

Ha Noi, June 8th, 2012

CIRCULAR

Guiding the financial mechanism to support electricity price for grid connected wind power projects

Pursuant to Law on the State Budget dated December 16th, 2002;

Pursuant to Decree No. 118/2008/ND-CP dated November 27th, 2008 of the Government defining the functions, tasks, powers and organizational structure of Ministry of Finance;

Pursuant to Decision No. 37/2011/QĐ-TTg dated June 29th, 2011 of the Prime Minister on the mechanism supporting the development of wind power projects in Vietnam;

At the proposal of Director General of Department of Banking and Financial Organizations;

Minister of Finance guides the financial mechanisms for grid-connected wind energy projects as follows:

Article 1. Governing scope

1. This Circular guides the electricity price support by the State for grid connected wind power projects through Vietnam Environmental Protection Fund under regulations of Decision No. 37/2011/QĐ-TTg of the Prime Minister on the mechanism supporting the development of wind power projects in Vietnam (hereinafter referred to as Decision No. 37/2011/QĐ-TTg)

2. Electric product supported in price by the State is the electricity produced from wind power projects which are built, operated and connected

to the national grid to provide part or all of electricity for production.

3. Grid connected wind power projects which are supported in electricity price under regulations of Decision No. 37/2011/QD-TTg and instructions of this Circular shall not be entitled to apply the price support mechanism for their electricity output under other current regulations .

4. If wind power projects are allowed by competent authorities to apply regulations of Decision No. 130/2007/QD-TTg dated August 2nd, 2007 of the Prime Minister on a number of financial mechanisms and policies applicable to investment projects under the clean development mechanism, they shall be entitled to apply the price support mechanism as stipulated in Joint Circular No. 58/2008/TTLT-BTC-BTN&MT dated July 4th, 2008 of Ministry of Finance, Ministry of Natural Resources and Environment guiding the implementation of some articles of Decision No. 130/2007/QD-TTg dated August 2nd, 2007 of the Prime Minister on a number of financial mechanisms and policies applicable to investment projects under the clean development mechanism; Joint Circular No. 204/2010/TTLT-BTC-BTN&MT dated December 15th, 2010 of Ministry of Finance, Ministry of Natural Resources and Environment amending and supplementing some contents of Joint Circular No. 58/2008/TTLT-BTC-BTN&MT dated July 4th, 2008.

Article 2. Subject to be supported in electricity price

Subject to be supported in electricity price by the State through Vietnam Environmental Protection Fund is Vietnam Electricity (EVN) or its authorized subsidiary units (hereinafter referred to as the electricity purchaser) to purchase electricity from enterprises which produce, operate and trade in electricity from wind power projects (hereinafter referred to as the electricity seller) as stipulated in Decision No. 37/2011/QD-TTg.

Article 3. Conditions for being supported in electricity price

1. The electricity purchaser has responsibility for purchasing all electricity produced from grid connected wind power plants under its management area as stipulated in Clause 1, Article 11 and Clause 1, Article 14 of Decision No. 37/2011/QD-TTg.

2. The electricity sale and purchase is carried out through contract for electricity sale and purchase made in accordance with sample contract for electricity sale and purchase applied to grid connected wind power projects

issued by Ministry of Industry and Trade. The electricity purchasing price is subject to regulation in Article 14 of Decision No. 37/2011/QD-TTg.

3. To have a complete dossier requesting electricity price support as stipulated in Article 7 of this Circular.

Article 4. Level of electricity price support

1. Level of electricity price support for the electricity purchaser of entire electricity output purchased from grid connected wind power plants is 207 VND/kWh.

2. Level of electricity price support will change under decision of the Prime Minister in each period.

Article 5. Amount of electricity price support

Amount of electricity price support for the electricity purchaser is defined as follows:

$$\begin{array}{l} \text{Amount of} \\ \text{electricity price} \\ \text{support (VND)} \end{array} = \begin{array}{l} \text{Level of electricity} \\ \text{price support} \\ \text{(VND/kWh)} \end{array} \times \begin{array}{l} \text{Electricity output} \\ \text{purchased} \\ \text{(kWh)} \end{array}$$

In which the electricity output purchased is the electricity output actually delivered to the electricity purchaser by the electricity seller in each period of payment at electricity delivery location and confirmed by the electricity seller and the electricity purchaser. Method of electricity delivery between the two parties must conform to regulation on electricity measurement issued by Ministry of Industry and Trade.

Article 6. Time of electricity price support

1. Time of electricity price support is the time of the contract for electricity sale and purchase as stipulated in point a, clause 2, Article 11 of Decision No. 37/2011/QD-TTg.

2. Time of electricity price support will change under decision of the Prime Minister in each period.

Article 7. Dossier requesting electricity price support

1. A dossier requesting electricity price support consists of:

a) Request for electricity price support of the electricity purchaser.

b) Authorization of Vietnam Electricity if the electricity purchaser is a subsidiary unit. This document is submitted once on the first incurrence of electricity price support proposal and subject to additional submission upon changes in authorization of Vietnam Electricity to subsidiary units.

c) Contract for electricity sale and purchase signed and validated by and between the electricity purchaser and the electricity seller (original or notarized copy). This contract is submitted once on the first incurrence of electricity price support proposal and subject to additional submission upon changes in the contract for electricity sale and purchase or new contract.

d) Minutes of confirmation of meter indicator in the period between the electricity purchaser and the electricity seller (certified copy of the electricity purchaser).

e) Note of electricity delivery in the period between the electricity purchaser and the electricity seller (certified copy of the electricity purchaser).

f) Documents of payment transfer from the electricity purchaser to the electricity seller on actual amount of electricity purchased, sold in each course (copy).

g) Other relevant documents (if any).

2. The electricity purchaser shall fully and truthfully provide the relevant dossier and bear responsibility for accuracy of provided documents.

Article 8. Estimating, estimation assignment and execution, accounting, finalization of budget for electricity price support and reporting system

1. Estimating:

a) Prior to June 30th every year, the electricity purchaser bases itself on contracts for electricity sale and purchase, documents registering the quantity of electricity expected to sell in the subsequent year of the electricity seller to synthesize the quantity of electricity expected to purchase in the subsequent year by each grid connected wind power plant and estimate the total amount to be supported in electricity price as stipulated to send to Vietnam Environmental Protection Fund.

b) Prior to July 10th every year, Vietnam Environmental Protection Fund has responsibility for reviewing and anticipating electricity price support in the subsequent year of the electricity purchaser, estimating expenditure for electricity price support for the subsequent year to submit to Ministry of Natural Resources and Environment, Ministry of Industry and Trade for consideration.

c) Prior to July 20th every year, based on opinions of Ministry of Industry and Trade, Ministry of Natural Resources and Environment incorporates budget for electricity price support into the plan on environmental protection expenditure allocation from the central budget to send to Ministry of Finance for consideration, summarization to report to the Government. The Government will then submit it to the National Assembly for consideration and decision.

2. Estimation assignment:

Based on expenditure allocation of annual central budget plan approved by the National Assembly and assigned by the Prime Minister, Ministry of Finance assigns expenditure estimation of electricity price support to Vietnam Environmental Protection Fund to implement.

3. Estimation execution:

a) Based on the dossier requesting electricity price support of the electricity purchaser in each course in year, Vietnam Environmental Protection Fund shall inspect, identify level of electricity price support for the electricity purchaser as regulation to withdraw the estimation with limit equal to total support for the electricity purchaser in each course and directly pay amount of support to the electricity purchaser, ensuring accumulation of estimation withdrawals not to exceed the assigned annual estimation.

b) In case the amount to be supported as regulation exceeds the annual estimation, Vietnam Environmental Protection Fund shall promptly report to Ministry of Natural Resources and Environment, Ministry of Finance to synthesize and submit to the competent authority for specific settlement.

4. Accounting, finalization and reporting system:

Vietnam Environmental Protection Fund executes accounting and finalization of expenditure for electricity price support from the State budget

into revenues and expenditures of Vietnam Environmental Protection Fund, makes periodic and annual reports under current regulations on management of the State budget and regulation on financial management of Vietnam Environmental Protection Fund.

Article 9. Organization of implementation

This Circular takes effect from August 1st, 2012. During implementation, if there are any difficulties, agencies and units are requested to report to the Ministry of Finance for study, amendment and supplementation./.

Recipients:

- Prime Minister, Deputy Prime Ministers of the Government;
- Office of the Party Central Committee and Party Commissions;
- Office of the National Assembly;
- Office of Party Secretary General;
- Office of the President;
- Supreme People's Court;
- Supreme People's Procuracy;
- The State Audit of Vietnam;
- Office of the Central Steering Committee for Anti-Corruption;
- Ministries, Ministerial-level agencies, Government agencies;
- People's Councils, People's Committees of provinces, cities under direct central authority;
- Department of Examination of Legal Normative Documents (Ministry of Justice);
- Vietnam Electricity (EVN);
- Official Gazette;
- Website of the Government;
- Website of the Ministry of Finance;
- Affiliated units of the Ministry of Finance;
- Archives: Secretariat, Department of Banking and Financial Organizations.

**FOR THE MINISTER
DEPUTY MINISTER**

Tran Xuan Ha