



ELECTRICITY INDUSTRY AND LEGAL UPDATE

KALIKOVA &
ASSOCIATES
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Issue 21, October 2015 (quarterly)

Industry Update

October 22, 2015

Negotiations with the Chinese company Sinohydro regarding Suusamyр-Kokomerensky cascade of HPP are held at governmental level

Negotiations with the Chinese company Sinohydro regarding preliminary feasibility study of Suusamyр-Kokomerensky cascade of HPP are held at governmental level – press relations service of “Electriccheskie stancii” OJSC informed.

As it was informed earlier by Aibek Kaliev, the Deputy Minister of Energy and Industry, “Electriccheskie stancii” OJSC and the Chinese company Sinohydro resumed negotiations on preliminary feasibility study on Suusamyр-Kokomerensky cascade of HPP.

“However today there is no exact vision on what conditions, which station, etc. When we have a more clear vision we can then talk about construction. Overall, this station is needed, there is a cascade station from 4 stations – there are good objects”, - A. Kaliev informed.

Information: Suusamyр-Kokomerensky cascade HPP consists of 3 stations with overall capacity of 1305 MW, Karakol HPP – 33 MW, Kokomerensky HPP-1 – 360 MW, Kokomerensky HPP-2 – 912 MW.

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

Legal Update

Governmental Decree “On approval of the Governmental Program on energy conservation and planning of energy efficiency policy in the Kyrgyz Republic for 2015-2017” as of August 25, 2015 no. 601

Governmental Program on energy conservation and planning of energy efficiency policy in the Kyrgyz Republic for 2015-2017 was approved on August 25, 2015 for the purposes of implementing of efficient state policy and coordination of promoting questions of energy conservation and energy efficiency, economical and rational use of state funds allocated to the budget organizations for payment of consumed fuel-power sources. Besides, an Action plan on implementation of a Program has been approved.

Order of the State Agency for Regulation of Energy under the Government of the Kyrgyz Republic as of August 6, 2015 no. 1 «On approval of the methodology for calculating tariffs for electricity supplied by the stations that generate electricity using renewable energy sources.»

September 23, 2015

Solar electric plant will be constructed in Chui oblast

Construction of a solar electric plant is planned in Panfilov region of Chui oblast. This was announced by Turatbek Djunushaliev, the Deputy Minister of Energy and Industry at the conference "Objectives of science in an integrated process" in Bishkek.

According to his words, for the purposes of construction of a solar electric plant the Government allocated 70 hectares of territory. The cost of the project is 64 million USD, assumed capacity of a station – 30 MW.

Moreover, Djunushaliev added that solar electricity is expensive. According to preliminary calculations, prime cost of one KW/h of electricity is around 30 soms. The Government plans to implement this project at the expense of private investments.

According to the current tariff rate subscribers pay for electricity 77 tyins for kW/h when consuming up to 700 kW/h. For those that use more than 700 kW per month tariff rate is 2.16 soms. For manufacturing plants it is 2.24 soms.

<http://rus.azattyk.kg/>

September 17, 2015

Valery Dil: Created state energy holding company will act as a single coordinator of the industry

On September 17 the Vice Prime-Minister of the Kyrgyz Republic, Valery Dil, met with the Head of IFC Martin Negele. This was announced by information activities office of the Government of the KR.

As the Vice Prime-Minister informed Kyrgyzstan is in need of new energy generating capacities. For this purpose Bishkek TPP is being modernized, Toktogul HPP is soon to be reconstructed, construction of Kara-Kechinsky HPP for 600 MW is to be launched. Along with that for the purposes of increasing the efficiency of energy industry State energy holding company is created, and it is to act as the sole coordinator of the industry and is responsible for its development.

Martin Negele noted that IFC receives applications

This methodology was developed in order to create a unified approach in the calculation of tariffs for electricity supplied by the stations that generate electricity using renewable energy sources (hereinafter - RES), which establishes the procedure for calculating tariffs for electricity produced using RES, including the use of water power, solar, biomass and wind and earth by the authorized state body on regulation of fuel and energy complex according to the Law of the Kyrgyz Republic "On renewable energy sources" and the approved methodology.

According to the indicated Methodology rates are calculated for the newly commissioned facilities for the use of RES.

The Methodology contains a formula according to which the authorized state body on regulation of fuel and energy complex sets and revises tariffs for electricity generated using renewable energy sources. In addition, it is noted that the authorized state body on regulation of fuel and energy complex sets tariffs for electricity generated using renewable energy sources for the project payback period for the use of renewable energy in accordance with the Law of the Kyrgyz Republic "On renewable energy sources" and this Methodology.

The revision of tariffs is conducted by the authorized body for regulation of energy and fuel complex annually in accordance with the legislation of the Kyrgyz Republic, according to official data characterizing inflation and the change rate of the Kyrgyz som to the US dollar.

Order of the Ministry of Energy and Industry of the Kyrgyz Republic as of July 30, 2015 no. 98

According to the indicated Order the Regulation of the Ministry of Energy and Industry of the Kyrgyz Republic was developed, which determines the order of conducting activities for implementation of functions and authorities assigned to the Ministry.

Resolution of the Government of the Kyrgyz Republic as of July 20, 2015 № 307 "On Approval of the Concept of development of small hydropower of the Kyrgyz Republic until 2017"

from entrepreneurs that are ready to participate in implementation of the projects for development of small- and medium power generation on the territory of the KR. Mr. Negele pointed out that IFC is ready to assist in project implementation in the sphere of hydropower to have developed for investors a detailed presentation with description of a potential and opportunities for investments into the industry.

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

August 28, 2015

Kyrgyzstan to save about \$ 8-9 million annually thanks to Datka - Kemin power transmission line

"Thanks to Datka - Kemin power transmission line Kyrgyzstan will save about \$ 8-9 million annually ", - Bekbo Mamatbekov, Chairman of National Electric Network of Kyrgyzstan Open Joint Stock Company, said today at the opening ceremony.

Previously, in order to supply electricity to the country, we needed help of the neighboring countries. We had to transmit power from south to north through Uzbekistan and Kazakhstan. Now the need has disappeared. Previously, we were paying a lot of money for the transit, "- he explained.

"Even if some of the neighboring countries share a single electricity grid, this will not affect Kyrgyzstan. However, none of the States is interested in this, we have to work and help each other in case of need, "- Bekbo Mamatbekov said.

<http://www.24kg.org/>

August 28, 2015

Participation in CASA-1000 project to cost \$ 200 million for Kyrgyzstan

"In the framework of the project, Kyrgyzstan will build a power line from Datka substation to Souk substation in Tajikistan, which is located at the border. The cost of construction is \$ 200 million and will be funded with the loan provided by the World Bank, the Islamic Development Bank and the European Bank for Reconstruction and Development ", M. Aitkulov said.

According to him, the time of completion of

The development concept of small hydropower of the Kyrgyz Republic until 2017 (hereinafter - the "Concept") determines the main directions, goals and objectives of the development of small hydropower of the Kyrgyz Republic for the period up to 2017. The concept reviews objective preconditions and formulates the main provisions of the strategy of development of small hydropower.

The concept is aimed at:

- Increase of energy security of the Kyrgyz Republic through the development of small hydropower with ensuring protection of the environment;
- State support and creation of favorable conditions for attracting investments into construction of small hydropower plants;
- Improving of the legal framework for the purposes of creating conditions for implementation of projects on construction of small hydropower plants;
- Creation of conditions for public-private partnership for the purpose of cooperation with business organizations, international financial and civil institutions.

As noted in the Concept, hydropower resources of the Kyrgyz Republic consist of 268 rivers, 97 major canals and 18 reservoirs, the potential of which amounts to about 143 billion KWh of electricity annually. Today only about 10% of the potential is being used, in other words annual electricity production is on average about 14 billion kWh. The hydropower potential of small rivers and stream flows is about 5-8 billion KWh per year, the country used less than 1%.

In order to overcome existing barriers for the purpose of development of small hydro power in the Kyrgyz Republic the following arrangements shall be made:

- Determination of the share of hydropower potential of small hydropower plants in the country's energy balance for the formation of long-term policy for development of renewable energy sources and the energy industry as a whole;
- Adoption of a strategic document aimed at the development of renewable energy, including small hydropower of the Kyrgyz Republic;
- Development and approval of a model concession agreement in relation to objects of small hydropower plants;
- Definition of criteria for the selection of cost-

construction will be known after the feasibility study.

<http://kyrtag.kg/>

July 31, 2015

Kyrgyzstan signs agreement with Eurasian Development Bank for rehabilitation of Toktogul HPP

The agreement is signed for the provision of an investment loan for the rehabilitation of Toktogul HPP, phase 2. This is reported by the Information Department of the Executive Office of the Government.

As noted, 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. According to Nurlan Sadykov, Deputy Minister of Energy and Industry, this project will extend the life of Toktogul HPP by 30-40 years, and an additional increase in hydroelectric power will be about 20-40%. As a result, it will be possible to improve a supply of electricity in the autumn-winter period.

The cost of the project is \$ 100 million, the funding will be provided in the form of a loan. The loan term is 20 years, the grace period is 8 years. The interest rate is 1% per annum. The project executing agency is the Ministry of Energy and Industry. The rehabilitation of the Toktogul HPP involves the replacement of two hydroelectric power stations with a 60 MW unit each, 120 MW in total. The total funding of the project is \$ 250 million. The project will be funded by two donors, the Asian Development Bank (ADB) and the Eurasian Development Bank (EDB), which will provide \$ 100 million as a loan.

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

June 28, 2015

Kyrgyzstan stopped to pay for transit of electricity to Kazakhstan

Kyrgyzstan stopped to pay for transit of electricity to Kazakhstan, Medetbek Aitkulov, General Director of National Electric Network of Kyrgyzstan JSC, told reporters on June 28.

"We pay compensation to Kazakhstan for transit of 250-300 million kWh annually through their power

effective projects on construction of small hydro power plants, taking into account hydrological, ecological, geographical, technical, economic and social factors;

- conducting surveys of previously existing as well as new cross-sections of small hydropower plants in various streams based on the criteria developed with the aim of developing of the map layout of cost-effective cross-sections for the construction of small hydropower plants;

- Justification and binding of the promising cross-sections to different regions of the country for the purpose of construction of small hydro power plants on the basis of the survey;

- Development of a map with location of small hydro power plants with an indication of basic information in electronic format, with uploading it on the website of the Ministry of Energy and Industry of the Kyrgyz Republic;

- Development of an information guide, which contains information on procedure of preparation, negotiation, approval and implementation of the projects on construction of small hydropower plants in the Kyrgyz Republic for the purpose of assisting investors in preparing projects for construction of small hydropower plants.

grid. We will stop since now," M. Aitkulov said.

According to him, previously, \$ 8 million were paid annually to Uzbekistan for transit. However, after the construction of Datka substation, this practice will be stopped.

Earlier, electricity produced in the south of the country was supplied to the north of the republic by transit through Uzbekistan and Kazakhstan. The construction of Datka and Kemin substations and Datca-Kemin transmission lines made Kyrgyzstan independent in terms of power supply.

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



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