

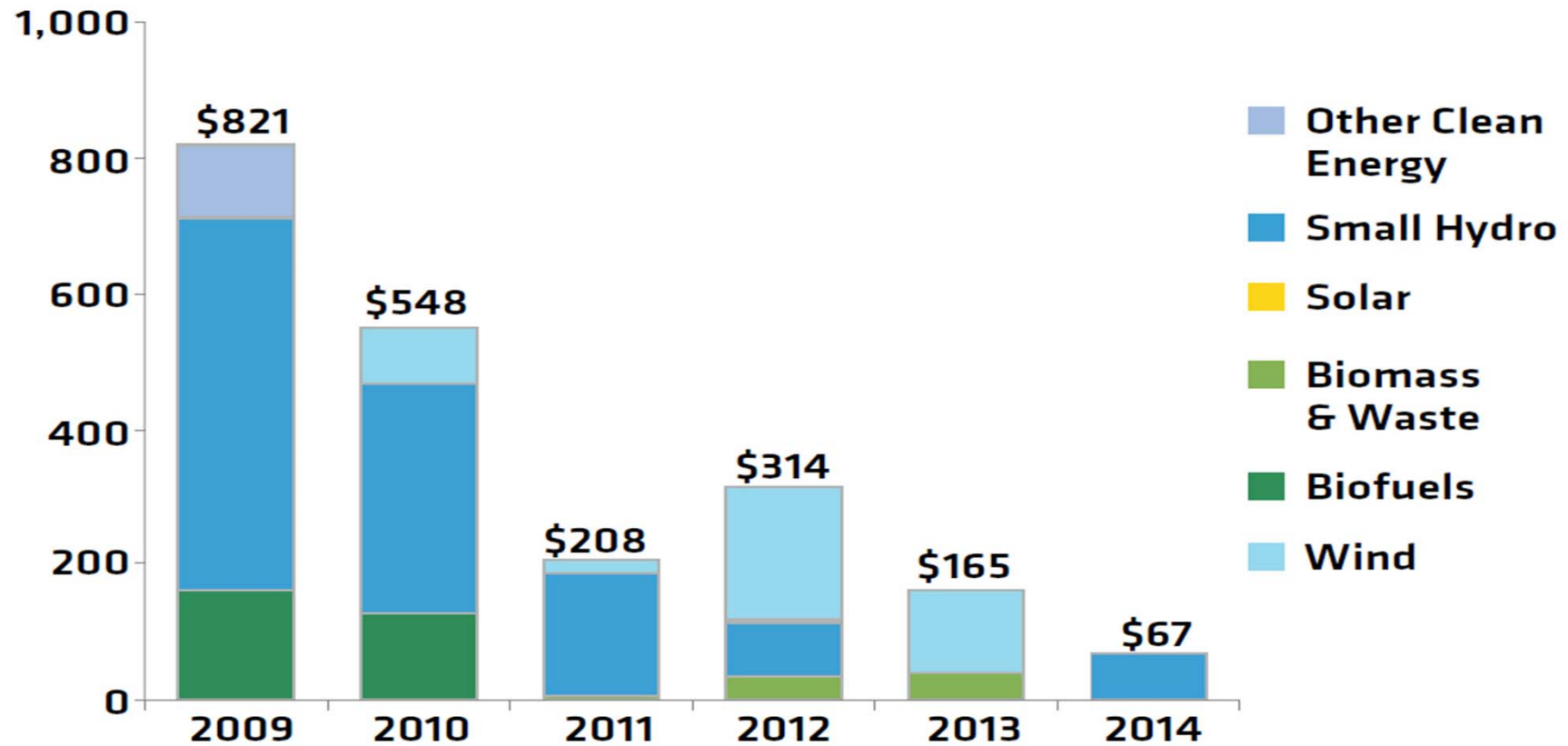
# Barriers to Investment in Renewable Energy – Suggestions to Overcome

**Tomaso Andreatta**

*Asia LEDS Partnership Regional Workshop  
Mechanisms that Catalyze Finance for Grid-Connected Clean Energy in Asia  
Hanoi, 30 June – 1 July 2016*

- Introduction
- Current barriers to investment in renewable energy – Vietnam specific
- Overcoming these barriers?
  - From private sector
  - From Government

# Private Investment in Clean Energy Generation Vietnam



Bloomberg NEF Climatescope 2015

# Barriers to investment in renewable energy

- Legal uncertainty: No consolidated “Renewable Energy Law” that regulates the development of the sector
- Not yet having adequate incentives which encourage investment in this “currently” high-investment area
- Individual support policies not followed by guidance for investors (e.g. Decisions 31 and 24) or incentives difficult to obtain
- Lack of a competitive electricity wholesale market
- Not yet having a long-term, and consolidated plan for the development of renewable energy. This strongly suggests that finance, developers, sites and business licenses for these projects are not secured yet.

# Overcoming the Barriers?

# What to do?

- From perspective of investors and potential investors:
  - Seek other forms of financial support from international donors and agencies both as equity and debt
  - Launch “pilots” to prove they can work
  - Readiness to share best practice, experience
  - Active engagement in advocacy activities to share the conditions for their involvement to the Government

# What to do?

- From Government:
  - Strong commitments on energy market reforms, including tariff reform and implementation of a competitive energy wholesale market
  - Make the process for implementation of bids for power generation rapid and transparent
  - Improve the predictability of long-term price of retail power (power price roadmap) beyond external shocks
  - Provide specific regulations and reasonable incentives to investors in the sector also financed through the internalization of pollution and waste
  - Effective implementation of detailed regulations for all renewable energy sources and deregulate production for self-consumption



# “No Cost Reforms”



1. Financial status, non bankability of EVN as oftaker

**“Risk Pool” - Donor Funded to replace MOF Guarantees, provided there is restructuring**

2. Regulatory Impediments

**Direct Purchase Power Agreements / Rooftop Solar Licences only >3mw scale**

3. Low Power Cost to Consumers

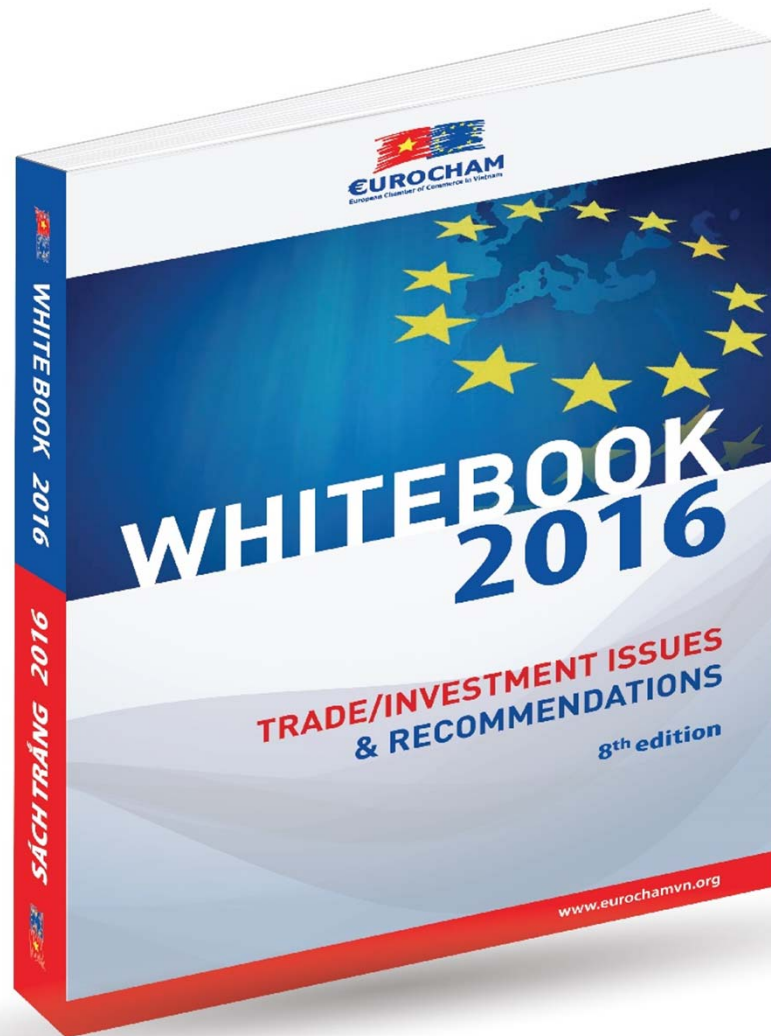
**MOIT to Publish a Roadmap of Power Pricing**

4. Lack of Transparent Processes and Threat of Corruption

**Quickly Publish Clear Regulations and Approval Processes - No “Preferential PPAs”/Bilateral MOIT Negotiations**

5. Conflicts of Interest of EVN

**Complete the Sale of SOE Non Core Assets, separate all production from distribution**



*“By encouraging investment from the private sector into this area, we believe that the Government shall be able to maintain energy access for all at affordable prices, provide a stable electricity supply for the growing economy and middle-class, and also reduce or at least stabilize carbon emissions and their environmental impact”.*

**THANK YOU**

# About us



## General information

Established in May 2014, Green Growth Business Sector Committee (GGSC) aims to work with stakeholders to fulfill its mission: to facilitate the mainstreaming, abolishment of barriers and development of the conditions that are essential for Green Business to prosper in Vietnam.

## Focus areas of the GGSC

Renewable Energy; Energy Efficiency; Clean technologies and environmental technologies (including water, waste and sanitation); Financing Green Business; Sustainable Buildings; Urban & Industrial Green Growth

## Committed members

- Dragon Capital
- Holcim
- Mr. Ywert Visser
- IndoChina Legal
- Pracsis South East Asia
- TERRAMAR GmbH RRO in HCMC
- Future Technology Vietnam Co., Ltd.
- Intesa Sanpaolo S.p.A
- Mr. John Curtis Vanderbrug
- Duane Morris
- Schneider Electric
- ABB
- Philips Electronics Vietnam Ltd.

## Activities

- Meets high-ranking government officers to discuss sector specific issues and status of policy reform
- Organizes events to share information / increase public awareness
- Engages in lobbying and publication of advocacy and position papers
- Prime voice of Renewable Energy business in Vietnam and also through VBF