

VIETNAM ENERGY FOCUS

RENEWABLE ENERGY HELPS VIETNAM MEET ITS GOAL OF NET ZERO EMISSIONS BY 2050

Shifting from an established fossil fuel-powered grid is a complex, multi-year process that requires a clear understanding of the interplay between the short and long-term actions. To fully realise the benefits of a high-renewable power system requires key steps to be taken in the coming 5-8 years.

Việt Nam has set a goal of becoming a green economy. Thanks to increased investments, the country is making substantial strides in renewable energy. Statistics from the Vietnam Electricity (EVN) showed that the installed capacity of the renewables hit 20,670 MW in 2021, up 3,420 MW year-on-year and accounting for 27 % of the total. Sushil Purohit, President of Wärtsilä Energy and Executive Vice President at Wärtsilä Corp, shares his views on how renewables can help Việt Nam reach its Net zero ambition by mid-century.

According to the Ministry of Industry and Trade's Department of Electricity and Renewable Energy, Việt Nam has set a target for renewables to account for 45 % of the national power generation capacity by 2030. What suggestions do you have to help Việt Nam scale up renewable energy into the dominant energy source?

The increase in the share of renewables will definitely depend on the policies that we believe the Government has been working on after the feed-in-tariff mechanisms for wind and solar have ended.

Those policies should include the new tariff structure for both existing solar and wind power plants, and for new renewable energy projects, as well as a direct power purchase agreement (PPA) pilot scheme to enable renewable energy providers to sell clean electricity to directly private off takers.

Moreover, the development of renewable energy needs to be synchronised with the investment and upgrade in grid infrastructure. Otherwise, we will continue to see the issue with curtailment in the future. As our modelling shows, when we have a big share of renewable energy in the system, flexible assets must be added to balance the intermittency, preventing any grid instability at all times.

To provide an analogy – if renewable energy power plants are like cars, transmission lines are like roads and flexibility is like traffic lights. Without roads you cannot move from one destination to the next. However, without traffic lights, the roads will be jammed, or the power systems will be unstable.

What should Việt Nam's policymakers and regulators do to attract more investment from domestic and foreign firms in renewable energy, which is a key factor to help Việt Nam meet its goal of net-zero emissions by 2050?

Shifting from an established fossil fuel-powered grid is a complex, multi-year process that requires a clear understanding of the interplay between the short and long-term actions. To fully realise the benefits of a high-renewable power system requires key steps to be taken in the coming 5-8 years.