

Seminar regarding Renewable Energy Sources in Kazakhstan

25 July 2017



In July 12, 2017 in the KEGOC office was held a **Seminar on technical issues related to the integration of Renewable Energy Sources (RES) into the unified electricity system of Kazakhstan**, where Synergy Partner took participation.

At the seminar there were several speakers and representatives of the *RES associations* in Kazakhstan and abroad: *the Ministry of Energy of the Republic of Kazakhstan, the EBRD, the Asian Development Bank, the National Renewable Energy Laboratory in the USA (NREL), the renewable energy consulting company (DNV GL) and the International Renewable Energy Agency (IRENA).*

In the first part of the seminar speakers mainly spoke about potential of Kazakhstan in RES. According to speakers the north of the country is a good platform for windmills, the west for hydroelectric power stations, east and south have good solar potential.

Moreover speakers discussed about expensiveness of installations and details of the RES stations. However, today there is a tendency to reduce their cost. Also questions about market regulation were raised, so that energy producers put the latest technologies or could use old technologies. Specialists pointed out that each case is individual and it is necessary to look at the practice of other countries and the price-quality ratio.

In the second part of the seminar two speakers gave a speech. They are: Director of the RES Department of the Ministry of Energy of the Republic of Kazakhstan – *Ainur Sospanova* and consultant DNV GL – *Ilka Levington*.

Ms. Sospanova's speech consisted from the topic: **Review of legislation in the field of renewable energy in Kazakhstan**. She informed about two important novels in the Law on RES:

- selection of projects by auction method;

- the ability of large companies to implement their own renewable energy projects, but not to claim money from LLC "Accounting and Finance Center on Support of Renewable Sources of Energy".

In accordance with the auction method of selecting projects, Ministry of Energy proposes to remove fixed cost for electricity, so that a final consumer does not have to pay dearly. It is suggested that the electric power producer should provide the minimum cost for produced electricity. As Sospanova explained, the auction rules have not been developed yet. On 19th July is expected a Working Group which will discuss rules regarding auctions and orders of the Minister for future auctions. Thus, investors will know about future auctions about 6 months before the auction.

Regarding the second novel, Ms. Sospanova said that large companies and producers would implement their own RES projects, but did not claim money from LLC "Accounting and Finance Center on Support of Renewable Sources of Energy".

Till the end of this year about 15 regulatory acts will be developed. Some of them will be created and some of them will be modified.

The second speaker - Ilka Levington shared with her experience in conducting auction in Germany and what they had to face.

During developing the rules for conducting auctions, they planned to give projects to major commercial developers. However, the ~~XXXXXXXX~~ Party~~XXX~~ in the Bundestag was against that projects will be given only for large companies. They declared about possibility that ordinary citizens (individuals) will also want to build small stations (1-2 MW) for their own needs and sell electricity. Thus, a decision was taken in favor for 2 categories of station builders:

- Major developers (Commercial Developers);
- Individuals (Citizens' Wind Park).

For each category they have developed different conditions:

- Major developers in order to participate in the auction must have a building permit and build a station within 24 months. Moreover they supposed to pay 30 Euro / kW as a security. For instance, if he plans to take the project at 50 MW (50,000 kW), then he should give a security of 1.5 million euros;
- For individuals, the conditions are simpler. They need to give a security payment 15 Euro/ kW and the station must be built during 48 months.

2100 applications were submitted for participation in the auction. Auction organizers expected that 95% of the auction will be won by major developers. However, while holding an auction for 800 MW in May 96% of individuals won.

The Germans are now trying to remedy the situation, because:

1. There might be a collusion that major developers decided to enter the market with the help of individuals because of cheaper security and more time for construction.
2. In August, there will be again an auction for 1000 MW and they seek a solution so that such situation does not happen again.

So, with such an experience consultants shared, so that when developing rules for conducting auctions, Kazakhstan does not fall into the same situation.
