



ELECTRICITY INDUSTRY AND LEGAL UPDATE

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Industry Update

June 23, 2016

National Energy Holding reported for the first five months of its operation

OJSC National energy holding reported on the results of its activity from January to May 2016.

According to the national energy holding, following the results of past 5 months, distribution power companies (REC) of the country, collected payments for electricity which amounted to 5 710.3 million soms or 101.0% of the marketable products. Book debts of consumers decreased by 110 million soms.

The energy holding noted that the public collection amounted to 107.5% of committed calculation, respectively, book debts were reduced by 254 million soms, or by 26.6%. At the same time, book debts of budget consumers of electricity amounted to 547.3 million soms, as of 06.01.2016 and increased by 145 million soms, or by 35.9%.

In order to improve the quality of customer service, there are additional offices that operate in Bishkek which receive payments for electricity. At the same time, online connection of consumers will be introduced for customers who have AIMSECM counters (automated information and measuring system of electricity control and metering), after the fact of collection of debts.

According to OJSC "Bishkekteploset" collection of payments amounted to 977.2 million soms or 118.7% of the marketable products. Book debts of consumers decreased by 165.8 million soms or by 43% since the beginning of the year.

Electricity losses in the networks of DESs (District Electric Station) for the period of January - May 2016 amounted to 14.3%, which is at the level of the planned task and lower by

Legal Update

July 27, 2016

The Law "On Amendments to the Law of the Kyrgyz Republic "On renewable energy sources" was signed

President of the Kyrgyz Republic Almazbek Atambayev signed the Law of the Kyrgyz Republic "On Introducing Amendments to the Law of the Kyrgyz Republic "On Renewable Energy Sources".

The adopted law provides that tariffs for electricity generated using renewable sources of energy, are established by the authorized state body on regulation of fuel and energy complex.

The law eliminated provision which provided that the consent of the Jogorku Kenesh of the Kyrgyz Republic on the change in the maximum electricity tariff for consumers is necessary.

Thus, the Law "On renewable energy sources" is brought into conformity with the Law "On Energy" and "On Electric Power Industry".

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July 19, 2016

Kuban Myrzakanov became the new Deputy Chairman of the State Committee of Industry, Energy and Mining

2.1% than the same period of 2015.

The national energy holding added that at the present time in order to ensure timely and quality preparation of facilities for the upcoming autumn-winter period all energy companies undergoing renovation campaign.

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June 21, 2016

State Committee of Industry, Energy and Mining is being created in Kyrgyzstan

State Committee of Industry, Energy and Mining is being created in Kyrgyzstan. As announced today at the meeting of Committee on Constitutional Legislation, State System, Judicial and Legal Issues and Regulations of the Jogorku Kenesh by the Prime Minister of the Kyrgyz Republic Sooronbai Jeenbekov.

The Prime Minister provided that there is a need to reorganize the executive branch in relation to the new challenges and conditions in the framework of accession to the EAEU. According Sooronbay Jeenbekov, the authorities are to introduce a long-term policy in the energy sector, industry, subsoil use, as well as agriculture and "electronic government".

At the same time, as the Prime Minister stated, the analysis of the work of ministries and departments has shown that it is necessary to ensure consistency of the structure of control by concentrating related activity areas mainly in one body.

Given that earlier during the establishment of the Ministry of Industry and Energy, the main focus was on the energy, industry. After the scope transfer to the Ministry of Economy, this sector altogether receded into the background, and it was decided to create a new body.

As Sooronbai Jeenbekov noted, despite the fact that the energy sector was transferred to the National energy holding, this sphere as well as the issues of subsoil use and mining, which are budget-forming sectors, will be included in the scope of the newly created State Committee for Industry, Energy and Mining.

According to the head of the Ministers Cabinet, this initiative is explained by the fact that there is a need to create a single state agency that would be responsible for developing and coordinating a comprehensive inter-sectorial policy in these sectors. "But it is necessary to clearly define the policy, regulation and supervision," – stated Sooronbai Jeenbekov.

A new state agency will be opened on the basis of the State Agency for Geology and Mineral Resources of the Kyrgyz Republic.

Kuban Myrzakanov became the new deputy chairman of the State Committee of Industry, Energy and Mining. It is reported by the department of information support of the Kyrgyz government apparatus.

The ordinance of appointment was signed by the Prime Minister of Kyrgyzstan Sooronbai Jeenbekov. Previously, Kuban Myrzakanov served as Deputy Minister of Economy.

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July 13, 2016

Resolution of Kyrgyz Republic Government dated July 13, 2016 № 391 "On approval of regulations governing the calculation of the size and order of the state budget subsidies to district heating companies"

In order to streamline the provision of state budget subsidies to district heating companies, the Government of the Kyrgyz Republic approved the following acts:

- A temporary order granting subsidies to district heating companies from the state budget to cover losses resulting from state regulation of tariffs for thermal energy supplied to the population for heating and hot water;
- Methodology for calculation of the amount of subsidies to cover losses arising from the state regulation of tariffs for thermal energy supplied to the population for heating and hot water.

Now, district heating companies, when reporting on a grant should be guided by the above-mentioned acts.

June 29, 2016

Duyshenbek Zilaliev is appointed as chairman of the State Committee of Industry, Energy and Mining of the Kyrgyz Republic

On June 29, President of the Kyrgyz Republic Almazbek Atambayev signed a decree, according to which, in accordance with Part 5 of Article 84 of the Constitution of the Kyrgyz Republic Zilaliev Duyshenbek Teksherbekovich is appointed as chairman of the State Committee for Industry, Energy

May 12, 2016

Construction of CASA-1000 power line with a value of \$ 1 billion, has begun in Tajikistan

Tajikistan has launched the implementation of CASA-1000 project, as reported by Tajik Telegraph Agency (TadzhikTA) on Thursday.

"The President of Tajikistan Emomali Rahmon, Prime Minister of Kyrgyzstan Sooronbai Jeenbekov, Prime Minister of Afghanistan, Abdullah Abdullah and Pakistani Prime Minister Nawaz Sharif, today, on May 12, in the city of Tursunzoda in the territory of the Kommuna village gave the start for the implementation of the CASA-1000 project", - reported by government of RT.

CASA-1000 project implies the export of electricity from Tajikistan and Kyrgyzstan to Afghanistan and Pakistan. However, on the eve, Afghanistan's energy minister Ali Ahmad Usmonov said that his country has decided to abandon the consumption of electricity within the CASA-1000 project, agreeing only to the role of a transit country for electricity transmitted to Pakistan.

The main investors of the project are the World Bank, Islamic Development Bank, the European Investment Bank, European Bank for Reconstruction and Development, and others.

It is expected that during the first phase, Datca-Khujand high-voltage power line of 500 kV will be built (length 477 km), which will connect the energy system of Kyrgyzstan and Tajikistan.

Then it is planned to construct a power line from Tajikistan to Afghanistan and later in Pakistani city of Peshawar, with a total length of 750 kilometers.

Cost of the CASA-1000 project - \$ 1 billion.

April 27, 2016

The loss of electric energy in the networks of Electricity Distribution Companies amounted to 15.7% year-to-date

According to the National Energy Holding Company OJSC, electricity distribution companies (EDC) JSC "Severelectro", JSC "Jalalabatelectro", JSC "Vostokelektro" and JSC "Oshelectro" collected the payments for electricity, which amounted to 3 953.7 million soms, that is 95.1% of

and Mining of the Kyrgyz Republic.

June 13, 2016

Resolution of the Government of the Kyrgyz Republic dated June 13, 2016 № 259-p

On June 13, 2016 the Government of the Kyrgyz Republic approved a draft Memorandum of Understanding between the Government of the Kyrgyz Republic, OJSC "Electric Stations" and the Asian Development Bank for the project "Rehabilitation of the Toktogul hydroelectric power station. Phase 3". Ministers of Economy and Finance of the Kyrgyz Republic were authorized to sign on behalf of the Government of the Kyrgyz Republic the draft Memorandum, with the right to introduce amendments of non-critical character.

Reference: Memorandum of Mutual Understanding (hereinafter - the Memorandum) reflects the agreement reached between the Government of the Kyrgyz Republic represented by the Ministry of Finance of the Kyrgyz Republic, the Ministry of the Kyrgyz Republic's economy, public company "Electric Stations" and the Asian Development Bank during the mission on the proposed draft "Rehabilitation of Toktogul HES, Phase 3". Eurasian Development Bank joined the mission. The Memorandum of Mutual Understanding is not a legally binding agreement and is subject to approval by the Government and approved by the higher authorities of ADB. The memorandum is not an international treaty. The Kyrgyz Republic and ADB in the light of implementation of the Memorandum intend to conclude an agreement.

April 26, 2016

Kyrgyzstan signed a document on energy resources in EAEU

The agreement on the Formation Methodology for Indicative (Forecasting) Balances of Oil, Gas and Petroleum Products in the framework of the Eurasian Economic Union (EAEU) was signed in Moscow by the heads of authorized ministries of the member states.

Member of the Board (Minister) of Energy and Infrastructure of the EAEU Danil Ibraev noted that this is the first document in Eurasian space, which defines single and unified methodological approaches to the development of energy resource balances in the Union.

The Agreement will enter into force one month after the date when the Commission received the last written

commercial products in the first quarter of 2016.

Consumer receivables increased by 137 million soms. The payment collection was incomplete due to the fact of untimely financing of budgetary organizations, which receivables for the above mentioned period increased by 248 million soms.

It shall be noted that the amount of payment by the population amounted to 104.2 % out of the accruals, so the receivables of the population decreased by 98,0 million soms respectively.

From January to March of 2016, the loss of electric power in the systems of EDCs reached 15.7%, which is at the level of the set targets and lower by 3.4% compared to the same period of 2015.

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April 27, 2016

Kazakhstan will supply to Kyrgyzstan 218 million kWh of electricity in 2016

According to the Chairman of the Board of JSC "Samruk-Energo," Almasadam Satkaliyev, Kazakhstan plans to export electricity to Kyrgyzstan in the amount of 218 million kWh, to Russia - 1.8 billion kWh in 2016. At a press conference A. Satkaliyev said: "Up to now, 53 million kWh of electricity have already been delivered to Kyrgyzstan."

He also noted that in the past it was Kyrgyzstan that supplied electricity to Kazakhstan.

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April 25, 2016

Kyrgyzstan got about \$ 1.7 billion of loans for the energy sector

According to Aytmamat Nazarov, a member of Parliament from "Kyrgyzstan" party, the Kyrgyz Republic got about \$ 1.7 billion of loans for the energy sector. At the meeting of the Jogorku Kenesh Committee of Budget and Finance he commented on the receipt of funds from international donors - IDA (International Development Association), IDB (Islamic Development Bank) and EIB (European Investment Bank) . Agreements of the KR with those international organizations concern the project "Electricity Transmission Central Asia - South Asia" (CASA-1000), according to which it is planned to supply electricity from Kyrgyzstan to Pakistan and Afghanistan.

A. Nazarov asked Aibek Kaliev, the Head of the National Energy Holding, about how the state will repay the project

notification on the implementation of relevant domestic procedures by member states of the Union.

The first balances of energy resources of the Union will be ready in October of the present year.

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April 20, 2016

Decree # 177-p of the Government of the Kyrgyz Republic dated April 20, 2016

Following the staffing changes, the Government of the Kyrgyz Republic approved the working group on coordination of the preparatory activities for the CASA-1000 project on April 20, 2016. Dzhunushaliyev Turatbek Sharshenkulovich, who serves as the Deputy Minister of Economy of the Kyrgyz Republic, was appointed as a head of the working group.

This working group was originally formed by the Decree of the Government of the Kyrgyz Republic from September 18, 2014 # 400-p for the implementation of the Memorandum of Understanding for the Development of the CASA-1000 Power Transmission Project and the Further Development of a Central Asia - South Asia Regional Electricity Market (CASAREM), signed by the Governments of the Kyrgyz Republic, the Islamic Republic of Afghanistan, the Islamic Republic of Pakistan and the Republic of Tajikistan on 20 September of 2011 in Bishkek.

March 14, 2016

Order #2 of the State Agency of Fuel and Energy Complex Regulation of the Kyrgyz Republic from March 14, 2016

In order to ensure sustainable development, stable and reliable operation of the electric power industry of the Kyrgyz Republic, as well as to increase the transparency of procedures in establishing the tariffs for thermal energy, the State Agency of Fuel and Energy Complex Regulation under the Government of the KR approved the methodology for determining the cost price of outputs (goods, services) and establishing the tariffs for thermal energy.

loan, if it has not paid back the previous \$ 1.7 billion.

Aibek Kaliev explained that according to the project, the KR will supply electricity to Pakistan for 9.41 cents per kilowatt hour, and the loan shall be returned within 15 years.

He concluded that the length of the electricity transmission lines for the project will be more than 1,000 km, 400 km of them will be located on the territory of Kyrgyzstan.

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April 22, 2016

Starting from April 1 there would be easing in connecting to the electricity and heating systems in Kyrgyzstan

According to the Head of National Energy Holding Aibek Kaliev, starting from April 1 there would be easing in connecting to the electricity and heating systems in Kyrgyzstan.

At a meeting of parliamentary faction "Republic-Ata Jurt" he said that in the past subscribers used to pay 1,200 soms for the issuance of technical conditions in order to connect to the network, but now only the consumption of energy will be taken into account before the connection. The procedure will become more transparent.

Up to now, there are about 1 million 350 thousand subscribers, 85 percent of which are individuals, and the remaining 15 percent constitutes commercial and industrial enterprises.

In 2015, the amount of payments for the electricity reached to nearly 11 billion 800 million soms; however, there is still a debt in the amount of 1 billion soms.

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April 19, 2016

Kyrgyzstan has agreed with Kazakhstan on the supply of 218 million kilowatt-hours of electricity

At a meeting of the Committee of the Parliament on Fuel and Energy Complex, and Subsoil Use, the Deputy Head of the National Energy Holding Nurlan Sadykov said that Kyrgyzstan has agreed with Kazakhstan on the supply of 218 million kilowatt-hours of electricity at 9 tenge per kilowatt-hour.

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April 6, 2016

The Chinese company plans to build the cascade of hydroelectric power plant with the capacity of 1.1 thousand MW

Chinese company "State Power Investment Corporation" plans to build the cascade of four hydropower plants near the village of Kazarman, which is situated in the north of Kyrgyzstan.

This was announced during the meeting of the Vice Prime Minister of Kyrgyzstan Oleg Pankratov with the representatives of the company.

According to the press service of the Parliament of Kyrgyzstan, the total capacity of Alabuga, Toguz-Toro and two Kara-Bulun HPS after the construction should reach 1.1 thousand MW.

The report says: "Investors assert that they have studied in detail the potentials and perspectives of the Kyrgyz hydroelectric power, and are ready to implement the project. They expect that in the near future the whole set of necessary documents will be ready."

O.Pankratov assured the representatives of the Chinese company that Kyrgyzstan attaches great importance in attracting direct investment to the hydroelectric power sector of the country, which has a great potential.

Deputy Prime Minister said: "Currently, we are implementing a number of projects on construction of new hydroelectric power stations, which will allow in the near future to considerably increase the amount of electricity generated. It is extremely important that electricity consumption is increasing annually."

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