals (including the electricity volume for funeral houses and burning of medical wastes discharged from hospitals), clinics (including the electricity volume used for medical examination and treatment at preventive medicine centers), establishments for convalescence, functional rehabilitation and occupational disease treatment, drug detoxication establishments, consultancy offices for drug detoxication, HIV and birth control;

These establishments must have founding decisions or practice licenses issued by competent authorities. If not, they are subject to the selling price of electricity applicable to business and service activities.

2.3. Selling prices of electricity used for public lighting:

To be applied to electricity buyers using electricity for public lighting of streets, parks, alleys, temples, pagodas, churches, classified historical relic areas, war martyrs cemeteries, dormitories or stairs thereof, condominium lifts, and water pumping in service of dormitories and residential quarters.

3. Progressive retail prices of electricity used for daily-life activities:

3.1. Progressive retail prices of electricity used for daily-life activities apply to households using electricity for their daily-life needs under electricity purchase and sale contracts signed with electricity sellers.

Examples on the calculation of monthly electricity charges are as follows:

Case 1: The electricity buyer uses 60 kWh in the month.

The money amount payable by the electricity buyer is VND 36,300, including:

+ The electricity charge for 60 kWh x VND 550/kWh = VND 33,000

+ The value added tax (10%) = VND 3,300

Case 2: The electricity buyer uses 500 kWh in the month

The money amount payable by the electricity buyer is VND 763,400, including:

- The first 100 kWh:

100 kWh x VND 550/kWh = VND 55,000

- The next 50 kWh:

50 kWh x VND 1,110/kWh = VND 55,500

- The next 50 kWh:

50 kWh x VND 1,470/kWh = VND 73,500

- The next 100 kWh:

100 kWh x VND 1,600/kWh = VND 160,000

- The next 100 kWh:

100 kWh x VND 1,720/kWh = VND 172,000

- The remaining 100 kWh:

100 kWh x VND 1,780/kWh = VND 178,000

Total electricity charge = VND 694.000

VAT 10% = VND 69,400

3.2. The electricity buyer that has separate households using a common meter (with separate household registration books) should request the electricity seller to install separate meters for each household so that these households can sign electricity purchase and sale contracts directly with the electricity seller.

Pending the installation of separate meters for households by the electricity seller, the retail price of electricity is temporarily applied as follows: For an electricity buyer that has less than 10 electricity-using households in towns, townships, district capitals, suburbs of cities, or less than 15 households in inner city areas, the progressive retail prices of electricity are applied to such households on the principle that the common progressive level for the electricity buyer is equal to the maximum electricity volume of each level prescribed in the electricity price bracket multiplied by the number of households using the common meter.

Example: An electricity buyer has 4 households using electricity through one meter, the electricity charge is calculated at the progressive retail prices of electricity used for their daily-life activities as follows:

- 100 kWh x 4 households = The first 400 kWh at the price of VND 550/kWh

- 50 kWh x 4 households = The next 200 kWh at the price of VND 1,110/kWh.

- 50 kWh x 4 households = The next 200 kWh at the price of VND 1,470/kWh

- 100 kWh x 4 households = The next 400 kWh at the price of VND 1,600/kWh

- 100 kWh x 4 households = The next 400 kWh at the price of VND 1,720/kWh

- From kWh No. 1601 on, the price of VND 1,780/kWh applies.

3.3. For an electricity buyer being one household signing many contracts for daily-life electricity purchase and sale (for each contract, a meter is installed) and using electricity for daily-life activities at one location, the volume for calculation of the electricity charge at the progressive price of electricity used for daily life is the aggregate of electricity volumes recorded by the meters at the location of that household.

3.4. When an electricity buyer that signs a contract to buy electricity for daily-life activities at the progressive retail price of electricity used for daily life conducts other activities (production, business...) and uses electricity through the meter of electricity used for daily life: If the electricity volume measured by the meter is no more than 50 kWh/household (with a separate household registration book), the electricity charge is calculated at the progressive price of electricity used for daily life; if it is over 50 kWh/household, the electricity charge is calculated at the price for every use purpose according to the percentage indicated in the contract.

Example: An electricity buyer signing a contract on purchase of electricity for daily-life needs with the progressive retail price of electricity used for daily-life conducts production, business and/or service activities and uses electricity through a meter of electricity used for daily life. The electricity buyer and seller agree in the contract that electricity used for daily-life is 80%, electricity for production 10%, and electricity for business 10%.

+ If in the month this household uses 45 kWh/month, 100% the price of electricity used for daily life applies at the rate of VND 550/kWh for the first 100 kWh.

+ If in the month this household uses 150 kWh, the electricity charge is calculated as follows:

- The electricity volume subject to the progressive price of electricity used for daily life: 120 kWh (150 kWh x 80%)

+ The first 100 kWh at the price of VND 550/kWh

+ The next 20 kWh at the price of VND 1,110/kWh.

- The electricity volume subject to the price of electricity used for production: 15 kWh (150 kWh x 10%);

- The electricity volume subject to the price of electricity used for business: 15 kWh (150 kWh x 10%);

3.5. For customers buying electricity through their separate transformers for daily-life purposes, the electricity charges are calculated based on the progressive retail prices of electricity used for daily life.

3.6. The signing of electricity purchase contracts with tenants for daily-life purposes is effected as follows:

a/ At each address of a rented house (according to the lessor's house ownership paper), the electricity seller shall sign only one electricity purchase and sale contract, which is a tripartite contract signed between the electricity seller, the person directly signing the house renting contract or a representative of tenants (when more than one person jointly sign the house renting contract) and the owner of the rented house. When a tenant fails to pay an electricity charge for any reason, the owner of the rented house shall pay the electricity charge for the tenant.

b/ When at the address of a rented house there is already an electricity purchase and sale contract (signed by the lessor or the former tenant), the electricity seller shall sign a new electricity purchase and sale contract only after the old one has been liquidated.

c/ If students or laborers rent houses for stay (for 12 months or more) and the house owner is the electricity buyer that signs an electricity purchase and sale contract directly with the electricity seller, every 4 persons (based on temporary residence registration papers and the house renting contract with the certification by local authorities) shall be counted as one electricity-using household subject to the progressive retail price of daily-life electricity.

3.7. When, due to a *force majeure* reason, the electricity seller adjusts the time of recording meter readings, the electricity volume norm for every progressive electricity price level shall be adjusted correspondingly to the number of adjusted days.

4. Selling prices of electricity used for business activities:

The selling prices of electricity used for business activities apply to users of electricity for business or service purposes, including:

a/ Companies, shops, department stores, business establishments wholesaling and retailing supplies and goods, including shops selling pesticides, veterinary drugs, plant varieties or animal breeds;

b/ Money- or securities-dealing establishments, including commercial banks, savings funds, financial companies and securities companies;

c/ Cable television broadcasting, terrestrial digital television companies;

d/ Lottery companies of all economic sectors;

e/ Organizations engaged in insurance operations (excluding social insurance and health insurance);

f/ Tourist establishments, photo shops, dance halls, karaoke parlors and massage parlors;

g/ Food and drink catering shops, hair stylist's, laundries, tailor's, car and motorbike washing establishments;

h/ Advertising activities (including those of television stations), to meet operation demands of production, business and service establishments;

i/ Garages of cars, motorbikes and means of transport, consumer goods repair and renovation shops;

j/ Hotels, motels, inns and guest houses of organizations or individuals; houses leased for use as residences or offices where house owners sign electricity buying contracts;

k/ Electricity used in ticket counters, goods forwarding stations, waiting lounges (including lobbies), shops and goods sale counters at airports, railway stations, car terminals and seaports;

l/ Electricity used at traffic tollbooths and car parks;

m/ Electricity used in storehouses of goods in the circulation process;

n/ Offices and headquarters of groups, corporations and companies directly managing business activities or services;

o/ Customer service offices and centers;

p/ Organizations and individuals using electricity for both production and business activities in the post and telecommunications domain are subject to the buying prices of electricity as follows:

+ The post offices in the provinces of Cao Bang, Bac Kan, Dien Bien, Dak Lak, Dak Nong; Gia Lai, Ha Giang, Ha Tinh, Kon Tum, Lang Son, Lao Cai, Lai Chau, Nghe An, Quang Binh, Quang Tri, Son La, Tuyen Quang, Thanh Hoa and Yen Bai:

* 97% of the electricity volume is subject to the production electricity price.

* 3% of the electricity volume is subject to the price of electricity used for business.

+ The post offices in the provinces and cities of Ba Ria ' Vung Tau, Dong Nai, Da Nang, Hanoi, Hai Phong, Ho Chi Minh and other post and telecommunications business units:

* 70% of the electricity volume is subject to the price of electricity used for production.

* 30% of the electricity volume is subject to the price of electricity used for business.

+ The post offices of the remaining provinces, inter-provincial telecommunications companies and stamp companies:

* 90% of the electricity volume is subject to the price of electricity used for production.

* 10% of the electricity volume is subject to the price of electricity used for business.

IV. SELLING PRICES OF ELECTRICITY APPLICABLE TO RURAL AREAS

1. Wholesale prices of electricity applicable to rural areas

1.1. Wholesale prices of electricity used for rural daily life:

To apply to electricity volumes used for daily-life activities of households using electricity in communes, cooperatives or villages and buying electricity through general meters installed at transformer stations, irrespective of whether transformer stations belong to the electricity buyers or sellers and irrespective of the voltage levels.

1.2. Selling prices of electricity used for other purposes:

To apply to electricity volumes used for non-daily life activities and water pumping for irrigation or drainage in service of cultivation of rice, subsidiary crops or intercropped short-term industrial plants.

1.3. Electricity volume subject to each type of price (applicable to daily life, water pumping, and other purposes) is the volume calculated based on the electricity- measuring or- recording system installed at each transformer station.

1.4. In case of non-availability of separate meters for different use purposes, then

a/ The electricity buyer and seller shall base themselves on the actual use of electricity to determine the specific percentage of electricity volume used for each purpose as a basis for application of the electricity price. The determination of percentages of electricity volume used for each purpose is as follows:

+ Before the 10th day every month, the electricity buyer shall supply to the electricity seller the list of, and electricity volumes directly sold to, households using electricity for daily-life activities and other purposes in the previous month. On the basis of the list of customers and electricity volumes directly sold for different purposes in the previous months, which is supplied by the electricity buyer, the electricity seller and buyer shall together determine the percentage of electricity volume used for each purpose as a basis of the application of the selling price of electricity for the subsequent month.

+ If the electricity buyer that buys electricity at the wholesale price for retail fails to supply the list of customers and directly sold electricity volumes as required (without a plausible reason), the electricity seller is entitled to apply the price of electricity used for other purposes to 100% of the sold electricity volume.

- In case of necessity and for households using electricity for daily life with a volume exceeding 100 kWh per month (according to the list supplied by the electricity buyer), the electricity seller is entitled to inspect and the electricity buyer has the responsibility to coordinate with the electricity seller in inspecting the use of electricity so as to ensure that electricity is used thriftily and for proper purposes. If it can prove that electricity is used for non-daily life purposes (such as small-scale production, business or services), the electricity seller is entitled to re-set the percentage of electricity volume used for each purpose so as to ensure the correct application of wholesale prices of electricity for proper use purposes.

b/ If the electricity buyer and seller cannot reach agreement on the specific percentage of electricity volume used for each purpose, it shall be reported to the local provincial-level Industry Service for consideration and settlement. In case of necessity, the provincial-level Industry Service may coordinate with the provincial-level Finance Service in considering and deciding the percentage of electricity volume liable to each type of price for inclusion in the electricity purchase and sale contract by the two parties.

1.5. The selling prices of electricity applicable to electricity volumes used for water pumping for irrigation or drainage in service of cultivation of rice, subsidiary crops or intercropped short-term industrial plants according to the percentages at the general meters are those applicable to water pumping for irrigation and drainage during regular hours.

1.6. When the electricity buyer uses 50% or more of the electricity volume for other purposes (production, business...) counted by one meter, the price of electricity used for production electricity is applied with the corresponding voltage level prescribed in Decision No. 276/2006/QD-TTg, reconciling 10%.

Example 1: The electricity buyer has a meter installed at the transformer station of 6 kV and supplies electricity for 100 rural households for their daily life, accounting for 45% of the volume, electricity for water pumping for irrigation and drainage, accounting for 5%, and electricity for other purposes, accounting for 50%. The electricity volume is charged at the following prices:

+ 45% of the electricity volume is charged at the wholesale price of VND 390/kWh for electricity used for rural daily life.

+ 5% of the electricity volume is charged at the price of VND 600/kWh for electricity used for water pumping during regular hours.

+ 50% of the electricity volume is charged at the 10% reconciliation price of VND 774/kWh ($860 \times 0.9 = 774$) for electricity used for production.

Example 2: The electricity buyer has a meter installed at the transformer station of 6 kV and supplies electricity for 100 rural households for their daily life, accounting for 55% of the electricity volume, electricity for water pumping for irrigation and drainage, accounting for 5%, and electricity for other purposes, accounting 40%; the electricity volume is charged at the following prices:

+ 55% of the electricity volume is charged at the wholesale price of VND 390/kWh for electricity used for rural daily life.

+ 5% of the electricity volume shall be charged at the price of VND 600/kWh for electricity used for water pumping during regular hours.

+ 40% of electricity volume is charged at the price of VND 795 kWh for electricity used for other purposes.

1.7. When a transformer station has separate outgoing feeders for other communes, cooperatives or villages in order to enjoy the wholesale price, the condition that a general meter must be installed at the transformer station should be ensured.

1.8. When a transformer station of a state-run agricultural farm or forestry farm supplies electricity for both its employees and farmers according to separate transmission lines and cannot conduct separate electricity measurement for every electricity user, electricity is charged as follows:

- The electricity volume supplied to its employees is charged at the wholesale price applicable to dormitories and residential quarters.

- The electricity volume supplied to farmers is charged at the wholesale price applicable to electricity used for rural areas.

1.9. When a transformer station of a state-run agricultural farm or forestry farm supplies electricity for both its employees and farmers living mixedly and they cannot be charged differently, the wholesale price of electricity used for rural daily life is applied; for electricity used for other purposes, the price of electricity used for other purposes in dormitories or residential quarters is applied.

2. Retail prices of electricity applicable to rural areas

2.1. Retail prices of electricity applicable to rural areas, mountainous areas and islands comply with the bracket of retail prices of electricity stipulated in Decision No. 276/2006/QD-TTg and guided in Parts I, II and III of this Circular, except for cases specified at Points 2.2 and 2.3 of this Item.

2.2. For electricity purchased by rural electricity management organizations through the national grid at the wholesale price of electricity applicable to rural areas and directly sold to electricity users living in rural areas where investments in electricity activities are not cost-effective, its retail prices shall be decided by provincial-level People's Committees but must not exceed the ceiling price of electricity applicable to rural areas stipulated in Clause b, Article 3 of Decision No. 276/2006/QD-TTg.

Provincial-level People's Committees have the responsibility to ensure that electricity units operating in areas where investments in electricity activities are not cost-effective enjoy support policies as provided for by the Electricity Law.

2.3. The retail prices of electricity sold directly by independent power generation units to electricity users in rural areas, mountainous areas and islands shall be elaborated by the electricity sellers and submitted to provincial-level People's Committees for approval but must not exceed the bracket of retail prices of electricity specified in Clause c, Article 3 of Decision No. 276/2006/QD-TTg.

2.4. In areas where the retail prices of electricity which is purchased by rural electricity management organizations through the national grid at the wholesale price of electricity applicable to rural areas and directly sold to electricity users are still higher than the ceiling price of electricity applicable to rural areas stipulated in Decision No. 276/2006/QD-TTg, provincial-level People's Committees shall direct local services, departments and branches and rural electricity management organizations to take necessary measures to reduce electricity costs and losses so as to lower the selling prices of electricity to below the ceiling price of electricity applicable to rural areas.

V. SELLING PRICES OF ELECTRICITY APPLICABLE TO DORMITORIES AND RESIDENTIAL QUARTERS

1. Wholesale prices of electricity applicable to dormitories and residential quarters:

1.1. The wholesale prices of electricity used for daily life in dormitories and residential quarters applicable to electricity volumes used for daily-life activities of:

a/ Residential quarters and dormitories of agencies (including diplomatic missions and international organizations), workshops, factories, construction sites, agricultural farms, forestry farms, stations, farms..., where each electricity buyer has 10 or more electricity-using households, for villages or communes (failing to meet the conditions for rural electricity wholesale); towns, townships, district capitals and suburbs of cities, and 15 households or more for cities.

b/ Dormitories of pupils, students, agencies, enterprises, armed force units, establishments taking care of elderly or disabled people, orphanages....

c/ Lodgings of religious persons in temples, pagodas, churches...

1.2. The wholesale price of electricity used for other purposes: To be applied to electricity volumes used for non-daily life purposes.

1.3. The electricity wholesale prices for dormitories and residential quarters are applied only to places where the electricity sellers have no conditions yet to retail electricity to consuming households.

1.4. At places where the electricity seller has conditions to retail electricity to electricity-consuming households but the customer refuses to allow the electricity seller to retail electricity to those households, the electricity seller may apply the progressive retail prices of electricity applicable to daily life multiplied by the actual number of electricity-using households under the guidance in Clause 3.2, Section III of this Circular.

2. Retail prices of electricity applicable to dormitories and residential quarters

The retail prices of electricity purchased by electricity management organizations (representatives of management boards of dormitories or residential quarters or by independent electricity management and trading organizations) under electricity wholesale contracts from the electricity sellers at general meters at the wholesale prices of electricity applicable to dormitories and residential quarters to electricity users comply with the table of retail prices of electricity stipulated in Decision No. 276/2006/QD-TTg and guided in this Circular.

VI. SELLING PRICES OF ELECTRICITY APPLICABLE TO INDUSTRIAL PARKS

1. Wholesale prices of electricity applicable to industrial parks

1.1. The prices of electricity purchased and sold between industrial park management boards and electricity sellers shall be agreed upon by the two parties in electricity purchase and sale contracts of a definite term but must not exceed the bracket of wholesale prices of electricity stipulated by the Ministry of Industry.

When a bracket of wholesale prices of electricity is not available yet, the price of electricity purchased and sold between an industrial park management board and an electricity seller shall be agreed upon by the two parties on the principle of assurance of their mutual lawful interests.

1.2. Negotiations to reach agreement on wholesale prices of electricity shall be conducted in accordance with the provisions of Article 20 of the Government's Decree No. 105/2005/ND-CP of August 17, 2005, detailing and guiding the implementation of a number of articles of the Electricity Law.

1.3. Pending an agreement on the wholesale prices of electricity between the electricity buyers and sellers, unless there are other separate regulations of competent authorities, the wholesale prices of electricity applicable to industrial parks are as follows:

a/ The electricity sellers sell electricity to the industrial park management boards at the general meters at the prices applicable to production branches stipulated in Decision No. 276/2006/QĐ-TTg, except when the industrial park management boards buy electricity from electricity sellers and resell it to organizations and individuals using electricity for production purposes in the industrial parks at the same voltage level).

b/ When the industrial park management boards buy electricity from electricity sellers and resell electricity to organizations and individuals using electricity for production purposes in the industrial parks at the same voltage level:

The electricity sellers shall sell electricity to the industrial park management boards at the general meters at the prices applicable to production branches stipulated in Decision No. 276/2006/QĐ-TTg, reconciling 2%. The electricity volume eligible for reconciling prices shall be based on the actual volume used monthly by the customers in the industrial parks buying electricity at the same voltage level and bought by the industrial park management boards from the electricity sellers.

Example: The industrial Park A management board buys electricity from the electricity seller at the voltage of 110 kV for resale to households using electricity for production in the industrial park:

+ If the industrial Park A management board sells electricity to production households in the industrial park at the voltage of 6 kV:

The prices at which the Industrial Park A management board pays electricity charges to the electricity seller are as follows:

	Selling price of electricity (VND/kWh)
- Regular hours	785
- Off-peak hours	425
- Peak hours	1,590

The industrial Park A management board shall sell electricity to production households in the industrial park at the voltage of 6 kV as follows:

	Selling price of electricity (VND/kWh)
- Regular hours	860
- Off-peak hours	480
- Peak hours	1,715

- If Industrial Park A management board sells electricity to production households in the industrial park at the voltage of 110 kV:

The prices at which the Industrial Park A management board pays electricity charges to the electricity seller are as follows:

	Selling price of electricity (VND/kWh)
- Regular hours	$785 * 98\% = 769.3$

- Off-peak hours	$425 * 98\% = 416.5$
- Peak hours	$1,590 * 98\% = 1,558.2$

Industrial Park A management board shall sell electricity to production households in the industrial park at the voltage of 110 kV as follows:

	Selling price of electricity (VND/kWh)
- Regular hours	785
- Off-peak hours	425
- Peak hours	1, 590

2. Retail prices applicable to electricity users in industrial parks

The retail prices applicable to electricity users in industrial parks shall be applied to proper subjects and at price levels stipulated in the Appendix promulgated together with Decision No. 276/2006/QĐ-TTg and guided in Parts I, II and III of this Circular.

VII. IMPLEMENTATION EFFECT

1. This Circular takes effect on January 1, 2007 (the effective date of Decision No. 276/2006/QĐ-TTg), and applies nationwide.
2. This Circular replaces Joint Circular No. 01/1999/TT-LT/BVGCP-BCN of February 10, 1999, Joint Circular No. 02/2000/TTLT-BVGCP-BCN of February 15, 2000, of the Ministry of Industry and the Government Pricing Committee, guiding the application of selling prices of electricity used for daily life to rural households, and the Industry Ministry's Circular No. 01/2005/TT-BCN of January 7, 2005, guiding the application of selling prices of electricity.
3. Concerned electricity units and electricity users nationwide shall implement this Circular.
4. Any problems arising in the course of implementation should be reported to the Ministry of Industry for timely consideration and solution.

THE MINISTRY OF INDUSTRY

VICE MINISTER

(Đã ký)

Chau Hue Cam