



# ELECTRICITY

## INDUSTRY AND LEGAL UPDATE

**KALIKOVA &**  
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*law firm*

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## Industry Update

February 5, 2018

### Government to raise heating and electricity tariffs

Prime Minister Sapar Isakov said that raising electricity and heating tariffs is necessary to address the heating crisis in Bishkek. Taking into account the outdated equipment at energy facilities and the growing consumer debt in the electrical energy industry, raising tariffs might be a solution to the problem, the official added.

Also, the drafting of the short-term tariff strategy 2018-2023 is currently underway, the State Agency for Regulation of Fuel and Energy Sector reported.

[www.rus.azattyk.org](http://www.rus.azattyk.org)

January 16, 2018

### Government initiatives can help increase RES-based power supply to 5-7% of total electricity generation

One of the goals of Step 12 (Energy Industry) of the Government Programme 40 Steps to the Future is to ensure the operation (construction, renovation) of 11 small hydroelectric power plants.

At the initial stage, it is planned to improve energy infrastructure by promoting energy efficiency and non-carbon energy projects, thus helping to increase the renewable energy supply to 5-7% of the total electricity generation.

It is planned to revise the Renewable Energy Sources Act and Energy Saving Act to put in place the effective mechanisms for managing and promoting the renewable energy projects and energy saving.

It is also planned to draft the new Fuel and Energy Industry

## Legal Update

### Government Ordinance No. 22-r of February 2, 2017

The Government passed the Ordinance establishing an official government delegation to conduct negotiations with the Eurasian Fund for Stabilization and Development over the financing of Phase 3 of the Toktogul HPP Rehabilitation Project.

### Government Resolution No.27 of January 16, 2018

The Government passed the Resolution approving revisions to the electrical and thermal energy tariff policy proposing to maintain electricity and heating tariffs for end-users at 2016 level. That said the growth of electrical energy tariffs for urban electrical transport consumers, assuming tariff cuts in 2016, remains unchanged.

[www.regulator.ek.kg](http://www.regulator.ek.kg)

### Government Ordinance No. 571-r of December 13, 2017

The Government passed the Ordinance approving, on the Kyrgyz side, the members of the working group authorized to conduct negotiations with the Uzbek side and to coordinate cooperation and interaction on the Kambarata HPP-1 construction project.

Development Strategy/Concept 2018-2023 taking into account modern approaches and models.

[www.gkpen.kg](http://www.gkpen.kg)

January 10, 2018

## **IFC to assist KR Government in finding investors for Upper Naryn HPPs cascade**

International Finance Corporation (IFC), a member of the World Bank Group, proposed to assist the KR Government in finding investors for the Upper Naryn HPPs cascade, Ulanbek Ryskulov, the Chairman of the State Committee for Industry, Energy and Mineral Resources of the KR, announced during the meeting of the Parliamentary Committee on Energy and Mineral Resources.

We are reviewing this proposal. IFC has experience implementing similar projects in other countries. We hope that our cooperation will be similarly successful, he said.

[www.ca-portal.ru](http://www.ca-portal.ru)

December 28, 2017

## **Kyrgyzstan to introduce online energy monitoring system**

Video wall cubes installed in the central dispatch center of National Electrical Grid Corporation allow all the energy/electricity/power parameters to be monitored through a web browser in real time online. Previously, there were no such systems in the country, reports the press service of the Government.

This equipment meets all modern requirements of the dispatch services operating in the advanced countries. It was installed by AKAY, a Turkish company, for a remuneration of KGS 55 million, 60% loan and 40% grant. The loan repayment period is 25 years, including a grace period of 5 years.

Modernization of the central dispatch center has been undertaken as part of the Energy Industry Development Project.

[www.akchabar.kg](http://www.akchabar.kg)

December 28, 2017

## **Uzbekistan to take part in construction of Kambarata HPP-1 in Kyrgyzstan**

Daniyar Sydykov, Kyrgyz Ambassador to Uzbekistan, announced that Uzbekistan would take part in the construction of Kambarata HPP-1. This plan was not left unrealized. The project working group held its first meeting in Tashkent and outlined certain joint steps.

In early October, UzbekHydroEnergy and Kyrgyz National Energy Holding Company signed a memorandum of cooperation for the implementation of the Kambarata HPP-1 construction project.

## **Act No. 207(12) of December 12, 2017 approving amendments to certain legal acts**

Article 4 of the Act proposes the following amendments to the Electrical Energy Industry Act aimed at maintaining transformers, electrical wires and other power transmission equipment of multistoried residential buildings in good operating condition and under state control: "Tenants of apartment buildings (associations of homeowners) shall be prohibited from transmitting electrical energy to other residential, commercial or industrial facilities, unless the respective equipment has sufficient capacity to afford such transmission.

Electrical energy enterprises shall be prohibited from transmitting electrical energy intended for apartment buildings to other residential, commercial or industrial facilities, unless the respective equipment has sufficient capacity to afford such transmission."

[www.kenesh.kg](http://www.kenesh.kg)

## **Government Ordinance No.550-r of December 5, 2017**

The Government passed the Ordinance approving the following agreements aimed at promoting and improving the electricity supply systems in the Issyk-Kul province:

- A Draft Loan Agreement between the Kyrgyz Republic and the European Bank for Reconstruction and Development for financing of the Vostokelectro Rehabilitation Project for modernization and reinforcement of medium and low voltage distribution networks, and procurement of electronic meters and auxiliary equipment for new monitoring and recording system);
- A Draft Grant Agreement among the Kyrgyz Republic, Vostokelectro Company and the European Bank for Reconstruction and Development for investing in the Vostokelectro Rehabilitation Project using the proceeds of the EBRD Founder Special Fund.

## **Parliament Resolution No.1961-VI of November 2, 2017 instructing Government to take steps to assure 2017/2018 winter heating season preparedness**

The Parliament passed the Resolution instructing the Government to take steps to assure the 2017/2018 winter heating season preparedness and reliable operation of the fuel and energy industry of the country.

In particular, the Government is instructed to do the

[www.kabar.kg](http://www.kabar.kg)

December 22, 2017

## Aibek Kaliev, CEO of National Energy Holding Company, meets with President

Aibek Kaliev, the CEO of National Energy Holding Company, met with President Sooronbay Jeenbekov to report on the sustainable operation of the Kyrgyz energy grid, with the average electrical energy consumption estimated at 61 million kWh.

"The second transformer at the Toktogul HPP was launched on December 20, 2018, while the installed capacity of the Toktogul HPP was estimated at 1100-1200 MW. We reduced the load on the Bishkek CHPP from 420 MW to 370-350 MW. The purpose is to save fuel and financial resources," Aibek Kaliev said.

He informed that the Energy Industry Development Concept and Action Plan 2018 had been drafted taking into account the Regional Development Concept (20 pilot cities).

[www.energo.gov.kg](http://www.energo.gov.kg)

December 12, 2017

## Government instructed to cut electricity tariff for religious institutions

The Parliamentary Committee on Fuel, Energy and Mineral Resources Industry instructed the Government to cut electricity tariffs for religious and social institutions such as mosques, madrassas, churches, orphanages, boarding schools and other social institutions not engaged in commercial activities.

[www.24.kg](http://www.24.kg)

November 24, 2017

## Tender announced for Karakul hydroelectric power plant

Karakul Hydroelectric Power Plant OJSC announced public tender for selection of investor and creation of joint venture for construction and operation of Karakul hydroelectric power plant at Karasuu river in Toktogul district of Jalalabad province.

The cost of construction of Karakul hydroelectric power plant is estimated at \$ 25 million. Its design capacity is 18 MW and average annual output is 110 million kWh.

Currently, Karakul Hydroelectric Power Plant OJSC is 100% owned by the State, represented by the State Property Management Fund of the Government of the Kyrgyz Republic.

[www.fqi.gov.kg](http://www.fqi.gov.kg)

following:

- assure sustainable operation of the energy systems and uninterrupted supply of electricity, heating and natural gas to consumers during the 2017/2018 winter heating season;

- ensure that ministries, departments, Government plenipotentiaries and local self-government authorities of Bishkek and Osh cities observe deadlines for procurement of fuel and limits on electrical energy consumption and capacity, and timely pay electricity, heating, gas and fuel oil bills;

- resolve, by December 1, 2017, the issue of funding the costs of fuel procurement by publicly funded organizations during the 2017/2018 winter heating season and the issue of full collection of delinquent receivables owed to energy supplying organizations;

- take urgent measures to assure full supply of locally produced coal to Bishkek CHPP during the 2017/2018 winter heating season;

- consider the possibility of granting exemption from state duty to Kyrgyzteploenergo SOE (State Duty Act No. 153 of August 15, 2017);

- take measures to increase the volume of coal production at local coal mines in order to fully ensure consumers with solid fuel;

- develop an action plan to improve energy efficiency and energy saving in order to reduce energy costs;

- take measures to increase the value of exported electricity.

The State Committee on Industry, Energy and Mineral Resources of the Kyrgyz Republic is instructed to do the following:

- assure stable parallel operation of the national energy grid and the Central Asian unified energy grid during the 2017/2018 winter heating season;

- take necessary measures to prevent emergency shutdown of electricity and heating supplies to consumers during the 2017/2018 winter heating season;

- take immediate measures to ensure supply of coal to residents of the Issyk-Kul province under Government Resolution No. 262 of May 10, 2017;

- ensure timely payment for electricity and heating consumed by publicly funded organizations;

- take measures to convert Kyrgyzteploenergo SOE electric boilers to alternative fuel (coal, natural gas) under Government Resolution No. 319 of May 25, 2015;

- take measures to convert Osh CHPP to alternative fuel (coal).



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