

LEGAL ALERTS: UZBEKISTAN

THE WORLD BANK HAS APPROVED THE ALLOCATION OF A 380 MILLION USD LOAN FOR THE IMPLEMENTATION OF A LARGE-SCALE INVESTMENT PROJECT TO MODERNISE MAIN SUBSTATIONS AND DIGITALISE THE SYSTEM OF UZBEKISTAN

The Electricity Sector Transformation and Resilient Transmission Project has been approved by the World Bank's Board of Executive Directors. The project will improve the performance of the National Electric Grid of Uzbekistan (NEGU) to ensure reliable energy supplies to millions of households and businesses across the country.

The project will be supported by 380 million USD in credit from the International Development Association (IDA), and a 43 million USD loan from the Green Climate Fund (GCF) under the Sustainable Renewables Risk Mitigation Initiative Facility. The Government of Uzbekistan will receive this financing at very low-interest rates and with the longest repayment period of up to 40 years. The GCF will also provide a 4 million USD grant to cover selected project activities.

The project will help to modernise the outdated energy infrastructure by financing part of the priority investment program of the National Electric Grids. Among other measures, it will include the rehabilitation, modernization and expansion of 22 existing outdated high-voltage substations and the construction of a new 500 kW substation and corresponding power lines in 11 regions of Uzbekistan.

It will introduce modern digital and telecommunications technologies and solutions to improve the monitoring, control and operation of the electricity transmission system. In particular, a new dispatching control and data collection system (SCADA) and an energy management system (EMS) will be installed for the central and regional dispatch centres of the NASU to replace the outdated systems put into operation during the Soviet era.

The loan granted to Uzbekistan is aimed to support the country in its transition to clean energy by improving the capacity of the electricity transmission network to integrate renewable energy produced by the private sector. It will contribute to the implementation of the government's plans to decarbonize the electric power sector. The project will directly support the integration of 1,500 MW of renewable energy into the electricity grid, which will lead to an additional reduction in CO² emissions. It will also help to mobilize private investment in the country's renewable energy sector.

NEW RESOLUTION ON TRANSFER OF "NATIONAL ELECTRIC GRID OF UZBEKISTAN" ASSETS

The Cabinet of Ministers has adopted Resolution No.382 dated 18.06.2021 "On the organisation of effective use of objects and fixed assets of the electric grid economy of electric power industry organisations".

The list of electric grid facilities belonging to JSC “National Electric Networks of Uzbekistan” transferred to the economic companies of JSC “Regional Electric Networks” and JSC “Thermal Power Stations” has been approved.

All electrical equipment, property, technical documentation of such assets, together with other engineering networks and communications are transferred due to an increase (decrease) of the state's share in the state companies.

State energy organisations were instructed to ensure the delivery and acceptance of facilities in accordance with the established procedure within a month.

According to the list, a total of 16 objects located in the Republic of Karakalpakstan, Samarkand and Fergana regions are being transferred.

A NEW PROCEDURE FOR THE MOVEMENT OF GOODS IN THE FREE ECONOMIC ZONE OF UZBEKISTAN - TERMEZ HAS BEEN DEFINED

In accordance with *Presidential Decree No.PD-6109 dated 12.11.2020 “On measures for the further development of the activities of special economic and small industrial zones in Surkhandarya region and the City of Tashkent”*, the Termez International Trade Center Free Trade Zone was established on the territory of the Termez FEZ.

The document states that:

- any goods can be exported from the territory of the Centre, with the exception of goods whose import or export to the customs territory of Uzbekistan is prohibited or restricted;
- goods are imported into the territory of the Centre without paying customs duties;
- goods and cash are imported or exported by legal entities and individuals to the territory of the Centre in accordance with the requirements established by the legislation of Uzbekistan.

The Resolution approved the Regulation regulating the procedures:

- entry and exit of persons and vehicles to the territory of the free trade zone;
- customs clearance and sale of goods;
- Entry into the territory of the Republic of Uzbekistan, stay and exit for citizens of the Islamic Republic of Afghanistan, citizens of other states and stateless persons.

MASDAR HAS SIGNED AGREEMENTS WITH THE REPUBLIC OF UZBEKISTAN ON TWO SOLAR POWER PLANTS PROJECTS

On July 12, 2021, a ceremony of signing project agreements with Masdar (UAE) for two solar power plants to be built in the Samarkand and Jizzakh regions was held in Tashkent. As it was announced earlier, the Arab company won two tenders for the construction of solar power plants, providing the lowest price offer not only in this competition, but also in the world.

Masdar CEO noted: “These projects emphasize that Uzbekistan plays a real leading role in clean energy projects in the region and contributes to global actions to combat climate change. This is a vital mission, and we will help you with it.”

It should be recalled that an open tender for projects of solar photovoltaic power plants with a capacity of 220 MW in the Kattakurgan district of the Samarkand region and the Gallyaral district of the Jizzakh region was held according to international standards with the technical support of the International Finance Corporation (IFC).

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