

**ORDER No. 24/2004/L-CTN OF DECEMBER  
14, 2004 ON THE PROMULGATION OF LAW**

**THE PRESIDENT OF THE SOCIALIST  
REPUBLIC OF VIETNAM**

*Pursuant to Articles 103 and 106 of the 1992  
Constitution of the Socialist Republic of Vietnam,  
which was amended and supplemented under  
Resolution No. 51/2001/QH10 of December 25,  
2001 of the X<sup>th</sup> National Assembly, the 10<sup>th</sup> session;*

*Pursuant to Article 91 of the Law on Organization  
of the National Assembly;*

*Pursuant to Article 50 of the Law on  
Promulgation of Legal Documents,*

## **PROMULGATES:**

### **The Electricity Law,**

which was passed on December 3, 2004 by the XI<sup>th</sup> National Assembly at its 6<sup>th</sup> session.

**President of the Socialist Republic  
of Vietnam**

**TRAN DUC LUONG**

## **ELECTRICITY LAW**

*(No. 28/2004/QH11)*

*Pursuant to the 1992 Constitution of the Socialist Republic of Vietnam, which was amended and supplemented under Resolution No.51/2001/QH10 of December 25, 2001 of the X<sup>th</sup> National Assembly, its 10<sup>th</sup> session;*

*This Law provides for electricity.*

### **Chapter I**

#### **GENERAL PROVISIONS**

##### **Article 1.- Regulation scope**

This Law prescribes the electricity development planning and investment; electricity saving; electricity markets; rights and obligations of organizations and individuals conducting electricity activities and using electricity; protection of electric equipment and facilities, electricity works and electric safety.

##### **Article 2.- Subjects of application**

This Law applies to organizations and individuals conducting electricity activities, using electricity or engaged in other electricity-related activities in Vietnam. Where the international treaties which the Socialist Republic of Vietnam has signed or acceded to contain provisions different from provisions of this Law, the provisions of such international treaties shall apply.

##### **Article 3.- Term interpretation**

In this Law, the following terms shall be construed as follows:

1. Electricity activities mean activities of organizations or individuals in the domains of electricity development planning, investment, electricity generation, electricity transmission, electricity distribution, electric system regulation, electricity market transaction administration, electricity wholesaling and retailing, specialized electricity consultancy and other relevant activities.

2. Electricity units mean organizations or individuals that carry out activities of electricity generation, electricity transmission, electricity distribution, electric system regulation, electricity market transaction administration, electricity wholesaling, electricity retailing, specialized electricity consultancy or other relevant activities.

3. Electricity grids mean systems of electricity transmission lines, transformers and support equipment and facilities for electricity transmission. Electricity grids are classified into transmission grids and distribution grids, depending on their use purposes and operation management.

4. Electricity wholesaling means activities of selling electricity by one electricity unit to another for resale to the third parties.

5. *Electricity retailing* means activities of selling electricity by electricity units to electricity-using customers.

6. *Electricity-using customers* mean organizations or individuals that buy electricity for use, not for resale to other organizations or individuals.

7. *Big electricity-using customers* are those that use electricity with great capacity and output prescribed by the Industry Ministry, suitable to each period of development of the electric system.

8. *Electricity price tables* mean tables of specific electricity price levels and price brackets applicable to subjects buying and selling electricity under different conditions.

9. *Electricity price bracket* means the permitted electricity price fluctuation range between the lowest price (floor price) and the highest price (ceiling price).

10. *The national electric system* means the system of electricity-generating equipment and facilities, electricity grids and support equipment and facilities which are interconnected and uniformly controlled nationwide.

11. *Electricity regulation* means the impact exerted by the State on electricity activities and electricity markets with a view to supplying electricity safely, stably and qualitatively, using electricity economically and efficiently and ensuring fairness, transparency and law compliance.

12. *Electric system regulation* means activities of commanding, directing the process of electricity generation, electricity transmission, electricity distribution in the national electric system according to determined technical processes, regulations and operation modes.

13. *Electricity market transaction administration*

means activities of managing and regulating transactions of electricity purchase and sale as well as support services on the electricity markets.

14. *Electricity-measuring and counting equipment* mean those used for measuring the output, electric energy, electric current, voltage, frequency, output coefficients, which include assorted electricity meters and accompanying equipment, accessories.

15. *Electricity stealing* means acts of illegally taking electricity not through meters, impacting to falsify the readings of electricity meters and other electric equipment related to electricity measurement or counting, deliberately or conniving in wrongly recording the readings of electricity meters, and other acts of fraudulently taking electricity.

16. *An electricity work* means a combination of means, machinery, equipment, construction structure in direct service of activities of electricity generation, electricity transmission, electricity distribution, electric system regulation, electricity purchase and sale; electricity work-protecting system; electricity grid safety protection corridor; land used for the electricity work and other support works.

#### **Article 4.- Electricity development policies**

1. To develop electricity in a sustainable manner on the basis of optimally tapping all resources, satisfying demands for electric energy in service of people's life and socio-economic development with stable quality, safety and economy, civilized services, thus contributing to the maintenance of national defense, security and energy security.

2. To build up and develop the electricity market on the principle of publicity, equality, fair competition

with the State's regulation to raise efficiency in electricity activities; to ensure the legitimate rights and interests of electricity units and electricity-using customers; to attract all economic sectors to participate in activities of electricity generation, electricity distribution, electricity wholesaling, electricity retailing and/or specialized electricity consultancy. The State holds monopoly in activities of transmission, national electric system regulation, construction and operation of big power plants of particularly important socio-economic, defense or security significance.

3. To apply scientific and technological advances to electricity activities and use with a view to saving, raising the efficiency of using various energy sources, protecting the ecological environment.

4. To step up the exploitation and use of sources of new energies, renewable energy for electricity generation.

**Article 5.-** International cooperation in electricity activities

To expand international cooperation and international economic integration regarding electricity activities on the basis of respect for each other's national independence and sovereignty and mutual benefits. The State encourages and creates favorable conditions for foreign organizations and individuals to participate in electricity activities in Vietnam; domestic organizations and individuals to cooperate with foreign organizations and individuals, international organizations in electricity activities.

**Article 6.-** Electricity legislation propagation, dissemination and education

1. The ministries, ministerial-level agencies, Government-attached agencies, the People's

Committees at all levels, electricity units shall, within the scope of their responsibilities, coordinate with mass media agencies and schools in organizing the electricity legislation dissemination and education, guiding people to use electricity safely, thriftily and efficiently and strictly observe law provisions on electricity.

2. Vietnam Fatherland Front and its member organizations shall, within the scope of their responsibilities, coordinate with the agencies performing the state management over electricity activities and use in propagating and mobilizing people to use electricity safely, economically and efficiently and to strictly observe the law provisions on electricity.

**Article 7.-** Prohibited acts in electricity activities and electricity use

1. Destroying electrical equipment and facilities, electricity-measuring or -counting equipment or electricity works.

2. Conducting electricity activities without permits as provided for by this Law.

3. Switching on, switching off electricity supply illegally.

4. Violating the regulations on safety in electricity generation, transmission, distribution and use.

5. Obstructing the inspection of electricity activities and use.

6. Stealing electricity.

7. Using electricity as animal traps or protection means, except for cases prescribed in Article 59 of this Law.

8. Violating the regulations on protection of electricity grid safety corridors, on safe distances of transmission lines and transformer stations.

9. Supplying untruthful information, thus causing harms to the legitimate rights and interests of organizations or individuals conducting electricity activities or using electricity.

10. Abusing positions and/or powers to harass for bribes, cause troubles, earn illicit profits in electricity activities and/or electricity use.

11. Other acts of violation prescribed by electricity legislation.

## **Chapter II**

### **ELECTRICITY DEVELOPMENT PLANNINGS AND INVESTMENT**

#### **Article 8.-** Electricity development plannings

1. The electricity development plannings include national electricity development plannings and local electricity development plannings. The electricity development plannings must be elaborated and approved for use as basis for activities of investment in electricity development and be adjusted to suit the socio-economic conditions in each period.

2. The national electricity development plannings shall be formulated on the basis of the national socio-economic development strategy. Each shall be formulated for every ten-year period with the orientations for the next ten years.

3. The local electricity development plannings are the electricity development plannings of the provinces or centrally run cities, covering also the electricity development plannings of rural districts, urban districts, provincial capitals or cities.

The local electricity development plannings shall be formulated on the basis of the local socio-economic development strategies and must be in

line with the national electricity development plannings and other relevant plannings. Each local electricity development planning shall be elaborated for every five-year period with the orientations for the next five years.

4. All organizations and individuals must abide by the electricity development plannings already approved by competent state bodies.

**Article 9.-** Formulation, approval and publicization of electricity development plannings

1. The Industry Ministry shall organize the formulation of national electricity development plannings and submit them to the Prime Minister for approval; specify the contents, order and procedures for formulation and appraisal of electricity development plannings; publicize and guide, monitor, inspect the implementation of the approved national electricity development plannings.

2. The People's Committees of the provinces or centrally run cities (hereinafter referred collectively to as the provincial-level People's Committees) shall organize the formulation of local electricity development plannings and submit them to the People's Councils of the same level for adoption before their submission to the Industry Minister for approval; direct the organization of formulation and approval of electricity development plannings of rural districts, urban districts, provincial capitals or cities; publicize and guide, monitor, inspect the implementation of the approved local electricity development plannings.

3. The agencies competent to approve electricity development plannings shall decide on the adjustment of plannings.

**Article 10.-** Funds for the planning work

1. The central budget shall provide funds for the performance of tasks of formulation, appraisal, publicization and adjustment of national electricity development plannings.

2. The provincial/municipal budget shall provide funds for the performance of tasks of formulation, appraisal, publicization and adjustment of local electricity development plannings.

3. The state shall adopt policies to mobilize other funding sources for the formulation of electricity development plannings.

4. The Finance Ministry shall assume the prime responsibility for, and coordinate with the Industry Ministry in, promulgating the spending norms for formulation, appraisal, publication and adjustment of electricity development plannings.

**Article 11.-** Electricity development investment

1. Electricity development investment must comply with electricity development plannings. *Investment projects not yet included in the electricity development plannings shall be executed only when they are so permitted by authorities competent to approve the plannings.*

2. The electricity project investors shall have to strictly comply with law provisions on investment, construction and environmental protection.

3. Units engaged in electricity generation, electricity transmission and/or electricity distribution shall have to invest in the construction of transformer stations, electricity meters and electric conductors to electricity meters for electricity sale.

4. Organizations or individuals that build or renovate, expand electricity works must use modern technical equipment and technologies suitable to the branch regulations and standards

as well as Vietnamese standards set by competent state bodies.

5. The Industry Ministry and the provincial-level People's Committees shall publicize lists of electricity projects calling for investment in each period and the licensed investment projects.

**Article 12.-** Using land for electricity works

1. Basing themselves on the electricity development plannings and the land-use plannings as well as plans, which have been already approved by competent state bodies, the People's Committees at different levels shall have to arrange adequate land funds for construction of electricity works.

2. When formulating investment projects on electricity works, investors must clearly determine the to be-used land areas and plans on compensations and ground clearance.

3. After the electricity investment projects are approved, the competent state bodies shall decide on land assignment or land lease for investors to execute their projects.

4. The People's Committees at all levels shall, within the scope of their tasks and powers, have to assume the prime responsibility for, and coordinate with the electricity project investors in, formulating and executing the plans on ground clearance, population relocation and resettlement; paying compensations for losses of land and properties; protecting the land areas reserved for the projects and the safety corridors of the electricity works.

**Chapter III**

**THRIFT IN ELECTRICITY GENERATION,  
TRANSMISSION, DISTRIBUTION AND USE**

**Article 13.-** Policies and measures to encourage and promote electricity savings

1. The State shall support and encourage electricity savings with the following policies:

a) Encouraging the domestic manufacture or the import of, applying tax preferences to, products on the lists of electricity-saving products and equipment, supplies, technological chains imported for manufacture of electricity-saving products;

b) Providing preferential loans from the Development Assistance Fund and the Scientific and Technological Development Fund to projects applying scientific research and technological development results, investment projects on manufacture of electricity-saving products or investment projects on electricity savings;

c) Providing investment, electricity price and tax preferences as guided by the Finance Ministry to investment projects on development of power plants using sources of new energy or renewable energy.

2. The ministries, ministerial-level agencies, Government-attached agencies, provincial-level People's Committees shall have to draw up programs and projects on promotion of thrifty and efficient use of electricity; arrange satisfactory funding for scientific research and technological development in service of the electricity-saving objectives.

3. Basing itself on the socio-economic development objectives, the Industry Ministry shall coordinate with the relevant ministries and/or branches in drawing up the national target programs on energy savings and submit them to the Prime Minister for decision.

**Article 14.-** Economy in electricity generation

1. The electricity-generating units shall have to

select advanced electricity-generating technologies with high efficiency and apply the optimal modes of operating electricity-generating equipment to save fuels and sources of energy used for electricity generation, contributing to ensure the national energy security.

2. The self-supply electricity systems in power plants must be designed and installed rationally and be arranged for use in the operation process in a way suitable to the requirements of saving self-supply electricity.

**Article 15.-** Economy in electricity transmission, distribution

The systems of electricity transmission lines and transformer stations must ensure advanced techno-economic parameters and standards, be operated by optimal modes in order to satisfy the requirements of stable, safe, constant supply of electricity and minimize loss of electric energy.

**Article 16.-** Economy in electricity use

1. Organizations and individuals using electricity for production shall have the responsibility:

a) To implement the programs on electricity-demand management in order to reduce the capacity differences between the peak hours and off-peak hours of the load charts of electric systems;

b) To renew and rationalize the process of manufacture, and application of technologies and equipment with low electricity-consuming capacity to save electricity;

c) To minimize the use of high-capacity electric equipment at peak hours of the load charts of electric systems;

d) To ensure the capacity coefficients according to technical standards and minimize the under-load

use of electric equipment;

e) To organize energy auditing periodically and apply adjusting measures after the audit conclusions are made according to the Industry Ministry's regulations.

2. The determination of electricity retailing prices for production, daily-life and service activities must ensure to stimulate organizations and individuals to use electricity economically and to encourage the use of electricity at off-peak hours, to reduce the use of electricity at peak hours of the load charts of electric systems.

3. Organizations and individuals that manufacture or import lighting, air-ventilating equipment, air conditioners, water pumps, water heaters, escalators and lifts and other equipment in service of daily- life needs must ensure the advanced electricity-consuming norms so as to reduce electric energy spending, thus contributing to practicing electricity economy.

4. Agencies and organizations shall have to promulgate the regulations on thrifty use of electricity in their respective agencies and organizations.

5. The Government shall direct the elaboration and promulgation of electric energy-consuming norms for electrical products and commodities.

#### **Chapter IV**

### **ELECTRICITY MARKETS**

#### **Section 1. PRINCIPLES, SUBJECTS, FORMS AND CONTENTS OF OPERATION OF THE ELECTRICITY MARKETS**

**Article 17.-** Operation principles

1. To ensure publicity, equality, fair competition, non-discrimination among subjects participating in the electricity markets.

2. To respect the rights to opt for partners and transaction forms of subjects purchasing and selling electricity on the markets suitable to the development grades of electricity markets.

3. The state shall regulate the operation of the electricity markets in order to ensure the sustainable development of the electric systems, meeting the requirements of safe, stable and efficient supply of electricity.

**Article 18.-** Electricity market formation and development

1. The electricity markets are formed and develop according to the following grades:

- a) The competitive electricity generation market;
- b) The competitive electricity wholesaling market;
- c) The competitive electricity retailing market.

2. The Prime Minister shall provide the roadmap and conditions for formation and development of electricity markets of different grades.

**Article 19.-** Subjects participating in the electricity markets

1. Electricity-generating units.
2. Electricity-transmitting units.
3. Electricity-distributing units.
4. Electricity-wholesaling units.
5. Electricity-retailing units.
6. The national electric system-regulating units.
7. Electricity market transaction- administering units.

8. Electricity-using customers.

**Article 20.-** Electricity purchase and sale on electricity markets

1. Subjects purchasing and selling electricity on the electricity markets include:

- a) Electricity-generating units;
- b) Electricity-wholesaling units;
- c) Electricity-retailing units;
- d) Electricity-using customers.

2. The electricity trading on the electricity markets shall be effected in two following forms:

- a) Trading through termed contracts between the electricity sellers and the electricity buyers;
- b) Spot dealing between the electricity sellers and the electricity buyers via electricity market transaction-administering units.

3. The electricity market transaction-administering units shall have to regulate, coordinate activities of electricity trading transactions and support services on the electricity markets.

**Article 21.-** Operation of, administration of transactions on, the electricity markets

1. Major regulations on transaction activities on the electricity markets include:

- a) Rights and obligations of subjects participating in the electricity markets being compatible with the development grades of the electricity markets;
- b) The technical properties of electricity-generating, -transmitting or -distributing equipment;
- c) Regulating the national electric system on the electricity markets;
- d) Incident-handling process;
- e) Spot electricity dealings on the electricity

markets;

- f) Price offer and market price determination;
- g) Making invoices and payments between electricity-trading subjects defined in Clause 1, Article 20 of this Law and the support service-providing units;
- h) Support service provision and support service charges;
- i) Handling violations and settling disputes over, complaints about electricity-trading activities and support services on the electricity markets;
- j) Supplying, publicizing information related to operation of, administration of transactions on, the electricity markets.

2. Major contents of administering transactions on the electricity markets include:

- a) Controlling transaction activities of the subjects participating in the electricity market so as to ensure that the markets operate strictly according to the regulations on administering market transactions, the mutual agreements among the parties and other law provisions;
- b) Publicizing the electricity prices for spot dealings and charges of assorted services prescribed in Clause 1 of this Article;
- c) Providing transaction services and making payment invoices for the portion of electric energy and output traded in form of spot dealing and support services;
- d) Receiving and handling proposals related to electricity trading transaction activities in the electricity markets in order to ensure the stability and efficiency and prevent acts of unfair competition;
- e) Supplying information related to the operation of, administration of transactions in, the electricity markets to the relevant parties;

f) Reporting on electricity trading transaction activities in the electricity markets to the electricity-regulating agencies.

3. The Industry Ministry shall specify the contents defined in Clause 1 and guide the contents in Clause 2 of this Article to suit every development grade of the electricity markets; prescribe the organization, tasks and specific powers of the electricity market transaction-administering units.

## ***Section 2. ELECTRICITY PURCHASE AND SALE AND SERVICE ON ELECTRICITY SUPPLY UNDER TERMED CONTRACTS***

**Article 22.-** Termed contracts on electricity purchase and sale

Termed contracts on electricity purchase and sale must be made in writing and contain the following contents:

1. Contractual parties;
2. Use purpose;
3. Service standards and quality;
4. Rights and obligations of the parties;
5. Electricity prices, payment modes and time;
6. Conditions for contract termination;
7. Liabilities for contractual breaches;
8. The contractual term;
9. Other contents agreed upon by the two parties.

**Article 23.-** Electricity money payment

1. The electricity buyers must pay fully and on time the billed electricity money to the electricity sellers according to the electricity price tables already approved by competent state bodies. The

electricity money shall be paid at the headquarters or residence places of the electricity buyers or at convenient places agreed upon by the two parties in the electricity purchase and sale contracts.

2. The electricity buyers that pay the electricity money late must also pay the interests on the late-paid sums to the electricity sellers.

3. The electricity sellers that collect the electricity money in surplus must reimburse to the electricity buyers the surplus amounts plus the interests thereon.

4. The interests on the late-paid amounts or the excessively-collected amounts shall be agreed upon by the parties in the contracts, which, however, must not exceed the highest lending interest rates of the banks where the electricity sellers open their accounts, as inscribed in the contracts at the time of payment.

5. The electricity buyers may request the electricity sellers to re-examine the payable electricity money amounts. Upon receiving the requests of the electricity buyers, the electricity sellers shall have to settle them within fifteen days. Where they disagree with the settlement by the electricity sellers, the electricity buyers shall propose competent agencies or organizations to organize the conciliation. In case of not proposing the conciliation or failed conciliation, the electricity buyers may initiate lawsuits at courts according to law provisions on civil procedures. Pending the settlement, the electricity buyers shall still have to pay the electricity money and the electricity sellers must not stop the electricity supply.

6. In cases where the electricity buyers do not pay the electricity money though they have been notified of the payment three times by the electricity sellers, fifteen days after the first notification, the electricity sellers may stop supplying the electricity.

The electricity sellers must notify the time for stopping the electricity supply to the electricity buyers 24 hours in advance and shall not bear responsibility for the damage caused by the electricity supply stoppage.

**Article 24.-** Electricity measurement, counting

1. The electricity-generating, -transmitting and/or -distributing units shall have to invest and install all electricity-measuring or -counting equipment as well as electricity measurement- or counting-support equipment, except otherwise agreed upon by the parties.

2. The electricity-measuring or -counting equipment must be compatible with Vietnam standards and be standard-inspected and sealed off by state management agencies in charge of measurement.

3. Electricity meters must be installed in areas under the electricity buyers' management, except otherwise agreed upon by the parties. The installation positions and installation of meters must ensure safety, beautiful look and convenience for electricity buyers to check the meter readings and the electricity sellers must note down the meter readings.

4. The electricity buyers shall have to protect the meters installed in areas under their management and promptly notify the electricity sellers of the loss or damage of meters. The electricity sellers shall have to protect meters installed outside areas under the electricity buyers' management.

**Article 25.-** Inspection of electricity-measuring or -counting equipment

1. Only competent or authorized organizations as prescribed by the measurement-State

management agencies may inspect electricity-measuring or -counting equipment.

2. The electricity sellers shall have to organize the inspection of electricity-measuring or -counting equipment strictly according to the requirements and time limits prescribed by the measurement-state management agencies.

3. When having doubt that electricity-measuring or -counting equipment are inaccurate, the electricity buyers may request the electricity sellers to check them; within three days as from the date of receiving the requests from the electricity buyers, the electricity sellers must check and repair or replace them. In case of disagreeing with the check results, repair or replacement by the electricity sellers, the electricity buyers may request the local State management agencies in charge of electricity activities and use to organize independent inspection. Within fifteen days as from the date of receiving the requests of the electricity buyers, the local State management agencies in charge of electricity activities and use shall have to organize the inspection.

4. The expenses for organization of independent inspections of electricity-measuring or -counting equipment under the provisions of Clause 3 of this Article shall be paid as follows:

a) In cases where the independent inspecting organizations determine that the electricity-measuring or -counting equipment operate in strict accordance with Vietnamese standards, the electricity buyers shall have to pay the inspection expenses.

b) In cases where the independent inspecting organizations determine that the electricity-measuring or -counting equipment operate not in accordance with Vietnamese standards, the electricity sellers shall have to pay the inspection

expenses.

5. Where the independent inspecting organizations determine that the readings of the measuring or counting equipment exceed the actually consumed electricity output, the electricity sellers shall have to reimburse the excessively collected amounts to the electricity buyers.

**Article 26.-** Ensuring quality of electric power

1. The electricity-generating, -transmitting or -distributing units must ensure the compatibility of voltages and electric current frequencies with Vietnamese standards, the contractual electricity output, electric power and electricity supply duration. In case of failure to ensure the standards of voltage, electric current frequency, output, electric power and electricity supply duration according to the signed contracts, thus causing damage to the electricity buyers, the electricity sellers must pay compensations to the electricity buyers according to law provisions.

2. The electricity buyers shall have to ensure that their electrical equipment and appliances operate safely so as not to cause incidents to electric systems and not to affect the voltage quality of electricity grids.

**Article 27.-** Electricity supply cessation, reduction

1. In case of non-urgent cessation or reduction of electricity supply, except for cases prescribed in Clause 6, Article 23 of this Law, the electricity sellers must notify the electricity buyers thereof at least five days before the time of electricity supply cessation or reduction by announcing such for three consecutive days on the mass media or in other forms of information.

2. In case of urgent cessation or reduction of

the electricity supply due to incidents or *force majeure* events, which are beyond the electricity sellers' control and threaten to cause serious unsafety for human beings, equipment or due to electricity shortage which threatens the safety of the electric systems, the electricity-generating, -transmitting or -distributing units may cease or reduce the electricity supply to the electricity buyers for handling and must within 24 hours notify the electricity buyers of the causes and the estimated time for resumption of electricity supply.

3. In cases where electricity units cease or reduce the electricity supply in contravention of the regulations on electricity supply cessation or reduction, they shall be sanctioned according to law provisions on handling of administrative violations; if causing damage, they must pay compensations to the electricity buyers according to law provisions.

4. In cases where the electricity buyers fail to comply with the provisions at Points a and b of Clause 2, Article 46, Points b and c of Clause 2, Article 47 of this Law, the electricity sellers may cease the electricity supply to the electricity buyers.

**Article 28.-** Electricity purchase and sale with foreign countries

1. The electricity purchase and sale with foreign countries must be permitted by competent state bodies and stated in the electricity operation licenses.

2. The electricity purchase and sale with foreign countries through the national electric system must ensure the following principles:

a) Not to affect the safety, reliability and stability in operating the national electric system;

b) To satisfy the techno-economic criteria,

process and regulations for management of operation of the national electric system;

c) Not to cause harms to the interests of domestic electricity-using customers and the national electricity security.

3. The electricity-using customers in border regions may buy electricity directly from foreign countries without going through the national electric system but must ensure the electric safety criteria and other relevant law provisions.

### **Section 3. ELECTRICITY PRICES**

#### **Article 29.-** Electricity price policies

1. To create conditions for various economic sectors to invest in electricity development with reasonable profits, energy resource saving, the use of various new energy, renewable energy without causing environmental pollution in electricity activities, thus contributing to boosting socio-economic development, particularly in rural areas, mountainous regions, islands.

2. To encourage the thrifty and efficient use of electricity.

3. To implement reasonable price subsidy mechanisms among various customer groups. To gradually reduce, then proceed to abolish the cross subsidy between the production electricity prices and the daily-life electricity prices, thus contributing to boosting production and raising the competitiveness of enterprises.

4. To ensure the right of subjects buying or selling electricity on the electricity markets to determine by themselves the electricity-buying or -selling prices within the price brackets and electricity price tables prescribed by the State in the electricity markets.

5. To ensure the legitimate rights and interests of electricity units and electricity-using customers.

#### **Article 30.-** Bases for setting and adjusting the electricity prices

1. The electricity price policies.

2. The socio-economic development conditions of the country, people's incomes in each period.

3. The electricity supply-demand relationship.

4. The electricity production and business costs and reasonable profits of electricity units.

5. The electricity market development grades.

#### **Article 31.-** Electricity prices and assorted charges

1. The electricity retailing price tables shall be approved by the Prime Minister. The electricity - regulating agency shall assist the Industry Minister in formulating the electricity retailing price tables and submit them to the Prime Minister for approval.

2. The brackets of electricity generation prices, electricity-wholesaling prices and assorted charges for electricity transmission, distribution, electric-system regulation, electricity market transaction administration, support service expenses shall be formulated by the concerned electricity units and appraised by the electricity-regulating agency before they are submitted to the Industry Minister for approval.

3. The electricity generation prices, electricity-wholesaling prices and electricity-retailing prices under termed contracts for electricity sale shall be decided by electricity units but must not fall beyond the price brackets, price tables already approved by competent state management bodies.

4. The electricity prices for spot dealings shall

be formulated at the time of transaction on the electricity markets and publicized by the electricity market transaction-administering units in accordance with the provisions of Points f and h of Clause 1, Article 21 of this Law.

## **Chapter V**

### **ELECTRICITY ACTIVITY LICENSES**

**Article 32.-** Subjects eligible and conditions for granting, amending or supplementing electricity activity licenses

1. Each organization or individual shall be granted a license for conducting electricity activities in one or many forms.

2. Organizations, individuals shall be granted electricity activity licenses, have their electricity operation licenses amended or supplemented when fully satisfying the following conditions:

a) Having feasible projects or schemes for electricity activities;

b) Having valid dossiers of application for the grant, amendment or supplementation of electricity activity licenses;

c) The administrators or managers have the managerial capability and professional qualifications suitable to the fields of electricity activities.

3. Organizations and individuals applying for the grant, amendment or supplementation of electricity activity licenses must pay fees according to law provisions.

4. The Government shall specify the conditions, order and procedures for grant, amendment, supplementation and the term of electricity activity licenses for each form of electricity activity.

**Article 33.-** Dossiers of application for grant, amendment or supplementation of electricity activity licenses

1. The written application for grant, amendment or supplementation of an electricity activity license.

2. The electricity activity project or scheme.

3. The report on assessment of environmental impacts of the electricity activity project already approved by competent state body.

4. The list, curricula vitae, diplomas evidencing the managerial capability, professional qualifications of administrators, managers of the electricity units.

**Article 34.-** Cases of exemption from electricity activity licenses

1. The following cases shall be exempt from electricity activity licenses:

a) Organizations or individuals invest in the construction of electricity-generating establishments for their own use, not for sale of electricity to other organizations or individuals;

b) Organizations or individuals engaged in electricity generation with the installation capacity below the level prescribed by the Industry Ministry;

c) Organizations, individuals dealing in electricity in rural areas, mountainous regions, islands, that buy electricity with output smaller than 50 kVA from the electricity distribution grids for direct sale to electricity-using customers in rural areas, mountainous regions or islands;

d) The national electric system-regulating unit and the electricity market transaction-administering unit.

2. Organizations and individuals exempt from

electricity activity licenses under the provisions of Clause 1 of this Article must comply with the procedures and regulations on operation management, regulations on electricity prices, technical conditions and safety prescribed in this Law.

3. The provincial-level People's Committees shall have to manage and inspect organizations and individuals engaged in electricity activities prescribed at Points a, b and c, Clause 1 of this Article.

**Article 35.-** Contents of an electricity activity license

1. Name and head-office address or the organization or individual licensed for electricity activities.

2. Form of electricity activities.

3. Rights and obligations of the organization or individual licensed for electricity activities.

4. Scope of electricity activities.

5. Techniques and technologies used in electricity activities.

6. The term of the electricity activity license.

**Article 36.-** Time limit for grant, amendment or supplementation of electricity activity licenses

Within thirty working days as from the date of receiving the complete and valid dossiers, the competent state agencies must grant or amend, supplement electricity activity licenses; in case of refusal, they must notify thereof in writing and clearly state the reasons therefor.

**Article 37.-** Withdrawal of electricity activity licenses

Organizations and individuals shall have their electricity activity licenses withdrawn in the following cases:

1. Failing to deploy activities six months after being granted the electricity activity on licenses;

2. Failing to ensure electricity activity conditions as provided for by this Law;

3. Failing to comply with the contents prescribed in the electricity activity licenses;

4. Leasing, lending or modifying without permission their electricity activity licenses.

**Article 38.-** Competence to grant, amend, supplement or withdraw electricity activity licenses.

1. The Industry Ministry shall grant electricity activity licenses to electricity-generating, -transmitting, -distributing units with connection to the national electric system, electricity-wholesaling or retailing units, specialized electricity consultancy units.

2. The provincial-level People's Committees shall grant electricity activity licenses to organizations, individuals engaged in small-scale electricity activities within their respective localities under the guidance of the Industry Ministry.

3. The electricity activity-licensing agencies may amend, supplement and withdraw electricity activity licenses. The amendment and supplementation of electricity activity licenses must be compatible with the execution capabilities of the licensed organizations or individuals.

4. The grant of electricity activity licenses for electricity generation, transmission or distribution must conform with the approved electricity development plannings.

## **Chapter VI**

### **RIGHTS AND OBLIGATIONS OF ELECTRICITY UNITS AND ELECTRICITY-USING CUSTOMERS**

**Article 39.-** Rights and obligations of electricity-generating units

1. The electricity-generating units shall have the following rights:

a) To conduct electricity- generating activities and other activities according to their electricity activity licenses;

b) To connect to national electric systems when satisfying the technical conditions and criteria;

c) To sell electricity to electricity buyers according to termed contracts and offer electricity prices for spot dealing on the electricity markets;

d) To be supplied with necessary information on electricity generation;

e) To propose competent state agencies to amend, supplement regulations, criteria and techno-economic norms in service of electricity-generating activities;

f) Other rights prescribed by law.

2. The electricity-generating units shall have the following obligations:

a) To abide by the processes and regulations on operation of power plants, electricity grids;

b) To abide by the operation modes, commanding orders and direction of the national electric system-regulating unit.

c) To handle incidents;

d) In case of dangers threatening human lives and equipment safety, to cease or reduce the electricity generation if there is no other alternative;

e) To abide by the provisions of this Law on the

electricity markets and other relevant law provisions;

f) To report on the electricity generation readiness, the output reserve, the implementation of mode of operation of power plants at requests of the national electricity system-regulating unit, the electricity market transaction-administering unit, the electricity-regulating agency or competent state bodies;

g) To comply with the law provisions on environmental protection in electricity-generating activities;

h) To promptly notify the national electric system-regulating unit and relevant organizations as well as individuals of electricity generation incidents upon their occurrence;

i) To invest in transformer stations, meters and transmission lines to meters for electricity buyers, unless otherwise agreed upon with the electricity-transmitting units, electricity-distributing units or electricity buyers;

j) Other obligations prescribed by law.

**Article 40.-** Rights and obligations of electricity-transmitting units

1. The electricity-transmitting units shall have the following rights:

a) To conduct electricity-transmitting activities according to their electricity activity licenses;

b) To elaborate and submit for approval the electricity transmission charges;

c) To be supplied with necessary information on electricity-transmitting activities;

d) To propose competent state bodies to amend, supplement regulations, standards, techno-economic norms in service of electricity-transmitting

activities;

e) Other rights prescribed by law.

2. The electricity-transmitting units shall have the following obligations:

a) To ensure the safe, stable and reliable operation of the electricity grids and electricity transmitting equipment;

b) To ensure the provisions of transmission services as well as support services for the concerned parties, except where the electricity grids are overloaded under certification by the electricity-regulating agency;

c) To comply with the operation modes, commanding orders and directions of the national electric system-regulating unit;

d) To handle incidents;

e) In case of danger threatening human lives and equipment safety, to cease or to request the national electric system-regulating unit to reduce the transmitted load, if there is no other alternative;

f) To draw up plans for investment in development of the electricity transmission grids and invest in the development of electricity transmission grids to satisfy the electricity transmission demands under the electricity development plannings; to invest electricity-measuring or -counting equipment as well as support equipment, unless otherwise agreed upon with electricity-generating units, electricity-distributing units or electricity-using customers;

g) To report on transmission readiness, the reserve capacity of electricity-transmitting equipment at requests of the national electric system-regulating unit, the electricity market transaction-administering unit, the electricity-regulating agency or competent state bodies;

h) To promptly notify the national electric system-regulating unit and the concerned organizations and individuals of electricity transmission grid incidents upon their occurrence;

i) Other obligations as prescribed by law.

**Article 41.-** Rights and obligations of electricity-distributing units

1. The electricity-distributing units shall have the following rights:

a) To conduct electricity-distributing activities and other activities according to their electricity activity licenses;

b) To elaborate and submit for approval the electricity distribution charges;

c) To enter the areas under electricity buyers' management to operate, maintain, repair or replace electric equipment of electricity-distributing units;

d) To be supplied with necessary information on electricity-distributing activities;

e) To propose competent state agencies to amend, supplement regulations, standards, techno-economic norms in service of electricity-distributing activities;

f) Other rights prescribed by law.

2. The electricity-distributing units shall have the following obligations:

a) To ensure the safe, stable and reliable operation of the electricity grids and electricity-distributing equipment;

b) To ensure the provision of electricity distribution services for electricity-using customers, electricity-retailing units, electricity-wholesaling units up to the technical standard, service quality and safety requirements under contracts, except where the electricity distribution grids are

overloaded under certifications by the electricity-regulating agency;

c) To draw up plans for investment in the development of electricity distribution grids and to invest in the development of electricity distribution grids to meet the electricity demands under electricity development plannings; to invest meters and transmission lines to meters for electricity buyers, unless otherwise agreed upon with the electricity buyers;

d) To implement the national target programs on management of electricity demands;

e) To abide by the operation modes, commanding orders and direction by the national electric system-regulating unit;

f) To report on operation readiness, reserve capacity of electricity grids and electricity-distributing equipment, electricity using demands in their respective areas of activity at requests of the national electric system-regulating unit, the electricity market transaction-administering unit, the electricity-regulating agency or competent State bodies;

g) To handle incidents;

h) In case of danger threatening human lives and equipment safety, to cease or reduce the electricity distribution if there is no other alternative;

i) To restore the electricity supply within 2 hours after the detection of incidents or receipt of reports from the electricity buyers; in case of being unable to fulfill this within the above time limit, to immediately notify the electricity buyers of the causes and the estimated time for electricity supply resumption;

j) Other obligations prescribed by law.

**Article 42.-** Rights and obligations of the

1. The national electric system-regulating unit shall have the following rights:

a) To command and direct the electricity-generating units, electricity-transmitting units, electricity-distributing units in implementing the modes of operating the national electric system;

b) To adjust plans, modes of mobilizing capacities of power plants;

c) To command the handling of emergency or abnormal circumstances in the national electricity system; to mobilize capacities and outputs of power plants in the national electric system; to command the operation of electricity transmission grids and electric distribution grids; to cease or reduce electricity supply in case of danger threatening the safe, reliable operation of the national electric system;

d) To request relevant electricity units to supply information on technical properties, readiness to participate in operation and load carriage of electricity-generating, - transmitting or -distributing equipment; electricity demands of customers in order to determine the modes of operation of the national electric system;

e) Other rights prescribed by law.

2. The national electric system-regulating unit shall have the following obligations:

a) To ensure safe, stable and economical operation of the national electric system;

b) To the national electric system frequency standards and voltages on the national electricity transmission grids;

c) To abide by the stipulations on the national electric system regulation in the electricity markets, transmission grids and the instructions of the electricity-regulating agency, the electricity market

in mobilization of capacity and electric output of electricity-generating units in the national electric system;

d) To formulate and implement modes of operating the national electric system based on plans, modes of mobilizing capacities of power plants and support services publicized by the electricity market transaction-administering unit;

e) To notify the mobilized capacities, outputs and support services to the electricity market transaction-administering unit for the latter to make payment invoices;

f) To report in time to the electricity-regulating unit on, and to notify the electricity market transaction-administering unit of, emergency or abnormal circumstances seriously threatening the safe and reliable operation of the national electric system;

g) Other obligations prescribed by law.

**Article 43.-** Rights and obligations of electricity-wholesaling units

1. The electricity-wholesaling units shall have the following rights:

a) To conduct electricity wholesaling and other activities according to their electricity activity licenses;

b) To purchase electricity directly from electricity-generating units under termed contracts or conduct electricity spot dealing on the electricity markets;

c) To set the electricity-wholesaling prices within the approved electricity wholesaling price brackets to compete for electricity purchase, sale on the electricity markets;

d) To use electricity transmission, distribution services suitable to each grade of the electricity markets;

e) To enter areas under the electricity buyers' management to check electricity meters, inscribe figures indicated by meters and contact customers;

f) To be supplied with necessary information on electricity-wholesaling activities;

g) Other rights prescribed by law.

2. The electricity-wholesaling units shall have the following obligations:

a) To sell electricity strictly according to the quantity, quality and at prices agreed upon in contracts;

b) To comply with this Law's provisions on the electricity markets and other relevant law provisions;

c) To pay compensations when causing damage to electricity buyers or electricity sellers according to law provisions;

d) To supply necessary information on wholesaled electricity volumes at requests of the national electric system-regulating unit or competent state bodies;

e) Other obligations prescribed by law.

**Article 44.-** Rights and obligations of electricity-retailing units

1. The electricity-retailing units shall have the following rights:

a) To conduct electricity-retailing activities according to their electricity activity licenses;

b) To compete for electricity purchase and sale on the electricity markets;

c) To set competitive electricity-retailing prices on the market within the electricity price bracket of the electricity-retailing price table approved by the Prime Minister, except for the cases prescribed in Clause 2, Article 62 of this Law;

d) To use electricity transmission or distribution services suitable to each grade of the electricity market;

e) To enter areas under the electricity buyers' management to check electricity meters, record the readings of meters and to contact customers;

f) To be supplied with necessary information on electricity-retailing activities;

g) Other rights prescribed by law.

2. The electricity-retailing units shall have the following obligations:

a) To sell electricity strictly according to the volume, quality and at prices agreed upon in contracts;

b) To comply with this Law's provisions on the electricity markets and other relevant law provisions;

c) To formulate and submit to the provincial-level People's Committees for approval the daily-life electricity-retailing prices for rural areas, mountainous regions, islands, where the electricity production and supply under the market mechanism cannot offset the expenditures incurred by electricity-retailing units;

d) To post up at their offices and transaction places the approved electricity price tables; the documents guiding the procedures for electricity supply, measurement, counting, inscription of meter figures, invoice making, electricity charge collection and termination of electricity services; the license contents and technical criteria applicable to organizations or individuals licensed for electricity-retailing activities; the documents on time and necessary expenses for electricity supply to new customers with connection to the electric system; the regulations on electricity supply cessation or reduction according to Article 27 of this Law;

e) To guide the electric safety for electricity-using customers;

f) To pay compensations for damage caused to electricity buyers or electricity sellers according to law provisions;

g) To supply necessary information on the retailed electricity volumes at requests of competent state bodies;

h) Other obligations prescribed by law.

**Article 45.-** Rights and obligations of specialized electricity consultancy units

1. The specialized electricity consultancy units shall have the following rights:

a) To conduct consultancy activities according to electricity activity licenses;

b) To propose competent state bodies to amend, supplement regulations, standards, techno-economic norms in service of specialized electricity consultancy activities;

c) To request relevant agencies to supply necessary information in accordance with law provisions in service of specialized electricity consultancy activities;

d) To cooperate with foreign organizations, individuals in the field of specialized electricity consultancy;

e) Other rights prescribed by law.

2. The specialized electricity consultancy units shall have the following obligations:

a) To apply Vietnam's regulations, standards, techno-economic norms related to electricity planning, construction investment consultancy. In case of applying foreign regulations and standards, the competent state agencies' approval is required;

b) To apply advanced calculating technologies

and methods in order to formulate electricity development planning projects and dossiers, documents on investment in construction of electricity works suitable to the requirements of modernization in the field of electricity generation, electricity transmission, electricity distribution, in order to raise the economic efficiency and ensure safety and high reliability in investment in construction of electricity works;

c) To bear responsibility for quality of products and/or services already provided;

d) Other obligations prescribed by law.

**Article 46.-** Rights and obligations of electricity-using customers

1. The electricity-using customers shall have the following rights:

a) To select the electricity sellers in the competitive electricity-retailing market;

b) To be supplied with adequate electricity volume, output, be assured of electricity quality, already agreed upon in contracts;

c) To request the electricity sellers to promptly restore the electricity supply after blackouts;

d) To be supplied with, or briefed on, information related to electricity trading and the guidance on electric safety;

e) To be compensated for damage caused by the electricity sellers according to law provisions;

f) To request the electricity sellers to check the electricity service quality, the precision of electricity-measuring or -counting equipment, the payable electricity charges;

g) To complain about, denounce acts of violating legislation on electricity by electricity sellers;

h) Other rights prescribed by law.

2. The electricity-using customers shall have the following obligations:

a) To pay electricity charges fully and on time and to fulfill other agreements in electricity trading contracts;

b) To use electricity safely, thriftily and efficiently; to comply with regulations on management of electricity demands;

c) To promptly switch off electricity supply or reduce the electricity consumption level upon receipt of notices of the electricity sellers in the cases prescribed in Article 27 of this Law;

d) To notify the electricity sellers five days in advance of their need to temporarily cease their electricity use, fifteen days in advance of their wish to terminate the electricity purchase and sale contracts;

e) To promptly notify the electricity sellers of abnormal phenomena upon detection thereof, which may cause blackouts, unsafety to people and properties;

f) To create conditions for electricity sellers to check the meters, inscribe figures indicated on meters and contact customers;

g) To ensure the technical standards and safety requirements of electrical appliances;

h) To pay compensations for damage caused to electricity sellers according to law provisions;

i) To be responsible for investing in transmission lines from meters' outlets to electricity-using places;

j) Other obligations prescribed by law.

**Article 47.-** Rights and obligations of big electricity-using customers

1. The big electricity-using customers shall have the following rights:

a) The rights prescribed in Clause 1, Article 46 of this Law;

b) To buy electricity directly from electricity-generating units through termed contracts or spot dealings on the electricity market;

c) To be entitled to direct connection to national electricity transmission grids.

2. The big electricity-using customers shall have the following obligations:

a) The obligations prescribed in Clause 2, Article 46 of this Law;

b) To follow the electricity-using regime at the request of national electric system-regulating unit, to apply measures to ensure the voltage standards, electric safety and other contents agreed upon in the electricity-trading, electricity-transmitting contracts;

c) To ensure the technical standards and safety requirements of electrical appliances and connected equipment for connection to national electricity transmission grids;

d) To abide by the operational orders of the national electric system-regulating unit.

## ***Chapter VII***

### **PROTECTION OF ELECTRIC EQUIPMENT, ELECTRICITY WORKS AND ELECTRIC SAFETY**

**Article 48.-** Responsibility to protect electric equipment, electricity works and electric safety

1. Organizations and individuals have the responsibility to observe the law provisions on protection of electric equipment, electricity works and electric safety.

2. Organizations and individuals have the responsibility to notify in time the electricity units

or competent state agencies of electric-unsafety phenomena as well as acts of violating the regulations on protection of electric equipment, electricity works and electricity safety upon the detection thereof.

3. The ministries, ministerial-level agencies, Government-attached agencies, People's Committees at all levels have the responsibility to organize and direct the observance of law provisions on protection of electric equipment, electricity works and electric safety.

**Article 49.-** Responsibility for implementation coordination upon the construction or renovation of electricity works and other works

1. Upon the construction, renovation or expansion of public works or other works, which may affect the safety of electric equipment, electricity works and electric safety, investors must coordinate with electricity units for settlement.

2. Upon the repair, renovation or construction of electricity works and installation of equipment, which may affect public works or other works, electricity units must coordinate with the concerned organizations and/or individuals for settlement.

3. Where the involved parties cannot reach agreement, they can request competent state agencies to settle and abide by the decisions of competent State agencies.

**Article 50.-** High-voltage electricity grid safety protection corridors

1. A high-voltage electricity grid safety corridor is the delimited space along an electricity transmission line or around a transformer station and specified according to voltage level.

2. The high-voltage electricity grid safety

protection corridor includes:

a) The overhead electricity transmission line safety protection corridor;

b) The underground electric cable safety protection corridor;

c) The transformer station safety protection corridor.

3. The Government shall specify the high-voltage electricity grid safety protection corridors.

**Article 51.-** Overhead electricity transmission line safety protection

1. Owners or users of dwelling houses or works, which are allowed to exist in the overhead electricity transmission line safety protection corridors must not use the roofs or any parts of such dwelling houses or works for purposes, which may encroach upon the electricity discharge safety distance according to the voltage grades and must comply with the regulations on protection of overhead electricity transmission line safety when repairing, renovating the dwelling houses or works.

2. Before granting permits to organizations or individuals for construction, expansion or renovation of dwelling houses or works in the overhead electricity transmission line safety protection corridors, the permit-granting agencies must request the investing owners of such dwelling houses or works to agree in writing with the high-voltage electricity grid-managing units on measures to protect the safety of the overhead electricity transmission lines and the safety in the course of construction, expansion, renovation and use of such dwelling houses or works.

3. Dwelling houses and works where people regularly live or work must not be allowed to exist in the safety protection corridors of the overhead

electricity transmission lines of 500 kV or higher, except for specialized works in service of operation of such electricity grids.

4. All activities, if involving the use of equipment, instruments or means which may encroach upon the electricity discharge safety distance according to voltage grade, shall be banned from being carried out in overhead electricity transmission line protection corridors. In special cases where it is due to urgent defense or security requirements, agreement must be reached with the electricity grid-managing units on necessary safety protection measures.

5. At a cross-section between an overhead electricity transmission line and a land road or railway, the minimum height of the electricity transmission line at the lowest point when the line is in the state of maximum sagging is 4.5 meters plus the voltage-based electricity discharge safety distance.

Where the highest points on the transport means are higher than the 4.5 meter-height, the means owners must contact the high-voltage electricity grid-managing unit for application of necessary safety measures.

6. At a cross-section between an overhead electricity transmission line and a railway reserved for electric trams, the minimum height of the transmission line at the lowest point when the line is in the state of maximum sagging is 7.5 meters plus the voltage-based electricity discharge safety distance.

7. At a cross-section between an overhead electricity transmission line and an inland waterway, the minimum height of the electricity transmission line at the lowest point when the transmission line is in the state of maximum sagging is equal to the

overhead clearance height according to technical grade of the inland waterway plus the voltage-based electricity-discharge safety distance. The waterway transport means, when traveling through cross-sections between overhead electricity transmission lines and inland waterways must ensure that their heights shall not exceed the overhead clearance heights according to technical grades of such inland waterways.

The safety distance of the overhead electricity transmission lines cutting across sea routes shall be specified for each specific case.

8. When carrying out activities on land or underground near or in the overhead electricity transmission line safety protection corridors, which may affect the normal operation of the transmission lines or threaten to cause electric incidents or accidents, the units carrying out such activities must reach agreement with the electricity work-managing units on necessary safety protection measures.

**Article 52.-** Underground electric cable safety protection

1. It is forbidden to dig holes, pile goods, drive piles, plant trees, build houses and other works, anchor vessels in underground electric cable protection corridors.

2. It is forbidden to discharge cable-corroding water and substances, equipment into underground electric cable protection corridors.

3. In case of discharging water and other substances outside the underground electric cable protection corridors, which may infiltrate, corrode and damage the cables, the owners or managers, users of dwelling houses or works from which such water or substances are discharged, shall have to handle them so as not to affect the cables.

4. When building works on land or dredging rivers, lakes within the underground electric cable protection corridors, the builders must notify such to the electricity work-managing units at least ten days in advance and must apply measures to protect the safety of the underground electric cables.

**Article 53.-** Transformer station safety protection

1. Not to build dwelling houses, works or to plant trees of over two meters high in the transformer station safety protection corridors; not to encroach upon the walk-ins and walk-outs of transformer stations.

2. Dwelling houses or works built near transformer station protection corridors must ensure not to damage any parts of the stations.

**Article 54.-** Electricity generation safety

1. Power plants, electricity-generating stations must be strictly protected, surrounded by protection walls, signboards for electric safety, fire prevention and fighting; unauthorized persons are not allowed to enter power plants, electricity-generating stations.

*Water reservoirs in service of hydro-electric power plants must be safely protected to meet the plants' water storing requirements. All acts of encroaching upon reservoir beds and polluting water sources, which affect the electricity-generating capacity are strictly forbidden.*

2. The electric equipment rooms must be safely protected against fires and explosion; have signboards for danger areas, exits, adequate lighting system, electric equipment-air cooling system; air-ventilating holes must be net-protected

against encroachment by animals, minimizing the adverse impacts on environment.

3. Depending on the technical properties and protection requirements of each type of electric equipment, protection nets, partitions and safety signboards must be put up; the safety distance from the protection nets or partitions to the electricity-carrying parts of equipment must not be shorter than the prescribed distance and measures must be worked out to minimize adverse environmental impacts on operation of electric equipment.

4. In areas where exist inflammables, explosion-prone substances, the electric systems must be designed and installed according regulations on fire and explosion prevention and fighting; only specialized fire- and explosion-preventing and -fighting equipment and tools shall be used.

5. The electric cable systems in power plants or electricity-generating stations must comply with the following regulations on safety:

a) Electric cables must be arranged tidily according to their types, technical properties, voltage levels and placed on wooden shelves. Electric cables running through areas affected with high heat must be heat- insulated and threaded through protection tubes;

b) Cable tunnels or ditches must be lidded, well drained, kept clean and dry. Not to let water, oil, chemicals, extraneous matters accumulate in cable tunnels and ditches. Cable tunnels must have walls to prevent fires from spreading widely; be furnished with automatic fire alarming and fighting system, lighting system at safe voltages suitable to electric safety regulations and technical standards.

6. Lightning-arresting and earthed equipment and systems in the power plants, electricity-generating stations, electricity-distributing stations

must be installed strictly according to designs, pre-acceptance tested and periodically checked strictly according to electric safety regulations and technical standards.

**Article 55.-** Safety in electricity transmission, distribution

1. Electricity work owners shall have to:

a) Put up electric safety signboards at transformer stations, electric posts;

b) Color-paint and place signal lights on tops of posts of special heights and special positions in order to safely protect the high-voltage electricity grids.

2. At cross-sections between overhead high-voltage transmission lines, underground electric cables and railways, land roads, inland waterways, the placement and management of signboards and "no-cross" signboards for transport means shall comply with the regulations of the Transport Ministry. Owners of the subsequently built- works must bear the costs of placement of signboards and "no-cross" signboards.

3. When handing over electricity transmission works, the work investors must hand to the units managing the operation of the electricity grids all technical documents, pre-acceptance test records, land assignment or land lease decisions and documents related to compensations and ground clearance according to law provisions.

4. Units managing the operation of electricity grids must periodically organize the inspection, technical maintenance and overhaul of electricity grids, ensuring that the systems operate safely according to regulations on electric safety; conduct regular checks, detect and prevent acts of violating the regulations on electric safety, safely protect

high-voltage electricity grids and coordinate for implementation of technical solutions and optimal operation in order to reduce electric energy loss in the course of electricity transmission.

5. When repairing or maintaining electricity transmission works, the units managing the operation of electricity grids and units performing the repair or maintenance must fully and strictly follow the order of safety measures prescribed by the regulations on electric safety techniques.

6. The high-voltage transmission line sections running over dwelling houses and/or works where people permanently live or work must be supported with steel or concrete poles, and the electric wires must not have joints in intervals between poles, except for electric wires of cross-section of 240 mm or over, which are permitted to have one joint for one electric phase and must meet other law-prescribed standards on protection of safety of high-voltage electricity grids. The units managing the operation of electricity grids must not overload such transmission lines.

7. Electric cables running underground or lying in the structure of other works or running together with communications lines must be guaranteed with safety distances prescribed by regulations on electric equipment and other relevant law provisions.

8. The lightning-arresting and earthed equipment and systems of the electricity transmission and distribution grids must be installed strictly according to designs, pre-acceptance tested and periodically checked strictly according to electric safety regulations and technical standards.

**Article 56.-** Safety in connection to national electric systems

1. The electricity-generating, -transmitting or -distributing units and electricity-using customers, that meet the connection conditions, technical standards and procedures as provided for by the Industry Ministry shall be entitled to connect their own electric systems to national electric systems.

2. Only independent electricity grids, which satisfy all conditions and technical standards prescribed by the Industry Ministry, can be connected to national electric systems.

**Article 57.-** Safety in use of electricity for production

1. Organizations and individuals using electricity for production must comply with the regulations on electric safety, regulations and technical standards on electric safety must conform with Vietnamese standards.

2. Electric equipment, systems of electric equipment, lightning-arresting and earthed systems must be pre-acceptance tested, periodically and extraordinarily checked according to the electric safety regulations and technical standards. The diagrams of these systems must be compatible with actual positions and be archived together with inspection minutes throughout the course of operation.

3. The internal transformer stations, high-voltage equipment and transmission lines must be installed and managed according to electric safety regulations and technical standards.

4. Electric equipment must conform to “Vietnamese Standard - Low-Voltage Electric Equipment - General Requirements on Protection against Electric Shocks” and “ Vietnamese Standard - Regulations on Earth-Connection and Air-Connection of Electric Equipment” to prevent

electric shocks.

5. Electricity transmission lines, electric conductors must be designed and installed to ensure clear and airy production ground, thus avoiding mechanical or chemical impacts with may cause breakdowns. Metal structures of workshops, machinery, metal tubes must not be used as "neutral conductors," except for special cases where separate designs approved by competent state bodies are required.

6. The electric systems in areas where exist inflammables, explosion-prone substances must be designed, installed and used according to the provisions of Clause 4, Article 54 of this Law.

7. Electric equipment used in minerals exploitation, electric instruments, mobile electric equipment, welding machine, electrolysis, electroplating equipment must conform to the relevant electric safety regulations and technical standards.

**Article 58.-** Safety in use of electricity for daily-life and service activities

1. The total output of electric equipment used in offices, daily-life and service activities must conform to the designed capacity; the cross-sections and insulation durability of electric wires must conform to technical standards.

2. Heat-emitting electric equipment must not be placed near things easy to catch fire or to explode.

3. Electric equipment must be checked and maintained according to regulations, satisfy the electric safety technical standards and not cause dangers to users.

4. Electricity-using organizations and individuals shall have to organize the examination of safety of their respective electric systems, detecting and

preventing in time dangers of electric incidents or accidents.

5. Low-voltage electricity grids shall be built only after their designs are approved.

6. Electric branch lines conducting electricity to dwelling houses, works must satisfy electric safety conditions, ensure beautiful look and not hinder activities of traffic means, ambulances, fire-fighting engines.

7. In three-phase four-wire electric circuits, automatic circuit breakers, switches, fuses and other circuit-breaking equipment must not be connected to the neutral wires.

8. In one-phase two-wire electric circuits, fuses and switches must be connected to the phase wire, but not to the neutral wire. Automatic circuit breakers and two-pole knife-switches are encouraged to be installed so as to simultaneously switch on/off of two wires.

**Article 59.-** Using electricity as direct protection means

1. Using electricity as a direct protection facility means the use of electric source with appropriate voltage for direct connection with fences, barriers or shields of protected areas (hereinafter referred collectively to as electric fences) in order to prevent the infiltration into the protected areas and to emit alarming signals to persons guarding such areas.

2. Electricity shall be used as a direct protection means only when other protection measures have been applied inefficiently, and such must be permitted by competent state agencies.

3. Electric fences must be designed and installed to avoid all accidental contacts with people and cattle, to have danger signboards, not to affect the operation of electric system and not to cause

danger to vicinities and living environment. The electric fence managers and users must be professionally trained in electricity.

4. The Minister of Public Security, the Minister of Defense shall, within the ambit of their respective tasks and powers, prescribe areas permitted for use of electric fences.

5. The Industry Minister shall prescribe standards and conditions for using electricity as direct protection means.

### **Chapter VIII**

#### **ELECTRICITY IN SERVICE OF RURAL AND MOUNTAINOUS AREAS, ISLANDS**

**Article 60.-** Policies on development of rural, mountainous, island electricity

1. To attract all resources for investment in building electricity infrastructures, accelerate the process of rural, mountainous and island electrification.

2. To create favorable conditions for people in deep-lying, remote areas, ethnic-minority regions, regions facing exceptionally difficult socio-economic conditions to use electricity for production and daily-life activities.

3. Organizations and individuals of all economic sectors, engaged in electricity-generating, distributing and/or business activities in rural, mountainous or island regions facing difficult or exceptionally difficult socio-economic conditions shall be entitled to policies of investment, financial and other preferences according to law provisions on investment promotion.

4. To encourage organizations and individuals to invest in construction of electricity grids or

electricity-generating stations using local energies, new energies, renewable energies to supply electricity to rural, mountainous or island areas.

5. To prioritize the adequate and timely supply of electricity to water pumping stations in service of irrigation, water-logging and drought fighting.

**Article 61.-** Investment in development of rural, mountainous and island electricity

1. The State shall adopt policies to support electricity units operating in areas where electricity investment and operations bear no economic efficiency.

2. The State shall adopt policies to provide investment support for construction of transmission lines from the outlets of electricity meters to electricity-using households entitled to social policies and meeting with exceptional economic difficulties as certified by local People's Committees.

3. The State's support policies cover:

a) Support in investment capital;

b) Support in interest rates on investment capital loans;

c) Tax preferences.

The Finance Ministry shall assume the prime responsibility for, and coordinate with the Industry Ministry in, guiding the implementation of support policies.

4. The People's Committees at all levels shall have to create conditions for organizations and individuals to invest in building, renovating or upgrading rural, mountainous, island electricity grids.

**Article 62.-** Electricity retailing prices in rural,

mountainous and island areas

1. The electricity retailing prices in rural, mountainous and island areas shall comply with the table of electricity retailing prices prescribed in Clause 1, Article 31 of this Law, except for the cases provided for in Clause 2 of this Article.

2. The retailing prices of electricity for daily-life activities in areas where electricity investment and operations are economically inefficient shall be set by the provincial-level People's Committees, which, however, must not fall outside the electricity retailing price bracket prescribed in Clause 1, Article 31 of this Law.

**Article 63.-** Payment of irrigation electricity charges

1. The time limit for payment for electricity used by irrigation works- exploiting enterprises for irrigation and water drainage for rice, vegetables, subsidiary food crops, industrial plants intercropped with rice, vegetables or subsidiary food plants shall be agreed upon by the electricity buyers and sellers, but shall not exceed one hundred and twenty days counting from the date of receiving the electricity bills.

2. The State shall provide funding for payment for electricity used for water-logging and drought fighting in excess of the level according to law provisions on exploitation and protection of irrigation works.

3. The Finance Ministry shall assume the prime responsibility for, and coordinate with the Ministry of Agriculture and Rural Development in, guiding the implementation of the provisions of this Article.

**Article 64.-** Electric safety in rural, mountainous, island areas

1. Organizations and individuals conducting electricity activities and/or using electricity in rural, mountainous and island areas must strictly observe the electric safety regulations and technical standards.

2. Persons operating, repairing electric equipment in rural, mountainous or island areas must satisfy the following criteria:

a) Being aged full 18 or older;

b) Being certified by medical bodies as physically fit for the jobs;

c) Possessing professional certificates or diplomas in electricity, issued by vocational training establishments;

d) Possessing safety cards issued by provincial-level agencies which perform the state management over electricity activities and electricity use.

3. Only electricity units operating the electricity grids can organize the repair and installation of electric equipment, electricity grids within the areas under their respective management.

4. The Industry Ministry shall prescribe the electricity safety technical standards, grant electric safety cards and guide measures for electric safety in rural, mountainous, island areas.

## **Chapter IX**

### **STATE MANAGEMENT OVER ELECTRICITY ACTIVITIES AND ELECTRICITY USE**

**Article 65.-** Responsibilities for state management over electricity activities and electricity use

1. The Government performs the unified state management over electricity activities and

electricity use nationwide.

2. The Industry Ministry is answerable to the Government for the performance of state management over electricity activities and electricity use.

3. The ministries, ministerial-level agencies shall, within the ambit of their respective tasks and powers, have to coordinate with the Industry Ministry in performing the state management over electricity activities and electricity use.

4. The People's Committees at all levels shall, within the ambit of their respective tasks and powers, have the responsibility in performing the state management over electricity activities and electricity use in their respective localities.

**Article 66.- Regulation of electricity activities**

1. Contents of regulation of electricity activities:

a) Elaborating regulations on operation of competitive electricity markets and guiding the implementation thereof;

b) Studying, suggesting solutions to regulate the supply-demand relationship and manage the process of balancing electricity supply and demand;

c) Granting, modifying, supplementing and withdrawing electricity activity licenses according to the provisions of Clauses 1 and 3, Article 38 of this Law;

d) Guiding the conditions, orders and procedures for cessation or stoppage of electricity supply or reduction of electricity consumption, the conditions, orders and procedures for connection to national electric systems;

e) Studying and formulating electricity-retailing price tables and organizing the implementation of electricity price-related mechanisms and policies;

f) Gathering comments of the concerned agencies and organizations on electricity retailing price tables;

g) Prescribing the tables of electricity generation prices, electricity wholesaling prices, approving electricity transmission and distribution charges as well as other charges;

h) Monitoring the implementation of plans and projects on investment in development of electricity sources, electricity transmission grids, electricity distribution networks in order to ensure the development's compatibility with the approved electricity development plannings;

i) Determining the capacity percentages and the electric output percentages between form of electricity trading through termed contracts and form of electricity spot dealing, suitable to electricity market grades;

j) Inspecting the observance of the approved electricity price tables;

k) Settling complaints and disputes on electricity markets.

2. The electricity-regulating agency is the body assisting the Industry Minister in realizing the contents of regulating electricity activities prescribed in Clause 1 of this Article. The Prime Minister shall specify the organization, functions, tasks and powers of the electricity-regulating agency.

**Article 67.- Electricity inspectorate**

The Industry Ministry's Inspectorate shall perform the function of specialized electricity inspection, having the tasks to inspect the observance of legislation on electricity; detect, prevent and handle according to competence or propose competent agencies to handle violations

of legislation on electricity; propose measures to ensure the enforcement of electricity legislation.

### ***Chapter X***

#### **IMPLEMENTATION PROVISIONS**

**Article 68.-** Regulations for organizations and individuals currently engaged in electricity activities

1. Contracts or written agreements related to electricity activities which have existed before the time this Law takes effect are still valid for implementation within the durations inscribed in such contracts or agreements.

2. After this Law takes effect, all amendments or supplements to the contracts or agreements prescribed in Clause 1 of this Article must comply with the provisions of this Law.

3. The Government shall prescribe the

conditions and time for organizations and individuals currently engaged in electricity activities to adjust their structures, organizations and operations in accordance with the provisions of this Law.

**Article 69.-** Implementation effect

This Law takes implementation effect as from July 1, 2005.

**Article 70.-** Implementation guidance

The Government shall detail and guide the implementation of this Law.

*This Law was passed on December 3, 2004 by the XI<sup>th</sup> National Assembly of the Socialist Republic of Vietnam, at its 6<sup>th</sup> session.*

***Chairman of the National Assembly***  
**NGUYEN VAN AN**