Strategic and programme-targeted documents for the fuel and energy complex of the Kyrgyz Republic: objectives, status of implementation, challenges and prospects

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2015
Regulatory framework:

- National Sustainable Development Strategy (NSDS) of the Kyrgyz Republic by 2017;
- Order of the Government of the Kyrgyz Republic of May 20, 2014 № 167-p (priority areas for public sector reform);
Strategic guidelines for the development of fuel and energy complex

• Energy saving and achieving energy efficiency of the economy;
• Diversification of the fuel mix through:
  - further construction of the HPP cascade;
  - development of RES;
  - increased geological prospecting for oil, gas and coal;
  - development of new energy sources.
Sector's objectives according to the NSDS of the Kyrgyz Republic:

- Reliable and quality power supply to consumers
- Reduction of total losses of electricity in distribution down to 12% in 2017
- Increased investment attractiveness of projects in the power industry
- Entering the regional electricity markets
National Sustainable Development Strategy of the Kyrgyz Republic

- Tariff policy reform
- Policy of protecting vulnerable populations in the new tariff policy
- Energy savings reform
- Energy sector reform
- Reform of export-oriented energy sector
- Launch of national projects
MTTP is designed providing for the two-part tariff and introduction of social norms of electricity consumption in summer and winter for residential consumers.

Tariff for thermal energy at the level of prime cost for industrial and commercial consumers.

Annual tariff adjustment for inflation against the previous year.

Implementation of repayment mechanism of credits (loans) invested in the energy sector.
Energy saving reform

- Develop a set of measures for the draft Action Plan on energy efficiency;
- Finalise draft of the State Program for Energy Saving in the Kyrgyz Republic;
- Assess energy saving potential in various sectors of the economy;
- Create the Energy Saving Fund;
- Create the scientific base for the development of mechanisms for implementing laws and regulations in the area of energy saving;
- Energy audits and introduction of energy certificates.
A. Better governance at the sector’s level

1. Improvement of legal framework
2. An independent regulator
3. An independent settlement centre
4. A balanced tariff-policy
5. Promotion of national projects

B. Better governance at a company’s level

1. Improvement of corporate governance
2. Client-oriented policy
3. The motivation of each employee
4. The audits: external and internal
5. Transparency of activities
Improvement of legal framework (A-1):

1. The Laws "On Energy Sector", "On Power Industry", "On natural and permitted monopolies in the Kyrgyz Republic" were amended with regard to the establishment of an independent regulator and settlement centre…

2. The new version of the Law “On Power Industry” was prepared;

3. Laws and regulations with regard to the establishment of the independent settlement centre were developed;

4. The med-term tariff policy for electric and thermal energy that envisages gradual bringing of tariffs on electric and thermal energy up to the level of full cost-recovery was adopted;

5. The long-term tariff methodology was developed in accordance with international standards.
Establishment of an independent regulator
(A-2)

State Agency for Regulation of Fuel and Energy Complex established under the Government of the KG

- Tariff setting
- Licensing
A balanced tariff policy (A-4):

Objectives:
- Self-repayment
- Investment attractiveness

Methods:
- Changing tariffs with due regard to inflation
- Targeted support to social vulnerable population
Resolution #338 dated 19.06.2014 of the KR Government envisaging the signing of a trilateral agreement between Ministry of Energy and Industry, State Property Management Fund under the KR Government, and Board of Directives members was adopted:

- Assessment indicators for the activity of members of Boards of Directors of energy companies were developed;
- The drafts of trilateral agreements between the MEI, State Property Management Fund under the KR Government, and Board of Directives members of energy companies were developed;
- Internal audit divisions were created in all energy companies.
Strengthening transparency and accountability (B-5):

**Supervising state agency**
- Improving the quality of the official website
- Reports of power companies on their financial and economic activities are placed on the MEI website
- Cooperation with the Supervisory Board of ИПТЭК

**Energy companies**
- Interactive websites
- Strengthening work with the media
- Consumer education
<table>
<thead>
<tr>
<th>#</th>
<th>Project title</th>
<th>Total estimated cost (million USD)</th>
<th>Source of financing</th>
<th>Project deadline (years)</th>
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</thead>
<tbody>
<tr>
<td>1</td>
<td>Upgrading power transmission lines in southern Kyrgyzstan</td>
<td>208.0</td>
<td>China’s Eximbank</td>
<td>2011-2013</td>
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<td>2</td>
<td>Construction of 500 kV Datka-Kemin transmission lines and 500 kV substation Kemin</td>
<td>389.795</td>
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<td>Construction of the Upper Naryn cascade of HPPs</td>
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<td>4</td>
<td>Commissioning of the second hydroelectric unit of Kambar-Ata HPP-2</td>
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<td>Development of feasibility study for construction of Kambar-Ata HPP-1</td>
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<td>Russian Federation</td>
<td>2013-2022</td>
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<td>7</td>
<td>Construction of double circuit 110 kV overhead line and 110/10 kV substation in Ak-Ordo residential district of the city of Bishkek</td>
<td>5.0</td>
<td>The Government of Turkey</td>
<td>2013-2014</td>
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<td>8</td>
<td>Development of feasibility study for construction of Kara-Keche thermal power plant</td>
<td>5.0</td>
<td>China’s Eximbank</td>
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<td>9</td>
<td>Reconstruction of the At-Bashi HPP</td>
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<td>Swiss Government</td>
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<td>10</td>
<td>Rehabilitation of the energy sector</td>
<td>55.0</td>
<td>ADB</td>
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<td>11</td>
<td>Modernisation of Bishkek CHP</td>
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<td>12</td>
<td>SHPPs development</td>
<td>49.3</td>
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<td>2014-2017</td>
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<td>13</td>
<td>Energy sector development</td>
<td>44.8</td>
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<td>14</td>
<td>Increasing the accountability and reliability of electricity supply</td>
<td>15.0</td>
<td>WB</td>
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<td>15</td>
<td>Reforming distribution companies</td>
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<td>16</td>
<td>Improving power supply in the cities of Bishkek and Osh</td>
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<td>IsDB</td>
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The development of the programme of reduction of raw hydrocarbons imports and their replacement by local alternative energy sources to reduce dependence on higher world prices for energy and the greenhouse gas (GHG) emissions;

Preparation of the Power Sector Development Concept of the Kyrgyz Republic until 2030;

Development of a National Strategy for the Development of Renewable Energy Sources
THANK YOU FOR ATTENTION!