



ELECTRICITY INDUSTRY AND LEGAL UPDATE

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Industry Update

July 12, 2018

Kyrgyzstan bans mining farms and data centers

The National Energy Holding has banned, until further orders, the issuance of technical specifications for mining farms and data centers connections and electric heating.

In addition, Electric Stations and National Electric Grid of the Kyrgyz Republic will not give consent to the increase in capacity and volumes of consumption of electricity by large industrial consumers and wholesale buyers/resellers until the end of the autumn-winter period.

The volume of capacity and electric power for domestic consumers will be set within limits approved by the Government Resolution. Large industrial consumers will be supplied with electricity in the manner prescribed by law.

The issuance of technical specifications for mining farms and data centers connections will be addressed by the State Committee for Industry, Energy and Mineral Resources of the Kyrgyz Republic. The power supply capacity requested by mining farms is about 300 MW, which is high and constitutes the power consumption of one city.

www.24.kg

June 29, 2018

RusHydro threatens lawsuit in Hague Court

RusHydro, a Russian company, announced its intention to launch legal action in the Hague Court against Kyrgyzstan over the Upper Naryn HPP cascade. It was announced by Nikolai Shulginov, the CEO of RusHydro, at the annual general meeting held on June 27, 2018 that the company had served a notice of intention to sue Kyrgyzstan in the Hague Court over the

Legal Update

Government Resolution No. 93 of February 15, 2018 approving bill introducing amendments to Building Energy Efficiency Act

The bill proposes amendments introducing a new requirement specifying that the buildings whose energy performance certificates (EPCs) expired must undergo repeated energy performance certification.

Also, it is required that the systematized database of EPCs, survey reports, and certified specialists dealing with energy efficiency of boilers, heating and hot water supply systems in buildings must be maintained by the State Building Energy Efficiency Registry in the manner prescribed by the Government of the Kyrgyz Republic.

Government Resolution No. 169 of March 29, 2018 approving rules for technological connection of generating sources, electrical networks of electricity distribution companies and consumers' electrical installations to power grids

The Resolution aims to ensure equal access to energy services under Article 82 of the Eurasian Economic Union Treaty of May 29, 2014 and the Energy Act.

The Rules approved by the Resolution apply to the following services:

- technological connection of the newly commissioned electrical installations of applicants;
- increasing the capacity of previously connected and reconstructed electrical installations of applicants;
- changing the category of previously connected electrical installations of applicants, depending on power supply reliability;
- changing the points of connection of previously connected electrical installations of applicants to

Upper HPP Cascade.

He also said that RusHydro delegates would arrive to continue negotiations with the Kyrgyz side at its invitation, but noted that they did not expect positive results.

The Kyrgyz Government has not commented on RusHydro's statement yet.

www.azattyk.org

June 8, 2018

Kyrgyzstan continues to export electricity to Uzbekistan in summer

To ensure rational use of hydropower resources of the Kyrgyz Republic based on projection data of the Kyrgyz Hydro-meteorological Center under the Ministry of Emergency Situations of the Kyrgyz Republic, as part of good neighborly relations with the Republic of Uzbekistan, it was agreed to continue to export electricity in summer.

As agreed between Kyrgyz Electric Stations and Uzbekenergo, electricity export to the Republic of Uzbekistan will continue from June 8, 2018 to August 2018. It is expected to export 500 million kWh at 2 US cents per 1 kWh which is an average market price in Central Asia.

The expected volume of water in the Toktogul reservoir in 2018 makes the export of electricity possible. Daily supply limits will be adjusted depending on technical capabilities of the parties and the inflow of water into the Toktogul reservoir.

In the summer period 2017, the volume of export amounted to 1,142 million kWh.

www.energo.gov.kg

April 16, 2018

CASA-1000 project roadmap announced

The largest Central Asia-South Asia power project, commonly known by the acronym CASA-1000, announced the preparation of the roadmap. CASA-1000 is a US \$1.16 billion project currently under construction that will ensure the export of surplus hydropower from Tajikistan and Kyrgyzstan to Pakistan and Afghanistan.

The CASA-1000 project involves the construction of a cross-border high-voltage transmission line linking the power grids of these countries thus enabling them to create a single electricity market.

www.casa-1000.org

electrical networks.

Amendments to Water Code and Water Act of Kyrgyz Republic

On June 27, 2018, Parliament considered the bill introducing amendments to certain legislative acts of the Kyrgyz Republic, in particular to the Water Code and the Water Act of the Kyrgyz Republic.

The main purpose of the bill is to make the use of the water resources and water bodies chargeable and to eliminate collisions and gaps in regulatory and legal acts governing water use fees.

The fee is charged to all water users, regardless of institutional affiliation, citizenship, type of ownership or form of management, unless otherwise provided by law. It should be noted that formally, the fee may be charged to hydropower plant operators as well, since there are no exceptions in law at the moment in respect of hydropower plants.

The proposed amendments aim to further promote the development of incentives for the rational use of water resources in all sectors of the economy, and to secure funding for water conservation and protection projects.

Government Resolution No. 310 of July 2, 2018 approving Government opinion on bill proposing amendments to certain renewable energy regulations of Kyrgyz Republic

Article 1 of the bill proposes amendments to Articles 212.1 and 257 of the Tax Code of the Kyrgyz Republic granting a 5-year profit tax holiday for producers of electric/thermal energy, gas/gaseous fuel or liquid biofuel and VAT holiday for producers of specialized goods and equipment for production of electric and thermal energy from renewable sources.

At the same time, according to the explanatory note, to encourage the development of renewable energy sources, the tax holiday will apply only to the newly constructed wind and small hydropower and other power plants rather than to existing producers of renewable energy.



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If you have any comments, please contact Magomed Saaduev at msaaduev@k-a.kg

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