



ELECTRICITY

INDUSTRY AND LEGAL UPDATE

KALIKOVA & ASSOCIATES

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Industry Updates

Asian Development Bank to grant \$44.3 million for Kyrgyz energy sector

Asian Development Bank will provide \$ 44.3 million to support energy sector of Kyrgyzstan, as Minister of Energy Askarbek Shadiev stated Monday at a committee meeting of [Zhogorku Kenesh](#) on Budget and Finance.

According to him, the money will be used to increase the capacity of National Electrichestkie Stantsii of Kyrgyzstan, to acquire necessary equipment to reduce commercial losses in energy sector. "16 million is a loan, the rest - grant funds. This project involves co-financing in Kyrgyzstan. The Government should allocate \$ 11 million," he stressed.

"It will be implemented in three phases. But cover only the north of Kyrgyzstan," Shadiev noted.

Estimated cost of construction of Kambar-Ata-1 hydropower plant to be revised upwards to \$3-4 billion

The estimated cost of construction of Kambar-Ata-1 hydropower plant will be revised upwards, Energy Minister Askarbek Shadiev told reporters on March 22. Initially, \$1.7 billion was supposed to be spent for construction, now experts estimate construction costs at \$3-4 billion, the Energy Minister said. This rise in construction costs is explained by location of the plant in a highly seismic zone, rising price of US dollar and other factors.

According to Russian experts, construction may last 6-7 years. Russia will allocate \$150 million for development of the feasibility study.

RusHydro, which announced its plans to participate in construction of small hydropower plants, is ready to allocate \$700-800 million for the project.

Legal Updates

Kyrgyz Parliament ratified an agreement with ADB on allocation of \$44.8 million for modernization of the energy sector

Kyrgyz Parliament by resolution of April 28, 2011 No. 385-V ratified the agreement on the project financing "Development of energy sector" between the Kyrgyz Republic and Asian Development Bank signed on December 8, 2010 in Bishkek.

Within the framework of the project, ADB allocates a \$44.8 million grant for modernization of the energy sector.

As the minister of energy of the Kyrgyz Republic A. Shadiev reported, this project will allow to increase reliability of the power grid of Kyrgyzstan and to reduce technical losses and to ensure modernization of energy market.

He noted that the project should be completed by June 2014. Financing will be provided by ADB in the amount of \$44.8 million including a loan of \$16.7 million and a grant of \$28.1 million.

Law of the Kyrgyz Republic of March 31, 2011 No. 9 "On amending the Law on the compensation of the damage from the construction of the Toktogul Hydro Power Station and the Reservoir on the territory of the Toktogul district and village of Jazykechuu of Karakul town of Jalal-Abad region"

The law on amendments provides that the amount of compensation paid by Electrichestkie Stantsii OJSC to the residents of the Toktogul district and Jazykechuu village of Karakul town of Jalalabad region shall be

RusHydro OJSC to build 4 hydropower plants in Kyrgyzstan for the total amount of \$412 million

Russian company RusHydro OJSC proposes to build 4 HPPs on the Upper Naryn Cascade. Estimated value of the project is \$412 million, total established capacity of 4 HPPs is 311 megawatt, Mikhail Lunaci, the representative of RusHydro reported on March 31.

According to him, this proposal was made after the specialists of the company had studied natural, and economic parameters for the construction of hydropower plants on the river Naryn.

It is supposed that the construction will begin in 2012 and that Kyrgyz side will provide workforce.

The Committee of the Jogorku Kenesh adopted the decision to exempt the imported and exported renewable energy sources equipment from the customs duties

The Jogorku Kenesh committee for fuel and energy and mining sectors on May 10, 2011 at its session adopted amendments to the Law of the Kyrgyz Republic "On renewable energy sources". The draft law proposes to exempt the imported and exported renewable energy sources equipment from the customs duties.

These measures are aimed to promote the development of renewable energy sources in Kyrgyzstan.

The Ministry of Energy of Kyrgyz Republic to arrange a supply from China of electricity meters reducing electricity losses in one block of Osh city by 6%

The Ministry of Energy of Kyrgyzstan intends to arrange a supply from China of electricity meters, the Minister of Energy A. Shadieyev reported at the meeting with the Chinese company Beijing Jinchuang Combined Gas Meter Co.Ltd.

According to him, earlier such meters were experimentally installed in one block of Osh city where thereafter the losses reduced by 6%. The Ministry of Energy hopes that the installation of these meters will help to reduce losses in the power grid to a minimum.

State department for regulation of fuel and energy sector proposes to introduce differentiated electricity tariffs

transferred to the account of the Special Fund of the budget of the Toktogul district.

Earlier, the amount of the compensation transferred to the account of the Special Fund under the Ministry of Agriculture and Water Resources and Processing Industry of the Kyrgyz Republic.

The state compensation to the residents of the Toktogul district and Jasykechu village of Karakul town shall be paid annually. The amount of compensation and procedure for its payment shall be determined by the Government of the Kyrgyz Republic with the consent of the local state administration and local self-government bodies.

Government Resolution «On Supervisory Board of the Fuel and Energy Sector Transparency Initiative of the Kyrgyz Republic» of February 28, 2011 N 77

This resolution approved the policy and composition of the Supervisory Board of the Fuel and Energy Sector Transparency Initiative of the Ministry of Energy of the Kyrgyz Republic.

The Supervisory Board's mission is to monitor the quality and accuracy of the information provided to the public about expenses and revenues of the energy sector and cash flows. Also, the Supervisory Board is authorized to review the draft legal acts and decisions of state bodies on energy affecting the public interests.

The Supervisory Board consists of the minister and deputy minister of energy, heads of major enterprises of the energy sector and representatives of public organizations.

State Department for regulation of fuel and energy sector of the Ministry of Energy of the Kyrgyz Republic proposes to introduce differentiated electricity tariffs in Kyrgyzstan.

It is supposed that the new differentiated electricity tariffs will be as follows: the users who consume about 150 kWh per month will pay the rate of 70 tyins, those who consume 240 kWh will pay 84 tyins, those who use electricity for heating will pay 1 som. It is assumed that the majority of population will not be affected by the rise in tariffs since it only consumes about 150 kWh per month.



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