

# CAREC Members Electricity Regulators Forum (CMERF)

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# Key developments and activities in 2004

- Adoption of the Concept of further market development in the Republic of Kazakhstan power sector

## Adoption of new laws:

- «Amendments and additions to the Republic of Kazakhstan Natural Monopolies Law and Power Law»
- Regulatory Acts on the structure and functioning of the wholesale and retail power markets
- Reorganization of the Agency into regulator regulating natural monopolies ( competition protection functions were transferred to the Competition Protection Committee in the Ministry of Industry and Trade)

# Key developments and activities from 2004 to April of 2005

Development and adoption of the following regulatory documents:

- Tariffs formation methodology for power transmission by regional and/or local level power lines according to voltage
- Rules on keeping separate accounts for revenues, costs, and utilized assets by natural monopolies providing power transmission services and using inter-regional grid (JSC «KEGOC»)
- Rules on keeping separate regional power companies (РЭК\RPC) and transmission organization accounts according to activities and sales to power distributors
- Restructuring of vertically integrated regional power companies by dividing Regional Power Stations and RPC into separate legal entities
- Organizing power retail market by separating transmission from distribution or retail functions through the establishment of retail companies and introduction of competition

# Expected main results and activities for the current year

- Including in RPCs tariffs «entrance» costs related to compensation of standard technical losses
- Ascribing commodity status to electricity for centralized trading
- RPCs ability to buy power through centralized trading including compensation for standard and non-standard losses (trading area)
- Further privatization of RPCs
- Improving transmission services pricing methodology along National power lines (JSC «KEGOC») by transferring to zonal\area tariffs
- Developing and adopting new Conception on Tariff Policy Development for Natural Monopolies

# Main issues and tariff methodology

- Methodology in separating costs between thermal energy and electricity during their combined generation (TPS)
- Methodology in maximum unbundling of tariffs into mid-term (3 years) and long-term period (5 years)
- Methodology in calculating investment costs for petroleum and power sector natural monopolies services
- Requirements for complex methods and economic-mathematical models to assess impact of basic natural monopolies tariff changes