



ELECTRICITY

INDUSTRY AND LEGAL UPDATE

KALIKOVA & ASSOCIATES

Information for effective business solutions

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Industry Updates

Kyrgyzstan reduced for Kazakhstan the price of electricity from 1.44 soms to 1.16 soms

According to the Minister of Energy of the Kyrgyz Republic, Osmonbek Artykbaev, presently, Kyrgyzstan exports to Kazakhstan electricity at 2.5 cents (1.16 soms) for 1kWt per hour. Earlier, the prices were set at 3.1 cents (1.44 soms) for 1kWt per hour, but then they were reduced from 2.8 cents (1.27 soms) due to lower demand. Subsequently, the price was reduced to 2.5 cents for 1 kWt per hour. At present, electricity supply contracts are executed with 8 energy companies of Kazakhstan.

Electric Stations OJSC gets a 100% shareholding in a nationalized company, Chakan HPP OJSC

The Ministry of State Property of the Kyrgyz Republic reported that a 100% shareholding in the nationalized company, Chakan HPP OJSC, was transferred to Electric Stations OJSC. We remind that on July 19, 2010, there were nationalized the shares in Chakan HPP OJSC, 96% of shares in Narynhydroenergostroi and 71.3794% of shares in Narynspetzhidroenergomontazh OJSC, as their privatization had been declared illegal.

Kyrgyzstan will build 4 small HPPs for the total amount of \$10 million

According to the first deputy chairman of the Directorate of the project on development of small and medium energy sector in the Kyrgyz Republic, V. Dil, in Kyrgyzstan there will be built 4 small HPPs for the total amount of \$10 million, 3 of which will be located in Issykul and one in Chui region.

The construction will be conducted using the borrowed funds of investors from Malaysia, Germany, Korea, and others, reports V. Dil. The total value of investments in the project on construction of small HPPs amount to \$305 million. According to him, at

Legal Updates

Edict of the President of the Kyrgyz Republic «On Kyrgyz fuel and energy industry transparency initiative » dated July 20, 2010 UP N 49

To foster transparency and public outreach and to minimize corruptive practices in the energy sector, it was decided to pursue the fuel and energy industry transparency initiative (FEITI).

FEITI includes: establishment of a pro bono Supervisory Board; regular public disclosure of information about industry expenditures and revenues, cash flows and other important information about financial performance; use of special purpose deposit accounts and other transparent mechanisms for the proper management of financial flows in the fuel and energy industry; use, monitoring, and enforcement of agreements; using transparency procedures when determining the tariff and pricing policy; development of contemporary and precise informational systems to monitor enterprises of the fuel and energy industry; using public competitive biddings when exporting and importing electricity and procuring energy resources.

It is decided that the Supervisory Board of FEITI will comprise in equal proportions the representatives of the public and private sectors engaged in fuel and energy industry of the Kyrgyz Republic.

The ministry of energy is instructed to develop and submit to the Government for approval the agreed FEITI action plan including the quarterly publication of a report on the activity of energy companies.

Order of the Ministry of Energy of the Kyrgyz Republic «On Strengthening the Link with Communities» dated August 4, 2010 N 259

the beginning of September, specialists from CANUS Consortium will arrive to start the construction of small HPPs on the Arashan river. In total, there will be necessary \$2 million to invest. The capacity of HPP will be 2 megawatt. The construction will require about 6 months. The remaining stations will be located in Karakol, Sokuluk, and Jetyoguz. The total capacity of 4 stations will be 8 megawatt.

In Kyrgyzstan, the first unit of Kambarata HPP-2 was put into operation

On August 30, 2010, there was launched the first unit of Kambarata HPP-2. It should be noted that the building of the dam of HPP was started in the end of 2009. The established volume of the water reservoir is more than 70 million cubic meters of water, the height of dam is 60 meters, the established capacity is 360 MWt. Since 2007-2009, for the project of Kambarata HPP -2 there were spent 9.5 billion soms. To install the second unit 5 billion soms will be required.

In Kyrgyzstan, there was registered the first offering of shares in Kambarata HPP-1 CJSC

According to the press service of the State Authority for Regulation and Supervision of Financial Market of the Kyrgyz Republic, the initial offering of shares in Kambarata HPP-1 CJSC was registered on July 27, 2010 by the decision of the authority. The number of ordinary registered shares was one thousand, the par value was 80 thousand soms per each. As a result, the charter capital of the CJSC was increased by 80 million soms. We remind that the primary business of CJSC is the production and supply of electric power. Kambarata HPP-1 CJSC was established as a Kyrgyz Russian joint venture with the participation of INTER RAO EAS and Electric Stations CJSC under the intergovernmental agreement. The total value of the project on construction of Kambarata HPP-1 is evaluated at 2 billion US dollars.

China is ready to invest \$200 million into construction of three HPPs in Kyrgyzstan

This was reported by the minister of energy of the Kyrgyz Republic Osmonbek Artykbaev. According to him, Chinese companies actively negotiate and soon will sign the memorandum of understanding on the construction of three HPPs on the Boom and Kemin rivers with the total capacity of 165 megawatt. Also, he added that the Chinese side declared about its readiness to take part in all projects on the construction of HPPs in Kyrgyzstan.

In Kyrgyzstan, the real cost of one kilowatt of electric power is 1.40 soms

By this order, executive officers of power distribution companies Severelectro OJSC, Vostokelectro OJSC, Oshelectro OJSC, Jalalabatelectro OJSC are recommended to set up public offices and helplines for their corporate and non-corporate users.

Order of the Ministry of Energy of the Kyrgyz Republic «On Resumption of Operation of Energosila Public Volunteers Organization" dated September 2, 2010 N 285

By this order, to restore peace and calm and secure necessary conditions for election campaign, Energosila public volunteers organization which was created in June 2010 during the unrest in Osh and Jalalabat regions of the Kyrgyz Republic, has resumed its operations.

The primary task of the volunteer organization is to safeguard buildings, structures and other important facilities of energy companies and their personnel for the purposes of securing constant and reliable supply of electric power to all categories of users both within and outside the country.

This is reported by the minister of energy O. Artykbaev. The cost of energy includes a number of indicators, in particular, expenses for overhaul repair, operational expenses, capital investments into development, taxes. Also, there are losses which now amount to 25%, of which 17% are technical losses and 8% are contingent losses. The expenses are covered by stopping contingent losses in the energy grid and by using proceeds from export of electricity.

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