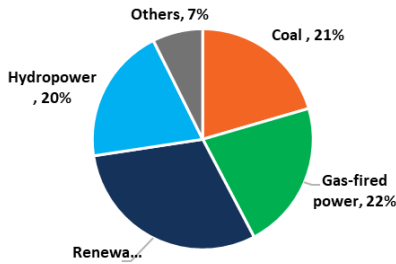
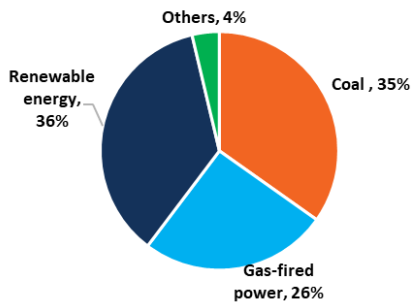


**Vietnam: Energy**
**11 May 2023**
**Power source mix in 2030**


Source: Draft PDP8 (latest version), Yuanta Vietnam

**Power production mix in 2030**


Source: Draft PDP8, Yuanta Vietnam

**Binh Truong**  
 Energy Analyst / Deputy Head of Research  
[binh.truong@yuanta.com.vn](mailto:binh.truong@yuanta.com.vn)  
<http://research.yuanta.com>  
 Bloomberg code: YUTA

## Latest Draft PDP8

### Event

**Focus on renewables.** The Ministry of Industry and Trade's latest draft version of Power Development Plan 8 (PDP8) highlights the transition to renewables from carbon-based energy and Vietnam's COP26 zero-carbon commitments.

### Details

Based on GDP CAGR of 7% in 2021–2030, the draft forecasts electricity demand average growth rate of 9.1%/year in 2021–2025 and 8.6%/year in 2026–2030, implying elasticity coefficients of 1.3 times and 1.22 times for the respective five-year periods. Commercial electricity production is targeted to reach 1,114 billion kWh by 2050 based on a GDP growth assumption of 6.2%/year in 2031–2040 and 3.1%/year in 2041–2050.

**Coal-fired thermal power is targeted to decrease** from nearly 29% of the country's total capacity mix in 2020 to 20.5% in 2030 despite the increase in coal-fired power capacity to 30.1 GW, up from 25.8 GW in 2020, as 4.3 GW of capacity is under construction. In addition, coal-based electricity production is targeted to rapidly decrease from 46.5% of total production in 2020 to 34.8% in 2030.

**Renewable energy capacity (hydropower, solar power, wind, and biomass) is targeted to increase** from 38.2 GW in 2020 to 73.78 GW, with solar & wind alone accounting for c.60% of that figure. In terms of power production, renewable electricity is set to account for 36% of total production by 2030.

**Meanwhile, the share of gas power capacity is targeted to increase** from 10.2% (7.08 GW) of total capacity in 2020 to 21.8% (32 GW) in 2030, supporting the focus on reduced greenhouse gas emissions. Gas-fired electricity production is set to increase from 12.5% of total production in 2020 to 25.5% in 2030.

**The long-awaited finalization of PDP8 should be the foundation for energy policy** in the years ahead, which is a crucial component the expansion of the transmission grid and power capacity construction. We are hopeful that the final version will be approved soon, and perhaps as early as June.

**PCI (BUY) is our top pick on the renewable energy theme**, and we also have a trading BUY on carbon-based producer **POW**. Short-term catalysts for both stocks include El Nino-driven dry weather, which is likely to mean reduced supply from hydropower going forward – and thus increased demand for both renewable energy (PCI) and thermal power (POW) to make up the gap.

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Taiwan persons wishing to obtain further information on any of the securities mentioned in this publication should contact:

Attn: Research  
Yuanta Securities Investment Consulting  
4F, 225,  
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Taiwan

Hong Kong persons wishing to obtain further information on any of the securities mentioned in this publication should contact:

Attn: Research  
Yuanta Securities (Hong Kong) Co. Ltd  
23/F, Tower 1, Admiralty Centre  
18 Harcourt Road,  
Hong Kong

Korean persons wishing to obtain further information on any of the securities mentioned in this publication should contact:

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Head Office  
Yuanta Securities Building  
Euljiro 76 Jung-gu  
Seoul, Korea 100-845  
Tel: +822 3770 3454

Indonesia persons wishing to obtain further information on any of the securities mentioned in this publication should contact:

Attn: Research  
PT YUANTA SECURITIES INDONESIA  
(A member of the Yuanta Group)  
Equity Tower, 10th Floor Unit EFGH  
SCBD Lot 9  
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Thailand persons wishing to obtain further information on any of the securities mentioned in this publication should contact:

Research department  
Yuanta Securities (Thailand)  
127 Gaysorn Tower, 16th floor  
Ratchadamri Road, Pathumwan  
Bangkok 10330

Vietnam persons wishing to obtain further information on any of the securities mentioned in this publication should contact:

Research department  
Yuanta Securities (Vietnam)  
4th Floor, Saigon Centre  
Tower 1, 65 Le Loi Boulevard,  
Ben Nghe Ward, District 1,  
HCMC, Vietnam

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# YUANTA SECURITIES NETWORK



## YUANTA SECURITIES VIETNAM OFFICE

**Head office:** 4<sup>th</sup> Floor, Saigon Centre, Tower 1, 65 Le Loi Boulevard, Ben Nghe Ward, District 1, HCMC, Vietnam

### Institutional Research

**Matthew Smith, CFA**

Head of Research

Tel: +84 28 3622 6868 (ext. 3815)

[matthew.smith@yuanta.com.vn](mailto:matthew.smith@yuanta.com.vn)

**Tam Nguyen**

Analyst (Property)

Tel: +84 28 3622 6868 (ext. 3874)

[tam.nguyen@yuanta.com.vn](mailto:tam.nguyen@yuanta.com.vn)

**Di Luu**

Assistant Analyst

Tel: +84 28 3622 6868 (ext. 3845)

[di.luu@yuanta.com.vn](mailto:di.luu@yuanta.com.vn)

**Binh Truong**

Deputy Head of Research (O&G, Energy)

Tel: +84 28 3622 6868 (3845)

[binh.truong@yuanta.com.vn](mailto:binh.truong@yuanta.com.vn)

**Tanh Tran**

Analyst (Banks)

Tel: +84 28 3622 6868 (3874)

[tanh.tran@yuanta.com.vn](mailto:tanh.tran@yuanta.com.vn)

### Institutional Sales

**Tuan-Anh Nguyen**

Sales Trader

Tel: +84 28 3622 6868 (ext. 3909)

[anh.nguyen2@yuanta.com.vn](mailto:anh.nguyen2@yuanta.com.vn)

**Dat Bui**

Sales Trader

Tel: +84 28 3622 6868 (3941)

[dat.bui@yuanta.com.vn](mailto:dat.bui@yuanta.com.vn)

**Vi Truong**

Sales Trader

Tel: +84 28 3622 6868 (3940)

[vi.truong@yuanta.com.vn](mailto:vi.truong@yuanta.com.vn)