

# History of Establishment

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- In August 1997 the Agreement on mutual investment promotion and protection was signed between the Governments of the Kyrgyz Republic and France.
- Already in September, with participation of the State Property Fund and JSC Kyrgyzenergo, a group of French companies Mecamidi and Far East established a joint venture – the Kalininskaya HPP Ltd..
- According to the agreements signed the Kaliniskaya HPP (KHPP) situated in Sosnovka village, Jaiyl rayon, with a capacity of 1.4 MWt was leased by French specialists for 15 years for its rehabilitation and upgrading. The Kyrgyz party undertook a commitment to buy its electricity.



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- French company Mecadimi established in 1860 specializing in the small-scale hydro-energy industry, is engaged in producing equipment, design, construction and operations of energy plants with a capacity from 500 kWt to 100 MWt. Operations of the company cover about 80% of the French market. Besides, Mecadimi has a rich international experience in implementing small-scale HPP projects, including in CIS countries.
- It is worth noting that the KHPP put in operations in 1954 was often idle due to equipment failures, and in 1994 was completely decommissioned.
- After half a year of rehabilitation works, in March of 1998 the KHPP started electricity generation. The outcomes proved the advantages of HPP operations by a private producer.
- When operated in the past, the plant was generating on average 3.5 million kWth annually. After the rehabilitation it is generating more than 4 million kWth of electricity only by one aggregate.
- The output doubled after the second aggregate imported from France was installed in 2001.
- However, the performance of the first pilot project in Kyrgyzstan in the area of small-scale hydropower could have been much better, if it were not for the difficulties faced by the company.

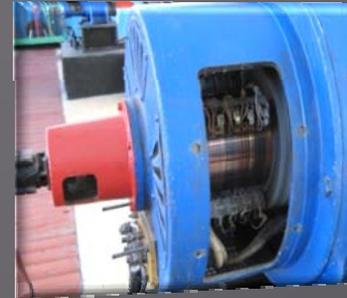


- The country adopted laws on electricity regulating general legal frameworks for the sector. But special bylaws related to small-scale hydropower are still not developed. The new draft Law “On Renewable Energy Sources” is being discussed.
- The key issue in activities of small-scale energy entities is the price for electricity, the cost of which includes investments for rehabilitation of HPPs. Of course, it cannot compete with the electricity price of large plants, however, it can be competitive when sold to end consumers.
- In international practice sales of electricity of small HPPs are supported by the state in the form of soft taxation policies or superficially tailored tariffs. Unfortunately, from the very beginning purchasing of electricity from the KHPP has been considered as if purchasing billions of kWth of electricity.
- But the output of the Kalininskaya HPP as a ratio to the volume of electricity generated by the Toktogul HPP cascade is a hundredth fraction of percent and is ten times lower than the figure representing commercial and technical losses in distribution networks.
- The price for electricity of small HPPs is not only an issue of commercial interest for an individual independent company. It is worth to think about the benefits of such projects for the country as a whole.
- This means an inflow of foreign currency, additional jobs in remote regions, additional tax revenues to the budget, as well as environmental production factor. I believe that our issue is not only of a commercial, but political nature.

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- Refusing to pay, for a long time the Severelectro impeded KHPP to supply electricity to outside consumers by blocking signing of the transmission contract.
- Only in late 2007, after the Ministry of Industry, Energy and Fuel Resource established an official tariff for electricity transit by Severelectrio grids, the KHPP had an opportunity to conclude a contract on supply of electricity to another consumer.
- Thus, ten years later, we are hopeful that in the long run we can come to real market partnership relations among the energy market subjects.
- Recognizing the difficulties of the transition period, the French party reaffirms its intention to continue its operations in the selected sector. The investor hopes that the process of changes taking place in the country will provide a possibility in the nearest future to radically change the system of relationships in the energy sector.

# Key Characteristics of the Kaliniskaya HPP:



## Name

Small-scale HPP “Kalininskaya”

## Location

Kyrgyz Republic  
Jaiyl rayon,  
Sosnovka village

## Water source

Kara-Balta River

## Technical parameters

Maximum capacity : 1,400 kWt

Number of generators : 2

Electricity generated by the Kaliniskaya HPP is supplied through a 6 / 35 kV substation to the 35 kV grid

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# GENERATION

