



# ELECTRICITY

## INDUSTRY AND LEGAL UPDATE

**KALIKOVA &**  
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*law firm*

*Information for effective business solutions*

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## Industry Update

April 27, 2017

### **80% of electricity consumers don't exceed prescribed limits**

80% of the Kyrgyz electricity consumers don't exceed the prescribed limit of 700 kW. This was reported by Prime Minister Sooronbai Jeenbekov at the meeting of the Jogorku Kenesh on April 27. According to him, consumers in many regions, especially Toktogul and Naryn, and other mountainous areas, brought up the issue of reducing electricity prices. He also noted that while 80% of the Kyrgyz consumers use about 600 kW of electricity, the rest 20% who exceed the prescribed limits, can afford to pay.

Zheenbekov added that the program for electricity pricing policy had been developed.

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April 25, 2017

### **Capital repair of "Nizhne-Chuiskaya" high-voltage substation (35/10 kW)**

On the 24th of April, specialists of "Severelektro" OJSC high-voltage service finished capital repair of "Nizhne-Chuiskaya" substation's (35/10 kW) equipment in Sokuluk district, Chui region.

Electricians carried out preventive testing of equipment, checked the structure of power transformer's relay protection with power of 2500 kW, of 6 35/10 switches, 7 switch-gear cells with oil circuit breaker. In the presence of malfunctions electricians replaced defective parts, then painted metal constructions and checked substation's lighting.

According to the schedule, high-voltage substations' capital repairs take place every 6 years.

## Legal Update

March 29, 2017

### **Legislature approves Regulation on tender for construction of small HPPs**

The legislature approved the Regulation on the tender for the right to build small hydroelectric power plants in the Kyrgyz Republic. The respective decree of the Government of the Kyrgyz Republic was signed by the Prime Minister of the Kyrgyz Republic Sooronbai Jeenbekov.

The Regulation on the tender for the right to build small hydropower plants in the Kyrgyz Republic sets forth the general conditions of the organization and implementation of small hydroelectric power plant construction projects and the terms and conditions for holding a tender.

At the same time, the approved document aims to regulate the relationships between the tender organizer and the bidders, coordinate concerted actions for consideration and approval of decisions by each of the bidders, protect their rights and legitimate interests in the process of tender.

It is important to emphasize that the tender indicates openness and transparency, as well as lack of lobbying of private interests by the state. At the same time, the tender provides a wide opportunity to determine the real capabilities of the potential investor by exploring the information provided by the potential investor about its financial performance, business reputation and experience in implementing similar projects.

It should be noted that in recent years, the domestic consumer market has grown significantly, while the generating capacity of existing hydroelectric power plants and thermal power plants remains the same.

Proceeding from this, there is a need to use alternative, efficient and economically sound ways of power supply to the consumers of the republic. One of

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April 4, 2017

## **In 2016, prime cost of electricity amounted to 1.62 soms**

In 2016, the prime cost of electricity amounted to 1.62 soms per kWh. This was reported by Taalaybek Nurbashev, the Director of the State Agency for Regulation of Fuel and Energy Industry at the meeting of the parliamentary committee on fuel, energy and mineral resources. According to him, over the last three years, the highest prime cost of electricity reached 1.98 soms per kW in 2015 comparing to 1.43 soms per kW in 2014.

He also noted that this was attributable to the import of electricity from Kazakhstan and comparatively high repair costs.

In 2016, Kyrgyz power generation facilities produced 12.605 billion kWh, including 1.374 billion kWh produced by CHPP, Taalaibek Tolubaev, the CEO of Electric Stations OJSC added.

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March 24, 2017

## **EDB countries (except for Kyrgyzstan) have surplus electricity generation rates**

The majority of the EDB countries (except for Kyrgyzstan) have surplus electricity generation rates, says report on Power Grids in EDB Countries. This is due to the commissioning of new generation facilities ahead of actual domestic demand. Therefore, additional grid infrastructure to export electricity beyond the EAEU needs to be created.

EDB analysts report that several important interstate power grid projects are being implemented at present. The first, CASA-1000 project will help Tajikistan to smooth seasonal fluctuations in electricity generation and consumption and enhance power interlinks between Tajikistan and Kyrgyzstan.

In addition, to export electricity from the new large power plants that are being constructed in Tajikistan and Belarus, additional trans-boundary power grid infrastructure will need to be created in the medium term.

At a later stage, it is possible that projects could be arranged within the Asian Energy Ring – the energy bridges connecting the grids of Russia, Japan, China, the countries on the Korean Peninsula, Mongolia and, potentially, Kazakhstan and Kyrgyzstan.

Also, EDB analysts noted that over 50% of power grid assets in most of the EAEU countries are worn out. More than half of the equipment is operated outside normal service life. Major part of electrical networks in the post-Soviet space was built in 1960-1980. The need for investment in the renewal of fixed assets is estimated at billions and tens of billions US dollars.

such ways is to use the potential of hydro-power resources of small rivers and watercourses available in all regions of the republic.

Currently, the Kyrgyz Republic has an opportunity to build 87 new small HPPs with a total capacity of 178 MW and an average annual output of up to 1.0 billion kWh, of which 63 are promising. In general, the total hydropower potential of 172 rivers and watercourses surveyed in the territory of the republic, with the water consumption ranging from 0.5 to 50 cubic meters per day, exceeds 80 billion kWh per year, of which 5-8 billion kWh per year are technically affordable.

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February 3, 2017

## **Severelectro announces new appointment**

Iskender Kadyrkulov is appointed General Director of Severelectro OJSC. Former General Director A. Eshimbekov resigned.

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The issue of power losses in the grids remains important, according to the report. Excessive power losses in the grids due to, in the first place, unaccounted for consumption are one of the most pressing problems of the power systems in Kyrgyzstan and Tajikistan, as well as, although to a lesser extent, in Armenia and Kazakhstan. Even Russia and Belarus – the EAEU’s most efficient countries in terms of power losses – still have significant potential to reduce them.

The report states that the weak regulation and state ownership are the main barriers to the development of power grids. Privatization can foster reforms, says report.

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February 16, 2017

## **Small hydropower plant launched in Kemin district**

A small hydropower plant was launched in Tegirmentin village of Kemin district, Chui region.

The HPP with an installed capacity of 3.1 MW was built within 11 months by Tegirmentin HPP Company with the cost of construction estimated at 215 million soms.

According to its owner, Rakhat Irsaliev, the company invested 71 million soms of its own resources and 144 million soms borrowed from the Russian-Kyrgyz Development Fund at 12% per annum.

The hydropower plant is equipped with a Pelton turbine manufactured in the Czech Republic.

The hydroelectric power plant, staffed with 8 workers, is fully automated and only needs periodic checks by its personnel.

“In December 2016, it generated and supplied to a nationwide network 479,460 kilowatt-hours of electricity. In 2017, under a contract with Severelectro JSC, the company plans to produce 13.5 million kilowatt-hours,” says he.

Tegirmentin HPP-2 is able to meet 20% of energy needs of the Kemin district in winter and 35% in summer.

There are plans to build a cascade of small hydropower plants in the Kemin district, says he.

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February 8, 2017

## **Prime cost of electricity decreased in 2016**

According to the State Committee for Industry, Energy and Mineral Resources, the prime cost of electricity in Kyrgyzstan dropped from 45.4 tyiyn in 2015 to 43.8 tyiyn per kilowatt-hour in 2016 (without regard to import), ‘24.kg’ news agency says.

The drop is attributable to the decrease in the generation of electricity at the CHPP, as well as in the costs associated with import.

Over the past year, Electric Stations OJSC generated 12,843.6 billion kilowatt hours of electricity out of planned 13,225.91 billion kilowatt hours. This became possible due to favorable weather conditions and lesser consumption.

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February 4, 2017

## **Construction of CASA-1000 power project to begin in 2018**

According to Aibek Kaliev, the head of the National Energy Holding, the construction of the CASA-1000 power project will begin in 2018, '24.kg' news agency says.

According to him, there were difficulties with the holding of tenders for substations. As a result, the deadline for commissioning is postponed until 2020.

«Kyrgyzstan will proceed with its portion of construction after Afghanistan. Tentatively, we plan to hold tenders by the end of the year and to start construction in 2018», Aibek Kaliev said.

Substations will be installed in Tajikistan and Pakistan as part of CASA-1000 project, which will connect Central Asia and South Asia by the energy corridor.

The project is expected to be completed in 2019. Due to delays in the tender, the deadline moved forward by one year.

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February 1, 2017

## **“Bishkekteploenergo” raised prices for in-house systems’ maintenance.**

“Bishkekteploenergo” raises prices for in-house systems’ maintenance. Based on the Decree of the State Agency on regulation of fuel and energy complex under the Government of the KR No. 176 dated December 21, 2016, starting from January 1, 2017 prices for in-house systems’ maintenance were raised (per month) – 0,80 soms/sq. m. from total area of building or apartment. Earlier the tariff was 0,50 soms/sq. m. For maintenance of in-house systems of hot water supply (per month) – 0,40 soms/sq. m. Earlier the tariff was 0,30 soms/sq. m. The money is going to houses’ specialized accounts and is only used for repairing of current building’s maintenance systems

City authorities claim raising fees will allow improving quality of heating and increasing amount of in-house systems repairing works.

Currently, “Bishkekteploenergo” provide services to 61

boiler-rooms and 570 multi-story houses.

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