

Launch of Regulations on Self-Consumption Rooftop Solar Power

Asia Newsletter

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1. Introduction

On 22 October 2024, the Vietnamese government promulgated Decree No. 135/2024/ND-CP (“**Decree 135**”) on schemes and policies encouraging the development of self-production and self-consumption rooftop solar power (“**RTS**”). Decree 135 is an important step toward implementation of certain renewable energy goals in the Power Development Plan VIII (“**PDP VIII**”), which envisions an additional capacity increase of 2,600 MW for self-production and self-consumption RTS by 2030.

Rooftop solar installations in Vietnam previously were regulated under Decision No. 13/2020/QĐ-TTg (“**Decision 13**”) of the Prime Minister dated 6 April 2020. Decision 13 limits the capacity of RTS systems to a maximum of 1 MW and allows the sale of all electricity generated at Feed-in Tariff (FIT) rates.

Since 1 January 2021 there has been no legislative framework for the development of new RTS systems. Decree 135 addresses this legislative gap and, as such, has been welcomed warmly by industry participants and represents a significant advancement for the electricity sector in Vietnam.

2. Two Distinct Self-Consumption RTS Models

Decree 135 defines “rooftop solar power” as the electricity generated from photovoltaic panels that convert light energy into electricity through structures constructed and installed on the rooftops of buildings, connected with electricity equipment, and directly serving to generate electricity.

Decree 135 sets out two distinct self-consumption RTS models. These are:

- **Grid-connected RTS**; and
- **Off-grid RTS**.

Key features of Grid-Connected RTS and Off-Grid RTS are summarised in the table below:

	<i>Grid-Connected RTS</i>	<i>Off-Grid RTS</i>
Technical criteria	Supplying power to on-site loads that are connected to or physically linked to the national grid.	Supplying power to on-site loads that are not connected to or not physically linked to the national grid (operating independently from the national grid).

Registration notification procedures	<ul style="list-style-type: none"> ✓ For RTS with capacity less than 1,000 kW - no registration requirement. However, notification must be given to the Department of Industry and Trade (“DOIT”), construction, firefighting, and local electricity authorities. ✓ For RTS with capacity from 1,000 kW: must be registered with DOIT. 	<p>Notification must be given to DOIT, construction, firefighting, and local electricity authority.</p>
Limitation to quotas under PDP8 Implementation Plan and requirement of electricity operation license	<p>Yes, except for:</p> <ul style="list-style-type: none"> ✓ RTS installed on the rooftops of households, single residential houses with a capacity of less than 100kW; and ✓ RTS equipped with anti-reverse power devices to prevent backfeeding into the national grid. 	<p>No</p>
Sale of surplus power	<p>Permitted, up to 20% of capacity, subject to certain conditions - see further in Section 3 below</p> <p><u>Exception</u>: RTS systems installed on the rooftops of office buildings or properties classified as public assets are not entitled to sell surplus power.</p>	<p>Not permitted</p>
Cases for revocation of Registration Certificate	<ul style="list-style-type: none"> ✓ Construction works (buildings) where RTS systems are installed must be demolished due to land clearance determined by competent authorities; ✓ Organizations or individuals developing and operating RTS systems (“RTS Generators”) fail to continue the operation of RTS systems; ✓ Registration documents are falsified or Registration Certificate is issued without proper authority and other scenarios per decision of the competent authority; ✓ RTS Generators fail to complete the installation of RTS systems within 60 days from the completion deadline indicated in Registration Certificates. 	<p>N/A</p>

Additional Obligations	<ul style="list-style-type: none"> ✓ In addition to complying with the quota requirement, Grid-connected RTS is required to ensure development of RTS capacity less than or equal to the total installed capacity of the existing load (which is in conformity with the amount of electricity consumed in the past 12 months). This regulation indicates that the quota for Grid-connected RTS is strictly limited and RTS Generators therefore must justify their registered capacity based on their actual loads during the past year. ✓ RTS Generators shall invest in, install, or operate RTS systems within the capacity approved in the Registration Certificate. 	RTS Generators shall invest in, install, or operate RTS systems within the capacity contained in the notification provided to the competent authority.
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3. Sale of Surplus Electricity


In principle, both Off-grid RTS and Grid-connected RTS systems are prohibited from selling surplus power to any third party. However, certain Grid-connected RTS (including the RTS under the PDP VIII and its implementation plan, and RTS of households, or single residential houses with the capacity of less than 100KW) may sell surplus electricity to EVN through the national grid, up to a maximum of 20% of the actual installed capacity. While permission to sell surplus electricity may seem contrary to the nature of Self-consumption RTS, state authorities view it as an incentive for RTS Generators rather than a misalignment, and indeed this provision underwent extensive debate during the drafting stage, with objections and different formulations of saleable electricity thresholds.

RTS Generators are entitled to a non-negotiable price that is equal to the average market electricity price during the previous year, as published by the electricity system and market operator.

RTS Generators must submit a proposal to sell their RTS to EVN. Then, a contract will be prepared and signed, using the standard template, within five working days after receipt of the proposal. The duration of the contract is set at five years from the date RTS systems are put into operation, with the possibility of renewal or entering into a new contract upon expiration.

4. Transitional Rule

Decree 135 addresses the legal vacuum that existed previously in relation to Grid-connected RTS systems installed from 1 January 2021 until the effective date of Decree 135. Specifically, Decree 135 allows these projects to operate, as long as the project information is provided to the relevant authorities properly, without



any formal registration procedures. If these RTS Generators opt to sell their excess electricity to EVN, they are subject to the same requirements as other Grid-connected RTS developed after the effective date of Decree 135.

5. Reduction of Licensing Burdens to Promote the Development of RTS

Decree 135 introduces several incentives to promote the further adoption of Self-consumption RTS systems. For instance, as noted in the table above, all the Off-grid RTS systems, and certain Grid-connected RTS, are completely exempt from the obligation to obtain an electricity operation license, and can be developed without any limitation on capacity. This exemption is expected to facilitate faster adoption of RTS technologies by saving both time and money on licensing.

Additionally, because the laws on land require that land be used in accordance with the land use purpose, a concern existed as to whether or not RTS must be developed on land designated for energy, infrastructure, or similar purposes. Decree 135 addresses this issue, by expressly stating that the land and construction work are not required to have energy construction as the designated land use purpose when integrating RTS systems into buildings. Thus, RTS Generators with systems installed on residential land or non-agricultural land are not required to convert their land use purposes, which can be a time-consuming and costly process.

6. Remaining Issues Impacting RTS Development

After expiration of the FIT program, Decree 135 was expected to provide a clear, incentivized mechanism to develop the RTS sector further. However, although it allows for limited sales of excess electricity to EVN, Decree 135 in fact restricts entities from leveraging these provisions for broader sales, since only a capped percentage (up to 20% of actual installed capacity) can be sold back to the national grid. Additionally, by requiring rooftop RTS owners to install and operate the RTS by themselves, Decree 135 does not permit third party professionals to come into the picture, and severely limits business opportunities for those service providers, or will require relevant stakeholders to come up with alternative business models.

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