

DECISION

On selling prices of electricity

THE PRIME MINISTER

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

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 April 26, 2002 Price Ordinance and the Government's Decree No. 170/2003/ND-CP of December 25, 2003, detailing the implementation of a number of articles of the Price Ordinance;

At the proposal of the Minister of Industry,

DECIDES:

Article 1.- To approve the roadmap for adjustment of electricity prices in the 2007-2010 period as follows:

a/ From January 1, 2007, the average retail price of electricity will be VND 842/kWh.

b/ From July 1, 2008, the average retail price of electricity will be VND 890/kWh.

c/ From 2010, retail prices of electricity will be market-driven.

Article 2.- To approve the plan for adjusting electricity prices in 2007 on the following principles:

- The State continues to support electricity consumers being poor people, low-income earners and rural households (now accounting for 80% of the national population);

- The roadmap for adjustment of electricity prices must ensure incremental abolition of price subsidies for production and that enterprises, even those producing and dealing in electricity, can correctly and fully calculate production costs and practice cost-accounting in a transparent manner;

- Electricity prices must encourage the economical and efficient use of electricity in both production and daily life.

Article 3.- Retail prices of electricity from January 1, 2007, are as follows:

a/ The Table of retail prices of electricity applicable to different subjects is included in the Appendix to this Decision;

Selling prices of electricity specified in the Appendix to this Decision are exclusive of value added tax;

b/ The ceiling retail price of rural daily-life electricity is VND 700/kWh;

c/ For electricity retailed by independent electricity generation units directly to different categories of electricity consumers, the retail price brackets shall be agreed by the two parties but must not be higher or lower by 25% than the selling prices of electricity specified in the Appendix to this Decision.

Article 4.- Electricity production and business units shall take the initiative in applying measures to raise labor productivity and service quality, striving to reduce management costs and power loss so that from now to 2010, the entire electricity industry will save 3%-4% of costs annually (exclusive of asset depreciation) and the loss of electricity in the entire electricity system will drop to 8% by 2010.

Electricity consumers, first of all production and business enterprises, shall take the initiative in applying appropriate measures to use electricity rationally, especially during peak hours, contributing to well implementing the Government's guideline on the efficient and economical use of electricity.

Article 5.- Organization of implementation

1. The Ministry of Industry shall:

a/ Coordinate with the Ministry of Finance in guiding the application of retail prices of electricity specified in Article 3 of this Decision;

b/ Set wholesale prices of electricity supplied for rural areas, dormitories and population clusters according to its competence and in compliance with the principles set in Article 2 of this Decision;

c/ Coordinate with the Ministry of Finance and provincial-level People's Committees in directing the retail of electricity to rural areas at the ceiling prices of rural daily-life electricity specified in this Decision;

d/ Formulate and submit in the first quarter of 2008 to the Prime Minister a plan on retail prices of electricity according to Clause b, Article 1 of this Decision (the average retail price of electricity will be VND 890/kWh from July 1, 2008);

e/ Formulate and submit to the Prime Minister a mechanism for adjusting retail prices of electricity to ensure that from 2010 retail prices of electricity shall be market-driven;

f/ Direct the electricity industry to take measures to save costs and reduce power loss to achieve the targets set in Article 4 of this Decision;

g/ Use revenues from electricity price differences for electricity development investment.

2. The Ministry of Finance shall coordinate with the Ministry of Industry and concerned agencies in assessing the impacts of the adjusted electricity prices on production and life, take the initiative in applying measures to control prices according to its competence and, at the same time, report and propose to the Prime Minister necessary measures to stabilize the market.

3. Provincial-level People's Committee presidents shall direct and supervise units and organizations selling electricity to rural households in their localities to apply the ceiling prices of rural daily-life electricity specified in this Decision.

Article 6.- Implementation effect

This Decision takes effect on January 1, 2007.

Ministers, heads of ministerial-level agencies, heads of government-attached agencies, presidents of provincial/municipal People's Committees, electricity sellers nationwide, and concerned units shall implement this Decision

THE PRIME MINISTER OF GOVERNMENT

PRIME MINISTER

(Đã ký)

Nguyen Tan Dung