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INVEST KAZAKHSTAN

THE LAND OF GREAT OPPORTUNITIES



RENEWABLE ENERGY SOURCES

Key indicators for RES development:

- 2020 – 3%
- 2025 – 6%
- 2030 – 10%

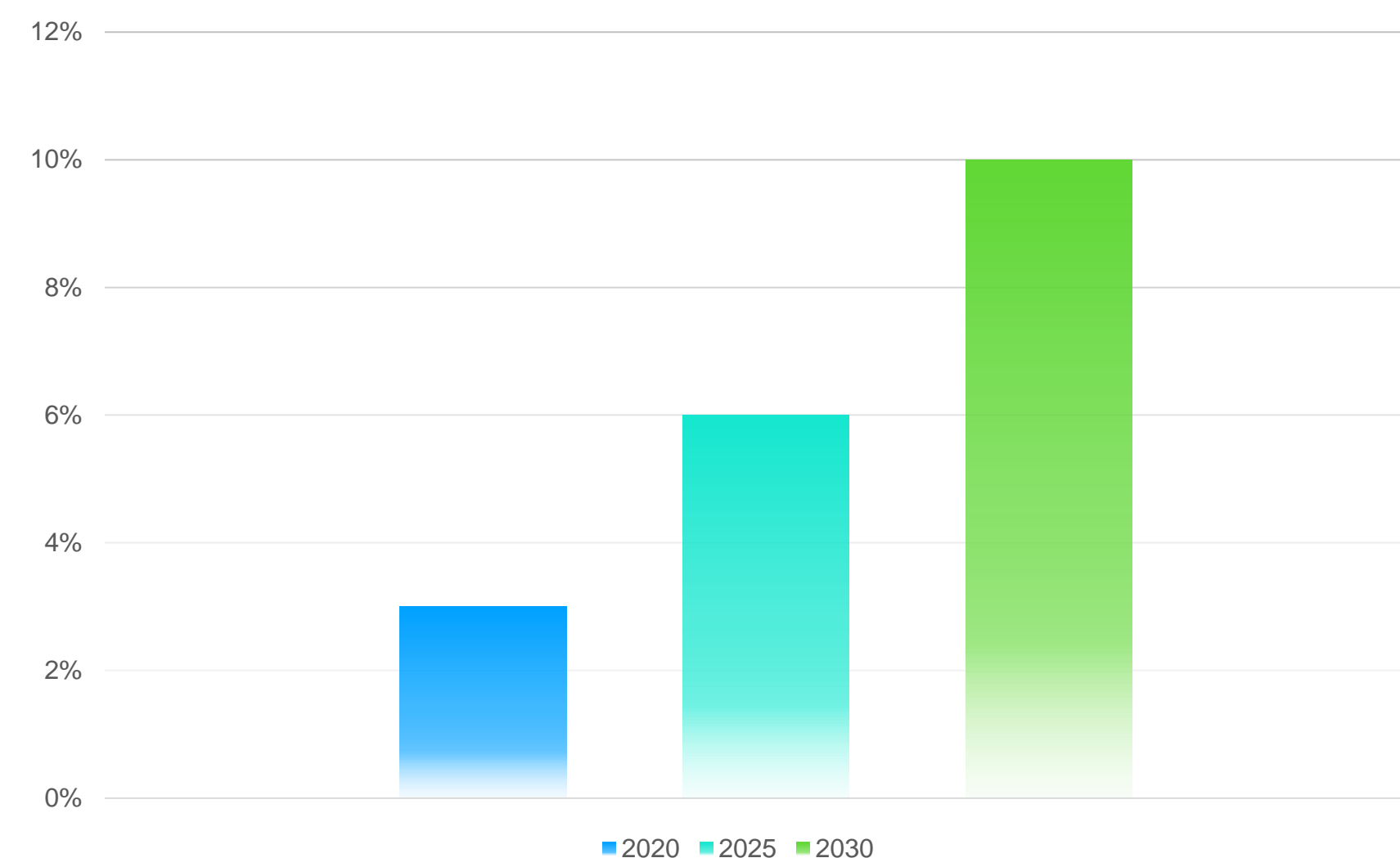
Potential of RES in Kazakhstan:

- wind energy is 920 billion kWh/year
- solar energy – 2,5 bln. kWh /year
- hydro potential-62 billion kWh/year
- thermal potential of geothermal waters is 4.3 GW

RES development:

Total installed capacity **1 507 MW (105 RES stations):**

- Wind - 390,9 MW
- Solar – 883,6 MW
- Hydro – 224,6 MW
- Bio fuel – 7,82 MW



Project auction (with documentation) as a new type of auction introduced in November, 2019

The winner of the auction gets the right to:

- Guaranteed purchase of electricity for a period of 15 years

Annual tariff indexation after a year of operation of the plant: 70% - exchange rate of the national currency to convertible currencies, 30%-CPI

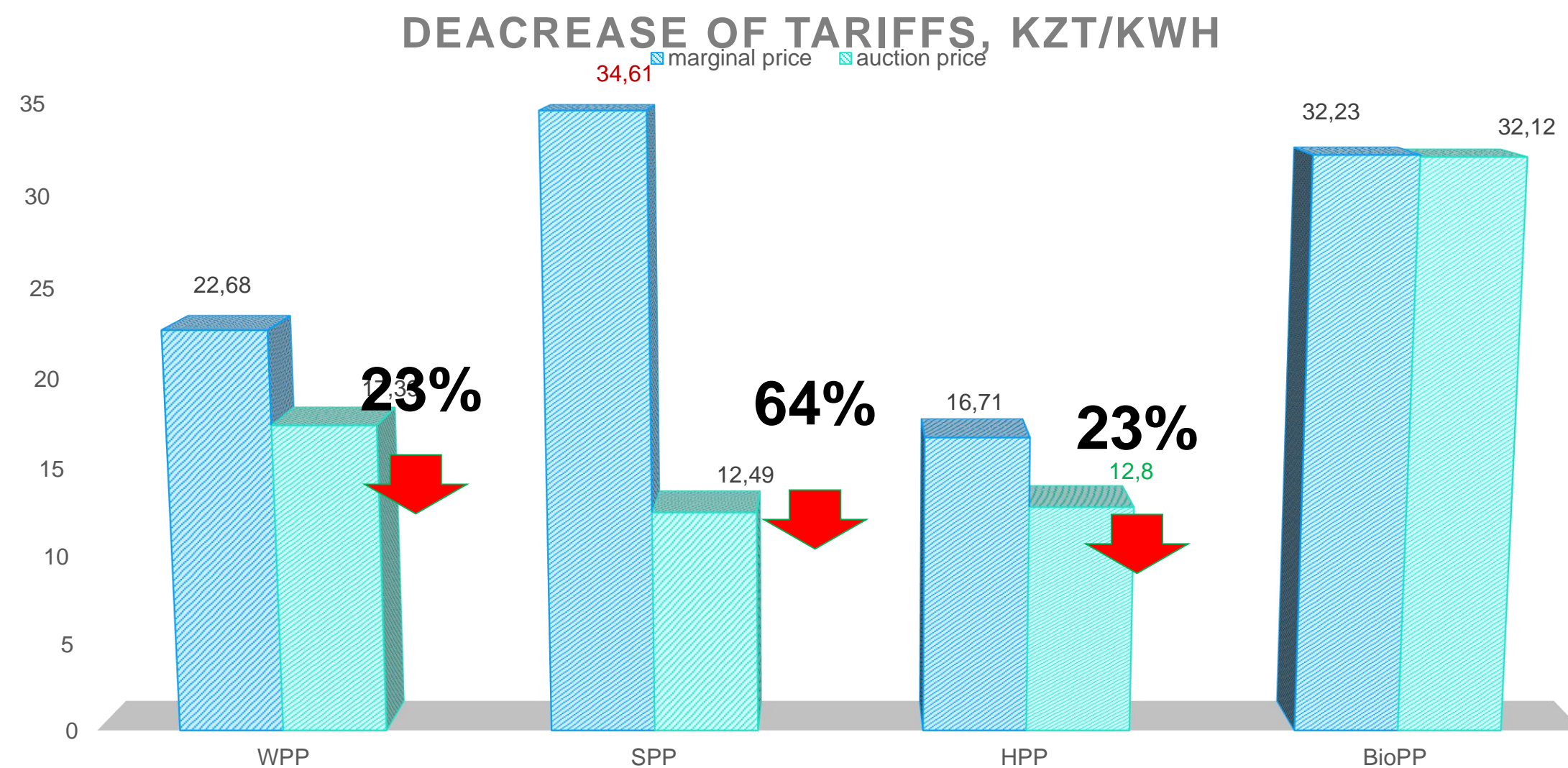
- Priority dispatching
- Exemption from payment for services of electric grid companies
- Investment preferences in the framework of Entrepreneurial Code

Feed-in tariffs for RES:

- Wind PP - 21.69 KZT/kWh (\$5,1 USD cents)
- Solar PP – 16,97 KZT/kWh (\$4,0 USD cents)
- HPP – 15.48 KZT/kWh (\$3,6 USD cents)
- Biogas PP - 32.15 KZT/kWh (\$7,5 USD cents)

RESULTS OF AUCTION IN 2018-2019

- ✓ Auctioned 1 205 MW of RES capacities
- ✓ 18 auctions held on total capacity 1 021 MW
- ✓ Participants 158 companies from 12 countries (Kazakhstan, China, Russia, Turkey, Germany, France, Bulgaria, Italy, UAE, Netherlands, Malaysia, Spain)
- ✓ 42 winning companies signed PPA-contract for 15 years



OBLIGATIONS OF THE AUCTION WINNER

- ✓ Provide with financial assurance of the contract implementation (10 000 KZT/kW = 24\$/kW)
- ✓ Sign the contract with Financial and Settlement Center for RES (apply within 60 days after inclusion into the list of energy producing organizations, using RES)
- ✓ Meet the requirements of terms for start of construction of the plant – (SPP – 12 month, WPP and BioPP – 18 month, HPP – 24 month from the date of signing of the contract). Notification about start of construction
- ✓ Commissioning of the plant (SPP– 24 month, WPP and BioPP – 36 month, HPP – 60 month from the date of signing of the contract)
- ✓ Facilitate the qualitative forecasting and generation schedule compliance

AUCTIONS SCHEDULE FOR 2020

	HPP	SPP	WPP	BioPP	WPP	HPP	SPP	SPP
Date of auctions	09.11.20	10.11.20	11.11.20	23.11.20	24.11.20	25.11.20	08.12.20	10.12.20
Purchased capacity, MW	20	15	15	10	50	100	20	20
Marginal auction price, KZT/kWh	15,48	16,97	21,69	32,15	21,69	15,48	16,97	16,97
Scale of the project	small	small	small	small	utility	utility	utility	utility
Type of auction	without documentation	without documentation	without documentation	without documentation	without documentation	without documentation	with pre-project documentation	with pre-project documentation
Zone of energy system	North South	North South	North South	All zones	North South	North South	South	South
Land	-	-	-	-	-	-	✓	✓
Connection point	-	-	-	-	-	-	✓	✓

Total installed capacity for auctioning in 2020 is **250 MW**

Access to auctions

Requirements:



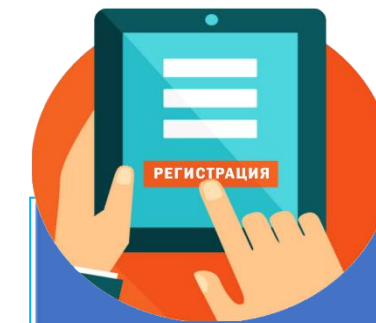
- Constituent documents
(*foreign legal entities provide the same documents in accordance with legislation of their country)
- Copies of technical conditions
(issued and agreed in accordance with Electrical regulations)
- Copies of documents of entitlement for land
(in accordance with Land code)



Financial assurance of application
(bank warranty / stand-by letter of credit)
(2 000 KZT/kW - without documentation;
5 000 KZT/KW - with documentation)



Contract with auctions organizer



Registration and access to the Trade system

STATE SUPPORT OF INVESTMENTS IN RES SECTOR

In accordance with the Decree of the Government of the Republic of Kazakhstan dated January 14, 2016, #13, the production of electricity and gas fuel is included in the list of priority activities for implementation of investment projects. In this regard, renewable energy projects fall under the category of:

❖ **Investment project** – it is aimed at setting up new, expanding and (or) renewal of existing production facilities, including those that was set up, expanded and (or) updated during the implementation of the PPP project.

❖ **Investment priority project**

Setup of new production plants
< 2 mln. MCI (5,5 bln. KZT as of 2020)

expanding and (or) renewal
of existing plants > 5 mln. MCI
(13,9 bln. KZT as of 2020)

MCI from 1 April, 2020 – 2 778 KZT

STATE SUPPORT OF INVESTMENTS IN RES SECTOR

	Investment	Investment priority
Exemption from customs duties on imports	✓	✓
State in-kind grant	✓	✓
VAT free import	✓	
Tax preferences (CIT for 10 years)		✓
Exception from land tax for 10 years		✓
Exception from property tax for 8 years		✓
Stability of legislation in the field of taxation and employment of the population in terms of attracting foreign labor		✓

STATE SUPPORT OF INVESTMENTS IN RES SECTOR

(Investment priority project)

PROJECT	CORPORATE INCOME TAX	LAND TAX	PROPERTY TAX
Setup of new production plants – fabrics, plant, workshop	Reduction by 100% Duration – from 1 January of the year, when the investment contract is signed and ends no later ten consecutive years to be calculated from 1 January of the year following the year when the investment contract is signed.	The application of 0 coefficient to the appropriate rates Duration - Effective from the 1st day of the month, when the contract for the investment priority project signed through the expiry of ten consecutive years calculated from January 1 of the year following the year, when the investment contract on the investment priority project on building new production plants is signed. The provisions of the first part of this paragraph shall not be applied in cases of leasing (rent), use for other reasons of a land plot used for the implementation of an investment priority project, or a its part (together with buildings, structures, structures located on it or without them) .	Calculation at 0 rate to the tax base Duration –e from the 1st day of the month, when the first asset is accounted in the fixed assets as per the international standards of international reports and Kazakhstan laws on accounting and financial reporting; through the date of expiry of eight consecutive years calculated January 1 of the year following the year, when the first asset was accounted as part of fixed assets as per the international financial reporting standards and Kazakhstani laws on accounting and financial reporting.
Expansion and renewal of existing production plants	Duration - from 1 January of the year, following the year, when the last fixed asset is commissioned under the investment priority project and ends no later than to the expiry of three consecutive years, to be calculated from January 1 of the year following the year when the last fixed asset is commissioned under the investment priority project.	_____	_____

KAZAKH INVEST SERVICES

NC KAZAKH INVEST JSC services includes:

- ❖ support in conclusion of investment contracts for obtaining of investment preferences;
- ❖ targeting of foreign investors by conducting and participating in international investment events, publication in international and domestic media etc.
- ❖ attraction of foreign investors for participation in investment projects in energy sector (including participation on RES actions), by conducting consultations, seminars for potential investors interested in the sector.

Thank you!

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