

INOGATE Technical Secretariat Country Work Plan: Kyrgyzstan

**INOGATE Technical Secretariat and Integrated Programme in support of the
Baku Initiative and the Eastern Partnership energy objectives**

Contract No 2011/278827

A project within the INOGATE Programme

Implemented by:

Ramboll Denmark A/S (lead partner)

EIR Global

The British Standards Institution

LDK Consultants S.A.

MVV decon GmbH

ICF International

Statistics Denmark

Energy Institute Hrvoje Požar

Document title	INO GATE Technical Secretariat Country Work Plan Kyrgyzstan
Document status	Final

	Name	Date
Inputs by	Nikos Tsakalidis, Alenka Kinderman Lončarević, Viktor Petrenko	30/01-2015
Edited by	Fredrik Pitzner-Jorgensen	03/02-2015
Approved by	Peter Larsen	05/02-2015

This publication has been produced with the assistance of the European Union. The contents of this publication are the sole responsibility of the authors and can in no way be taken to reflect the views of the European Union.

Contents

Abbreviations and acronyms	4
Section 1 Introduction	5
Section 2 Energy policy of Kyrgyzstan	5
Section 3 Achievements of the Kyrgyzstan-ITS cooperation	6
Section 4 Work Plan for Kyrgyzstan-ITS cooperation	8
Table 1: National Priorities of Kyrgyzstan	6
Table 2: Completed and ongoing activities of the Kyrgyzstan-ITS cooperation in 2011-2014	6
Table 3: Top priority planned activities for the Kyrgyzstan-ITS cooperation in 2015-2016	8
Table 4: Secondary priority planned activities for the Kyrgyzstan-ITS cooperation in 2015-2016	9

Abbreviations and acronyms

AA	Association Agreement
AHEF	Ad Hoc Expert Facility
AP	Action Plan
NSC	National Statistical Committee of the Kyrgyz Republic
BY	Belarus
CA	Central Asia
CWP	Country Work Plan
E & G	Electricity and Gas
ECT	Energy Community Treaty
ECU	Eurasian Customs Union
EE	Energy Efficiency
EnC	Energy Community
ENTSO-E	European Network of Transmission System Operators for Electricity
ENTSO-G	European Network of Transmission System Operators for Gas
ESAP	Energy Statistics Action Plan
EU	European Union
GE	Georgia
INO GATE	Energy Cooperation between the EU, the Littoral States of the Black & Caspian Seas and their Neighbouring Countries
ITS	Inogate Technical Secretariat
JSC	Joint Stock Company
LIE	Local Information Event
NSI	National Statistical Institute
PC	Partner Country
RES	Renewable Energy Sources
RM	Road Map
SE	Sustainable Energy
TA	Technical Assistance
TA - ESS	Technical Assistance – Support to the development of the Energy Statistics System
TSO	Transmission System Operator
UNECE	United Nations Economic Commission for Europe
WTO	World Trade Organisation

Section 1 Introduction

The overall purpose of the Country Work Plan (CWP) for the project period February 2015 – April 2016 is to define the INOGATE activities to be carried out based on the experience of experts and the explicit requests of the Partner Country. This document outlines the ITS analysis of the needs and priorities of the countries and the ITS strategy and rationale for intervention.

The proposed activities presented here take into account the bilateral and trade agreements of the EC and the PC as well as other EU projects and the activities of other donors in a PC.

This country work plan has been drafted by ITS in consultation with the Partner Country and the European Commission.

INOGATE is an EU regional cooperation instrument, that is based on inter and intra-regional cooperation of Partner Countries and capacity building, focusing on the following areas:

- Technical and regulatory advice on energy security, energy markets efficiency and development;
- Implementation of energy efficiency and renewable energy policies;
- Energy and economic planning through the use of improved energy statistics;
- Facilitating energy efficiency and renewable energy investments.

The ITS provides short or medium-term technical assistance in these areas at regional and country level.

Section 2 Energy policy of Kyrgyzstan

The government's main policy directions on energy, based on analysis by ITS experts, are:

- Setting up the independent Regulator;
- Upgrading the energy infrastructure;
- Upgrading the tariff methodologies to better reflect costs;
- Development of rules and regulations in access to the grid of producers and consumers;
- Assistance in harmonisation of standards;

The policy and regulatory framework consists of the following:

- The Law on Energy (1996);
- The National Energy Program for 2008-2010 (2008);
- The Strategy for the Development of the Fuel and Energy sector to 2025 (2008);
- The Law on Electricity (1996);
- The Law on Energy Saving (1998);
- The Law on the Special Status of the Toktogul Cascade of HPS and National High Voltage Grid (2002);
- The Law on Renewable Energy (2008);
- The Law on Oil and Gas (2004).

A draft Law on the Gas Market has been developed but not passed. The Law on Energy Saving also applies to the gas sector.

The secondary legislation includes the Rules of the National Energy Grid (2012), the Rules of Supply and Use of Natural Gas and other documents adopted by the government.

A draft Law on the Energy Market has been presented but was not passed.

The Law on Natural and Authorised Monopolies (1999) established certain obligations for gas and electricity companies.

In principle, third party access is available in the energy market.

- The Law on Energy Conservation, Energy Efficiency in Buildings (2013)

The priorities for the cooperation between Kyrgyzstan and INOGATE for the period 2015-2016 reflect the national priorities stipulated in the above strategic documents and 2013-2014 and are shown in Table 1¹.

Table 1: National Priorities of Kyrgyzstan

Priorities
Improvement of the regulatory framework
Improvement of market rules
Energy balances

Section 3 Achievements of the Kyrgyzstan-ITS cooperation

Kyrgyz representatives have actively participated in regional seminars and study tours, listed in Table 2: Completed regional activities in 2011-2014 of the Regional Work Plan, as well as in national INOGATE activities, listed in Table 2. In addition to completed activities, Table 2 also contains ongoing activities, to which the INOGATE project is already committed.

Table 2: Completed and ongoing activities of the Kyrgyzstan-ITS cooperation in 2011-2014

Implemented/ongoing Activities	Results	Impacts	Areas
ELECTRICITY AND GAS			
Development of rules for connection to distribution electricity and gas networks (AHEF.112.KG, ongoing)	Proposed rules for connection to the electricity and gas distribution networks of consumers and suppliers.	Securing activeness of the investors including in RES sector.	Regulatory Issues/Market rules
Training in compilation and analysis of the fuel and energy balance (FEB) for the fuel complex (AHEF.113.KG, ongoing)	Proposed guidelines for compilation and analysis of the FEB on the basis of the data collected during monitoring of the preparation and during	FEB prepared based on EU and international practice.	Regulatory Issues/Market rules

¹ To the best knowledge of the ITS Project there are no overlaps with other donors.

Implemented/ongoing Activities	Results	Impacts	Areas
	autumn and winter periods, provided by the Ministries and bodies, regional administrations and big energy companies.		
Assistance in strengthening of independence of the energy regulator in Kyrgyzstan (AHEF.114.KG, ongoing)	Development of recommendations for the improvement of the legislative and regulatory framework of the Kyrgyz Republic so that to strengthen independence of the Kyrgyz Regulator on the basis of the EU best practices.	Functional Independent Energy Regulator.	Regulatory Issues/Market rules.
Assistance in adoption of 12 interstate gas standards (European and international gas standards).	Adoption of 12 interstate gas standards (identical to European gas standards) in the national standardization system of Kyrgyzstan.	National gas standards are harmonised with European gas standards.	Harmonization of Electricity and Gas Standards and codes.
Assistance in transfer to Kyrgyzstan of 100 European oil and gas standards.	European oil and gas standards have been transferred.	Kyrgyz standards on oil and gas are harmonised with European standards.	Harmonization of Electricity and Gas Standards and codes
ENERGY STATISTICS			
Developing an Energy Statistics Action Plan (ESAP 2012 - 2014).	ESAP developed and endorsed through the signing of Memorandum of Understanding.	Improved data collection and analysis.	Improvement of the energy statistics system
Implemented two TA missions to initiate and support the activities defined in the ESAP. Conducted separate meetings with main data providers (energy companies) to check data availability requested because of a new concept for energy data collection.	Questionnaires for different data providers adjusted to the circumstances in Kyrgyzstan.	Increased capacity of energy stakeholders to compile official energy statistics. Improved institutional framework for energy statistics.	Improvement of the energy statistics system
Technical assistance in developing energy statistics system and model for energy data collection.	Established procedures for collection of energy data from coal, natural gas, crude oil and petroleum products, electricity and heat and renewable sources.	Increased capacity of NSC to collect and compile energy statistics harmonised with EU and international standards.	Improvement of the energy statistics system
Technical assistance in developing methodology	Established structure and methodology for	Increased capacity of NSC to collect and	Improvement of the energy

Implemented/ongoing Activities	Results	Impacts	Areas
and structure of energy balance compilation. Revised IEA questionnaires for 2013.	energy balance compilation.	compile energy statistics harmonised with EU and international standards.	statistics system

Section 4 Work Plan for Kyrgyzstan-ITS cooperation

As an overall strategic approach ITS intends to support the national policy, programmes and priorities set out in section 1 (see above) as well as the priorities identified during the consultations with the stakeholders throughout the project implementation. Due attention is also paid to ongoing technical assistance.

Emphasis will be given to those areas of intervention which are in line with the scope of work of the ITS project and those that bring tangible impact and results and have no duplication with other EU programmes and bilateral donors and are in line with the new INOGATE strategy.

The top priority planned national activities for the extension period February 2015 - April 2016 are listed in Table 3, and the secondary activities are listed in Table 4.

Table 3: Top priority planned activities for the Kyrgyzstan-ITS cooperation in 2015-2016

Reference numbers	Activities	Expected results	Expected impact	Areas
	ENERGY STATISTICS			
CWP.07.KG	Technical assistance in the compilation of five joint IEA/Eurostat/UNECE questionnaires and integrated annual energy balance.	First integrated energy balance compiled. Five joint energy questionnaires filled.	Increased capacity of NSC to collect and compile energy statistics harmonised with EU and international standards.	Improvement of energy statistics systems.

Table 4: Secondary priority planned activities for the Kyrgyzstan-ITS cooperation in 2015-2016

Reference numbers	Activities	Expected results	Expected impact	Comments
	ELECTRICITY AND GAS			
CWP.01.KG	Capacity building of independent regulatory body, including strengthening of licensing activities, market monitoring, tariff activities.(Follow on 114.KG, currently ongoing)	Functional independent body governing the Energy sector	Increased transparency in governance of the sector leading to an increase in inward investment and an improvement in service quality.	Regulatory Issues/Market rules
CWP.02.KG	Follow up on KG113 (ongoing):Technical Assistance for capacity building in compilation and analysis of the fuel and energy balance (FEB)	Training delivered to the participants on how to use the programme and methodology of development of forecast data for FEB in electronic format	FEB prepared based on the EU and international practice.	Regulatory Issues/Market rules.
CWP.03.KG	Development of a tariff methodology for a transparent allocation of costs in the electricity sector and to establish mechanisms for valuing assets.	Tariff methodologies proposed.	Cost reflective tariffs enabling investments in the infrastructure.	Development of electricity & Gas tariff methodologies.
CWP.05.KG AHEF.88.KG (ToR under preparation)	Training of specialists of the National Standardisation Body and representatives of oil, gas and electricity companies on the application of European and international standards (AHEF.088.KG)	Capacity built within the Technical Committee to deal with the adoption of standards.	Increased energy cooperation of the Kyrgyz Republic with other INOGATE PCs.	Harmonization of Electricity and Gas standards and Codes.
New	Refinement of the Roadmap for harmonisation of electricity and gas standards and codes of Kyrgyzstan and the Action Plan for the harmonisation of electricity and gas standards and codes of Kyrgyzstan.			

Reference numbers	Activities	Expected results	Expected impact	Comments
	ENERGY STATISTICS			
CWP.08.KG	Assistance in development of Standard Documentations (Quality Reports) for energy statistics and energy balances.	Energy statistics and methodologies applied available to energy data users.	Improved use of energy data for energy system planning and other national activities and policies.	Improvement of energy statistics systems.
CWP.09.KG	Technical assistance to collect and compile monthly energy statistics and development of a model for monthly statistics compilation.	Monthly energy statistics compiled.	Increased capacity of NSC to collect and compile energy statistics harmonised with European and international standards.	Improvement of energy statistics systems.