

Vietnam Prepares to Launch its Pilot Carbon Exchange in 2025

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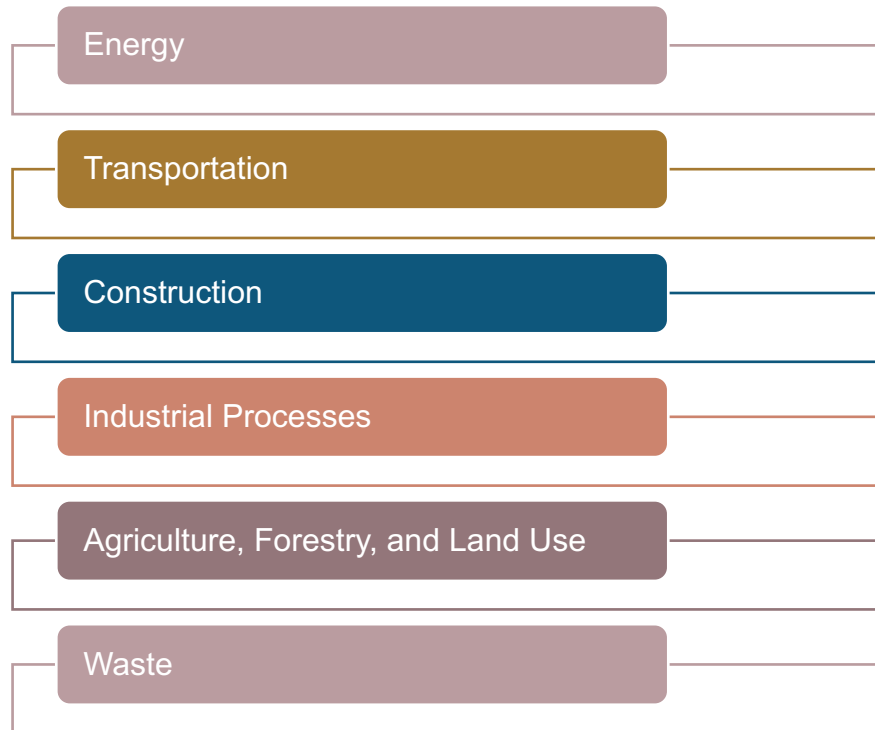
1. Will this affect you?

It may affect you if, on the other hand, you:

- have a project which may be eligible as a GHG emission mitigator; or
- wish to invest in or finance carbon credits or GHG emission mitigation initiatives


CHECK DECISION 13 TO CONFIRM IF YOU ARE AN EMITTER.

It may affect you if you operate in one of the following sectors, which is listed in Decision 13/2024/QĐ-TTg (**Decision 13**) of the Prime Minister as greenhouse gas (**GHG**) emitters or emitting sectors (collectively, **Emitters**):



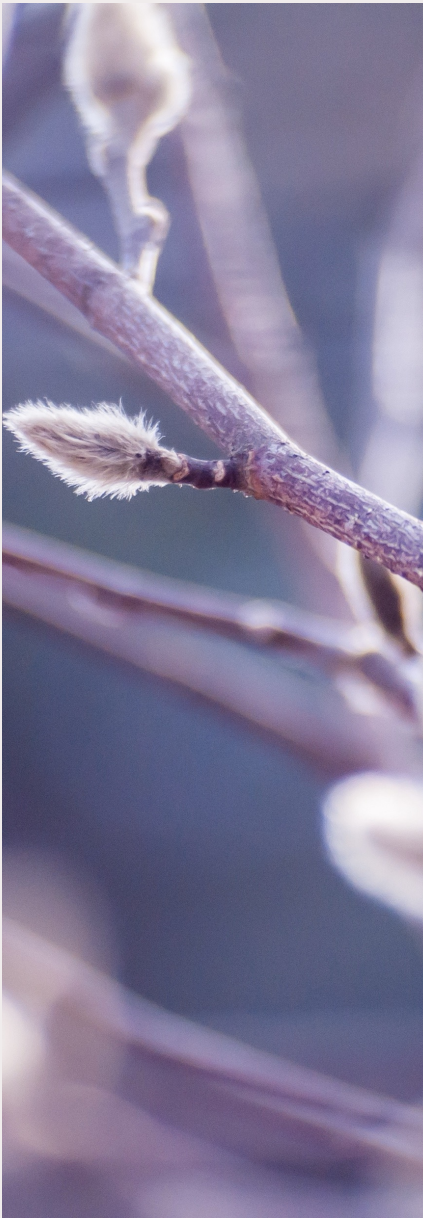
2. Overview of Obligations of Emitters under the Environmental Protection Law



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- A close-up photograph of a willow branch with a fuzzy, light-colored catkin bud. The branch is dark brown and textured, and the background is a soft, out-of-focus blue and purple.
- The Prime Minister shall issue the list of GHG emitters which are subject to GHG inventory requirements (**Emitters**), updated biennially (latest list by Decision 13).
 - Emitters shall:
 - a) conduct a GHG inventory and submit reports for verification every two years;
 - b) develop and implement annual emission mitigation plans; and
 - c) obtain and trade allocated emission allowances in the domestic carbon market.
 - The domestic carbon market facilitates trading of:
 - a) emission allowances, and
 - b) carbon credits from domestic and eligible international carbon credit trading and offset mechanisms (**Offset Mechanism**).
 - Emitters must stay within their allocated allowances. If they exceed the allowances, they must purchase additional allowances, while those with surplus allowances may sell them, in the domestic carbon market.

3. Prime Minister
Decision
232/QĐ-TTg
approving the
Vietnam's carbon
market plan





Timelines

On January 24, 2025, the Prime Minister issued Decision 232/QD-TTg approving Vietnam's carbon market plan.

Under this plan:

- The domestic carbon exchange (**Carbon Exchange**) will operate on a pilot basis from **June 2025** to December 2028.
- Official operation of the Carbon Exchange will begin **in 2029**.

Eligible Trading Entities

1. For emission allowance transactions

Emitters with allocated emission allowances

2. For carbon credit transactions

- Emitters with allocated emission allowances
- Entities implementing projects under the domestic and eligible international Offset Mechanism
- Entities and individuals eligible to participate in the investment and trade activities involving carbon credits pursuant to relevant laws



Emitters in the Pilot Stage

According to the Department of Climate Change under the MONRE, over 2,000 Emitters are identified under Decision 13.

During the Carbon Exchange pilot stage, only about 150 major facilities (thermal power plants, steel, and cement producers) among those will be selected for participating and receiving emission allowances first.

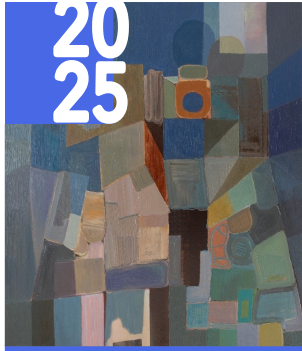
Emission allowances will be allocated for free during this pilot stage.



4. Draft Decree amending Decree 06/2022/ND-CP on GHG Emissions

*(New draft released in early
December 2024)*





BY JUNE

Sectoral ministries propose quotas with respect to the period 2025-2026 for each eligible power plant, steel production facility and cement production facility to the MONRE



BY DECEMBER

The Prime Minister approves the total quotas for the period 2025-2026 and the MONRE distributes the approved quotas among the eligible facilities.



BY JUNE

Sectoral ministries propose quotas with respect to the period 2027-2028 for each Emitter to the MONRE



BY OCTOBER

The Prime Minister approves the total quotas for the period 2027-2028 and the MONRE distributes the approved quotas among the Emitters.

Emission allowances allocation timelines



Biennial GHG Inventory Reporting

1. Starting 2025:

Each Emitter which has not been allocated emission allowances must submit its biennial GHG inventory reports to the relevant provincial People's Committees for verification.

2. Starting 2027:

Emitters being **thermal power plants, steel producing and cement producing facilities** must submit their inventory reports to the relevant sectoral ministries for verification (with respect to the preceding 2-year period).

3. Starting 2029:

Other Emitters which have been allocated emission allowances must submit such inventory reports to the relevant sectoral ministries for verification (with respect to the preceding 2-year period).

Eligible Products on the Carbon Exchange

- **Eligible emission allowances** include those allowances issued for periods starting from 2027. Each emission allowance unit represents emission rights for one ton of CO₂ or its equivalent.
- **Eligible carbon credits** include those issued for emission mitigation as from January 1, 2021 for projects approved under:
 1. the domestic Offset Mechanism; or
 2. international Offset Mechanisms implemented within the Paris Agreement frameworks.
- Carbon credits issued for approved projects under international Offset Mechanisms implemented outside the Paris Agreement frameworks cannot be traded on the Carbon Exchange but can be traded by way of agreement.



Trading, Borrowing and Transferring Emission Allowances

Entities having allocated emission allowances may trade emission allowances:

- * by way of order matching on the Carbon Exchange; or
- * by way of agreement via the relevant parties' accounts on the National Registry.

Until 2030, facilities may borrow up to 15% of their next period's quota to meet current compliance. Borrowed allowances cannot be traded.

Borrowing must be completed via the National Registry before submitting current allowances.

Facilities may transfer unused allowances from the current period to the next, provided current obligations are fulfilled. Transferred allowances can be traded.

Transfers must be processed on the National Registry after submitting current allowances.

Offsetting Emissions with Carbon Credits

Using Carbon Credits for Offsetting Emissions

- Facilities can use carbon credits from projects approved under the domestic Offset Mechanism or under international Offset Mechanisms implemented within the Paris Agreement frameworks to offset up to 20% of their allocated emission allowances.
- Offsetting must be done via the National Registry during the quota submission process.

Trading Carbon Credits for Offsetting Emissions

- Carbon credits may be traded between entities having been allocated emission allowances and entities owning carbon credits under eligible Offset Mechanisms.
- Such trading must occur through the Carbon Exchange.



Domestic Offset Mechanism

1. Entities seeking to register an emission mitigation project for carbon credit issuance under the domestic Offset Mechanism must select an approved methodology and submit their application to the relevant sectoral ministry — directly, online, or by mail.
2. For a multi-sector project, the applicant may choose one of the relevant ministries for registration.
3. Carbon credits are issued based on an application submitted via the National Registry after the project is registered.

A decorative background on the left side of the slide featuring a close-up, vertical view of a light-colored wood grain with distinct, wavy, concentric rings. The wood grain is set against a white background that also contains faint, thin, intersecting lines forming a grid-like pattern.

International Offset Mechanisms

The following categories of international Offset Mechanisms are recognized:

1. Offset Mechanisms established between Vietnamese and foreign parties under international agreements consistent with Article 6.2 of the Paris Agreement;
2. Offset Mechanisms under Article 6.4 of the Paris Agreement, implemented in accordance with the guidelines of the United Nations Framework Convention on Climate Change (UNFCCC); and
3. Offset Mechanisms not covered above, implemented as per rules issued by agencies managing such Offset Mechanisms.

5. Key Definitions





1. **Carbon credit trading and offset mechanism (Offset Mechanism)** refers to a system for registering and implementing programs and projects that reduce GHG emissions and generate carbon credits, following internationally or Vietnam-recognized methodologies. Carbon credits from these programs and projects can be traded on the carbon market or used to offset GHG emissions that exceed allocated allowances.
2. **GHG emission allowance** refers to the amount of GHG that a country, organization, or individual is allowed to emit within a specified period, measured in metric tons of carbon dioxide (CO₂) or CO₂ equivalent.
3. **GHG inventory** is the process of collecting information and data on GHG emission sources, calculating GHG emissions, and measuring GHG absorption within a defined scope and specific year, following methodologies and procedures issued by the competent authorities.
4. **Nationally Determined Contributions (NDCs)** are a country's committed contributions to climate action, including adaptation and GHG emission reduction targets, policies, and measures to address climate change in accordance with the goals of the Paris Agreement.



5. **Paris Agreement** is an international treaty under the United Nations Framework Convention on Climate Change (UNFCCC), effective from 2021, outlining the responsibilities of member countries regarding adaptation and GHG emissions reduction through Nationally Determined Contributions (NDCs).
6. **The Carbon Exchange** is a centralized system for the trading and exchange of GHG emission allowances and carbon credits.
7. **The National Registry System for GHG Emission Allowances and Carbon Credits (National Registry)** is an integrated system of IT infrastructure, software, and data developed to manage, operate, update, and utilize information on GHG emission allowances and carbon credits, as well as to facilitate activities such as borrowing, repayment, transfer, and offsetting of GHG emission allowances.

**Questions?
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