

Next generation of ETS
ICAP, 28 September 2023

Vietnam's carbon market developments



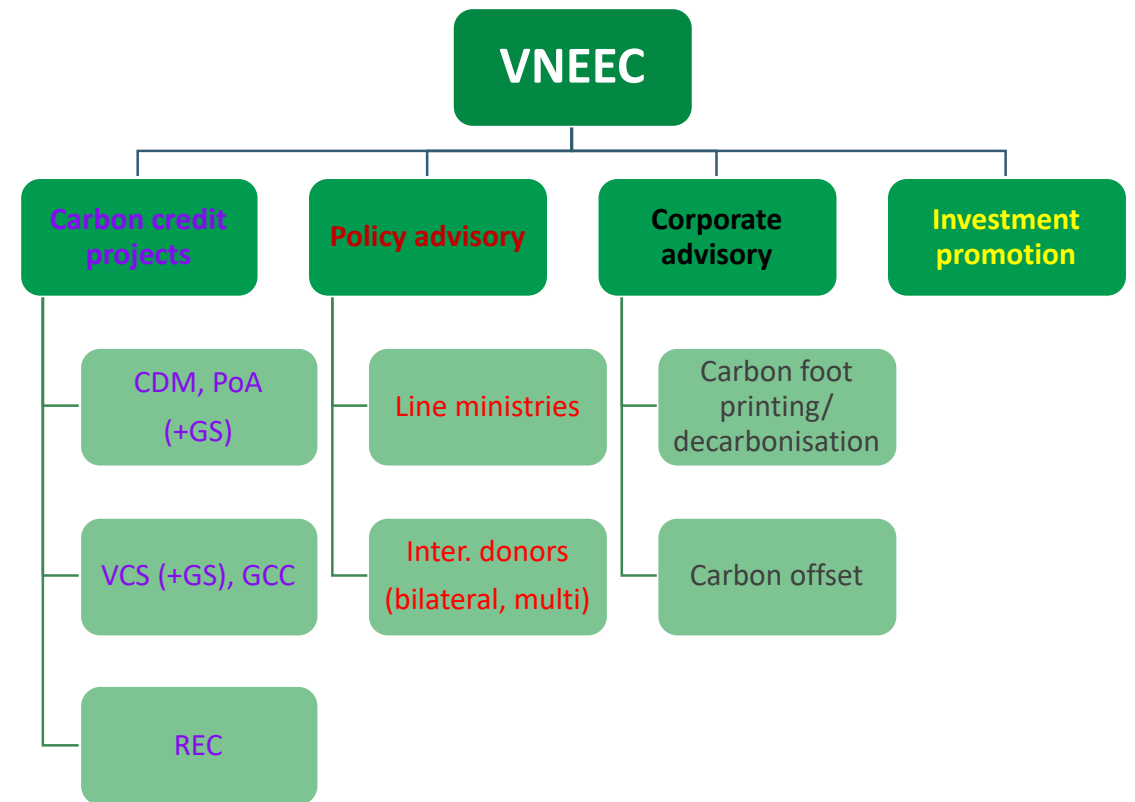
Dang Hanh – Co-founder & Managing Director

Energy and Environment Consultancy Joint Stock Company (VNEEC)

Website: www.eec.vn

VNEEC's major successes

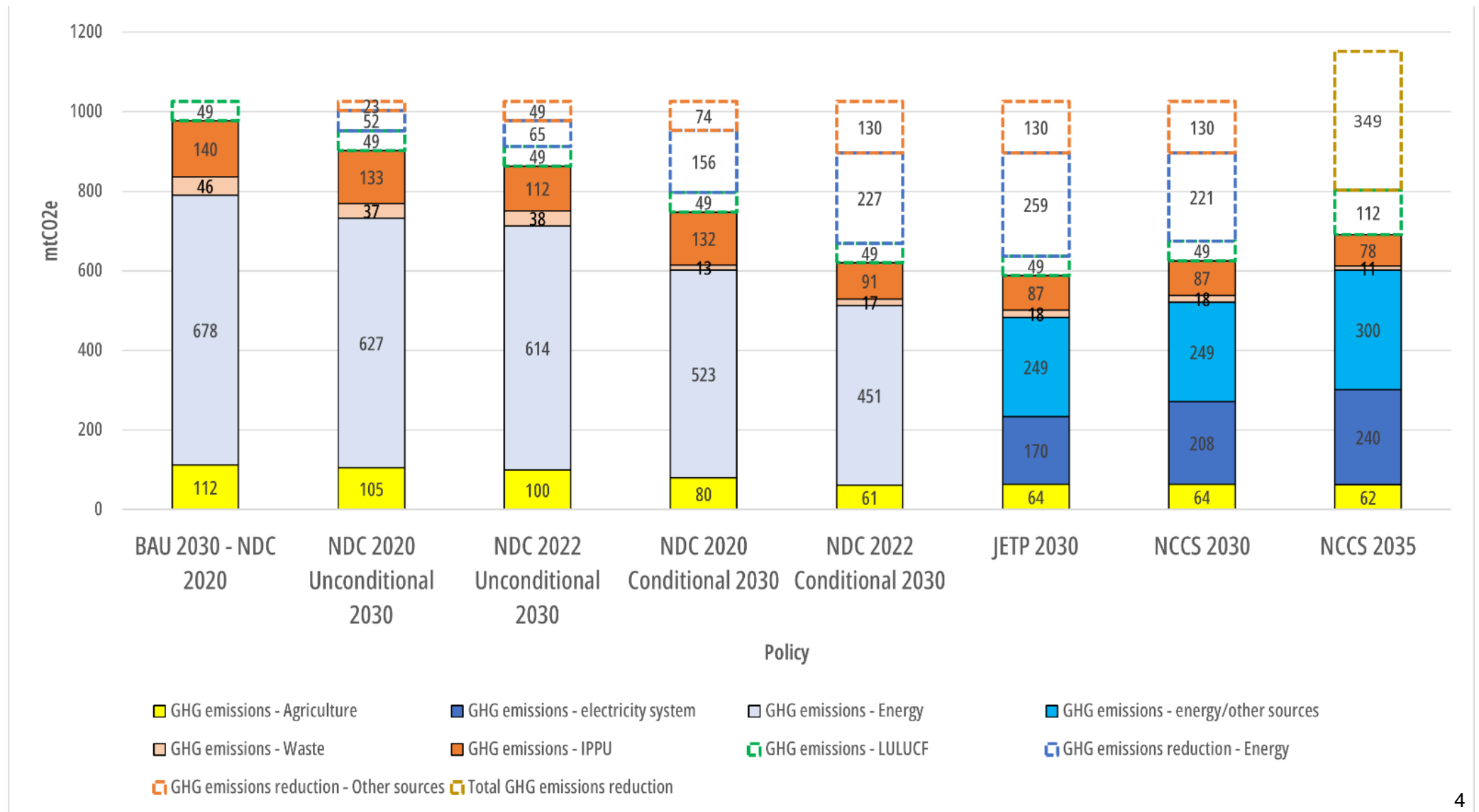
- **Founded in Sept. 2006**
- **Service scopes: Climate change & GHG emission mitigation, ozone layer protection, green growth & sustainable development, renewable energy & energy efficiency**
- Develop and manage **125 carbon credit projects** (VNEEC portfolio)
- Experience with **CDM, VCS, GS, GCC, REC** certification mechanisms
- As of now, projects in VNEEC portfolio issued approx. **8 mil carbon credits**
- Provides **policy advisory and technical assistance** to more than **100 assignments** funded by government and international donors
- **The first national consultant provides carbon foot printing service** for corporates/venture fund in Vietnam **since 2015**



National GHG emission reduction: latest targets/commitments

- Nov 2021, committed for Netzero by 2050
- Jul 2022, **National Climate Change Strategy (NCCS) to 2050** was promulgated:
 - an important step towards the net zero emission commitment by 2050.
 - by 2030, total GHG emissions will decrease by 43.5% compared to the BAU scenario
- Nov 2022, **updated Nationally Determined Contribution (NDC)** to the UNFCCC was submitted:
 - The NDC 2022 is in line with the NCCS targets.
 - Increased the unconditional target to 15.8% reduction below BAU in 2030 (from 9% in NDC 2020), and a 43.5% reduction with international support (from 27% in NDC 2020)
- Dec 2022, Viet Nam and the International Partners Group (IPG) launched a **Just Energy Transition Partnership (JETP)**:
 - will mobilise an initial 15.5 billion US dollars of public and private finance over the next 3-5 years
 - accelerate the decarbonisation of its electricity system from the current net-zero planning at peak of 240 MtCO₂e by 2035 with inter. support towards a peak of no more than 170 MtCO₂e by 2030
 - Reduce the capacity peak of 37GW of coal-fired generation towards a peak of 30.2GW by 2030
 - Increase the electricity generation of RE from 36% towards at least 47% including wind, solar and hydroelectricity power to ensure the energy security of the country by 2030.

GHG emissions in Vietnam under different scenarios until 2035



Sources: synthesized by VNEEC from published sources

Carbon market in Vietnam: legal framework

LEP 2020

The carbon market is first time legalized by Law on Environment Protection in 2020 (effective from 1 Jan 2022), including **Article 139. Organizing and developing domestic carbon market**

Gov Decree
06/2022/NĐ-CP

Including **Chapter II. Mitigation of GHG emissions, organization and development of domestic carbon market**

PM Decision
01/2022/QĐ-TTg

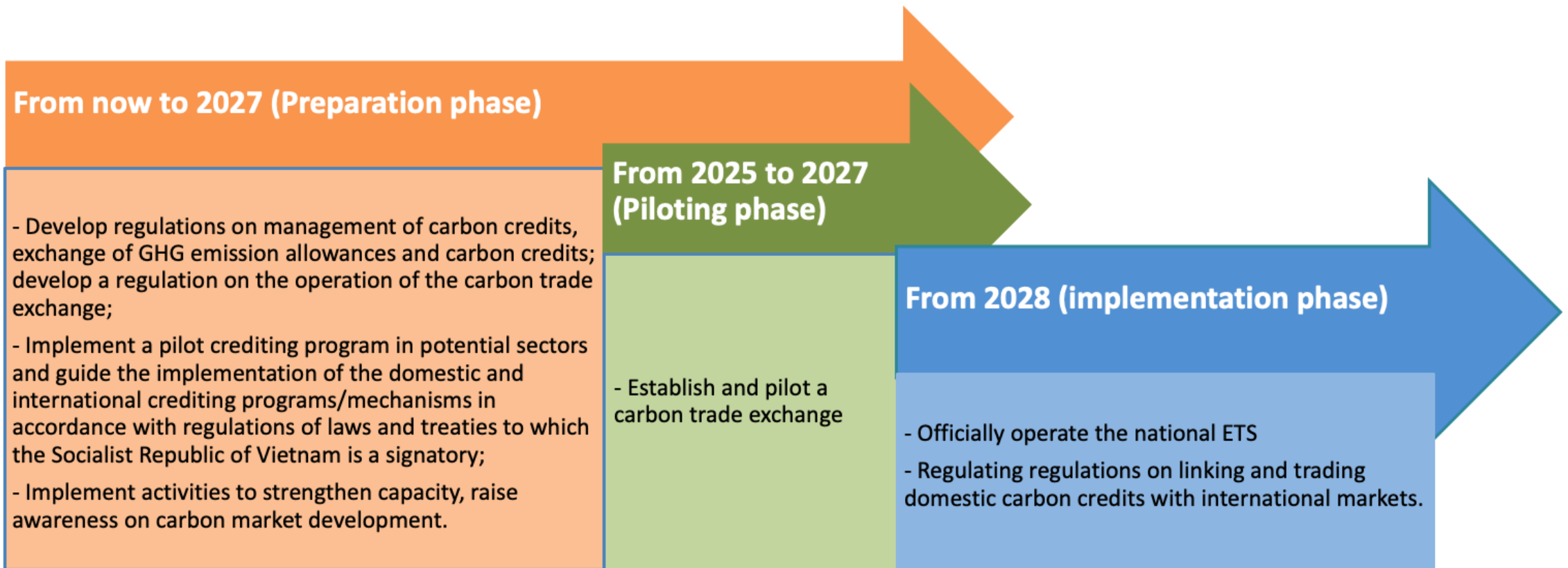
Promulgating **the list of sectors and GHG emitters subject to GHG inventory** (1912 entities) that will be participated in the domestic carbon market

Line ministries
Circulars

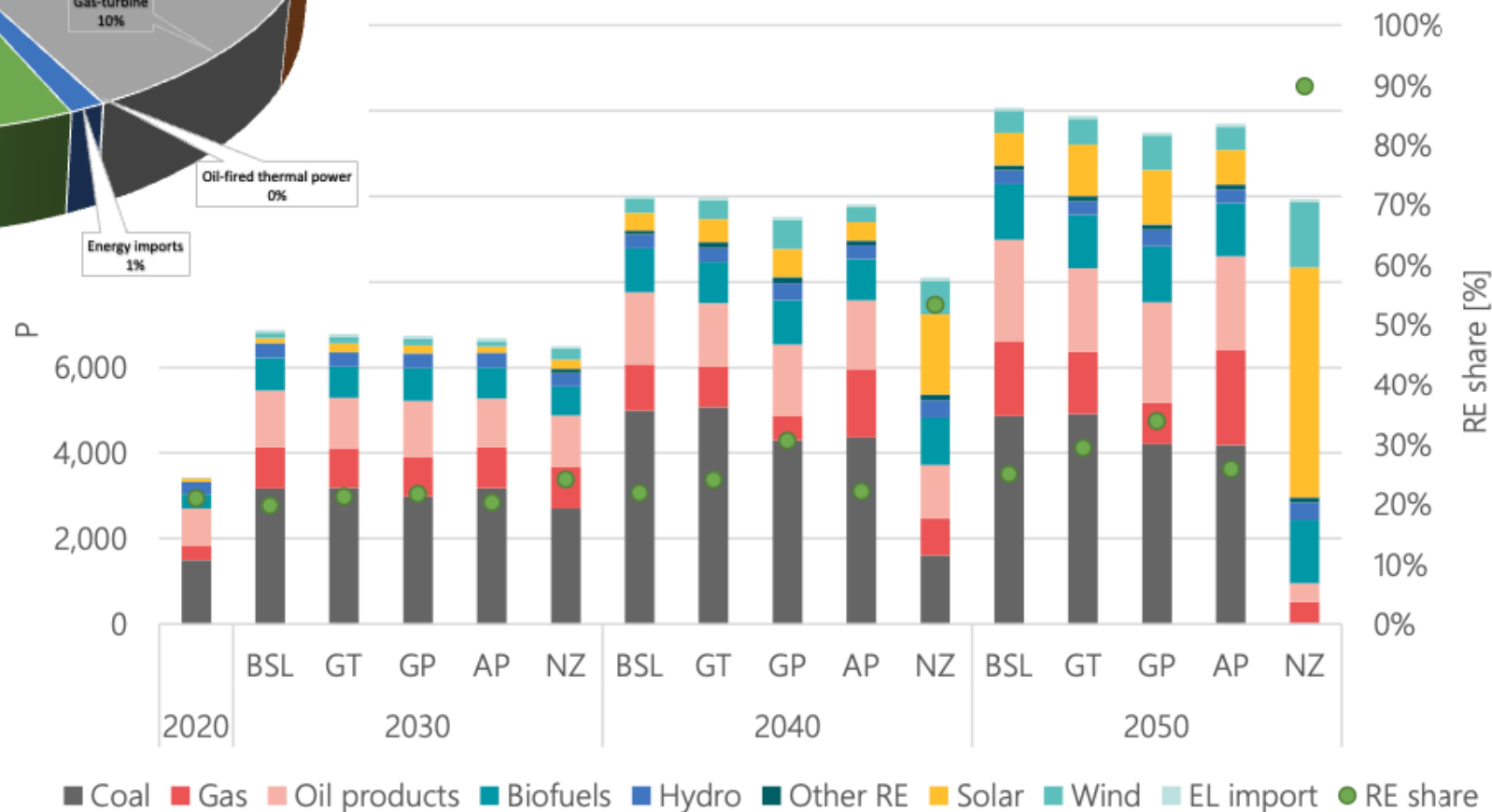
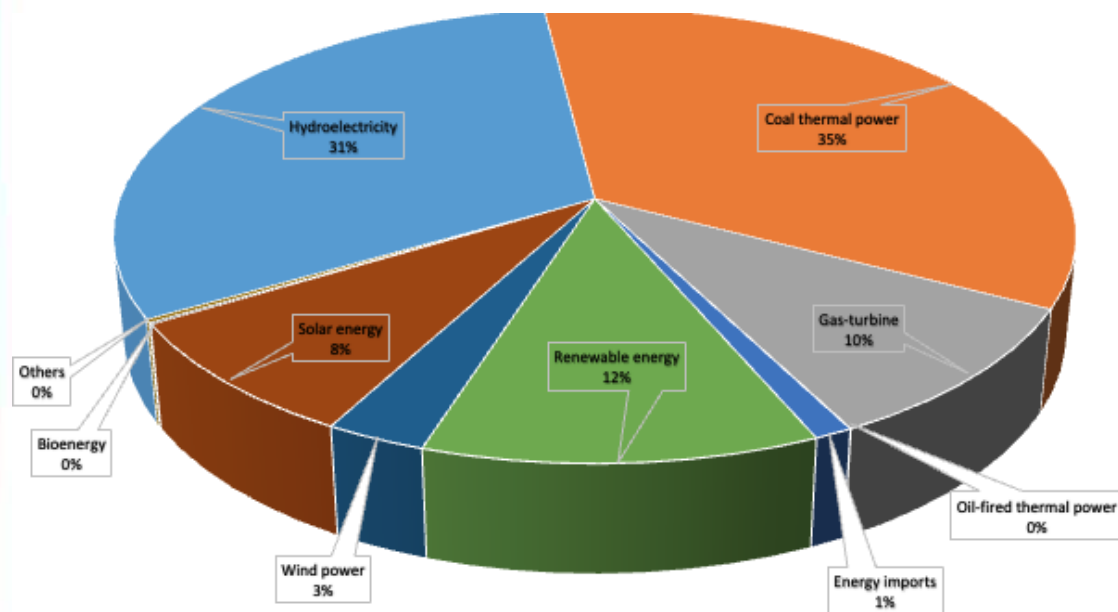
Providing **guidance on methodologies to conduct GHG inventory by sectors**

ETS in Vietnam: roadmap

Government Decree 06 regulates **three phases** for **ETS preparation and implementation in Vietnam**



Electricity market structure



Sources:

<https://cosodulieu.evn.com.vn>

Vietnam Energy Outlook Report,
2021

EEC Carbon market in Vietnam: opportunities and risks

- **Opportunities:**

- **Strong legal foundation** to support for the set up and operation of the carbon market in Vietnam
- A domestic carbon market and the generation of emissions credits under Article 6 of the Paris Agreement can **generate extra revenue stream** that could significantly reduce the need for concessional financing components for low carbon investment and renewable electricity projects in particularly, making these projects more attractive for their promoters

- **Risks:**

- **Short time available** to meet the pilot deadline in 2025 and to learn and improve for full operation in 2028
- Develop **sufficient legal and rules** for operation of the carbon market to meet the timeline in the roadmap
- Prepare **sufficient capacities** for all parties involved in the carbon market
- Obtain **the consensus from key parties** involved in the carbon market

Carbon market in Vietnam: capacity needs

- Exchange of experience with other countries and jurisdictions on related issues of set up and operation of carbon market: short visit with Singaporean NEA on MRV, coming ETS exchange with Korea...
- Intensive **capacity building and pilot activities** to conduct GHG inventories and emission reductions for facilities, local authorities
- **Technical support** for the line ministries in issuing rules/regulations to set up the foundations for the carbon market
- **Wider stakeholder engagement and public awareness:**
- **Trainings, trainings and trainings:** ETS simulation and training provided by ETP until early 2025 is a good example





Thank you for listening
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