



## ELECTRICITY INDUSTRY AND LEGAL UPDATE

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### Industry Update

June 27, 2015

#### **Kyrgyzstan to launch small and medium scale power projects in cooperation with Germany**

Vice Prime Minister of the Kyrgyz Republic, Valeriy Dil, during the conference on the forthcoming talks on cooperation between the Governments of the Kyrgyz Republic and the Federal Republic of Germany that will take place on July, 2015 in Bishkek, stressed the necessity of enhancing cooperation between Kyrgyzstan and Germany. This was informed by the Government Public Affairs Office.

Valeriy Dil during the conference noted that Kyrgyzstan does not use all the available potential of the Kyrgyz-German cooperation in the trade, economic, cultural and humanitarian areas. He mentioned the following perspective projects to be undertaken in association with the German side: establishing the House of the German Economy, the Technical Institute on the basis of the Kyrgyz State Agrarian University named after K. I. Skryabin, launching small and medium scale power projects, renewable energy and energy efficiency projects.

In conclusion, V. Dil gave instructions to ministries and agencies concerned to prepare concise proposals and projects aimed at enhancing the Kyrgyz-German cooperation.

The German delegation will be headed by Marion Edel, Deputy Head of Division for China, Central Asia, East Asia, Laos and Cambodia at the Federal

### Legal Update

June 12, 2015

#### **Government Resolution No.352 of June 12, 2015**

Government resolution No.352 of June 12, 2015 approved the Government's opinion on the bill governing retail electricity tariffs in Tash-Kumyr town of Jalal-Abad region.

The bill proposes to establish that retail electricity tariffs payable by households in Tash-Kumyr for up to 150 kWh will be paid at the cost of electricity generated by the Tash Kumyr HPP, taking into account the norms of consumption established by the Government of Kyrgyz Republic. Thus, these individuals will be eligible for privileges and guarantees provided by other laws.

In connection with the above, the Government points out that according to Jalalabatelectro energy company, privileges reducing electricity tariffs for up to 150 kWh payable by households of Tash-Kumyr will lead to decrease in the income of the energy company by 15.5 million soms per year.

Thus, it is noted that granting additional electricity tariff privileges to citizens living in Tash-Kumyr will negatively affect the functioning of the electricity sector.

Since the bill directly affects the interests of the energy companies, the Government proposes to prepare a regulatory impact analysis, as well as feasibility study of the project and to evaluate the

Ministry for Economic Cooperation and Development (BMZ).

<http://www.tazabek.kg/news:392405>

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June 10, 2015

### **Kyrgyzstan to purchase electricity from Tajikistan at 2.5 cents per kilowatt.**

Kyrgyzstan will purchase electricity from Tadjhikistan at 2.5 cents per kilowatt. This was noted by Deputy Minister of Energy Aibek Kaliev to "24.kg" information agency.

Agreement was made during Prime Minister Temir Sariyev's visit to Dushanbe.

It was decided to purchase electricity from June till September in the amount of 500 million kilowatt-hours. In 2014, Kyrgyzstan purchased electricity from Tadjhikistan at 2 cents per kilowatt.

Looking back, Kyrgyzstan and Tajikistan negotiated about the delivery of electricity for more than three months. Earlier the Tajik media noted to representatives of Barki Tojik electricity holding company that Tadjhikistan insisted on raising the cost of electricity delivered to Kyrgyz Republic to 3.5 cents per kilowatt-hour. Official Bishkek, as media write, insisted on the previous rate – 2 cents.

[www.24.kg/tsentralnaja\\_azija/14100/](http://www.24.kg/tsentralnaja_azija/14100/)

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June 2, 2015

### **Parliament Committee for fuel and energy complex instructed Government to complete transformation of land of the Upper Naryn HPP cascade by September 1, 2015.**

Also, the committee instructed the Government to develop a program of reforming the energy system of the fuel and energy sector and state ownership of the country; to accelerate the introduction of new generation capacity to cover essential needs in electricity within the country; to provide control over economic feasibility and reliability of credit funds invested in the electricity sector, and to develop control methods for energy conservation, financial

amount of losses.

The Government also states in its opinion on the bill that granting privileges reducing electricity tariffs payable by persons living in Tash-Kumyr of Jalal-Abad region will set a precedent for residents of other regions who will also claim similar privileges, while such privileges should be targeted, i.e. granted only to those in need.

In view of the above, the Government of the Kyrgyz Republic considers that it is inappropriate at this time, to approve the bill governing retail electricity tariffs payable by households of Tash-Kumyr town of Jalal-Abad region.

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June 8, 2015

### **Government Resolution No.250-r of June 8, 2015**

As part of negotiations between the Government of the Kyrgyz Republic and the Eurasian Development Bank on funding the project of commissioning the second hydraulic unit of Kambarata-2 HPP scheduled for the second and third quarters of 2015 in Bishkek, the Government issued a Resolution No. 250-r of June 8, 2015 appointing an official delegation consisting of the representatives of ministries, agencies and Parliament. The Minister of Energy and Industry of the Kyrgyz Republic was authorized to sign the protocol of negotiations on behalf of the official delegation of the Government of the Kyrgyz Republic.

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May 20, 2015

### **Government Resolution No.305 of May 20, 2015 proposing amendments to Government Resolution№ 660 of November 20, 2014 approving the Medium-term tariff policy of the Kyrgyz Republic for electric and thermal energy for 2014-2017**

For the purpose of efficient implementation of the Medium-term tariff policy of the Kyrgyz Republic for electric and thermal energy for 2014-2017 years, the Government of the Kyrgyz Republic decided to amend Government Resolution No. 660 of November 20, 2014 approving the Medium-term tariff policy of the Kyrgyz Republic for electric and thermal energy for 2014-2017 as

management and stable work of the fuel and energy sector.

In turn, the Ministry of Energy and the Industry Committee were instructed: to develop regulations to ensure control over economic feasibility and reliability of the write-off of fuel at thermal power stations, to pay the debts within a month to Komur state enterprise for delivered coal to the thermal power station in Bishkek, as well as to Kyrgyzneftegaz Open Joint Stock company for deliveries of heating oil to the thermal power station in Osh and Kyrgyzzhilkommunsoyuz state enterprise; brought into conformity with the technical requirements webcams set at the Toktogul hydroelectric station

[www.24.kg/parlament/13608/](http://www.24.kg/parlament/13608/)

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May 28, 2015

### **Kyrgyzstan must export 350 million kWh to Afghanistan and Pakistan under CASA-1000 project.**

Kyrgyzstan must export 350 million kWh to Afghanistan and Pakistan under CASA-1000 project. This was noted by Deputy Minister of Energy and Industry Aibek Kaliev at the meeting of the Parliamentary committee on fuel and energy sector and subsurface.

He noted that there was developed and signed a draft agreement for the purchase of electricity among business entities of Kyrgyzstan, Tajikistan, Afghanistan and Pakistan under CASA-1000 project.

"During the summer, electricity will be exported to Afghanistan and Pakistan. There will be build 477 kilometers of lines from Datka substation to Khudjent substation, including 450 kilometers of line on the territory of Kyrgyzstan. Kyrgyzstan's contribution will be in the amount of USD 233 million, 45 million dollars will be allocated by the World Bank, 70 million euros will be allocated by European Investment Bank, Kaliev added.

He noted that the electricity export rate will be about 10 cents per kilowatt-hour, which is a good export potential. Kyrgyzstan will supply electricity together with Tajikistan.

<http://www.knews.kg/econom/64557/>

follows:

- For pumping stations and wells supplying drinking water, irrigation water and wastewater, electricity tariffs will remain in the amount of 72.8 KGS/kWh, with annual adjustment based on actual inflation rate in the previous year";

This Regulation entered into force on May 29, 2015.

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May 19, 2015

### **Government Resolution No.214-r of May 19, 2015**

By this resolution, the Government approved the official language version of the draft Final Document of the Ministerial Conference (the "Hague II") on the International Energy Charter, and the Minister of Energy and Industry of the Kyrgyz Republic was authorized to sign the document with the right to make minor changes and additions.

Ministerial Conference (the "Hague II") on the International Energy Charter was held in Hague on May 20-22, 2015 for the purpose of approving the International Energy Charter as amended.

The high representatives of the Parties signed the European Energy Charter and those who did not signed the European Energy Charter of 1991, signed the International Energy Charter or consented to it. Signatories to the International Energy Charter signed or consented to it at the Conference or will do so later.

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April 23, 2015

### **Government Resolution No. 240 of April 23, 2015**

This resolution was approved in order to improve the efficiency of activities of the State Agency for Regulation of Energy under the Government of the Kyrgyz Republic in accordance with the Law "On public boards of state bodies", Articles 10 and 17 of the Constitutional Law of the Kyrgyz Republic "On the Government of the Kyrgyz Republic."

Under the Government resolution, there will be formed a panel of five people in the State Agency for Regulation of Energy, including the director (chairman of the Board), State Secretary, representative of the Office of the Government of the Kyrgyz Republic, as well as representatives

May 7, 2015

### **334 million kWh of electricity imported to Kyrgyzstan in 2014 – Ministry of Energy and Industry**

334 million kWh of electricity was imported to Kyrgyzstan in 2014. This was noted by Kubanychbek Turdubaev, Minister of Energy and Industry of the Kyrgyz Republic at the press conference in Bishkek.

According to him, import was made for the purpose of ensuring a continuous supply of electric energy to Kyrgyz consumers, saving water in the Toktogul reservoir and reducing the power shortage in 2014.

Looking back, already in January 2015 the amount of electricity imported from Kazakhstan totaled 141.94 million kWh.

Electricity import from Kazakhstan is carried out by the networks of Jambylskaya GRES named after T. I. Baturov.

<http://www.knews.kg/econom/63782/>

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May 4, 2015

### **World Bank to allocate \$24 million of credit and grant for power sector development**

World Bank is going to allocate \$24 million of credit and grant for the power sector development. The purpose of the agreement is to support the national budget of the Kyrgyz Republic. This was announced at the meeting of the Parliamentary Committee on Foreign Affairs.

The International Development Association will allocate 16.5 million Special Drawing Rights (equivalent to \$ 24 million), including 7.4 million of SDR (equivalent to \$ 10.8 million) as a grant and 9.1 million of SDR (equivalent to \$ 13.2 million) as a credit.

The credit line maturity is 38 years with an interest rate of 0.75% per year and a 6-year grace period.

<http://www.knews.kg/econom/63686/>

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of the authorized state body for the development of energy policy and the authorized state body for supervision and control in the energy sector. Director and State Secretary are ex officio members of the panel.

The membership of the board members, except of ex officio members, has to be approved by the Prime Minister of the Kyrgyz Republic at the proposal of the Director of the State Agency.

In addition, for the purposes of the comprehensive review and preparation of decisions taken by panel and management, there was established the Regulatory Commission at the State Agency for regulation of fuel and energy sector, the composition and regulations of which are approved by the Director of the State Agency.

Also, according to the resolution, for the purpose of ensuring the balanced review and promotion of the draft regulations, there was created the Expert Board in the State Agency, the structure and regulation of which are approved by the Director of the State Agency. For the purposes of the public monitoring of the State Agency, there was created the Public Board, which is a consultative and supervisory body, operating on a voluntary basis.

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