TECHNICAL SUPPORT TO ENERGY EFFICIENCY IN LARGE INDUSTRIES

The DEPP3 provides high-quality technical support to Designated Energy Users in Vietnam to implement the Voluntary Agreement Scheme (VAS) for energy efficiency projects.

About Development Engagement 3 - Low carbon development in the industrial sector under DEPP3

Development Engagement 3 - Low carbon development in the industrial sector is one Development Engagement under the Energy Partnership Programme between Viet Nam and Denmark for the period 2020-2025 (DEPP3) which is implemented by EESD of MOIT, the Danish Embassy and Danish Energy Agency, with the focus on promoting energy efficiency activities. DEPP3 programme runs until end 2025.

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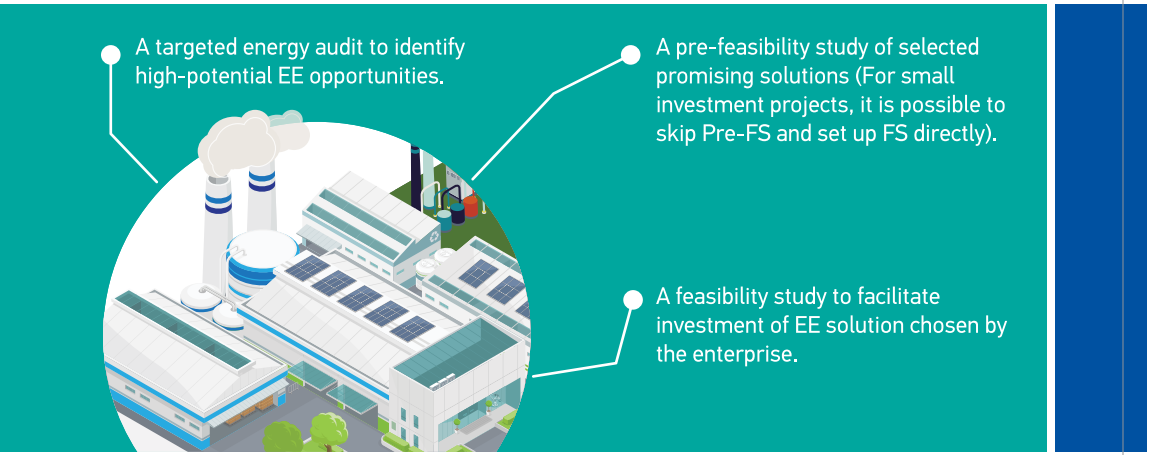
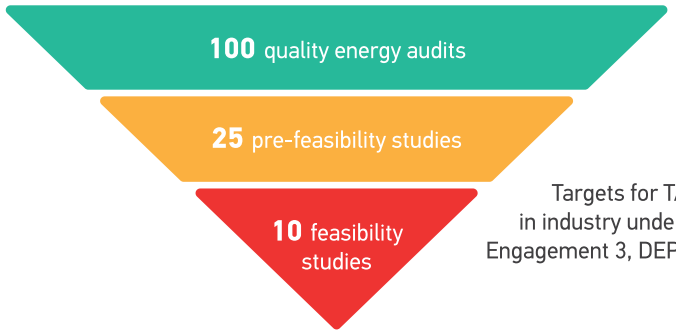
When the enterprises sign the VA, DEPP3 will provide technical experts with insight into the processes of the industrial sector/subsectors to support enterprises to implement the following activities:



Under the VAS implementation, if the participating industrial enterprise decides to invest in EE project(s) in their facilities, DEPP3 will provide technical assistance in getting access to finance by developing a loan application for a commercial bank or finding preferential/supporting financial sources for energy efficiency activities.



Targets for TA activities for EE in industry under Development Engagement 3, DEPP3

WHO CAN JOIN THE VAS?

In principle, all DEUs (Intensive energy consuming enterprises are issued annually under the Prime Minister's Decision) in Vietnam can receive support from the DEPP3 project. However, due to limited resources, and in order to ensure that we can offer solid technical and sector relevant expertise, the program starts out from the wood processing sector and will expand into more sectors as implementation progresses.

For each new sector included, the program will develop technical guidelines for development of energy efficiency projects in that sector. Through DEPP3, a number of training and capacity building activities for implementation of EE projects in industry will be implemented for relevant stakeholders such as energy auditors, enterprise managers and bankers.

VAS DESIGN AND IMPLEMENTATION

To implement VAS, DEPP3 will conduct the following steps:

1 **Agreement** — VA signing between enterprise and the DEPP3 project

As the first step, the enterprise will join a **voluntary agreement** with the DEPP3 program. The agreement will specify the objective and scope of the cooperation, for example optimization of the heat supply, implementation of an energy management scheme or other. The program will cover the costs of the technical assistance provided, while the enterprises will commit itself to work closely with the experts.

Identification of areas of most EE potential — **Energy audits** 2

Second step is the undertaking of an **energy audit** with the purpose of identifying specific areas of the production, which are deemed most promising for energy efficiency. Under the program, up to 100 quality energy audits will be performed across several sectors by local experts, together with senior experts of the Danish Energy Agency experienced in energy efficiency in general and energy audits in particular.

3 **Pre-feasibility study** — Assessment of alternative technology options

Based on the energy audit report, the next step would typically be a **pre-feasibility study**, which will assess and compare several alternative solutions to improved energy efficiency (for example: compare an upgrade of a boiler with replacement of boiler by a new one; substitution of fuel; or shifting away from boiler to heat pump).

Detailed assessment of one selected option (technological and financial feasibility), assistance to loan application — **Feasibility study** 4

If the pre-feasibility study identifies a promising and potential EE solution, a **feasibility study** can be undertaken for this solution, which would provide a detailed assessment of technological and financial feasibility (costs as well as benefits). If the enterprise wishes to implement the EE investment project and seeks finance from credit institutions, the program can assist in developing a **loan application** and **facilitating access to preferential financial sources for EE activities**.

A total of **25 pre-feasibility studies** and **10 feasibility studies** can be supported under the program.