



# ELECTRICITY

INDUSTRY AND LEGAL UPDATE

KALIKOVA & ASSOCIATES

*Information for effective business solutions*

Issue 7, September 2011 (quarterly update)

## Industry Updates

### **The Ministry of Energy of the Kyrgyz Republic is negotiating with Chinese company Sino Hydro on the construction of the Suusamyр Kokomerен cascade of HPPs**

The Ministry of Energy of the Kyrgyz Republic is negotiating with Chinese company Sino Hydro on the construction of the Suusamyр Kokomerен cascade of HPPs, reported the minister of energy Askarbek Shadiev at the meeting on energy sector development issues on May 31.

It is reported that the construction of these HPPs will take at least 5 years. The total capacity will reach 1,305 megawatt, they will produce 3 billion 300 million kWh of electricity, which will cover 10% of the existing country's capacity. The cost of the project is estimated at about 2 billion US dollars. It is supposed that the cascade will consist of 3 HPPs and the generated electricity will be sold to Kazakhstan.

It should be noted that Sino Hydro company is the China's biggest company which built The Three Gorges Dam, which is the biggest HPP in the world.

### **Tetra Tech Kyrgyzstan needs \$1.5-2.1 billion immediate investments to renew energy system**

Investments needed to renew Kyrgyzstan energy system total \$1.5-2.1 billion, according to the audit carried out by Tetra Tech U.S. company, a world leader in consulting, engineering and engineering services. The audit was made at the request of the Kyrgyz Ministry of Energy.

According to the audit needs of generation companies are estimated in \$384 million, namely:

- Uch-Kurganskaya hydroelectric station needs \$32 millions;
- Toktogulskaya hydroelectric station needs \$22

## Legal Updates

### **Law of the Kyrgyz Republic of July 26, 2011 N 146 «On making changes and additions to the Law of the Kyrgyz Republic «On Electric Power»**

This Law introduced the new term of big electric power production facilities meaning hydro power and thermal power plants with the capacity above 30 megawatt. Another new term is «main power grid» meaning the power grid intended for transmission of the electric power from the generator to the points of connection of local grids.

Also, according to the amendments, the construction of big electric power production facilities shall be carried out in accordance with the National Energy Program or separate resolution of the Government of the Kyrgyz Republic. Previously, the construction of any new production facilities had to be carried out in accordance with the National Energy Program.

The new requirement is that the construction of big power production facilities and sections of main power grid can be carried out without tender. Also, there is removed the requirement for tenders for the generation, transmission and distribution of electric and thermal power. Thus, at present, tender is required only for the construction of power installations if they are not big.

### **Law of the Kyrgyz Republic of June 13, 2011 N 43 «On making changes and additions to the Law of the Kyrgyz Republic «On Electric Energy»**

The law requires that tariffs for electric or thermal power in the Kyrgyz Republic be set by the competent authority (Department of regulation of fuel and energy sector under the Ministry of Energy) with consent of the Parliament. It should be noted that before adopting such changes, tariffs were set by the competent energy authority without consent of the

millions;

- Bishek TPP needs \$300 millions;

- Kurpsayskaya hydroelectric station needs \$4 millions;

- At-Bashynskaya hydroelectric station needs \$26 millions.

Around \$250 million are needed to replace run-down equipment and renew existing power transmission system.

\$835 million - \$1.5 billion are needed to reconstruct and restore distribution networks, namely:

260-500 million for Severoelectro OJSC;

210-400 million for Vostokelectro OJSC;

215-415 million for Oshelectro OJSC;

150-290 million for Jalal-Abadelectro OJSC.

This is a rough cost estimates needed and to be drawn within the next 5-10 years.

According to the audit, restoration of uninterrupted power supply requires fixing of the cost at 1.65 soms per kWh where generation of electricity costs 0.65 soms, transmission – 0.25 soms and distribution – 0.75 soms. And income of the power sector would amount to KGS 15 billion.

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### **Islamic Development Bank to finance feasibility study for CASA-1000 project on Kyrgyz electricity export to Tajikistan, Afghanistan, and Pakistan**

Islamic Development Bank is ready to finance feasibility study for CASA-1000 Project, which suggests the construction of power transmission lines from Kyrgyzstan (Datka) to Tajikistan (Hodjent), Afghanistan (Kabul) and Pakistan (Peshevar). This decision was announced on June 8 at the meeting of the first Vice Prime Minister of Kyrgyzstan Omurbek Babanov and President of Islamic Development Bank Ahmad Mohammad Ali Al Madani.

Also, IDB informs that the issue of allocation of \$23 million on the project "Improvement of Power Supply to the South" will be decided upon signing the agreement in Jidda (Saudi Arabia) in the end of June of 2011.

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### **Chinese company TBEA started the construction of Datka Substation costing \$208 million in the south of Kyrgyzstan**

On July 28, a ceremony was held to bury a time capsule in commemoration of the construction of 500 kilovolt Datka Substation near Akman village of Bazar Korgon district of Jalal-Abad region. Commenting this

Parliament.

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### **Government Resolution «On draft law of the Law of the Kyrgyz Republic "On power efficiency of buildings" of May 11, 2011 N 208**

The purpose of this draft law is to increase power efficiency of buildings, decrease of consumption of power resources and discharge of greenhouse gases into atmosphere.

The draft law specifies that the Kyrgyz Government approves the minimum requirements to the power efficiency of buildings which are subject to revision once in ten years. It is also established that to obtain the permit for construction of the buildings or to successfully carry out power renovation of the building, the project documents must be developed with the account of minimum requirements for its power efficiency. It is prohibited to commission the newly built and renovated buildings, which are not compliant with the minimum requirements for power efficiency of the buildings.

Besides, there is introduced the certification of buildings for compliance with the minimum requirements for power efficiency, each building must have a respective certificate indicating the class of power efficiency of the building. The certificate is issued for the term of not more than 10 years.

It should be noted that minimum requirements for power efficiency of buildings do not extend to: (1) individual residential buildings, with the total area not exceeding 150 square meters; (2) buildings intended for religious rites, rituals, and ceremonies; (3) buildings which in accordance with Kyrgyz laws are related to the cultural legacy (history and culture monuments) if the performance of requirements for power efficiency is impossible due to change of style of its exterior and fencing constructions; (4) temporary non-capital construction; (5) summer cottages; (6) buildings and structures of auxiliary purpose (household facilities).

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On July 28, a ceremony was held to bury a time capsule in commemoration of the construction of 500 kilovolt Datka Substation near Akman village of Bazar Korgon district of Jalal-Abad region. Commenting this project the minister of energy Askarbek Shadiiev noted that the loan for construction of Datka Substation was soft and its cost after negotiations with TBEA was reduced by \$48 million and amounted \$208 million.

The new substation will have autoconverter with the capacity of 501 megavoltampere.

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## Over six months Kyrgyzstan exported 1.03 billion kWh of electricity

According to the deputy minister of energy Avtandil Kalmambetov, electricity export over 6 months of 2011 has reached 1.03 billion kWh, which is 972.5 mln. kWh more than in the respective period of the last year.

The useful supply of electricity amounted to 6.8 billion kWh, including 5.8 billion kWh supplied internally, and 1.013 billion kWh exported abroad.

Power generation over the first half-year has reached 7.4 billion kWh or 138% compared to 2010. HPPs have generated 7 billion kWh of electricity which is 42.3% more than in 2010. Thermal power plants have generated 448 million kWh which is 4% more than in 2010.

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71 Erkindik Boulevard,  
Bishkek, 720040  
Kyrgyz Republic

Tel.: +996 (312) 666060

Fax: +996 (312) 662788

Web: [www.k-a.kg](http://www.k-a.kg)

Email: [lawyer@k-a.kg](mailto:lawyer@k-a.kg)

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