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Power sector

Draft law to raise LNG power offtake guarantees will help unlock new investments - infrastructure bottlenecks threaten PDP8 2030 goals

The Vietnamese government is drafting a new law to raise the guaranteed offtake (Qc) for LNG power from 65% to 75% of the annual electricity output of LNG projects. This move is designed to strengthen investor confidence and speed up the signing of new Power Purchase Agreements (PPAs). If approved, the new policy will build on recent reforms, helping to secure financing and accelerate the execution of LNG projects. The urgency is clear. Currently, nearly a quarter of the 21 LNG projects in Vietnam's Power Development Plan 8 (PDP8) lack investors, and over half face construction delays. Beyond offtake negotiations, progress hinges on resolving complex infrastructure bottlenecks - particularly LNG seaport terminals and grid transmission. We expect these constraints to be eased once the new provincial governments become fully operational from Q4/2025.

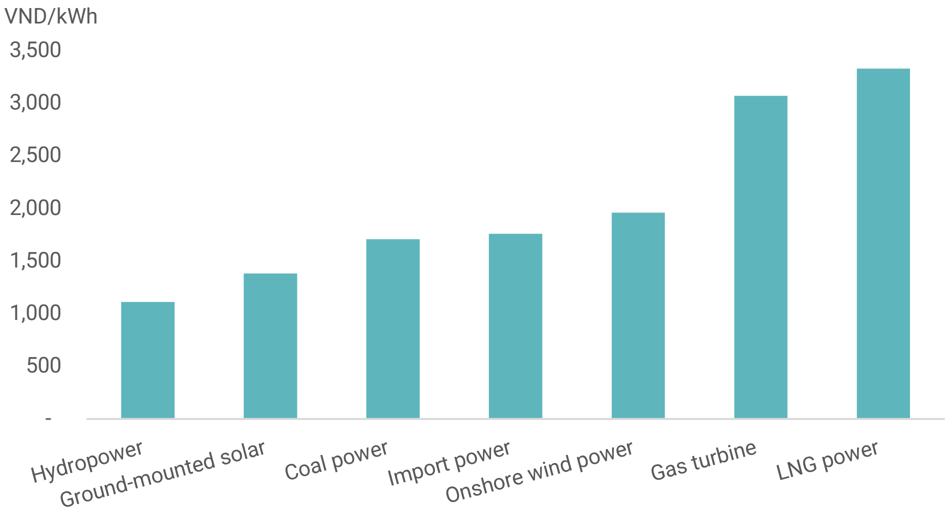
Recent policy changes have improved the investment landscape for LNG power projects. Decision 1313/2025 issued in May 2025 sets an annual ceiling price for LNG power generation, providing investors with a transparent benchmark for PPA negotiations with Vietnam Electricity Corporation (EVN) - the main offtaker. Decrees 56 and 100/2025 further de-risk projects by allowing fuel price pass-throughs and guaranteeing a Qc of 65% of annual power output for 10 years. These reforms have already catalyzed substantial investments: in Q3/2025, POW secured VND 7.3 trillion in new equity and a VND 2 trillion credit line for Nhon Trach 3&4 project, while Vingroup injected VND 10 trillion into VinEnergo for the Hai Phong project.

Further enhancements of offtake guarantee will boost investor confidence and unlock greater LNG investment. Under current ceiling price regulations, LNG power remains more expensive than coal, hydro, solar, and natural gas (Exhibit 1), limiting its competitiveness in Vietnam's wholesale electricity market (VWEM). The upcoming National Assembly resolution proposes to raise Qc to 75%, yet some investors are seeking even stronger terms—such as extending guarantees to 20–25 years—to improve cash flow certainty and project profitability. We view that Vietnam's 75% Qc policy proposal is both attractive and pivotal for accelerating new investments, as no other ASEAN market offers comparable incentives. Moreover, investors retain flexibility to negotiate higher offtake commitments with EVN under PPAs, strengthening the investment proposition.

Infrastructure and regulatory bottlenecks remain major hurdles for LNG power projects in Vietnam, delaying timelines and constraining project viability. Most projects require integration with LNG seaport infrastructure (Exhibit 2), adding significant complexity to master planning and permitting. Consequently, projects such as Hai Lang 1, Quang Ninh, and Ca Na have been held up by local planning revisions, land clearance issues, and the lengthy handover process for land and marine areas. Additionally, grid transmission planning and construction lag in several provinces, further limiting project progress. We expect these bottlenecks to ease gradually as newly provincial authorities become fully operational from Q4/2025.

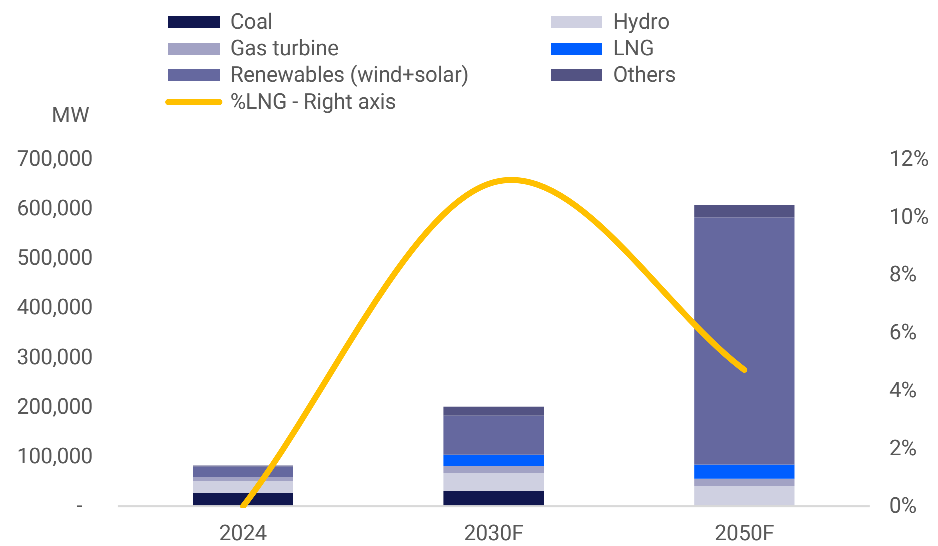
Vietnam's PDP8 positions LNG as a strategic pillar for energy security after 2030, requiring accelerated project development and access to new financing from 2026 onward. Vietnam targets 25,600–36,000 MW of LNG power capacity by 2030–2035, equivalent to over 10% total of national capacity (Exhibit 3), up from zero before 2025. Given typical construction timelines for LNG power projects of 4-5 years and current policy incentives will require projects to begin commercial operation before 2031, we expect project development to accelerate from 2026 onward. Financing will follow a typical 30:70 equity–debt structure, driving strong bank loan demand as projects improve bankability and advance toward PDP8 milestones.

Exhibit 1: Ceiling electricity selling price of LNG power is the highest among power sources, making it less competitive in VWEM



Source: Compiled sources, VIS Rating
Note: USDVND conversion rate equals SBV's central rate at 25,098 VND (01/10/2025)

Exhibit 3: Vietnam targets 25,600 - 36,000 MW of LNG power capacity by 2030 - 2035



Source: PDP VIII, EVN, VIS Rating
Note: Revised Power Development Plan VIII, 30/05/2025

Exhibit 2: Majority of LNG power projects encounter delays due to complex infrastructure construction procedures

	Project	Capacity (MW)	Investor	Status	LNG terminal
1	LNG Quang Ninh	1,500	PV Power	Site clearance	Quang Ninh LNG terminal
2	LNG Thai Binh	1,500	Tokyo Gas, Kyuden, TTVN	Under construction	Thai Binh LNG terminal
3	LNG Quang Trach II	1,500	EVN	Site clearance	Quang Trach II LNG terminal
4	LNG Hai Lang I	1,500	T&T, Kospo, Hanwah, KOGAS	Prepare Feasibility Study (F/S), Site clearance	Hai Lang I LNG terminal
5	Nhon Trach 3 & 4	1,624	PV Power	Test run – Expected commercial operation in Q4/2025	Thi Vai LNG terminal (*)
6	LNG Hiep Phuoc I	1,200	Hai Linh	Under construction	Hai Linh LNG terminal
7	LNG Long An I	1,500	VinaCapital, GS	Site clearance	Thi Vai LNG terminal (*)
8	LNG Son My I	2,250	EDF, Sojitz, Pacific, Kyushu	Prepare F/S, Site clearance	Son My LNG terminal
9	LNG Son My II	2,250	PVN	Prepare F/S, Site clearance	Son My LNG terminal
10	LNG Bac Lieu	3,200	Delta Offshore	Prepare F/S, Site clearance	Bac Lieu I LNG terminal
11	LNG Nghi Son	1,500	-	Investor Selection	Nghi Son LNG terminal
12	LNG Ca Na	1,500	-	Investor Selection	Ca Na LNG terminal
13	LNG Quynh Lap	1,500	-	Investor Selection	Quynh Lap LNG terminal
14	LNG Hai Phong I	1,600	VinEnergo	Under construction	LNG terminal project will be developed
15	LNG Hiep Phuoc II	1,500	Hai Linh	Not start yet	-
16	LNG Long Son	1,500	-	Investor Selection	Southeast LNG terminal
17	LNG Long An II	1,500	Vinacapital, GS	Not start yet	Thi Vai LNG terminal (*)
18	LNG Cong Thanh	1,500	Cong Thanh JSC	Prepare F/S, Site clearance	-
19	LNG Hai Phong II	3,200	VinEnergo	Not start yet	Along with the phase I
20	LNG Vung Ang III	1,500	-	Investor Selection	-
21	LNG Quang Trach III	1,500	EVN	Not start yet	-

Source: Compiled sources, VIS Rating
Note: (*) Thi Vai LNG terminal is invested in by PV Gas and will supply LNG to 3 LNG power plants

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