

POWER SECTOR: Thermal power dispatch ramps up

- 8M26 power consumption rose 9.7%. Despite moderating slightly in July–August amid lower temperatures, demand remained high, indicating continued pressure on power supply.
- Thermal power dispatch increased, while hydropower declined. Renewable power generation broadly increased in line with installed capacity additions.
- We forecast aggregate net profit of power companies under our coverage to grow by 10% YoY. Thermal power names including POW, NT2 and QTP are expected to lead earnings growth, offsetting weaker contributions from hydropower-exposed HDG, REE, PC1 and GEG.

Power consumption slowed slightly in Q3/26 amid lower temperatures, but supply pressure remains elevated

Power consumption increased 9.7% YoY in 8M26, remaining strong amid higher temperatures, which drove greater demand from residential consumers. Although growth moderated slightly to ~7.7% YoY in July–August as Northern Vietnam entered the rainy season, power supply pressure is likely to persist, with global average temperatures projected to rise further through end-2027.

Thermal power dispatch increased while hydropower declined noticeably

Hydropower dispatch declined significantly by ~13% YoY in July–August. The U.S. National Oceanic and Atmospheric Administration (NOAA) officially announced the formation of El Niño on 11 June 2026, resulting in lower rainfall compared with last year and negatively affecting reservoir inflows and power generation. In September 2026, water inflows improved due to tropical depressions in the North and the onset of the rainy season in the South. However, the improvement remained localized and relatively modest compared with the same period last year, which also saw storm activity. Overall, we expect hydropower-exposed companies such as HDG, REE, GEG and PC1 to face headwinds.

Coal-fired power dispatch increased ~13% YoY in Q3, despite an already high base last year, as plants were heavily dispatched to compensate for lower hydropower generation. However, as dispatch pressure eased from the Q2 peak, the average electricity market price declined to only ~VND1,200/kWh in July–August. Global coal prices also rose sharply during Q3, visibly pushing up fuel costs for power plants. We expect this to put some pressure on gross margins, particularly for plants with relatively high exposure to the competitive electricity market.

Gas-fired power dispatch grew strongly by ~37% YoY, mainly driven by the newly commissioned Nhon Trach 3&4 plants. In Q3 and 2H26, several POW and NT2 plants continued to receive high Qc allocations, providing solid earnings visibility despite higher gas prices amid global geopolitical tensions. Domestic gas supply remains broadly secured, while LNG procurement for Nhon Trach 3&4 has been well prepared. Domestic gas-fired plants are also negotiating additional supply from the Hai Thach–Moc Tinh fields, alongside efforts to establish a mechanism for LNG procurement for power generation in the coming years.

Following a period of volatility driven by multiple legal violations, power-sector policy developments have remained relatively muted

During Q3/26, key policy developments centered on the review and update of the national power development plan, discussions around EVN restructuring and the electricity market, and the issuance of Decree 272 on offshore wind development. Meanwhile, investors are still awaiting greater clarity on several key mechanisms, including: (1) Qc arrangements for LNG-fired power; (2) final solutions for FIT renewable projects affected by regulatory violations; and (3) the 2026 tariff framework for different power sources. Overall, policy progress remains relatively slow following the series of legal and regulatory issues that emerged in 1H26.

3Q26 NPAT-MI forecast among our power sector's coverage

STT Ticker Sector			Net profit (forecast)					Comment		
			3Q26	%yoy	%qoq	2026	%yoy			
1	REE	Hydro, RE power	733	👉	9% 👉	16%	2,767	👉	9%	Q3/26 net profit is expected to edge up YoY. Lower hydropower output should be offset by higher selling prices and additional revenue from the Duyen Hai wind farm, which commenced operations in March. The water segment should also improve on stronger contributions from VCW, while office leasing is expected to benefit from the gradual ramp-up in occupancy at E.Town 6. Meanwhile, we expect sales at The Light Square to slow significantly amid tighter real estate market conditions.
2	HDG	Hydro, RE power	246	👉	-14% ➡	-2%	786	👉	11%	Q3/26 net profit is estimated to decline slightly YoY, mainly due to weaker hydropower generation from a high base in 2H25. Charm Villa sales remained sluggish, with only one additional unit expected to be recognized in Q3. Meanwhile, office and hotel operations should deliver solid growth following the addition of several properties under management in July–August. Financial income should also remain healthy on steadily rising cash deposits, while debt remains well controlled.
3	POW	Gas-fired power	1,086	👈	34% 📉	-68%	6,210	👈	165%	Q3/26 is expected to remain a strong quarter, with contracted Qc volume reaching ~4bn kWh. Actual dispatch at several plants, including Nhon Trach 1, 2, 3 & 4, was below planned levels, potentially resulting in Qc compensation revenue and supporting margins. In addition, easing FX pressure could allow POW to record FX gains on its ~VND17tn USD-denominated debt.
4	NT2	Gas-fired power	270	👈	26% 👉	-12%	892	📉	-21%	Q3/26 net profit is expected to maintain solid growth. Power output rose 21% YoY, while in September, we expect actual dispatch to fall below allocated Qc, allowing the plant to recognize Qc compensation revenue. Financial income should also grow strongly on a large cash balance, providing a meaningful contribution to earnings growth.
5	QTP	Coal-fired power	62	👈	88% 📉	-81%	768	📉	-27%	Q3/26 net profit is estimated to surge 88% YoY, driven by an expected 18% YoY increase in output to ~1.3bn kWh. Q3 earnings should remain lower than other quarters due to annual scheduled maintenance. The sharp rise in coal prices during Q3 could weigh on the plant's gross margin. Interest income should also provide a meaningful contribution as cash deposits continue to rise, while the company incurs no interest expense.
6	PC1	RE power, power construction	176	📉	-42% 👉	9%	827	📉	-21%	Q3/26 net profit is expected to decline sharply, mainly due to weaker electrical construction activity in both margins and workload amid market delays caused by legal bottlenecks. Hydropower revenue should also decline on less favorable weather, while nickel revenue is likely to fall on lower selling prices. On the positive side, PC1's repurchase of VND800bn of bonds should slightly reduce interest expense, while expected FX gains should support financial income.
5	GEG	Hydro, RE power	71	➡	-5% 👈	154%	593	👉	-16%	Q3/26 net profit is estimated to remain broadly flat YoY. Solar power output should increase slightly following the commissioning of Duc Hue 2 in June 2026, offsetting weaker hydropower generation. Interest expenses are expected to remain elevated in Q3; however, substantial debt repayments toward end-2025 should help contain the increase in financial expenses.

Sources: MBS Research

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