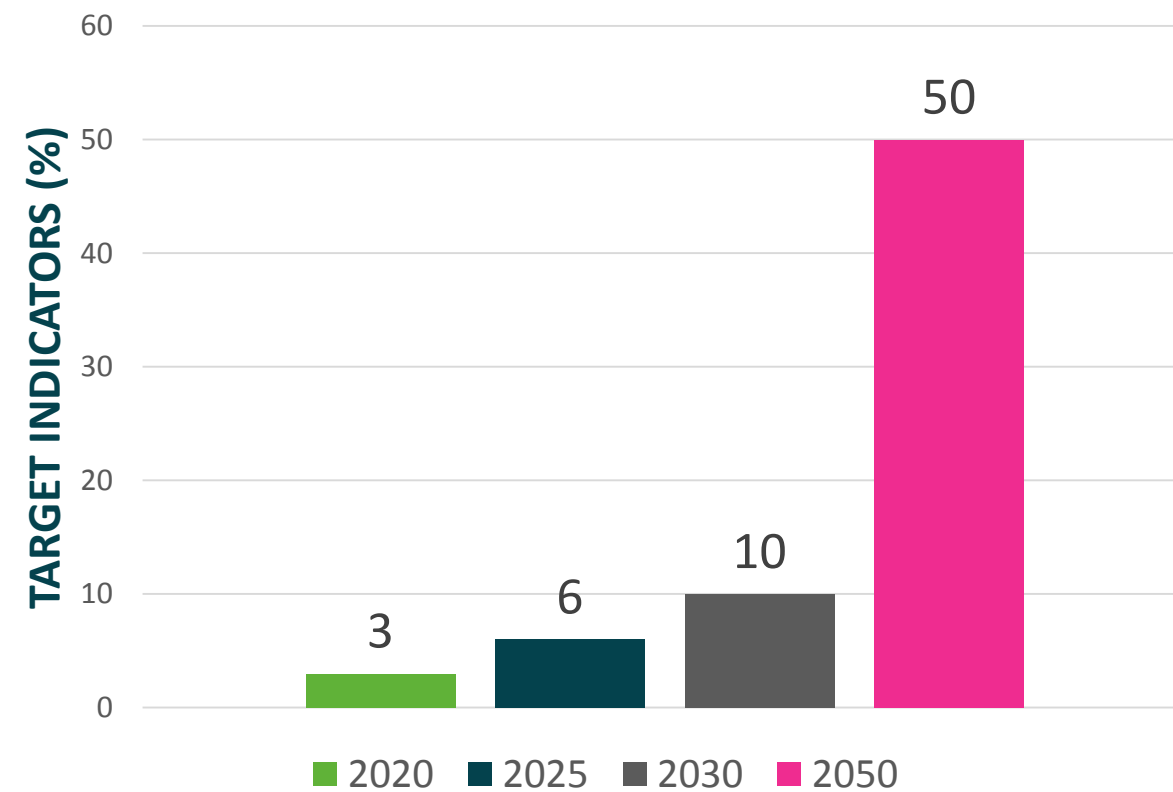


AMENDMENTS TO THE RE LEGISLATIVE FRAMEWORK

In order to improve the investment attractiveness of renewable energy (RE) projects, in November 2020 the **Government approved certain amendments** to the RE legislative acts of the Republic of Kazakhstan.

Kazakhstan's **RE share target indicators** are presented below:



<https://www.gov.kz/memleket/entities/energo?lang=en>

THE KEY APPROVALS ARE:

Extension of the Power Purchase Agreement (PPA) terms for 20 years

- for auction results from January 2021
- starting from the complex tests launch date
- or from the commissioning date

Implementation of centralised purchase and sale of electric power generated from the flood control releases via FSC*

- it is proposed to legally oblige energy producing organizations (i.e. hydropower plants) to sell energy generated from the flood control releases to FSC
- FSC will distribute this energy to all consumers through its existing mechanism of electricity sale

Optimization of electricity tariffs

- FSC will use the accumulated amounts to offset the capacity payments for each forthcoming year
- the proceeds of such proposals will be included in FSC revenues, net of:
 - *the actual operating costs
 - *expenses related to preparation of pre-feasibility studies
 - *corporate income tax

*FSC - Financial Settlement Center of Renewable Energy LLP



**THE BIDDING SYSTEM
FOR CONSTRUCTION
OF NEW BALANCING
CAPACITIES
REGULATING ELECTRIC
ENERGY CAPACITY
RESERVES**

Auctions will be held among :

- project included in the siting plan as maneuverable generation and with pre-feasibility studies prepared by FSC
- existing power plants
- projects on early development stages (pre-feasibility studies)

**the generators which are already included in the Register and which already have a contract for creation of regulatory electric capacity with the authorized body will not be allowed to participate in the auctions*

New balancing capacities:

- shall be constructed after January 1, 2022 in areas which anticipate uncovered regulating capacity deficit
- shall have automated grid connections
- shall comply with legally binding balancing capacity ranges

Stimulation of the construction of maneuverable generations will allow:

- to regulate the imbalance of electricity production and consumption
- to redirect the balancing capacity purchase costs to generators in Kazakhstan
- to create technical conditions in the UES for the development of RE

WHAT ELSE?



SOURCES:

- Law "On Amendments to Certain Legislative Acts of the Republic of Kazakhstan on Supporting the Use of Renewable Energy Sources and Electricity"
- Law of the Republic of Kazakhstan dated July 4, 2009 "On support of the use of renewable energy sources"
- Law of the Republic of Kazakhstan dated December 27, 2018 No. 204-VI "On natural monopolies"
- Resolution of the Government of the Republic of Kazakhstan dated January 14, 2016 No. 130 "On some issues of the implementation of state support for investments"



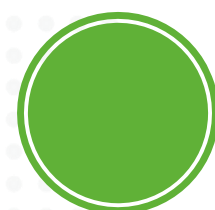
Exclusion of individual consumers and net consumers from the provisions regulating the activities of “energy producing organisations”

This will release individual consumers and net consumers from a significant amount of obligations unrelated to them.



Introduction of through tariff for RE support

This will allow to reduce the risks of insolvency of contingent consumers who are obliged to buy electricity RES.



The Government will provide financial support to FSC

This will improve the credit worthiness of FCS and reduce investment risks.

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