VIETNAM - WIND ENERGY INVESTMENT GUIDE 2026 - WHAT YOU MUST KNOW

Duane Morris Vietnam LLC

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I. Newest Update

NAVIGATING VIETNAM'S WIND POWER MARKET: LESSONS FROM THE PNE AG CASE AND STRATEGIC OUTLOOK HOW TO WIN THE NEXT OFFSHORE WIND TENDER

The recent announcement that Germany's PNE AG lost its bid for a major wind project in Vietnam to a subsidiary of the domestic conglomerate Vingroup has sent shockwaves through the international renewable energy community.

For foreign investors eyeing Vietnam's vast wind potential, the PNE AG case is not just a news story, it is a vital case study containing crucial lessons for future engagement.

The PNE AG vs. Vingroup Decision: A Surprise Turnaround

In early February 2026, authorities announced that VinEnergo, a newly established energy subsidiary of Vingroup, had been awarded the rights to develop Phase 1 of the Hon Trau wind power project off the coast of Binh Dinh province. This initial phase involves a capacity of 750 MW with an estimated investment of nearly $1.9 billion.

The decision came as a significant surprise. PNE AG had been deeply involved in the project's development since 2019, investing large amounts of money in feasibility studies, wind measurements, and diplomatic groundwork. The German firm had planned a total investment of $4.6 billion for the eventual 2,000 MW project.

In contrast, VinEnergo is a new entrant with no prior track record in wind farm development. Reports suggest that Vietnamese authorities raised unexpected last-minute concerns regarding PNE's "financial commitment," specifically requesting a substantial upfront deposit of investment capital—a requirement that proved to be a decisive hurdle.

Key Lessons for Foreign Investors

The PNE AG experience highlights several critical realities of the current Vietnamese market:

- The Rise of "National Champions" Policy: The most significant takeaway is Vietnam's apparent shift towards prioritizing domestic "National Champions" in strategic sectors like energy. The selection of VinEnergo, a local conglomerate with deep pockets but no sector experience, over a seasoned international developer aligns with a broader government strategy to build up domestic capabilities. Foreign investors must now operate with the understanding that they are competing against favored local players.

- Financial Commitment Requirements are Stringent and Evolving: The demand for a large upfront investment deposit caught PNE off guard. This indicates that Vietnamese authorities are adopting much stricter, and at times unpredictable, measures to ensure financial security and project delivery. Future investors must have robust financial backing and be prepared for sudden changes in capital requirements. Recent draft regulations have even proposed a minimum charter capital of $400 million for offshore wind developers.

- Domestic Partnership is No Longer Optional: Trying to go it alone, as PNE did, appears to be an increasingly difficult path. Emerging regulations suggest partnership with state-owned enterprises/domestic investors is mandatory. Building strong, strategic alliances with capable Vietnamese partners is now a critical success factor, not just for regulatory compliance but also for navigating local political and administrative landscapes.

- Regulatory Uncertainty Remains a Major Bottleneck” Despite the approval of the ambitious Power Development Plan VIII (PDP8), the practical legal framework for offshore wind remains murky. Key issues like marine spatial planning, clear permitting processes, and the division of authority between different government bodies are unresolved. This creating a high-risk environment where projects can stall for years.

- Long-Term Groundwork is Necessary but Not Sufficient: PNE's six years of patient investment and relationship-building did not guarantee success. While a long-term

commitment is essential in Vietnam, investors must also remain agile and responsive to sudden policy shifts.

Future Opportunities in Vietnam's Offshore Wind Sector

Despite the challenges, the long-term opportunity in Vietnam remains immense. PDP8 sets ambitious targets of 6,000 MW of offshore wind capacity by 2030 and up to 17,032 MW by 2035, starting from zero today.
For investors willing to navigate the complex landscape, significant opportunities exist in coastal provinces with high wind potential remain primary targets, including Binh Thuan, Ninh Thuan, Soc Trang, Tra Vinh, Ben Tre, and Bac Lieu as listed by the PDP8.

II. Executive Summary

Vietnam, one of the world's fastest growing and energy-intensive economies, has recently been identified by the World Bank as having world class wind energy resources, both onshore and offshore.

In this investment guide, we explore the key opportunities and challenges inherent in the Vietnamese wind power market, undertaking an analysis from commercial, legal, and regulatory perspectives.

It is hoped that the commentary contained within will be of value to key market participants, namely developers, sponsors, and lenders, as they consider investing in what is fast becoming the most promising wind energy market in the Asia-Pacific region.
The Government has adopted Power Development Plan VIII ("PDP8"), replacing the former Master Plan regime and formally transitioning the market away from fixed feed-in-tariffs toward a price-framework and competitive procurement model for new renewable projects. In parallel, Vietnam has entered into a Just Energy Transition Partnership (JETP) with international partners, committing to accelerate its energy transition while preserving system stability and investment bankability. These developments materially reshape the commercial and legal landscape for wind energy projects and require a reassessment of risk, timing, and structuring strategies for investors entering the market in 2025 and beyond.[

Strategic Outlook: How to Win the Next Offshore Wind Tender in Vietnam

Looking forward, future bidders must move beyond traditional project development models and adopt a Vietnam-integrated strategy from day one.

First, partnership selection must be strategic, not symbolic. The right Vietnamese partner should bring more than name recognition. It must offer regulatory access, provincial alignment, financing credibility, and alignment with national industrial policy. Foreign developers should assess potential partners based on political capital, financial depth, state relationships, execution capacity, and long-term strategic alignment with Vietnam's energy security goals.

Second, capital readiness must be front-loaded. Authorities increasingly prioritize financial certainty over technical pedigree. Investors should structure projects with visible, ring-fenced capital commitments, strong balance sheet backing, and credible local banking relationships. Demonstrating liquidity and deposit capability early can neutralize last-minute hurdles.

Third, localization must be real. Offshore wind is becoming not only an energy policy priority but an industrial policy instrument. Successful bidders will present credible plans for local supply chain participation, technology transfer, workforce development, and long-term domestic value creation. Vietnam wants capability building, not just kilowatt hours.

Fourth, government relations must be institutional, not personal. Offshore wind projects touch multiple ministries, provincial authorities, maritime agencies, and planning bodies. Investors must build coordinated engagement strategies that align central and provincial stakeholders from the outset.

Finally, foreign investors must shift mindset: Vietnam is no longer a frontier market seeking foreign leadership. It is an emerging power shaping its own industrial destiny. Success requires humility, adaptability, and structured co-development with domestic champions.

The lesson of Hon Trau is not that foreign investors cannot win in Vietnam. It is that they must win differently. Those who combine international offshore expertise with strong Vietnamese institutional partnership, financial certainty, and national alignment will not merely participate in Vietnam's offshore wind future — they will help define it.

III. Commercial Considerations and Market Intelligence

Current Policy Settings

Vietnam, a country of more than 90 million citizens, is one of the world's fastest growing economies, having experienced rapid industrialization over the past two decades. Vietnam is also one of the world's most energy-intensive nations, consuming vastly more energy per unit of economic output than major regional counterparts such as the Philippines, Malaysia, Indonesia, and India.[1] With surging power needs and limited available natural resources, Vietnam is projected to have an annual energy demand growth rate of up to 10% until 2030.[2] The World Bank projects that an additional US$150 billion of investment will be required to avoid mass energy shortfalls over the next decade.[3]

Within this context, Hanoi has recently sought to create a sustainable energy future, with a greater focus on incorporating renewable power into the existing energy mix. Pursuant to Vietnam's official national master power development plan ("Master Plan 7"), Hanoi has set a target of 6GW of installed wind energy capacity by 2030. It is reported that this figure may

[1] The World Bank Group, *Energy Intensity Level of Primary Energy*, 2019.
[2] Netherlands Enterprise Agency (Ministry of Foreign Affairs), *Wind Energy Potential Vietnam*, 2018.
[3] The World Bank Group, *Sustainable Energy Future in Vietnam*, Vietnam Energy Partnership Group, 2018.

potentially be revised up to 11GW of wind energy installations by 2025 under Master Plan 8, which is currently under formulation and set to be released this year.

Pursuant to Power Development Plan VIII ("PDP8"), approved in 2023, Vietnam has fundamentally revised its renewable energy strategy. PDP8 sets a target of approximately 21–23GW of onshore and nearshore wind capacity and approximately 6GW of offshore wind capacity by 2030, with a long-term offshore ambition of 70GW or more by 2050. These targets replace the former Master Plan framework and position wind power as a cornerstone of Vietnam's national energy transition strategy

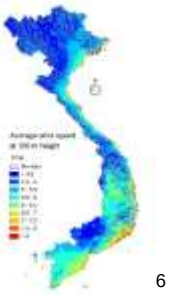
The Scientific Case: Vietnam's Wind Energy Potential

The World Bank has recently characterised Vietnam as a world class wind energy destination with the most promising wind conditions in Southeast Asia. [4]

Vietnam boasts over 3,300 kilometres of coastline, yearly average wind speeds of 8-9m/s in its southern regions and 6m/s nationally, suitable offshore water depths, and proximity to large load centres, all coalescing to provide the ideal natural conditions for the development of utility-scale wind generation facilities.[5] Vietnam also offers great prospective investment synergy with other nearby regional wind energy markets, including China, Taiwan, Japan, South Korea, the Philippines, and Indonesia.

Much like the rest of the region, Vietnam is a however a monsoonal country and susceptible to seasonal typhoons and tropical storms. Such conditions potentially present as an issue for developers in relation to technical design, maintenance, and curtailment risk.

Overall, the natural conditions of Vietnam are very promising and offer numerous untapped onshore, nearshore, and offshore wind energy investment opportunities in the coming decade.



[6]

Key Market Participants

[4] The World Bank Group, *Going Global: Expanding Offshore Wind to Emerging Markets*, 2019.
[5] Global Wind Energy Council, *Global Offshore Wind Report*, 2020.
[6] Wind Resource Atlas of Vietnam, *Average Wind Speed Vietnam*, 2011.

Investors/Developers: Renova Japan, Landville Energy South Korea, Blue Circle France, Trung Nam Group, Enfinity Global, EAB New Energy GmbH Germany, Woojin South Korea, GE.

In recent years, the offshore wind segment in particular has attracted substantial interest from global energy majors and infrastructure funds, including Ørsted, Copenhagen Infrastructure Partners, Corio Generation, BP, TotalEnergies, and Mainstream Renewable Power, many of whom have executed memoranda of understanding with Vietnamese authorities and coastal provinces in anticipation of a formal offshore licensing and seabed allocation regime.

Lenders: KfW Development Bank, Agri Bank Vietnam, Vietnam Development Bank, US Export Import Bank, Macquarie Bank.

EPC Contractors: Hydropower China, CTV France, HCE Germany, Petro Vietnam Power Corporation, Huy Hoang.

Manufacturers: Vestas, GE, Fuhrlaender, Enercon, Siemens Gamesa, Goldwind.

Offtakers: EVN holds a current market monopoly on the purchase, transmission, and distribution of electricity in Vietnam.

IV. Legal Considerations

Foreign Ownership Limitations

Whilst Vietnam does impose strict foreign ownership thresholds on numerous sectors, the renewable energy market is currently not under any such restriction, allowing for up to 100% foreign equity ownership in wind energy project companies.
This position has been reaffirmed in practice under PDP8 and its implementing regulations. No foreign ownership cap applies to onshore, nearshore or offshore wind projects. However, in the offshore segment, investors must now anticipate additional layers of State oversight in relation to maritime zoning, national security review, and seabed use rights, which may introduce de facto constraints on project structuring and timelines.

Investment Forms

Foreign investors may enter the Vietnamese wind energy market via the following primary investment forms:

Brownfield (M&A, share purchase): Due to concerns around licensing and land allocation, it is often common practice for foreign investors to acquire the charter capital (LLC) or shares (JSC) of a pre-existing project enterprise at a stage when preliminary, but nevertheless fundamental, investment approvals have already been obtained (e.g. enterprise registration, investment registration, land use rights, power development plan approval, construction permits, etc). Such project enterprises are generally owned by domestic Vietnamese investors. This model continues to dominate the market in 2026, particularly for projects that were originally developed under the FiT regime but failed to reach COD before expiry. These “legacy pipeline” projects represent a substantial acquisition opportunity for foreign investors with higher risk tolerance and restructuring capability.

- **Brownfield (M&A, asset purchase):** It is uncommon and highly cumbersome to solely acquire project assets under Vietnamese law. As mentioned above, issues around land allocation and the potential transfer of such rights is problematic and may result in material transaction delays. For that reason, the preferred route of investment is generally via share purchase, as opposed to asset purchase.

- **Greenfield:** Whilst greenfield foreign investment is an option and one that is preferred in numerous sectors, for the reasons mentioned above however, the preferred route of investment in the renewable energy market is via the acquisition of an equity interest in a pre-existing Vietnamese project enterprise.

Public-Private Partnership: Under Vietnam's first incoming Public-Private Partnership Law, effective from 1 January 2021, foreign investors will be able to enter into PPP arrangements with Vietnamese procuring agencies, potentially including in the development of renewable energy projects. The PPP Law provides for typical contractual structures such as build-operate-transfer, build-transfer-operate, and build-own-operate, amongst several others. However, strict minimum investment thresholds apply (not less than USD 4.3 million) and it is unknown at this stage if investors will be able to self-propose projects. It is also unclear if the PPP Law will specifically capture renewable energy projects (i.e. wind, solar, biomass) as a permitted form of PPP investment activity under the new legislative regime. I

n practice, the PPP framework has not emerged as a meaningful route for wind energy development. High minimum investment thresholds, rigid risk allocation, and uncertainty around revenue guarantees have rendered the PPP model unattractive for private wind developers. To date, no utility-scale wind projects have been successfully implemented under the PPP regime.

<u>Current Feed-in-Tariff Regime</u>

Vietnam currently offers a favourable feed-in-tariff mechanism for renewable energy projects (applicable to solar, wind, hydropower, and biomass energy power plants).

The current FiT for utility wind power plants is **8.5 US cents per kWh for onshore projects** and **9.8 US cents per kWh for offshore projects**.

Previously, in order to access the premium tariff, wind power plants were required to achieve a commercial operation date prior to 1 November 2021. However, in order to accelerate the country's sustainable energy transition and to encourage greater investment in wind power, the Prime minister, at the request of the Ministry of Industry and Trade, has recently officially extended the commercial operation deadline until 31 December 2023. Such extension serves to ensure that newer projects are able to realistically meet the deadline and thus access the premium tariff. Further, with the onset of Covid-19, developers are facing great difficulties in the timely importation of specialist plant components such as wind turbines. Vietnam no

longer operates a classical feed-in-tariff regime for new wind power projects. The FiT system expired for projects that failed to achieve commercial operation by the statutory deadlines. Following the expiration of the FiT regime, the Government introduced a “price framework” mechanism for wind and solar power. Under this model, the Ministry of Industry and Trade periodically issues ceiling prices for different project categories (onshore, nearshore, offshore), within which developers and EVN may negotiate bilateral PPAs. In parallel, Vietnam is preparing to transition toward competitive bidding and auction-based procurement for new renewable capacity.

In the transitional (“post-FiT / missed-COD”) segment, the MOIT has issued specific ceiling prices to serve as the negotiation cap for EVN PPAs—most notably under Decision 21/2023/QD-BCT (ex-VAT): 1,587.12 VND/kWh for onshore wind and 1,815.95 VND/kWh for offshore wind.

In addition, newer price-framework instruments for offshore wind may differentiate ceiling prices by region (for example, Northern, Central, and Southern Vietnam), rather than treating “offshore” as a single uniform tariff category.

The FiT is set by statute, non-negotiable, and applied for a 20 year contractual term under the mandatory standard form PPA with EVN. The FiT is denominated in Vietnamese Dong and linked to the official State Bank of Vietnam USD exchange rate. Generators will therefore receive payment in Vietnamese Dong. The standard form PPA does not provide an adjustment mechanism to account for the cost of inflation during the term of the PPA.

As of 2025, the market is operating in a transitional phase: FiT-era projects that missed COD remain stranded unless renegotiated under the price framework; no fully bankable auction regime has yet been implemented; and new projects face uncertainty regarding price formation, allocation mechanisms, and timing. This regulatory interregnum represents one of the most material risk factors for new market entrants.

Commercial Operation Date

In order to receive the premium FiT, wind energy projects must achieve a commercial operation date prior to 1 November 2021. Statutorily defined, a wind energy project achieves commercial operation when: [7]

- The plant is ready to sell power to the power purchaser (i.e. EVN);
- The plant has completed initial tests for a part or the entire grid-connected wind power plant and interconnection facilities (including reactive power test, AGC connection test, and reliability test);
- The plant has received an electricity generation licence; and
- The seller and purchaser have set the meter reading to commence payment.

This definition has raised numerous concerns with developers. In particular, whilst the plant may be ready to sell output to EVN, delays in grid-connection could ultimately result in the project not achieving formal COD. The potential extension of the FiT deadline to 2023 will hopefully provide much needed additional time, although does not absolve concerns entirely.

Whilst the FiT regime has now expired, COD remains a legally and commercially critical milestone for all wind energy projects. COD continues to determine revenue commencement, grid dispatch integration, project valuation, and refinancing capability. In practice, COD remains highly vulnerable to grid congestion, delayed substation construction, and administrative bottlenecks at EVN and provincial departments. These structural risks have not been resolved under PDP8 and continue to affect both legacy and new projects.

Project Financing in Vietnam

Large energy projects in Vietnam have traditionally been funded by a mix of debt and equity finance. Funding is typically mobilized through shareholder loans and multi-tranche syndicated secured facilities from domestic and international lenders. There have also been several export credit agency ("**ECA**") financings of which most related to State-owned corporations developing national priority projects.

The terms of financing vary and are largely dependent on bankability assessments, however, consistent with international project finance practice, it is common for funding to be provided on a limited or non-recourse basis, supplemented by specific borrower guarantees or undertakings. Developers have started considering using project bonds to raise funds on a larger scale or to restructure prior debts.

There is no fully project-financed financing from international lenders to date in the Vietnamese market. Foreign banks and ECAs have previously worked with local domestic lenders to mitigate risk and create innovative financing structures. Re-financing with large offshore lenders post COD is an option for developers. Sponsor-backed financing, particularly

[7] *Circular No. 02/2019/TT-BCT,* dated 15 January 2019, Ministry of Industry and Trade.

through regional lenders is common, as is ECA financing backed by local domestic bank guarantees in regards to EVN's payment obligations.

Of note, Vietnamese domestic banks typically lack the experience, expertise, and capital to fund investments in high-risk complex renewable energy projects, such as offshore wind generation facilities. Concerns also continue to persist around the inability of foreign lenders to directly take security over land and assets, thereby acting as a serious impediment to attracting tier-one international project finance funding. Under current Vietnamese law, security over land use rights and real property is only available to domestic lenders. Moreover, the use of local security agents to hold land-related security remains fraught with uncertainty and practical constraints.

Finally, uncertainties around key areas of the standard form PPA (as discussed below) have negatively impacted on bankability assessments and thus limited foreign lender participation in the Vietnamese renewable energy project finance market to now. While multilateral lenders such as the Asian Development Bank, IFC, JICA and KfW have increased engagement in Vietnam's renewable energy sector, international commercial banks remain cautious. Key inhibitors continue to include PPA non-bankability, the absence of sovereign guarantees, currency convertibility risk, curtailment exposure without compensation, and the inability of foreign lenders to directly take security over land use rights. As a result, most projects remain sponsor-backed or quasi-corporate in nature, with limited true risk transfer to the project level.

For capital-intensive offshore wind projects in particular, the absence of a bankable long-term revenue regime under the post-FiT framework remains a structural barrier to large-scale international project finance.

Incentives and Taxes

Several investment incentives and tax relief mechanisms are potentially available for renewable energy investments in Vietnam. In general, the following incentives apply to wind energy projects:

- **Corporate income tax:** Corporate income tax exemption for the first four years of the project, a 50% income tax reduction for the following nine years, and a preferred income tax rate of 10% for the first 15 years.

- **Land lease fees:** Exemption on land use fees of up to 15 years.

- **Import duties:** Exemption on goods imported to form fixed assets (e.g. specific parts of a wind turbine) as well as on project materials which cannot be manufactured within Vietnam (e.g. rotor blades).

In conjunction with a favourable feed-in-tariff and 20 year PPA term duration, such incentives provide additional attractive commercial benefits for developers and investors alike. These fiscal incentives largely remain in place under the post-FiT regime and continue to support project economics. However, in the absence of a guaranteed tariff, such incentives alone are insufficient to restore bankability where revenue certainty, curtailment protection, and foreign exchange risk remain unresolved.

Power Purchase Agreement

Standard Form PPA

As the only wholesale electricity purchaser in Vietnam, it is mandatory that wind generators sign a formal PPA with EVN as sole offtaker.[8] This is a mandatory requirement and the essential terms of the standard form PPA cannot be amended. There is the potential for developers to seek to incorporate additional contractual terms, although, in practice, EVN is typically reluctant to agree to such requests.

As discussed below, whilst the PPA does provide a favourable FiT and contractual duration, the terms seemingly allocate unfavourable risk to investors in several key areas, presenting as an obstacle to securing financing with offshore tier-one international lenders.

Under the post-FiT regime, the PPA has not been fundamentally restructured. Instead, it has been adapted to accommodate the price-framework model. The underlying risk profile remains largely unchanged and continues to fall materially short of international bankability standards. As a result, the PPA remains the single greatest structural barrier to large-scale foreign project finance in Vietnam's wind sector

Direct PPAs

[8] *Circular No. 02/2019/TT-BCT,* dated 15 January 2019, Ministry of Industry and Trade.

Direct PPAs are a form of power purchase agreement where the offtaker is a private consumer, typically a commercial or industrial purchaser, rather than a State-owned utility such as EVN. Direct PPAs enable consumer offtakers to participate directly in wholesale electricity markets and have in recent times become popular globally. Hanoi is currently in the process of launching a pilot direct PPA scheme, with the reported ambition of introducing formal direct PPAs post-2022.

The introduction of direct PPAs would greatly boost the wind energy market, providing much needed flexibility whilst attracting commercial and industrial consumers. Currently, only rooftop solar projects with a 1MW capacity or less are able to sell output to a non-EVN offtaker via a direct PPA. [9]

Since 2023, Vietnam has formally launched a pilot Direct Power Purchase Agreement ("DPPA") mechanism. Under this scheme, large electricity consumers may purchase renewable power through a virtual or physical wheeling structure using EVN's grid. The pilot remains limited in scale and scope, but represents a significant policy shift away from EVN's historical monopoly. If expanded into a permanent framework, DPPAs have the potential to transform the wind energy market by enabling corporate offtake, supporting ESG-driven procurement, improving project bankability, and reducing exclusive dependence on EVN credit risk. However, as of 2025, the DPPA regime remains experimental and subject to regulatory discretion, with no precedent yet for fully bankable long-term wind offtake structures.

Governing Law and Dispute Resolution

The standard form PPA requires the terms of the agreement to be governed by Vietnamese law. Vietnamese law, particularly in relation to renewable energy, is constantly evolving and does not typically provide a predictable and clear legal basis when compared with more developed jurisdictions.

In relation to dispute resolution, the template PPA is again restrictive and only permits parties to resolve disputes via formal internal Ministry of Industry and Trade adjudication (i.e. supervised by the Electricity Regulatory Authority).

Such limitations will undoubtedly create unfavourable risk for investors who would otherwise rely on the predictability of foreign law and international arbitration should a dispute scenario arise. No reform has yet been introduced to permit foreign governing law or international arbitration for utility-scale renewable PPAs. This deprives foreign investors and lenders of neutral forum protection and significantly elevates perceived sovereign and regulatory risk.

The Rights of Lenders

The standard form PPA is silent as to the ability of lenders to step in should the project company be unable to remedy a serious contractual breach. The PPA is also silent as to

[9] *Decision No. 13/2020/QD-TTg,* dated 6 April 2020, Prime Minister of Vietnam.

whether a project enterprise would be able to assign their interests to a lender without the consent of EVN.

Step-in right mechanisms are a crucial component of power purchase agreements and the absence of such rights is inconsistent with global best practice, potentially undermining forthcoming project bankability assessments. These omissions remain fundamentally inconsistent with global project finance practice. In the absence of contractual step-in mechanisms, lenders cannot effectively protect collateral value or ensure operational continuity following sponsor default. This structural deficiency continues to undermine bankability under both the FiT and post-FiT regimes.

Foreign Exchange Risk

Currency depreciation is a serious issue for investors seeking to invest in renewable energy projects in developing markets the world over. Where a PPA is denominated in local currency, investors face the additional burden of an exchange rate fluctuation arising from the time when payment is received until the time of conversion back into a foreign currency. Where a currency is not freely convertible, such as the Vietnamese Dong, investors are particularly exposed and often seek out formal government guarantees to support same-day USD conversion.

The current standard form PPA however is denominated in Vietnamese Dong and does not provide any specific form of guarantee as to same-day conversion. Such risk is amplified by the fact that the terms of the PPA allow up to 25 business days between the date EVN issues the invoice and the date payment is received**.** No sovereign FX backstop has been introduced under the post-FiT regime. For capital-intensive offshore wind and large-scale onshore projects with hard-currency debt, this exposure remains commercially prohibitive and materially constrains foreign lender participation.

Curtailment Risk and Grid Connection

Under the terms of the PPA, EVN is not contractually obliged to purchase power when the grid is disrupted. No compensation mechanism is currently provided. Investors will need to carefully consider the likelihood of such risk as Vietnam has in recent times approved significant volumes of additional capacity, creating great pressure on existing inadequate transmission infrastructure. A key policy issue going forward will be the challenge of adequately upgrading existing grid and transmission infrastructure to attract genuine foreign investment in power generation projects.

Further, investors are not protected where the plant has achieved commercial operation but ancillary transmission infrastructure is inadequate or unable to connect the plant to the grid. Under the standard form PPA, developers' bear the cost and risk of connection. EVN is also

not required to purchase power if the grid is under repair or inspection, again, factors clearly beyond the control of developers.

Despite PDP8's emphasis on grid expansion, implementation lags persist. Developers remain responsible for connection infrastructure and bear full risk of delayed substation completion, transmission bottlenecks, EVN maintenance outages, and system dispatch constraints. Investors are not protected where a plant is technically complete but cannot evacuate power. This remains one of the most acute structural risks in the Vietnamese wind market, affecting both onshore and offshore projects.

Guarantees, Assignments and Changes in Law

The PPA does not provide specific government guarantees. This is particularly of concern with regards to foreign exchange risk and the potential contractual non-performance of EVN. The provision of such guarantees would provide much needed comfort for prospective investors.

Further, the PPA provides an unfavourable risk allocation to the extent that EVN, as offtaker, is provided with the right to assign their contractual interests under the PPA to a third party entity without the consent of the project enterprise. Conversely, the investor is not provided with the same rights of assignment.

The PPA also does not provide protection to investors should an adverse change in law scenario arise. Given Vietnam's rapidly evolving legislative environment, such silence is concerning and inconsistent with international best practice.

Given Vietnam's rapidly evolving energy legislation, the absence of change-in-law protection is particularly concerning. Investors remain exposed to adverse regulatory shifts affecting tariff structures, dispatch priority, tax treatment, and grid access. This asymmetry is incompatible with international best practice and materially impacts long-term investment modelling—especially for long-dated offshore wind projects.

EVN

As noted above, under current power regulations, EVN holds a monopoly over the sector and is thus the sole wholesale purchaser of electricity in Vietnam. Accordingly, it is mandatory that wind generators sign a formal PPA with EVN. Serious doubts have been raised about EVN's creditworthiness. As the sole offtaker under the template PPA, developers will have to navigate such risk and ensure proposed financing arrangements provide requisite comfort to lenders with respect to EVN's current credit position. While the State continues to support EVN as a strategic national enterprise, no explicit sovereign backstop exists under the PPA framework. Developers must therefore structure financing on the basis of EVN corporate credit alone. For capital-intensive offshore wind projects, this remains a critical deterrent to foreign lender participation.

V. Regulatory Approval Process

The graphic below provides a high-level overview of the current regulatory approval process required to develop greenfield wind energy projects in Vietnam. [10]

1. Preparation Phase:
> Decision on Inclusion in Power Development Plan
> Site Study / Pre-Feasibility Study
> Decision on Investment Policy
> Investment Registration Certification and Enterprise Registration Certificate (SPV)
> Security Deposit Agreement

2. Development Phase:
> Metering Agreement
> Grid Connection Agreement
> SCADA Agreement / EMS Agreement / Protective Relay Agreement
> PPA with EVN
> LUR Certificate / Assignment of Seabed Rights

Post-FiT, the “PPA with EVN” step has materially changed in substance. Contracting now occurs within a MOIT-issued price framework rather than a fixed tariff, introducing longer negotiation cycles and greater bankability scrutiny at term-sheet stage. Where applicable, developers may in parallel pursue the DPPA pathway, which can affect project sizing, grid interface design, and revenue modelling.

3. Construction Phase:
> Construction Permit
> Contract on Design, Construction and Equipment Purchase
> Approval for Basic Design / Feasibility Study
> Fire Prevention and Fire Fighting System Approval
> Environmental Impact Assessment

[10] Sequence is not in strict chronological order and only includes the main steps.

In practice, grid-readiness has become the dominant construction schedule risk. Investors increasingly treat grid-interface milestones as commercial conditions precedent for major capex drawdown, even where not formally required by statute.

4. Operation Phase:
> Operation Licence
> Electricity Generation Licence
> EVN COD Confirmation

VI. Conclusion

With world class natural conditions, surging power needs, and proximity to large load centres, Vietnam presents as one of the most promising wind energy markets in the Asia-Pacific region and globally.

Moving forward, key policy challenges nevertheless remain, particularly with regards to grid infrastructure, the terms of the current standard form PPA, the implementation of direct PPAs and a transparent auction system post-2023, and the need to simplify existing licensing procedures.
Since the original version of this guide, the market has entered a new phase defined by PDP8 implementation and the transition away from fixed feed-in-tariffs. Vietnam's offshore wind ambition is widely reported as approximately 6GW by 2030 with a long-term vision exceeding 70GW by 2050. However, investors should be aware that sequencing constraints, permitting complexity, grid readiness and bankability challenges may affect delivery timelines, particularly in the offshore segment.

In practical terms, investors in 2025/26 should focus diligence and structuring around four bankability levers: (i) revenue formation under the price framework and emerging auction mechanisms; (ii) grid evacuation certainty and curtailment exposure; (iii) contract risk allocation under the template PPA (including dispute forum, step-in rights, change-in-law and curtailment compensation); and (iv) offshore-specific permitting, including marine planning and sea-area allocation, which now define the critical path for offshore wind.

Investors will therefore need to carefully navigate complex commercial, legal, and regulatory considerations in order to fully realise the true investment potential of the Vietnamese wind energy market over the coming decades.

VII. About Us