



## ELECTRICITY INDUSTRY AND LEGAL UPDATE

KALIKOVA  
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Issue 19, March 2015 (quarterly)

### Industry Update

February 12, 2015

**By the end of February capacity of Toktogul HPP will decrease by more than 2 times due to decrease of water level.**

By the end of February capacity of Toktogul HPP will decrease by more than 2 times due to decrease of water level. This was reported in the press service of the Ministry of Energy and Industry.

According to the press service, the situation in the energy system is complicated for the reason of failure of the unit transformer T2 at Toktogul HPP, which led to a decrease in available capacity of 300 MW (installed capacity of Toktogul HPP is 1200 MW).

The reasons for low water level were the increased electricity consumption in the 1st quarter of 2014, water scarcity, increased energy consumption in the summer time, and failure to comply with the limits of consumption.

All these reasons led to electricity generation growth at Toktogul HPP, increase of water consumption, and as of January 1, 2015 the volume of water in the Toktogul reservoir was 9.2 billion cubic meters of water.

<http://www.knews.kg/>

January 26, 2015

**IFC offered \$ 1.6 million for financial advisory services in the energy sector**

### Legal Update

January 16, 2015

**Amendments were made in the law "On energy"**

The President of the Kyrgyz Republic Almazbek Atambaev signed the Law of the Kyrgyz Republic "On introducing amendments to the Law of the Kyrgyz Republic "On energy ".

The law was adopted by the Kyrgyz Parliament on December 10, 2014. This law is part of a package of laws relating to the entry of the Kyrgyz Republic into the Eurasian Economic Union.

In particular, part 2 of article 6 (Powers of the Kyrgyz Government in fuel-power sector) of the Law of the Kyrgyz Republic "On Energy" is supplemented by a few paragraphs as follows:

- organization of a common energy market in accordance with the principles set by legal framework of the Eurasian Economic Union;
- assistance in the interstate transmission of electric energy in cases provided by contractual legal framework of the Eurasian Economic Union.

The Law shall enter into force from the date of entering into force of the Treaty of accession of the Kyrgyz Republic to the Treaty on the Eurasian Economic Union as of 29 May 2014.

December 1, 2014

**Medium-term tariff policy in Kyrgyzstan on electric and thermal energy for 2014-2017 years ("MTTP") approved by the Government Decree**

International Finance Corporation (IFC) proposes to allocate \$ 1.6 million for the implementation of the project agreement for providing financial advisory services in the energy field. This has been reported by the department of informational support of the office of the government.

At that, on January 23, Prime Minister Djoomart Otorbaev discussed the issue of management of energy distribution companies of Kyrgyzstan with the heads of ministries and departments.

As noted by the Prime Minister, the main goal of the project is to attract a competent private operator to work in executive body of the distribution companies. It is assumed that a private operator will be able to optimize and improve corporate governance of distribution companies, and, ultimately, improve financial and economic indicators of distribution companies.

Head of the Government emphasized that similar practice in other countries show positive results, and noted necessity for quickest optimization of the structures of energy companies in the country.

<http://www.vb.kg/>

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January 16, 2015

## **Ministry of Energy and Industry of the Kyrgyz Republic seeks an investor to start CHEP-2**

During the meeting on implementation of the project "Modernization of Central Heating Electric Plants ("CHEP") of Bishkek" the Deputy Minister of Energy and Industry Aibek Kaliev informed that the Ministry of Energy and Industry is seeking an investor to start the CHEP-2.

According to the project of modernization of CHEP of Bishkek starting from August 13, 2014 planning works of the town for builders have been going on, projects of demolition works of transformers have been provided. As of January 8, 2015 equipment and 2 autotransformers were delivered. Also, 1 phase of "Provision of equipment's reliable operation" project and was submitted for the review of "Electricheskie stancii" OJSC.

According to the Deputy Prime Minister Valery Dil, demolition works should be executed with consideration of Bishkek CHEP's forthcoming workload during the period of preparation for heating season and the heating season itself for 2015 - 2016 years.

A. Kaliev noted that currently an issue of operations of CHEP-2 of Bishkek taking into account combined heat and power is being considered as the most effective mode of a heating

## **as of November 20, 2014**

A new medium-term tariff policy in Kyrgyzstan for electric and thermal energy for 2014-2017 years ("MTTP") approved by the Government Decree of the Kyrgyz Republic dated as of November 20, 2014 was officially published on the website of the Government of the Kyrgyz Republic on November 25, 2014.

The medium-term tariff policy establishes a guaranteed volume of reduced electricity consumption for the population at a socially oriented rate of 700 kW/h per month. Starting from December 1, 2014 payment for guaranteed amount of reduced electricity consumption will be made at the rate of 70 Kyrgyz tyiyns/kWh, which from April 1, 2015 till 2017 will be increased by 20 per cent annually. As stated in the mid-term tariff policy a reduced rate of 70 tyiyns / kWh is socially oriented and comprises only 58 per cent of the actual electricity cost in the energy system (generation, transmission, distribution).

For other categories of consumers, payment for electricity will be produced at the average rate calculated as the average weighted number between the tariff 1.38 Kyrgyz som/kWh and the import price with annual adjustment based on inflation. In 2016-2017 for consumers in this group tariffs at rate of 158 and 169.1 tyiyn per 1 kWh accordingly will be applied, respectively with annual adjustment to the level of actual inflation for the previous year.

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November 14, 2014

## **KR Government Decree "On the issues of the State Agency for regulation of fuel and power complex under the Government of the Kyrgyz Republic"**

For the purposes of separating the functions of policy development of fuel and energy complex ("FEC"), providing independence to an industry regulator, the Government of the Kyrgyz Republic has established the State Agency for regulation of energy and fuel complex under the Government of the Kyrgyz Republic on the basis of the State Department for regulation of fuel and energy complex Regulation under the Ministry of Energy and Industry of the Kyrgyz Republic.

A new State Agency is an authorized state body carrying out state regulation of activities of subjects of complex fuel through licensing and setting tariffs for electrical and thermal energy and natural gas.

The objectives of the State Agency are:

- balancing the interests of consumers and

plant. For the purposes of implementation of this project, the Ministry is seeking an investor.

Following the discussion of agenda V.Dil instructed the Ministry of Energy and Industry to develop schedule and establish control over its implementation.

<http://www.tazabek.kg/news:385037>

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January 15, 2015

### **"Severelectro" subscribers can now themselves calculate the cost of consumed electricity**

Today the amount paid for electricity can be calculated on the website of "Severelectro". It is reported by the press service of the company.

For the convenience of household subscribers a new online service called "Calculator" is now available on the web-site of distribution company.

To calculate cost of the consumed electricity a subscriber has only to fill out the required fields and click on the "calculate" button.

The calculator is available for all residential customers that use services of "Severelectro".

<http://kabarlar.org/index.php?newsid=38994>

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January 14, 2015

### **"Severelectro" OJSC: 4.9 billion Kyrgyz soms are collected in 2014 year**

In 2014 "Severelectro" distribution networks received 6.3 billion kW/h of electricity which is 617 million kW/h greater than the indicator of 2013 year as stated by the press service of the company.

Over the past year commodity output of "Severelectro" was 5.1 billion Kyrgyz soms at that, 4.9 billion Kyrgyz soms were collected.

At year-end 2014 total loss of electric energy was 16%, which is 2.4% below compared to 2013 year.

For the year of 2014 collection of payments made by the population was executed by 91%:

- on industrial facilities - 98.9%
- on budget organizations - 98.8%
- on agricultural facilities - by 99.4%

subjects of FEC;

- creating conditions for increasing economic efficiency and reliability of subjects of FEC;

- implementing anti-monopoly regulation in the FEC field;

- implementing state regulation of activities of FEC in order to provide consumers with electrical, thermal energy and natural gas at economically reasonable prices in the Kyrgyz Republic;

- providing equal opportunities and conditions of access of all consumers to transmission lines, heat transfer and gas supply systems.

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### **KR Government Decree "On further measures of implementation of the Agreement between the Governments of the Kyrgyz Republic and the Russian Federation on construction and operation of the Upper Naryn cascade of hydropower stations" as of September 15, 2014 N 534**

Under specified Decree the Government transferred to "Electriccheskie stancii" OJSC the right to use land plots in the Naryn oblast of Naryn district as its further contribution to the charter capital of "Upper-Naryn hydroelectric power stations" CJSC for the construction of the Upper Naryn cascade of hydropower stations.

The State Agency on Geology and Mineral Resources under the Government of the Kyrgyz Republic was ordered to suspend the issuance of subsoil use rights in the proposed construction area of the Upper Naryn cascade of hydropower plants until establishment of borders of land plots to be allocated for construction of Upper Naryn cascade of hydropower stations specifically (on site) except for "Upper-Naryn hydropower plants" CJSC.

Besides, the State Agency on Geology should negotiate with "Upper-Naryn hydropower plants" CJSC regarding granting subsoil use rights for the duration of construction works of Upper Naryn cascade of hydropower stations determined by feasibility study, design and estimate documentation.

- other customers - 99.5% of the invoice amount.

Over the past year collection of payments in regions served by the distribution company, is as follows:

- collection of payments in the capital was 99.4%;
- in Chui oblast - 90.7%;
- in Talas oblast - 88.9%.

<http://www.kabar.kg/rus/economics/full/88820>

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January 12, 2015

### **In 2014 more than 6 billion Kyrgyz soms were invested into energy sector of Kyrgyzstan**

More than 6 billion Kyrgyz were invested into energy sector of Kyrgyzstan in 2014. This was reported by the Minister of Finance, Olga Lavrova. According to her, this amount includes budgetary loans of energy companies and the funds allocated for addressing the issues of energy crisis.

"For the purpose of improving the system of "Kyrgyzjilkommunsoyuz" additional 597 million Kyrgyz soms were allocated. More than \$ 3 billion Kyrgyz soms were allocated for the purposes of purchasing electricity from Kazakhstan and solid fuel for Bishkek Central Heating Electric Plant. From that amount 750 million Kyrgyz soms were allocated for purchasing solid fuel, 2.2 billion Kyrgyz soms - for solving problems with electricity. The Ministry of Finance also provided a loan to of "Electrisheckie stancii" for settlements with the Eurasian Bank" – the Minister informed.

<http://www.tazabek.kg/news:384820>

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December 4, 2014

### **Kyrgyzstan will pay \$ 20 million per month for import of electricity from Kazakhstan**

Kyrgyzstan will pay \$ 20 million per month for import of electricity from Kazakhstan. This was announced by the Minister of Energy and Industry Kubanychbek Turdubaev during the Parliament's hearing.

He noted that since December 1, electricity started being imported from Kazakhstan to Kyrgyzstan.

"Today import takes place based on direct graphics, we receive 5-5.5 million kW/h, at the border electricity price is 5 Kyrgyz soms. We have

pre-paid for 1 month, import will take place until April 1, each month we should receive 200 million kW/h, the cost of electricity for 1 month is \$ 20 million", - the Minister said.

While responding to the questions of Deputies the Minister noted that losses will also apply to imported electricity, and will be at the same level as the local electricity - 14-15%.

<http://www.knews.kg/>

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