POWER

Sector Note

PDP8 revision – Is a new chapter for RE looming?

- The Power Development Plan 8 (PDP8) revision was approved on April 15, 2025.
- It sets an ambitious power capacity target to 2030 (+122%-187% compared to 2024 level) to fuel high GDP growth in 2025-30.
- PDP8 revision also prioritizes the maximum development of renewable energy, which potentially opens a new cycle for RE investment in Vietnam.

Power capacity target surges to serve high GDP growth period

Under the PDP8 revision, total power generation and imports are projected at 650-624 billion kWh until 2030, higher than the 2024 level by 82-102%. The surge in power generation is meant to ensure power for average economic growth of 10% for 2026-30. To meet this target, the total power capacity target until 2030 is projected at 183-236 GW, increasing 122-187% compared to the 2024 level and up by 16-49% (+25-78 GW) compared to the previous PDP8. Furthermore, the power grid system is also being invested in to ensure power transmission capacity, such as building 12,944km of new transmission line and renovating 1,404km of 500kV line.

Still limited coal-to-power, nuclear and offshore wind to operate in 2030-35

To achieve environmental commitments, coal-fired power development is still limited under this revision. Thus, gas-fired power (including LNG) is expected to play a vital role as a baseload source for the whole system. Moreover, the Government is adding nuclear power to the plan with a target of 4-6.4 GW coming online in 2030-35. It is also delaying offshore wind power to the 2030-35 period with a target of 6-17 GW.

Is a new chapter for RE looming?

While the capacity target for hydropower, coal-fired and gas-fired remains intact under this revision, the RE capacity target until 2030 is set to be higher by 50%-130% compared to the previous PDP8 version and higher by 3.4-5.2x compared to the 2024 level. Solar capacity will be most increased, up 2.3-3.6x compared to the previous version, which is likely due to its advantage of easy installation in a short time, while wind capacity is projected to be up 1.2-1.7x. In general, we see the potential for a new cycle of RE investment after a stalemate period due to lack of clear mechanisms.

However, a huge capital requirement is still a main concern

To reach this ambitious target, Vietnam needs to outlay huge capital in power source investment of ~USD136bn in 2026-30 and ~USD114bn in 2031-35, according to the PDP8 revision. Due to limited public resources, we think that the private sector has to play a key role in the coming period. It must highlight the need for coherent, suitable and consistent legal policies and mechanisms from the authorities to attract the private sector in power source investment, particularly in RE investment.

We think companies with high exposure in RE will be the biggest beneficiaries

Riding on the expectation of a new cycle for RE investment, we like some listed companies with high exposure in the RE sector, such as REE, HDG and GEG as RE investors, and PC1 as a contractor. Moreover, we think POW with the first LNG-to-power plant (NT3 and 4) will also be a beneficiary from a power consumption surge.

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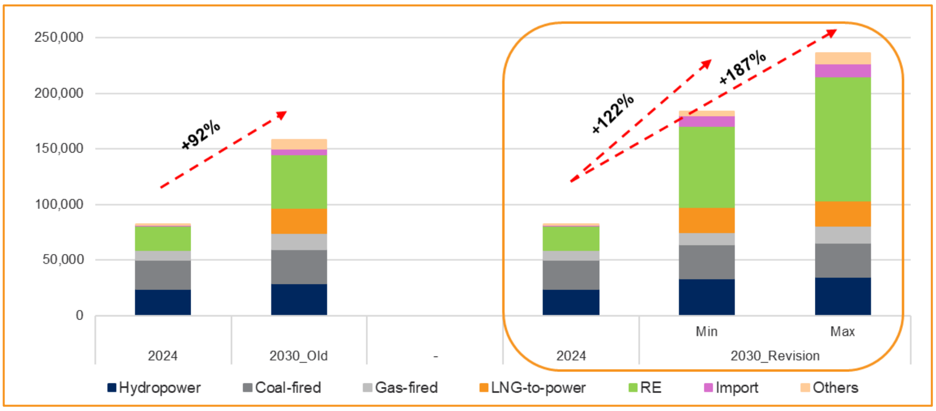
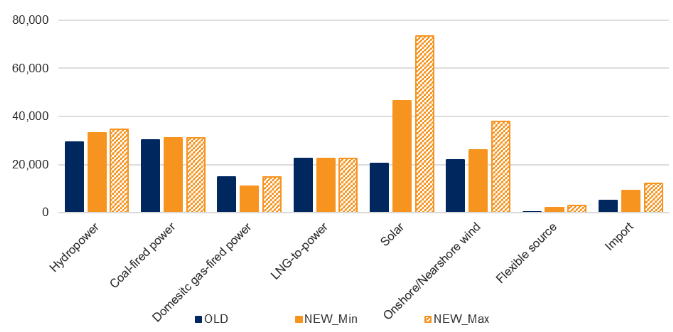


Source: PDP8 revision, VNDIRECT RESEARCH

Some key charts

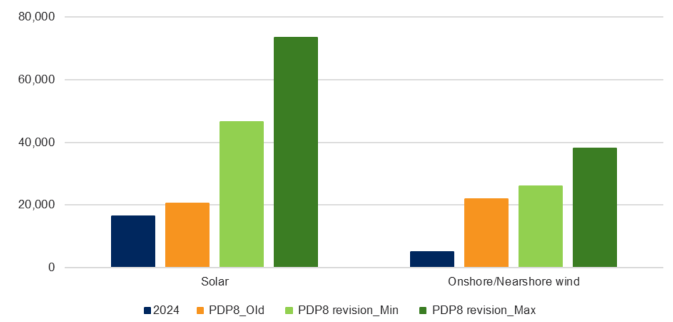
Figure 1: Changes in capacity until 2030 of some key power sources (MW)



The capacity target of some base sources such as hydropower, coal-fired and gas-fired (including LNG) remains intact in this revision despite delays in many key projects, particularly gas-to-power plants.

As coal-fired power development will be limited to achieve environmental commitments, gas-fired power is expected to play a vital role as a baseload source for the whole system thanks to its stability and reliability in power generation and being greener than coal-fired power. In this revision, the authorities have also added some backup projects to potentially replace behind-schedule projects.

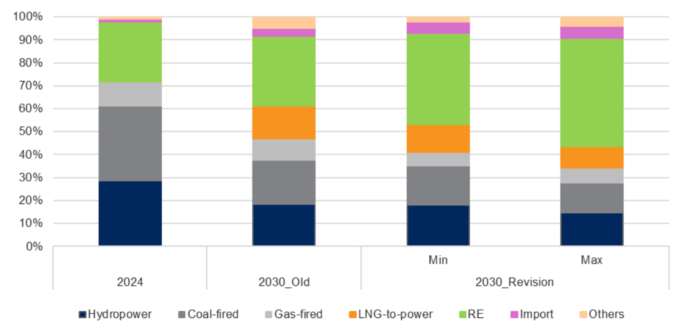
Figure 2: RE will have the most room for growth under PDP8 revision, potentially opening a new cycle for RE investment (MW)



Meanwhile, RE will have the largest room for growth under the PDP8 revision. Solar capacity will be increased most, up by 2.3-3.6x compared to the previous version, while wind capacity is projected to be up by 1.2-1.7x in 2030.

The PDP8 revision also prioritizes and encourages the development of wind and solar power for on-site consumption without connection or sale of electricity to the national grid. It highlights the importance of the DPPA mechanism in RE development in 2025-30 and beyond.

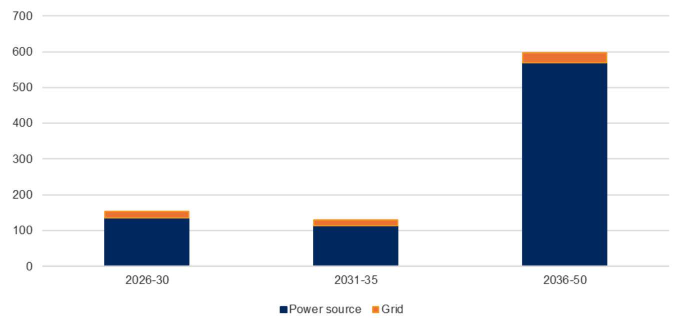
Figure 3: RE capacity proportion surges in this PDP8 revision, becoming dominant in the total power capacity mix



The priority in RE investment is determined by the increase in the RE capacity proportion under this version. Total RE capacity will occupy 40-47% of total power capacity compared to the current 26%-30.6% in the previous PDP8.

Moreover, the gas-fired power proportion until 2030 also increases to 16-18% of the total system from the current 10.5%, partially replacing the role of coal-fired sources as a baseload, which will reduce from the current 32.5% to 13-17% in 2030.

Figure 4: However, a huge capital requirement is still a main concern that may hinder the ability to achieve the plan (USDbn)



We consider the capital requirement to be a major concern. Under this revision, Vietnam needs a total capital resource of USD136bn in 2026-30 (USD118bn for power source and USD18bn for the grid) and USD130bn in 2031-35 (USD114bn for power source and USD16bn for the grid).

Amid limited public resources, the huge capital requirement highlights the importance of the private sector in power investment. In our view, to attract the private sector in power source investment, particularly in RE investment, the authority needs to issue coherent, suitable and consistent legal policies and mechanisms, ensuring stability and economic efficiency for investors.

DISCLAIMER

RECOMMENDATION FRAMEWORK

Stock Ratings	Definition:
Add	The stock's total return is expected to reach 15% or higher over the next 12 months.
Hold	The stock's total return is expected to be between negative 10% and positive 15% over the next 12 months.
Reduce	The stock's total return is expected to fall below negative 10% over the next 12 months.

The total expected return of a stock is defined as the sum of the: (i) percentage difference between the target price and the current price and (ii) the forward net dividend yields of the stock. Stock price targets have an investment horizon of 12 months.

Sector Ratings	Definition:
Overweight	An Overweight rating means stocks in the sector have, on a market cap-weighted basis, a positive absolute recommendation.
Neutral	A Neutral rating means stocks in the sector have, on a market cap-weighted basis, a neutral absolute recommendation.
Underweight	An Underweight rating means stocks in the sector have, on a market cap-weighted basis, a negative absolute recommendation.

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