

State Energy Agency
under the Government of
Kyrgyz Republic



«SEA»

Price and tariff department - SEA
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Re-structuring of power sector in Kyrgyz Republic

- The main events of 2001
- Creation: - 4 distributive companies,
- The transmitting company of joint-stock company « a National network »
- Developing company - « Electrical stations »
- Privatization of small hydrostations with capacity up to 30 MB

Prospects of reconstruction and privatization

- The distributive companies
- Construction HES: Kambar-Ata -1 (capacity 1900MBτ), Kambar-Ata -2 (capacity 360 MBτ) and electrical network of system purpose (assignment) of European Economic COMMUNITY (Euroasian Economic Commonwealth)
- - Private (individual) investors of small HYDROELECTRIC POWER STATIONS.

The basic function and task of State Energy Agency Under the Government of Kyrgyz Republic



**Formation of the tariffs
On electrical and thermal energy
For various groups of the consumers**

Account of the tariffs is based on:

- The law « About power »**
- The law « About electric power industry »**

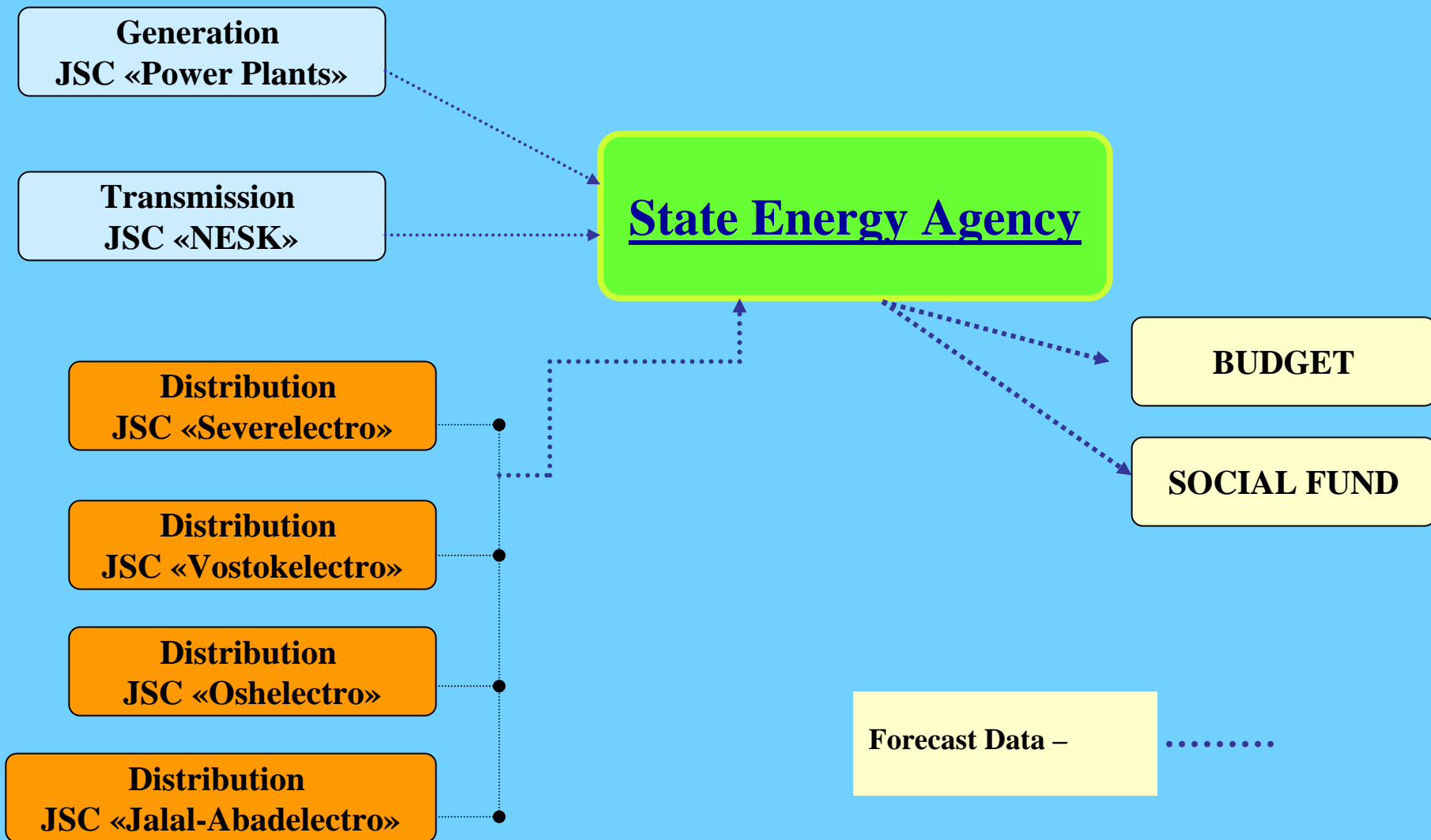
General principles:

- **The tariffs should cover all expenses on manufacture, transfer, distribution electrical and thermal energy;**
- **The Tariffs for each group of the consumers should reflect all expenses on electricity- and heating on the given category of the consumers;**
- **The grants should be directed directly to the consumers (population) with a low level of the income through the governmental programs of social protection.**

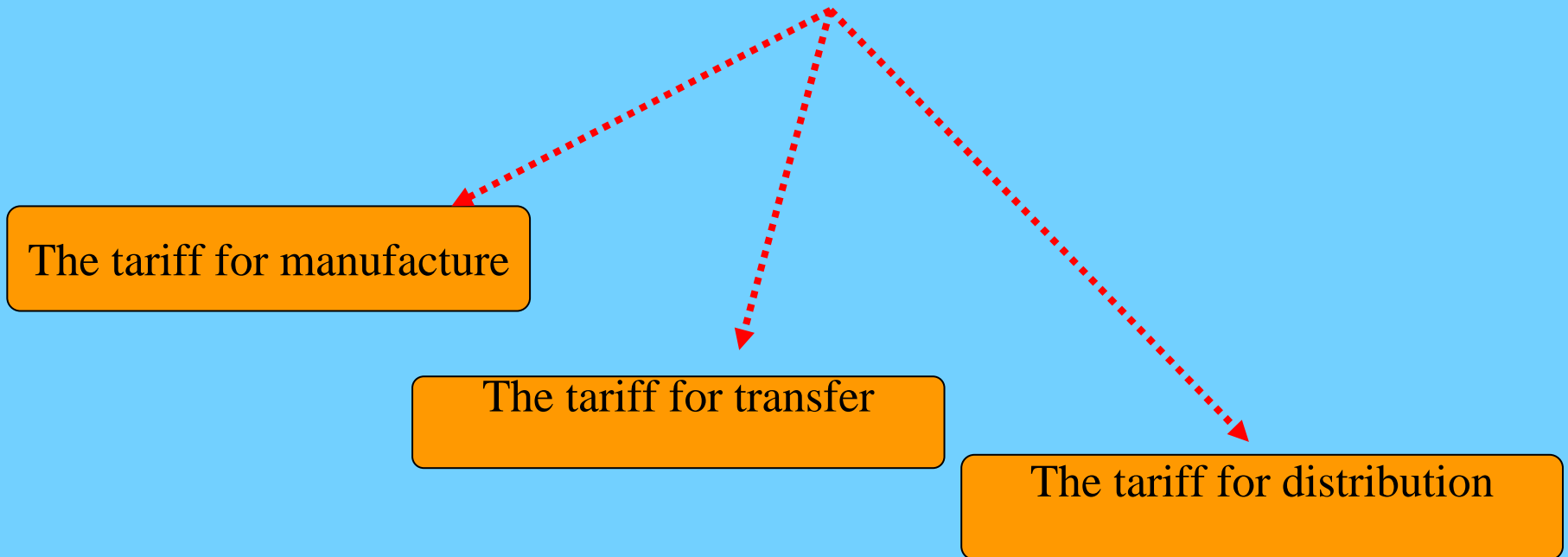
Procedure of an establishment of the tariffs

- Updating forecast of the data
- Development (manufacture) (HYDROELECTRIC POWER STATION, TES)
- Structure of consumption
- Export
- Rate of inflation
- Structure of expenses
- The exchange rate USD
 - Level of losses
 - Level of the tax

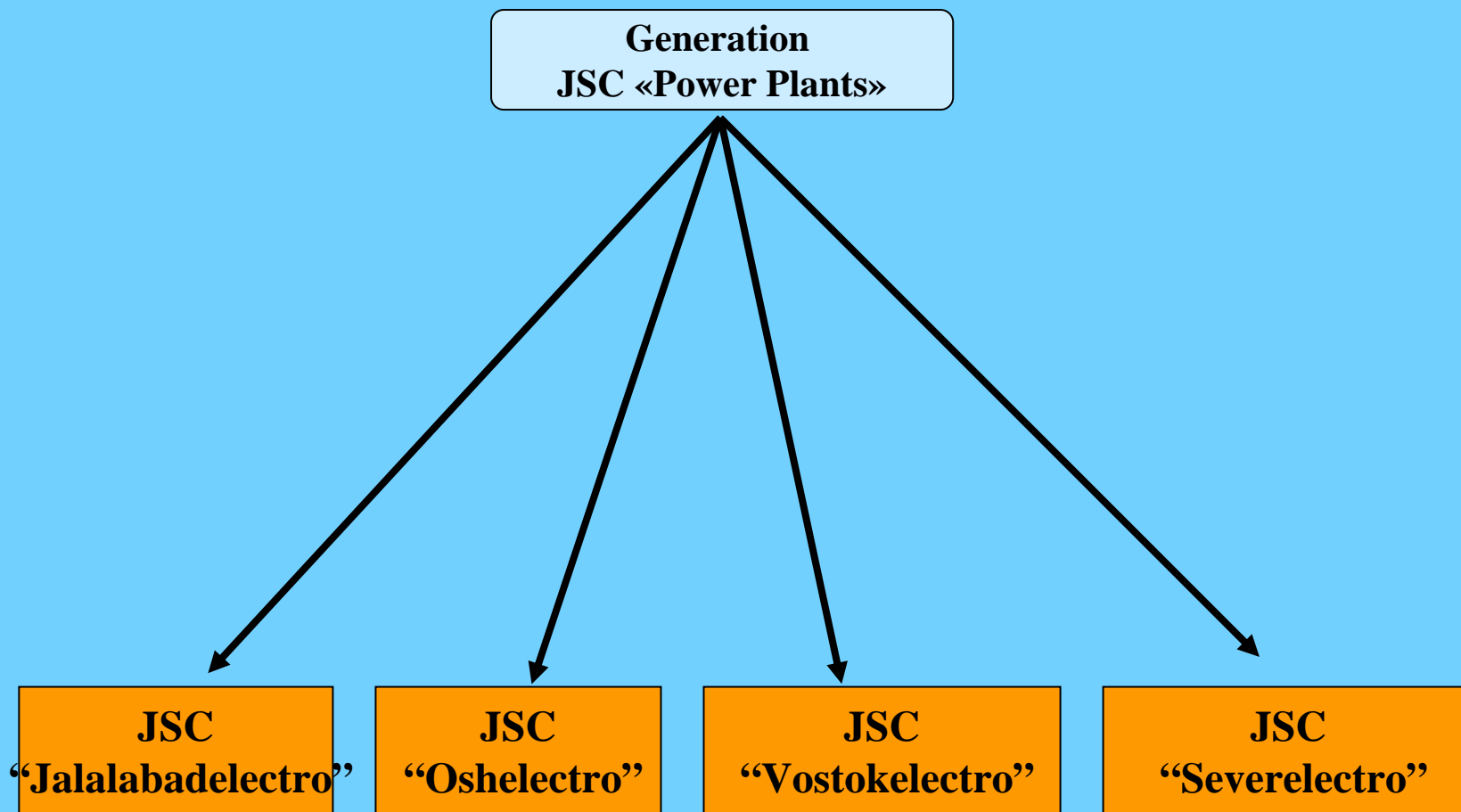
Procedure of an establishment of the tariffs for the power market of Kyrgyzstan



The state agency on power at Government of Kyrgyz Republic establishes:



The tariffs for manufacture of the electric power are established For the large wholesale buyers



The tariff for manufacture

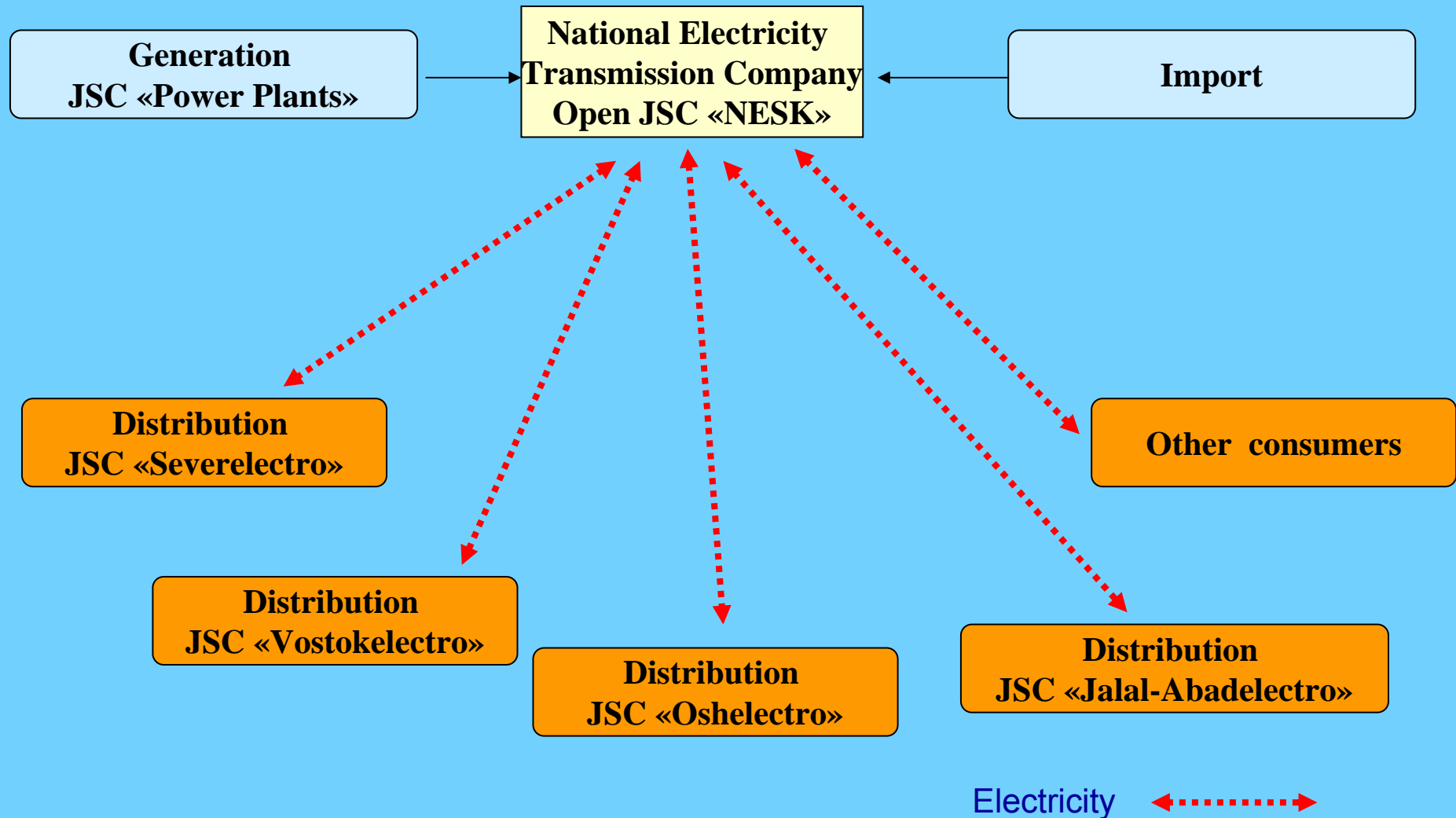
- Definition of a necessary level of the average tariff on manufacture for the distributive companies:
- $T(g) = E(g) / B(v)$,
- $T(g)$ - average tariff for manufacture
- $E(g)$ - necessary expenses of the developing company for the electric power minus the grants from export

- $B(v)$ - volume of sale of the electric power DisCo (receipt in a network DisCo)
- $B(v) = B(v1) + B(v2) + \dots + B(vn)$

Account of the individual tariff on manufacture for distribution company

- The formula of account of the individual tariff on manufacture:
- **$T (gn) = (I (n) - E (tn) - E (dn) /B (vn)$**
- $T (gn)$ - individual tariff for manufacture for various DisCo,
- $I (n)$ - income of the distributive companies of sale of the electric power to the ultimate users,
- $E (tn)$ - expense of the distributive company for transfer of the electric power on networks of the transmitting company
- $E (dn)$ - expense of the distributive company for own needs
- $B (vn)$ - bought volume of the electric power (receipt in a network DisCo)
- At the end individual tariffs for manufacture for everyone DisCo should be established at such level, that the total income of the developing company of sale of the electric power distributive Co in view of application of the established individual tariffs of coverlets necessary expenses of the developing company.
- $T (g) = (T (g1) * B (v1) +T (g2) *B (v2) +... +T (gn) *B (vn)) / B (v)$

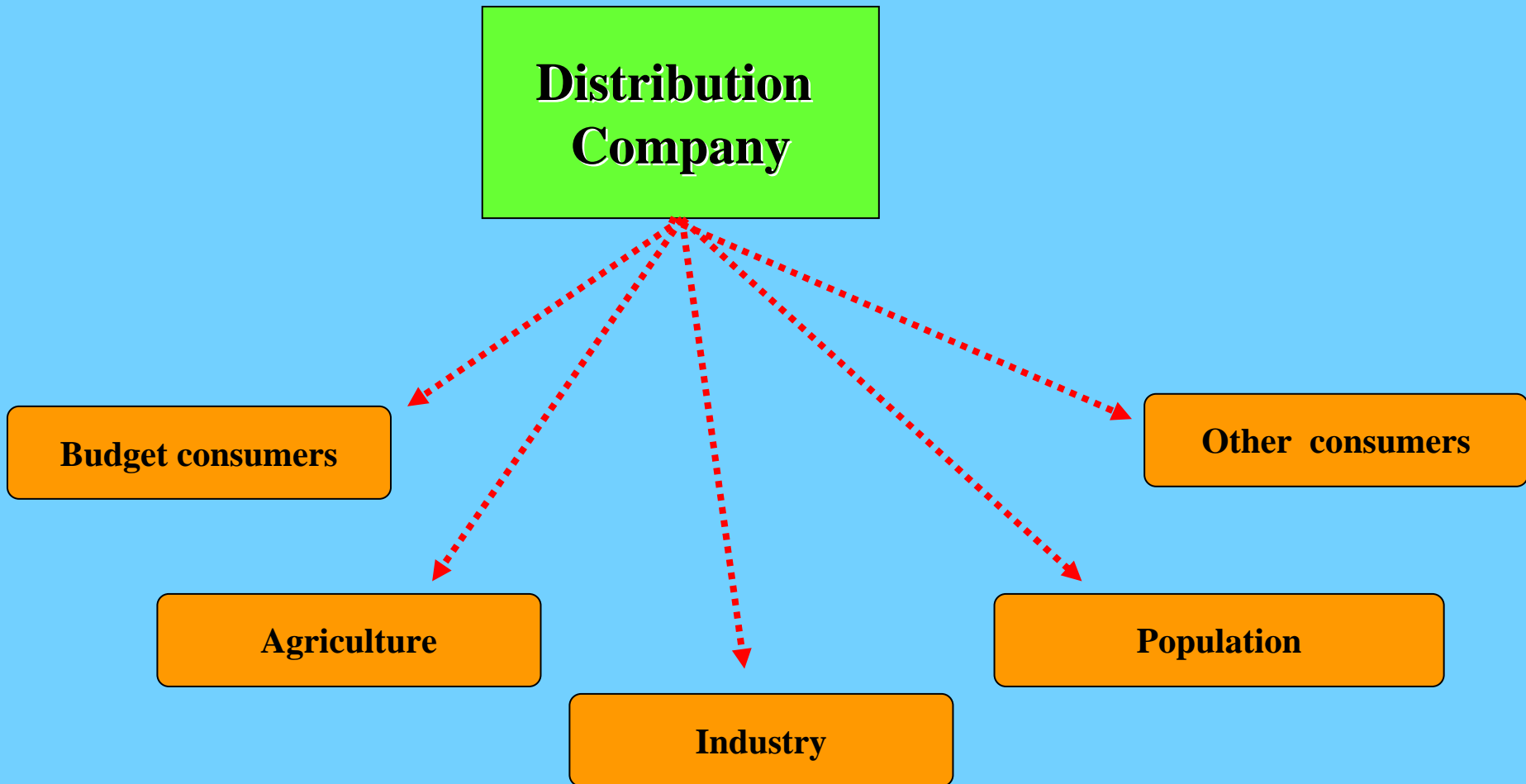
The tariff for transfer (transit) of the electric power is established for all The participants power market at one price level



The tariff for transfer of the electric power

- As the transmitting company besides the incomes of rendering services on transit has other sources of the incomes, the tariff for transfer pays off under the following formula:
- $T(t) = (C(t) - I(p)) / (B(v) - B(d) + B(e))$
- $T(t)$ - tariff for transfer,
- $C(t)$ - all of the financial obligations of the transmitting company
- $I(p)$ - incomes of the transmitting company of other activity,
- $B(d)$ - sale of the electric power for DisCo from trunks of stations
- $B(e)$ - sale of the electric power on export

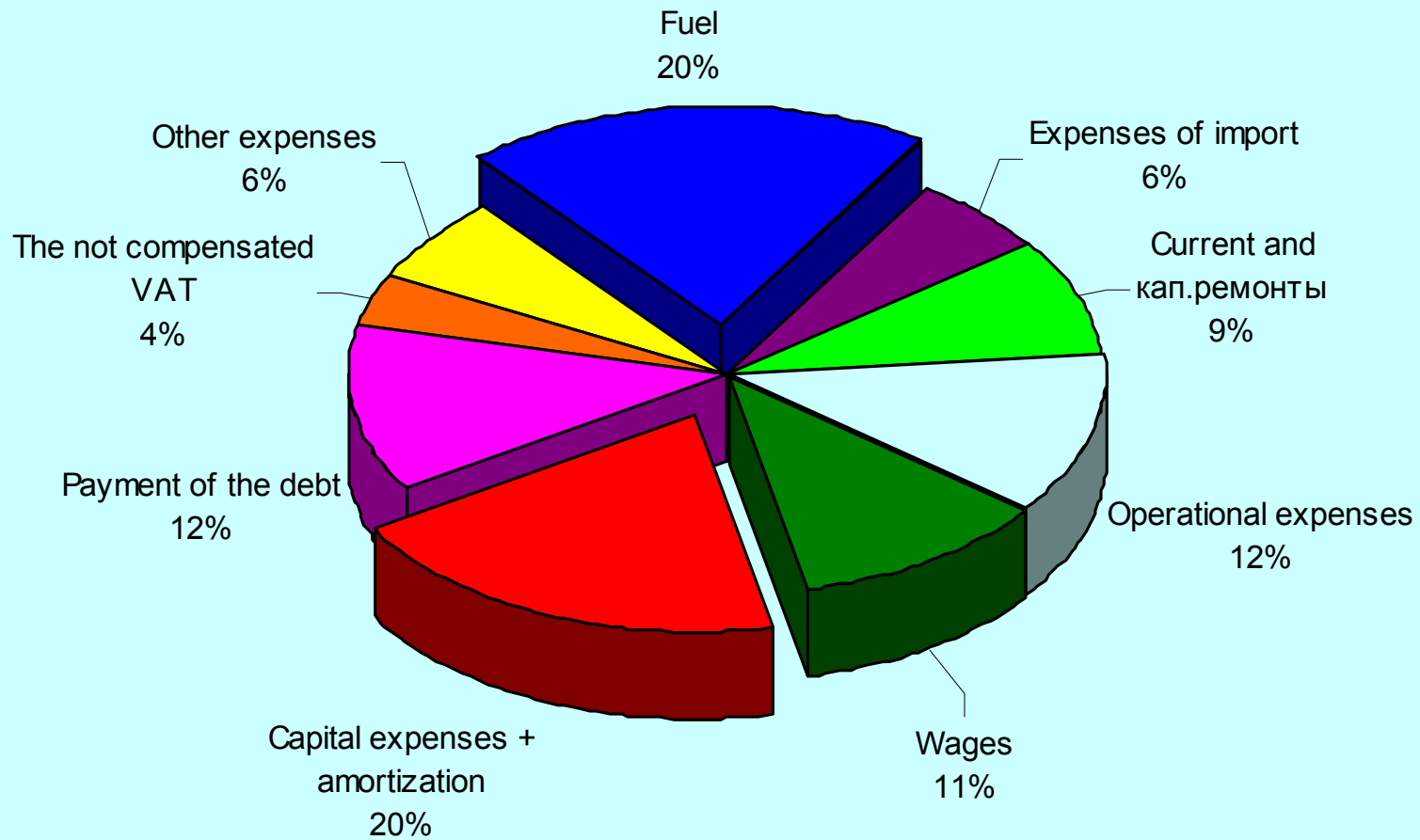
**The tariff for distribution of the electric power is established
For 5 basic groups of the consumers under the various tariffs**



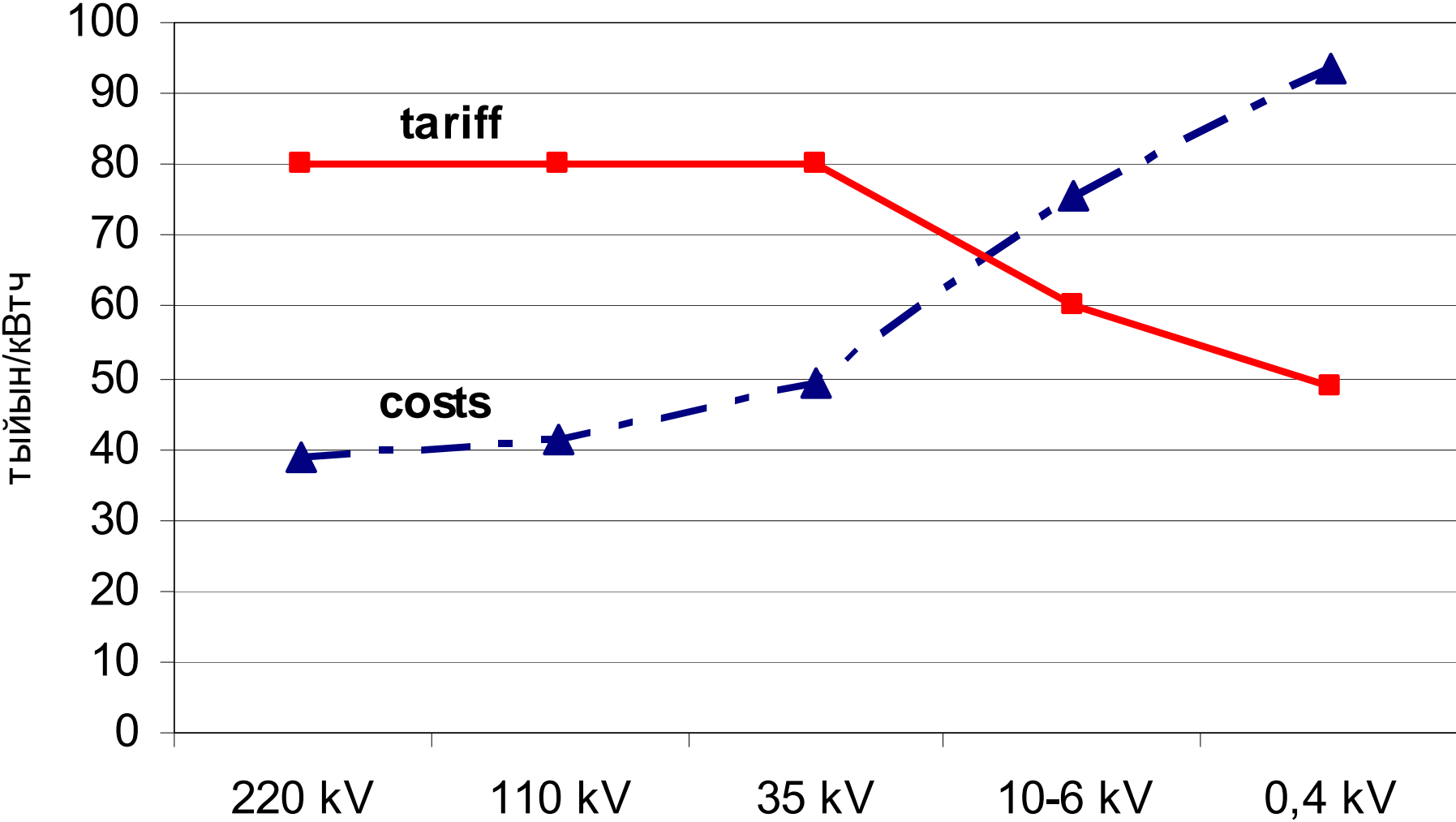
The tariff for the ultimate users

- $T(c) = (E(g) + E(t) + E(d1)+E(d2)+...E(dn)) / B(dc)$
- $T(c)$ - average tariff for the ultimate user,
- $B(dc)$ - useful consumption in the local market,

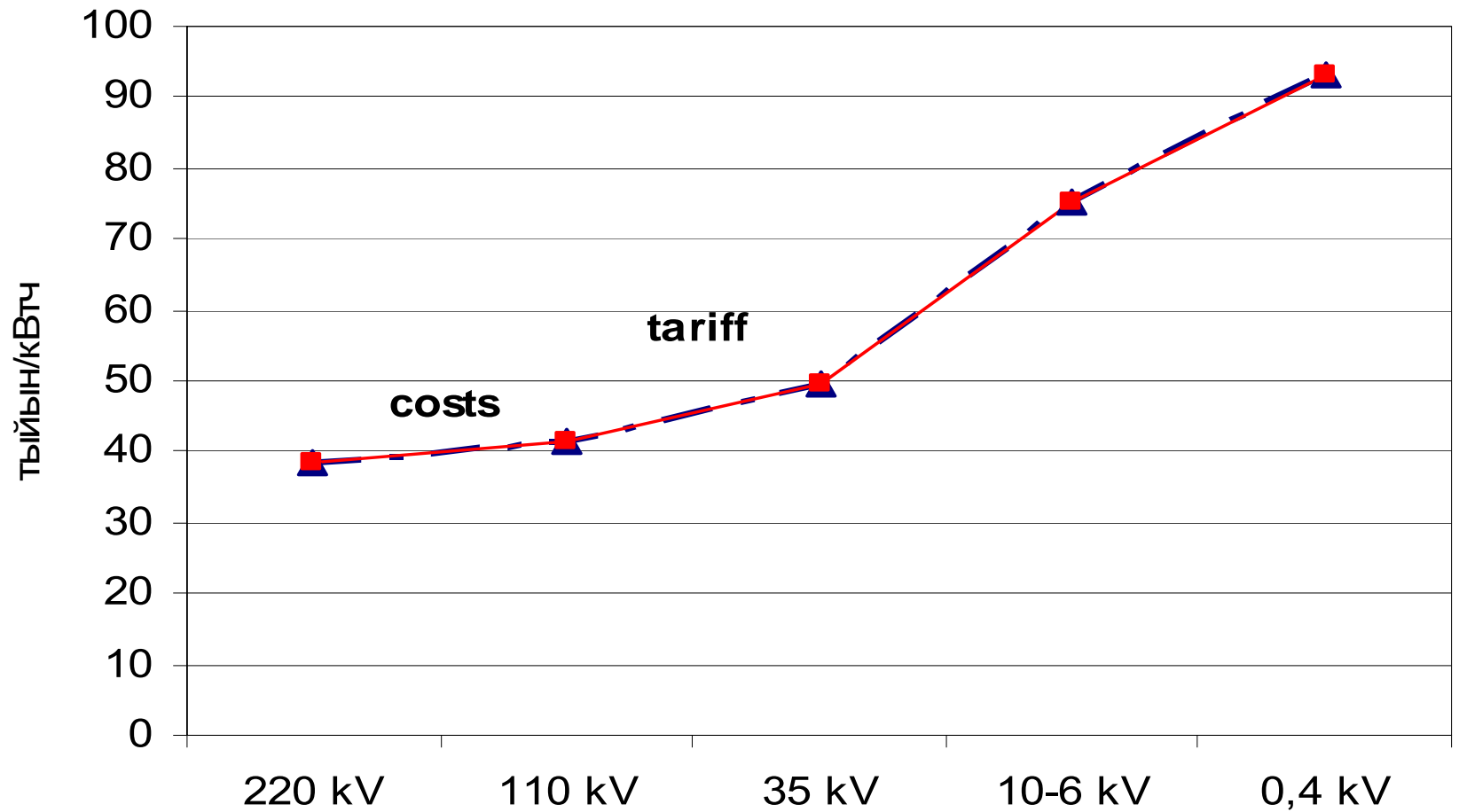
Expenses included in size of the tariff of 2003



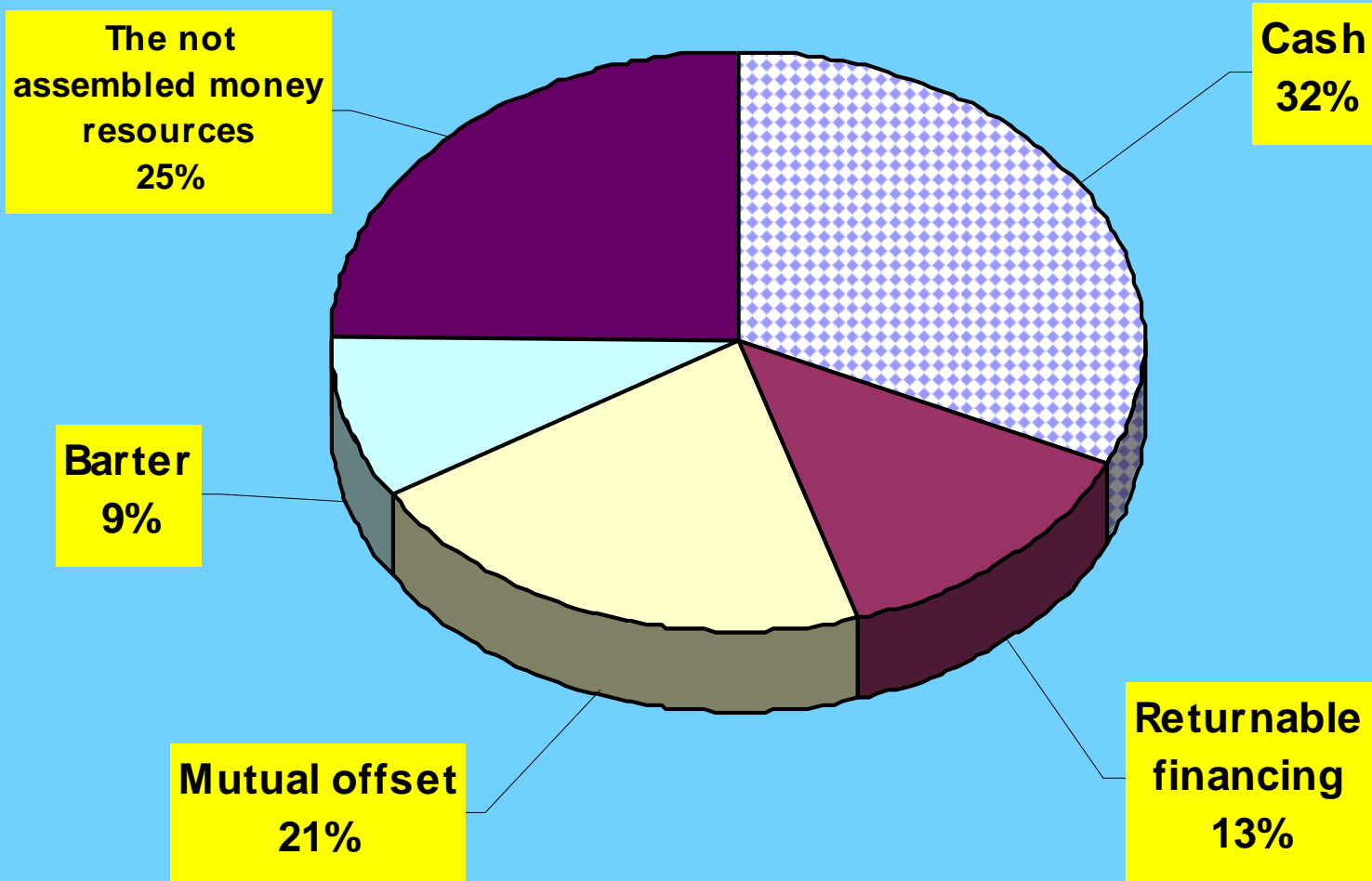
Existing system of price formation(education) on the electric power



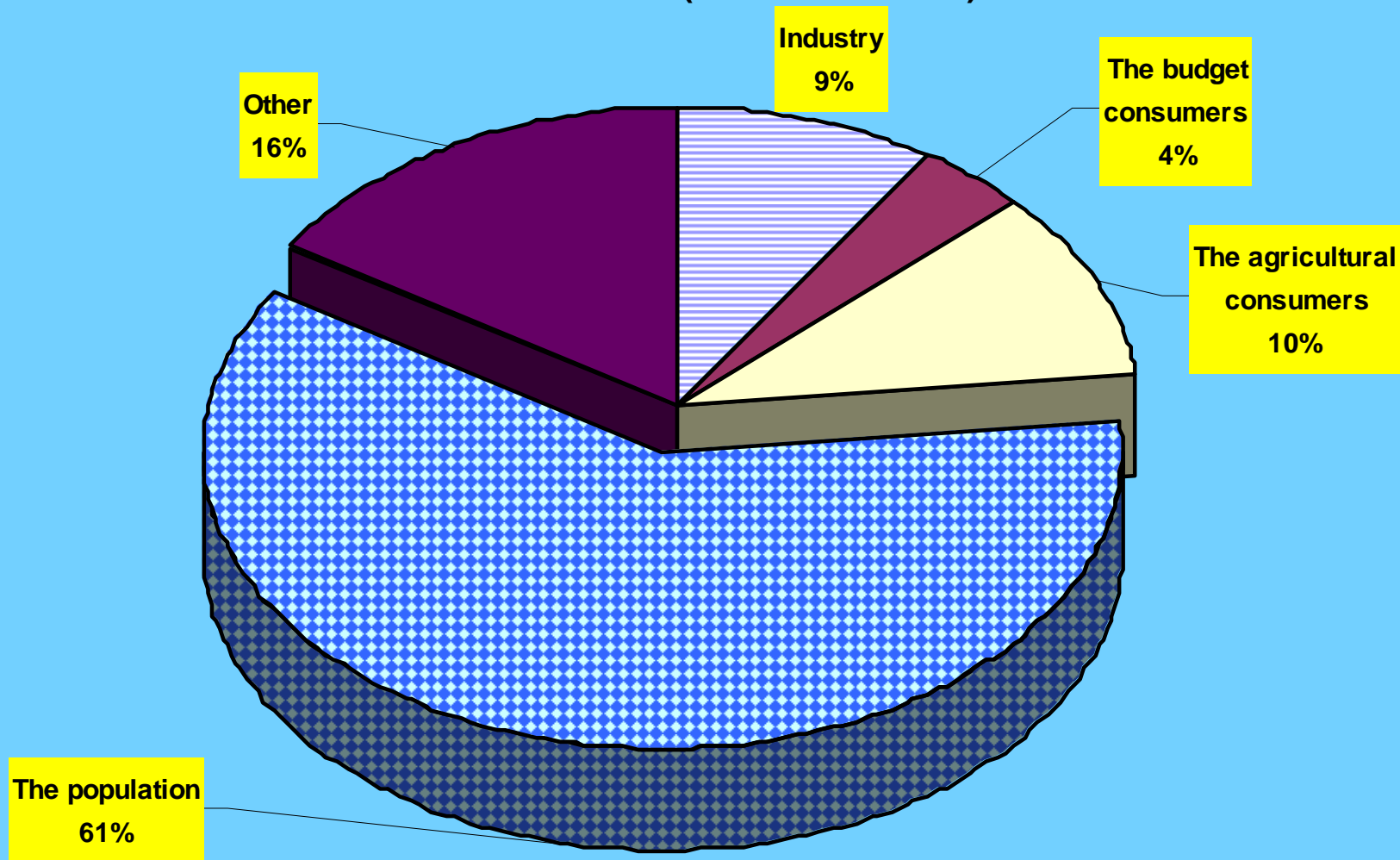
Reforms of price formation(education) on the electric power



Share of kinds of payment from commodity production



The structure of debts on the consumers on 1.01.2004 makes 1667 million soms (without the VAT)





**THANK YOU FOR
ATTENTION!**