



Priority Actions to foster the uptake of Renewable Energy in Kazakhstan

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Based on the Concept on the Transition to a Green Economy, concrete and ambitious targets to upscale renewable energy have been introduced. Renewable energy is seen as a mean to diversify the energy mix and to reduce the carbon intensity of the energy sector. In 2018, the first round of auctions for renewable energy will take place, part of Kazakhstan's efforts to deploy renewable energy in a competitive way. During the Renewable Energy Policy Hard Talk held on 26 and 27 April with the participation of multiple stakeholders, the following priority actions were proposed to build upon this momentum, and to further foster the development of renewable energy in Kazakhstan.

Overarching Framework

1. Further develop the existing energy strategy to be aligned with climate objectives and explicitly linked to other sectors such as water and agriculture, and complement this strategy with detailed action plans, such as a National Renewable Energy Action Plan (NREAP).
2. Ensure the independence and autonomy of a comprehensive regulatory body overseeing market operation, tariffs, licenses, service quality and competition.
3. Create a separate dedicated agency for renewable energy deployment, with responsibilities including monitoring, enforcement and evaluation.
4. Adopt a long-term strategy for the overall generation portfolio mix that supports renewable energy penetration through flexible and decentralized technologies (e.g. rooftop solar PV).
5. Introduce grid investment requirements aligned with renewable energy penetration targets to harmonize grid investment planning and renewable energy absorption.
6. Remove market distortions caused by cross-subsidies among generation technologies that hamper the reflection of the true costs of energy.
7. Associate the renewable energy cost with the price cap in a more dynamic way, as a transitional measure, to allow "conventional buyers" to recover their costs.

Renewable Energy Sector

8. Promote responsibility among national system operators to integrate renewable energy in their strategic planning and to provide related capacity development.
9. Establish regulations covering detailed and transparent terms for grid connections to reduce investors' risks.
10. Introduce measures to improve bankability, with emphasis on:
 - Securing Power Purchase Agreements (PPAs) against changes in legislation;
 - Introducing lenders' Step-in Rights;
 - Increasing efficiency of curtailment payments to reveal costs borne by the Transmission System Operator (TSO) due to insufficient maintenance or network investment requirements.
11. Enhance the creditworthiness of the single buyer, the Financial Settlement Center (FSC), including re-examining the adequacy of the FSC reserve fund and revisiting the options for increasing creditworthiness through appropriate guarantees.
12. Ensure the adequacy of tariff indexing for inflation and for currency exchange fluctuation, including an efficient way to address the time lapse between signing of the PPA signing and operation of the renewable energy plant.

Auctions

13. Facilitate participation of foreign investors by providing clear rules and prerequisites, as well as making all information available in the English language.
14. Clarify the land plot granting regime, in particular regarding any need for tenders or related processes.
15. Amend auction rules to enhance competition, with an emphasis on:
 - Announcing a floor price prior for each auction;
 - Periodically adapting the ceiling price based on the bidding levels of the previous bidding period, per technology;
 - Ensuring connection standards are granted through the auction for cases where the land plot has been defined;
 - Publishing bidding history after the conclusion of each auction.