

The logo for unicase, featuring the word "unicase" in a white, lowercase, sans-serif font. A small green dot is positioned above the letter 'i'. The background of the entire slide is a photograph of a solar farm with rows of blue solar panels in the foreground and several white wind turbines in the background under a clear blue sky with light clouds. There are also green geometric shapes in the corners: a triangle in the top-left and a larger triangle in the bottom-right.

Renewable Energy Development Under the COVID-19

KAZAKHSTAN



2020

Status Quo – Kazakhstan

- State of Emergency¹ is introduced from 16 March until 1 May
- The introduction of quarantine and the implementation of sanitation and epidemic prevention measures²
- Quarantine is introduced from 30 March until 1 May:
 - Shutdown, except for certain enterprises (pharmacies, grocery stores, post offices, banks etc)
 - Restrictions on public transport
 - Restrictions on the mobility of people, especially after 19.00
- Restrictions on entry into and exit from the territory of Kazakhstan by all means of transport
- Liability for violation of the regime or failure to comply with the restrictions³ (in the form of a warning, a fine of KZT 27 780 (~USD 66) or arrest for up to 15 days)

1 Decree of the President of the Republic of Kazakhstan "On the introduction of a state of emergency in the Republic of Kazakhstan" dated March 15, 2020

2 Order of the Chief State Sanitary Inspector of the Republic of Kazakhstan "On Measures to Ensure the Safety of the Population of the Republic of Kazakhstan in accordance with the Decree of the President of the Republic of Kazakhstan on the introduction of a state of emergency in the Republic of Kazakhstan" dated March 16, 2020

3 Article 476 of the Code of the Republic Kazakhstan On Administrative Offenses dated July 5, 2014



Interim state measures

- Business support measures⁴:
 - The deadline for submitting certain 2019 tax returns is extended for 30 calendar days (*CIT and personal income tax returns, etc.*)
 - Exemption from payment of taxes until 31 December 2020 (*for certain taxpayers*)
 - Suspension of interest on unfulfilled tax liabilities until 15 August 2020
 - The deadline for submitting tax reports is postponed for the third quarter of 2020
- The total cost of anti-crisis measures amounted to over KZT 4 trillion
- Quarantine may be recognized as an event of force majeure:
 - The occurrence of force majeure circumstances is testified by the National Chamber of Entrepreneurs of the Republic of Kazakhstan "Atameken"
 - The issue of the letter is free of charge
 - The issuance term was reduced from 15 to 5 business days
- About 200 people are to be called up for 1 month of military training (*in Almaty*)

⁴ Decree of the Government of the Republic of Kazakhstan "On measures to implement the Decree of the President of the Republic of Kazakhstan dated March 16, 2020 No. 287 "On further measures to stabilize the economy" dated March 20, 2020



Current External Issues – Renewable Energy

- The fall of the national currency* (KZT):
 - The PPA tariffs are defined in KZT
 - Transportation became more expensive for ongoing projects
 - The purchase price of the imported equipment increased
- Mobility Restrictions:
 - Import of equipment is limited
 - Arrival of foreign specialists is restrained
 - Site visit under pipeline RES projects is impossible
 - Due Diligence can not be performed
- As a result:
 - Some ongoing projects are delayed until summer or a later period
 - Auctions are currently halted
 - All transactions are suspended
 - The supply chain has been disrupted
 - Auction schedule for 2020 is not announced yet (to be approved soon)

*The exchange rate of the National Bank of the Republic of Kazakhstan as of 18.04.2020 is 426.44 USD / KZT



Numbers and Calculations

- The indexation formula⁵: 70% based on the national currency exchange rate to convertible currencies and 30% based on the consumer price index (*Covid-19 is a test for its effectiveness*)

$$T_{t+1} = T_t \times \left(1 + 0,3 \times \frac{(CPI_t - 100\%)}{100\%} + 0,7 \frac{USD_{t+1} - USD_t}{USD_t} \right)$$

T_{t+1} is an indexed auction price, calculated by the above formula, rounded downwards to the nearest whole tiyn

T_t is an auction price, taking into account the previous indexation, if there was any

CPI_t is a consumer price index, accumulated for the 12 months preceding October 1 of the year of indexation

USD_{t+1} is a current exchange rate of KZT to USD as of October 1 of the year of indexation

USD_t is an average exchange rate of KZT to USD for the 12 months preceding October 1 of the year of indexation

- The PPA tariffs for 2019 (*net of VAT*):
 - Wind power plants – KZT 26.66/kWh (*USD 0.063*)
 - Solar power plants – KZT 29.00/kWh (*USD 0.068*)
 - Hydroelectric power plants – KZT 15.48/kWh (*USD 0.036*)
 - Biogas plants - KZT 32.15/kWh (*USD 0.075*)
- The PPA fixed tariffs⁶ (*net of VAT*) **not pegged in currency/not applicable for PPA's concluded after 2015:*
 - Wind power plants – KZT 22,68/kWh
 - Solar power plants – KZT 34,61/kWh
 - Hydroelectric power plants – KZT 16,71/kWh
 - Biogas plants – KZT 32,23/kWh

⁵ Resolution of the Government of the Republic of Kazakhstan "On Amending Resolution No. 271 of the Government of the Republic of Kazakhstan dated 27 March 2014 "On Approving the Rules for Determining Fixed Tariffs and Limit Auction Prices" dated May 10, 2018

⁶ Resolution of the Government of the Republic of Kazakhstan "On approval of fixed tariffs" dated June 12, 2014

The status of RE projects

- RE Resource Potential in Kazakhstan:
 - Wind - 920 billion kWh/year
 - Hydro - 62 billion kWh/year
 - Solar - 2.5 billion kWh/year
 - Geothermal - 4.3 GW1
- Operating RE facilities – 90:
 - Wind power plants – 19
 - Solar power plants – 31
 - Hydroelectric power plants – 37
 - Biogas plants - 3
- Launched RE facilities in 2019 - 21
- Total installed capacity of RE facilities increase in 2019 - 1,050.1 MW (*from 537MW in 2018*)
- The share of RES in total electricity generated in 2019 - 2.3% (*from 1.3% in 2018*)
- PPA's concluded in 2019 – 12 (*out of 32 auctions*)
- Project increase planned in 2020 - + 108



State support/Investment Preferences

- RE projects are now included in the list of priority investment projects⁷ :
 - Tax preferences:
 - ✓ reducing the amount of calculated corporate income tax by 100%
 - ✓ applying the coefficient “0” to land tax rates
 - ✓ calculating the property tax rate of “0” % to the tax base
 - An investment subsidy (not provided for expansion and/or renovation projects):
 - ✓ provided on a non-repayable basis (for investments of at least 5 million MCI*)
- Investment protection measures (officially not announced, by initiative and support of Solar Power Association of Kazakhstan):
 - The PPA performance bond timeframe is extended for 1 year (for non-operating facilities)
 - Submission of the operational acceptance certificate to FSC** is extended for 1 year

⁷ The Resolution of the Government of the Republic of Kazakhstan dated February 24, 2020

*1 MCI = KZT 2778 (~ USD 7), as of 18.04.2020

** Financial Settlement Center of Renewable Energy LLP - carries out centralized purchase and sale of electric power, produced by renewable energy sources and delivered to the electric networks of the unified electric power system of the Republic of Kazakhstan





SANIYA PERZADAYEVA


MANAGING PARTNER

PRACTICE:

- Energy and Renewables
- Infrastructure
- Public-Private Partnerships
- Corporate and Commercial Law

She has worked with highly-qualified, cross-functional teams, government agencies, and investment banks, and has experience interfacing with institutional clients in order to foster communication and connection between all parties involved in a given legal matter.

 SANIYA.P@UNICASELAW.COM

 +7 707 913 74 23
+998 99 81 86 948

EDUCATION:

LLB from Cardiff Law School in the UK
LLM from Queen Mary College in the UK
Law Degree with distinction from Adilet Higher Law School in Kazakhstan.

She has been mentioned in Chambers Global, The Legal 500, IFLR 1,000 and Asialaw profiles as a leading expert focused on corporate law, mergers and acquisitions, project finance, and securities.

« *...a sharp mind and manages projects effectively* »

– LEGAL 500

She advocates clients on corporate and commercial matters, and is highly adept at navigating banking and financial matters with particular focus on debt and deposit operations, cross-border finance transactions, syndicated loans and securities transactions.



Almaty

Al-Farabi Ave. 19
Nurly Tau BC
Block 1B, Office 204
Kazakhstan 050059

Nur-Sultan

29/1 Kunayeva str.
Diplomat BC
13th floor, Office 5
Kazakhstan 010000

Tashkent

18 Said Barak Street
Uzbekistan 100060

www.unicaselaw.com

