



ELECTRICITY INDUSTRY AND LEGAL UPDATE

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Industry Update

November 17, 2016

Bishkek CHPP will fully switch to coal in 2017

After its refurbishment, Bishkek CHPP will fully switch to coal. This was reported by Duyshenbek Zilaliev, the Chairman of the State Committee on Industry, Energy and Mineral Resources of the Kyrgyz Republic at the meeting of the Parliament convened to assess the Government's progress in preparing for the winter heating season.

According to him, the Government plans to supply 1.2 million tons of coal to Bishkek CHPP.

According to Aibek Kaliev, the Head of the National Energy Holding, the Government is currently considering two alternative routes for delivery of locally produced coal to Bishkek.

«These routes are: Kara Keche – Balykchy and Kara-Keche-Tokmok-Bishkek», he said.

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November 9, 2016

Government will return to electricity tariff issues in 2017

The Government will return to electricity tariff issues in 2017. This was reported by the acting Prime Minister Sooronbai Jeenbekov to the Parliament.

Parliamentarians asked what to expect with regard to electricity prices.

Legal Update

November 21, 2016

Government Ordinance of November 21, 2016 No. 499-r

Due to staff changes, the Government of the Kyrgyz Republic approved amendments to its ordinance of September 18, 2014 No. 400-r appointing the following members of the working group on the CASA-1000 Project.

- Azamat Kanybekovich Omorov - Deputy Chairman of the State Committee on Industry, Energy and Mineral Resources of the Kyrgyz Republic, the Head of the working group;
 - Aibek Ryspekovich Kaliev – CEO of National Energy Holding Company JSC, the Deputy Head of the working group (to be agreed);
 - Akylbek Rabaevich Tyumenbaev - Executive Project Director of National Electric Networks of Kyrgyzstan JSC, the Deputy Head of the working group (to be agreed).
- Members of the working group:
- Anvar Arslanovich Anarbaev – Head of the Foreign Policy Analysis, Planning and Coordination Unit of the Ministry of Foreign Affairs of the Kyrgyz Republic;
 - Marat Salmurzaevich Oskombaev - Head of the Investment Program and Technical Assistance Unit of the Ministry of Finance of the Kyrgyz Republic;
 - Asel Melisovna Matybaeva - Head of the Donor Coordination Unit of the Ministry of Economy of the Kyrgyz Republic;
 - Marat Arynbeekovich Jeenbekov - Acting Head of the Project Management Unit of the State Committee on Industry, Energy and Mineral Resources of the Kyrgyz Republic;
 - Berdibek Kalybekovich Borkoev - First Deputy CEO of Electric Stations JSC (to be agreed);
 - Leonid Grigorievich Popov - energy expert of the Project Implementation Unit of National Electric Networks of

«At the time when the Kyrgyz Republic gained its independence, electricity losses amounted to 46 percent. In 2010, the figure dropped to 34 percent. Today, losses are reduced to 12.7 percent. But despite these indicators, there are not enough funds in the energy sector to modernize equipment," the Prime Minister noted.

«Tariffs need to be revised. We will return to this issue in 2017» he added.

Earlier it was reported that electricity tariffs in Kyrgyzstan would not increase until August 2017.

www.24.kg

October 20, 2016

Severelectro will build three high-voltage substations in Bishkek

Severelectro will build three high-voltage substations in Bishkek, the company reported.

Severelectro signed the contract for construction of three high-voltage substations with the winner of the tender, the Malaysian-Chinese consortium PESTECH & SPECO (tender documents were purchased by 40 companies, most of which were foreign companies; bids were submitted by 10 companies).

During negotiations, PESTECH&SPECO Consortium was represented by Lim Ah Hok, the CEO of PESTECH, Desmond Lim Pei Chin, the DCEO of PESTECH, and Hu Tao, the Vice President of SPECO. As part of the electricity supply accountability and reliability improvement project in the Kyrgyz Republic, it is planned to construct three new high- and medium-voltage substations in Bishkek.

Under the contract signed by Askar Eshimbekov, the CEO of Severlectro, and Desmond Lim Pei Chin, the DCEO of PESTECH, it is expected to complete the construction by the end of 2017 with an overall project budget of \$8.5 million.

Two 35/6-10 kilovolt (kV) high-voltage substations (Orto-Say and Sport) will be built in the area of the Orto-Say market (micro-district 3) and Isanov and Chui streets. The third 110/35/6 (10) kV high-voltage substation (Bishkek) will be built in the area of T. Aytmatov, Saliev and Saratov streets.

The commissioning of the Bishkek substation will enable the newly commissioned facilities with a total capacity of up to 40 MW to connect to the national grid.

Upon completion and commissioning of Bishkek substation, Severelectro distribution company plans to gradually switch from 6 kV to 10 kV cable networks. Vacated 35 kV transformers will be used for expansion of distribution networks (new buildings, residential areas, micro-districts).

Kyrgyzstan (to be approved);
- Nurdin Nasredinovich Usekov - Head of the Energy Export Sector of the Energy Sale Unit of Electric Stations JSC (to be agreed);
- Kairat Naserovich Djumaliev - Coordinator of the CASA-1000 project (to be agreed);
- Zhanna Satovna Imankulova - Head of the International Cooperation and Project Monitoring Unit of National Energy Holding Company (to be agreed).

November 9, 2016

Parliament approved Government program, structure and composition proposed by Sooronbai Jeenbekov

Sooronbai Jeenbekov nominated as the Prime Minister of the Kyrgyz Republic by the parliamentary majority coalition at the Parliamentary meeting of November 9 proposed the new program, structure and composition of the Government of the Kyrgyz Republic. After the lengthy discussion, the Parliament approved the proposed program, structure and composition of the Government. It should be noted that the new Government structure includes the State Committee on Industry, Energy and Mineral Resources.

October 26, 2016

State Committee on Industry, Energy and Mineral Resources of Kyrgyz Republic put up for public discussion draft Government decree approving tender for construction of small hydroelectric power plants in Kyrgyzstan

On October 26, 2016, the State Committee on Industry, Energy and Mineral Resources developed and put up for public discussion a draft Regulation on tender for construction of small hydroelectric power plants in Kyrgyzstan.

It should be noted that although the Electric Power Industry Law of the Kyrgyz Republic enacted in 1997 requires that the contracts for construction of new generating facilities should be awarded through tenders, while the tendering process, bid evaluation criteria and winner determination process should be approved by the Government resolution, there is no relevant resolution governing the tendering process. In this regard, the draft resolution of the Government put up for public discussion is intended to fill the gaps in the legislation that hinder the development of the strategic sector of the economy of the Kyrgyz Republic.

In particular, the draft Regulation on the tender for

As a reminder, as part of the electricity supply accountability and reliability improvement project in the Kyrgyz Republic, the World Bank allocated \$25 million, including \$13.75 million as loan and \$11.25 million as grant.

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October 14, 2016

Total debt in energy sector is \$1 billion

"As of today, the total debt in the energy sector is \$1 billion. It also includes the construction of Datka - Kemin transmission lines," Aibek Kaliev, the Head of National Energy Holding Company reported today at the session of Onuguu-Progress parliamentary faction.

He disclosed this information in response to MP Mirlan Bakirov's inquiry on the current state of the country's energy sector and spending of loans. According to Aibek Kaliev, currently, there are about 10 projects ongoing since the 1990s, with three projects accounting for most of debt in the energy sector.

"After the heating period ends, we will proceed to the reconstruction of the Toktogul hydroelectric power plant, which is also financed with loan," the official said.

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October 12, 2016

Kyrgyzstan will not import electricity in upcoming winter season

Kyrgyzstan will not import electricity in the upcoming fall/winter season. This was announced by Aibek Kaliev, the Chairman of the Board of National Energy Holding Company at the press conference.

«To date, the volume of water in the Toktogul reservoir is 17.5 billion cubic meters, which is 4.5 billion cubic meters more than the last year's level. This helped us balance the operation of Bishkek CHPP. This year, we will not import electricity in winter," the official said.

During the 2015-2016 fall/winter season Kyrgyzstan imported more than 133 million kWh of electricity from Kazakhstan.

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September 19, 2016

Kyrgyzstan began receiving electricity from Kazakhstan as part of barter

construction of small hydroelectric power plants in the Kyrgyz Republic stipulates that the decision to conduct tender and tender conditions shall be approved by the order of the Kyrgyz Republic Government, and the list of tendered facilities shall be approved by the authorized state body for the development of energy policy (State Committee on Industry, Energy and Mineral Resources) and published in mass media.

Also, the draft Regulation provides that when the tender is announced, by its ordinance the Government of the Kyrgyz Republic will set up an interdepartmental tender commission consisting of at least seven members, which will conduct the tender and determine the winning bidder. The draft Regulation contains the rules governing the preparation and procedure of the tender, the requirements for bidders, the winner evaluation criteria and other issues related to the tender and procedures of the tender commission.

It should be noted that apart from the tender commission, the State Committee on Industry, Energy and Mineral Resource will be also involved in the tendering process, in particular, publishing the tender announcement in mass media, accepting and registering tender applications and bids, preparing technical specifications and other organizational matters. In turn, the tender commission will assess bids, conduct the tender (there are 2 stages of the tender), determine the winning bidder and register tender results.

Also, the draft Regulation allows the State Committee on Industry, Energy and Mineral Resources, on the recommendation of the tender commission, to engage independent consultants to develop tender procedures and conditions, obligations of potential right holders to construct small hydroelectric power plants and to provide other services.

www.gov.kg

August 10, 2016

Government Resolution of August 10, 2016 No. 438 approving amendments to Government Resolution on State Energy Sector Regulatory Authority under Government of Kyrgyz Republic dated November 14, 2014 No.650

To provide incentive and improve efficiency of civil servants, the State Energy Sector Regulatory Authority of the Kyrgyz Republic approved amendments to its governing resolution of November 14, 2014 No. 650 as shown below:

- To amend paragraph 4 by adding the words "other seals, stamps and letterheads of a standard form" after the words "and official languages";
- To amend paragraph 10 by adding subparagraphs 14 and 15 reading as follows:

transaction

From September 15, 2016, Kyrgyzstan began receiving electricity from Kazakhstan in accordance with prior agreements between the two states' water and energy authorities.

As of September 19, 2016, Kyrgyzstan received 6.6 million KWh and plans to receive 56.2 million KWh by the end of September, 118.2 million KWh in October and 23.1 million KWh in November of the current year.

By November 10, 2016, the Kyrgyz energy system will receive 197.5 million KWh of the electricity supplied in August. This amount will enable it to maintain the appropriate volume of water in the Toktogul reservoir to ensure proper supply of electricity during 2016-2017 fall/winter period and necessary water and energy balance.

As a reminder, earlier this year (in August), Kyrgyzstan supplied 197.5 million KWh of electricity to Kazakhstan as part of the barter transaction.

www.energo.gov.kg

August 26, 2016

End of warranty for 500 kV Datka-Kemin power line and 500 kV Kemin substation

On August 25, 2016, the TBEA contractor's warranty for 500 kV Datka-Kemin power line and 500 kV Kemin substation expired, National Energy Holding Company reports.

Exactly one year ago, the project on construction of 500 kV Datka-Kemin transmission line and 500 kV Kemin substation was finalized and the constructed facilities were commissioned and handed over under the delivery and acceptance certificate.

Under the contractor agreement between National Electric Networks of Kyrgyzstan (as the customer) and TBEA, the Chinese power construction company (as the contractor), the warranty period is 12 months from the date of commissioning.

The general contractor (TBEA) has been performing its warranty responsibilities over the period from 25.08.2015 to 25.08.2016.

The inspection of the constructed facilities by the customer on August 1-12, 2016 revealed no defects. During the 2015/2016 fall/winter period, the constructed facilities have been operating without failure and continue to operate normally.

As a reminder, the project started on August 30, 2012 and ended on August 25, 2015 when the power line was put into service. The opening ceremony took place on August 28, 2015 and was attended by President Almbazbek Atambaev.

The constructed facilities include: 500 kV Datka - Kemin

– "duly institute ministerial awards of the State Authority for employees and citizens contributing to the State Authority's tasks, duly approve provisions on ministerial awards and their descriptions;
– duly propose official symbols of the State Authority, duly submit for the approval of Government draft regulations on official symbols and their descriptions".

August 2, 2016

Government Resolution of August 2, 2016 No. 351-r

To conduct negotiations between the Government of the Kyrgyz Republic and the Eurasian Development Bank on financing the project on the commissioning of the second hydraulic unit of the Kambarata HEPP-2, the Government of the Kyrgyz Republic ordered:

1. To set up an official delegation of the Government of the Kyrgyz Republic (the Delegation) consisting of the following members:
- Duyshenbek Teksherbekovich Zilaliev - Chairman of the State Committee on Industry, Energy and Mineral Resources of the Kyrgyz Republic, Head of Delegation;
- Mirlanbek Konushbekovich Baigonchokov - Deputy Minister of Finance of the Kyrgyz Republic, Deputy Head of Delegation;
- Akylbek Usenbekovich Zhaparov – MP, member of the Committee on Budget and Finance of the Kyrgyz Parliament (to be agreed);
- Osmonbek Mambetzhannovich Artykbaev – MP, member of the Committee on Foreign Affairs, Defense and Security (to be agreed);
- Igor Vitalievich Chudinov – MP, a member of the Parliamentary Committee on Fuel, Energy and Mineral Resources;
- Azamat Kanybekovich Omorov - Deputy Chairman of the State Committee on Industry, Energy and Mineral Resources;
- Emil Abdykalyevich Kaikiev - Deputy Minister of Foreign Affairs of the Kyrgyz Republic;
- Taalaibek Inashevich Nurbashev - Director of the State Agency for Regulation of Fuel and Energy Sector of the Kyrgyz Republic;
- Bekbolot Abdyganyevich Aliyev - Deputy Chairman of the State Property Fund of the Kyrgyz Republic;
- Esen Zhusumatovich Zhusumatov - Deputy Director General, Department of Water Resources and Irrigation, Ministry of Agriculture, Food and Land Reclamation of the Kyrgyz Republic;
- Kubat Sadyrbekovich Murzaev - Head of Investment and Technical Assistance Unit of the Ministry of Finance of the Kyrgyz Republic;
- Aibek Ryspekovich Kaliev - Chairman of the Board of National Energy Holding Company JSC (to be agreed);
- Taalaibek Matmusaevich Tolubaev - General Director of Electric Stations Open Joint Stock Company (to be agreed).

2. To authorize the Head of the Delegation, and in his absence - the Deputy Head of the Delegation, to sign the

power line (405 km); 500 kV Kemin substation (501 MVA); auto-transformers at Datka and Kemin substations; 220 kV power line (41 km); two existing auto-transformers at 220 kV Ala-Archa substation switched from 125 MVA to 200 MVA.

Quality control was carried out by Kai Yuan supervisory company (China), SIETS regional inspectors, as well as employees of National Electric Networks of Kyrgyzstan.

"The commissioning of 500 kV Datka - Kemin power line (405 km) connecting the northern and southern regions of the country enabled the creation of internal transmission networks of 500-200 kV, eliminating dependence of the northern regions of the Kyrgyz Republic on electricity supply from Kazakhstan and Uzbekistan", the company noted.

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August 16, 2016

Aibek Kaliev: reconstruction of Toktogul HEPP to begin next year

The reconstruction of the Toktogul hydroelectric power plant will begin next year. This was announced at the fall/winter heating period conference on August 16 by Aibek Kaliev, the General Director of National Energy Holding Company.

According to him, the Toktogul hydroelectric power plant will accept the first lot of equipment in December. The reconstruction activities will begin in 2017.

www.vb.kg

minutes of negotiations on behalf of the official delegation of the Government of Kyrgyz Republic.

3. To declare invalid the order of the Government of the Kyrgyz Republic of June 8, 2015 No. 250-r.



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