# UPDATE POWER INDUSTRY

## January 16th, 2023

## The Ministry of Industry and Trade announced new price levels for wind and solar power projects.

| Unit: VND/kWh | Price for transitional projects | FIT* price | Change (%) |
|---|---|---|---|
| Ground solar power | 1,184.9 | 1,673.4 | -29% |
| Floating solar power | 1,508.3 | 1,815.0 | -17% |
| Wind power on-shore | 1,587.1 | 2,006.2 | -21% |
| Wind power off-shore | 1,816.0 | 2,313.0 | -21% |

Source: MoIT, Shinhan Securities Vietnam

FIT*: Feed-in Tariff calculated based on the central exchange rate of the SBV on January 16th, 2023

**The new price brings advantages and challenges to power businesses**

The Ministry of Industry and Trade has issued Decision No. 21/QD-BCT promulgating the electricity price levels for transitional solar and wind power plants on January 7th, 2023. The new price for these projects is lower from 17% to 29% depending on the type of power source compared to the FIT price.

Therefore, from our perspective, some transitional power projects may not achieve the expected rate of return for investors. However, the new price mechanism helps transitional power projects generate cash flow for businesses. Some projects can be mentioned as the Tan Phu Dong 1 wind power plant (100 MW), Ben Tre 2 VPL (30 MW) of GEG, and Khai Long 1 wind power plant (100 MW) of BCG.

**The new mechanism promotes faster transformation for businesses in the power industry**

The new mechanism for transition projects is an important stepping stone in the greener transition of the power industry. With a lower price mechanism, investors with high management capacity and efficiency can be selected to take on a more important role in the national power system. Besides, with this price, businesses will be more and more motivated to reduce investment costs and seek preferential green capital sources.

We rate PC1 as one of the businesses benefiting from the development of renewable energy. PC1 is one of the leading names in the field of renewable energy construction and installation. Besides, PC1 is also the largest manufacturer in Vietnam in the field of steel poles used in the power grid system with a capacity of 50,000 products/year. With the transformation of the power industry, we believe that the backlog of PC1 will skyrocket after the approval of the power plan VIII. In addition, PC1 plans to put 4 new hydroelectric plants with a total capacity of 81MW and own 350MW of renewable energy in 2025.

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