

The Financial Settlement Centre Gets a Boost in State Support

Over the past decade, Kazakhstan has been developing its legal and regulatory framework in the renewable energy sector. The government of Kazakhstan adopted the concept of the Green economy transition of the Republic of Kazakhstan and established ambitious indicators of renewable energy generation until 2050: 3% by 2020, 10% by 2030, and 50% by 2050.

At the end of 2020, the government has approved two laws that have an important impact on the regulations related to RES support. The amendments are mainly related to energy waste management, the operation of the Financial Settlement Centre (FSC) and the extension of PPAs from 15 to 20 years (applicable only for new contracts). For the purpose of implementation of these amendments, the Ministry of Energy has developed drafts of several secondary legal acts that are still undergoing the approval and revision stages:

1. **The draft of rules for providing state financial support to the FSC for RES support.** According to the amendments, the government of Kazakhstan provides state financial support to the FSC, if the funds and the income of the FSC are not enough to fulfil the financial obligations of the settlement and financial centre to energy producing organisations using RES.
The adoption of those rules will mitigate the risks of investors and the price at auction for electricity generated by renewable energy facilities.
2. **The draft on rules of procedure for the centralised purchase by the FSC of electrical energy produced by the energy waste management facilities and flood electric energy.** The draft of the rules defines what is the procedure of application to the FSC by energy producing organisations.
3. **The draft on new model agreements for conclusion PPAs between the FSC and energy producing organisations, conditional consumers and qualified conditional consumers using renewable energy sources, energy waste management, and flood electric energy.** Among other amendments, two new model forms are added to the three existing agreements. The first PPA is for energy producing organisation using energy waste management at auction prices, and the second one is for an energy producing organisation that produces and supplies flood electric energy to the network at maximum tariffs.
4. **The draft on rules for the organisation and conduct of auction bidding.** The main amendment was to supplement these rules with a new paragraph that regulates the procedure for organising and conducting auctions for the selection of projects for energy waste management.
5. **The draft on rules for determining the tariff support for RES.** From July 1, 2021, the pass-through tariff will be applicable for the support of RES. The pass-through tariff for the support of RES is a surcharge to support the RES which is the price determined by the FSC.
6. **The draft on rules for monitoring the use of RES.** This amendment implies that the authorised body will supervise not only the use of RES but also the implementation of the facilities for the use of RES.

The introduction of these amendments will increase the investment attractiveness of the RES in Kazakhstan, boost investors' confidence, and support RES in general.

Currently, Unicase is assisting USAID and Tetra Tech in connection with the "Power Central Asia" project concerning five Central Asian countries — Kazakhstan, the Kyrgyz Republic, Tajikistan, Turkmenistan, and Uzbekistan. The purpose of the project is for these Central Asian countries to meet their national and regional priorities in energy security and unlock the economic benefits of regional energy trade.

The activity includes the collaboration with national governments and energy stakeholders to address three objectives: to update their national energy strategies, to scale up clean and renewable energy and to support regional energy cooperation.

Together with USAID, Unicase is providing technical services to national governments, utilities, and other stakeholders, including international institutions and development organizations, system operators, local and international investors, and energy companies. USAID is enabling national and regional energy market reforms, strengthening the regional electricity market, and promoting greater adoption of clean energy technologies from conventional and renewable sources. Our legal experts are advising on the implementation of by-laws and regulations for the recently adopted Law on amendments to the RES and Electricity Laws.

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