Legal Update

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DECREE 243 – UNLOCKING NEW OPPORTUNITIES FOR DIRECT POWER TRADING AND RENEWABLE ENERGY IN VIETNAM

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On 26 June 2026, the Government of Vietnam promulgated Decree No. 243/2026/NĐ-CP **("Decree 243")**, introducing comprehensive amendments to Decree No. 57/2025/NĐ-CP on the Direct Power Purchase Agreement (DPPA) mechanism (*Cơ chế mua bán điện trực tiếp*) and Decree No. 58/2025/NĐ-CP on renewable energy development and self-produced, self-consumed rooftop solar power (*điện mặt trời mái nhà tự sản xuất, tự tiêu thụ*).

Rather than establishing a new regulatory framework, Decree 243 refines the implementation of the Electricity Law 2024 by addressing practical issues encountered during the first year of operation of the DPPA and renewable energy regimes. The amendments expand market participation, improve project bankability, recognise evolving electricity supply models and provide greater commercial flexibility for distributed renewable energy projects while maintaining the Government's overarching objective of ensuring system reliability and energy security.

Among the most significant reforms are:

- expansion of the DPPA framework to include electricity retailers (*đơn vị bán lẻ điện*) operating within industrial parks *(khu công nghiệp – KCN)* and industrial clusters *(cụm công nghiệp – CCN)*;
- revision of key definitions underpinning the DPPA regime;
- clarification of both direct-wire DPPA *(mua bán điện trực tiếp qua đường dây riêng)* and grid-connected DPPA *(mua bán điện trực tiếp qua lưới điện quốc gia)* structures;

- significant reforms to the self-produced and self-consumed rooftop solar framework, including permitting eligible projects to sell surplus electricity *(điện dư)* of up to **50% of actual electricity generated**, together with a temporary mechanism permitting higher sales under prescribed conditions until **31 December 2030**;
- greater recognition of battery energy storage systems (BESS) *(hệ thống lưu trữ năng lượng bằng pin)* and zero-export configurations *(hệ thống không phát điện lên lưới)*;
- recognition of EV charging stations *(trạm sạc xe điện)* and battery swapping infrastructure *(hạ tầng trạm đổi pin)* as eligible electricity demand *(phụ tải điện)* under the DPPA framework;
- revised registration, reporting and administrative procedures; and
- transitional arrangements preserving legal certainty for existing projects and contractual arrangements.

Collectively, these amendments demonstrate the Government's intention to improve the practical operation of Vietnam's electricity market reforms while continuing to encourage private investment in renewable energy and direct electricity procurement.

AT A GLANCE

Key	Past	Present	Future
DPPA participants	Primarily renewable generators and large electricity consumers	Expanded to include electricity retailers operating within industrial parks and industrial clusters	Significantly broadens market participation.
Industrial parks	Limited recognition within DPPA structure	Express recognition of industrial park and industrial cluster electricity retailers	Facilitates renewable electricity procurement within industrial developments.
Direct-wire DPPA	Initial implementation framework	Clarified participant eligibility and contractual relationships	Improves bankability and implementation certainty.
Grid-connected DPPA	Initial procedural framework	Revised implementation procedures and administrative requirements	Reduces regulatory uncertainty.
Rooftop solar	More restrictive treatment of surplus electricity	Eligible projects may sell surplus electricity up to 50% of actual generation, with additional temporary flexibility until 31 December 2030 under prescribed conditions	Improves project economics and investment returns.
Zero-export systems	Limited regulatory recognition	Expressly recognised within the amended framework	Supports behind-the-meter renewable energy projects.
BESS	Limited treatment	Greater integration within the renewable energy framework	Facilitates hybrid renewable energy projects.

Transitional arrangements	Initial implementation regime	Existing projects and contracts addressed through transitional provisions	Minimises disruption to ongoing investments.

KEY AMENDMENTS TO THE DPPA FRAMEWORK

1. Expansion of the Regulatory Scope

One of the earliest and most significant changes introduced by Decree 243 is the expansion of the regulatory scope of the DPPA mechanism.

Under Decree 57, the framework primarily contemplated direct contractual relationships between renewable energy generators and large electricity consumers. While this structure provided the legal foundation for direct electricity trading, it did not adequately accommodate increasingly common electricity supply arrangements within industrial parks and industrial clusters where electricity is supplied through privately operated distribution systems.

Decree 243 addresses this gap by broadening the categories of market participants and recognising additional entities within the DPPA framework. This amendment significantly expands the practical application of the regime and reflects the commercial reality that industrial developments have become important centres of electricity consumption and renewable energy investment.

From a policy perspective, this amendment demonstrates the Government's willingness to adapt the regulatory framework to reflect evolving market practices rather than requiring commercial arrangements to conform rigidly to the original legislative model.

2. Comprehensive Revision of Core Definitions

A substantial proportion of the amendments introduced by Decree 243 relate to the definitions contained in Article 3 of Decree 57. Although definitional amendments are often perceived as technical drafting changes, they are fundamental to the operation of the entire DPPA regime because they determine the scope of regulated activities and identify eligible market participants.

The amended decree revises several existing definitions while introducing additional concepts necessary to support new commercial models. Among the most significant changes are the introduction of electricity retailers operating within industrial parks and industrial clusters, refinement of the concept of private connection infrastructure, updated treatment of surplus electricity and the incorporation of concepts relevant to battery energy storage and zero-export systems.

These amendments extend beyond mere drafting clarification. By expanding the regulatory vocabulary of the DPPA framework, the Government has effectively broadened the range of commercial structures capable of participating in direct electricity trading while reducing legal uncertainty surrounding increasingly sophisticated project configurations.

3. Industrial Parks and Industrial Clusters Become Recognised Market Participants

Perhaps the most commercially important amendment to Decree 57 is the formal recognition of electricity retailers operating within industrial parks and industrial clusters.

Under the previous framework, many manufacturing facilities located within industrial developments encountered practical uncertainty because electricity was supplied through internal distribution systems rather than directly by EVN. Although these facilities often wished to participate in the DPPA mechanism to satisfy corporate renewable energy commitments, the legal framework did not expressly recognise the role of industrial park electricity retailers.

Decree 243 resolves this uncertainty by incorporating these entities into the DPPA regime. This reform significantly broadens access to direct electricity trading and is expected to encourage greater renewable electricity procurement within industrial developments.

The amendment is likely to benefit multiple categories of market participants. Renewable energy developers gain access to a broader customer base, industrial park developers can strengthen the competitiveness of their developments by facilitating renewable electricity procurement, and multinational manufacturers obtain greater flexibility in achieving sustainability objectives and RE100 commitments without requiring substantial restructuring of existing electricity supply arrangements.

From a financing perspective, the amendment is also expected to improve project bankability by providing greater certainty regarding participant eligibility and contractual structures.

4. Recognition of EV Charging and Battery Swapping Infrastructure

Decree 243 also expressly recognises electric vehicle charging stations and battery swapping infrastructure as eligible electricity demand within the amended DPPA framework. This is an important policy development as it aligns Vietnam's electricity market reforms with its broader transport electrification objectives. By recognising these facilities as eligible electricity consumers *(khách hàng sử dụng điện)*, the decree creates new opportunities for renewable energy developers and charging network operators to participate in direct power trading arrangements. The amendment is expected to facilitate the deployment of renewable-powered charging infrastructure, encourage investment in EV ecosystems and support the increasing electricity demand associated with electric mobility.

5. Refinements to the Direct-Wire DPPA Model

The direct-wire DPPA model remains one of the most innovative elements of Vietnam's electricity market reforms. Under this model, electricity is supplied through dedicated transmission infrastructure constructed between the renewable energy generator and the electricity consumer without relying upon the national electricity system *(hệ thống điện quốc gia)* for physical delivery.

Rather than redesigning this mechanism, Decree 243 introduces targeted amendments intended to improve implementation. The revised framework accommodates broader categories of market participants, clarifies contractual relationships and aligns the direct-wire model more closely with the commercial realities of industrial electricity supply.

These amendments are expected to reduce implementation uncertainty and facilitate financing for future direct-wire renewable energy projects by providing greater legal certainty regarding project structures, ownership of private connection infrastructure and participant eligibility.

6. REFINEMENTS TO THE GRID-CONNECTED DPPA FRAMEWORK

While the direct-wire model enables physical delivery of electricity through dedicated infrastructure, the grid-connected DPPA model remains the principal mechanism through which geographically separated renewable energy generators and large electricity consumers transact renewable electricity through the national power system.

Decree 243 does not fundamentally alter this model. Instead, it focuses on improving implementation by refining participant eligibility, clarifying administrative procedures and updating implementation documentation.

One important feature of the amendments is the alignment of the operational provisions with the expanded categories of market participants introduced elsewhere in the decree. As industrial park electricity retailers become recognised participants within the DPPA framework, the corresponding implementation provisions have also been updated to reflect their role within electricity transactions.

The decree further revises administrative procedures governing registration, implementation and reporting. While procedural in nature, these amendments should not be underestimated. Regulatory uncertainty surrounding implementation requirements has been one of the principal practical challenges since Decree 57 entered into force. By providing clearer procedural guidance, Decree 243 reduces implementation risk and should contribute to more consistent application of the DPPA mechanism across provinces.

From a commercial perspective, greater procedural certainty is expected to shorten development timelines and improve lender confidence during project due diligence.

KEY AMENDMENTS TO THE RENEWABLE ENERGY FRAMEWORK

7. A More Commercially Flexible Rooftop Solar Regime

The most significant amendments to Decree 58 concern the regulatory framework governing self-produced and self-consumed rooftop solar power systems.

The Government has maintained the fundamental policy objective that rooftop solar projects should primarily satisfy on-site electricity demand. However, Decree 243 recognises that the original regulatory framework imposed commercial constraints that did not always reflect operational realities faced by industrial and commercial electricity consumers.

Rather than changing the underlying policy, the amended decree introduces greater commercial flexibility while preserving the principle that rooftop solar systems remain self-consumption projects rather than merchant electricity generation facilities.

The reforms are expected to improve project economics, encourage additional rooftop solar investment and support Vietnam's broader decarbonisation objectives.

8. Liberalisation of the Surplus Electricity Regime

Perhaps the single most commercially significant amendment introduced by Decree 243 is the liberalisation of the surplus electricity regime applicable to self-produced and self-consumed rooftop solar projects.

Under the previous framework established by Decree 58, rooftop solar systems were intended primarily for self-consumption. Although surplus electricity could be exported in limited circumstances, the regime was intentionally restrictive in order to discourage commercial electricity generation through rooftop solar projects.

Decree 243 substantially improves this position by permitting eligible rooftop solar systems to sell surplus electricity of up to **50% of the actual electricity generated**, subject to the applicable technical and regulatory requirements.

This amendment fundamentally improves project economics.

Electricity demand at manufacturing facilities rarely remains constant throughout the operational life of a project. Production schedules, maintenance shutdowns, seasonal demand and future business expansion frequently result in temporary differences between electricity generation and consumption. Under the previous framework, developers often limited installed capacity to avoid uneconomic surplus generation.

By allowing project owners to monetise a substantially greater proportion of surplus electricity, the amended framework reduces investment risk and encourages more efficient utilisation of available rooftop space. Developers are now able to size projects with greater confidence that temporary reductions in electricity demand will not necessarily result in wasted electricity generation or deemed energy payments delays/disputes.

Importantly, Decree 243 also introduces a temporary mechanism under which parties may, until **31 December 2030**, agree to sell surplus electricity as stated above i.e. exceeding the 50% threshold where the electricity system has sufficient absorption capacity and the applicable technical and operational requirements are satisfied. This additional flexibility recognises that electricity system conditions differ across regions and provides a transitional mechanism supporting Vietnam's continuing energy transition.

From a financing perspective, this amendment is likely to improve bankability by increasing revenue certainty and reducing the financial impact of unavoidable surplus generation.

9. Recognition of Zero-Export Systems

Decree 243 also provides greater regulatory recognition for **zero-export** rooftop solar systems *(hệ thống điện mặt trời mái nhà không phát điện lên lưới)*.

Zero-export configurations are designed so that electricity generated by the rooftop solar installation is consumed entirely on-site without exporting electricity to the national electricity system. Such systems are increasingly attractive for industrial facilities seeking to maximise renewable electricity consumption while avoiding more complex regulatory arrangements associated with electricity exports.

The amended decree introduces relevant definitions and implementation provisions supporting this project model. Although the policy objective remains the promotion of self-consumption, express recognition of zero-export systems provides greater legal certainty for project developers and aligns Vietnam's framework more closely with international distributed energy practices.

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The recognition of zero-export systems is also likely to accelerate deployment of rooftop solar within industrial facilities that have previously been reluctant to install larger systems because of uncertainty regarding treatment of surplus electricity.

10. Greater Integration of Battery Energy Storage Systems

BESS receive considerably greater recognition under the amended renewable energy framework.

Although Decree 243 does not establish a standalone regulatory regime governing electricity storage, it expressly acknowledges the increasing role of battery storage within renewable energy projects. Storage technologies are now reflected within revised definitions and operational provisions governing renewable electricity generation and surplus electricity management.

The commercial significance of this amendment extends beyond simple terminology.

Battery storage enables project owners to increase self-consumption ratios, reduce curtailment, improve electricity reliability and optimise the timing of electricity supply. As Vietnam's renewable energy market continues to mature, battery storage is expected to become an increasingly important component of both rooftop solar projects and larger renewable energy developments.

The amendments therefore establish an important regulatory foundation for future hybrid renewable energy projects integrating generation and storage technologies.

11. Registration, Licensing and Administrative Reforms

In addition to substantive policy reforms, Decree 243 introduces numerous amendments to administrative procedures.

The decree updates notification requirements, registration procedures, implementation forms and reporting obligations to reflect the broader scope of the amended regulatory framework. These changes are intended to improve consistency of implementation while reducing uncertainty regarding regulatory compliance.

Although largely procedural, these amendments have practical significance for project implementation. Clearer administrative procedures reduce transaction costs, facilitate regulatory approvals and provide greater certainty for project developers and investors.

Developers should nevertheless review internal compliance procedures carefully, as the amended framework continues to impose comprehensive obligations relating to metering, reporting, technical standards and electricity market operation. Administrative simplification should therefore not be interpreted as regulatory relaxation.

Particular attention should also be paid to the revised notification forms, reporting templates and implementation procedures administered by the Department of Industry and Trade *(Sở Công Thương)* and other competent authorities to ensure continued compliance with the amended framework.

12. PROVINCIAL AUTHORITIES AND REGULATORY IMPLEMENTATION

Another notable feature of Decree 243 is the increased role assigned to provincial People's Committees *(Ủy ban nhân dân cấp tỉnh)* and relevant provincial authorities.

The amended framework allocates broader responsibilities relating to project administration, implementation guidance, supervision and information management. This reflects the Government's continuing policy of decentralising project administration while maintaining overall regulatory oversight at the national level.

Developers should therefore anticipate that engagement with provincial authorities will remain an important component of project development, particularly during the implementation phase. While the amendments provide greater regulatory clarity, practical application will continue to evolve as provincial authorities implement the revised framework.

In the short term, proactive engagement with local authorities will remain essential to ensure consistent interpretation of the amended provisions and avoid unnecessary implementation delays.

13. TRANSITIONAL PROVISIONS: PROTECTING EXISTING PROJECTS AND COMMERCIAL ARRANGEMENTS

Recognising that numerous DPPA projects, rooftop solar developments and renewable energy investments were already underway when Decree 243 entered into force, the Government has incorporated transitional provisions to preserve legal certainty while ensuring an orderly migration to the amended regulatory framework.

Unlike a complete replacement of the previous regime, Decree 243 adopts a pragmatic approach by preserving existing legal relationships where appropriate while applying the amended framework prospectively. This reflects the Government's intention to encourage continued investment rather than disrupt projects developed in reliance on Decrees 57 and 58.

For developers, financiers and electricity consumers, the transitional provisions are particularly important because they determine whether existing projects, registrations and contractual arrangements continue to remain valid under the amended framework.

Existing DPPA Contracts

Existing DPPA arrangements executed under Decree 57 are not automatically invalidated by Decree 243. The transitional provisions seek to preserve contractual continuity while allowing future implementation to benefit from the amended framework where appropriate.

This approach provides important certainty for investors and lenders that have committed substantial capital based upon the previous regulatory regime.

Nevertheless, where parties intend to amend, extend or restructure existing contractual arrangements, consideration should be given to whether the amended provisions of Decree 243 become applicable to those revised arrangements.

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Existing Rooftop Solar Projects

The transitional provisions also address rooftop solar systems that were already installed or undergoing implementation prior to the effective date of Decree 243.

Rather than requiring existing projects to recommence regulatory procedures, the amended decree generally preserves the validity of projects implemented under the previous framework while allowing eligible project owners to benefit from certain commercial improvements introduced by the amended regime where applicable.

Project owners should therefore undertake a legal review of existing rooftop solar investments to determine whether the revised surplus electricity regime, updated registration requirements or amended implementation procedures create opportunities to improve project economics.

Pending Applications

For projects that had already submitted notifications, registrations or other administrative applications before Decree 243 entered into force i.e. 26/06/2026, the transitional framework provides guidance regarding the continued processing of those applications.

Although the objective is to avoid unnecessary administrative duplication, developers should confirm with the relevant provincial authorities whether supplementary documentation or procedural updates are required under the amended framework.

Existing Surplus Electricity Arrangements

The introduction of the revised surplus electricity regime does not automatically amend existing contractual arrangements governing electricity sales.

Accordingly, project owners should review electricity purchase agreements and associated commercial documentation to determine whether amendments or future renewals may enable projects to benefit from the greater flexibility introduced under Decree 243.

Offshore Wind and Sector-Specific Transitional Measures

Decree 243 also introduces transitional measures applicable to certain offshore wind development activities and sector-specific projects commenced under the previous regulatory framework.

Although these provisions are targeted rather than sector-wide, developers involved in offshore wind or projects subject to transitional treatment should undertake a detailed review of project approvals, survey rights and implementation schedules to ensure continued compliance under the amended framework.

Overall, the transitional provisions reflect a balanced regulatory approach. Rather than disrupting existing investment, the Government has sought to maintain regulatory continuity while enabling future projects to benefit from a more commercially flexible legal framework.

COMMERCIAL IMPLICATIONS

The amendments introduced by Decree 243 extend well beyond technical legislative revisions. Collectively, they represent an important maturation of Vietnam's electricity market reforms and demonstrate the Government's willingness to refine recently enacted legislation in response to practical implementation experience.

Renewable Energy Developers

Renewable energy developers are likely to be among the principal beneficiaries of the amended framework.

The expansion of eligible DPPA participants, greater recognition of industrial park electricity retailers and increased flexibility regarding rooftop solar projects collectively expand the range of commercially viable project structures available within Vietnam.

Perhaps most importantly, the liberalisation of the surplus electricity regime significantly improves project economics by reducing the financial consequences of unavoidable fluctuations in electricity demand.

Industrial Park Developers

Industrial parks increasingly compete to attract multinational manufacturers with ambitious decarbonisation commitments.

The express recognition of electricity retailers operating within industrial parks provides developers with an opportunity to integrate renewable electricity solutions into broader industrial infrastructure offerings.

Over time, access to renewable electricity may become an increasingly important competitive differentiator when attracting export-oriented manufacturing investment.

EV Infrastructure

The recognition of EV charging and battery swapping infrastructure also opens a new customer segment for renewable energy developers and electricity retailers. As Vietnam's EV market continues to expand, charging networks may emerge as significant long-term participants in the DPPA market.

Corporate Electricity Consumers

Large electricity consumers benefit from increased flexibility in accessing renewable electricity.

The expanded DPPA framework, together with greater commercial viability of rooftop solar projects, enables manufacturers to pursue renewable electricity procurement strategies more effectively while supporting broader ESG and RE100 commitments.

For many multinational corporations, these amendments remove practical barriers that previously limited participation in Vietnam's emerging renewable electricity market.

Lenders and Investors

From a financing perspective, Decree 243 reduces several regulatory uncertainties that affected early DPPA and rooftop solar projects.

Greater clarity regarding participant eligibility, contractual structures, surplus electricity treatment and administrative procedures improves project bankability and facilitates legal due diligence undertaken by lenders and equity investors.

Although project-specific legal analysis will remain necessary, the overall direction of the amendments is likely to reduce regulatory risk for renewable energy investments.

SNAPSHOT

Decree 243 represents a significant evolution of Vietnam's post-Electricity Law 2024 regulatory framework. Rather than fundamentally changing the policy direction established under Decrees 57 and 58, the Government has refined the implementation of both regimes to address practical issues encountered during their first year of operation.

The amendments expand participation in the DPPA mechanism, recognise evolving industrial electricity supply models, improve the economics of rooftop solar investment, acknowledge the growing role of battery energy storage and provide greater administrative clarity for market participants.

Perhaps most importantly, the decree demonstrates the Government's willingness to refine recently enacted legislation in response to market experience. This responsive regulatory approach should provide greater confidence to domestic and international investors considering long-term renewable energy projects in Vietnam.

While project developers and electricity consumers should carefully review the amended framework to ensure compliance and maximise commercial opportunities, the overall trajectory of reform remains clear. Vietnam continues to move steadily towards a more competitive, decentralised and commercially sophisticated electricity market capable of supporting the country's long-term energy transition objectives.

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