



ELECTRICITY

INDUSTRY AND LEGAL UPDATE

KALIKOVA & ASSOCIATES

Information for effective business solutions

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Industry Update

Electric Stations OJSC: The self-cost of 1 kWh of electricity in the first half-year was 43.65 tyins

This was reported at the meeting of the board of the Ministry of State Property of the Kyrgyz Republic by the first deputy director general of Electric Stations OJSC Abdylida Israilov. Last year this figure was 43.56 tyins.

According to Mr. Israilov, the self-cost of 1 kWh of electricity was 20.75 tyins, last year this indicator was 22.84 tyins per 1 kWh. The self-cost of electricity at the heat station was 2.17 soms per 1 kWh, last year was 2.6 soms. Productive supply of electricity reached 6.8 billion kWh, with 5.8 billion kWh sold at the domestic market and 1.3 billion kWh exported.

The company with 3.8 billion soms of marketable output and 2.6 billion soms of productive input realized a profit of 1.2 billion soms, including on electricity: 2 billion soms of profit and 856 million soms of loss from heat output.

A. Atambaev met with the management of Chinese company Sinohydro which considers building Suusamyр-Kokomeren HPP Cascade

During his visit to Dalian (China) Kyrgyz Prime Minister Almazbek Atambaev met with Chinese HPP construction company Sinohydro.

At the meeting with Alamazbek Atambaev, Sinohydro President noted that during his recent visit to Bishkek in June 2011, the agreement was reached to develop a feasibility study for construction of HPP on the river Kokomeren. As part of the program, Chinese specialists visited Kyrgyzstan in August 2011. The company also plans to send more specialists to Kyrgyzstan. The FS will be

Legal Update

Amendments to the Law of October 10, 2011 N 167 «On Renewable Energy Sources»

The law on amendments was adopted by the Kyrgyz Parliament on September 15, 2011 and entered into force on November 15, 2011.

According to the amendments, legal entities and individuals dealing with renewable energy sources are granted preferences in the form of full exemption from customs duties. Previously, they paid the customs duties at reduced rates.

Besides, the amendments introduced property liability of energy companies which do not observe obligations prescribed by law, in particular, on mandatory acquisition from the producers of electricity generated using RES. According to the amendments, in this case energy companies shall reimburse the energy producers for lost profit.

Government Resolution «On Forecast of Socio-Economic Development of the Kyrgyz Republic for 2012 and Forecast for 2013-2014» of September 13, 2011 N 553

This act provides that electricity production and distribution in 2011 will grow 22.4% owing to increased inflow of water to ensure necessary amount of electricity, and due to reaching the capacity of the first aggregate of Kambar-Ata HPP 2.

2011 saw the growth of production in electric power sector which was ensured by increase of electricity output by 37.6%, power transmission services by 27.9%, electricity distribution by 29.8%.

As for 2012, there are forecasts of real growth of production and distribution of electricity on the level of 100.2%. Electricity production

completed in the end of 2011 or beginning of 2012.

As Atambaev pointed out, the projected capacity of three PPPs will be 1,300 megawatt as compared to Toktogul HPP (1,200 megawatt). In his turn, Sinohydro President noted that first it is necessary to build 360 megawatt HPP and then others, bearing in mind financial issues. In the first half-year of 2012, the company plans to start preparatory works at the site.

Chinese company TBEA is ready to spend 400 million US dollars to build in Kyrgyzstan the power transmission line (PTL) Datka-Kemin at 500 kV

At the meeting with Kyrgyz Prime Minister Almazbek Atambaev held on September 14 in Dalian (China), deputy CEO of TBEA Chjan Sinj said that his company is interested in building Datka Kemin PTL in Kyrgyzstan at the projected cost of 400 million US dollars.

It is planned to start the construction of PTL as soon as the parties agree on the exact amount of the project.

According to Medetbek Aitkulov, director general of Electric Stations OJSC, this is a second phase of the project and it includes the construction of Kemin substation and Datka-Keming PTL. During the meeting Chinese TBEA and Electric Stations OJSC signed the memorandum of understanding in respect of the visit of Chinese specialists to Kyrgyzstan.

Earlier, in September 2, President Otunbaeva, during the 1st China - Eurasia International Exhibition, visited TBEA. Then Chjan Sinj informed that all technical work under Datka-Kemin substation construction project had been completed. To pursue the project further it is necessary to sign commercial contract with the Kyrgyz side.

In July 2011, TBEA started the construction of the USD 208 million Datka substation in the south of Kyrgyzstan.

Russian «RusHydro» to build HPP at the Upper Cascade of the River Naryn

In his interview to Russian newspaper Izvestia Almazbek Atambaev informed about the plans of major Russian energy company RusHydro to start the construction of two HPPs at the Upper Naryn Cascade.

capacity will be increased due to completion of Kambarata 2, commissioning of new capacities of small HPPs.

2012 will see the continuation of the project on construction of Datka substation at 500/220 kV and PTL at 220 kV at the south of Kyrgyzstan and "Datka-Kemin" high voltage line at 500 kV with substation "Kemin", and "Kemin-Almaty" high voltage line at 500 kV. It is planned to update the feasibility study of the project and to start the construction of 500 kV "Datka-Hudjent" (Project CASA-1000") for the implementation of the program for electricity export increase (Pakistan, Afghanistan).

Government Resolution approving the draft Memorandum of Understanding in respect of "CASA-1000" Project and further development of Central Asia/South Asia regional electricity market (CASAREM)

By this resolution the Government approved the draft Memorandum of Understanding among the Governments of Afghanistan, Tajikistan, Pakistan, and Kyrgyzstan about the development of electricity transmission project "CASA-1000" and further development of the Central Asia/South Asia regional electricity market.

The purpose of the Memorandum is to develop cooperation on the implementation of the project Central Asia/South Asia regional electricity market (CASAREM), providing for export of electricity from Kyrgyzstan and Tajikistan to Afghanistan and Pakistan.

As part of this project it is supposed to build 500 kV power line from Tajikistan through Afghanistan and other objects. The project is economically sound for all parties since it will allow Kyrgyzstan and Tajikistan to increase the volumes of export of electricity and Afghanistan and Pakistan will be supplied with necessary amounts of electricity.

Financing for the project is planned to be provided by international financial institutions and donors, in particular, World Bank, Asian Development Bank, Islamic Development Bank and others.

Government Resolution «On approval of intermediate development program of the Kyrgyz Republic for 2012-2014» of September 8, 2011 N 540

This was also mentioned by the minister of energy Askarbek Shadiyev, who informed about the visit of RusHydro representatives to Kyrgyzstan after president's inauguration. Expert group from Russia arrived in August 2011 and investigates the issues of construction of Kambar-Ata HPP 1 and four small HPPs on the river Naryn.

According to RusHydro, the company is ready to build four HPPs on the Upper Cascade of the river Naryn for which a Kyrgyz Russian joint venture will be set up.

It should be noted also that the intention to start the construction of Kambar-Ata HPP 1 was previously announced by another Russian company – «INTER RAO EAS», with which parallel negotiations are being conducted.

Volume of water in Toktogul reservoir as of December 20 was 17 billion 826 million cubic meters

According to press service of Electric Stations OJSC the volume of water in Toktogul reservoir as of December 20 was 17 billion 826 million cubic meters as compared to 18 billion 541 million cubic meters in 2010.

Inflow of water to Toktogul reservoir made 228 cubic meters per second versus the last year's 236 cubic meters per second.

Water consumption to date is 733 cubic meters as compared to the last year's 525 cubic meters.

The said resolution approved the draft intermediate program of development of the Kyrgyz Republic for 2012-2014.

Under this intermediate program, it is planned to take various steps to develop the Kyrgyz energy sector: drafting the National Energy Program of the Kyrgyz Republic for 2012-2015 and Strategy of development of fuel and energy sector till 2025, draft laws on making amendments to legislation on use of compensations of tariffs upon production of electricity at mini HPPs and RES, adoption of intermediate tariffs for electricity and heat, gas fuel for the period of 2012-2014, introduction of effective mechanisms of compensations to socially vulnerable people for tariffs for electricity, heat and gas fuel.

Besides, important role is played by the programs for reduction of electricity and heat losses during its production, distribution and consumption, and creation of standards and introduction of mandatory requirements for electricity saving for various sectors of economy and non-production sphere.



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