



New on Renewables Straight to the point

Dear friends,

The Law *On the Introduction of Amendments and Additions to Certain Legislative Acts of the Republic of Kazakhstan regarding the Transition to a "Green Economy"* ("Green Economy Law") enters into force on 29 June 2016 and introduces improvements to the legal regulation of renewable energy sources ("Renewables"), ecology and subsoil use.

The Deloitte legal group provides comprehensive support to your Business on any legal issues around Renewables

The main Renewables-related amendments were as follows:

Feed-in Tariffs will be indexed by taking into account foreign currency exchange rate changes. With the entry into force of the Green Economy Law, the Accounting and Finance Centre ("AFC") will pay for electricity supplied by

facilities using Renewables in accordance with Feed-in Tariffs that will now be indexed and adjusted annually to take into consideration changes in national currency exchange rates. We remind you that until the Green Economy Law enters into force, Feed-in Tariffs to be indexed annually by taking into account inflation, irrespective of exchange rates. Previously, the government was allowed to adjust Feed-in Tariffs once every three years.

Renewables reserve fund to be established in the AFC. Reserve fund cash will be used exclusively to cover the AFC's cash shortfalls and debts to companies generating energy using Renewables. Cash shortfalls and debts arise due to a failure to pay or a delayed payment by imputed consumers (producing companies using coal, gas, sulphur containing materials, petroleum products and nuclear fuel) for their electricity generated by Renewables. Thus, through the establishment of a special reserve fund, the legislator intends to ensure a timely payment to companies generating energy using Renewables.

The deadline for filing applications with the AFC to enter into sales agreements with companies generating electricity from Renewables will be changed. From 29 June 2016, the deadline for filing an application to the AFC to enter into a sales agreement for electricity using Renewables will be 60 days from the moment the facility is included in the list of energy generating companies using Renewables. Before the Green Energy Law enters into force, applications should be filed no later than 30 days before the start of electricity supplies.

The Ministry of Energy will draft a special model agreement to connect facilities using Renewables between energy generating companies using Renewables facilities and energy transmission companies. We remind you that a model agreement is currently in place for energy generating companies and energy distribution companies, but it does not take into account the peculiarities of Renewables. Therefore, energy generating companies using Renewables are connected to energy transmission company networks based on the technical conditions for connecting to a Renewables facility.

A plan to deploy facilities using Renewables will be approved taking into account the planned ratio of electricity generated by Renewables facilities against total electricity volumes, and the total established capacity of facilities using Renewables, including by type.

The Ministry of Energy is currently working actively to ensure Renewables-related byelaws are brought into line with the Green Economy Law.

If you require more detailed advice on the above, please contact the Deloitte TCF Tax & Legal Department on tel.: +7 (727) 258 13 40 (Almaty). This

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Best regards,

Tax & Legal Department



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