



ELECTRICITY

INDUSTRY AND LEGAL UPDATE

KALIKOVA &
ASSOCIATES
law firm

Information for effective business solutions

Issue 27, November 2017 (quarterly)

Industry Update

20 October 2017

The National Energy Holding introduces online customer service in Kyrgyzstan

As reported by the press service, the National Energy Holding introduces online customer service. According to the report, it will start providing necessary spectrum of services via the Internet, including the abilities of the clients to find the charges for the use of energy and make online payments for electricity.

According to the report "Connection and disconnection to electrical networks will also take place remotely online. These operations can be done through a personal account using mobile application on all popular mobile platforms. If the assistance of a specialist is needed, the client can refer to him through a "single window" mechanism in which all the necessary information will be provided, as well as all the necessary procedures for servicing the clients".

www.knews.kg

18 October 2017

In 2018, Kyrgyzstan will supply Uzbekistan with electricity for \$ 13.2 million

According to local news agencies, Kyrgyzstan signed a contract with Uzbekistan to export electricity for the period from December to March. This was announced by Aibek Kaliev, Chairman of the Board of the National Energy Holding Company, during a press conference in Bishkek.

According to Aibek Kaliev, Kyrgyzstan is planning to export 550 million kWh of electricity. The export price of electricity will be 2.4 cents per 1 kWh, he said.

Thus, the amount of supplies is estimated to be \$ 13 200

Legal Update

30 October 2017

The Central Election Commission (CEC) determined the results of the election of the President of the Kyrgyz Republic which took place on 15 October 2017

On 30 October 2017, members of the KR CEC signed and approved the protocol "On the results of the election of the President of the Kyrgyz Republic", according to which Sooronbai Sharipovich Jeenbekov was elected the President of the Kyrgyz Republic, who collected 54.22% of the vote, that is, more than half of all voters who took part in the elections.

www.shailoo.gov.kg

28 September 2017

Order of the Government of the Kyrgyz Republic dated 28 September 2017 No. 437-p

For the purposes of further implementation of the CASA-1000 project and the development of the regional electricity market in Central Asia-South Asia (CASAREM), the Government of the Kyrgyz Republic, by its order of September 28, 2017, No. 437-p, agreed with the draft Agreement on the provision of financial advisory services between the State Committee industry, energy and subsoil use of the Kyrgyz Republic and the International Finance Corporation.

18 September 2017

000.

Earlier, it was stated that Kyrgyzstan started supply of electricity to Uzbekistan at the price of 2 cents per 1 kWh, the total volume of which was 1.25 billion kWh for \$25 million.

This is already the second contract for Kyrgyzstan and Uzbekistan for this year.

www.knews.kg

10 October 2017

The Government of Kyrgyzstan terminated the contract with Liglass

According to the press service, the Government of Kyrgyzstan unilaterally terminated the agreement on the construction of Hydroelectric Power Station (HPS) signed earlier with Liglass Trading CZ, a Czech company. The relevant decree was signed on October 10, by Prime Minister Sapar Isakov.

"The Government of the Kyrgyz Republic is not engaged in any negotiations with Liglass Trading CZ on further cooperation within the framework of the concluded investment agreement," the press service commented on the information about the alleged negotiations.

On 5 October 2017, on numerous requests of the management of the Czech company, a meeting was held in the State Committee of Industry, Energy and Subsoil Use of the Kyrgyz Republic.

"During the meeting, the company's representatives were informed that due to the failure of the Czech side to fulfill its obligations under the agreements on the construction of hydroelectric power stations, Kyrgyzstan is unilaterally terminating the investment agreement," the press service said. The meeting was held in accordance with the requirements of the agreement on the construction of the Verkhne-Narynsky cascade of HPS, which provides for negotiations to resolve disputes within three months. Representatives of the company presented their proposals for resolving the disputes.

"These proposals are unacceptable for Kyrgyzstan, since the proposed options for resolving the current situation are not stipulated by the terms of the earlier agreements, and are also conditioned by the adoption of additional decisions by the Kyrgyz Government, which leads to the prolongation of the time for resolving the situation." In this regard, the consensus between the parties is not reached".

On July 10 this year, the Kyrgyz Government and Liglass Trading CZ, SRO signed an agreement on the construction and commissioning of the Verkhne-Narynsky Cascade (VNC) HPS and small HPSs. The investor voluntarily undertook to cover the debt of \$ 37 million before OJSC RusHydro.

On September 18, the management of Liglass referred to the Kyrgyz Government, asking the extension of payment of \$ 37 million for VNK HPS. The deadline was September 19. The Kyrgyz Government decided to terminate the agreement unilaterally. The funds have not been received, but the

Resolution of the Government of the Kyrgyz Republic No. 590 dated September 18, 2017 "On Amendments to the Resolution of the Government of the Kyrgyz Republic "On issues of the State Committee of Industry, Energy and Subsoil Use of the Kyrgyz Republic" dated 15 July 2016 No. 401"

In order to eliminate the gaps and bring in line with the legislation of the Kyrgyz Republic the proper execution of the duties assigned to the State Committee for Industry, Energy and Subsoil Use of the Kyrgyz Republic, the Government of the Kyrgyz Republic has amended its Resolution No. 401 from 15 July 2016. In particular, the Regulations on the State Committee industry, energy and subsoil use of the Kyrgyz Republic, approved by the above-mentioned resolution, the following change was introduced:

- Subparagraph "b" of paragraph 8 was supplemented with the paragraph twentieth of the following content: "- issues expert opinions on the compliance of the conditions of the licensee's activities with the established requirements for the development, production and sale of military products and services".

26 August 2017

Sapar Isakov is appointed as the Prime Minister of the Kyrgyz

President of the Kyrgyz Republic Almazbek Atambayev, in accordance with Part 5 of Article 84 of the Constitution of the Kyrgyz Republic today, on August 26, signed a decree appointing Sapar Djumakadirovich Isakov as the Prime Minister of the Kyrgyz Republic, having relieved him of his previous position.

www.president.kg

7 August 2017

Order of the Government of the Kyrgyz Republic dated 7 August 2017 No. 328-p

In order to ensure the readiness of the member states of the Eurasian Economic Union to participate in the general electric power market of the Eurasian Economic Union and to create conditions for its effective functioning, in accordance with the Decision of the Supreme Eurasian Economic Council No. 20 dated 26 December 2016, the Government of the Kyrgyz Republic approved the Action Plan for the implementation of the Program for the Formation of the General Electricity Market of the Eurasian Economic Union of the Kyrgyz Republic. The plan includes the following activities:

I. Formation of the system of acts regulating the

guarantee fee for small HPS (1 million 147 thousand dollars) will remain with the Kyrgyz Republic, the authorities assure. In this case, it is possible that the Czech side will sue Kyrgyzstan.

www.sptnkne.ws

27 September 2017

Severelectro OJSC is close to the completion of the repair campaign

The press service of the company reports that within 8 months of the current year, the repair of the electric power equipment of Severelectro OJSC was performed for the amount of 140.4 million soms or 144%.

In the areas of electric networks of Chuy, Talas oblasts and Bishkek city the following renovations took place:

- about 168 km of high-voltage overhead transmission lines with a voltage of 35 kV, 1,589 km of power lines with a voltage of 10 / 6-0.4 kV;
- 33 high-voltage transformer substations with voltage 35 / 6-10 kV;
- 1050 complete transformer substations with 10 / 6-0,4 kV voltage;
- over 103 km of cable lines with a voltage of 10 / 6-0,4 kV.

For the purposes of reduction of losses and improvement of the reliability of electricity supply to consumers, trees were cut off along more than 1321 km of 0.4-6-10 kV air-power transmission lines, replaced by a larger section of about 71 km of 0.4-6-10 kV wires, and 53 overloaded and 6 underloaded oil transformers.

The volume of total investments for the eight months of this year amounted to 266.2 million soms. According to Severelectro OJSC, 38 additional transformer substations have been installed, 21.9 km of cable lines and 74.7 km of 0.4-10 kV overhead transmission lines have been reconstructed, and 17,921 meters have been replaced. Since the beginning of the year, more than 51 km of 0.4 kV electricity transmission lines with the use of self-supporting insulated wires (SIP) have been reconstructed in the capital city of KR.

As a result of the work, the breakdown rate in the distribution networks of Severelectro compared to the same period in 2016 decreased by 13%. The total loss amounted to 12.51%.

www.vb.kg

22 September 2017

The President of the Kyrgyz Republic proposed General Electric to invest in the energy sector of Kyrgyzstan

According to the Department of Information Policy of the Administration of the President, on September 21, during his working visit to New York, Almazbek Atambaev met with Vice President of General Electric, President and CEO of General

general electric power market of the Eurasian Economic Union ("Union")

1) Consideration and approval of the draft of international agreement on the formation of the common electric power market of the Union (hereinafter "international treaty"), including, among others, uniform rules for access to services of natural monopolies in the electric power industry, including:

- draft of international treaty;
- draft of unified rules for access to services of natural monopolies in the electric power industry.

2) Consideration and approval of the set of rules for the general electric power market of the Union, including:

- draft rules for mutual electricity trade on the common electricity market of the Union;
- draft rules for determining and distributing the capacity of interstate transmission lines;
- draft regulations on the development of interstate electrical networks;
- Draft information exchange rules.

3) Adoption of the acts regulating the general electric power market of the Union, including:

- international treaty;
- unified rules for access to services of natural monopolies in the electric power industry;
- the code of rules of the general electric power market.

II. Formation of the technological basis of the general electric power market of the Union

1) Formation of the information exchange system, providing interaction of subjects of the general electric power market of the Union;

2) Development of an electronic trading system that provides for centralized trading on fixed-term contracts;

3) Development of an electronic trading system that ensures coordinated trades for the day ahead.

III. Ensuring the implementation of the Program for the formation of the common electricity market of the Eurasian Economic Union

Monitoring of the implementation of the Program for the Formation of the Common Electricity Market of the Union.

7 August 2017

Order of the Government of the Kyrgyz Republic dated 7 August 2017 No. 322-p

In order to increase financial transparency in the energy sector, the Government of the Kyrgyz Republic issued the following orders:

State Committee of Industry, Energy and Subsoil Use of the Kyrgyz Republic to ensure the uninterrupted operation of the electronic card "Energy Capacity of the Kyrgyz Republic" in online mode, its quarterly update and administration.

Electric for the CIS Ron Pollett.

During the meeting, issues related to the activities of General Electric in Kyrgyzstan, including in the field of energy infrastructure modernization, were discussed.

Prospects for expanding cooperation between Kyrgyzstan and General Electric were also discussed, primarily in the field of developing domestic energy and building new HPSs in Kyrgyzstan.

www.vb.kg

30 August 2017

On 30 August 2017 the official ceremony of opening of the main building of new power units of the Bishkek Combined Heat and Power (CHP) after the modernization was held

On 30 August 2017 the official ceremony of the Bishkek CHP after the modernization was held.

The event was attended by President of the Kyrgyz Republic Almazbek Atambayev, Bishkek Mayor Albek Ibraimov, Chairman of the Board of the National Energy Holding Company Aibek Kaliev, Ambassador Extraordinary and Plenipotentiary of the People's Republic of China Xiao Qinghua, the management of the TBEA Company, as well as energy veterans and labor collective of the Moscow CHP.

The repair work started in 2014. The modernization of the Bishkek CHP was carried out by the Chinese side. The loan agreement between China's Eximbank and the Kyrgyz government on this issue was signed during the official visit of Chinese President Xi Jinping to Kyrgyzstan in 2013. The same year, a contract was signed between OJSC "Electric Stations" and the Chinese company OJSC "TBEA" on implementation of the "Modernization of the Bishkek CHP" project, which worth \$ 386 million.

The works within the framework of the project "Modernization of CHPP in Bishkek" were conditionally divided into three stages:

I-stage: Ensuring reliable operation of the remaining equipment of the CHP (removal of engineering networks from the construction zone).
II-stage: Dismantling of the reconstructed equipment of CHP.
III-stage: Construction and installation of new equipment.

All dismantling and installation works were carried out directly with the participation of specialists from OJSC "Electric Stations" and personnel of Bishkek HPS. Daily monitoring of quality, construction and installation works and equipment was conducted. The phased acceptance of the completed construction and installation of the facilities was carried out in accordance with SNiP KR 12-03-00.

As results of the work carried out, the installed capacity of the CHP reached 812 MW, of which 300 MW due to the construction and commissioning of two new power units, each with a capacity of 150 MW.

The State Agency for Regulation of the Fuel and Energy body under the Government of the Kyrgyz Republic quarterly, on the 5th day of the month following the reporting period, submit information to the State Committee of Industry, Energy and Mineral Resources of the Kyrgyz Republic on substations of 110 kilovolts and below that are owned by wholesale buyers- sellers of electricity and consumers-sellers of electricity.

To recommend to the OJSC "National Energy Holding Company" quarterly, before the 5th day of the month following the reporting period, to submit to the State Committee of Industry, Energy and Subsurface Use of the Kyrgyz Republic information on substations of 110 kilovolts and below owned by energy companies, the shareholder of which is an OJSC "National Energy Holding Company", for placement on the electronic map "Energy power of the Kyrgyz Republic".

To assign responsibility for the timeliness and reliability of the information provided to the heads of the State Agency for Regulation of the Fuel and Energy body under the Government of the Kyrgyz Republic and the OJSC "National Energy Holding Company".

It is noteworthy that the blocks constructed will work at the local coal of the Kavaksky deposit, which helps to reduce the dependence of the country on imported raw materials and the development of the coal industry of our republic. At the same time, the annual consumption of local coals by the power plant will increase from 550,000 tons per year to 1,200,000 tons, depending on the operating mode of the station.

It should also be noted that the operation of new boilers is based on a full flue gas cleaning and will not harm the environment. At the same time, the efficiency of the station increased from 23% to 51%.

Concerning the social terms, the capacity of the station will allow additional employment of 130 specialists, and accordingly will give additional contributions to the funds of the republic.

Completion of this project is one of the achievements to improve the reliability of providing high-quality electricity and heat to the population of the capital, and also accompanies the development of the economy of the Kyrgyz Republic as a whole.

www.energo.gov.kg



71 Erkindik Avenue
Bishkek, 720040
Kyrgyz Republic

Tel.: +996 (312) 666060
Fax: +996 (312) 662788
Web: www.k-a.kg
Email: lawyer@k-a.kg

The sources of news contained in the Update are websites: www.vb.kg, www.knews.kg, www.sptnkne.ws, www.energo.gov.kg, www.president.kg, www.shailoo.gov.kg, etc.

If you would like to ensure that you continue to receive this newsletter [subscribe here](#), and make sure to add our email to your address book.

If you do not wish to receive this newsletter [unsubscribe here](#).

If you have any comments, please contact Magomed Saaduev at msaaduev@k-a.kg

Kalikova & Associates does not bear responsibility for completeness and accuracy of the news contained in the Update. Update materials are for general information purposes only and should not be considered as legal advice. Transmission of information on or by use of this Update is not intended to create, and receipt does not constitute, a lawyer-client relationship between the sender and receiver.

Copyright © 2017 Kalikova & Associates