



ELECTRIC POWER GOVERNANCE INITIATIVE
ELECTRIC POWER SECTOR GOVERNANCE
IN THE REPUBLIC OF KAZAKHSTAN:
INSTITUTIONAL AND CASE STUDY



Results of EGI Methods' Application in the Republic of Kazakhstan

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- 1.2 Generating Capacities
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- 4.8. Organizational Sequence of Including the Consumer into the Tariff Process

BASIC QUESTIONNAIRE ON INDICATORS

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The pilot project “Advancement of Power Supply Governance Initiative in the Republic of Kazakhstan” is the first stage of extension in Kazakhstan of international initiative of power supply governance, which is executed according to the joint program of World Resources Institute and Prayas Energy Group (India). The Power Supply Governance Program (PSGP) is a sustainable development partnership project registered at the UN Commission on Sustainable Development. National Institute of Public Finances and Politics (India) was also involved in the development of instruments for the Power Supply Management Project (PSGP) and pilot assessment of the program in Asian countries. Prior to execution in Kazakhstan, this Program has been executed for a number of years in the Kyrgyz Republic, as well as in the Republic of Tajikistan.

The Power Supply Governance Program (PSGP) is considered as an overall initiative of the civil society, politicians, legislative power and other members of the power supply sector on the development of an open, accountable decision making procedure as an integral part of social and environmental stability of power industry in the future.

The mission of the program consists in providing transparency, accountability and openness in the public finance governance for the benefit of the current and future Kazakh generations.

ANALYTICAL RESEARCH

for the electric power industry sector of Kazakhstan as per the methods of international “Electricity Governance Initiative” and development of certain recommendations and plans of action to increase the efficiency and openness of the sector



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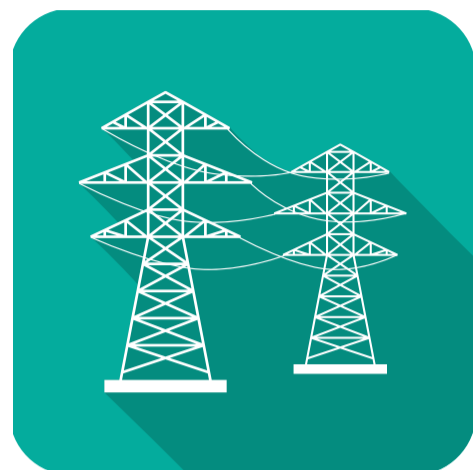
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BASIC QUESTIONNAIRE ON INDICATORS

Section 1.

HISTORY AND CURRENT STATUS OF ELECTRIC POWER INDUSTRY



Electric power industry includes generation, transmission, supply and consumption of electric and thermal power, and is the basis of the economical function and the livelihood of the country. Concerning the economy of the Republic of Kazakhstan, the electric power industry is of particular importance, since the key industries of the country, such as metallurgy and oil and gas production are characterized by high energy consumption. Therefore, the competitiveness of the heavy industry of Kazakhstan and the living standards largely depend on reliable and qualitative power supply to consumers at affordable prices.

1.1 Restructuring

Historically, the formation of the current electric power industry structure of the Republic of Kazakhstan and appropriate economic relations were determined by conserving the capacity of the industry and its further development. As part of the economy's transition to market-oriented relations, in 1995 the privatization of power generation facilities and major industry restructuring was launched. As a result, large power plants have been allocated to the legally separated enterprises, privatized or transferred to concession. CHP with the heating networks were privatized or transferred to municipal ownership. National Power Grid, which provides interregional and interstate electric power network, remained in state ownership. National Company JSC “KEGOC”, comprising the national dispatch center systems' operator (NDC SO), has been established in order to manage this grid.

On the basis of electric distribution networks of 0.4 – 110 kV, the regional grid companies (RGC's) have been established distributing the electric power at the regional level. Part of the RGC's are privately owned, some of them are in the communally owned, and the remaining is part of «Samruk-Energo» group of companies.

In 2004, energy sale divisions of RGC were allocated to legally separate organizations, which become a basis for establishing the energy supplying organizations (ESO) in each region.

In 2009, maximum tariffs were introduced for power plants, which, on the one hand, leveraged investments in the modernization of existing plants, and on the other hand, have reduced the incentives for competition between ESO's, as individual plants began to dictate the terms of purchase and sale of electricity to ESO depending on the affiliation between energy-generating organization and ESO.

Reforming the electric power sector has led to a change in the public sector management's form. Currently, the state controls the electric power industry through such levers as licensing, setting maximum tariffs, regulation of natural monopolies, etc.

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BASIC QUESTIONNAIRE ON INDICATORS

1.2 Generating Capacities

According to data from early 2013, there are 70 plants generating electric power in the UES of the Republic of Kazakhstan. Available capacity of power plants in 2012 amounted to 16,425 MW in winter and 14,851 MW in summer. Annual maximum electric load in 2012 was 14,153 MW.

Including:

- steam turbinepower plants – **16 448 MBТ;**
- gas turbine power plants – **1 425 MBТ;**
- hydroelectric plants – **2 569 MBТ.**

Share of generation sources by fuel is distributed as follows:

- coal – **74%;**
- natural gas – **11%;**
- liquid fuel – **> 4%;**
- hydroelectric plants – **10%;**
- renewable energy sources (RES) – **< 1%.**



1.3 Electric Grids

The power system of the Republic of Kazakhstan is conveniently divided into three zones – **Northern, Southern and Western.**



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System operator – the organization responsible for centralized operational and dispatching control, parallel operation with the energy systems of other countries, maintaining the balance in the power system, provision of ancillary services and purchase of auxiliary services in the wholesale electricity market.

Currently, the JSC “KEGOC” functions as the UPS Kazakhstan system operator.

Electric power is transmitted via the national electricity network managed by the same state-owned JSC “KEGOC”.

National Power Grid consists of a set of substations, switchgears, interregional and interstate transmission lines of 35 kV and above.

JSC “KEGOC” has in its inventory 293 power lines of 35 – 1,150 kW with a total length of 31 thousand km (by circuits). 74 electrical substations with a voltage of 35 – 1,150 kW are also in the inventory.

Distribution of electricity in Kazakhstan is performed by 18 regional power companies (REC’s) and about 150 small transmission companies that control electrical networks at the regional level with a voltage of 0.4 – 220 kV.

In Kazakhstan, there is a dependence on neighboring countries due to the lack of own main power lines, connecting:

EKR and Atyrau region with the Kazakhstan UPS (linked through RF)

SKR and Zhambyl region with the Kazakhstan UPS (link through Uzbekistan and Kyrgyzstan).

Main grids are partly owned by REC’s (as non-core business) that do not allow using the potential of intersystem transmission lines in full. Potential of electricity transition is almost never used.

Electric power losses in the NPG of the Republic of Kazakshtan are slightly higher compared with the developed countries:

- Western countries are characterized by short-distance power transmission, while Kazakhstan is characterized by extensive (500 – 1,500 km) networks between the main centers of consumption and generation;
- Kazakhstan is characterized by a continental climate, which adversely affects the corona losses in electric grids of 220 kV and above (share of corona loss is 20-30% of the total losses).

Specified technical losses in the NPG of the Republic of Kazakhstan are within 6-7%, which is optimal for this grid class. Further reduction will require large capital expenditures and will be ineffective.

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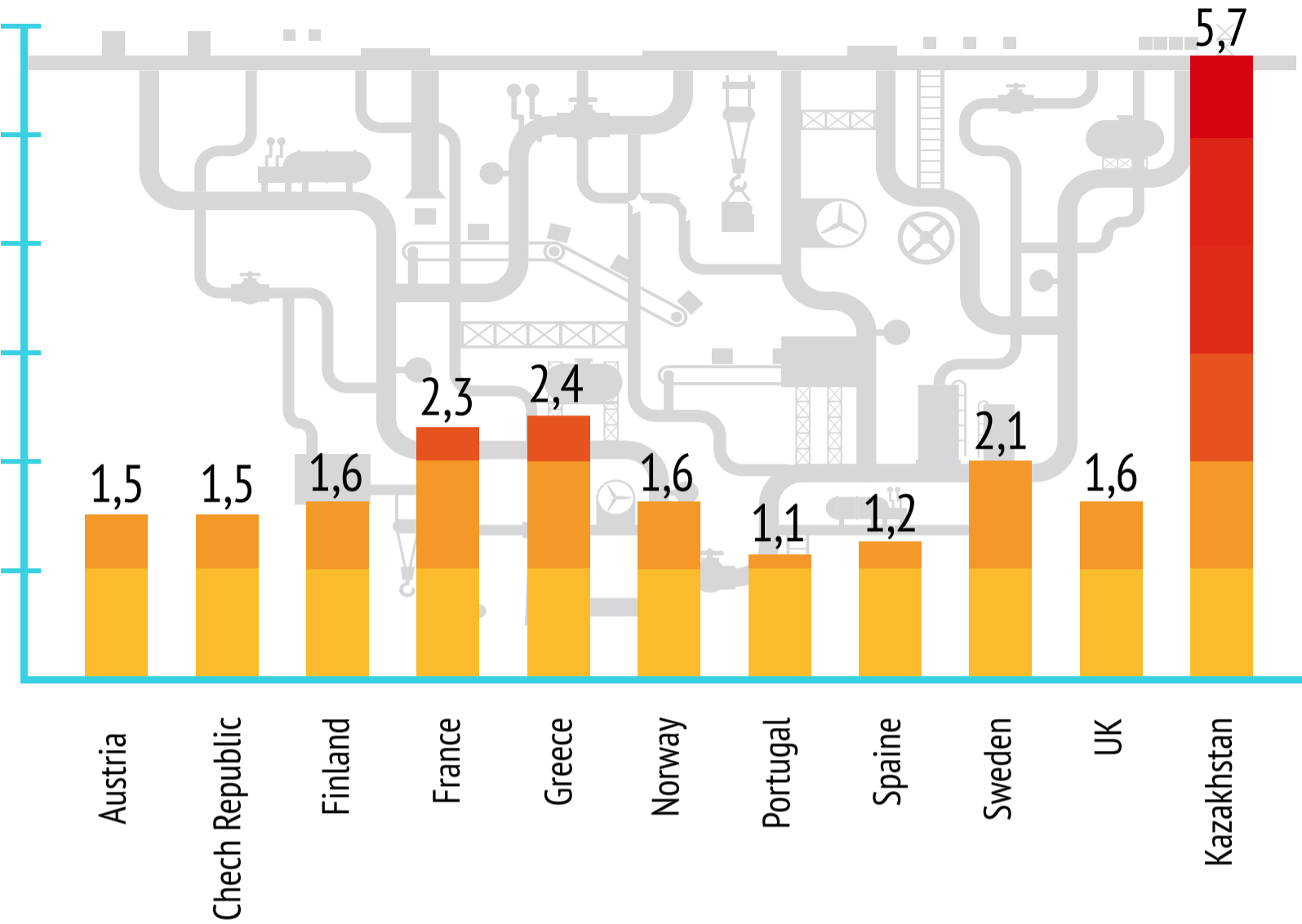
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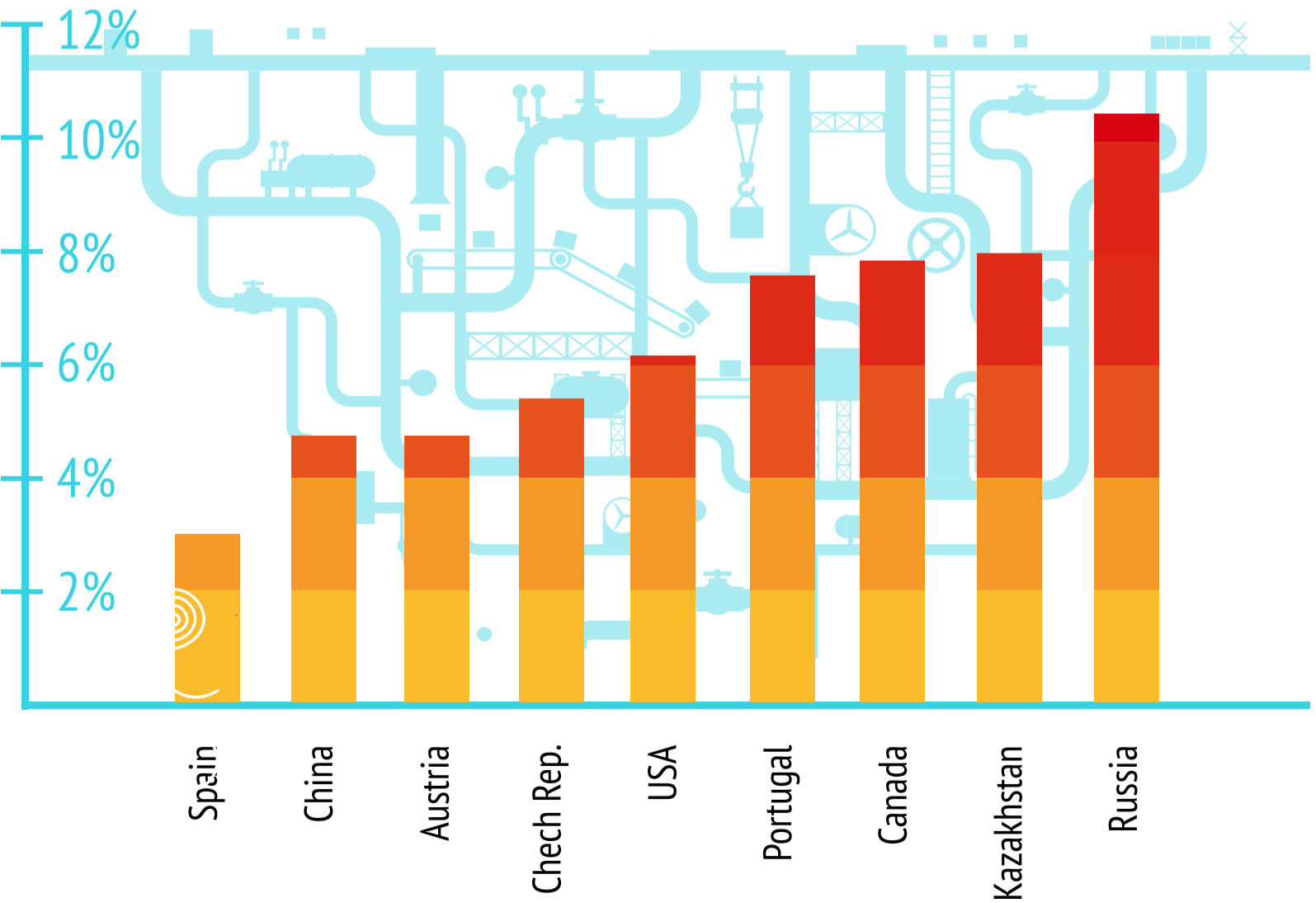
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Electric power losses in the main power lines, %



Total electric power losses in the transmission grids,%



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High wear of grid assets and incomplete adequacy of electrical grids' topology to developmental needs of the Kazakhstan UPS require updating, modernization of existing and construction of new electrical grids.

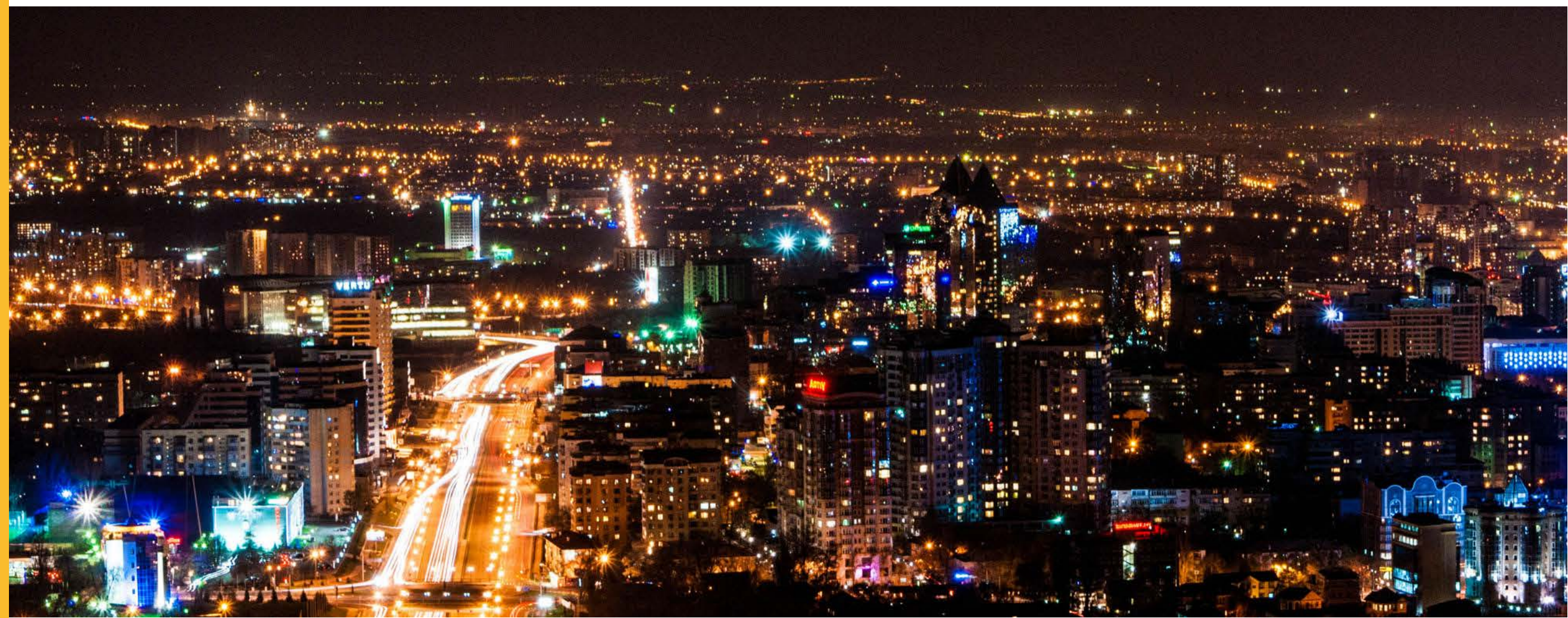
At the beginning of 2013, the level of wear in electrical networks in Kazakhstan amounted to about 60%, decreasing by 5 percentage points compared to the same period at the beginning of 2009. Loss rate in electric grids is an average of 13%, which is significantly higher than the grid losses in the developed European countries, which are in the range of 2.3% to 6%.

High losses in electric grids in Kazakhstan are explained both by significant wear and outdated equipment and electrical grids' topology caused by the vast territory of Kazakhstan and the associated need to transmit electricity over long distances (e.g. high-voltage lines «North-South»).

It should be noted that the current ownership structure in the segment of the electric power distribution and transmission imposes restrictions on its development.

Under the existing structure, most of the networks with voltage class above 220kV are in inventory of the JSC “KEGOC”, however, a small part of the 220kV networks belongs to the REC's, which complicates the optimization of the Kazakhstan's UES and its development.

The large number of distribution grid organizations leads to additional burden on the Agency for Regulation of Natural Monopolies (NMRA) – the governmental body responsible for approving tariffs for the subjects of natural monopolies'. This leads to limitation of the possibility to meter the individual singularities of electric grid companies and the state of their assets by the NMRA. Also, the large number of distribution grid companies leads to high unit costs for transmission of electricity due un-used benefits' scale effect on distribution of maintenance costs of electric grids and overheads.



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BASIC QUESTIONNAIRE ON INDICATORS

1.4 Electric Power Generation and Consumption

Electric power generation in 2011:

- Total amount – **86 203 mln. kW·h**, including:
- thermal electric power plants **73,031.3 mln. kW·h**
- hydroelectric power plants **7,849.0 mln. kW·h**
- gas turbine power plants **5,322.7 mln. kW·h.**

Associated thermal energy generation in 2010:

- Total amount – **172.4 mln. Gcal**, including:
- TPP **56.5 mln. Gcal**

Other heat sources **115.9 mln. Gcal**

Electric power generation in Kazakhstan in 2012 has increased by 4.7% compared to 2011 and

amounted to 90,248 mln. kW·h, including:

- steam turbine power plants – **76,664 mln. kW·h;**
- gas turbine power plants – **5,976 mln. kW·h;**
- hydroelectric power plants – **7,608 mln. kW·h.**

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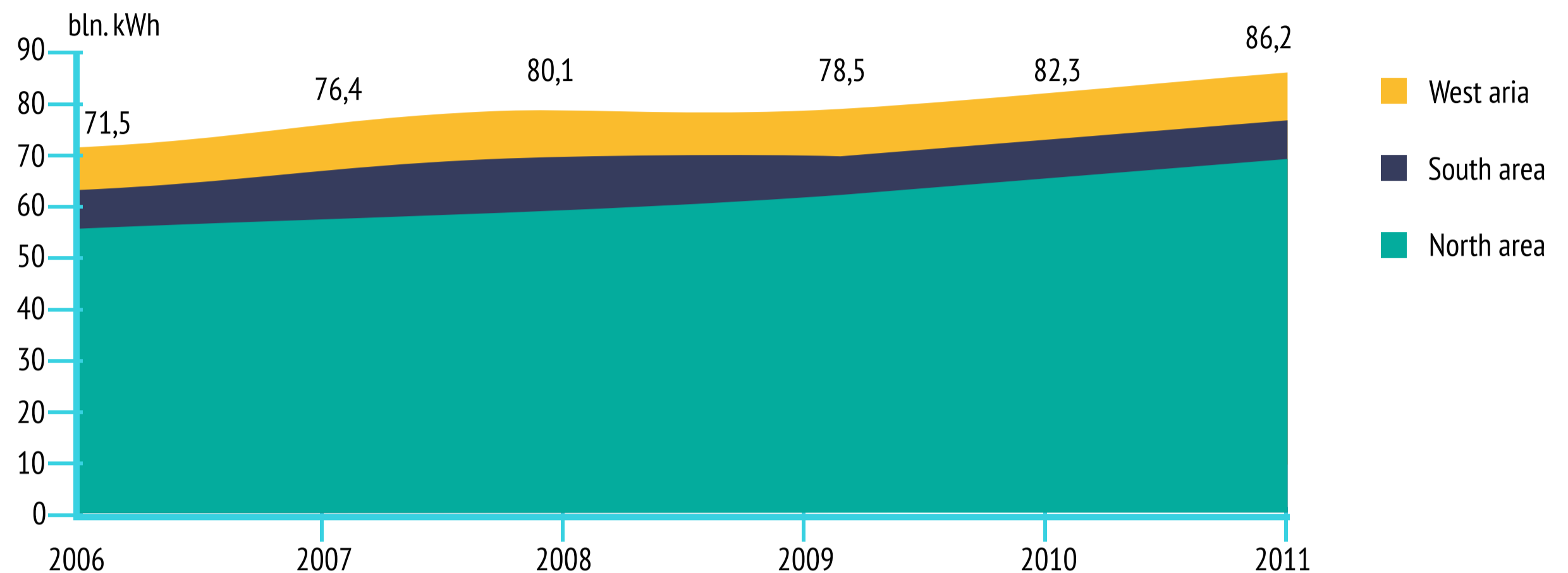
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BASIC QUESTIONNAIRE ON INDICATORS

In 2012 electric power consumption in Kazakhstan has increased by **3.8%** compared to 2011, up to **91,444 mln. kW·h.**

Electric power generation in RK



Electric power consumption in 2012 has amounted to a total of 91.44bln kW-hincluding by areas:

- **Northern area** **62.6 bln. kWh** or **68,5%**
- **Western area** – **9.9 bln. kWh** or **10,8%**
- **Southern area** – **19.0 bln. kWh** or **20,7%**

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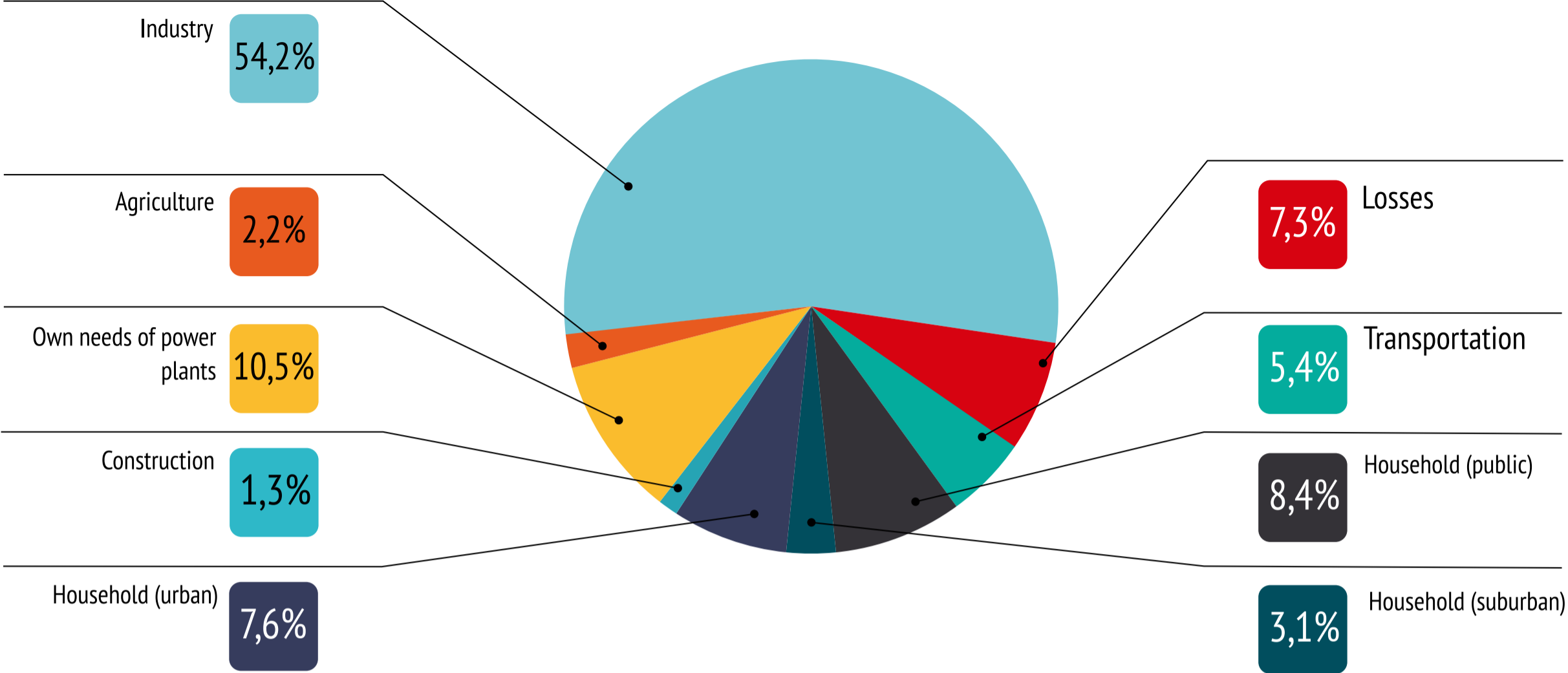
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BASIC QUESTIONNAIRE ON INDICATORS

Electric power consumption by industries:



Industrial enterprises are the main power consumers.

The main consumers of electricity and heat concentrated are located in the north of Kazakhstan.

As of 2013 in Kazakhstan there was a shortage of electric power of about 2,000 MW (including 1,000 MW – maneuvering capacity).

1.5 Tariff Policy

Electric power transmission and distribution services in Kazakhstan belong to the sphere of natural monopolies and regulated by the Natural Monopolies Regulation Agency (NMRA). **Under the current legislation, tariffs of the grid companies should provide compensation of costs necessary for provision of regulated services, as well as the implementation of the investment program.**

For the purpose of tariff regulation for JSC “KEGOC” and small distribution companies the so-called regulatory method is used, under which the tariff is approved at a level sufficient to compensate the operating and capital costs of the grid organization. In a general manner upwards tariff revision is performed no more than once a year. Regulatory method has several drawbacks:

1. Lack of incentives for cost optimization because the cost reduction leads to a reduction of the tariff in the next regulatory period.

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BASIC QUESTIONNAIRE ON INDICATORS

2. Annual approval of capital investments of the grid organization creates additional risks in implementing long-term investment projects.
3. The complexity of the annual tariff revision process for the grid organization and NMRA.

Since January 1, 2013 the REC tariffs are regulated under the comparative analysis method, according to which the tariffs are approved for three years with the possibility of annual adjustment. One of the main reasons of this method is to increase the REC's efficiency, but its use has revealed a number of problems:

1. Opacity of the tariff calculation method (in particular, the values of the X-factor) and, as a consequence, reduction in the sector's investment attractiveness.
2. Limitation in the applicability of this technique due to REC's incompatibility.

It should also be noted that in practice, while approving tariffs of the grid organizations, reflection of the fair value cost in the tariff often occurs not in full due to restrictions on the tariffs growth rate for end-users and the fact that the tariffs of grid organizations are approved on leftovers after the approval of tariffs for electric power generating organizations.

In general, the regulatory tariff setting framework is as follows:

Applicable procedure for approval of conventional (operational) tariffs:

Tariffs for transportation of electric power and all tariffs for heat, water and gas supply are approved by the Natural Monopolies Regulation Agency (NMRA) in the form of a tariff budget. «Rules for the special procedure of cost efficiency with approval of tariffs for the regulated services of natural monopoly entities» serve as a basic document.

The special procedure includes following provisions:

- 1) regulation of costs included in the tariff (price, charge rate);
- 2) limitation of expenditure items of the natural monopoly entity within technical and technological standards for consumption of raw materials, fuel, energy, as well as standard technical losses;
- 3) establishing a list of expenses that are not accounted for in the tariff formation;
- 4) limitation of profit included in the tariff (price, charge rate);
- 5) coordination of applied methods of fixed asset depreciation;
- 6) coordination of the fixed asset revaluation and the use of depreciation funds provided by the tariff estimates of the natural monopoly entity.

Depending on the significance, the tariffs are approved (agreed) by the central bodies of the NMRA or local Departments.

Application for tariff increase can be submitted no more than once a year.

The tariff is defined as the quotient of all costs included in the tariff budget cost estimate for net electricity supply.

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BASIC QUESTIONNAIRE ON INDICATORS

Tariff estimate is prepared and approved for a future period i.e. a year or several years (three years for «medium» and seven years for «maximum» tariffs) in advance. Accordingly, the cost items, generation amounts and production losses included in tariff estimates are tentative.

Prior to approval of tariff estimate, the Authorized Body shall conduct a public hearing.

Applicable procedure for approval of maximum, estimated and individual tariffs for power plants:

According to the “Electricity Act”:

- Maximum tariffs shall be approved by the Government as advised by the Authorized Body on groups of energy generating organizations for at least seven years, broken down by year, and shall be adjusted annually considering the need for provision of investment attractiveness of the industry;
- Maximum tariff shall be determined based on the maximum actual price prevailing in the respective group of energy generating organizations for the previous year, considering the increase in the cost of maintaining operable and a technically sound state for existing assets, their extension, renewal, reconstruction and technical upgrading, creation of new assets, the projected growth of the prices for energy fuels, including inflation processes;
- The energy generating organization shall independently set the selling price for electricity, which shall not exceed the limiting tariff of its corresponding group;
- Should the Organization’s investment obligations cannot be implemented using the funds received under maximum tariffs, it shall apply the estimated or individual tariff for implementation of the Investment Program, provided that the Investment Agreement will be approved by the Authorized Body and the Government Authority;
- In order to apply the estimated tariff, the Terms of Reference will be approved by the Authorized Body under the application of the Organization and the Investment Program Feasibility Study approved by the Organization itself;
- In order to apply the individual tariff, it will, in addition be required to calculate the costs of fuel, raw materials, wages, repairs, taxes and environmental charges, depreciation and other costs related directly to generation, as well as to calculate the profit and compensation expense on financing.

In fact, the maximum tariffs for electricity generation are approved by the Government for the period between the years 2009 and 2015, with an annual total growth rate exceeding the planned inflation.

Applicable procedure for the approval of investment tariffs for NATURAL MONOPOLY ENTITIES:

Investment tariff or its limit level is approved by the Authorized Body within one investment project for regulated services, rendered on the newly created objects and acting until complete payback of nested investments.

National and local investment programs shall be submitted for consideration and approval to the Authorized Body together with the application for the medium term tariff approval.

Investment programs shall be appended with following:

- 1) conclusions of technical and financial expertise;

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BASIC QUESTIONNAIRE ON INDICATORS

- 2) Applicant's evaluation of the investment program impact to the development of the demand for regulated services provided by the Applicant;
- 3) information on the implementation costs of the investment program, confirmed by market research on the cost of fixed assets and other property required for the project implementation;
- 4) Applicant's assessment of the economic efficiency of investments, including calculations of reducing the costs of provision of regulated services, reducing regulatory and excessive losses, improving service quality and increasing system's reliability;
- 5) possible terms of financing and repayment of the same, including such through the issuance of securities and raising loans;
- 6) results of the revaluation of fixed assets by groups;
- 7) if the funds are allocated from the budget for implementation of investment program or loans are involved (investments) under the Governmental guarantee, then the documents shall be submitted confirming the amount and terms of financing.

Authorized Body conducts the economic and financial evaluation of the investment programs' effectiveness.

The reasons for refusal to accept the investment programs for consideration by the Authorized Body are as follows:

- 1) Applicant's violation of the deadlines for the investment program submission;
- 2) Applicant's failure to provide abovementioned documents.

The Authorized Body shall, within 7 working days verify the completeness of submitted materials and notify in written the Applicant on the investment program's acceptance for consideration or on its refusal, clarifying the reasons for this refusal.

Applicable procedure for approval of maximum, differential and compensating tariffs for the CEM:

- The maximum tariff level is the maximum value of tariff for regulated service of the CEM approved for the medium or long term.
- Tariffs or their limits approved by the authorized body shall not be less than the cost of the expenditure required to provide regulated services, and shall consider the possibility of making a profit, ensuring the natural monopoly entities' effective functioning;
- Differentiated tariff is a tariff for regulated services approved by the Authorized Body differentiated by consumer groups and (or) the amounts of consumption;
- Temporary compensating tariff is a tariff set by the Authorized Body to compensate for damages caused to consumers;
- Tariff using the comparative analysis method is a tariff approved in accordance with the method of tariff calculation using the comparative analysis method, approved by the Authorized Body in coordination with the state authority controlling the area of electric energy industry for each regional electric grid company for three years, broken down by year and adjusted annually considering its operational effectiveness.

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BASIC QUESTIONNAIRE ON INDICATORS

Basically until 2009, the tariff policy has only been carried out taking into account the contribution of regulated services in inflation. Accordingly, the existing tariffs level was insufficient for reliable operation and development of the regional distribution companies. The investment level in regional electric grids remained unacceptably low. This led to high risks for the large-scale investments with long payback periods.

Tariff policy had an invalid and unconfirmed nature and a transparent and open approach was not provided while considering the applications for tariff increases.

- In order to solve the investment problems in 2009 a **system of maximum tariffs** set by the Government was introduced for power plants for a period of at least 7 years;
- Tariffs consider investments necessary for the reconstruction and modernization;
- Investment commitments adopted «in exchange» for the maximum tariffs are subject to control by the Authorized body.

№	Group	Maximum tariffs by years	
		2011	2015
1	EGRES-1, 2, ECE	5,6	8,8
2	ZhGRES	6,9	8,7
3	KarTPP-1-3, Pavl TPP-1,3, UKTPP, Astana-Energy TPP 1,2	5,4	7,5
4	KarGRES-2, Pav. TPP-2, Balkhash, Zhezkaz. TPP	4,1	6,0
5	Petropavl. TPP, Ridder. TPP, Rudnens. TPP	4,8	8,05
6	Sogr. TPP, KarGRES-1, Stepn. TPP	7,7	8,3
7	Shymk. TPP-3, Atyrau, Aktobe, Zhamb. TPP-4, Kzyord. TPP	5,9	7,3
8	Kentau TPP, Tekel. TPP, Shakht TPP, Ekib. TPP)	5,4	7,5
9	Arkalyk TPP, Kostanay TPP, Uralskaya TPP)	5,88	7,6
10	«ALES»	7,1	8,6
11	«MAEK»	7,23	7,83
12	GTPP (Akturbo, Zhanazholskaya)	6,4	8,8
13	HPP (Bukhtarma, Ust-Kamenogorsk., Shulbinskaya, Shardarinskaya)	3,3	4,5

However, in the same token, the maximum tariff mechanism introduced:

- does not provide motivation for providing new electricity generation;
- prevents formation of a single wholesale electricity market and reduces the transparency of market transactions;

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BASIC QUESTIONNAIRE ON INDICATORS

- does not provide proper efficiency control over accumulated funds for the development of generation during the investment program’s approval and implementation stage.

1.6 Sale of Electricity

Today in the Republic of Kazakhstan 179 power supply organizations (ESO’s) are registered, 40 of which are subject to regulation under the law «On natural monopolies and regulated markets.»

In the energy supply sector the following problem can be highlighted, solution to which will enable development of a marketing segment: system inefficiency for tariff formation and administration.

Currently, tariffs for power plants and power grid organizations are approved at different times during the year, which leads to a need to harmonize the ESO tariff with NMRA several times a year.

In addition, the mechanism for determining the sales mark-up value is not transparent. Thus, the value of sales mark-up for various ESO’s presents a wide range, which is explained by the distribution of overhead costs for different electricity sales costs.

Inconsistency between differentiated ESO tariffs and wholesale electricity market is also one of the sector problems. ESO’s purchase electricity from power plants under uniform tariffs throughout the day and sell it according to the tariff differentiation (based on the time of day), which leads to losses incurred by the ESO.

Also the rejection of cross-subsidization is required in the generation of thermal and electric power on the TPP’s.

The practice of cross-subsidization reduces the investment attractiveness of the TPP construction projects due to overvaluation of electric energy generated by the TPP, thereby electric energy becomes uncompetitive on the wholesale market. In this case, co-generation of thermal and electric energy is by far the most energy efficient technology.

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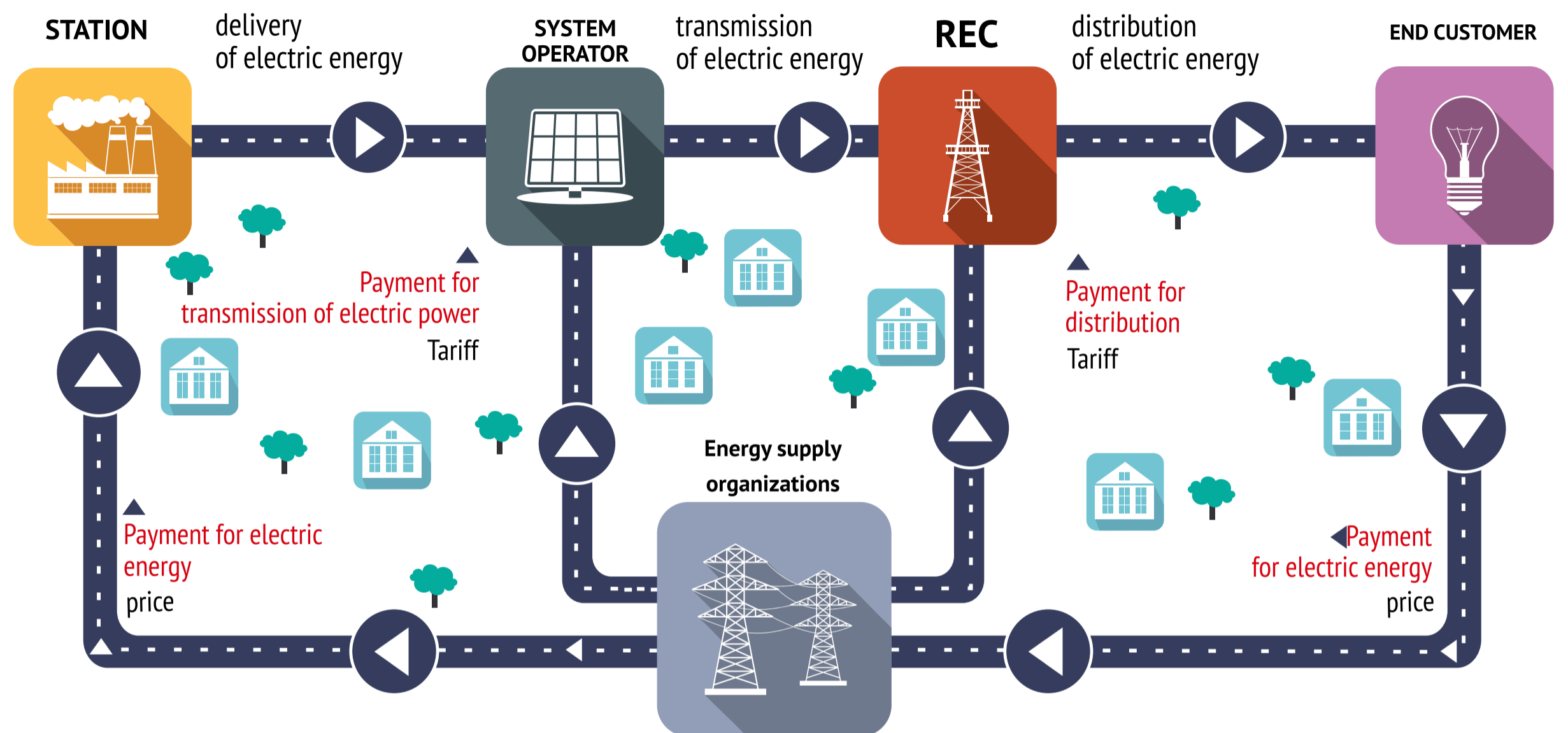
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BASIC QUESTIONNAIRE ON INDICATORS

1.7 Electricity Market

Simplified electric energy market model (existing)



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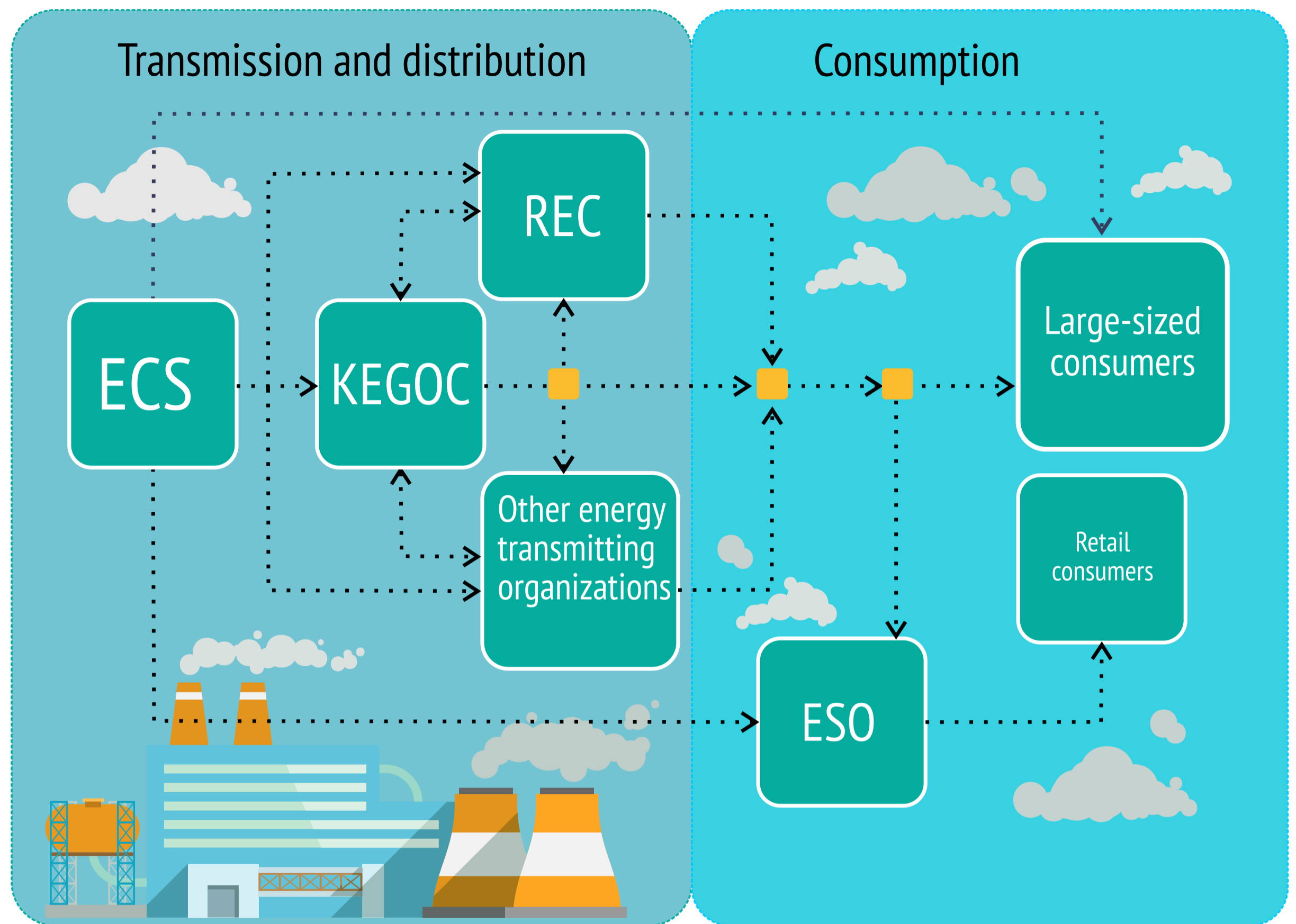
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BASIC QUESTIONNAIRE ON INDICATORS



Electricity market of the Republic of Kazakhstan consists of two levels: the wholesale and retail electricity markets.

Subjects of the wholesale electricity market are:

- energy generating organizations that supply electricity to the wholesale market in the amount of at least 1 MW average daily (base) capacity;
- electricity consumers purchasing electricity on the wholesale market in the amount of at least 1 MW average daily (base) capacity;
- Kazakhstan Electricity Grid Operating Company JSC «KEGOC», also serving as the System Operator;
- regional electricity companies (REC's);
- energy supplying organizations without their own grids and purchasing electricity on the wholesale market in order to resell it in the amount of at least 1 MW of average daily (base) capacity;

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BASIC QUESTIONNAIRE ON INDICATORS

- centralized electricity trading operator (JSC «KOREM»).

Wholesale electricity market of the Republic of Kazakhstan consists of following submarkets:

- bilateral trading market with contracts directly between wholesale electricity buyers and sellers;
- centralized trading market – exchange trading conducting auctions in order to enter new contracts: spot (for each hour of the upcoming day) and forward (for the year, month and week in advance);
- balancing market for sales and purchase of variations between contractual electricity delivery and consumption rates, operating in real time mode. Today, the balancing market operates in simulation mode;
- system and auxiliary services market, where services, which are required to ensure the operational reliability of the UES of Republic of Kazakhstan and compliance with electric power quality standards are sold,.

In 2009, after the introduction of maximum tariffs for electricity generation services, the bulk electricity on the wholesale market is supplied on the basis of medium- or long-term bilateral contracts entered between the electricity wholesalers and wholesale buyers. The remaining submarkets of the electricity wholesale market model practically do not operate.

The balancing electricity market operates since 2008 in a simulation mode for the following reasons:

- Lack of reserve capacities;
- NMRA's fears concerning the uncontrolled growth of tariffs;
- Lack of automatic system for commercial measurement of power consumption for most of the wholesale market subjects;
- The presence of «market sharing» between power generations;
- Lack of cold reserve power input mechanisms.

The retail market subjects are regional power plants, regional energy companies, energy supplying organizations and consumers, do not have a right to buy electricity on the wholesale market.

The following problems in the electricity market model constrain the development of electric power industry of the Republic of Kazakhstan:

- 1) Electricity exchange market, which aims to provide the market participants with price signals, is illiquid and does not fulfill its function.
- 2) Balancing market, stimulating the participants to plan their consumption qualitatively and encouraging producers to execute commands of the System Operator, does not work.
- 3) Lack of hourly automatic system for commercial measurement of power consumption does not allow correct distribution of intra-day volume of consumption between wholesale market participants and, consequently, the intra-day price fluctuations.
- 4) The current mechanism of maximum tariffs does not provide sufficient incentives for the construction of new generating facilities.
- 5) Lack of mechanism to guarantee investments in power generation.

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BASIC QUESTIONNAIRE ON INDICATORS

- 6) Tariff regulation does not create incentives to increase the efficiency of electricity generators.
- 7) Lack of a clear vision of wholesale electricity market model after 2015.
- 8) Legislative ban on the payment of dividends restricts the possibility to obtain the necessary income.

In general, the electricity market in Kazakhstan is «mixed»: elements of state regulation are imposed on the market mechanisms introduced into the energy industry.

Ways to further improve and develop shall be identified.

Market model is a competitive market with free pricing.

Model of state regulation – state is responsible for profitability of private companies and technical condition of facilities.

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BASIC QUESTIONNAIRE ON INDICATORS

Section 2.

DEVELOPMENT OBJECTIVES

2.1 General Development Parameters, Goals and Objectives

Upon the request of «Samruk- Energo» and the Terms of Reference agreed by MINT,the Russian consulting company “Strategy Partners Group” has elaborated a draft «Concept of electricity development in the Republic of Kazakhstan until 2030». Information described herein and the following two sections are mainly based on this document.

A key purpose is to ensure a balanced and sustainable development of the electric power industry of Kazakhstan, considering strategic interests of the state, which shall take into account the need to ensure continued economic growth, improved quality of life and strengthen the energy security of the country.

Balanced and sustainable development of the electric power industry is complicated by the formation of weak incentives for the industry participants to increase efficiency. Best organic way to improve efficiency is the use of best management practices and modern technologies considering economic and cultural realities of the Republic of Kazakhstan. This will require the involvement of world’s leading energy companies and financial institutions as investors, as well as creating and maintaining incentives for competition in the electric power industry.

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BASIC QUESTIONNAIRE ON INDICATORS

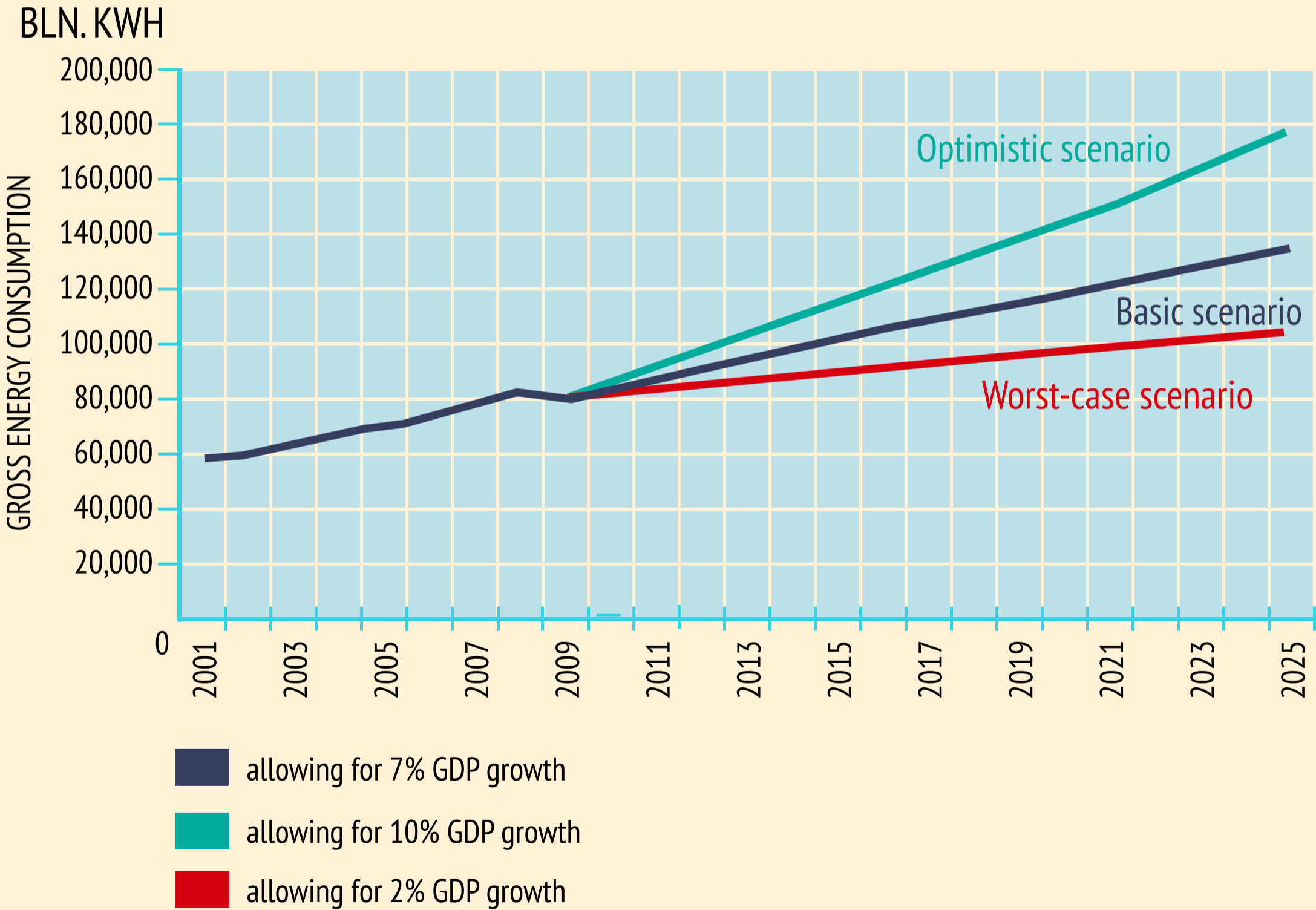
THE NEED FOR REHABILITATION AND CONSTRUCTION

Due to the high projected energy consumption growth rates on the one hand, and the high degree of wear of existing generating assets on the other hand, sustainable economic development for the period until 2025 requires:

- Annual construction of new capacities up to 600 MW, or 9,000 MW over 15 years;
- Replacement of the most of CHP plants as they are time-expired > 50 years, and annual rehabilitation of other capacities on an average of 500 MW.

In order to meet the electric power requirements of the national economy with 7% annual growth, including all the projects implemented under the State Program of Accelerated Industrial and Innovative Development of the Republic of Kazakhstan for the period of 2010 to 2014, in the years to come, it is necessary to produce large-scale rehabilitation (redeveloping and capital improvement) of existing and construction of new generating capacities

Energy forecast until 2025



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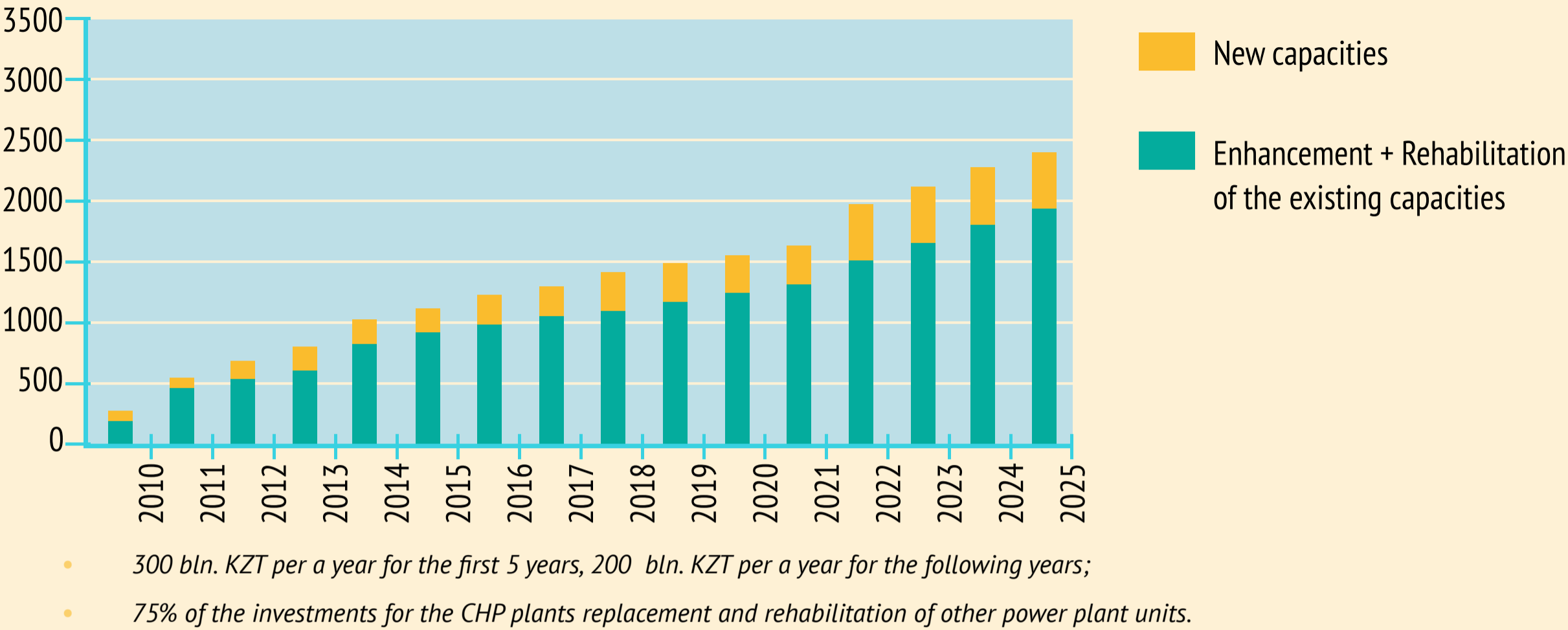
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BASIC QUESTIONNAIRE ON INDICATORS

Amount of investments necessary in generation from 2010 – 2025



OBJECTIVES AND CHALLENGES OF ATTRACTING INVESTMENTS:

Every year it is necessary to attract significant investments (200 – 300 bln. KZT per a year), what will inevitably result in substantial rise in electricity price and tariff.

In this circumstances the following problems could be solved:

- creation of favourable investment environment in the electric power industry;
- attracting to the industry of an investment volume adequate for the demand in the electric power industry development;
- prevention of unreasonable rise in price and tariff for electricity – rise in price should be optimal and regulated by the government;
- social protection of the disadvantaged population against jump in costs for electricity, which is an essential commodity;
- involving of renewable energy sources taking into account the greenhouse gas emissions reduction commitments
- (new version of the law of the RK “On the Government support of renewable energy sources”).

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BASIC QUESTIONNAIRE ON INDICATORS

General parameters for the development of electric power industry of Kazakhstan shall consider following:

1. Continuing trend of growth in electricity consumption.
2. Moderate growth of tariff (prices) for electricity.
3. Increasing in the share of electricity generation from alternative and renewable energy sources of up to 30% by 2030 and up to 50 % by 2050, as part of Kazakhstan’s transition to a «green economy».
4. Reaching the targets to reduce energy intensity of Kazakhstan’s GDP for at least 10% by 2015 compared with 2008 and at least 25% by 2020 under the Strategic Development Plan of the Republic of Kazakhstan by 2020.
5. Saving the significant share of electricity generation from coal-fired power plants in the aggregate electricity generation.
6. Reducing the negative impact from the electric power industry on the environment.
7. Introducing advanced technologies to electric power industry.

As a part of implementation of the Concept, four main targets should be reached:

1. Significant decrease in the average deterioration of electric energy equipment in Kazakhstan by 2030.
2. Attracting investments to the electric power industry in the amount of 10.5 trillion tenge by 2030.
3. Providing a moderate growth in electricity tariffs for end-users until 2030.
4. Ensuring the independence and self-sufficiency of the UES of Kazakhstan by 2030.

In order to implement these objectives, following issues shall be resolved:

1. Implementation of a wholesale electricity market model and capacities creating incentives to improve the efficiency of the generating equipment, providing an opportunity to obtain the desired return on investment and contributing to the qualitative and reliable energy supply (considering the requirements of environmental improvement).
2. Introduction of a tariff setting method into the segments of transmission and distribution of electricity with the approval of long term tariff creating incentives for owners of power grid companies to improve the efficiency that ensures obtaining the desired return on investment.
3. Implementation of long-term tariff setting system in the thermal energy production and transmission segment.
4. Implementation of the sales allowance setting based on benchmarking in the electricity supply segment.
5. Increasing the requirements for ESO data disclosure and the publication of this information on a single information portal accessible to all users.
6. Amendments to suboptimal governmental industry control procedures.
7. Optimizing the structure of organizations in the segments of electricity distribution and supply by creating incentives for consolidating the players.
8. Creating a new system of economic and legal relations between subjects of thermal energy production and transmission segment, contributing to the segment development.

Achieving these goals and abovementioned objectives shall contribute to the implementation itsof the electric power industry’s mission to ensure energy safety and reliability of power supply.

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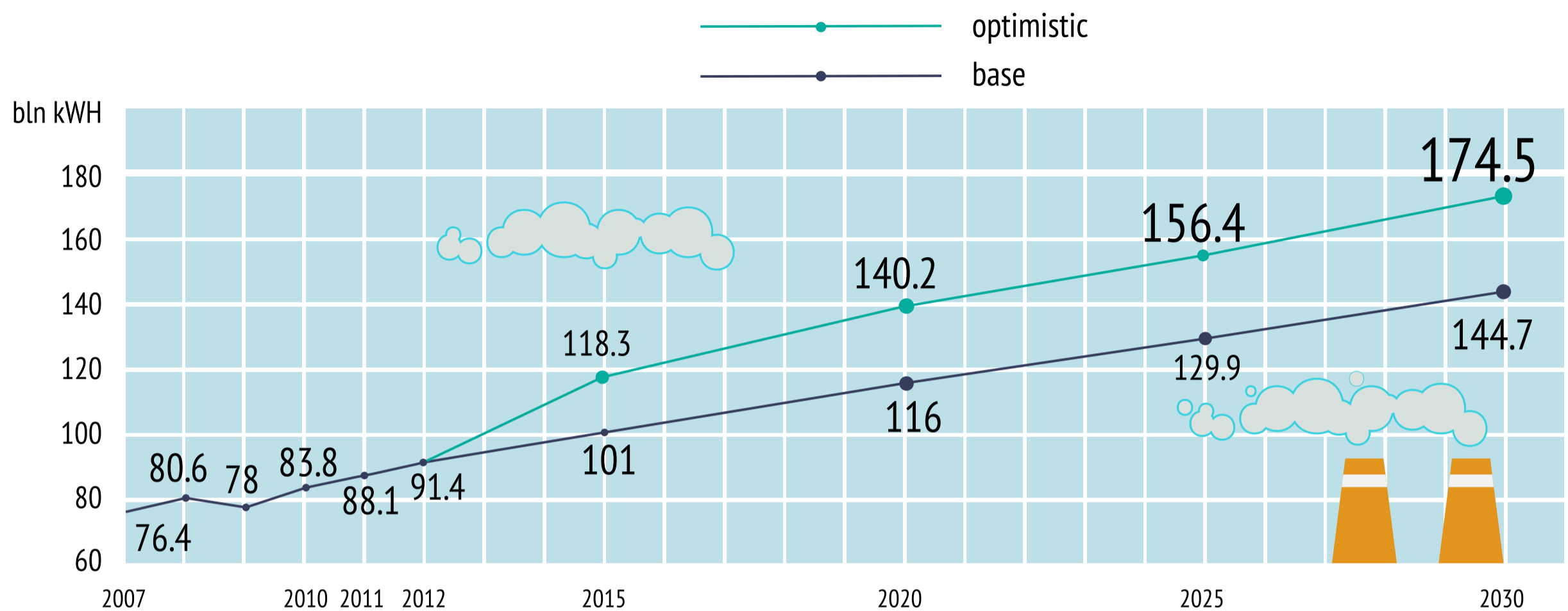
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BASIC QUESTIONNAIRE ON INDICATORS

2.2 The balance between demand and supply with the growing energy consumption.

Electricity consumption forecast



Forecasts of electricity consumption in Kazakhstan suppose maintaining the growth in electricity consumption due to the dynamic development of the economy. Thus, even considering the target indicators for reducing energy intensity of GDP in Kazakhstan embedded in the Strategic Development Plan of Kazakhstan until 2020, the electricity consumption by 2030 will be between 136 bln. kWh and 175 bln. kWh, depending on the forecast scenario.

Construction of new generating capacities partially solves the problem of growing electricity demand. Within the framework of the State Program for Forced Industrial and Innovative Development, a number of important projects have been completed concerning the construction and rehabilitation of power plants with an aggregate capacity of 1,341 MW:

- Construction of Uralsk GTPP with a capacity of **54 MW**;
- Extension of Atyrau TPP by **75 MW**;
- Construction of GTPP on the Akshabulak field with a capacity of **87 MW**;
- Construction of Moynaksk HPP with a capacity of **300 MW**;

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BASIC QUESTIONNAIRE ON INDICATORS

- Reconstruction of generating unit No. 2 on the Aksus GRES with a capacity of **325 MW**;
 - Reconstruction of generating unit No. 8 on the Ekibastuz GRES-1 with a capacity of **500 MW**.
- Also, within the framework of the State Program for Forced Industrial and Innovative Development, it is planned to introduce an additional 1,845 MW generating capacity by:
- Construction of Balkhash CHP with installed an capacity of **1,320 MW**;
 - Construction of generating unit No.3 on the Ekibastuz GRES-2 with a capacity of **525 MW**.

In order to increase the available capacity of the existing HPP counter-regulators shall be constructed in Kazakhstan. Considering the risk of lowering the water level in the trans-boundary Rivers between Kazakhstan and China, HPP's should be considered as possible reservoirs too (to address the issue of water supply).

Strengthening the links between Northern, Southern and Western energy areas is required.

To ensure the security of the national electric energy we need to strengthen the links between electricity generation and consumption. In particular, the existing throughput capacity of two 500 kV «North-South» transmission lines is not enough to cover peak loads in the Southern energy area due to the transfer of electricity from the Northern area. It is necessary to increase the throughput capacity between Northern and Southern energy areas, as well as to build a transmission line connecting the Western area of the unified national grid of the Republic of Kazakshtan.

It is extremely important to reduce the wear degree of generating equipment and increase the electric power reserve.

Current level of power plant deterioration is about 70%. At the beginning of 2013, the average age of equipment for thermal power plants was 28.8 years, hydroelectric power stations – 35.7 years. At the same time, 57% of the power plant capacity has worked for over 30 years.

Planned modernization of existing and construction of new power plants will improve the situation with the wear and non-optimal generating equipment load, resulting in their premature wear.

2.3 Development of Renewable Energy Sources and Their Integration into the National Grid

Plans for the construction of generating capacities using alternative and renewable energy sources have an impact on the development of thermal power plants' capacities. Active development of renewable energy sources in the Republic of Kazakhstan has a number of prerequisites.

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BASIC QUESTIONNAIRE ON INDICATORS

First is the need to improve the environmental situation and reduce the emissions of pollutants. Thus, the Republic of Kazakhstan is among the top three countries in terms of greenhouse gas emissions per unit of GDP. Following are included in the share of electric power facilities:

- **43-45 %** of the total emissions of air pollutants from stationary sources, a third of which are ash emissions. Emissions from TPP prevail;
- Up to **70 % (68-73 %)** of the total greenhouse gas emissions;
- **10 %** of the annual volume of waste generation;

300 million tons of accumulated ash wastes (ASW), warehousing of which employs about 8.5 thousand hectares. Industrial scale ASW processing is virtually absent.

Compared with foreign countries, the efficiency of power plants is quite low. As an example we can cite the efficiency of coal condensing power plants in Kazakhstan is 32% on average, while in some foreign countries this value reaches 42%.

Secondly, the adopted Concept of Kazakhstan's transition to a «green economy» assumes 30% of electricity generation by renewable and alternative energy sources by 2030 and 50% by 2050.

Natural conditions in the Republic of Kazakhstan provide opportunities for the development of energy generation using wind, solar, water and nuclear power. Hydropotential of medium and large rivers of Kazakhstan is 55 bln. kWh, small rivers – 7.6 bln. kWh per year.

Estimated solar energy potential is about 2.5 bln. kWh per year while estimated amount of sunny hours per year is 2,200 – 3,000 out of 8,760. Wind capacity reaches 1,820 bln. kWh per year. Thermal potential of geothermal waters is 4.3 GW, but their use is more appropriate for heating purposes only.

Thus, the total potential of renewable energy for electric power generation is 1,885 bln. kWh, while thermal capacity is 4.3 GW. Wind based energy generation has the greatest potential.

Also the Republic of Kazakhstan has a significant potential for nuclear energy generation development. This is facilitated by the fact that Kazakhstan is the world's leader in uranium production, which is about 20 thousand tons per year. At the moment, there are also plans present to develop the production of nuclear fuel in Kazakhstan.

Construction of nuclear power plants in the Republic of Kazakhstan was planned long time ago, but the first active steps in this direction were taken in 2012. Construction of nuclear power plants with total capacity of 900 MW is included in the industry development plans by 2030. However, at the moment the Republic of Kazakhstan do not have the necessary technologies for construction, which will require the involvement of a foreign partner.

As a result, the installed capacity of electricity generation plants using alternative and renewable energy sources will increase from 2.7 GW in 2012 up to 8 GW by 2030. In this case, the share of electricity generation from alternative and renewable energy sources will increase from 9% in 2012 up to 17% in 2030.

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BASIC QUESTIONNAIRE ON INDICATORS

At the moment, measures are taken to promote power generation by RES, including the formation of the legislative framework and adoption of an action plan for this segment's development. Thus, in 2013, the Law «On amendments and additions to some legislative acts of Kazakhstan in respect of supporting the renewable energy sources usage» and «Action Plan for the development of alternative and renewable energy in the Republic of Kazakhstan for 2013-2020» have been adopted. These documents will accelerate the development of renewable energy segment by creating clear institutional and legal baselines of its function using best global practices.

2.4 The Need to Attract the Large-Scale Investment for the Industry

In order to achieve the key objectives of electric power industry, i.e. to provide reliable and qualitative power supply in accordance with international standards in a growing demand situation, plus the degree of high wear of equipment and limited reserve capacities, significant amounts of capital investment is required, to exceed 10.1 trillion KZT by 2030 (in 2011 prices).

In particular, the construction and rehabilitation of power plants will require investments of 5.2 trillion KZT by 2030, including:

- coal-fired generation – **3.4 trillion KZT**;
- generation of electricity using alternative and renewable energy sources (excluding hydroelectric plants) **1.3 trillion KZT**;
- gas generation – **0.4 trillion KZT**;
- hydroelectric generation – **0.2 trillion KZT**.

Attracting such an amount of investment requires organization of an effective electric power market, as well as improving the applicable methods of pricing and tariff regulation.

Given the constraints imposed on the tariff growth rate for end-users, the necessary amount of investment cannot be fully financed from the funds existing in the tariff

Considering the above restrictions imposed on the tariff growth rate, one of ways expected to finance the capital investment is attraction of private investments. At the moment, their amount is insufficient due to the existence of four major problems in the industry:

- a) competitive pricing mechanisms and tariff setting methods to ensure a fair rate of return on capital, are insufficient;
- b) legal framework does not provide a clear understanding the functioning of future industrial mechanisms;

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BASIC QUESTIONNAIRE ON INDICATORS

- c) state administration is characterized by the moderate efficiency in stimulating the development of electric power industry, with opaque and cumbersome administrative procedures;
- d) lack of competition in the power generation market due to the high share of state ownership and the development initiatives of financial and industrial holdings having their own generating facilities.

2.5 Energy Saving and Energy Efficiency Improvement

Meeting the growing demand for electricity is possible not only from increased energy generation, but also by curbing the growth in electricity consumption. Surplus generating capacities, occurred in the early 90's, reduced the importance of energy efficiency and energy saving measures. However, increased energy consumption and rising prices caused the energy efficiency and saving measures to become relevant. Extremely low indicators characterizing energy efficiency and energy savings make many projects and programs in this area economically justifiable.

One of the alternatives to meet the growing electricity demand in Kazakhstan is curbing the growth of its consumption. Extremely low indicators characterizing energy efficiency and savings confirm the economic feasibility of projects and programs in this area.

High energy intensity of Kazakhstan's GDP is caused by a number of objective reasons:

- Sharp cold of the continental climate, due to which Kazakhstan consumes 2.5 times more thermal energy than the European average;
- Territory – Kazakhstan has the 9th largest area in the world, with a population density 19 times less than in the EU. As a result, we lose 2 times more energy through the main transmission lines than in Europe;
- Significant share of energy-intensive sectors in the economy. Thus, 25% of Kazakhstan's GDP is formed by energy-intensive industries such as oil and gas, mining and metallurgy. 54% of electricity consumption in Kazakhstan accounts for the industrial sector.

Nevertheless, the prospects of energy efficiency and energy saving in Kazakhstan are evidenced by the fact that the energy intensity of GDP is two times higher than in most developed countries, if compared with the cold climate and/or wide area parameters of the Republic of Kazakhstan.

Thus, the cold climate and large area of the Republic of Kazakhstan are not insurmountable obstacles for significant reduction of the GDP's energy intensity. Aggregate estimated potential of energy saving in Kazakhstan is 30 million tons of oil equivalent by 2030, with an energy consumption of 60 million tons of oil equivalent based on the results of 2010.

Energy supply area has the greatest potential for energy saving, which accounts for about 50 % of the total energy saving potential. Buildings account for 40%, industry – 7%, transport – 3%.

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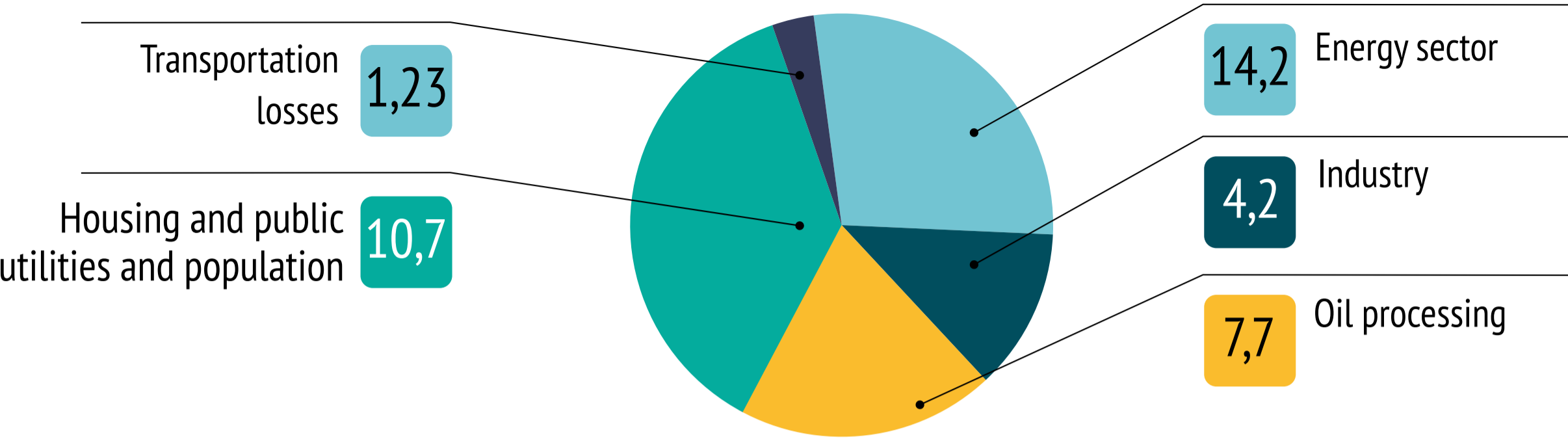
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BASIC QUESTIONNAIRE ON INDICATORS

Energy saving potential:



Capital investments for the full implementation of technical energy efficiency increase potential are about \$3.3 billion. Estimated capital investments in generation of saved thermal and electric power are above \$21 billion.

Unit of energy obtained through the construction of new facilities requires 6-8 times more capital investments than if obtained through improving the energy efficiency. In many cases, increasing of energy efficiency does not require additional expenditures.

Purchase of electric power from inefficient consumers (using this power at peak load hours for lighting or electric heating needs) costs only 20-60 USD/kW and the construction of new electric capacity in the best case will cost of 1,000 – 2,500 USD/kW.

In fact, it could potentially be much more beneficial in the medium term for Kazakhstan to provide economic growth almost without any increase in the power consumption.

In this case, the increase in energy efficiency depends on following:

- 80% – effectiveness of tariff policy, economic management and regulation.
- 20% – technical solutions

It is necessary to develop a Program for the implementation of Integrated Energy Supply Control System monitoring (IESCS-monitoring) contemplating the revision of existing standards and building codes regarding effective control over energy savings and energy efficiency, economic incentives for energy and thermal savings.

Thus, saving of 1 ton of oil equivalent through increasing the energy efficiency in the industry requires 6-9 times less investment than the fuel production build-up. Saving of 1 ton of oil equivalent in the industry saves another 1 ton of oil equivalent throughout the economy and releases the oil and gas resources for export.

Approximately 20% of the energy saving potential can be achieved at costs of up to \$20/ton of oil equivalent. Full implementation of energy-saving potential will require significant capital expenditure (up to 250 \$/ton of oil equivalent).

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BASIC QUESTIONNAIRE ON INDICATORS

PRODUCT	Specific electricity consumption for the production of iron and steel products (kWh/ton)			
	Kazakhstan	Germany	USA	Great Britain
Crude copper	1442	300	330	350
Rolled ferrous metal products	190	149	123	138
Steel	650		152	
Aluminium	670	250	240	250

PRODUCTION	FER consumption, ton of oil equivalent/ton	
	USA	Kazakhstan
Copper ore mining	0,87	1,62
Lead and zinc ore mining	0,13	0,64
Open-pit coal mining	0,007	0,014

Standartized heat energy consumption, kWh/m² a year

Sweden – 82 kWh/m²

Germany – 120 kWh/m²

France – 126 kWh/m²

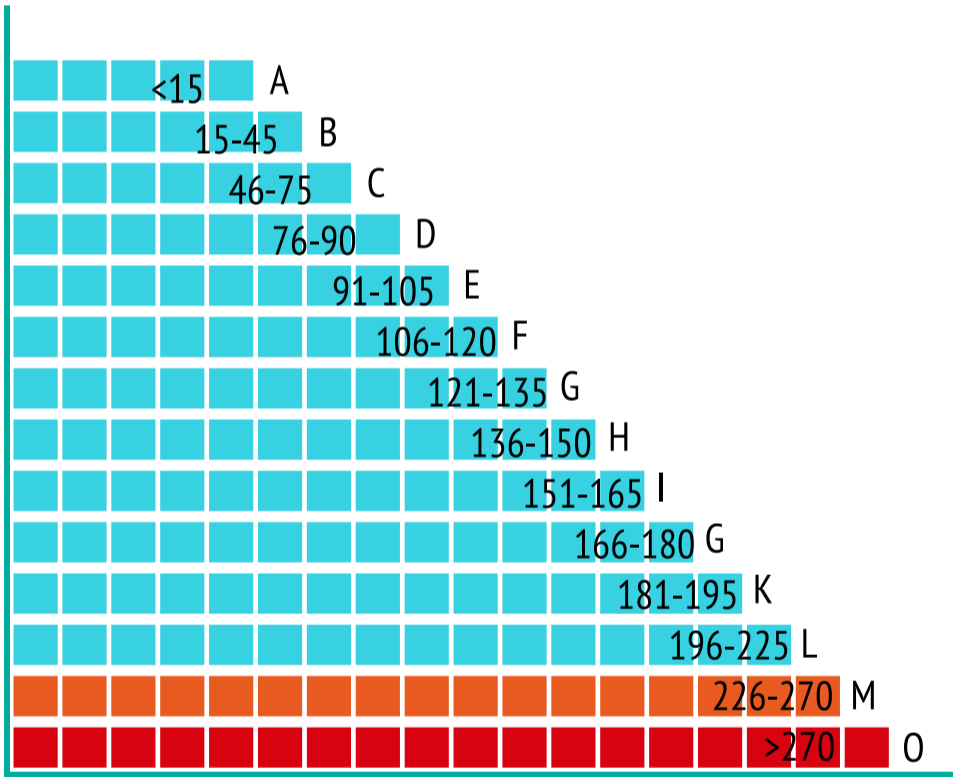
Finland – 140 kWh/m²

England – 130 kWh/m²

Russia – 210 kWh/m²

Belarus – 220 kWh/m²

Kazakhstan – 270 kWh/m²



Thus, the public policy in the area of energy savings, energy efficiency and reducing the environmental load must not only include prohibitive measures and penalties. First of all, sustainable economy development requires application of incentive mechanisms. The main condition for the effective implementation of policy in the energy sector is legislative support in the following matters:

- Formation of an adequate tariff setting system aimed at the energy efficiency improvement;
- Providing «long and cheap» funds to finance the activities related to the energy efficiency improvement (creating energy saving funds);
- Provision of organization and coordination of the subjects of energy efficiency improvement;
- Establishing the transition periods, sufficient to adapt innovations by the energy sector subjects;

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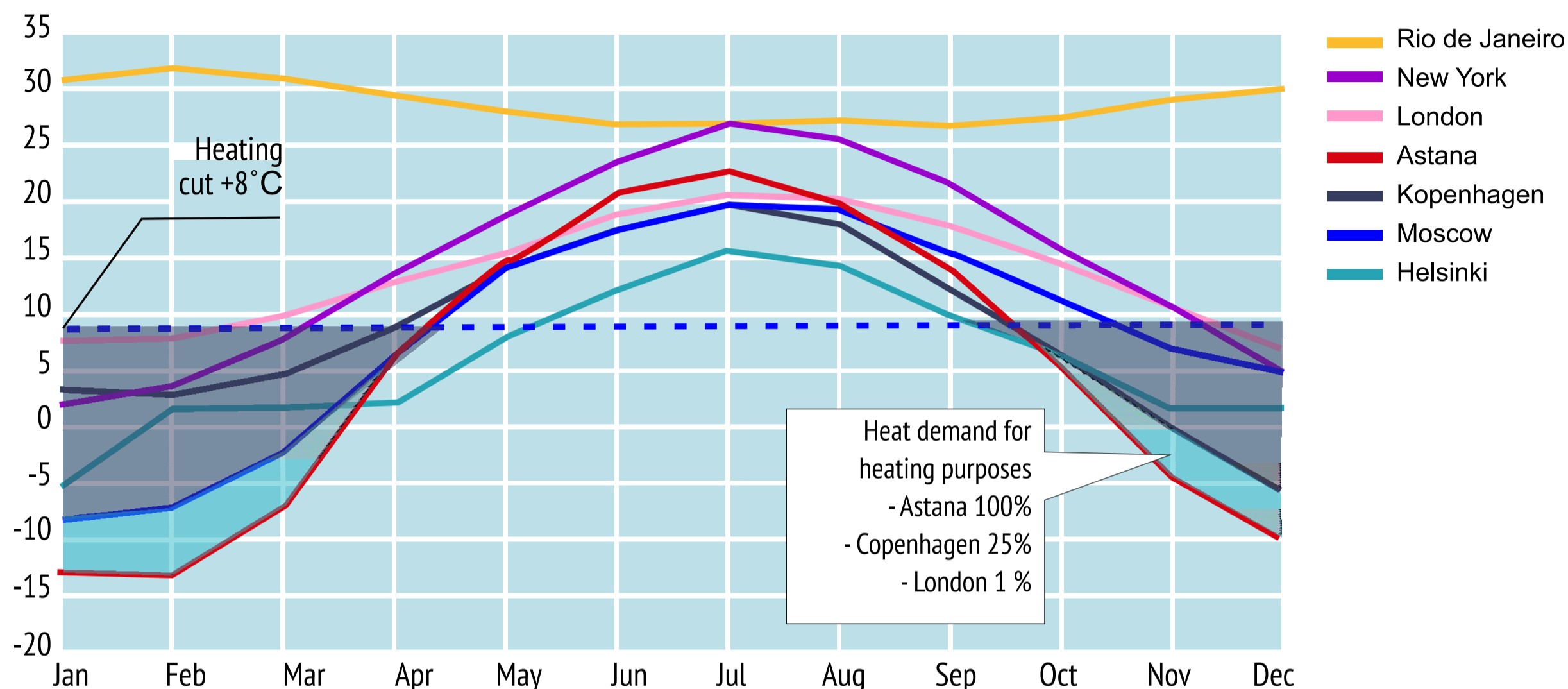
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BASIC QUESTIONNAIRE ON INDICATORS

- Development of the “Green Kazakhstan” ideology;
- Promote and enhance the level of knowledge among the population;
- Consulting.

Differences in climate – important reason of the GDP energy-intensity



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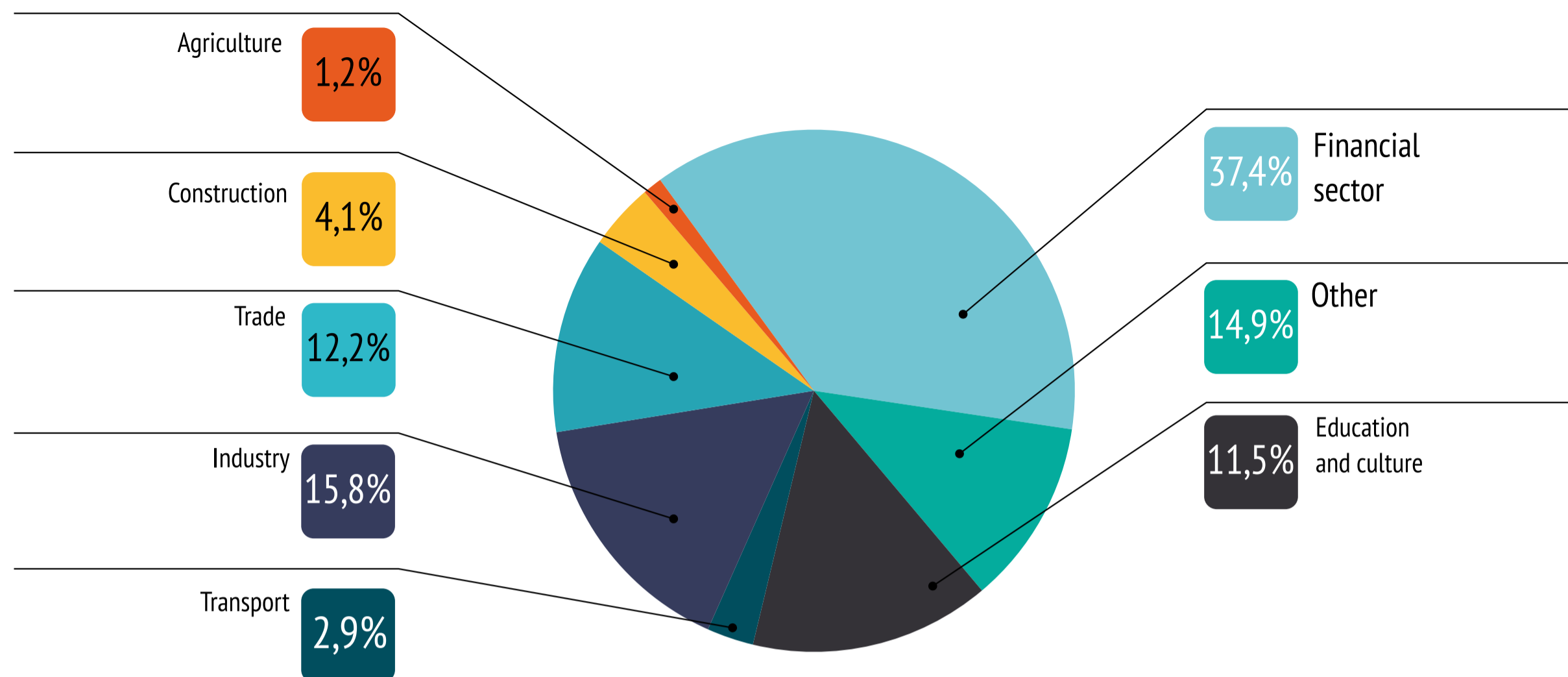
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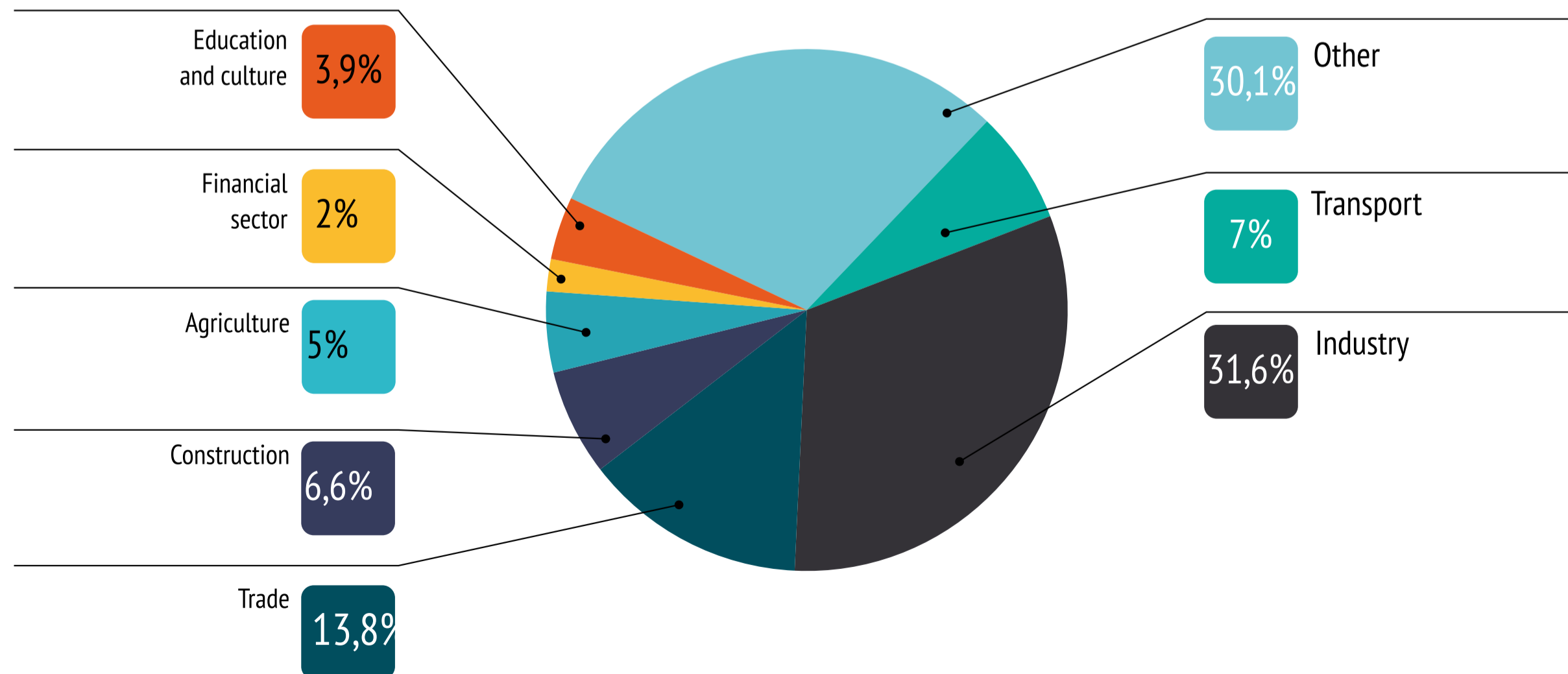
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BASIC QUESTIONNAIRE ON INDICATORS

USA GDP Structure



Kazakhstan GDP structure



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BASIC QUESTIONNAIRE ON INDICATORS

And yet, despite the considerable energy savings potential, Kazakhstan economy cannot be competitive at energy prices when compared to prices in Western countries.

In this regard, Kazakhstan needs to determine the maximum level of pricing for primary and derived energy resources, allowing the economy to remain competitive and avoid exceeding this level.

Currently, Kazakhstan began forming the State Energy Register (SER), which allows identification of main consumers of energy resources. According to the plans of MINT, the implementation of such monitoring would allow the state to control the energy consumption and ultimately lead to a significant reduction in energy consumption.

Under the project, all SER subjects shall conduct energy audits, upon the results of which, action plans shall be developed and implemented to reduce energy consumption. SER subjects are individual entrepreneurs and legal entities that consume energy resources in the range of 1,500 or more tons of oil equivalents per year, as well as government agencies and quasi-public sector entities.

In the near future the Register will be available on the website of the SER operator JSC «Kazakhenergoekspertiza» and appear as www.kazee.kz

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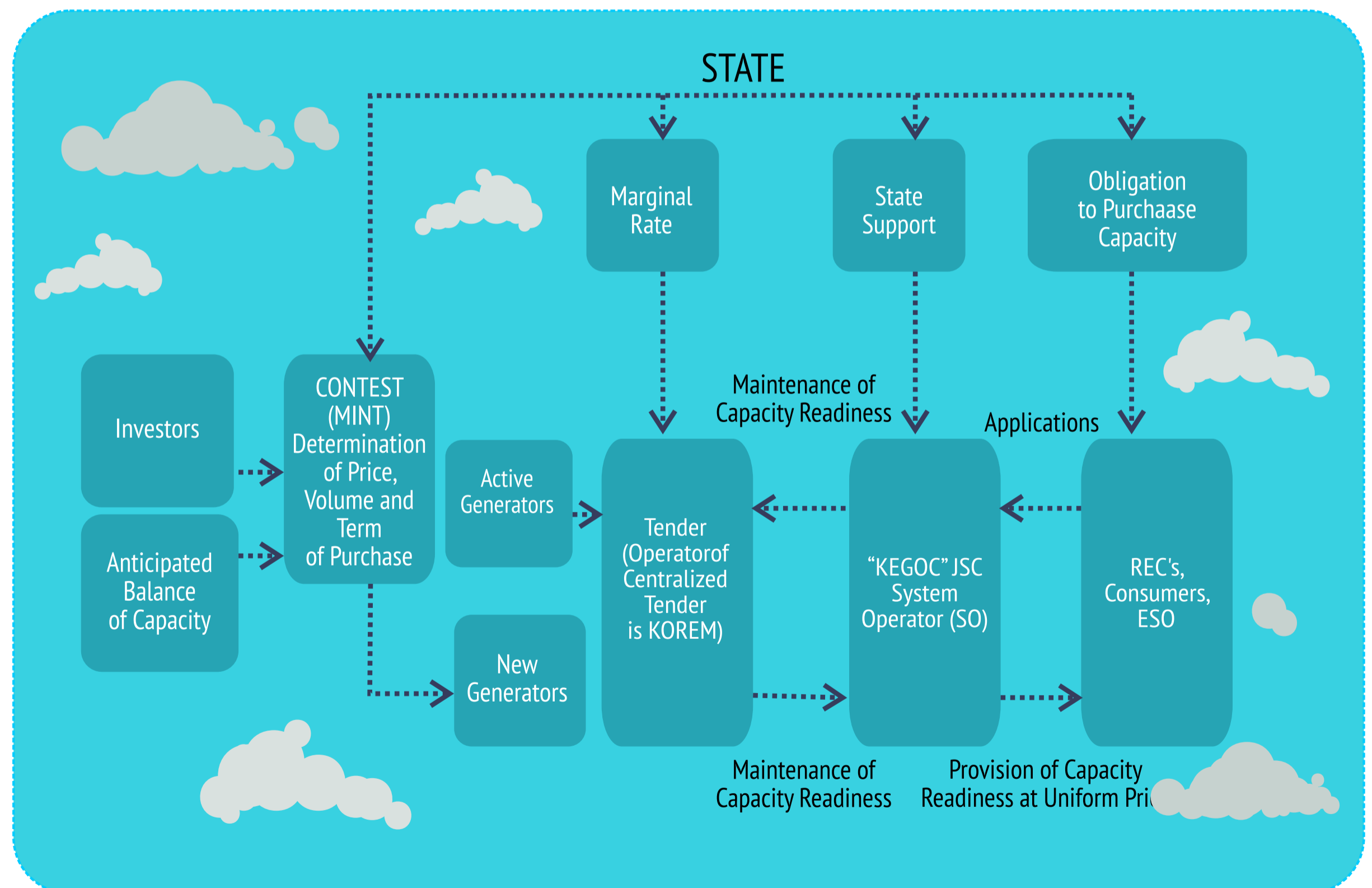
BASIC QUESTIONNAIRE ON INDICATORS

Section 3.

MAIN PRINCIPLES AND STRATEGIES FOR ELECTRIC POWER INDUSTRY DEVELOPMENT IN THE REPUBLIC OF KAZAKHSTAN

3.1 Target Model

Model of Electrical Power Market



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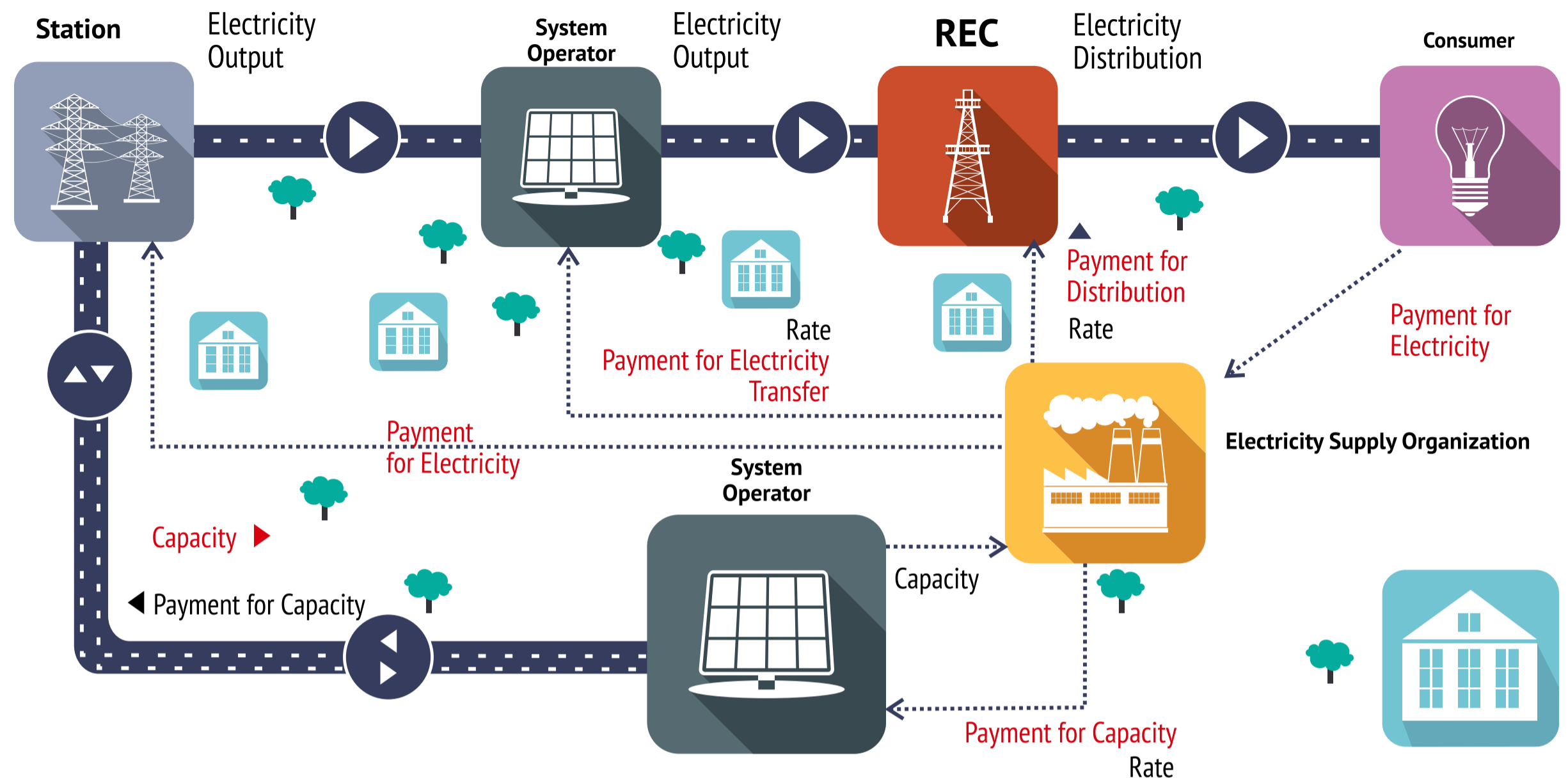
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BASIC QUESTIONNAIRE ON INDICATORS

It is expected that enactment of a new law on the electrical power market will enable a transfer to the following model (by 2015):



3.2 Power Generation (Wholesale Market)

In order to solve the problems of the power generation segment, a model of wholesale markets of power and capacity (target model) is supposed to be developed and implemented that will substitute the current mechanism of marginal rates. Functioning of electricity and power markets with competitive pricing is being considered within the framework of the target model.

It is supposed that the transition to the target model will be carried out during a ten-year period starting on January 1, 2016 and finish, approximately, on December 31, 2025. The transitional phase is supposed to render operational the following submarkets:

- the market of centralized power trading: the yearly competitive selection of suppliers that provide consumers with maintenance services on power capacity readiness;
- the market of centralized power trading is an exchange trading with execution of auctions in order to conclude short-term contracts (for each hour of the forthcoming twenty-four hours) and forward-looking contracts (for the next year, month and week);
- the balancing market: the real time exchange trading of differentials of power supply and actual volumes of power consumption from planned volumes (formed as a centralized trading market);

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BASIC QUESTIONNAIRE ON INDICATORS

- the decentralized trading market: conclusion of bilateral contracts on power purchase and sale between the generators and consumers.

The following organizations are subjects of the wholesale market:

- power producers – legal entities, whose power generation plants’ aggregate installed capacity is not less than 1 MW;
- the National Operator – a power generator responsible for export and import of electric power within the Republic of Kazakhstan’s power system;
- wholesale purchasers – large industrial consumers and ESO’s;
- the system operator;
- power grid companies;
- the trading site and the Corporate Financial Centre.

Trading in the centralized power market is carried out in accordance with the following rules:

- 1) Subjects of the wholesale market shall file prognostic applications for generation and consumption of power and electricity for the coming year divided into months and shall forward them to the system operator.
- 2) The system operator shall develop the anticipated balance of electric power and capacity for the coming year on the basis of the prognostic applications.
- 3) The market operator shall carry out the centralized competitive selection of suppliers’ price applications for provision of a maintenance service for power capacity readiness.
- 4) The system operator shall purchase maintenance services for power capacity readiness:
 - on the basis of a contract on provision of the maintenance service of new power station’s capacity readiness;
 - on the basis of a contract on provision of the maintenance service for power capacity readiness, concluded in accordance with results of the centralized tender on power capacity.
- 5) The system operator shall provide services on assuring power capacity readiness to provide load for power supply organizations, for power transmission organizations and for consumers that are subjects of the wholesale market (except for their own electric power source consumers).
- 6) The financial settlements are performed through the Corporate Financial Centre.

Energy-producing organizations independently set the price for the maintenance service for power capacity readiness, but the price should be not higher than the marginal rate for the energy-producing organizations’ corresponding group.

Stations receiving payment for provision of the maintenance service for power capacity readiness must sell non-contracted volumes in the centralized market of power.

The Corporate Financial Centre determines financial requirements and obligations of wholesale market participants in the markets of the centralized trading.

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BASIC QUESTIONNAIRE ON INDICATORS

In case of need, the State may smooth out the increase of wholesale prices for power and electricity by means of a subsidy.

Availability of an hourly system of the Energy Resources Control and Recording Automated System (ERCRAС) should be a mandatory condition for power wholesale market participants' operation in the market. At that, both the normative requirements and economic incentives to implement the ERCRAС hourly system may be employed. For example, participants that create quality plans for the consumption and do not deviate from the planned schedule should not be subject to payment for balancing of the system.

In order to ensure the balance of electric power that is necessary for the united energy system of the Republic of Kazakhstan, the system operator shall prepare a yearly long-term forecast for the power supply and demand and shall determine the need for modernization and construction of power stations. In case of discovery of a necessity for additional capacity, the Government of the Republic of Kazakhstan shall conduct a tender for the construction or modernization.

In accordance with results of the tender, an authorized state institution and the winner of the tender shall conclude a long-term contract on construction of the power station, and provisions of the contract shall specify the terms of commissioning and responsibility for failure to fulfil obligations as assumed by the winner of the tender. At the same time, the System Operator and the winner of the tender shall conclude a contract on the purchase of maintenance services for readiness of power capacity of the station in question at a price and time period set by the authorized state institution.

In order to determine facilities, which are subject to the modernization, the authorized governmental institution and the system operator shall develop a program on the modernization of generating facilities in the Republic of Kazakhstan. A long-term marginal rate for capacity and a marginal rate for power shall be determined for the facilities that are subject to the modernization.

It is assumed a non-commercial organization called Market Council will be created, attached to the industry regulator, which shall be a site for consultations for subjects of the wholesale market and shall be responsible for development of the operating procedure of the power wholesale market.

Establishment of a National Operator for the power generation industry for the Republic of Kazakhstan under the aegis of “Samruk-Energo” JSC during the transitional phase is done in order to implement the state policy for the electricity sector; the National Operator will be carrying out the following functions:

- execution of construction of socially significant power facilities;
- execution of centralized activities on purchase and sale of exported and imported power;
- participation in construction of power facilities outside the Republic of Kazakhstan on the instructions of the Government of the Republic of Kazakhstan.

The submarket of bi-lateral contracts should stimulate development, escalation and competition of ESO.

In the target model of market pricing, investments for the modernization and construction of the generating facilities should be attracted, owing to occurrence of price signals in the centralized market.

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3.3 System Operator

Efficient work of the system operator may be achieved by the provision of control to an authorized institution. Besides, separate accounting of activities of the system operator and activities of an operators of the main grids will prevent potential conflict of interests.

At that, availability of an independent process for approval of investment programs of all the power industry participants is required. These measures are needed for provision of optimal development of the power system in the Republic of Kazakhstan.

3.4 Transmission and Distribution of Electricity

In the segment of transmission and distribution of electric power, it is appropriate to implement a system of long-term rate regulation that will solve the main problems of the segment: lack of funds for the modernization and construction of electric grid assets, absence of an acceptable profit on the invested capital and low management efficiency of electric grid companies.

Solution to the problem for the lack of funds for modernization and construction of electric grid assets will be ensured by the rate including a fair value of amortization calculated on the basis of the fair value of fixed assets used for the provision of services on transmission and distribution of power.

The problem of the absence of an acceptable profit for electric grid companies' invested capital will be solved by the rate including a profit on the invested capital. At that, a higher rate of return used more for the new assets rather than for the old ones, will contribute to attraction of investments to the industry.

In order to increase efficiency of activity of electric grid companies, it is appropriate to use a ratio of efficiency of operating cost; the rate of which will characterise the yearly decrease in companies' controlled cost.

At the same time, if a company fails to reduce controlled cost at a faster rate than the value index, this effect should be retained in the company only for one business period. Therefore, cost savings achieved by the company will influence the rate only for the next business period.

A merger of REC's will also promote the increase in efficiency of activity of REC's. Resulting from the merger, 3–5 comparable companies should be founded. These measures will allow decreasing unit costs of companies in the electricity industry and, in consequence of it, decrease the rates for the services being rendered. The merger of REC's may take place under the impact of different mechanisms, such as:

- introduction of tax incentives for the merged companies;
- validation of a minimal number of consumers of the REC's when licensing.

Besides, it is appropriate for the authorized institution to act for increasing control over the activity of REC through implementation of indexes of REC efficiency evaluation and realization of the investment program:

- level of power losses in the grids;
- value of depreciation of the electric grid assets;

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- value of operating cost per 100 km of the electric grids;
- quantity of emergencies per 100 km of the electric grids;
- Average System Interruption Duration Index (ASIDI);
- Average System Interruption Frequency Index (ASIFI).

3.5 Power Supply

In order to solve the structural problem of the power supply segment, related to the affiliation of ESO to REC and to power generating organizations, three main mechanisms should be used:

1. Calculate and approve a sales premium to ESO on the basis of a benchmarking principle representing standardization of components of the sales premium based on the best industrial indexes.
2. Implement an obligation for ESO to disclose and publish detailed data on the formulation of electricity rates.
3. Toughen up sanctions against distribution companies for the establishment of unequal access to power grids.

In order to solve the problem of protracted consultation on ESO rates with ARNM, the notification principle of approval of ESO rates should be implemented; it will achieve the following results:

1. Simplification of the process of interaction between ESO and ARNM.
2. Decrease in ESO cost for raising borrowed funds that are necessary to cover cash gaps related to an incorrect value in the rate.

In the long-term, strengthening ESO competition and consolidation of the industry players via toughened up requirements from components of sales premiums formed using the benchmarking method should be achieved. This measure will result in an exit from the market or in the purchase of inefficient ESO's by stronger industry players and in decrease the rates for the end-users.

3.6 Creation of Power Market

In accordance with plans of the Ministry of Industry and New Technologies and in order to provide additional power generation with new investments, a capacity market will be introduced as of 2016. In this market, KEGOC will:

- ensure readiness of power capacity to carry the load;
- carry out validation of capacity of the generating units;
- purchase capacity from the validated power generators at published prices;
- deliver power at the weighted average price to ESO and to large consumers.

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At that, the developers admit the following shortcomings of the power market:

- It is advantageous for the investor to over-value false or actual cost, approved by the authorized institution, for a guaranteed return.
- All financial burden is imposed on the ultimate consumers.
- Volume of investments with guarantee of return is based only on the evaluation carried out by the state institutions and is not based on their actual economic efficiency.
- The investments recoupment time (approved for 1 year) is not taken into account.

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4.1 Critical Analysis of Bureaucratic Tariff Policy

The increase in load along with the depreciation and loss of power put on the agenda a need for renovation costs, modernization and production. The tariff structure as such has “swollen” and became more complicated.

Nevertheless, the tactics and strategy of tariff regulation are based on the attempts to reserve all regulatory and control functions exclusively within the sector and the authorized government agencies, without the full inclusion of the Consumers and independent Experts in the tariff process. Accordingly, the objective limitations of state regulation by staff size and professionalism of the employees dictates more diverse, but less efficient ways of “office” tariff setting:

- Benchmarking is an attempt to group different SNM’s (Subjects of Natural Monopolies) fixing for them a general tariff determined by, roughly, best practices (REC’s (Regional Energy Commission), water pipelines);
- Group tariffs are almost the same, in the way they appliance, roughly as a “universal” tariff to different SNM’s (power plants, city water and wastewater treatment plants);
- “Notification” tariffs mean the transfer of small power SNM’s from a submission tariff to notification conditions of tariff increases;
- Marginal, calculated and individual tariffs mean tariff settings for seven and three years in advance, with the deliberate inclusion into them of “investment” component exceeding operating costs (electrical power engineering, with an attempt to spread to the other SNM’s);
- Differentiated tariffs mean increasing of tariffs for certain groups of consumers under the pretext of simulating consumer saving, but in fact – for raising the total tariff collection;
- Limitation of consumption using a higher tariffs in case of over-the-limit is also a way to collect more;
- Two- and three-rate tariffs are down with a view to smooth consumption, but they also allow increasing actual payments;
- Recalculated” tariff is a tariff increasing exceptionally due to the change of depreciation rates rooted in the methodology, profits and wage standards (the program of increases of the tariffs of water supply and sewage enterprises from 50 to 400 % by 2015);

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4.2 Tariff Process Transparency: Laws and Practice

Under the Law, a subject of natural monopoly is obliged to:

- Provide a mandatory annual audit by an audit organization. Audit report and annual financial statements shall be published in periodic printed publications;
- Report annually to consumers and other stakeholders;
- Report annually on the implementation of the estimated rates. It also needs to be mentioned that it is prohibited to acknowledge the information contained in the estimated rates and the information on the provided regulated utility services as commercially secret information;
- Following the publication of information on the date of the public hearing, submit at the request of the participants of the public hearings the drafts of the tariff estimates, information on the causes of increased rates with economically justified calculations.

Authorized agency is obliged to:

- Familiarize consumers with decisions adopted on the issues of regulating the activities of subjects of natural monopolies;
- In case of acceptance for consideration the applications on the change of existing tariffs, inspect the drafts of tariffs and tariff estimates. During the inspection performance by independent experts, government agencies, consumers and their public associations, subjects of natural monopolies, presented a project, are involved;
- Conduct public hearings when considering applications for approval of tariffs, post the information about the date and place of the public hearing performance on its Internet site and publish it in periodic printed publications:

Subjects of the regulated market are obliged to submit to the authorized agency the information about the transfer prices, enclosing the supporting materials, the quarterly financial statements and monthly information on the production output, profitability level and transfer prices.

Consumers have the right to submit their applications to the authorized agency and the courts, to participate in public hearings and opening of tenders on the procurements of services by a subject of natural monopoly.

The situation in reality is as follows:

- A huge number of tariff calculations and its annexes only make the procedure for the tariff application bureaucratically more complicated. In fact, the process of tariff increases has a political and “disincentive” character – the authorized agency tries to delay the adoption of the next tariff applications, as well as to restrain the announced increases in the limits of the planned inflation. In recent years, these bureaucratic “brakes” were worthless – the tariff increase not only outpaced actual inflation, but it is also its multiplier;
- Public hearings before the expected increase are not always held, but they always remained a formality. The participants are not supplied with materials in advance. They do not have objective information and can’t influence on the pre-planned result of “hearings”;

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- Tariff estimate approved “in advance” do not meet the results of the actual activities of the enterprises. In particular, ARNM (Agency on Regulation of Natural Monopolies) does not even make episodic attempts to verify the articles of approved tariff estimate compared to reported data. In addition, the reporting statements of the enterprises are confidential and intradepartmental. The materials are not available for “outsiders”. The attempts to inquire on this matter were in vain. Only standard statistical reporting materials are relatively available, but they only give a little information;
- The audit required by the Law is performed only with respect to the financial statements, where everything is just correct. Moreover, the audit is guided by the standards relating to public companies listed on the stock market, which has very little connection to the activities of inspected enterprises;
- The funds for inspections and investigations are included in ARNM’s budget, and the same costs are included in the tariff estimates. In fact, these funds are “used” by the affiliated performers. As a result, the outcome of these “inspections” are the justifications for the increased costs and losses. In fact, taxpayers and consumers pay extra to monopolists for their own “verifications.”

4.3 Monitoring of Natural Monopolies: Regulatory Framework and Practice

The Act “On Natural Monopolies and Regulated Markets” obliges the subjects of natural monopoly to conduct a mandatory annual audit by audit organizations without detailed regulation of the order and content of this process;

The specific procedures are described in the Rules for the Execution of the Financial and (or) Technical Inspection of SNM’s of ARNM. Thus “Rules...” essentially “correct” for the Law:

- Financial and (or) technical inspections of SNMs’ activities are conducted by the authorized agency with the assistance of independent experts specified for this and, if it is necessary, with government agencies, with a frequency of at least once every two years for financial inspection, and once every three years for technical inspection;
- Technical inspection is an analysis of technical state of committed assets and the need for maintaining these assets in an operating condition, the efficiency of the operating process, including the compliance with the established standards for materials and labor costs, the production technology, the assessment of the need for the implementation of investment programs and (or) investment projects, the level of involvement and the proper distribution of capital assets by the types of the provided regulated services (goods, works);
- Financial inspection is an analysis of financial and business activity of SNM for the purpose of the implementation of the Law and the decisions of the Authorized Agency, the distribution of income, expenses and committed assets by each type of the regulated services (goods, works) and, in whole, by other activities in accordance with the procedure, approved by the Authorized Agency, as well as the influence of applied tariffs (prices, rates) on financial indicators on the activity of the subject of natural monopoly, the verification (assessment) of the execution of the tariff estimation and the compliance with accounting policy, the execution of investment programs and (or) investment projects;

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- An agreement on state procurements, where the subject, object and conditions for the inspection execution are specified, shall be concluded between the Authorized Agency and the expert, who is conducting the inspection;
- According to the results of the inspection, the expert shall submit to the Authorized Agency the milestone and final reports containing the objective, motivations, and a scientifically based conclusion on the object of the inspection within the specified time;
- The Authorized Agency shall consider the reports submitted by an expert within 30 days.

However, the legal consequences of the execution of the mandatory annual audits are not specified in terms of adjustment or new tariff assignment in the normative framework. Practical consequences are also not perceived (except for the actual tariff appreciation).

The reasons are as follows:

- According to the Law, the mandatory annual audit shall be conducted namely by audit organizations, in other words, those covering only accounting and financial statements, which are usually acceptable. In addition, the methodology of financial audits is directed for the activities of public companies listed on the stock markets that hardly meets the specific nature of SNM. As a result, expensive (often conducted by one of the Big Three companies) financial audits are just added to the cost of the tariff;
- According to the law the monopolist shall execute the audit, whereas the Authorized Agency by its own subordinate act “takes” this duty upon itself. As a result, the issue on determination of the Provider of inspection of SNM’s activities, the method and sources of funding are often “suspended.” The regularity and completeness of technical audits are affected by this quite a lot. And factually they remain the most important points;
- electing the inspection agency within the “free” market profanes professionalism and independence of the organization providing inspection. Typically, they are small LLP’s (Limited Liability Partnerships) affiliated with the “inspected” SNM. The affiliation with officials of the authorized agency is also not excluded. As a result, although such “inspections” have formalistic nature, oblige nobody to nothing and, in fact, create elementary “use” of the funds allocated for them. But the conclusions and recommendations of the “inspections” are directed for justification of increased costs and excessive losses of “inspected” SNM;
- In addition, the Rules for the Execution of Financial and (or) Technical Inspection of SNM approved by ARNM suffer from excessive requirements. The scope of financial and, especially, technical inspections are described so that complying with all the points requires a long-term work by a large group of different field experts with corresponding costs. In fact, the Rules are a version of the Italian Strike and to fulfill all the requirements are definitely impossible, which causes the superficial and formalistic “inspection.”

4.4 General Critical Conclusion on Effective Procedure for Tariff Regulation

In general, the tariff process is carried out only through the “paired” interaction of SNM with the Authorized Agency. Systematic participation of the organized Consumer in the tariff process is not prescribed in legislation

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at all, individual innovations are nonbinding and formalistic. Thus, the participation of some random “consumers” in public hearings does not affect ready-made decision by the “SNM – AA” pair. Provided that, the absence of any consumers at such hearings only make the process of tariff increases easier and swifter.

Paired interaction of monopolistic enterprises only with tariff regulation agencies, without the actual participation of the Consumer, has developed during recession of the 90’s, when due to the drop in load there were only operating questions for only those with high capacity, and such was functioning rather well in those years. The increase of consumer loads along with depreciation and capacity disposal has led to the need for increasing and complicating the tariff structure. It had to include all the high cost for renovation, modernization and capacity expansion.

Another “feature” of the tariff process, developed in the same crisis years, was the approval of the tariff “in advance”, according to the supposed costs of SNM for the ensuing year. Regarding that, the actual execution of tariff estimate =was not checked at all, or checked in a formalistic way. However, ideally the SNM was interested in demonstrating the full “use” of the tariff revenue and the excess of expenses over income to justify the next tariff application.

“Swelling” of the tariff structure makes the problem of permanent and the independent and professional control over the effectiveness of the actual spending of funds more pressing. If previously it was only connected to the operation, later the question of the effectiveness of the investment activity of SNM has arisen with the introduction of “investment” (marginal, calculated, individual) tariffs.

The principle, that the right and duty to control the activities of SNM is reserved for the Authorized Agency, objectively is not observed: ARNM and its Departments by either size of staff or professional qualifications are not able to carry out inspections of proper frequency and depth.

It is time for inclusion of a fully legitimate third party – the Consumer – in the tariff process, and with its participation to change to the assignment of tariff according to the audit results of the actual activity of SNM.

4.5 Offers for a Transparent and Effective Tariff Process

- The tariff is approved on the results of the actual activity of the power plant, the grid company, the total amount of necessary and sufficient costs for the qualitative offer to the consumers and the planned development. These results are determined on the basis of detailed and publicly available reported statements of the enterprise, which has passed independent technical, technological, economic and financial audits;
- Whereas the technical and economic standards are fixed for the subject of natural monopoly, which stimulate it to reduce costs and increase the reliability of its supply to the consumers;
- The tariff is proposed to be divided into two parts – the subscriber part determined by connected (contract) load, and the current part determined by the volume of consumption.
- The aimless “profit” built into the tariff shall be deleted. All the lines of the tariff estimate shall have a specific purpose. Instead of a “profit” it is necessary to stimulate the SNM’s management and staff, which results in the reduction of admissible accident rate, the compliance with or improvement of the technical, technological, financial and economic standards built into the tariff estimate;

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BASIC QUESTIONNAIRE ON INDICATORS

- The costs for capacity expansion are not included into the tariff for existing consumers. The tariff containing investment surcharge shall be applied only to the newly connected consumers or the consumers desiring to increase the load, as well as to the consumers that willfully express their investment intentions. In all cases, the application of the investment tariff shall be associated with pre-determined benefits for the consumer-investor – the participation in expandable assets, the subsequent tariff discounts or other preferences;
- The adoption of tariff has an adversary nature – the Applicant justifies its costs, the organized Consumer produces its reasons at mandatory public hearings. Provided that, both sides rely on data from audited statements and actual execution of standards;

The authorized state agency is present at the tariff process as:

- A guarantor of the complete and accessible reporting statements by the subjects of natural monopoly;
- An organizer and guarantor of the professional and objective audition;
- An organizer and moderator at public hearings;
- An agency approving the standards for subjects of natural monopoly, the reporting forms, and, according to the results of public hearings, the tariffs;

The Organized Consumer shall participate in the tariff process as a Party having the right to:

- Access to the reporting statements by the subject of natural monopoly;
- Participate in the audition and conclusion generation;
- Participate in the tender committees on procurements by the subjects of natural monopoly;
- Participate in public hearings, drawing up and signing of the final minutes of them;
- Obtain the state order for its participation in the tariff process.

4.6 Principles of Organization of Annual Professional and Independent Financial and Technical Audits

- The purchase of services for the performance of annual financial and technical audits are carried out using the “single source” method – through getting a permanent state order for the audition of all the SNM’s operating in one city, region or country by the relevant specialized city, regional or republican audit (further SAE) enterprise;
- The annual audit shall be comprehensive, covering financial, economic, technical and technological aspects of the activity of SNM. Its scope is defined and limited to the major cost items of the tariff estimates;
- The payment for the annual audit shall be made by each SNM within the limits of its tariff estimates, to the extent as approved by the Authorized Agency;

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BASIC QUESTIONNAIRE ON INDICATORS

- SAE shall be created as a unitary public utility (municipal and regional) and national enterprise. In the pilot version, a co-founder and organizer of the start-up of city, regional and national SAE can be, for example, the National Chamber of Entrepreneurs;
- As for organization structure, SAE is a “management company” responsible for engaging the most professional and independent experts or specialized organizations into the audit performance. SAE’s personnel consists of only minimally required number of technical workers engaged in planning and organizing the annual audits of all the SNM’s in this city, region, nation. The inclusion of the experts in SAE’s personnel is carried out on a competitive basis. The contracts are signed with individuals and legal entities on the subject of the execution of separate, scheduled inspections. In case of positive results, they are conducted on a long term basis.

4.7 Transparent Tariff Initiative: Promotion of Common Ideology and Civil Partnership Mechanisms into National Laws and Practice

Currently, there is no equality of rights in the cooperation of “third sector” with the government and business:

“The First Sector” – Government:

- It is well-organized and structured. Government authorities are present through the central, regional and local authorities. They are specialized in functions and branch activities;
- Any government authority has legal competence, instruments and mechanisms to ensure itself in its practice;
- Even a single individual representing any government authority has all the organizational and governmental strength of the “first sector.”

“The Second Sector” – Business:

- Internally this sector is sufficiently organized. So, enterprises, the subjects of natural monopoly, have competence and scope of activities set forth in the Law, and have the executive office to represent and defend their interests vis-a-vis consumers;
- It is relatively organized for collective representation of its interests in the “first sector”. However, this organization being not enough, “the second sector” appears before the “first” sector as an intercessor, petitioner. The current Law does not ensure it the status of an equal partner;
- It is weakly organized to interact with other business entities. So, if large and influential enterprises are able to achieve the benefits of, for example, the power supply, then the subjects of small and medium-sized businesses has fewer rights before electricity and utility monopolies.
- It is even worse organized for interacting with civil society, for example in the field of consumer’s rights protection. (Another current example: the lack of a workable tri-partisanship system in Kazakhstan).

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BASIC QUESTIONNAIRE ON INDICATORS

“The Third Sector” – Civil Society:

- It is organized significantly worse than the “first” and “second” sectors. In particular, consumers of electricity and utility services, individuals and legal entities, have no institutions; they appear before the service providers and the authorized agencies only as petitioners. Therefore the crowd of disjointed singles are definitely in a losing position;
- The inferior the status position of the “third sector” is enshrined in the Law: Public organizations may only apply to the government authorities and service providers. They can sue in extreme case;
- The financial “precariousness” of the “third sector”: If the “first sector” has a budget at its disposal (i.e., funds of the “second” and “third” sector), and if business entities are able to support themselves and their public associations, than civil society has no institutional sources of funding. The organizations of the “third sector” are forced to act as seekers of foreign grants or “social orders” distributed by the “first sector”;
- The inferiority of the “third sector” is fixed even in its own mentality. Thus, even if consumer organizations (very few) are created, their names always contain the word “protection”. It is supposed to be only a consumer protection, not their equitable representation in the partnership with service providers and government authorities.

Now the contacts between the government authorities, business entities and citizens are conducted, for the most part, through individual contacts. And if the government representative has the power of the state, and the business representative- its financial and organizational capabilities, the citizen has only himself. It is the way of such interaction, which generates both the abuse, because of inequality, and mutual temptation to corruption. Therefore, the fundamental solution of the problem lies in changing the main contacts of government, business and society to a level of interaction “legal entity to legal entity.”

The following things are necessary to accomplish that:

- To make institutions from public representatives to interact with business entities and government authorities along the lines of the wholesale contacts, in particular, through the line of energy supply and utility service provision in the form of Transparent Tariff Association;
- To enter into a partnership with service providers and authorized state agencies, referring to the practical implementation of norms currently existing in the effective legislation, as the Party representing the interests of electricity and utility services consumers;
- As the Party, to initiate the amendments and additions to the Laws in two directions:
 - In terms of ensuring full transparency and efficiency of the tariff and investment processes;
 - In terms of ensuring equitable civil partnership of the “third sector” with the “first” and “second” sectors;

An offer impossible refuse: What the “third sector” could propose to the Legislator to ensure equitable civil partnership:

- It is necessary to fix by Law that any responsibility imposed by the government to individuals or legal entities (for example, payment of taxes, or payment of electricity tariffs approved by the government)

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BASIC QUESTIONNAIRE ON INDICATORS

generates a symmetrical responsibility by relevant state authorities to guarantee the countervailing right of the former to establish public associations having the right to represent their interests according to the Law. Provided that, these rights shall also include permanent financing of their public activity by the government;

- Too, any responsibility assumed by the government with the respect to individuals or legal entities (for example, pensions and benefits payments, or ensuring the transparency and efficiency of the tariff and investment processes in the field of natural monopolies) generates a symmetrical responsibility by relevant government authorities to guarantee the countervailing right of citizens and legal entities to establish public associations representing their interests in the fulfillment of obligations adopted by the government. Similarly, the rights of such public associations include permanent financing of their activity by the government.

4.8. Organizational Sequence of Including the Consumer into the Tariff Process

At the first stage, the Transparent Tariff National Association with basic pilot participants in several key regions shall be established;

- A start-up conference shall be held, the Charter and Work Program Memorandum shall be adopted, and a managing board shall be elected;
- Legal registration;
- The work on the extension of the network to regional participants;

Three basic requirements for the Association are as follows:

- Firstly, the Association shall have free access to enter and participate in the activities and management, including the establishment of the managing board, for an unlimited amount of individuals and legal entities and representatives of civil society;
- Secondly, the managing and representative board established by the members of the Association shall be rightsized, efficient, and its chosen representatives shall have sufficient authority;
- Thirdly, the Association shall have both a national representative office and regional (regional, district, city) branches, that are also fully independent in the representation of the Association at the local level.

The proposed legal form for the Association is as follows: Association of Legal Entities (ALE).

On the one hand, it makes the Association and its regional representatives sufficiently right-sized – only specific NGO's (non-governmental organization) can be the participants.

On the other hand, any citizen wishing to participate in the Transparent Tariff Initiative can always do so through the membership in one of the member NGO's in the Association.

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BASIC QUESTIONNAIRE ON INDICATORS

The starting phase of activity of the central (Almaty) office and regional pilot members:

- The appeal to electricity enterprises of relevant regions, as well as to departments of ARNM and GSS (gasoline service station) with a proposals to enter into a Three-way Civil Partnership Memoranda in terms of the execution of norms, existing in the current Law, for the reporting of subjects of natural monopoly, audition of enterprises and transparency of tariff estimates;
- The practical inclusion of the reports of electricity enterprises into the norms and procedures for procurement tenders, audits, public hearings fixed by the Law;
- Public presentations of start-up activity phase results: round tables, media publications.

Progress of Civil Initiative Activity: the “Transparent Tariff”

- Arranging a dialogue between the Association and National Chamber of Entrepreneurs, National Association of Mining and Smelting Enterprises, other business associations and consumer rights protection associations with respect to the connection to the Transparent Tariff civil partnership;
- Dialogue with ARNM with respect to the improvement of legal framework and tariff methodology practice, audition and reporting by the subjects of natural monopoly;
- Dialogues with GSS and MINT (Ministry of Industry and New Technology) with respect to the presence of real competition at wholesale electricity market, the effectiveness of the activities of KOECM (Kazakhstan Operator of Electricity and Capacity Market) and the methodology for tariff setting at power plants;
- Dialogue with the Government of the Republic of Kazakhstan with respect to the investments in electrical power industry – the fundamental mechanisms and their reflection in the Law;
- The development of the proposals package for the inclusion of the civil partnership mechanisms (through the example of the Transparent Tariff Initiative) into the state social order;
- Dialogue with the committees of Chamber of Deputies and Senate with respect to inclusion of mechanisms of tariff and investment processes transparency into the legal framework.

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BASIC QUESTIONNAIRE ON INDICATORS

A. STRUCTURE OF THE NATIONAL ENERGY SECTOR:

Political institutions/authorities: Ministry of Industry and New Technology of the Republic of Kazakhstan Ministry of Regional Development of the Republic of Kazakhstan	Regulating authorities: Agency on Regulation of Natural Monopolies of the Republic of Kazakhstan	
UTILITY ENTERPRISES:		
Enterprises generating and producing electricity/energy products: Generation of electricity is performed 70 power stations. 1. Steam turbine power stations – 16 448 MBт ; 2. Gas turbine power stations – 1 425 MBт ; 3. Hydroelectric power plants – 2 569 MBт.	Enterprises distributing electricity: 18 regional energy companies (REC's); 150 small transmission companies	Enterprises on high-voltage electricity transmission: Joint-stock company «KEGOC» (Kazakhstan Electricity Grid Operating Company)
CONSUMERS:		
1. Industry – 54,2%; 2. Auxiliaries – 10, 5%; 3. Residential energy consumption (public) – 8,4%;	4. Residential energy consumption (city) – 7,6%; 5. Losses – 7,3%; 6. Transport – 5,4%;	7. Residential energy consumption (village) – 3,1%; 8. Agriculture – 2,1%; 9. Construction industry – 1,3%.

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FILLED PROJECT INDICATORS

REGULATORY PROCESS INDICATORS

Five most important measures in the sector during last five years	Five most disputable issues in the sector at the present time
<ol style="list-style-type: none"> 1. Creation and reformation of the “wholesale electricity market” 2. Transition to long-term “marginal” generation tariffs 3. Transfer of REC’s tariffs to “Benchmarking” 4. Adoption of the Government “Green Economics” program including energy saving and development of alternative energy 5. Decision to construct the first nuclear power station in Kazakhstan 	<ol style="list-style-type: none"> 1. Non-transparency of tariffs, operational and investment activity of power stations and grids even for authorized and regulating bodies. 2. Absence of an organized party by the Consumer in the tariff process 3. Disability of the idea of “state-and-private partnership” and in particular, absence of a private investor in electric power industry 4. A gap between the investment needed for the industry and paying capacity of consumers 5. Plans of the government on additional implementation of power market into the “wholesale electricity market”

B.

FORMATION OF POLICY / LEGAL FRAMEWORK:

B.1.	Freedom of Information Act: Yes – package of corresponding acts is available
B.2.	Electricity Legislation: National – available Legislative system: Parliamentary
B.3.	Legislative authorities responsible for development of laws <ol style="list-style-type: none"> 1) President of the Republic of Kazakhstan 2) Parliament of the Republic of Kazakhstan 3) Government of the Republic of Kazakhstan
B.4.	State authorities responsible for implementation and performance of electricity policy <ol style="list-style-type: none"> 1) Government of the Republic of Kazakhstan 2) Ministry of Industry and New Technology of the Republic of Kazakhstan 3) Agency on Regulation of Natural Monopolies

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- 4) Ministry of Regional Development
- B.5. State authority responsible for planning in the electricity sector: Ministry of Industry and New Technology of the Republic of Kazakhstan
- B.6. Core source of legislative acts in the electricity sector: Ministry of Industry and New Technology of the Republic of Kazakhstan
- B.7. State authority governing the sector:
Ministry of Industry and New Technologies of the Republic of Kazakhstan
Agency on Regulation of Natural Monopolies (ARNM)
- B.8. State authority responsible for renewable energy sources:
Ministry of Industry and New Technologies of the Republic of Kazakhstan
Ministry for Protection of Environment and Water Sources
- B.9. State authority responsible for electrification of rural areas:
Ministry of Industry and New Technologies of the Republic of Kazakhstan
Ministry of Agriculture of the Republic of Kazakhstan
- B.10. Electricity tariffs are set by the following authorities:
Ministry of Industry and New Technologies of the Republic of Kazakhstan
Agency on Regulation of Natural Monopolies of the Republic of Kazakhstan
- B.11. Tracing of released hydrocarbon in the electricity sector – Yes, it is carried out as far as the Ministry for Protection of Environment and Water Sources is concerned
- B.12. Official requirement of carrying out environmental expertise within the sector – Yes, it is available
- B.13. Manual on Environmental Expertise:
Generation- provided
Transmission – provided
Distribution – provided

C.

- C.1. National and Regional
- C.2. Liabilities:
Tariffs

REGULATION:

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- Licensing
- Court decision
- C.3. Universal right to services – Yes
- C.4. Regulation on contracts:
 - It is performed within the framework of activity of Kazakhstan’s wholesale electricity and power market
- C.5. Program of efficiency of services offered to ultimate users: there is a Government “Program of Electricity Development for the Period 2009-2014”
- C.6. Efficiency level of the sector: at a rate of 70%
- C.7. Expected level of nontechnical losses/tamper:
 - Technical losses – up to 20%, commercial – up to 10%
- C.8. Accountability of utility enterprises: Restricted
- C.9. Reporting on environmental impact: Yes

D.

GENERATION:

- D.1. Total volume of installed power (Total volume of installed power: sum of maximum power of all generating units at the moment of installation): 16,425 MW
- D.2. Fuel mixture:

Coal – 74%	Wind – 0.3%
Gasoline / Diesel – 4%	Solar energy – 0.2%
Natural gas/ Liquefied petroleum gas – 11 %	Hydraulic energy from small sources – 3%
Hydraulic energy from large sources – 10%	Combination of heat and electric energy/cogeneration – 30 %
New inexhaustible energy sources: 0.5 %	
- D.3 Independent power producers (IPP): available
 - Entity issuing contracts to independent power producers: Ministry of Industry and New Technologies
 - Number of contracts of independent power producers: approximately 30

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ACCESS, TRANSMISSION AND DISTRIBUTION	
E.	
E.1.	Population having access to electricity: 98%
E.2.	Urban population having access to electricity: 99%
E.3.	Rural population having access to electricity: 91%
E.4.	Losses through distribution and transmission of electricity: 13.3 %
E.5.	National grid – Yes Scope of coverage: 92%
E.6.	Program of electrification of the rural areas: available
E.7.	Financing electrification process of the rural areas: state and tariff
E.8.	Reliability of electricity services: Random/accidental cutoffs
F.	
F.1.	Share of the sector in the GNP: 14 billion US dollars, 7 %
F.2.	Electricity export – Yes Electricity import – Yes, 3-7%
F.3.	Correlation of incomes and expenditures: Profitability is about 25%.
F.4.	Average percentage fluctuation of electricity tariffs during the previous year: about 10 %
F.5.	Indebtedness ratio (expressed in % of annual incomes): from 3 to 7%
F.6.	Electricity tariffs: <ul style="list-style-type: none"> Urban dwellers: different tariffs by regions, from 5 to 10 cents/kW-hour Monthly income: about 750 dollars per an employed adult Average consumption: from 100 to 120 kW-hour/month per capita Rural dwellers (43% of population): different tariffs by regions, from 5 to 10 cents/kW-hour Monthly income: 300 dollars maximum Average consumption: 70-120 kW-hour/month per capita Commercial consumption: about 60% of total consumption Average consumption: wide-range Annual escalation of tariffs: within the range of 5-15%
F.7.	Intensity of electricity consumption:
ECONOMIC SIGNIFICANCE:	

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Approximately 8 billion dollars annually (about 4% of the GDP)	
F.8. Anticipated growth of demand: 5.0%	
G.	INVESTMENT
G.1. Amount of annual investments within the sector over the previous three years:	
1. 2010 – 756.0 million USD;	
2. 2011 – 850.0 million USD;	
3. 2012 – 950.0 million USD.	
G.2. National investments: 90% Foreign investments: 10%	
G.4. Sources of public support of the sector: Tariffs	
G.5. Granting loans for performance of structural reorganization/development of strategy of the electricity sector – available	
H.	PRIVATIZATION:
H.1. Key power stations and grids: Privatized, over a period from 1996 to 2001	
H.2. Transmission is separated from Generation	
H.3. Distribution is separated from Transmission	
H.4. Private Producers/companies generating electricity – present	
H.5. Companies distributing electricity: generally private	
H.6. Electricity transmission sector: Mostly privatized, Kazakhstan Electricity Grid Operating Company (KEGOC) remains in public ownership.	

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of selected indicators of “Electricity Governance Initiative” program

PRIORITY INDICATORS OF THE PROGRAM

«Electricity Governance Initiative»

POLITICAL PROCESS	REGULATORY PROCESS	ENVIRONMENTAL AND SOCIAL ASPECTS
<ul style="list-style-type: none"> Capabilities of the legislative committee Effective operation of the legislative committee on electricity supply Human resources in the Ministry of Electricity Supply/ Department; Annual reports of the ministry/ Department of Energy; Effective functioning of a separate agency on planning/ development of policy; Quality of legal debates on Laws concerning electricity; Quality of coverage of policy and reforms in the electricity sector by mass media; Clarity of the process for participation of civil society in taking political measures; Transparent policy formulation in the field of independent power; Transparency of attracting donors through loans granted for policy reasons; 	<ul style="list-style-type: none"> Institutional structure of regulatory decisions; Powers of the Regulating Authority; Jurisdiction of the Regulating Authority; Selection of employees of the regulating Authority; Independence of the regulating Authority; Mechanism of appeal; Training of members and employees of the regulating Authority; Clarity of regulating procedures and substantial grounds for decisions; Preventive initiatives of the regulating Authority; Discovery of accessible documents which are at the disposal of the Regulating Authority; 	<ul style="list-style-type: none"> Ability of executive authorities to evaluate environmental issues; Ability of executive authorities to evaluate social issues; Potential of the civil society organizations; Public disclosure of information on the basis and for the purpose of policy reforms; Efficiency of the process of public involvement; Consideration of environmental protection issues in the legislation and policy reforming sector; Clear powers and jurisdiction in providing an ecological decision for the electricity power sector projects; Public participation in the policy development for the reduction of environmental impact; Inclusion of consideration of environmental issues into the national plan of electricity sector; Completeness of the evaluation of the Law influencing the environment, policy and procedures;

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- Transparency of involvement of donors through technical support;
- Transparent and responsible implementation of IPP policy/legislation;
- Transparent selection of private sector service suppliers;
- Transparency of assets valuation/balance restructuring;
- Transparency and accountability in designing and implementation of subsidies.
- Orders and decisions of the regulating Authority;
- Distribution of decisions;
- Tariff philosophy;
- Licensing;
- Periodic reports on work with licensees and enterprises;
- Consumption services and delivery quality.
- Public participation in the environmental impact evaluation ;
- Ability of executive authorities to assess environmental issues;
- Ability of executive authorities to evaluate social issues;
- Information concerning involvement of consultants is publicly available;
- Regulatory agency’s reaction to the claims on social and environment issues;
- Procedure for public access to regulatory agency’s documents;
- Place for public participation in the regulation process;
- Public has access to the regulatory documents and hearings;
- Institutional mechanisms for representing the interests of weak groups;
- Creation of ability of weaker parties involved in the participation of regulatory process;
- Interference of civil society into the regulatory process;
- Obligation of the power supplier to the civil society organizations and potentially affected population;
- Participation in decision-making process concerning the adequacy of electricity prices.

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Indicators on the “Political Process” of Management of the Electricity Power Sector in Kazakhstan

General explanations: The Political Process is understood to be the process of formation of a policy for the electricity power sector at legislative (Parliament of the Republic), and executive authority (the Government of the Republic, the relevant Ministries/Departments) levels that includes actions on development, consideration and enactment of laws and regulations taken by the legislative and executive authorities.

In order to carry out an objective valuation and analysis of the management of the electricity sector of Kazakhstan with 36 selected indicators of “Political Process”, 26 indicators (PP1, PP4, PP5, PP8-PP10, PP12-PP19, PP21, PP23-PP29 and PP31-PP34) were selected from a range of tools for the “Electric Power Management Initiative” international program; the tools included 15 political process indicators and 11 indicators of socio-environmental aspect.

For this purposes, all participants of the process bearing a relation to the electricity power sector management have been considered, comprised of the main state institutions responsible for legislative and executive functions, and international investment structures.

As follows from the general analysis, the average “Political Process” score for the management of the electricity sector in Kazakhstan is close to the “Average” level of valuation (3.06 points).

The process indicators evaluate the efficiency of political process by the following criteria:

1. The evaluation of the potential and authority of the Parliament and public agencies participating in the process of formation of policy in the electricity sector;
2. Decision making procedure at all levels participating in the formation of policy and development of the electricity sector;
3. The theoretical and situational analysis of activity of corresponding state institutions involved in the political process;
4. Participation, its level, possibilities, degree of involvement, procedures and rules for participation in the political process for general public, civil society organizations and academic community;
5. The procedures, presentations and disclosure of information about the activity of the institution on formation of policy available for the general public;
6. The ability of all organizations involved in the policy formation process to evaluate the condition and prospects of the sector development in social and environmental matters;
7. The clarity in formulating the policy for independent power generators;
8. The state of, openness and interest displayed in creating opportunities for the participation of international donor organizations in the policy-making process for the power sector;

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TABLE. AN EXAMPLE OF HOW TO FILL AN INDICATOR

PP 16 CLARIFICATION OF PUBLIC PARTICIPATION IN DECISION-MAKING PROCESS		
Elements of quality	Indica- tor	Explanations
Responsibility for the decisions	Yes	The organizers of events on public discussion of the «Energy Saving – 2020» program have informed the participants of the public events about the initiator and the authorized state institution. The developer of the «Energy Saving – 2020» program is indicated therein.
A clear time frame for decision-making	No	Unfortunately, the mentioned informational resources and data on “round tables” for the purpose of program discussion, do not give information about whether a clear time frame has been established; usually, the need to provide proposals is announced asap.
A clear time frame for submission of proposals	No	Data about a clear time frame for approval of the program and, correspondingly, making suggestions by researchers is not present.
Accountability in the proposals offered	No	According to “Atameken” NECK, on June 2 nd of the year, a “round table” was arranged in order to discuss the project of “Energy Saving– 2020” with the participation of Deputies from Majilis Parliament, independent experts, representatives of relevant Ministries and other interested organizations. The “round table” participants made the following presentations: 1. “The role of non-governmental organizations in the matters of energy saving and energy efficiency enhancement in the sphere of housing and utility services”; 2. “Secure and energy-saving windows are one of the main trends of the state strategy of transition to the “Green economy”; 3. “The State Energety Register, including the Rules for Conduction of Energy Audit and Rules for Accreditation in the Sphere of Energy Saving”; 4. The role of the “Kazakhstan Association of Energy Auditors” Legal Entity Association in the performance of state policy in the sphere of energy saving and energy efficiency enhancement”. According to the results of the event, a decision was made concerning the necessity for holding a similar “round table” in all Kazakhstan regions. As far as it is known from press and media, the recommendation to hold the “round tables” in Kazakhstan’s regions was followed; however, it is not known whether there were any recommendations directly resulting from the program.

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Consulting process documentation	No	Information about clear results, resolutions, protocols, lists of participants, as well as materials regarding public hearings and other socially significant events are not available through public sources.
Timely dissemination of information about the process		The public discussion of «Energy Saving – 2020» program was organized in June by regional executive institutions, and its purpose was to provide information about the document drawn up by the Ministry of Industry and New Technologies. In late August, i.e. three months later, the program was approved by the Government. “Round tables” were held in regions following a week or two after holding the event in Astana; following the advance notification (p.60 of EGI-Toolkit), there was a failure to provide the timeliness.
Widespread dissemination of information about the process	No	There are no findings about widespread information; Internet resources have information only about completed events.
Target dissemination of information about the process	Yes	Information about the «round tables» organized demonstrates that these public events were attended by representatives of NGO’s, state institutions and entrepreneurs. At the same time, it is not clear, for example, how groups of the entrepreneurs and NGO’s informed the community or those whom they represented at these events.
<p>DETAILED EXPLANATION: The information disseminated by MINT of the Republic of Kazakhstan states that “The yearly energy consumption decrease of 10% will be happening according to the scenario. For this purpose, the Ministry of Industry and new Technologies of the Republic of Kazakhstan develops the “Energy Saving – 2020” program on behalf of the Head of the State, the draft of which is now discussed in the regions. Presentations have already been made at the public hearings in Eastern Kazakhstan Province, as well as in Pavlodar and Karaganda, involving representatives of the Mayoral offices, industrial and municipal enterprises, non-governmental organizations and KCK” (http://www.nomad.su/?a=4-201306110020). Therefore, according to public relations, the main emphasis was on the non-governmental organizations; the general public was not mentioned, it was also not specified how this information and the public discussions were to continue on the initiative of NGO’s with the participation of citizens.</p> <p>On the third of June of the current year, the first public hearing on the “Energy Saving – 2020” program took place in the Townhall of Karaganda. It was chaired by S. Idrisov, Deputy Mayor of the Karaganda Province. Representatives of MINT of the Republic of Kazakhstan, “Kazakhenergoexpertise” JSC, “Kazakhstan Centre of Modernization and Development of the housing and utility services» JSC, the National Chamber of Housing and Utility Services and Construction and the Kazakhstan Association of Energy Auditors (http://www.kazee.kz/news/v-akimate-goroda-karaganda-proshlo-pervoe-obschest/) took part in the discussion.</p>		

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RATING	SELECTION
Not applicable / The rating is absent	
The decision-making process corresponds to none of the quality elements	“Low”
The decision-making process corresponds to1-2 quality elements	“Low to Average”
The decision-making process corresponds to3-4 quality elements	“Average”
The decision-making process corresponds to5-6 quality elements	“Average to High”
The decision-making process corresponds to7-8 quality elements	“High”

Name and organization of the researcher: Tnaliev Ulugbek Serikovich, “Centre of Budget Analysis and Economic Monitoring” Public Fund

Information Source: Websites of authorized state institutions (<http://www.primeminister.kz/blog/view/327>), “Atameken Union” NEC (<http://atamekenunion.kz/expert/out>, <http://atamekenunion.kz/tops/view/2347>), news lines (<http://www.zakon.kz/4556412-serik-akhmetov-poruchil-razrabotat-i.html>, <http://www.nomad.su/?a=3-201308280018>, <http://www.bnews.kz/ru/news/post/145275/>) and legislation (<http://adilet.zan.kz/rus/docs/Z1200000541>, <http://adilet.zan.kz/rus/docs/P1300000904>).

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on “Political Process” of the Electricity Power Sector Management in Kazakhstan

Political process					
Nº	Name	Quality Elements	Indicator	Rating	Grade
RP 1	Possibilities of the legislative committee	Access to information	Yes	“Average”	3
		Improvement of information	No		
		Financial resources	No		
		Powers and authority	Yes		
		Priority	Yes		
RP 4	The effective work of the legislative committee on energy supply	Openness of interests	Yes	“Average”	3
		Committee activity	Yes		
		Proved reports	No		
		Public consultations	No		
		Transparency of petitions to the committee	Yes		
		Transparency of reports of the committee	No		
		Reporting on the performance	Yes		
RP 5	Personnel policy in the Ministry of Electricity/ committee	Clear criteria	Yes	“High”	5
		Expected authority	Yes		
		Openness of interests	Yes		
		Rules preventing conflict of interests	Yes		

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RP 10	Annual reports of the Ministry/ Energy Department	Financial reporting	Yes	“High”	5
		Review of the performance	Yes		
		Availability	Yes		
		Local languages	Yes		
RP 12	Effective functioning of the separate agency on planning/ on policy development	The requirement to consult the Agency on planning	No	Low	1
		Evaluation mechanism of the executive authorities’ responses	No		
		Information research by the Authorities	No		
		Transparency in functioning	No		
		Consultation procedures	No		
RP 14	Quality of legal debate on the electricity Law	Duration of debate	Yes	“Average to High”	4
		Presence of members	Yes		
		Speakers	Yes		
		Availability of minutes	No		
		Clarity of substantial grounds for decision-making	No		
RP 15	Quality of media coverage of the policy and reforms in the electricity sector	Volume consecrated	Yes	“Average”	3
		Quality of coverage	Yes		
		Balance of coverage	Yes		

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RP 18	Effectiveness of the public participation process	Amount of participation	No	“High”	5
		Breadth of participation	No		
		Results of public participation	No		
		Response to public participation	No		
RP 21	Transparent formulation of policy in the sphere of independent power producers	Legislative authorization	No	“Average to High”	4
		Public consultations during the development of the policy	No		
		Competitive bidding	Yes		
		An adequate analysis of the demand	Yes		
		Disclosure of EIT	No		
		An analysis of the financial impact	No		
RP 23	Transparency of donor’s involvement through loans granted for political reasons	Appropriate public consultations prior to approval of projects	No	“Average”	3
		Transparency of political positions	Yes		
		Transparency of conditions	Yes		
		Transparency of usage of the loan	No		
		Transparency of the evaluation mechanisms	No		
RP 24	Transparency of donor’s involvement through technical assistance	Transparency of the detailed data on technical assistance	No	“Not available”	0
		Transparency of results	No		
		Wide circulation of activities	No		

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RP 25	Accountable implementation of the policy/ legislation on Independent Power Producers (IPP)	Competitive bidding	No	“Low to Average”	2
		Disclosure of information on contracts for electricity supply	No		
		An appropriate analysis of the demand	Yes		
		An analysis of the financial impact	No		
RP 26	Transparent selection of service suppliers in private sector	Appropriate public consultations prior to project approval	No	“Low to Average”	2
		Transparency of the applications for proposals	No		
		Information provided by participants on the bidding is open for the public	No		
		Transparency in the selection criteria and in the process	No		
RP 27	Transparency of the assets valuation / balance restructuring	Rationale for the decision taken	No	“Average to High”	4
		Disclosure and rationale of the methodology	Yes		
		Explanation of implementation of methods	Yes		
		Independent surveillance	Yes		
RP 28	Transparency and accountability in the development and implementation of subsidies	Review of public disclosure	No	“Low to Average”	2
		Criteria transparency	No		
		Explanation for the decisions on allocation	No		
		Monitoring and reporting	No		
		Rating	No		

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Conformity of the Qualitative Rating and Grades:

Qualitative Rating	Grade
“The valuation is not applicable”	0
“Low”	1
“Low to Average”	2
“Average”	3
“Average to High”	4
“High”	5

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SUMMARY TABLE

indicators on “Regulatory Process” of electricity sector management of Kazakhstan

General explanation: The regulating process is defined as an executive process on the implementation of current legislation and considers terms and work procedure of the executives on determination of rates, licensing of operation of the electricity sector facilities, resolution of disputes, as well as control over adherence to standards and requirements for quality of electric power. A regulatory institution aimed at ensuring uniform execution of principles on policy enacted for the sphere of electric power in the Republic of Kazakhstan and which is the subject of this research, is determined by a Resolution of the Government of the Republic of Kazakhstan dated 12 October, 2007, that approves the “Statute of the Agency of the Republic of Kazakhstan on Natural Monopolies Regulation”. The anti-monopoly regulation executed by the Agency includes a whole variety of economic, administrative and legislative measures taken by the State.

In order to research the regulations in the electricity sector, the project partners have selected 28 indicators from among 32 indicators of the “Electricity Supply Governance Initiative” (RP1-RP3, RP6, RP8, RP9, RP11-RP32) and 12 of them consider a potential of a regulatory institution in social and environmental issues.

The initial analysis has found that an average valuation of the electricity sector governance in Kazakhstan on the “Regulatory Process” is close to the “Average to High” level (3.875 points).

Indicators on the regulating process allow the evaluation of the following:

- The institutional structure, independence, potential and authority of the regulating institution;
- Availability, condition and analysis of decision making procedure of the regulatory institution;
- A practical and situational analysis of regulatory institution’s activities;
- Participation, potential, the level, the degree of involvement, procedures and rules for participation of the general public, organizations of the civil society and expert community in the process of regulation;
- Public availability of documents and information on activities of a regulatory institution;
- The procedure and principles of pricing in the electricity sector, their clarity for the people;
- Availability of reports on working with licence holders and principles of criteria for consideration/ cancellation/suspension of licences and for dispute resolutions;

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TABLE. EXAMPLE OF HOW TO FILL AN INDICATOR

RP 1 INSTITUTIONAL STRUCTURE FOR REGULATORY DECISIONS		
Elements of quality	Index	Explanation
Not applicable / Not rated		
Regulatory decisions are made by means of an ordinary executive process of decision made within the scope of the Ministry.	no	<p>In accordance with the “Statute of Agency of the Republic of Kazakhstan on Natural Monopolies Regulation” approved by Resolution of the Government of the Republic of Kazakhstan dated 12 October, 2007, Art.1, Clause 7, the Agency shall make decisions on matters within its competence in compliance with the procedure approved by the legislation of the Republic of Kazakhstan; the decisions are formalized by decrees of the Chairman of the Agency and by other acts provided for by the legislation of the Republic of Kazakhstan. In accordance with Art. 23, the collegial institution of management of the Agency is a Board consisting of seven persons. A Chairman of the Agency shall head the Agency Board. The Agency Board includes the Chairman of the Agency, his deputies and representatives of the Government of the Republic of Kazakhstan.</p> <p>The Board of the Agency can consider any issues within the competency of the Agency and make decisions on them, except for matters under the competency of the Executive Secretary. Decisions taken during a meeting of the Board shall be recorded in the Minutes of the Board of the Agency and are the basis for making decisions by the Chairman of the Agency. Subject to the Article 12 of the “Law on Natural Monopolies” of the Republic of Kazakhstan, status, structure and total staff of an authorized institution shall be specified by the Government of the Republic of Kazakhstan.</p>

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<p>The majority of regulatory decisions are made by means of an ordinary executive process of decision making within the scope of the Ministry. However, there is an individual department responsible for certain decisions (for example, revision of rates or licensing) and there are individual units or groups with their specific responsibilities in the Ministry.</p>	yes	<p>The Department on Electric Power and Thermal Power Industry Regulation operates within the structure of the Agency of the Republic of Kazakhstan on Regulation of Natural Monopolies.</p>
<p>An independent individual institution is responsible for making decisions on regulation and supervision.</p>	yes	<p>The Resolution of the Government of the Republic of Kazakhstan dated 12 October, 2007 approved the “Matters in the scope of the Natural Monopolies Regulation Agency of the Republic of Kazakhstan”. This Resolution approved the “Regulation of the Natural Monopolies Regulation Agency of the Republic of Kazakhstan”.</p> <p>The anti-monopoly regulation executed by the Agency includes a whole complex of economic, administrative and legislative measures taken by the Government.</p>
<p>DETAILED EXPLANATION: In 2003, the anti-monopoly policy of the Republic of Kazakhstan was assigned to the Natural Monopolies Regulation and Competition Protection Agency of the Republic of Kazakhstan that was directly subordinated and answerable to the President of the Republic. Therefore, when exercising its power, the Agency was legally independent from the Government and Parliament of the country. In 2004, as a result of the management reform, by decision of the Head of the State a Business Competition Protection Committee was established within the Ministry of Industry and Trade of the Republic of Kazakhstan and the Natural Monopolies Regulation Agency of the Republic of Kazakhstan. Subdivision of the anti-monopoly institutions concretized their functions and authorities. In 2007, the following technical matters of the regulation were transferred from the Ministry of Energy and Mineral Resources and the Ministry of Transport and Communications to the infrastructural regulator: licensing, determination of technical specifications of the non-discriminatory access, issues of standardization and approval of investment programs. The state regulation of rates of monopolistic sectors of the economy, except for communications services, is concentrated in the Natural Monopolies Regulation Agency of the Republic of Kazakhstan.</p>		

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VALUATION	RANGE
The valuation is not applicable/Not rated	
The reporting or activity corresponds <i>to none of the quality elements</i>	Low
The reporting or activity corresponds <i>to one quality element</i>	Low to Average
The reporting or activity corresponds <i>to two quality elements</i>	Average
The reporting or activity corresponds <i>to three quality elements</i>	Average to High
The reporting or activity corresponds <i>to all quality elements</i>	High

Name of the researcher and name of the organization: A.A. Kurmanbaeva, the “Committee on Public Control over Execution of State Programmes at Local Level”

Information Source: the official website of ARNM, the structure of the Agency’s CA and data about managers of the Departments <http://www.arem.gov.kz/ru/103/#!prettyPhoto> ; the official site of ARNM, Statute the Agency <http://www.arem.gov.kz/ru/101/>; the official site of ARNM, the history of development of the Agency <http://www.arem.gov.kz/ru/3/>.

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Table of evaluation of “Regulatory Process” indicators of the electricity sector governance in Kazakhstan

Regulatory process					
No.	Name	Quality Elements	Index	Valua- tion	Score
RP 1	An institutional structure for regulatory decisions	By means of executive processes of decision making	no	Average to High	4
		By means of executive processes within the scope of the Ministry	yes		
		An independent regulatory institution	yes		
RP 2	Authorities of the regulating institution	Information and confirmation	yes	High	5
		Investigation	yes		
		Submission	yes		
		Penalties for violating orders	yes		
		Execution of authorities	yes		
RP 3	Jurisdiction of the regulatory institution	Functions are clearly determined in the current laws, resolutions or decrees	yes	Average to High	4
		The range of functions assigned to a regulatory institution	yes		
		Independence of the process of se- lection	no		
RP 6	Selection of employ- ees of the regulatory institution	The process is clearly determined	yes	Average to High	4
		Clarity of information on the candidates	no		
		Criteria for the personnel and acceptability of the criteria	yes		
		Different office periods	yes		

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RP 8	Autonomy of the regulatory institution	Stipulated office periods	yes	Low to Average	2
		Financial autonomy	no		
		Freedom of action in selection of personnel	no		
RP 9	Appeal mechanism. General public application on specific decisions mechanism.	Any concerned party may appeal a decision	yes	High	5
		An appeal may be lodged on a procedural basis	yes		
		An appeal may be lodged on a substantive basis	yes		
		The appeal mechanism influences on decisions, at least in one case	yes		
RP 11	Training of members and employees of the regulating institution	Certainty	yes	High	5
		Training on multiple issues	yes		
		Diversity	yes		
RP 15	Clarity of regulating procedures and essential reasons for decisions	Procedural certainty	yes	Average	3
		Clarity of essential reasons for decisions taken	yes		
RP 17	Preventive initiatives of the regulating institution	Independently initiated matters (Suo-motu petitions)	no	Low to Average	2
		Detailed discussions, research and conferences	yes		
RP 18	Availability of documents held by the regulating institution	An assumption that documents are available for the public if they are not specified to be confidential	yes	Average	3
		Clear procedures and rules for determining “confidentiality”	yes		

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RP 26	Decrees and decisions of the regulating institution	A legal requirement for decrees to include explanations /reason	yes	Average to High	4
		Quality of reasons in practice	yes		
		Easy availability	no		
RP 27	Dissemination of decisions	Timely availability	yes	Average to High	4
		Local language	yes		
		Use of different ways of dissemination	yes		
		Assistance in comprehension of decrees	no		
		Detailed analysis	no		
RP 28	Pricing philosophy	Mitigation of serious influence	yes	Average to High	4
		Good clarity	yes		
		Last rates reflect the philosophy/ principles	yes		
		A well-defined procedure for considering the application for a licence	yes		
RP 30	Licensing	Well-defined criteria for considering the application for a licence	yes	High	5
		Clarity of reason for the change/ cancellation/suspension of a licence	yes		
		Dispute resolution	yes		
		Conformity and monitoring of execution	yes		

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RP 31	Recurrent reporting on work with holders of licenses and with enterprises	A mandatory requirement for submission	yes	Average	3
		Easy availability	no		
		Timely availability	no		
		Availability in local languages	no		
		Consistency and clarity of reporting parameters	yes		
		Cross-functional reporting	yes		
RP 32	Consumer services and quality of supplies. Rendering services for consumers and quality of services	Standards of consumer services and of quality provision	yes	High	5
		Standards of quality of supplies are mandatory	yes		
		Monitoring of execution	yes		
		Review of adherence to norms	yes		
		Accessibility of results of the adherence review	yes		
		Claims of consumers	yes		

Compliance of qualitative valuation and value scoring:

Qualitative Valuation	Value scores
“The valuation is not applicable”	0
“Low”	1
“Low to Average”	2
“Average”	3
“Average to High”	4
“High”	5

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SUMMARY TABLE

of indicators on the evaluation of ecological and social aspects of the Kazakhstan’s electrical power sector management

General explanation.

The most significant indicators in relation to the political and regulatory processes in the sector were selected for carrying out an objective evaluation of ecological and social aspects of Kazakhstan’s electrical power sector management.

In this section, 9 indicators from amongst the available indicators, (PP8, PP19, PP29, PP31, PP32, PP33, PP34, RP12, RP16) estimate the ecological aspects and 14 indicators (PP9, PP13, PP17, PP16, RP13, RP14, RP16, RP19-RP25, RP29) – the social aspects.

Following the initial analysis the average evaluation of social responsibility level in the process of Kazakhstan’s electrical power sector management is close to “Average” rating (2.92 points).

The average evaluation of the level of ecological aspects of Kazakhstan’s electrical power sector management (2.5 points) is between “Low” and “Low-average” ratings.

Assessment of environmental and social risks occurring during operations is essential for the functioning of any enterprise under present-day conditions. It is especially essential for such large pollutants as the energy-producing companies of the Republic of Kazakhstan. The structure of the energy sector of the country is represented in general by the heat and power enterprises operating at on cheap low grade coals and, respectively, with high emission rates of various pollutant to the environment. The low cost of coal feedstock (specified in the Program for electrical power industry development in the Republic of Kazakhstan for 2010 – 2014 as one of the strengths of the industry) actually is a substantial limiting factor for the renewable energy resources development regardless of the fact that the potential for development of wind-power, solar-power and hydro-power engineering in Kazakhstan is very high.

Concerning the contribution of power-generating industry to the environmental pollution it should be noted that organic fuel burning is the main source of the electric power received in Kazakhstan. This type of activity is associated with considerable emission of gaseous (acid) substances and dust as well as greenhouse gases. According to the Kazakhstan Electrical Power Association 86% of greenhouse gas emission in Kazakhstan is coming from the coal-fired stations and the relative ratio of emissions from the power generating facilities out of the total amount of emissions is at a level of 41-42% (data from 2007 – 2009) and remains practically constant.

Except for atmospheric air pollution a considerable volume of water resources (often from natural sources, sometimes drinking quality water) are used for the power plant production needs. Ashes and slag waste also require the big areas for storage.

One more feature in the description of Kazakhstan’s power image is the existence of considerable deposits of uranium ore – the country occupies second place in the world on the volume of exploitable uranium reserves and resources. Therefore, regardless of the ambiguity of opinions concerning nuclear power’s ecological compatibility, it is quite probable that electrical power production’s share by nuclear power plants’ generating capacities will be increased. In the accepted Concept for the transition of the Republic of Kazakhstan to a “green economy” nuclear

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power development stands alongside with the hydro-power, wind-power and solar-power under the common name “alternative power sources”. Such “cunning” in the development of the notion “alternative energy sources” allowed the country leaders to set a goal “To bring the share of alternative sources in the electric power production to 50% by 2050”. As a reference, the forecast in the Program for electrical power industry development of the Republic of Kazakhstan for 2010 – 2014 where the share of renewable energy sources usage in 2014 will be more than 1.0% in the total amount of the power consumption can be taken.

In the report for the 1st quarter of 2013 the principal committee informed that due to the absence of investors the planned construction of seven hydro-electric power plants and three wind-driven power plants is not yet started. Thus, even the achievement of this one percent by 2014 is hardly probable.

At the same time in the primary strategy document of the Republic of Kazakhstan for the next few decades – “the Strategy “Kazakhstan-2050: new policy line of the successful state” the global energy security is among the ten global challenges of the XXI century and the policy in the field of implementation of principally new natural resources management system speaks as follows: “To remain a large player in the hydrocarbon market we have to develop the production of alternative types of energy, actively implement technologies using solar and wind energy. We have all the opportunities for this aim. Not less than one half of the aggregate power consumption shall be accounted from alternate and renewable energy sources by 2050”.

Thus, taking into account on the one hand the delay in the power production’s development from alternative energy sources and on the other hand the implemented hard legislative measures on greenhouse gas emission’s limitation (that will be a serious limiting factor for the accumulation of thermal power plant capacities) it is possible to assume that environmental risks occurring during the nuclear power plants’ construction and operation will be added to the existing environmental problems of coal-fired thermic and power enterprises in the coming years.

Socially environmental problems of utility companies can become an additional point of tension. Therefore the analysis of ecological and social aspects of the functioning of electrical power industry will allow for complete evaluation of the capacity of the industry to operate within environmental and social risks in the long term, taking into account the continuous growth of public concern with environmental problems.

Within this study the Kazakhstan power supply sector is analyzed under 7 ecological indicators, 5 of which cover the political process and 2 cover the regulatory process.

Official inquiries to the government authorities responsible for the field of environmental protection and power engineering as well as inquiries to the large power generation companies (the companies of Eastern and Southern regions have been selected) and professional associations were used as the main sources for collection of information for the filling of social and economic sections of the study.

Almost all the respondents answered the questions asked; however there were facts within the inquiries ignoring:

- there were no answers from AES Corporation (the foreign management company owning the Ust-Kamenogorsk combined thermal power plant, Sogrinskaya combined thermal power plant and Shulbinskaya hydroelectric power station and the Ust-Kamenogorsk hydroelectric power station controlled by it);
- within the terms established by the legislation the answers were not received from the power engineering and municipal services administrations (departments at regional mayoral offices and the national value cities to which the state regulation and management in the field of power engineering, heat supply,

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telecommunications, provision of amenities, municipal, water and gas services activity is aimed at local level);

- at the time of the report’s preparation answers were not received from Samruk-Energo JSC . This is the holding company operating the power and coal enterprises inthe territory of the Republic of Kazakhstan territory. As of December 31, 2012 Samruk Energo JSC consisted of 37 organizations.

TABLE. EXAMPLE OF HOW TO FILL OUT AN INDICATOR

PP 19 CONSIDERATION OF ENVIRONMENTAL PROTECTION ISSUES IN LEGISLATION AND POLICY SECTOR IMPROVEMENT		
Quality elements	Indica-tor	Explanation
The consideration of issues in the framework documents	Yes	The strategic documents on improving the economy and transition to the “Green” way of development have a separate block devoted to the power engineering sector and energy savings
Inclusion of policy and laws into imprpovements	Yes	There are offers on amending the legislation in connection with transition to Green economy
Mitigation of power sector’s direct influence	Yes	Is included into the Concept of Republic of Kazakhstan on transition to Green economy and the industrial program «Zhasyl Damu».
Global and economic consequences of environmental modification	Yes	One of the main trends of the policy in the field of environmental protection is the transition to a low-carbon economic development

Detailed explanation:

The power industry of Kazakhstan is generally represented by combined coal thermal power plants therefore this is the main source of greenhouse gas emissions. The State industry program on the environmental protection “Zhasyl Damu” for 2010-2014 specifies that the greatest contribution to the volume of carbon dioxide emissions is made by the power engineering and the same is valid for coal; at that the calculations demonstrate that the

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share of coal in the generation of emissions will increase intensively. By 2020 it will contribute 66% to the gross emission volume formed from the burning of fuel.

In the Zhasyl Damu program and the Concept of transition to Green economy the organizational actions for reduction of the electrical power sector’s influence on the environment are established. The Ministry of Industry and New Technologies have already adopted in 1977 the Law on energy saving, in which the basic principles of policy in this field are set forth. According to a report on the analysis of the effectiveness of central and local executive bodies in the field of technological development prepared by JSC “National Agency for Technological Development” in 2012 it is stated that in all the investigated policy documents and strategic plans of ministries and departments an emphasis on the innovation and resource -saving technologies are present.

RATING	SELECTION
The rating is not applicable / Not rated	
Environment impact consideration does not correspond to the qualitative elements	Low
Environment impact consideration corresponds to one qualitative element	Low-to-average
Environment impact consideration corresponds to two qualitative elements	Average
Environment impact consideration corresponds to three qualitative elements	Medium-to-high
Environment impact consideration corresponds to four qualitative elements and more	High

Name of the researcher and organization:

Vadim Litvinov, *expert on Social Fund “Ekology-Youth-Initiative-Development”, member of National Association and Non-Governmental Organization “Transparent tariff”*

Source of information: The state program on the forced industrial and innovative development of the Republic of Kazakhstan for 2010-2014 dd. March 19, 2010, No. 958; the Industry program “Zhasyl Damu” for 2010-2014; the Strategic plan of the Ministry of Environmental Protection of the Republic of Kazakhstan for 2011-2015; the Regions Development Program approved by the resolution of the government of the Republic of Kazakhstan dd. July 26, 2011 No. 862; the Program “Business Road Map 2020” approved by the resolution of the government of the Republic of Kazakhstan dd. April 13, 2010 No. 301; the Strategic plan of the Ministry of Industry and New Technologies of the Republic Kazakhstan for 2010 – 2014; Program for development of nuclear industry in the Republic of Kazakhstan for 2011-2014 with development prospect till 2020; the Strategic plan of the Nuclear Power Agency of the Republic of Kazakhstan; the Strategic plan of the Agency on Construction and Municipal Housing Economy of the Republic of Kazakhstan for 2011 – 2015.

Additional information: Despite the high rating under this indicator it should be noted that due to lack of public interaction and without having secured with its support even the best strategy can be not implemented because the public unwillingness to take part in the implementation of “someone else’s” plans. The analysis of other

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indicators show that this occurs quite often. Under civil society we understand it to mean a wide range of persons (including the business and investment communities).

The matters of environmental protection of the Republic of Kazakhstan are regulated by the Environmental Code adopted in 2007, which is amended and revised every year as well as the other regulatory, legal acts adopted by the Government of the Republic of Kazakhstan. All these documents describe the legal means for the implementation goals established in the Constitution of the Republic of Kazakhstan – creation of an environment favorable for the life and health of people (article 31).

According to the administrative reforms conducted on the transfer of power from the central authorities to the local ones, some issues concerning the environmental protection are found within the sphere of mayors of regions and cities of national subordination. For this the natural resources and subsoil use administrations are created at at this level. According to the Environmental Code these two administrations are engaged in conducting the state environmental examination of projects and issue permits for subsoil use to the enterprises of II-IV categories. It is assumed that the enterprises of these categories do not influence the environment to a great degree. For example, CHPP of small townships can belong to category II or III and CHPP of big cities would belong to category I and all the approvals could be obtained at the Ministry of Environment and Water Resources of the Republic of Kazakhstan. But such separation would allow for inclusion of such large enterprises as East-Kazakhstan Regional Power Engineering Company into the enterprises of the IV category (the least harmful in regards to environment) without taking into account its complex influence and level of environmental risk.

According to the Law on the electrical power engineering, the competence of the regulatory authority on electrical power engineering field does not include the functions connected with environmental protection. The only norm, which can be included into the environmental norms, mentioned in the above law is the right of the supervisory body in the field of electrical power engineering to organize the development of programs, regulatory methodical acts, legal and economic energy saving mechanisms. But, as you know, any right can be both exercised and not exercised. All the issues concerning the improvement of environmental situation are in the competence of the other authorized body – the Ministry of Environment and Water Resources. This ministry coordinates the ecological sections in the projects for construction and re-construction of industrial enterprises (included the electrical power sector). The ecological part, depending on the level of design, can be called the “Environmental Protection” section (EPS) or “Environment Impact Assessment” (EIA). It is the obligatory part of the design and authorization documentation, without which the financing and construction of any industrial facility is not allowed. The development and coordination of EPS and EIA sections are regulated by the Environmental Code of the Republic of Kazakhstan. However experience has proven that despite the sufficiently detailed Rules for carrying out public hearings, in the majority of cases they are led formally without the civil society’s involvement into the decision-making process. Actually the civil society has no opportunity to express their opinion at the stage of the project development and selection of options (including the “zero option” when the project implementation is rejected) if any.

Besides the construction and reconstruction projects, the following types of drafts developed in electrical power industry are also subject to obligatory state environmental assessment:

- Drafts environmental emission standards

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- Drafts regulations of the Republic of Kazakhstan, regulatory technical documents, and instructional and methodological documents, execution of which can cause a negative impact on the environment
- Drafts contracts on carrying out subsoil management operations
- Documentation on applying technologies, equipment – except for vehicles, and equipment transferred (imported) into the Republic of Kazakhstan.

Another instrument for administrative regulation of environmental issues is the system of developing drafts for maximum permissible emissions (MPE) and maximum permissible discharge (MPD) and drafts for waste placement standards (WPS). Based on these drafts permissions for emissions into environment are issued. The permissions are issued by the Ministry of Environment and Water Resources and its territorial divisions, or by the Administration of Natural Resources and Environmental Management (under the provincial Mayors offices) depending on the type of enterprise and emission volume. When obtaining permissions enterprises of I and II categories are obliged to carry out public hearings of their Plans of Nature Protection Measures for validity period of the permission. Experience has proven that these public hearings are conducted in the same formalistic way.

As a whole, the Laws of the Kazakhstan Republic in the field of environmental protection to a greater extent include the requirements of international conventions and agreements, to which the republic has acceded. However, at the level of executing the standards of these international conventions the main requirement – the access to ecological information is often violated. For example, despite the fact that according to Article 31 of the Constitution of RK one of the state purposes is “the healthy environmental protection”, and concealing these facts by officials and circumstances threatening life and health leads to responsibility according to the Law, in practice there is no access to EIA, MPE, MPD and WPS projects. At the request of the authors of the current section, on the examples of placing EIA projects within free access, the Ministry of Environment and Water Resources replied: “As draft reports for EIA and EIA are intellectual property, familiarization with them is possible after receiving the owner’s written consent”. And can be so notwithstanding that these documents are submitted to governmental agencies on a mandatory basis and they contain detailed information on the suggested level of environmental impact (and therefore an impact on the health of the population surrounding the enterprise).

Summary: The analysis of social and ecological aspects of electricity sector’s activity within the Republic of Kazakhstan demonstrates the formalistic approach of public involvement in the dialogue, the low esteem for public opinion, the inadequate coordination between administrations, the closed nature of the ecological information in which the public are really interested. For example, the amount of claims and penalties can be freely accessed; however, data on emissions of the enterprises, i.e. the data indicating the direct impact on health, are protected information. The enterprises of electrical sector don’t put any effort into interaction with the regional population. It leads to social tension growth, considering the tendencies of power capacity development towards ecologically dangerous ones (thermalpower engineering, nuclear power engineering). If this tendency continues, the growing public concern in environmental problems and the closed nature of Electrical sector will lead to a general protest against the activities of all utility companies regardless of any benefits provided by them.

Recommendations: Pursuant to the results of the analysis the following recommendations are oriented towards the increase of stability of the electrical power industry’s activity in ecological aspects in Kazakhstan.

- Widespread introduction of *Emissions and Pollutants Transfer Registry* (EPTR) and the enterprise ecological ratings are necessary. On the one hand, it will promote a increase in transparency of data on how the

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electricity sector affects the environment and population’s health, and on the other hand, it will allow for stimulation of work on emissions reduction, since it gives a clear picture of the most ecologically “polluting” enterprises.

- It is obvious that it is very difficult to change the already developed system of powers distribution between a regulatory agency in the field of electric power industry and a regulatory agency in the field of environmental protection. However, *the compulsory environmental training of specialists on the authorized agency in the field of electrical power industry will promote taking into account an ecological component during the decision-making process.*
- It is necessary to enable the public to take part in stages of selecting the location for electricity generation facilities and technological schemes. Thus, it is possible to find support, including support from investors, for introducing alternative electrical power sources.
- The previous recommendation has since provided that the various instruments of work with the public and public involvement, not just public hearings in the present way they are conducted, will be used. Therefore, it is necessary to carry out explanatory work with electrical power industry enterprises about benefits and mechanisms of public participation. If the closed nature position is held thereafter, nothing except counteraction (hidden or open) will be reached. Efforts put in the electrical power industry into now counteracting public interests can be used much more effectively for interaction and public support. It does not require additional resources. It is only necessary to change the force vector.
- As there is no response from the regulatory state agencies at local level and from the companies managing utility companies (Samruk-Energo JSC and Corporation AES) it is necessary to develop and *carry out the actions oriented to increase responsibility and openness when working with local communities.*
- Kazakhstan possesses high potential for development of renewable power sources. However, this direction can’t be developed only using administrative methods, establishing plans “from above”. Obviously, it makes sense to create conditions for widespread use of independent alternative energy sources by consumers at local level. I.e. the development and use of this direction has to be “from the particular to the general” – from the small electrical power sources of 1-2 households to the big power infrastructures of dozens of megawatts.
- The mechanisms stipulated in the Aarhus Convention can give big support for the decrease of social and ecological tension concerning the electrical power industry. Therefore, it is necessary to receive support by interacting with the regional Aarhus centers, which can turn into dialogue platforms in searching for a cooperative way to solve the environment problems of electricity sector.

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No	Name	Quality Elements	Indica- tor	Rating	Grade
Ecological aspects					
PP-8	Ability of executive authorities to estimate environmental issues	Allocated financial resources	Not	“Average”	3
		Access to inspection	Yes		
		Responsible person	Not		
		Increase of knowledge on the environment	Not		
PP-19	Consideration of environmental protection issues in the legislation and policy reforming sector	Consideration of issues in fundamental documents	Yes	“High”	5
		Inclusion into the policy and law reforming process	Yes		
		Mitigation of direct influence of electricity sector	Yes		
		Global and economic consequences of environmental impact	Yes		
PP-29	Clear powers and jurisdiction in providing the ecological decision for electricity power projects	Conditions of powers and jurisdictions	Yes	“Medium-to-High”	4
		Clearness of powers division	Yes		
		Timely disclosure of approval	Not		
		Comprehensive disclosure	Yes		
		Easy access	Yes		
		Plain format	Yes		

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No	Name	Quality Elements	Indica- tor	Rating	Grade
PP-31	Public participation in policy develop- ment for the reduc- tion of environmen- tal impact	Consideration of a variety of approaches	Not	“Low”	
		Proof of consultations	Not		
		Systematic efforts on consultation of com- munities mentioned above	Not		
		A variety of mechanisms for public partici- pation	Not		
PP-32	Inclusion of consid- eration of environ- mental issues into the national plan for electricity sector	Consideration of environmental issues	Not	“Low – Average”	2
		Comprehensive accounting of impact	Not		
		Multisided mechanism of public participa- tion	Not		
		Systematic efforts for receiving a contribu- tion from different stakeholders	Not		
		Disclosure of comments	Yes		
		Explanation of the implementation of pub- lic contribution into the final decision mak- ing	Not		
PP-33	Completeness of evaluation of the laws’ of influence on the environ- ment, policy and procedures	Requirements for the evaluation of envi- ronmental impact	Yes	“High”	5
		Recommendations for the social impact evaluation	Yes		
		Recommendations for conducting strategic evaluation	Yes		
		Executed strategic evaluation	Yes		

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No	Name	Quality Elements	Indica- tor	Rating	Grade
PP-34	Public participation in the environmen- tal impact evalua- tion	Public participation Public participation at scoping	Yes	“Low – Average”	2
		Usage of more than one mechanism for public participation	Not		
		Appropriate period for comments	Not		
		Public distribution of EIA reports	Not		
		Instructions for consultations with the pub- lic	Yes		
		Disclosure of public comments at EIA	Not		
		Public comments are addressed in the final report of EIA	Not		
PP-12	Potential of regu- latory agency in providing an evalu- ation of environ- mental issues	Allocated financial resources	Not	“Low”	1
		Access to inspection	Not		
		Responsible person	Not		
		Increase of knowledge on the environment	Not		
PP-16	Regulatory agency’s reaction to the claims on social and environment issues	Providing explanations in response to claims	Not	“Not ap- plicable”	0
		Applying the mandate on environmental and social issues	Not		

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No	Name	Quality Elements	Indica- tor	Rating	Grade
Social aspects					
PP-9	Ability of executive authorities to evaluate social issues	Allocated financial resources	Not	“Average”	3
		Access to inspection	Yes		
		Appointed responsible person	Not		
		Increase of knowledge on social issues	Not		
		Existence of the program on the electrification of rural areas	Yes		
PP-13	Potential of civil society organizations	Technical and economic analytical potential	Yes	“Average”	3
		Active participation and strategic potential	Not		
		CSO analysis of ecological and social consequences	Not		
		Support of weaker groups and local public links	Not		
		Current capacity to study	Yes		
		Network creation	Not		
		Large trust	Not		

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No	Name	Quality Elements	Indica- tor	Rating	Grade
PP-16	Clarity of the process of public participation in decision-making process	Responsibility for decisions made	Yes	“Low”	1
		Accurate time frames for decision-making process	Not		
		Accurate time frames for making suggestions	Not		
		Accountability of the suggestions made	Not		
		Documenting of consultation process	Not		
		Timely distribution of information on the process			
		Wide spreading of information on the process	Not		
		Target distribution of information on the process	Yes		
PP-17	Information to the public on the basis of the political reform and its purposes	Wide availability of documentation	Not	“Average”	3
		Easy access	Not		
		Timely availability	Not		
		Access for stakeholders	Yes		
PP-13	Ability of regulatory agency to evaluate social issues	Allocated financial resources	Not	“Average”	3
		Access to professional knowledge	Yes		
		Responsible person	Not		
		Increase of knowledge on social issues	Yes		

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No	Name	Quality Elements	Indica- tor	Rating	Grade
PP-14	Information concerning the use of consultants is available to the public	Universal access of detailed information on the attraction of consulting services	Yes	“High”	5
		Universal access of the reports and recommendations of consultants for public	Yes		
PP-19	Procedure for public access to regulatory agency’s documents	Well indexed database of the documents	Yes	“High”	5
		Simple, well determined procedure for inspection / obtaining of the documents	Yes		
		Reasonable cost	Yes		
		Wide spreading of information	Yes		
PP-20	Place for public participation in the regulation process	Any stakeholder or affected party or person has the right to participate in hearings of the regulatory agency.	Yes	“Average”	3
		They have the right to make statements, that become part of the minutes of regulatory agency’s hearings	Not		
		Preliminary announcement of open hearings of the regulatory agency.	Yes		
PP-21	Public has access to the regulatory documents and hearings	The number public requests for documents	Not	“Low- Average”	2
		Participation in public hearings	Yes		
PP-22	Institutional mechanisms for representation of the interests of weaker groups	Representatives of consumers	Not	“Low- Average”	2
		Delegations on behalf of weaker groups	Not		
		Government representation	Yes		
		Representation of the executive branch for social development	Not		

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No	Name	Quality Elements	Indica- tor	Rating	Grade
PP-23	Building capacity for the weaker parties involved for participation in regulatory process. Information is aimed at the parties which are least involved in the the process	Information is aimed at parties which are the least involved in the process	Not	“Low”	1
		Support of weaker involved parties for their independent representation	Not		
PP-24	Interference of civil society into the regulatory process	The number of involved organizations of civil society	Yes	“Low”	2
		Nature of submitted files	Not		
		The number of submitted files	Not		
PP-25	Obligation of the power supplier with the civil society organizations and potentially affected population	Appointed department	Yes	“Average”	3
		Obligations of community are directed by corporate policy	Not		
		Creation and operation of consulting groups	Not		
		Support of weaker groups	Not		
		Information on how groups can complain	Yes		
PP-29	Participation in decision-making process concerning the adequacy of electricity prices	Attention to the adequacy issue in the tariff principles	Yes	“High”	5
		Public participation in revisions	Yes		
		Education of groups with low level of income	Yes		

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Correspondence of the Qualitative Rating and Grade:

Qualitative Rating	Grade
“Not applicable”	0
“Low”	1
“Low-Average”	2
“Average”	3
“Medium-to-High”	4
“High”	5

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FILLED PROJECT INDICATORS

RP 1CAPABILITIES OF LEGISLATIVE COMMITTEE		
Quality Ele-ments	Indica-tor	Explanation
Access to knowl-edge	Yes	According to Article 29 of the Law “On the Parliament of the Republic of Kazakhstan and the Status of Its Deputies”, the deputies of Parliament have access (except for confidential specialized information) to analytical reports, statistics of relevant departments to study important political decisions in the energy sector.
Knowledge im-provement	No	Parliament Deputies may occasionally (non-system approach) take part in study tours at the expense of state budget and projects of international or-ganizations, and the deputies also hear reports during the Government Hour. Moreover, the hardware studies are held in the Chamber of Deputies.
Financial re-sources	No	Article 38 of the Law “On the Parliament of the Republic of Kazakhstan and the Status of Its Deputies” states that the Parliament’s activity is financed from national budget resources. Funds from the National Budget are as-signed annually to committees of the RK Parliament, including the Senate Committee on Economic Development and Entrepreneurship, the Chamber of Deputies Committee on Economic Reform and Regional Development. These funds may be predicted, but are out of the Committees’ control.
Authority pow-ers	Yes	Parliament is the supreme representative body of the Republic, which per-forms legislative functions. The Chamber Committees are working bodies of the Chamber of Deputies and are created to draft the laws, to carry out preliminary review of and to prepare the issues, to give opinions on matters submitted for consideration by the Chamber of Parliament. Deputies’ powers are described in the Law “On the Parliament of the Republic of Kazakhstan and the Status of Its Deputies” in Article 25 “The Powers of Parliamentary Deputy of the Republic” and also are covered by Article 28 “Deputy’s Right to Prompt Reception by the Officers”.

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DETAILED EXPLANATION: The Parliament has 2 main Committees (1 Senate Committee and 1 Chamber of Deputies Committee) on the electric power industry. Senate Committee on Economic Development and Entrepreneurship includes 8 deputies. The Committee on Economic Reform and Regional Development includes 13 Chamber deputies. Access to knowledge – Article 29 “Information Support for Deputies’ Activity” of the Law “On the Parliament of the Republic of Kazakhstan and the Status of Its Deputies”, 1. Chamber Bureaus provide a deputy with the documents adopted by the Parliament and with officially distributed information and reference materials of the Parliament and its bodies, other state bodies and public associations. 2. State bodies and organizations and their officers provide a deputy with consulting assistance on the issues arising in his parliamentary activities. Knowledge improvement – There was no special training provided for committee members in the area of electricity and in other areas of the committee. Whenever possible, they take part in seminars and conferences on energy organized by different international organizations and public institutions. However, this training is not systemic. Government Hours in the Chamber of Deputies are held on a regular basis. Since February 2012, one Government Hour (16.04.2012) concerning the issues of electric power industry has been held. Financial resources – The budgets of Senate Committee on Economic Development and Entrepreneurship, of the Committee on Economic Reform and Regional Development are included into the Parliament budget; there is no separate item for the Committee in Parliament budget or no separate budget for electrical power industry provided by the RK Parliament Regulations because of there is no Committee on Electrical Power in the Parliament. The financial resources are assigned for the whole Parliament and are not under the Committees’ control.

Powers of authority – Article 25 “The Powers of Parliamentary Deputy of the Republic”:

1. A deputy is entitled to speak and vote on all matters considered at parliamentary sessions and meetings of parliamentary bodies to which he belongs.
2. A parliamentary deputy is entitled to the following:
 - 1) to elect and to be elected into coordinating and working bodies of the Parliament and its Chambers;
 - 2) to put forward suggestions and comments on session agenda, on the order of consideration and the essence of discussed issues;
 - 3) to express his opinion on the candidacies for the officers elected or appointed by the Chambers of Parliament, or appointed by the consent of the Chambers of Parliament;
 - 4) to make proposals to the Chamber Bureaus concerning the issues offered for consideration at the joint and separate meetings of the Chambers of Parliament, and if his proposals fail, to put them forward for consideration at the plenary meetings of the Chambers;
 - 5) to offer issues for consideration at the meetings of Parliament and its Chambers;
 - 6) to offer reports or information from the officers accountable to the Chambers of Parliament for hearing parliamentary session;
 - 7) to handle deputy’s inquiries in the manner provided by law;
 - 8) to participate in debates, put questions to the speakers, as well as to the chairman of the meeting;

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- 9) to justify his proposals in explanation of vote, to render information;
- 10) to make amendments to draft laws, decrees and other acts adopted by the Parliament;
- 11) to introduce socially important appeals from the citizens to parliamentary deputies;
- 12) to familiarize with the texts of deputies’ speeches in the shorthand records and minutes of parliamentary meetings;
- 13) to exercise other powers in compliance with the applicable Constitutional Law, and the regulations adopted by the Parliament and its Chambers.

RATING	SELECTION
Not assessable/Not rated	
Report or activity meets <i>none of the quality elements</i>	“Low”
Report or activity meets <i>one quality element</i>	“Low to Average”
Report or activity meets <i>two quality elements</i>	“Average”
Report or activity meets <i>three quality elements</i>	“Average to High”
Report or activity meets <i>all quality elements</i>	“High”

Name of the researcher and organization: Sara Espenova, PF “KAMEDA”

Information source: <http://www.parlam.kz/ru/persons>-of-committee, the RK Parliament Regulations.

Supplemental information: Request to the Mazhilis (Chamber of Deputies), Committee on Economic Reforms and Regional Development, dated September 11, 2013, No. 27 addressed to the deputy Aimbetov S. S., Chairman of the Committee on Economic Reform and Regional Development of the Mazhilis of the RK Parliament. There’s no official response received until today, but according to the phone conversation with the Mazhilis deputy assistant Bekenov A. S., the above request is beyond the competence of this deputy.

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PP 4 EFFECTIVE WORK OF LEGISLATIVE COMMITTEE ON ELECTRIC SUPPLY		
Quality Elements	Indicator	Explanation
Open interests	Yes	Chapter 10, p. 141 of the RK Chamber of Deputies Regulations says that a deputy may not conduct entrepreneurial activity, be a member of governing body or supervisory board in a commercial organization. Also, personal pages of the deputies contain a brief biography and information about their income, which may indirectly reflect past relationships and commercial interests.
Committee’s activity	Yes	According to the information obtained from official Parliament for the period from May 2012 to November 2013, 3 draft projects in the area of electricity have been considered (Chamber of Deputies) and approved (Senate). 5 requests from the Chamber deputies (for 3 sessions of the Vth convocation) and 1 request from the Senate Deputies (for the year 2013).
Substantiated Report	No	No official response received from the Committee on Economic Reform to the request dated 11 September 2013 No. 27.
Public consultations	No	Since the beginning of 2012, there was no public consultation on electricity at the RK Parliament.
Transparency of appeals to the committees	Yes	The procedure of appealing to the committee is, first of all, regulated by the Law “On Consideration Procedure for the Appeals from Individuals and Legal Entities” dated 12 January 2007 N 221. No information about the procedure of appealing to parliamentary Committees has been found in open sources.
Transparency of committee’s Report	No	No parliamentary Committees’ Report has been found in open sources.
Performance reporting	Yes	According to the Law “On the Parliament of the Republic of Kazakhstan and the Status of Its Deputies”, Article 8 “Publicity of the National Parliament Sessions”, p. 3 says that the officers of state bodies and local authorities shall provide explanations within the framework of their competence. According to the RK Parliament Regulations, the Government and the Accounts Committee shall report to the Parliament on a regular basis.

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DETAILED EXPLANATION: In spite of the state strategy on “Green Economy” and the emphasis on innovations and resource & energy saving technologies, there’s no separate committee on electric power in Parliament. The main committees that consider the draft projects related to electricity issues are the Senate Committee on Economic Development and Entrepreneurship and the Mazhilis (Chamber of Deputies) Committee on Economic Reform and Regional Development.

Open interests. A parliamentary deputy may not be a deputy of another representative body, hold other paid offices except for teaching, research or other creative activities, conduct entrepreneurial activity, and become a member of governing body or supervisory board in commercial organization. Violation of this rule will result in termination of deputy’s powers.

Committee’s activity During the period from June 2012 to November 2013, the Law “On Amendments and Additions to Some Legislative Acts of RK on the Power Industry, the Investment Activities of Natural Monopolies and Regulated Markets” (May-June 2012), the draft law “On Ratification of the Agreement Between the Government of the Republic of Kazakhstan and the Government of the Republic of Korea in the Area of Development, Financing, Design, Construction, Operation and Maintenance of Balkhash Thermal Power Plant” (March 2013) “On Amendments and Additions to Some Legislative Acts of the Republic of the RK on Supporting the Use of Renewable Energy Sources” (May 2013) were discussed and adopted. 5 requests from the Chamber deputies concerning the electricity issues were submitted to the relevant departments for 3 sessions of Vth convocation. It is necessary to note that the Contributors to the above requests from the deputies were the DPK faction Akzhol, which included 2 deputies from the Committee on Economic Reform and Regional Development. 1 request came from the Senate Deputies regarding the electricity issues for 2013. It is also necessary to note that this request was organized by the deputies outside the Committee on Economic Development and Entrepreneurship.

Substantiated reports. The Committee represents information on its activities every business year. This information is documented in the Committee’s minutes. This information reflects the Committee’s meetings, meetings with electors, participation in different sittings, conferences, seminars, etc. held within the year.

Public consultations. No Parliamentary hearings on the issues relating to the Committee’s powers were held. No public consultation since the beginning of 2012 has been held. Additionally, during the work of the Chamber Deputies of the IIIrd convocation, the Chamber of Public Experts under the Chamber of Deputies of RK also met, which included representatives of NGO’s and the representatives of higher education institutions.

Transparency of Committees’ reports.

The Parliament’s website contains sections with the Senate Apparatus’s reports, results of the Senate’s activities where you can find reports from the Senate Apparatus. The Report “On Preliminary Results of the Work of the First Session of the Fifth Convocation” was brought up during the studies of the Chamber Apparatus workers. No separate section for the reports from the Chamber Committees’ was found. Also, there is no response received to the official request to the RK Chamber of Deputies dated 11 September 2013, No. 27 and addressed to the deputy Aimbetova S. S., the Chairman of the Committee on Economic Reform and Regional Development, as of today. According to the phone conversation with the Chamber deputy assistant Bekenov A. S., the above request is beyond the competence of this deputy.

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RATING	SELECTION
Not assessable/Not rated	
Report or activity meets <i>none of the quality elements</i>	“Low”
Report or activity meets <i>one quality element</i>	“Low to Average”
Report or activity meets <i>two quality elements</i>	“Average”
Report or activity meets <i>three quality elements</i>	“Average to High”
Report or activity meets <i>all quality elements</i>	“High”

Name of the researcher and organization: Sara Espenova, PF “KAMEDA”

Information source: <http://www.parlam.kz/ru>, Law “On the Parliament of the Republic of Kazakhstan and the Status of Its Deputies”, Law “On Consideration Procedure for the Appeals from Individuals and Legal Entities” dated 12 January 2007, N 221

Additional information: Request to the Chamber of Deputies, Committee on Economic Reforms and Regional Development, dated 11 September 2013, No. 27 addressed to the deputy Aimbetov S. S., Chairman of the Committee on Economic Reform and Regional Development of the Chamber of Deputies of the RK Parliament. This request has been submitted to the deputy Bekenov A. S. There’s no official response received until today, but according to the phone conversation with the Chamber deputy assistant Bekenov A. S., the above request is beyond the competence of this deputy.

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PP 5 PERSONNEL POLICY IN THE MINISTRY OF POWER/DEPARTMENT		
Quality Elements	Index	Explanation
Clear criteria	Yes	“Requirements When Joining the Civil Service”, “Typical Qualification Requirements for the Categories of Civil Service Administrative Officers”
Expected powers	Yes	Expected powers are described in the following regulatory documents: “Requirements When Joining the Civil Service”, “Typical Qualification Requirements for the Categories of Civil Service Administrative Officers”.
Open interests	Yes	Presidential Decree “On the Civil Servants Honor Code”, Anti-Corruption Act considers the issues related to past relationships and commercial interests in the energy sector.
		Anti-Corruption Act is a fundamental document for preventing any conflict of interest.
Rules for preventing any conflict of interest	Yes	Article 10 in particular. “Activities Incompatible with State Functions Performance”, Article 11. “Inadmissibility of the Close Relatives or Connections’ Joint Service”, Article 12. “Offences that Create Conditions for Corruption and Responsibility for Them”, Article 13. “Corruption Offences Connected with Unlawful Gaining of Benefits and Advantages”
DETAILED EXPLANATION: The existing laws in the area of electricity, according to current legislation, are implemented, first of all, by the Ministry of Industry and New Technologies of the RK. This Ministry, particularly the Department of Energy and Coal Industry, is, according to the Law of the Republic of Kazakhstan “On Electric Power Industry”, is authorized by the state body for dealing with electricity. The Ministry has the following departments: Investments Committee, Committee for Tourism Industry, Industry Committee, Committee for Technical Regulation and Metrology, Committee for State Energy Supervision and Control, Atomic Energy Committee and Committee on Geology and Subsurface Management. Personnel policy in this Ministry is determined by the following regulatory documents: “On Civil Service” dated 23 July 1999, No. 453, Decree of the RK President dated 3 May 2005 No. 1567 “On the Civil Servants Honor Code”, “Requirements When Joining the Civil Service”, “Typical Qualification Requirements for the Categories of Civil Service Administrative Officers”, Anti-Corruption Act. The MINT has also approved the “Anti-Corruption Actions Plan for 2011-2015”.		

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RATING	SELECTION
The rating is not applicable / Not rated	
Report or activity meets <i>none of the quality element</i>	“Low”
Report or activity meets <i>one quality element</i>	“Low to Average”
Report or activity meets <i>two quality elements</i>	“Average”
Report or activity meets <i>three quality elements</i>	“Average to High”
Report or activity meets <i>all quality elements</i>	“High”

Name of the researcher and organization: Sara Espenova, PF “KAMEDA”

Information source: <http://www.mint.gov.kz>, the Law “On Civil Service” dated 23 July 1999, No. 453, Decree of the RK President dated 3 May 2005 No. 1567 “On the Civil Servants Honor Code”, “Requirements When Joining the Civil Service”, “Typical Qualification Requirements for the Categories of Civil Service Administrative Officers”.

Supplemental information: Official request No. 29 dated 11/09/2013 was sent to the MINT for the head of the RK agency for power industry and new technologies development Shurenov S. B. Official response No. 09-4-739 dated 25.09.2013 was received, and there was mentioned that while documents may not be provided for use in public media, the MINT did not mind a meeting, but there was still no meeting because the key respondents were always busy. The MINT refused to provide separate documents.

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PP 8 THE EXECUTIVE AUTHORITY’S ABLILTY TO ASSESS THE ENVIRONMENTAL ISSUES		
Quality Ele-ments	Indica-tor	Explanation
Assigned finan-cial resources	No	At the local level, the actions connected with environmental protection are financed through the departments for natural resources and regulation for natural use. The environmental programs of these departments do not in-clude special measures for reducing the environmental load from the elec-tricity sector. There are also regional programs for energy conservation, but their quality and performance are doubtful.
Access to exami-nation	Yes	According to the RK law, all construction and reconstruction projects (includ-ing the electricity projects) must undergo an environmental examination.
Responsible per-son	No	The structure of the executive authorities responsible for the electricity sec-tor does not include specially designated persons who would be responsible for environmental protection.
Extension of knowledge in the area of envi-ronment	No	There were no special training and study on the issues of the energy sector’s environmental impact conducted over the last 2 years, either for the govern-ment organizations responsible for environmental examination or for local government bodies responsible for power industry development.
DETAILED EXPLANATION		
RATING		SELECTION
The rating is not applicable / Not rated		
Report or activity meets <i>none of the quality element</i>		“Low”
Report or activity meets <i>one quality element</i>		“Low to Average”
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Report or activity meets <i>all quality elements</i>		“High”

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Name of the researcher and organization: Vadim Litvinov, expert of Ecology-Youth-Initiative-Development PF, member of Republican Association NGO “Transparent Tariff”.

Information source: Answers from the competent authorities, the Comprehensive Plan for Energy Conservation in Pavlodar Region for 2012 – 2015, Comprehensive Plan for Energy Conservation in Kyzylorda Region for 2012 – 2015.

Additional information: At the level of regions, Comprehensive Plans for Energy Conservation up to 2015 were approved. Development of these plans was provided according to the republic-wide Energy Conservation Program for the Period up to 2015 (p. 4 of the program actions plan). Within the framework of the research, comprehensive plans for energy conservation in two regions (Pavlodar and Kyzylorda) have been analyzed. According to the results of the analysis, it is necessary to note the following: 60% of 27.6 bn KZT planned in Comprehensive Plan for Energy Conservation in Kyzylorda Region is expected to be spent for 3 action items (each 5.5 bn):

- Repairs in high-rise apartment house within the framework of the Program for Modernization of Housing and Utility Services for 2011 – 2020
- Creation and update of housing databases
- Expansion and reconstruction of water supply and sewage systems in Kyzylorda.

Comprehensive Plan for Energy Conservation in Pavlodar Region posted on Maslikhat’s website does not specify how much of the budget resources are going to be spent on the program’s implementation. Moreover, a part of the actions provided by the Plan for Energy Conservation has already been included into other government programs. Thus, random plans for energy conservation in two regions show that when realizing environmental strategies at the local level, the approach to selection of the actions to reduce the load on the environment from energy sector in general and from electricity sector is often formalistic.

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PP 9 THE EXECUTIVE AUTHORITY’S ABILITY TO ASSESS SOCIAL ISSUES		
Quality Elements	Indicator	Explanation
Assigned financial resources	No	Financial resources for assessing social issues may be assigned by the state bodies as a state social order by including a specialist for sociological research into staff or by research to assess the needs of target groups. However, central and local executives assign funds within the framework of state social order only for information measures to promote the energy conservation in businesses and in everyday life.
Access to examination	Yes	Executive staff has the necessary statistical data and information about the impact of electricity and heating price on public’s standard of living. Important information may be obtained by the Agency for Regulation of Natural Monopolies of the RK during public hearings with the participation of the relevant NGO’s and persons concerned. The state bodies have all necessary information to conduct the examination within the framework of directions specified. However, there is no publicly available information on the number of examinations conducted and on their content.
Responsible person appointed	No	The Ministry of Industry and New Technologies of the RK has no separate departments responsible for studying the impact of decisions made in the energy sector on the social life of the population. No special experts responsible for social area are indicated in the staff.
Extension of knowledge in the area of social issues	No	No research projects provided. The Agency for Regulation of Natural Monopolies of the RK studies the social issues in the form of public hearings and press tours, or by direct communication with the people. But meetings with the citizens do not incur any financial cost, the workers of ARNM regional departments organize meetings in their own buildings. To fight corruption, applications and complaints from the consumers will be accepted electronically.

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Rural electrification program availability	Yes	<p>The state bodies may expand their knowledge of social issues in two ways: through the active cooperation with non-governmental organizations and independent involvement of the public (stakeholders) into decision-making process. Only the knowledge of problems and needs of ordinary people can form a true and fair view on social situation in the country. It is important for government representatives to organize work at lower level. Availability of rural electrification program. The project “Development of Rural Electrification within the Framework of “Rural Development” State Programs and the Program “Development of Electric Power System in the Republic of Kazakhstan” currently works within the territory of the Republic of Kazakhstan. The project is expected to be in effect by 2015. The project is administered by Kazselenergoproekt institute. Taking into account the fact that the purpose of rural electrification is to construct up to 100 thous kilometers of medium and low voltage networks, it is expected that by 2015, the consumption will be up to 100 bn kW/h per year. The institute experts propose to build automatic DNC networks as a part of integrated automatic system to control the generation, transmission, distribution and consumption of electricity. It is expected to invest about \$ 2.5 bn to implement the proposed program. This will allow connecting almost all the consumers to a centralized power supply. An important reserve for increasing the power supply capacity will be the construction of small power plants up to 50 MW based on gas piston, gas turbine and steam installations. The areas not connected to the centralized power supply are supposed to be provided with autonomous generating plants: diesel and wind power stations.</p>

DETAILED EXPLANATION

RATING	SELECTION
The rating is not applicable / Not rated	
Report or activity meets <i>none of the quality elements</i>	“Low”
Report or activity meets <i>one quality element</i>	“Low to Average”
Report or activity meets <i>two quality elements</i>	“Average”
Report or activity meets <i>three quality elements</i>	“Average to High”
Report or activity meets <i>all quality elements</i>	“High”

Name of the researcher and organization: Belov Sergey Viktorovich MOO “Active Youth NKO”

Information source: Data provided by RK Agency for Regulation of Natural Monopolies, RK Ministry of Industry and New Technologies.

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PP 10 ANNUAL REPORTS OF THE MINISTRY/DEPARTMENT OF ENERGY		
Quality Ele-ments	Indica-tor	Explanation
Financial re-ports	Yes	<p>The official website contains information on the execution of 2012 national budget by the Ministry of Industry and New Technologies of the Republic of Kazakhstan.</p> <p>This information contains, inter alia, the costs for up-keeping the apparatus of the Ministry with its territorial subdivisions in 2012. Reports on the re-sults of budget programs (subprograms) on implementation monitoring as of April 1, July 1, October 1 and November 1, 2013 are also available on the website.</p>
Performance review	Yes	Report on the Implementation of Operational Plan of the Ministry of Industry and New Technologies of the Republic of Kazakhstan in January-December 2012 is represented as a table showing the strategic directions, established goals, target indicators, tasks, measures, responsible executives, deadlines, completion form, indicators of direct result, actually performed activities, reasons for non-performance, recommendations, including the proposals on amending the OP. Directions for future initiatives, projects and decisions are set forth in a separate document: Strategic Plan of the Ministry of Industry and New Technologies of the Republic of Kazakhstan for 2011-2015.
Availability	Yes	The following information is available on the official website: Report on the Implementation of Operational Plan of the Ministry of Industry and New Technologies of the Republic of Kazakhstan in January-December 2012, In-formation on the Execution of Republican Budget 2012 by the Ministry of Industry and New Technologies of the Republic of Kazakhstan, SPAIID Imple-mentation Report.
Local languages	Yes	All reports are available in Kazakh.

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DETAILED EXPLANATION: Ministry of Industry and New Technologies of the Republic of Kazakhstan provides its report according to the format approved by the Resolution of the Government of the Republic of Kazakhstan dated 11 September 2012 and to the deadlines provided for submission of the reports on the implementation of state policy in energy conservation and increasing the energy efficiency by central executive bodies. The form must contain information about the action name, action dates, result of the action, financial costs, frequency of the action, etc. For submission of reports on the implementation of state policy in energy conservation and increasing the energy efficiency by central executive bodies, the central executive bodies shall, by acting within their competence, submit their reports on the implementation of state policy in energy conservation and increase the energy efficiency to the authorized body for energy conservation and increase the energy efficiency by January 25 of the year following the reporting year.

RATING	SELECTION
The rating is not applicable / Not rated	
Report or activity meets <i>none of the quality elements</i>	“Low”
Report or activity meets <i>one quality element</i>	“Low to Average”
Report or activity meets <i>two quality elements</i>	“Average”
Report or activity meets <i>three quality elements</i>	“Average to High”
Report or activity meets <i>all quality elements</i>	“High”

Name of the researcher and organization: Kurmanbaeva A. A. PA “Committee for Public Control over the Execution of State Programs at the Local Level”

Information source: Information on the Execution of Republican Budget 2012

Ministry of Industry and New Technologies of the Republic of Kazakhstan <http://www.mint.gov.kz/?id=187> , Report on the Implementation of Operational Plan of the Ministry of Industry and New Technologies of the Republic of Kazakhstan in January-December 2012 <http://www.mint.gov.kz/index.php?id=440&lang=ru>.

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PP 12 EFFECTIVE FUNCTIONING OF THE SEPARATE PLANNING AGENCY / POLICY DEVELOPMENT		
Quality Elements	Indicator	Explanation
Requirement to consult the planning agency	No	No data available
Mechanism of executives’ response assessment	No	No data available
Information search powers	No	No data available
Transparency in functioning	No	No data available
Consulting procedures		No data available

DETAILED EXPLANATION:

RATING	SELECTION
The rating is not applicable / Not rated	
Report or activity meets <i>none of the quality elements</i>	“Low”
Report or activity meets <i>one quality element</i>	“Low to Average”
Report or activity meets <i>two quality elements</i>	“Average”
Report or activity meets <i>three quality elements</i>	“Average to High”
Report or activity meets <i>all quality elements</i>	“High”

Name of the researcher and organization: Sara Espenova, PF “KAMEDA”

Information source: Additional information: Official request No. 29 dated 11/09/2013 was sent to the MINT Official and a response was received. The MINT did not mind meeting, but there was still no meeting because the key respondents were always busy. The MINT refused to provide separate documents.

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PP 13 POTENTIAL OF CIVIL SOCIETY		
Quality Ele-ments	Indica-tor	Explanation
Technical and economic analytical po-tential	Yes	<p>Electric power industry in Kazakhstan is a specific area of activity. Civil so-ciety organizations include individual organizations that are active in elec-tricity issues and give reasonable comments on this matter, their notes and suggestions are worthy of attention. These are:</p> <ol style="list-style-type: none"> 1. National Chamber “Atameken” 2. PA “Kazpotrebnadzor” 3. Almaty Public Antimonopoly Commission.
Active participa-tion and strategic poten-tial	No	Participation is occasional and occurs only when the results of changes in energy sector have direct effect on the interests of population or the inter-ests of certain production areas.
Analysis of en-vironmental and social impact of CSO	No	It is difficult to analyze the environmental and social impact of civil society organizations, because the energy sector is not “transparent” both at national and at regional levels.
Support for weaker groups and local social units	No	In Kazakhstan, the electricity is available to about 98% of the population, including 99% of urban population and 91% of rural population. The main problems for the population are increasing prices and quality of the electric-ity supplied (outages and temporary cutoffs). There are two public associa-tions for the protection of consumers’ rights in this region: PA “Kazpotreb-nadzor” and Almaty Public Antimonopoly Commission, experts of which are adequately qualified. However, their activity is not sufficient due to closed nature and corruption in electricity sector.
Current ability to learn	Yes	CSO leaders and experts working in the electricity sector have necessary technical education and keep in touch with their colleagues from Russia and Central Asia.

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Creation of net-work	No	In 2013, the Association of Kazakh NGO’s “Transparent Tariff” was created, which includes 7 NGO’s that represent Western, Northern, Southern, Central and Eastern regions of the country. However, their number does not create sufficient representation, they need to be expanded, and their activity is not so strong as yet.
Wide confidence	No	The state bodies for power management are reluctant to cooperate with organizations from non-governmental sector on energy sector development issues. The NGO’s have been involved into development of specific programs in the area of electric power industry.

DETAILED EXPLANATION

RATING	SELECTION
The rating is not applicable / Not rated	
Report or activity meets <i>none of the quality elements</i>	“Low”
Report or activity meets <i>one quality element</i>	“Low to Average”
Report or activity meets <i>two quality elements</i>	“Average”
Report or activity meets <i>three quality elements</i>	“Average to High”
Report or activity meets <i>all quality elements</i>	“High”

Name of the researcher and organization: Nazarov Eduard Yurievich, PF “CAIR”

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PP 14 QUALITY OF LEGAL DEBATES CONCERNING THE ELECTRICITY LAW		
Quality Ele-ments	Indica-tor	Explanation
Debates dura-tion	Yes	Consideration of draft laws complies with the recommended duration: mini-mum is one month, maximum is one year.
		Example. 8 May 2013, the Chamber of the Parliament of Kazakhstan ap-proved the draft law “On Amendments and Additions to Some Legislative Acts of the Republic of Kazakhstan on Supporting the Use of Renewable En-ergy Sources” in its first reading.
Presence of members	Yes	30 May 2013, the Chamber of the Parliament of the RK approved the draft law in its second reading. 11 June 2013, a draft law was considered at the enlarged meeting in the Committee on the Environment and Rural Develop-ment of the Senate of the Parliament of the Republic of Kazakhstan. Concep-tually approved draft law was submitted for consideration by the Chamber. On June 13, the Senate Deputies of the Parliament approved the draft law in its first reading. 20 June 2013, the Senate of the Parliament of the RK passed the draft law “On Amendments and Additions to Some Legislative Acts of the Republic of Kazakhstan on Supporting the Use of Renewable Energy Sources”.
		When considering the draft law “On Amendments and Additions to Some Legislative Acts of the Republic of Kazakhstan on Supporting the Use of Re-newable Energy Sources” in the Chamber of the Parliament at the first and second readings and in the Senate of the Parliament at the first and second readings, a quorum was present.
Composition of speakers	Yes	The RK Parliament includes 83 representatives from the People’s Democrat-ic Party “Nur Otan” (80.99%), 8 representatives from the Democratic Party of Kazakhstan “Ak Zhol” (7.47%), 7 representatives from the Communist People’s Party of Kazakhstan (7.19%) and 9 non-aligned persons.
		When considering the draft law “On Amendments and Additions to Some Legislative Acts of the Republic of Kazakhstan on Supporting the Use of Renewable Energy Sources”, representatives of the two out of three parties expressed their opinion, their statements being of a clarifying and approving kind.
Availability of the minutes	No	Minutes of meetings are not published on the website.

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DETAILED EXPLANATION: The Parliament of the Republic of Kazakhstan consists of two Chambers: Senate and Chamber of Deputies that act on a permanent basis. The Senate consists of the deputies that represent each district, each city of national status and the capital of the Republic of Kazakhstan by two persons. Half of the elected Senate Deputies are re-elected every three years. Fifteen Senate Deputies are appointed by the President of the Republic taking into account the necessity to represent national, cultural and other important interests of society in the Senate. The Chamber consists of one hundred and seven deputies, among which ninety eight deputies are elected by secret ballot from political parties according to party lists in one nationwide constituency on the basis of universal, equal and direct suffrage, nine deputies of the Chamber are elected by the Assembly of People of Kazakhstan. Proposals for legislative acts submitted by the President of the Republic, by deputies and by the Government are forwarded for consideration to the relevant standing committees of the Chamber according to the Decree issued by the Chamber and may be considered at its plenary meeting only when they are accompanied by the conclusions of the standing committees of the Chamber. The draft law considered and approved by a majority vote of the total number of deputies of the Chamber is submitted to the Senate where it is considered within no more than sixty days from the date of receipt of the draft by the Senate. If the draft is rejected as a whole by a majority vote of the total number of deputies of the Senate, it is returned to the Chamber. If the Chamber approves the draft again by a majority of two thirds of the total number of deputies, it is submitted to the Senate for reconsideration and voting. The draft law rejected by the Senate repeatedly may not be submitted again during the same session.

RATING	SELECTION
The rating is not applicable / Not rated	
Report or activity meets <i>none of the quality elements</i>	“Low”
Report or activity meets <i>one quality element</i>	“Low to Average”
Report or activity meets <i>two quality elements</i>	“Average”
Report or activity meets <i>three quality elements</i>	“Average to High”
Report or activity meets <i>all quality elements</i>	“High”

Name of the researcher and organization: Kurmanbaeva A.A. PA “Committee for Public Control over the Execution of State Programs at the Local Level”

Information source: Official website of the Parliament of the Republic of Kazakhstan www.parlam.kz , zakon.kz <http://www.zakon.kz/4559523-mazhilis-odobril-proekt-popravok-po.html>, tengrinews.kz http://tengrinews.kz/kazakhstan_news/zakonoproekt-po-ispolzovaniyu-vozobnovlyaemyih-istochnikov-energii-odobril-senat-236052/ , zakon.kz <http://www.zakon.kz/4561795-senatory-odobrili-popravki-v.html> , zakon.kz <http://www.zakon.kz/4561391-senatory-obsudili-voprosy-podderzhki.html>.

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PP 15 QUALITY OF MEDIA COVERAGE FOR POLICY AND REFORMS IN THE ELECTRICITY SECTOR		
Quality Ele-ments	Indica-tor	Explanation
Volume of media coverage	Yes	The part of information about the electricity sector and related matters is only 2-3% of the total information flow. Interesting articles were published on public news sites and printed quite often. All the most recent news regarding the power supply were published directly on the official websites and in the other printed reports of the organizations related to this industry in the form of latest news and reports.

		<p>The main issues raised in the media during the period of analysis:</p> <p>Announcing the introduction of the State Energy Registry.</p> <p>Launch of the second phase of the project “Modernization of National Power Grid. Stage 2”.</p> <p>Decrease, increase of the electricity price in several regions of Kazakhstan.</p> <p>Import and export of electric power in Kazakhstan.</p> <p>Events leading to “Green” energy.</p>
Quality of media coverage	Yes	<p>Articles written in positive and neutral tones, are of superficial kind and tell only about the event headline, which does not reveal the inside story of a true facts. Negative materials tell about the true technical problems and the lack of knowledge about what is happening among the people. The most popular cause of negativity is the issue of price policy in the regions. The citizens also worry because of the technical condition of power equipment, overrated estimates of construction projects for power generation and the poor control of compliance with the safety regulations and the rules for technical operation of power plants by the state energy supervisory authority is particularly noted; moreover, the critical look falls on the receipt and distribution of profits between the monopolists in this industry.</p>

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TABLE OF INDICATORS on the evaluation of ecological and social aspects of Kazakhstan’s electricity sector management

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Balance of media coverage	Yes	<p>There are 6 (47%) positive articles, 2 (15%) negative and 5 (38%) neutral.</p> <p>Most of the articles are neutral and informative, and engender further development of the public discussions concerning the news item. Neutral materials include the messages presented in the form of summary reports prepared by the authorized bodies for other enterprises and for the public. Generally, the information is published according to the programs on media coverage of the RK state bodies’ activity that are aimed to create an objective public opinion, to make the activity transparent. Positive articles include all the issues that cover all kinds of achievements and innovations in the area of electric power. Unlike the neutral articles, here the names of supervising and responsible persons are given.</p>
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DETAILED EXPLANATION: As in many developing countries as well as in our country, mass media form the opinion about one or the other authority and about officials. I.e., on the one hand, by formulating and expressing the public opinion and mass media, by accumulating the people’s experience and will and, on the other hand, by exerting an influence not only on people’s mind, but also on their deeds and collective actions. Thus, the “fourth estate” rules even in the policy of such global resource as electric power. Media selection criteria for monitoring were:

- Total circulation, frequency of issuance.
- Ownership.
- Type of information source: printed / electronic.
- Content.

Total number of mass media considered: 29.

- Of which – 7 printed media
- electronic media – 16
- TV media – 6.

When analyzing the media products we have studied, we got a feeling that there are three separate “countries” living in different worlds. The first of these “countries” were the electric power entities themselves, the other two were state and public (the end users). Proceeding from the above, we came to a series of recommendations to be taken into account. The following innovations should be introduced into the policy of all regulatory bodies and enterprises involved in generation, supply and distribution of electric power: informational, financial, environmental, social and industrial transparency. For full satisfaction of all parties connected with electric power, we need to organize accurate working of the divisions and departments responsible for public relations, to provide them with the access to information necessary for the relevant parties. The websites controlling the regulatory bodies and power industry subjects shall provide the following:

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Provision of the information about the companies’ activities upon the request from entities involved in RK power industry, national and local state executives. Joint provision of the documents on development to relevant state bodies and to other entities involved into RK power industry. Regular announcement of events connected with prospective development of the industry. Provision of informational materials on the activities of entities involved into RK power industry and regulatory bodies to mass media and other interested parties upon their official request.

Possibility to organize comments and interviews with managers and leading specialists in the area of power industry. Substantiation of amendments and additions to price policy by necessary documentation. During the period specified, from 05/08/2013 to 12/08/2013 (inclusive three days before and three days after the period), the national and local media were being reviewed and monitored once a week.

Electronic media: www.tengrinews.kz, www.24news.kz, www.zakon.kz, www.kt.kz, www.bnews.kz, www.nomad.su, www.capital.kz, www.inform.kz, www.panorama.kz, www.gazeta.kz, www.kursiv.kz, www.today.kz, www.zon-akz.net, www.total.kz, www.resurs.kz, www.nur.kz.

TV media: Khabar TV channel, TC Eurasia, TC 31 channel, TC Kazakh, TC 7 channel, TC KTK.

Total publications for the period: 13, among them are: 6 (46%) in printed media, 7 (54%) in electronic media (figure no. 1)

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Table of evaluation of “Regulatory Process” indicators of the electricity sector governance in Kazakhstan

SUMMARY TABLE of indicators on the evaluation of ecological and social aspects of the Kazakhstan’s electrical power sector management

TABLE OF INDICATORS on the evaluation of ecological and social aspects of Kazakhstan’s electricity sector management

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RATING	SELECTION
The rating is not applicable / Not rated	
Report or activity meets <i>none of the quality elements</i>	“Low”
Report or activity meets <i>one quality element</i>	“Low to Average”
Report or activity meets <i>two quality elements</i>	“Average”
Report or activity meets <i>three quality elements</i>	“Average to High”
Report or activity meets <i>all quality elements</i>	“High”

Name of the researcher and organization: Sara Espenova, PF “KAMEDA”

Information source: Printed media: Argumenty i Fakty. Kazakhstan (LLP “AiF in Kazakhstan”, weekly public political newspaper, circulation over 90 thous copies), Egemen Kazakhstan (official daily governmental newspaper in Kazakh, circulation 135 thous copies), Kazakhstanskaya Pravda (general national newspaper, circulation over 100 thous copies), Vremya (public political newspaper), Komsomolskaya Pravda, Kazakhstan (LLP “Komsomolskaya Pravda in Kazakhstan”, daily newspaper, circulation over 10 thous copies), OKO, Legal Newspaper of Kazakhstan (weekly public political newspaper, circulation over 15 thous copies), “Energetika” magazine.

PP 16 **CLEARITY OF THE PROCESS OF PUBLIC PARTICIPATION IN DECISION MAKING**

Quality Elements	Indicator	Explanations
Responsibility for the decisions made	Yes	Organizers of the events for public discussion of the program “Energy Conservation – 2020” informed the public about the initiation of these events and about the authorized state body. The development of the “Energy Conservation – 2020” is indicated in this program.
Clear timeframe for decision making.	No	Unfortunately, the information resources that have been represented and the data on the organization of the “round tables” discussing the program do not contain any information on whether any clear timeframe was established or not; it is usually announced as soon as possible about the need to provide the proposals.

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Clear timeframe for submission of the proposals	No	No data found concerning the clear timeframe for approving the program and, respectively, for submission of proposals by the researchers.
Accountability of the proposals submitted	No	According to the information provided by NECK “Atameken”, on June 2 of this year, a “round table” was conducted on the discussion of the draft program “Energy Conservation – 2020” with the participation of the deputies of the Chamber of the Parliament, independent experts, representatives of industry ministries and other stakeholders. Participants of the “round table” made the following presentations: 1. The role of Non-Governmental Organizations for Energy Conservation and Increasing the Energy Efficiency in Housing and Utility Sector 2. Safe and Energy-Saving Glazing as One of the Main Directions of the State Strategy of Transition to “Green Economy” 3. State Energy Register, Including the Energy Audit Rules and Accreditation Rules in the Energy Conservation 4. The Role of ALE “Kazakhstan Association of Energy Auditors” Implementing the State Policy in Energy Conservation and Increasing the Energy Efficiency. Based on the results of this event, there was a decision made to conduct similar “round tables” in all the regions of Kazakhstan. Recommendation to conduct the “round tables” in all the regions of Kazakhstan, as found out from the press, was carried out, but it is unknown if there were any recommendations directly related to the program.
Documenting the consulting process	No	No information about the exact outcome, resolution, minutes, lists of participants, materials of public hearings and other socially important events found in publicly available sources.
Well-timed dissemination of information about the process	Yes	Public discussion of the program “Energy Conservation – 2020” was organized in June by the regional executive bodies and was aimed to provide information about the document prepared by the Ministry of Industry and New Technologies. Already at the end of August, i.e. within three months, the program was approved by the Government. “Round tables” in the regions were conducted within a week or two after the Astana event, following the criterion of advance informing (page 60 EGI-Toolkit), but no time frame was provided.
Wide dissemination of information about the process	No	No facts about wide scale information, the online resources report information about the events that were conducted after the fact.

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Target dissemination of information about the process	Yes	Information about the “round tables” organized indicates that NGO representatives, state officials and entrepreneurs were present at the public events. At the same time, it is not clear e.g. how the groups of entrepreneurs and the NGO’s informed the public or those whom they represented in these events.
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DETAILED EXPLANATION: The information disseminated by MINT of RK states that “The annual reduction in energy consumption by 10% will occur according to the accelerated scenario. To realize this, the Ministry of Industry and New Technologies, according to the order issued by the Head of the State, is developing a program called “Energy Conservation 2020”, the project of which is currently being discussed in the regions. The presentations have already been conducted at the public hearings in Eastern Kazakhstan region, as well as in Pavlodar and Karaganda, where the representatives of Mayor’s Offices, industrial and utility enterprises, non-governmental organizations and CSC have been present.” (<http://www.nomad.su/?a=4-201306110020>). Thus, in public relations, the emphasis was placed on non-governmental organizations, no references given about general public, and there were no data about how this information and public discussions continued at the initiative of NGO’s with the participation of the public.

On June 3 of this year, the first public hearing to discuss the Program “Energy Conservation 2020” was held in Karaganda City Hall. It was chaired by the Deputy Mayor of Karaganda region S. Idrisov. It was attended by the representatives of MINT RK, JSC “Kazakhnergoekspertiza”, JSC “Kazakhstan Center for Modernization and Development of Housing and Utility Services”, National Chamber of Housing and Construction, and Kazakhstan Association of Energy Auditors (<http://www.kazee.kz/news/v-akimate-goroda-karaganda-proshlo-pervoe-ob-schest/>).

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RATING	SELECTION
The rating is not applicable / Not rated	
Decision making process does not meet any of quality elements	“Low”
Decision making process meets 1-2 quality elements	“Low to Average”
Decision making process meets 3-4 quality elements	“Average”
Decision making process meets 5-6 quality elements	“Average to High”
Decision making process meets 7-8 quality elements	“High”

Name and organization of the researcher: Tnaliev Ulugbek Serikovich, Public Fund “Center for Budget Analysis and Economic Monitoring”

Information source: Websites of the authorized state bodies (<http://www.primeminister.kz/blog/view/327>), NEC “Atameken Union” (<http://atamekenunion.kz/expert/out>, <http://atamekenunion.kz/tops/view/2347>), news services (<http://www.zakon.kz/4556412-serik-akhmetov-poruchil-razrabotat-i.html>, <http://www.nomad.su/?a=3-201308280018>, <http://www.bnews.kz/ru/news/post/145275/>) and the legislation (<http://adilet.zan.kz/rus/docs/Z1200000541>, <http://adilet.zan.kz/rus/docs/P1300000904>).

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PP 17 PUBLIC INFORMATION ABOUT THE BASIS OF POLITICAL REFORM AND ITS PURPOSES		
Quality Elements	Indicator	Explanations
Wide availability of documentation	No	The level of public participation in the decision making processes and participation in the discussions on the development of electricity sector remains low. The decisions on reforming, modernization, planning in this sector are made by the authorized state body, by the representatives of business entities from the energy sector and by the National Economic Chamber of Kazakhstan “Atameken Union”. The main documents on the industry development in medium and long terms are available to the public: the Electricity Sector Development Program until 2014, Program “Energy Conservation – 2020”, the Concept of the RK Transition to “Green Economy” for 2013-2020, and other documents.
Easy access	No	Information about the electricity sector should be available at the websites of the authorized state bodies like the Ministry of Industry and New Technologies and the Committee for State Energy Supervision and Control under MINT RK. Although the documents may be found at the websites of these state bodies, they are on different pages, and this makes them difficult to access. E.g. on the website of MINT RK, the industry program is in the section of Industrialization Program – subsection of Industry Programs – where the program is to be found; and the Program “Energy Conservation – 2020” is in the section of Program Documents, and then in its subsection. On the website of the Committee, the Program “Energy Conservation – 2020” is missing, but the sector’s program for industry development to 2014 is posted.
Timeliness of availability	No	Websites of state bodies do not contain updated information on the stages of implementation of the industry and other programs. The website of MINT RK contains the report on the implementation of the Electricity Sector Development Program to 2014 for the first half of 2012. The public is informed mostly at the stage of the program’s approval by the central executive bodies, that’s why the participation of general public at the stage of decision making is complicated. At the same time, the Committee’s website contains the draft orders, as well as the other laws and regulations, and this allows the public to send comments and suggestions.

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Availability for stakeholders	Yes	Availability of information on the stage of the sector’s reforming and privatization was severely limited. Now there is information on some laws and regulations that are under consideration. The stakeholders from the economic entities of the electricity sector and NEC “Atameken Union” participate in decision making processes at the stage of commenting, objecting and proposal submitting; although, the final results of that participation is unknown, because the process is not fully transparent
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DETAILED EXPLANATION: Legislation on the access to information, mainly the RK Law dated 2/01/2007 “On Consideration Procedure for the Appeals from Individuals and Legal Entities”, allows obtaining information from the state bodies. Where required by law, all laws and regulations must undergo a public discussion, the websites of the Committee and the Ministry of Justice of the RK contain the draft laws and regulations to be commented and discussed by the public; but the existing system does not allow to trace the comments and their impact on the final decision made by a state body, and whether they are included into the relevant laws and regulations, or not. Regarding the draft program “Energy Conservation – 2020”, the discussion of the regions is noted in the press, but mass media did not provide any recommendations and comments from the public concerning the proposed program. Also, according to the information given in the press, the public debates started at the beginning of June, while the program was adopted at the end of August; the researches did not find any evidence of the influence made by the public debates on this governmental program.

RATING	SELECTION
Not assessable / Not assessed	
No information about the documents that form the base for political decision	“Low”
Information available to the public meets 1-2 quality elements	“Average”
Information available to the public meets 3-4 quality elements	“High”

Name and organization of the researcher: Tnaliev Ulugbek Serikovich, Public Fund “Center for Budget Analysis and Economic Monitoring”

Information source: Legislation and other laws and regulations of the Republic of Kazakhstan, websites of the Ministry of Industry and New Technologies of the Republic of Kazakhstan (<http://www.mint.gov.kz>); the Committee for State Energy Supervision and Control (<http://www.kgen.gov.kz>); the Ministry of Justice of the Republic of Kazakhstan (<http://www.adilet.zan.kz>), the news sources: <http://oilnews.kz/1/novosti/novosti-tek-kazaxstana/proekt-programmy-energoberezhenie-2020-obsuzhdaetsya-v-regionax-kazaxstana/>

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PP 18 EFFICIENCY OF THE PUBLIC PARTICIPATION PROCESS		
Quality Ele-ments	Indica-tor	Explanations
Volume of par-ticipation	No	The Ministry of Industry and New Technologies and the Committee for State Energy Supervision and Control under MINT RK together with the regional ex-ecutives held activities to discuss the program “Energy Conservation – 2020”, but the volume, quality and breadth of the public and NGO representation are unknown. No information about attracting the general public to discuss the Concept of Transition to “Green Economy” exists according to the data.
Breadth of par-ticipation	No	In the practice of state bodies, the main subjects engaged in discussions on draft laws and regulations are business entities and specialized national as-sociations. The breadth of public participation in the process of discussing laws and regulations remains low, close to zero.
Results of public participation	No	The researchers could not find any summaries of meetings and consultations with the public, as well as any recommendations and comments, in docu-ments accompanying these laws and regulations.
Response to public participa-tion	No	The laws and regulations developed by central executives are usually enact-ed by the government or by the legislative branch of government as per the relevant procedures and regulations. At the same time, there is no case of rejection of the electricity laws and regulations based on public objections.

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DETAILED EXPLANATION: According to the information provided by the Chairman of the Committee for State Energy Supervision and Control under MINT RK Mr. Turlubek A. A., the basic law “On Electric Power Industry” has been adopted in 2004, and now there is a new bill being developed, which is included into the legislative work plan for 2013. Within the framework of rule-making activity in the electricity sector, there were 48 laws and regulations developed, and among them more than 30 fundamental ones have already been enacted (the new legal institutions have been introduced, such as state technical inspector, standard operational fuel reserve, passport for the readiness of energy organizations to work in the autumn and winter period; certification of managers and experts in the energy organizations; accreditation of the organizations for conducting energy expertise and accreditation of electric laboratories, and number of other legal institutions; the new types of administrative offence are included into Administrative Offences Code). At the same time, this informative article does not tell about the participation of general public in the decision making processes, or about the way in which the public could have or had the influence on the decisions made. The section concerning the energy literacy states that “More than 104 open public lessons on energy conservation have been conducted at the schools all over the country”, page 55, by J. Bakatova, the general manager of strategic analysis department of JSC “Kazenergoekspertiza”, and that “an extensive information campaign has been held, but this work has been done to promote the energy conservation and to conduct the training activities”.

RATING	SELECTION
The rating is not applicable / Not rated	
The process of policy development does not meet any quality element	“Low”
The process of policy development meets 1 quality element	“Low to Average”
The process of policy development meets 2 quality elements	“Average”
The process of policy development meets 3 quality elements	“Average to High”
The process of policy development meets 4 quality elements	“High”

Name and organization of the researcher: Tnaliev Ulugbek Serikovich, Public Fund “Center for Budget Analysis and Economic Monitoring”

Information source: Elektroenergetika Kazakhstana, information and analytic magazine, issue 1, 2013 (http://www.kgen.gov.kz/images/part_1_2013.rar); legislation and other laws and regulations of the Republic of Kazakhstan, websites of the Ministry of Industry and New Technologies (<http://www.mint.gov.kz>) and the Committee for State Energy Supervision and Control (<http://www.kgen.gov.kz>).

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PP 19 CONSIDERATION OF ENVIRONMENTAL ISSUES IN THE SECTOR OF LEGISLATION AND POLICY REFORMS		
Quality elements	Indicator	Explanation
Consideration of the issues in fundamental documents	Yes	Policy documents on economic reforms and transition to the “Green” way of development contain a separate block devoted to the electricity sector and energy conservation.
Inclusion of policy and laws into reforms	Yes	Included into the Concept of Transition of the Republic of Kazakhstan to “Green Economy” and in the industry program Zhasyl Damu.
Mitigation of the direct impact of the energy sector	Yes	Included into the Concept of Transition of the Republic of Kazakhstan to “Green Economy” and in the industry program Zhasyl Damu.
Global and economic consequences of the environmental impact	Yes	One of the main political trends in the area of environmental protection is the transition to low-carbon way of economic development.
<p>DETAILED EXPLANATION: Electric power industry in Kazakhstan is represented mostly by the coal thermal power plant, so this is the main source of greenhouse gas emissions. The State Industry Program for the Environmental Protection Program “Zhasyl Damu” for 2010-2014 states that the greatest contribution into the volume of carbon dioxide emissions is made by the power industry and, among the energy sources, by coal, and the estimates show that the share of coal in emission generation will grow extensively. By 2020, it will be 66 % of the total gross emissions generated as a result of fuel combustion. The program Zhasyl Damu and the Concept of Transition to “Green Economy” includes the organizational arrangements to reduce the environmental impact of the electricity sector.</p> <p>In 1997, the Ministry of Industry and New Technologies adopted the Energy Conservation Act, which provides for basic principles of energy conservation policy.</p> <p>According to the report on the analysis of the efficiency of central and local executives’ activities in the area of technological development prepared by JSC “National Agency for Technological Development” in 2012, it was noted that all of the studied policy documents and strategic plans of the Ministries and departments are focused on the introduction of innovations and resource-power saving technologies.</p>		

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RATING	SELECTION
The rating is not applicable / Not rated	
Consideration of the environmental impact meets <i>none</i> of the quality elements	“Low”
Consideration of the environmental impact meets <i>one</i> quality element	“Low to Average”
Consideration of the environmental impact meets <i>two</i> quality elements	“Average”
Consideration of the environmental impact meets <i>three</i> quality elements	“Average to High”
Consideration of the environmental impact meets <i>four or more</i> quality elements	“High”

Name of the researcher and organization: Vadim Litvinov, expert of Ecology-Youth-Initiative-Development PF, member of Republican Association NGO “Transparent Tariff”.

Information source: State Program of Accelerated Industrial and Innovative Development of the Republic of Kazakhstan for 2010-2014 dated 19 March 2010, No. 958, Industry Program “Zhasyl Damu” for 2010-2014, Strategic Plan of the Ministry of Environment of the Republic of Kazakhstan for 2011-2015, the Program “Regional Development” approved by the Resolution of the Government of the Republic of Kazakhstan dated 26 July 2011 No. 862, the program “Business Road Map 2020” approved by the Resolution of the Government of the Republic of Kazakhstan dated 13 April 2010 No. 301, Strategic Plan of the Ministry of Industry and New Technologies of the Republic of Kazakhstan 2010-2014, the Program on Nuclear Industry Development in the Republic of Kazakhstan for 2011-2014 with the prospect for development to 2020, Strategic Plan of the Nuclear Energy Agency of the RK, Strategic Plan of the RK Agency Construction, Housing and Utilities for 2011 – 2015.

Additional l information: In spite of the high score of this indicator, it is necessary to note that due to the lack of interaction with the public, without enlisting public support, implementation of the best strategies may fail because of the public reluctance to participate in the implementation of these “strange” plans. Analysis of other indicators often shows that this is what happens. By the word public we understand it to mean a wide range of individuals (including the business and investment communities).

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PP 21 TRANSPARENT FORMULATION OF THE POLICY IN THE AREA OF INDEPENDENT ENERGY PROCUCERS		
Quality Ele-ments	Indica-tor	Explanation
Legislative ap-proval	Yes	National policy concerning the IEP’s is subject to the legislative control and consideration by discussion connected with the changes in current legisla-tion. The issues of national policy concerning the IEP’s are reflected in the Resolution of the Government of the Republic of Kazakhstan dated 28 Sep-tember 1996 “On Some Measures for Restructuring of Power System Manage-ment in the Republic of Kazakhstan” and in the Program for Electricity Sector Development in the Republic of Kazakhstan for 2010 – 2014 approved by the Resolution of the Government of the Republic Kazakhstan dated 29 October 2010.
Public consul-tations in the course of policy development	Yes	<p>According to Article 5 of the Law “On Private Entrepreneurship” dated 31 January 2006, since 1 July 2006, the business community is entitled to par-ticipate in the development of laws and regulations affecting the interests of business. According to this article, the central state, local government rep-resentative and executive bodies are obliged to submit the draft laws and regulations affecting the interests of private entrepreneurs to the accredited associations of private enterprises and to the National Chamber of Entre-preneurs of the Republic of Kazakhstan through the advisory boards with a mandatory application of explanatory note to receive an expert opinion, included each time when the draft must be agreed on again.</p> <p>According to the same law, p. 4, the expert opinions must be attached to the draft law or regulation before its adoption, including each time when the draft must be agreed with the governmental stakeholders again. Preliminary documents available to the public: According to Art. 5, p. 8 of the Law “On Pri-vate Entrepreneurship” the draft laws and regulations affecting the interests of private entrepreneurs, must be published (disseminated) in mass media, including Internet sources, prior to their consideration by the relevant au-thority or at the meeting of the expert council. Interested persons can leave their comments on the draft law at the website of the Ministry of Justice of the RK http://www.adilet.gov.kz/ru/node/43435. The expert opinions of the National Economic Chamber of Kazakhstan “Atameken Union” are available on the association’s website in the Expert Opinions Register http : // atame-kenunion.kz/expert/out?p=0 .</p>

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Competitive tendering	Yes	<p>The structure of the policy requires providing IEP projects, among other things, on a competitive basis.</p> <p>Centralized electricity tenders are conducted in accordance with the Rules for Organization and Functioning of the Centralized Electricity Tenders in the Republic of Kazakhstan approved by the Order of Acting Minister of Energy and Mineral Resources of the Republic of Kazakhstan dated 10 September 2004. The operator at centralized electricity trading market is the Joint Stock Company “Kazakhstan Operator of Electric Energy and Power Market”.</p>
Adequate analysis of demand	Yes	<p>The analysis of the demand and supply scenario is reflected in the Strategic Plan of the Ministry of Industry and New Technologies of the Republic of Kazakhstan for 2011-2015, approved by the Resolution of the Government of the Republic of Kazakhstan dated 8 February 2011. The Strategic Plan is published on the official website of the Ministry of Industry and New Technologies of the Republic of Kazakhstan.</p>
Disclosure of the electric power purchase agreements	No	<p>The terms of final agreements on electric power purchase from the independent energy producers are not published.</p>
Financial impact analysis	No	<p>The detailed analysis of the impact of agreements on electric power purchase from independent energy producers on the prices is not available to the public.</p> <p>The method of rate calculation (in particular, the X-factor values) isn’t transparent.</p>
Adequate public consultations before the project’s approval	No	<p>The law does not require public consultation before approving the electric power purchase agreements with IEP.</p>

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DETAILED EXPLANATION: During the restructuring of electric power industry, the Resolution of the Government of the Republic of Kazakhstan “On Additional Measures to Improve the Efficiency of the Wholesale Market of Electric Energy and Power in the Republic of Kazakhstan” dated 20.04.2000 engendered the creation of Closed Joint Stock Company “Kazakhstan Operator of Electric Energy and Power Market” (JSC “KOEPPM”) with a 100% participation of the state in its registered capital and for the function of organizing and conducting the centralized “day-ahead” tenders, drawing daily schedules and actual balances of the electricity supply/ consumption. The JSC “KOEPPM” was established by the Committee for State Property and Privatization of the Ministry of Finance of the Republic of Kazakhstan. According to the acceptance and transfer certificate dated 04/10/2000 No. 12, the ownership and use of rights for the state share package of JSC “KOEPPM” have been transferred to the Ministry of Energy, Industry and Trade of the Republic of Kazakhstan (now the Ministry of Energy and Mineral Resources of the Republic of Kazakhstan). According to the Order of MEMR dated 12/03/04 “On the Approval of Amended Charter of JSC “KOEPPM”, JSC “KOEPPM” was reorganized into a corporation. By issuing an Order dated 23 September 2005, the Competition Protection Committee amended the registry so as to change the service of “organization of centralized tenders for present (spot) and balancing electric energy and power” for the service of “ensuring the readiness of trading system to conduct the centralized electricity tenders; organizing and conducting centralized electricity tenders” with 100% share of dominance. In 2004, in order to realize the Concept of Further Development of Market Relations in Electric Power Industry of the Republic of Kazakhstan, approved by the Resolution of the Government of the Republic of Kazakhstan dated 18 February 2004, the Ministry of Energy and Mineral Resources issued the Order No. 54 dated 4 March 2004, according to which JSC “KOEPPM” was appointed as an operator of centralized electric energy trading market. According to pp. 2, Art. 15 of the Law “On Electric Power Industry”, the operator of centralized electric energy trading market has the following functions:

- organizing and conducting spot-tenders
- organizing and conducting centralized electricity tenders in the medium (week, month) and long term (quarter, year) periods
- provision of equal access to centralized electric energy trading market for entities from the wholesale electric energy market
- determining whether the wholesale electric energy market meets the requirements established by the rules of centralized electric energy trading
- registration and accounting of the transactions for electric energy sale at the centralized electricity tenders
- providing, within the limits its competence, entities from the wholesale electric energy market with information on indicative prices for electricity prevailing at the centralized tenders and with the other market information. It is necessary to note that according to the methodology, this indicator only considers the legal base for independent producers. Practical implementation of these principles is described in PP 25.

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RATING	SELECTION
The rating is not applicable / Not rated	
Report or activity meets <i>none of the quality elements</i>	“Low”
Report or activity meets <i>one quality element</i>	“Low to Average”
Report or activity meets <i>two quality elements</i>	“Average”
Report or activity meets <i>three quality elements</i>	“Average to High”
Report or activity meets <i>all quality elements</i>	“High”

Name of the researcher and organization: Kurmanbaeva A. A. PA “Committee for Public Control over the Execution of State Programs at the Local Level”

Information source: Review of the power industry in Kazakhstan http://large.stanford.edu/courses/2010/ph240/sagatov1/docs/kaz_energy_resources_ru.pdf, Program for the Price Policy in the Republic of Kazakhstan for 2010 – 2014 https://www.google.kz/url?sa=t&rct=j&q=&esrc=s&source=web&cd=2&cad=rja&ved=0CC8QFjAB&url=http%3A%2F%2Fwww.economy.kz%2Fsgp%2F2030%2Ftarif.doc&ei=Cc5dUoepIOSD4AS454HQBw&usg=AFQjCNFYSpNM2LNmp58_3ANYrYrOsftNA&bvm=bv.54176721,d.bGE, Joint Stock Company “Kazakhstan Operator of Electric Energy and Power Market”, <http://www.korem.kz/>, Information and Legal System of Laws and Regulations of the Republic of Kazakhstan: the Law of the Republic of Kazakhstan dated 31 January 2006 “On Private Entrepreneurship”, <http://adilet.zan.kz/rus/docs/Z060000124>, the Draft Law “On Amendments and Additions to Some Legislative Acts of the Republic of Kazakhstan on the Energy Conservation and Energy Efficiency”, the Expert Opinions Register of the National Economic Chamber of Kazakhstan “Atameken Union”, <http://atamekenunion.kz/expert/out?p=0>, Report on the Electricity Market Research to Assess the Competition, http://www.es-c.org/files/konkurenciya2005_3.pdf, Information and Legal System of Laws and Regulations of the Republic of Kazakhstan “On Strategic Plan of the Ministry of Industry and New Technologies of the Republic of Kazakhstan for 2011-2015”, <http://adilet.zan.kz/rus/docs/P1100000102>, Information and Legal System of Laws and Regulations of the Republic of Kazakhstan “On Some Measures for Restructuring of Power System Management in the Republic of Kazakhstan”, <http://adilet.zan.kz/rus/docs/P960001188>, the Rules for Organization and Functioning of the Centralized Electricity Tenders in the Republic of Kazakhstan, http://www.kegoc.kz/useful_info/legal_acts/prikaz_10-09-2004.

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PP 23 TRANSPARENCY OF DONORS’ INVOLVEMENT THROUGH THE LOANS PROVIDED FOR POLICY REASONS		
Quality Ele-ments	Indica-tor	Explanation
Transparency of political posi-tion	Yes	The main donors are EBRD and IBRD. Donor organizations observe the trans-parency of political position.
		The EBRD website contains the following documents: Strategy for Kazakh- stan, Political Aspects of EBRD Mandate, Report on the Application of Pub- lic Information Principles in 2012, Recommendations and Definitions for Private Sector Entities. Principles and procedures of enforcement actions, Agreement on Mutual Application of the Decisions to Terminate Relations, Policy on Concerning the Risks of Fraudulent Operation, Procurement Princi- ples and Rules for Goods, Works and Services, Standard Bidding Documents and Guidance for Their Application, EBRD’s Policy Concerning the Environ- ment, Public Informing Principles, Environmental and Social Policy, Evalua- tion Policy, Results of Public Consultations, Complaint Mechanism, Industry Strategy for Energy Sector.
		The World Bank’s website contains the World Bank Policy Concerning the Ac- cess to Information, the Appeal Procedure, bank search engine for more than 100 papers and reports, more than 10,000 projects and operations.
Transparency of conditions	Yes	EBRD and IBRD websites contain information on loans; there are tools for calling up the project documents.
Transparency of evaluation mechanisms	No	No information on the mechanisms of loan evaluation: i.e. the criteria, pos- sibility of external loan and evaluation results are not available.

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DETAILED EXPLANATION: The funds were borrowed for the following projects: “Modernization of Kazakhstan National Power Grid” – \$ 185 mln borrowed from IBRD and EBRD; “Construction of Second 500 kV Transmission Line of North-South Kazakhstan Transit” – \$ 100 mln borrowed from IBRD, \$ 147.8 mln of syndicated loan provided by EBRD under state guarantee; “Modernization of Kazakhstan National Power Grid, Phase II” – € 255 mln borrowed form EBRD; “Power Generation by Moinak HPP” – \$ 200 mln borrowed from the State Development Bank of China, “Construction of 500 kV Alma SS Connected to Kazakhstan National Grid via 500-220 kV Lines of 500 , 220 kV” – \$ 78 mln borrowed from IBRD.

Total cost of projects in Kazakhstan is € 9.9 bln. EBRD aims to increase the transparency and accountability and to promote the proper management in all its activities in order to promote economically and environmentally sustainable transition in the countries of its operation, with the emphasis on private sector.

EBRD investments contribute to the following:

- implementation of structural and sector reforms
- development of competition, privatization and entrepreneurship
- strengthening of financial organizations and legal systems
- development of the necessary infrastructure to support the private sector
- introduction of reliable system for corporate management, particularly in order to solve the environmental problems.

Projects in public sector are approved in the course of direct negotiations with governments.

- EBRD’s requirements for approving project funds from € 5 to 250 mln:
- The project facility must be located in one of the countries where EBRD conducts its operations
- The project must have good profitability prospects
- The project sponsor must make a major contribution into share capital in cash or in kind
- The project must contribute to the economic development of the country
- The project must meet the environmental standards of EBRD and the standards of country where the project is implemented.

In almost all cases, small-scale projects are financed through intermediaries, but in exceptional circumstances the loans for such projects may be provided directly by EBRD.

EBRD offers solutions that meet the client’s and project’s needs and take into account the specific situation of the country, region and industry. It creates a target group of experts from project financing and familiar with the region, industry, legal and environmental problems.

- EBRD finances up to 35 % of the total cost of the projects for creation of new enterprises or 35 % of the long-term capitalization of already existing company.
- If a project requires attracting additional funds from sponsors or from other financing organizations, the Bank can do by syndicated loans.

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- Projects in private sector are usually associated with investments in share capital in amounts not less than one third of the project’s cost.
- The sponsors must make large contributions into share capitals. The sponsors must have a controlling block of shares or be able to control operations in some other way. Contributions to share capital can be made in the form of fixed assets.

EBRD does not finance the following range of activities:

- military production
- manufacture of tobacco products
- production of substances prohibited by international law
- gambling business.

Moreover, EBRD may refuse to finance a particular product or manufacturing processes because of their harmful effects on the environment or due to the impossibility of adequate mitigation of their harmful effects.

RATING	SELECTION
The rating is not applicable / Not rated	
Report or activity meets <i>none of the quality elements</i>	“Low”
Report or activity meets <i>one quality element</i>	“Low to Average”
Report or activity meets <i>two quality elements</i>	Medium
Report or activity meets <i>three quality elements</i>	Medium-“High”
Report or activity meets <i>all quality elements</i>	“High”

Name of the researcher and organization: Kurmanbaeva A. A. PA “Committee for Public Control over the Execution of State Programs at the Local Level”

Information source: Construction of 500 kV Alma SS connected to Kazakhstan National Grid via 500-220 kV:, Kazakhstan Company for KEGOC Power Grids Management http://www.kegoc.kz/press_center/news/2009/11/12, Kazakhstan Development Bank: Financial Statements http://www.kdb.kz/ru/about/financial_statements/news.kz <http://www.bnews.kz/ru/news/post/146952/>.

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PP 24 TRANSPARENCY OF DONORS’ PARTICIPATION THROUGH TECHNICAL AID		
Quality Ele-ments	Indica-tor	Explanations
Transparency of the detailed data concerning technical aid	No	<p>Information about the international donors’ projects is uncoordinated and not always complete, so the information search is complicated. Activity of international agencies like USAID, EBRD and European Commission in Ka-zakhstan is represented by a brief overview of the project, amount, content and recipient of technical aid, loan or grant. Information represented on the World Bank’s website is more detailed and extended. Generally, transparency of information about the technical aid is presented haphazardly and com-plicates the search, even on the websites of state agencies. The website of the Ministry of Industry and New Technologies provides information about the government agreements, multilateral and bilateral agreements signed and about the dates of their signing, but there are no texts of the docu-ments themselves. The section for laws and regulations issued by MINT of RK in the area of international cooperation contains only one document: the list of RK state bodies responsible for the Kazakh part of intergovernmental agreements. On the website of the Power Committee, the section for inter-national cooperation contains one document: Memorandum of Understand-ing between the Committee of MINT of RK and the Ministry of Energy of the Republic of Belarus on cooperation in the area of electricity.</p> <p>Information about projects supported by international financial institutions is available on JSC “Samruk -Energo”s website, but the quality of this infor-mation remains low; the data about the sources of financing, project imple-mentation period, the result are available, but the amounts of investment and the loan or grant agreement are not there.</p>
Transparency of the results	No	The websites of Kazakhstan state bodies, international non-profit organiza-tions, international financial institutions, except for the website of JSC “Sam-ruk-Energo” (where the effect of modernization of the facilities is represented in watts) and World Bank (information is available only in English).
Widespread ac-tivities	No	A small part of the information shown on the websites (only 35% of the population have access to Internet resources) is presented in Russian and in English, but no detailed and general information in Kazakh.

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DETAILED EXPLANATION: Expansion and reconstruction of Ekibastuz SDPP- 2 and installation of power generating unit no. 3 (2010-2015): on 7 September 2010, in the course of the Forum of Interregional Cooperation between Kazakhstan and Russia, Presidents Nazarbayev N. A. and Medvedev D. A. instructed to use new technologies in the construction of 3rd power generating unit. (<http://samruk-energy.kz>). Construction of 45 MW WPP near Yereimentau (2011-2014): in April 2013, a loan agreement with EDB on project financing was signed. In April 2013, a contract for the design, supply and construction of 45 MW wind power plant (WPP) on turnkey basis near Yereimentau was signed. (<http://samruk-energy.kz>). Modernization of Shardarin HPP (2010-2016): in 2012, a Loan Agreement with EBRD was signed. A tender to select a EPC-contractor is being held. (<http://samruk-energy.kz>), information on the loan costing € 50 mln is available on EBRD website (<http://www.ebrd.com/english/pages/project/psd/2012/43483.shtml>). Construction of Moinak HPP (2006-2012): In 2012, Moinak HPP was put into operation. (<http://samruk-energy.kz>) – the project is financed by the Development Bank of Kazakhstan and the Development Bank of China.

(<http://bourabai.kz/toe/moinak.htm>). Cost of the project is available on the website of Kazenergy association Moinak HPP. Total cost of the project is \$ 251.69 mln. Within the framework of SCO, a loan agreement for \$ 200 mln was signed between JSC “Moinak HPS” and State Development Bank of China under the guarantee of the RK Government in the amount of \$ 100 mln (<http://old.kazenergy.com>). Construction of Balkhash TPP (2010-2018): in 2011, the Agreement between the RK Government and the Government of the Republic of Korea was signed for the development, financing, design, construction, operation and maintenance of Balkhash TPP. In September 2012, construction of the first module of the Balkhash TPP was started in the presence of the Heads of State of the Republic of Kazakhstan and the Republic of Korea. In December 2012, the results of open international tender were obtained and the following companies won: Siemens AG (steam turbine generator); Dongfang Electric Corporation Limited (boiler plant). In April 2013, the Law of the Republic of Kazakhstan “On Ratification of the Agreement Between the Government of the Republic of Kazakhstan and the Government of the Republic of Korea in the Area of Development, Financing, Design, Construction, Operation and Maintenance of Balkhash Thermal Power Plant” was signed. (<http://samruk-energy.kz>) the text of ratification agreement and law are available on the website of the Ministry of Justice (<http://adilet.zan.kz/rus/docs/P1100000947>). Ongoing projects financed by European Commission: (http://eeas.europa.eu/delegations/kazakhstan/projects/list_of_projects/projects_ru.htm):

- Initiative of Energy Conservation in Eastern Europe and Central Asia(http://eeas.europa.eu/delegations/kazakhstan/projects/list_of_projects/216206_en.htm), and
- The Program for Sustainable Energy in CA, page does not open (http://eeas.europa.eu/delegations/kazakhstan/projects/list_of_projects/316640_en.htm).

Information provided by European Bank for Reconstruction and Development on the projects supported for the period 1997-2013 by an amount of about \$ 1 bln, information on the projects is available in the form of a short single-page conclusion. (<http://www.ebrd.com/saf/search.html?type=project&country=Kazakhstan>):

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Date	Project name	Sector: power industry	State/ Privatee	
17 Jan 2013	CAEPCO Energy Efficiency Project	Power and energy	Private	S
30 Apr 2012	Aktobe District Heating	Energy efficiency	Public	
06 Jan 2012	Shardara HPP Modernization Project	Power and energy	Public	S
07 Oct 2011	Aktau District Heating	Energy efficiency	Public	S
18 Mar 2011	KazREFF: Kazakhstan Renewable Energy Fi- nancing Facility	Power and energy	Private	PCR, PFR
03 Feb 2011	KEGOC Osakarovka Restructuring Loan	Power and energy	Public	S
17 Dec 2010	Kazakhstan District Heating Modernization Framework	Energy efficiency	Private	Cn
22 Oct 2010	CAEPCO District Heating – Pavlodar	Energy efficiency	Private	S
06 Aug 2010	AES Sogrinsk CHP	Power and energy	Private	S
15 Jan 2009	CAEPCO (F. Northern Lights)	Power and energy	Private	S
05 Sep 2008	Aktobe CHP rehabilitation	Power and energy	Public	Cn
19 Mar 2008	KEGOC Modernization II Loan	Power and energy	Public	S
28 Sep 2007	Pavlodar Energo	Power and energy	Private	S
27 Jun 2005	KEGOC: Ekibastuz-YukGres power transmis- sion	Power and energy	Public	C
01 Aug 2003	KEGOC: North-South Power transmission	Power and energy	Public	C
14 May 1999	KEGOC Power Transmission and Rehabilita- tion Project	Power and energy	Public	S
18 Sep 1998	Karaganda Power	Power and energy	Private	C
04 Aug 1997	Almaty Power Consolidated Company Corpo- rate Loan	Power and energy	Private	Cn

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The World Bank invested \$ 123 mln into 3 projects, i.e. 5% of total loans [http://maps.worldbank.org/eca/kazakhstan#&location=48.806853,69.521482,5§ors=energy,&indicator=Poverty\)/](http://maps.worldbank.org/eca/kazakhstan#&location=48.806853,69.521482,5§ors=energy,&indicator=Poverty)/)

USAID projects (<http://map.usaid.gov/>) total amount for CA is \$ 18.4 mln:

- Central Asian Energy Efficiency Support Program, \$ 1.9 mln, 2011-2013. (<http://map.usaid.gov/ProjectDetail?id=a0cd00000012s4AAAQ>),
- Regional project for power security, efficiency and trading, \$ 16.5 mln, 2011-2013 (<http://map.usaid.gov/ProjectDetail?id=a0cd00000012s3gAAA>)

The website of the Ministry of Industry and New Technologies provides information on international activity of the Ministry. There are about 60 bilateral agreements with different countries (<http://www.mint.gov.kz/?id=319>) and 29 of them are being negotiated (<http://www.mint.gov.kz/?id=321>), 17 multilateral agreements within the framework of international governmental organizations (<http://www.mint.gov.kz/?id=320>), but the subsection for law and regulation on “International Cooperation” contains only the list of the state bodies of the Republic of Kazakhstan responsible for Kazakhstan’s part of joint intergovernmental commissions.

RATING	SELECTION
The rating is not applicable / Not rated	Not rated
Transparency of donors participation through the technical aid meets 1 quality element	
Transparency of donors participation through the technical aid meets 2 quality elements	
Transparency of donors participation through the technical aid meets 3 quality elements	

Name and organization of the researcher: Tnaliev Ulugbek Serikovich, Public Fund “Center for Budget Analysis and Economic Monitoring”

Information source: Legislation of the Republic of Kazakhstan and international agreements, the websites of state bodies and companies from the electricity sector, and websites of international donors represented by companies, governments and governmental organizations.

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PP 25 TRANSPARENT AND ACCOUNTABLE IMPLEMENTATION OF POLICIES/ LEGISLATION CONCERNING INDEPENDENT POWER PRODUCERS (IPP)		
Quality Ele-ments	Indica-tor	Explanations
Competitive tendering	No	There are Government Resolutions of the Republic of Kazakhstan dated 4 June 2012 № 740 “On the Approval of the Rules for Organization and Functioning of the Electric Energy Wholesale Market in the Republic of Kazakhstan” and “On the Approval of the Rules for Organization and Functioning of Electric Energy Retail Market and of the Access to the Services and Rendering Them for This Market”, data provided by these legal acts involve participation of the private service providers. Also the web-site of JSC “KOEPPM” contains the tender documents that provide methodological support for organizing and conducting tenders. It is necessary to have access to the trading system of JSC “KOEPPM” to obtain the right to participate in the centralized electric energy spot-tender “in the day-before”, in retail electric energy spot-tender “during an operating day” or in centralized electric energy tender for mid-term and long-term periods. The employees of the enterprises who wish to take part in the centralized tender are trained by the Department of Exchange Business and Marketing of JSC “KOEPPM”.
Disclosure of information concerning contracts on electric energy supply	No	Electric energy supply contracts are not available to the public.
Adequate analysis of demand	Yes	Demand and supply are analyzed by the initiator of the tender in the electrical energy market. Quarterly reports contain statistical and analytical information about the volumes of electrical energy consumption. At the same time, this analysis could be complemented with a large amount of information, if available in a language, which is understandable to the public.
Financial impact analysis	No	Financial analysis contained in analytical reports of JSC “KOEPPM” does not contain detailed data concerning the sensitivity to the changes in exchange rates, prices for energy resources and expected demand.

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Adequate public consultations before project approval	No	No public consultations were provided.
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DETAILED EXPLANATION

RATING	SELECTION
The rating is not applicable / Not rated	
Case of IPP does not meet any quality element	“Low”
Case of IPP meets 1 quality element	“Low to Average”
Case of IPP meets 2 quality elements	Medium
Case of IPP meets 3-4 quality elements	Medium-“High”
Case of IPP meets all 5 quality elements	“High”

Name and organization of the researcher: Tnaliev Ulugbek Serikovich, Public Fund “Center for Budget Analysis and Economic Monitoring”

Information source: Website of JSC “KOEPPM”, laws and regulations of the Republic of Kazakhstan, provisions and procedures of the regulator.

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PP 26 TRANSPARENT SELECTION OF SERVICE PROVIDERS FROM PRIVATE SECTOR		
Quality Ele-ments	Indica-tor	Explanations
Transparency in the request for proposals	No	At present time, the electric energy wholesale market represents “rigid oligopoly”, this is the result the structure of electrical energy generation, i.e., up to 50% of electric energy supply are provided by the three largest power plants of the country, and this resulted into the limitation of consumer’s rights and freedom in selection of electric energy supplier. In consequence of a decrease in competition by receiving high profitability thru maximum rates, the energy producing organizations, being already an existing oligopoly at the market, “shared” the consumers of wholesale market and dictated to them conditions concerning the terms and volumes of supply, and terms of payment in contractual matters. Energy saving organizations affiliated with them were provided with prior rights of contracting and energy supply. (Project for Further Improvement of Market Relations in Electric Power Industry of the Republic of Kazakhstan).
Information provided to the bidders is also available to the public	No	Sector of centralized electric energy trading was not properly developing. The electric energy spot-market turned out to be not in as much need currently, such that the spot-tender market could not implement their most important role in forming a variable component of load curve in accordance with market principles as per the subjects of the market. Overwhelming volume of electric power is sold under closed bilateral contracts, and the market of centralized tendering was not properly developed. (Project for Further Improvement of Market Relations in Electric Power Industry of the Republic of Kazakhstan). Tender is done via the closed platform of JSC “KOEPM” where registration is necessary, and at the same time, analytical reports (daily, weekly, monthly and quarterly) on the prices and other information are periodically issued.
Transparency in selection criteria and process	No	Information on the website is opened only for registered users.
Substantia-tion of decision made	No	Substantiation of decision made is not provided; criteria for public purchases in accordance with the legislation may only be price and local content (Kazakh producer).

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DETAILED EXPLANATION

RATING	SELECTION
The rating is not applicable / Not rated	
There is no clearness in the authorities to issue the ecological permissions for the projects in energy sector	“Low”
The process of private participation does not meet any quality element	“Low to Average”
The process of private participation meets 1 quality element	Medium
The process of private participation meets 2 quality elements	Medium-“High”
The process of private participation meets 3 quality elements	“High”

Name and organization of the researcher: Tnaliev Ulugbek Serikovich, Public Fund “Center for Budget Analysis and Economic Monitoring”.

Information source: Websites of authorized state bodies, website of JSC “Kazakhstan Operator of Electric En-ergy and Power Market”, (Project for Further Improvement of Market Relations in Electric Power Industry of the RK: www.korem.kz/uploads/file/Concept_draft.doc. The website of JSC “KOEPPM” contains laws and regu-lations that regulate the activity for organizing and conducting tenders (http://www.korem.kz/rus/zakono-datelstvo/normativno-pravovye_akty/, http://www.korem.kz/rus/zakonodatelstvo/dokumenty_po_torgam/), list of bidders (http://www.korem.kz/rus/centralizovannye_torgi/uchastniki_torgov/) and information on how to become a bidder (http://www.korem.kz/rus/centralizovannye_torgi/kak_stat_uchastn_torgov/).

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PP 27 TRANSPARENCY OF ASSET VALUATION / BALANCE RESTRUCTURING		
Quality Ele-ments	Indica-tor	Explanation
Description and justification of methods	No	Rules of Fixed Assets Evaluation by Natural Monopolies of ARNM of RK dated 21 July 2005 No. 226-OD, sp. 1-5, p. 7, Chapter 2, methods of fixed assets re-evaluation. This document understandably justifies the asset valuation methodology.
Explanation of method’s appli-cation	No	Rules dated 21 July 2005 No. 226-OD, sp. 1-5, p. 12, Ch. 4 Procedure of Coordi-nation with Competent Authority clearly explains how to apply the methodol-ogy described.
Independent monitoring	No	<p>According to the Rules, re-evaluation of fixed assets by direct estimate meth-od is carried out by independent valuers in accordance with the legislation. Fixed assets are re-evaluated by the Entity no more than once a year. If re-evaluation is necessary on the grounds set out in <u>paragraph 4</u> of the Rules, the Entity shall submit an application to the authorized body to coordinate the re-evaluation of fixed assets and shall apply for the supporting materi-als. Re-evaluation of fixed assets by direct estimate method is carried out by independent valuers in accordance with the legislation.</p> <p>Independent consulting companies like LLP “Laboratoriya Otsenki” (Kara-ganda) and TOO LLP (Astana)</p>
Public disclo-sure of review	No	No public disclosure of review exist in the Rules.

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DETAILED EXPLANATION: Valuation of fixed assets is the process of reviewing the book value that allows making financial statements more accurate when representing tax reports. Re-evaluation allows assessing the cost of fixed assets, which are included in the tariff estimate. 4. Grounds for the necessity to re-evaluate the fixed assets are as follows:

- 1) bringing the present value of fixed assets to the fair value
- 2) discrepancy between the standard service life of fixed assets specified in the manufacturer’s technical documentation and the actual period of use
- 3) technical obsolescence as a result of scientific and technical progress, changes in business conditions, impact from economic factors
- 4) the impact of other adverse and unforeseen factors that result in poor performance of fixed assets
- 5) The principal terms used in the Rules:

depreciation is the cost expression of wear represented by systematic distribution of the depreciable cost of asset over its life period

depreciable cost is the cost of an asset or other amount reflected in financial statements instead of its prime cost after deduction of its residual value

book value is the amount at which an asset is recognized in the balance sheet after deducting all accumulated depreciation of fixed assets and accumulated loss from the asset impairment

wear is the process of losing the physical and moral characteristics of fixed assets

- 1) physical deterioration is the loss of facility value of the property as a result of the damage (defects) caused by wear and destruction connected with the operating conditions and maintenance under the influence of climatic and other factors
- 2) functional wear is the loss of facility value as a result of its inability to perform functions inherent in modern buildings and structures with improved architecture, space-planning, design or other characteristics
- 3) economic obsolescence is the loss of facility value as a result of changes in the real estate market, due to environmental impact (the ratio of the demand and the volume of offers at existing market caused by economic and demographic conditions, consumer solvency and by other regional factors)

competent authority is the state body authorized to regulate the Entity’s activity in the relevant industry, and for the Entity, which belongs to municipal property or provides services of water and (or) sewage systems; it is the local executive body

fixed assets are the tangible assets used by the entity to produce or deliver the finished products (goods, works, services) and to lease for administrative purposes, which are supposed to be used for a long period of time (more than one year)

valuator is an individual or a legal entity, which has a license for evaluation activities

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initial cost is the cost of actual expenditures for the construction or acquisition of fixed assets, including the non-refundable taxes and fees paid, as well as expenditures for delivery, assembly, installation, commissioning and any other costs directly attributable to bringing the asset into operating condition

useful life is the period during which the use of fixed assets is supposed to bring some economic benefit

prime cost is the amount of money or the fair value of any other compensation provided to acquire an asset at the moment of its acquisition or construction

fair value is the amount provided to exchange the asset with one well informed and independent party that wants to carry out such operation for another

guideline life is the period determined by the Entity, according to the technical documentation, as the life time of fixed assets

current value is the value of fixed assets according to the current market prices at a certain date.

RATING	SELECTION
The rating is not applicable / Not rated	
Reports or activity do not meet any quality element	“Low”
Reports or activity meet one quality element	“Low to Average”
Reports or activity meet two quality elements	Medium
Reports or activity meet three quality elements	Medium-“High”
Reports or activity meet all quality elements	“High”

Name of the researcher and organization: Sara Espenova, PF “KAMEDA”

Information source: The Rules of Fixed Assets Revaluation by Natural Monopolies. Approved by the Order issued by the Chairman of the Agency of the Republic of Kazakhstan for the Regulation of Natural Monopolies dated 21 July No. 226-OD. The Order has been worked out in accordance with the Laws of the Republic of Kazakhstan: “On Natural Monopolies”, “On Evaluation Activities”, “On Accounting and Financial Statements”.

Supplemental information: Official request No. 30 dated 11/09/2013 was sent to the ARNM. The letter was lost in the Agency office. No official response received.

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PP 28 TRANSPARENCY AND ACCOUNTABILITY IN SUBSIDY DEVELOPMENT AND IMPLEMENTATION		
Quality Ele-ments	Indicator	Explanations
Transparency of criteria	No	The criteria for industry subsidization and access to services are the develop-ment programs adopted by the Government, such as Territory Development Program, Business Roadmap, the State Program of Accelerated Industrial and Innovative Development, etc. At the same time, these programs do not pro-vide for the direct subsidies, but for financial support to existing business entities in modernization and expansion, and to new entities in the construc-tion of different stations. These programs are financed from the budget.
Substantiation of the decisions concerning allo-cations	No	Information to substantiate the decisions made is not available to the public.
Monitoring and reporting	No	Monitoring and reporting are carried out in accordance with the budget legis-lation, rules and procedures. Monitoring and reporting are carried out by the relevant ministries and agencies, but are not always available to the public.
Evaluation	No	Evaluation results are not available to the public, and the evaluation itself is not carried out on a regular basis.
<p>DETAILED EXPLANATION: The legislation does not provide any special direct subsidies for the low-income families in the electricity sector; there are indirect subsidies for low-income families whose costs for food bas-ket and utility services (including the electricity) are lower than the subsistence level. At the same time, there are significant budget allocations for construction of infrastructure facilities in electricity sector. As regards the construction of wind power plants and solar batteries in Shchuchinsk-Borovsk resort area, renewable en-ergy sources will be installed and introduced as far as investment proposals can be made. “In total, 2 projects for construction of a wind power plant near Ereimentau with the participation of JSC “Samruk Energo” are now implemented in the region, implementation period is 2012-2016” – blog of the Mayor of Akmola region, http://blog.akmo.kz/home/esp. As reports the Kazakhstan Today, JSC “Kazakhstan Company for KEGOC Power Grids Management” announces the successful completion of voltage tests and putting into operation of a new 500 kV substation in Alma. According to the data provided by Public Relations Department of JSC “KEGOC”, the total cost of the project is about 30 bn KZT. The construction is financed by JSC “KEGOC”s own funds, by na-tional budget and by IBRD loans (loan agreement for \$ 78 mln) issued under the RK state guarantee. – http://kt.kz/rus/energetics/vvedena_v_rabotu_novaja_podstancija_500_kv_alma_1153566870.html</p>		

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RATING	SELECTION
The rating is not applicable / Not rated	
Subsidy assistance program does not meet any quality element	“Low”
Subsidy assistance program meets 1 quality element	“Low to Average”
Subsidy assistance program meets 2 quality elements	Medium
Subsidy assistance program meets 3 quality elements	Medium-“High”
Subsidy assistance program meets all 4 quality elements	“High”

Name and organization of the researcher: Tnaliev Ulugbek Serikovich, Public Fund “Center for Budget Analysis and Economic Monitoring”

Information source: RK legislation, information provided by news agencies, websites of state bodies and their affiliated organizations.

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PP 29 CLARITY OF AUTHORITY AND JURISDICTION TO GRANT ENVIRONMENTAL APPROVALS FOR PROJECTS IN ELECTRICITY SECTOR.		
Quality Elements	Indica- tor	Explanation
Conditions of authorities and jurisdictions	Yes	Article 17, p. 12 of the RK Environmental Code provides competence for the authorized body in the area of environmental protection to conduct the state ecological examination within that competence.
		<p>The competence for the authorized body in the area of environmental protection and MA to conduct the state ecological examination is defined in Art. 48 of the Code.</p> <p>According to Art. 20 p. 3 of the Code, state ecological examination shall be carried out by local executive bodies in the regions, in the cities that have national status and in the Capital according to their competence.</p> <p>According to Article 4, p. 10 of the Order issued by the Minister of Environment of the Republic of Kazakhstan, on 28 June 2007 “On Approval of State Ecological Examination Rules”, the state ecological examination shall be carried out by the following entities:</p> <ul style="list-style-type: none"> authorized body in the area of environmental protection and its territorial units – for the organization and conduction of state ecological examination in category I facilities local executives bodies – the part of the organization conducting state ecological examination at II, III and IV category facilities.
Clear separation of powers	Yes	The category I facilities subject to state ecological examination shall be distributed among the competent authority and its territorial units by the authorized body in the area of environmental protection in accordance with the Criteria for the Distribution of Category I Facilities Subject to State Ecological Examination Among the Authorized Bodies in the Area of Environmental Protection and Its Territorial Units approved by the Resolution of the Government of the Republic of Kazakhstan dated 31 March 2009 “On Approval of the Criteria for the Distribution of I Category Facilities Subject to State Ecological Examination Among the Authorized Bodies in the Area of Environmental Protection and Its Territorial Units”. This Resolution also defines the Criteria for the Distribution of Category I Facilities Subject to Receive Permits for Emissions into the Environment Among the Authorized Bodies in the Area of Environmental Protection and Its Territorial Units.

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Well-timed publication of approval

No

Annex № 5 to the “Guidelines for State Ecological Examination of Pre-project and Project Materials” approved by the Order issued by the Minister of Environment of the Republic of Kazakhstan dated 16 February 2005 defines the “Criteria for Categorizations of Ecologically Examined Facilities to Strategic, Trans-boundary and Environmentally Hazardous”.

After obtaining the results of state ecological examination, according to p. 1 Art. 51 of the Code, a conclusion of state ecological examination is issued containing the opinion on admissibility of taking decisions concerning the realization of ecologically examined facility.

The time limits for state ecological examination are regulated by Art. 50 of the Code, according to which the duration of the state ecological examination shall not exceed two months for the facilities of category I and one month for the facilities of categories II, III and IV from the moment when all necessary documentation that passed the preliminary examination is transferred to the bodies that carry out the state ecological examination. The law does not require publishing the approvals.

Comprehensive disclosure

Yes

According to Art. 57 «Publicity of the State Ecological Examination and Public Access to Decision Making» dated 9 January 2007 No. 212-III of the “Environmental Code of the Republic of Kazakhstan”.

1. Application for state ecological examination, except for applications for state ecological examination of standard emissions into the environment, must be published in mass media by the customer of planned activities.
2. All interested citizens and public associations have an opportunity to express their views during the performance of state ecological examination.
3. The public hearings are held for projects, implementation of which may have direct effect on the environment and public health.

The action plans for environmental protection worked out for facilities of category I and II to obtain permits for emissions into the environment shall be presented at public hearings.

Easy access

Yes

The provisions are available on the websites of state bodies. The provisions may be provided free of charge upon request in accordance with the Law of the Republic of Kazakhstan dated 12 January 2007 “On Consideration Procedure for Appeals from Individuals and Legal Entities”.

Accessible format

Yes

Explanative examples are available on the websites of public authorities. The Process Scheme for Carrying Out State Ecological Examination in EKR of the Department for Natural Resources and Natural Use Regulation of the Eastern Kazakhstan Region: http://e-priroda.gov.kz/index.php?page=top_expertiza&hl=ru_RU.

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DETAILED EXPLANATION: The procedure is carried out in accordance with the Environmental Code of the Republic of Kazakhstan dated 9 January 2007, the “Rules of State Ecological Examination in the Republic of Kazakhstan” (approved by the Order of the Minister of Environment of the Republic of Kazakhstan, dated 28 June 2007, N 207-p), the Regulations of the Assessment of Environmental Effects from Planned Economic and Other Activities When Working Out the Pre-planned, Planned , Pre-project and Project Documentation (approved by the Order of the Minister of Environment of the Republic of Kazakhstan, dated 28 June 2007 N 204-p). The customer shall submit the application to a local executive authority to approve the allocation of a land plot (there it is necessary to specify the purpose of the land use, land size and location, and to provide a copy of cartographic material), to conduct a state ecological examination, or to approve the project documentation. The application shall be considered within 1-2 days. After consideration, the application is accepted, registered and sent to the executor for execution. The clerk warns the customer that within two days the customer must verify the completeness and accuracy of the documents submitted. Applicant receives the information about the executor of his documents (phone number, room number). The department for environmental examination conducts the stage of preliminary examination. Consideration period is 3-4 days for pre-project documentation, 14 days for project documentation. The documents are taken for state environmental examination, the name of specific executor of the documentation is known. If the documents submitted are incomplete, the applicant receives a letter about their incompleteness. The department for environmental examination examines the documents in order of precedence. Consideration period shall not exceed three months (according to paragraph 1 of Article 50 of the RK Environmental Code, from 3 days to 3 months). As a result, the land allocation certificate or the project is approved (the conclusion is issued) (or not approved), the applicant receives the conclusion of state ecological examination, or motivated refusal of the approval.

The process is completed.

RATING	SELECTION
The rating is not applicable / Not rated	
Reports or activity do <i>not meet any quality element</i>	“Low”
Reports or activity meet <i>one quality element</i>	“Low to Average”
Reports or activity meet <i>two quality elements</i>	Medium
Reports or activity meet <i>three quality elements</i>	Medium-“High”
Reports or activity meet <i>all quality elements</i>	“High”

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Name of the researcher and organization: Kurmanbaeva A. A. PA “Committee for Public Control over the Execution of State Programs at the Local Level”

Information source: Information and Legal System of Laws and Regulations of the Republic of Kazakhstan: the Order issued by the Minister of Environment of the Republic of Kazakhstan dated 28 June 2007, N 207-p “On Approval of State Ecological Examination Rules” <http://adilet.zan.kz/rus/docs/V070004844> , Information and Legal System of Laws and Regulations of the Republic of Kazakhstan: the Resolution of the Government of the Republic of Kazakhstan dated 31 March 2009 “On Approval of the Criteria for the Distribution of Category I Facilities Subject to State Ecological Examination Among the Authorized Bodies in the Area of Environmental Protection and Its Territorial Units” [#z7](http://adilet.zan.kz/rus/docs/P090000449) , Department for Natural Resources and Nature Use Regulation of Akmola Region: Samples (state ecological examination) http://upr.akmol.kz/obrazci_provedenie_gosydarstvennoj_ekologicheskoy_ekspertizi_.html , Department for Natural Resources and Nature Use Regulation of the East Kazakhstan Region: the Process Scheme for Carrying Out of the State Ecological Examination in EKR http://e-priroda.gov.kz/index.php?page=top_expertiza&hl=ru_RU , response from the RK Ministry of Environmental Protection.

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PP 31 PUBLIC PARTICIPATION IN THE DEVELOPMENT OF THE POLICY TO REDUCE ENVIRONMENTAL EFFECTS		
Quality Ele-ments	Index	Explanation
Consideration of multiple ap-proaches	No	The policy to reduce the environmental effects is developed by ME & WR.
Proof of consul-tations	No	No documents found for the analysis of public proposals or the reasons for their acceptance or rejection.
Systematic ef-forts to consult the affected communities	No	Consultations are held only within the framework and extent required by law.
Multiple mecha-nisms for public participation	No	Only one standard mechanism of participation is usually used: public hear-ing (for construction projects) or delivery to the experts (draft laws and regu-lations).
DETAILED EXPLANATION:		
RATING		SELECTION
The rating is not applicable / Not rated		
Management and technological capabilities that have low impact on the environment were not considered.		“Low”
Consideration of management and technological capabilities that have low impact on the environment meets one quality element		“Low to Average”
Consideration of management and technological capabilities that have low impact on the environment meets two quality elements		Medium
Consideration of management and technological capabilities that have low impact on the environment meets three quality elements		Medium-“High”
Consideration of management and technological capabilities that have low impact on the environment meets four quality elements		“High”

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Name of the researcher and organization: Vadim Litvinov, expert of Ecology-Youth-Initiative-Development PF, member of Republican Association NGO “Transparent Tariff”.

Information source: Electricity Sector Development Program, publications in mass media, official website of MINT.

Supplemental information: According to the conclusion made by the Accounts Committee, a number of facility construction measures in the area of renewable energy sources were not implemented in 2010-2012 due to the absence of potential investors. Thus, the small 42 MW HPP’s on Coxu river were not put into operation, as well as the 4.37 MW Baskan, 5 MW Issyk, 4.8 MW Lepsy and 51 MW WPP’s near the Shelek passage, 51 MW WPP near Dzhungar gates in Almaty region, 24 MW WPP in East Kazakhstan Region and 40 MW WPP in Mangistau Region. Thus, the measures provided by the program to reduce the environment impact of the electricity sector were not supported by the business community.

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PP 32 INCLUSION OF ENVIRONMENTAL ISSUE CONSIDERATION INTO THE NATIONAL PLAN FOR ELECTRICITY SECTOR		
Quality Ele-ments	Indica-tor	Explanation
Consideration of environmental issues	No	The issues of environmental security are out of the competence of MINT, that’s why the measures to reduce the environmental impact are not planned and are not considered when preparing plans for the electricity sector’s de-velopment.
Comprehensive consideration of the impact	No	Power Supply Act does not contain any conservation standards and refer-ences to Energy Conservation Act. Competence of MINT does not include the consideration of environmental issues.
Multilateral mechanism for public participa-tion	No	Public participation is based on a standard and not always effective mecha-nism of posting draft laws on the websites of state bodies, mailing to accred-ited organizations and experts. Other mechanisms for public participation are not widespread.
Systematic ef-forts to obtain contributions from various types of stake-holders	No	The energy sector development plan is prepared with the assistance of ac-credited private business entities and the National Chamber of Entrepre-neurs. No information about the systematic attraction of other stakeholders or about the use of different channels to obtain feedback from the public.
Disclosure of comments	Yes	The Energy Sector Development Program provides a detailed description and prospects for the development of energy sector, including some envi-ronmental indexes.
Explanation of the implemen-tation of public contribution into the final decision	No	Neither MINT, nor ME & WR analyze the public propositions and explana-tions submitted in connection with the acceptance or rejection of applica-tions.

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DETAILED EXPLANATION: The only document that indirectly affects the environmental situation is the Energy Conservation Program, but it does not contain any environmental indicators (reduction of emissions, discharges, waste, etc.). The Energy Sector Development Program does not provide an analysis of the increase or decrease in environmental load or any other environmental effects from the program’s implementation.

RATING	SELECTION
The rating is not applicable / Not rated	
Environmental issues are not included into the electricity sector development plan in full	“Low”
Consideration of environmental issues in the electricity sector development plan meets one quality element	“Low to Average”
Consideration of environmental issues in the electricity sector development plan meets two quality elements	Medium
Consideration of environmental issues in the electricity sector development plan meets three quality elements	Medium-“High”
Consideration of environmental issues in the electricity sector development plan meets four or more quality elements	“High”

Name of the researcher and organization: Vadim Litvinov, expert of Ecology-Youth-Initiative-Development PF, member of Republican Association NGO “Transparent Tariff”.

Information source: Responses from the authorized bodies, Program for Electricity Sector Development in the Republic of Kazakhstan 2010 – 20141, Energy Conservation Program until 2015.

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PP 33 COMPLETENESS ASSESSMENT OF THE LAWS IMPACTS ON THE ENVIRONMENT, POLICY AND PROCEDURES		
Quality Ele-ments	Indica-tor	Explanation
Requirements for environmen-tal impact as-sessment	Yes	Requirements for the assessment of environmental impact are legally fixed by an Order issued by the Minister of Environment of the Republic of Kazakh- stan dated 28 June 2007 in the “Regulations on the Assessment of Environ- mental Effect from Planned Economic and Other Activities When Working Out the Pre-planned, Planned, Pre-project and Project Documentation”.
Recommendations for social impact assess-ment	Yes	According to the Resolution of the Government of the Republic of Kazakh- stan dated 21 August 2003 “On Approval of the Rules for Organization of Legislative Work in the Authorized Bodies of the Republic of Kazakhstan”, when predicting the social consequences of adopting a legislative act, it is necessary to analyze the possible impact of that act on the development of the entire society and its separate social groups, the impact on the increase of living standards: impact on the level of education and employment of the population, social structure, the availability of health care, the improve- ment of housing conditions, the development of civil society institutions and on other such consequences. The analysis is performed according to the “Guidelines for the Prediction of Social and Economic Consequences from the Adoption of Draft Laws and Regulations”.
Recommendations for strate-gic assessment	Yes	<p>According to the Resolution of the Government of the Republic of Kazakhstan dated 18 March 2010 “On Approval of the Rules for Sectorial Programs’ De- velopment, Implementation, Monitoring, Evaluation and Control”, the struc- ture of sectorial programs shall contain a section “Analysis of the Current Situation”.</p> <p>Content of this section “Analysis of the Current Situation” shall be as follows:</p> <ul style="list-style-type: none"> assessment of current situation in the industry (sector), condition and the impact of this sector on social, economic, public and political development of the country analysis of strengths, weaknesses, opportunities and threats to the industry (sector); main problems, trends and background for development in the relevant industry (sector)

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			<ul style="list-style-type: none"> analysis of innovation and technological development in the industry (sector), including the list of critical technologies realized through the target technological programs (if available). It is also necessary to analyze the innovative component of the activities aimed to improve management techniques and the provision of public services to the population analysis of current state policy in force for the industry (sector) development, including the description of existing regulatory framework, existing practices and results of the implementation of measures to ensure the industry (sector) development overview of positive foreign experience in resolving existing problems, which can be adapted to the conditions of the Republic of Kazakhstan, and of the results of market research, if necessary. <p>The Order issued by the Minister of Economic Development and Trade of the Republic of Kazakhstan dated 30 May 2012 approved the “Methods for Evaluation of the Efficiency in Achieving and Realization of Strategic Tasks and Objectives in the Sector / Area / Region Supervised”.</p> <p>Program for Electricity Sector Development in the Republic of Kazakhstan for 2010-2014 contains the following:</p> <ul style="list-style-type: none"> Analysis of current situation Assessment of the current situation of the condition of the industry Analysis of the strengths, weaknesses, opportunities and threats to the industry Main problems,trends and background for development in the industry Analysis of current state policy in force for the industry development, including the description of the existing regulatory framework, existing practices and results of the implementation of measures to ensure the industry development Overview of positive foreign experience in resolving existing problems, which can be adapted to the conditions of the Republic of Kazakhstan, and of the results of market research.
Accomplished strategic assess-ment	Yes		

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DETAILED EXPLANATION

RATING	SELECTION
The rating is not applicable / Not rated	
Reports or activity do <i>not meet any quality element</i>	“Low”
Reports or activity meet <i>one quality element</i>	“Low to Average”
Reports or activity meet <i>two quality elements</i>	Medium
Reports or activity meet <i>three quality elements</i>	Medium-“High”
Reports or activity meet <i>all quality elements</i>	“High”

Name of the researcher and organization: Kurmanbaeva A. A. PA “Committee for Public Control over the Execution of State Programs at the Local Level”

Information source: Information and Legal System of Laws and Regulations of the Republic of Kazakhstan: Resolution of the Government of the Republic of Kazakhstan dated 18 March 2010 “On Approval of the Rules for Sectorial Programs Development, Implementation, Monitoring, Evaluation and Control” http://adilet.zan.kz/rus/docs/P100000218_ , Information and Legal System of Laws and Regulations of the Republic of Kazakhstan: Regulations on the Assessment of Environmental Effect from Planned Economic and Other Activities When Working Out the Pre-planned, Planned, Pre-project and Project Documentation http://adilet.zan.kz/rus/docs/V070004825_ , Information and Legal System of Laws and Regulations of the Republic of Kazakhstan: Methods for Evaluation of the Efficiency in Achieving and Realization of Strategic Tasks and Objectives in the Sector / Area / Region Supervised <http://adilet.zan.kz/rus/docs/V1200007761> , Program for Electricity Sector Development in the Republic of Kazakhstan for 2010-2014 <http://www.mint.gov.kz/?id=124> .

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PP 34 PUBLIC PARTICIPATION IN THE ASSESSMENT OF ENVIRONMENTAL IMPACT		
Quality Ele-ments	Indica-tor	Explanation
Public participa-tion within the framework	Yes	Formally, the legislation provides for the public participation in EIA processes
Use of more than one mech-anisms for pub-lic participation	No	Use of any mechanisms other than public hearings for a draft EIA project in an already existing project is rather an exception than the usual practice.
Adequate period for comments	No	Process of collection and analysis of comments from the public has not been adjusted.
Public dissemi-nation of EIA reports	No	Public dissemination of the EIA reports is out of the normal practice.
Guidelines for public consulta-tion	Yes	There is instruction on holding of public hearings approved by the Order of ME & WR, at the legislative level.
Disclosure of public com-ments on EIA	No	Public comments are either not taken into account at all, or are considered formally, in the form of questions asked during public hearings (there are cases when such questions either remain unanswered, or are not included in the minutes)
Public com-ments are ad-dressed in the final EIA report	No	Statutory form of EIA report does not provide for the analysis and consider-ation of public comments

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DETAILED EXPLANATION: According to the accepted practice, the public is only informed about the results of all the work carried out to assess the environmental impact of the project proposed. Furthermore, according to the response of ME & WR, familiarization with reports before the EIA and the EIA itself are only possible in the case of the owner’s written consent. Instruction on the Holding of Public Hearings does not contain any requirements for the extent of disclosure of the information contained in the EIA report. Moreover, reports on EIA projects may not be published by state bodies, regardless of the kind of environmental risk that these projects carry for the population.

RATING	SELECTION
The rating is not applicable / Not rated	
Reports or activity do <i>not meet any quality element</i>	“Low”
Reports or activity meet <i>one quality element</i>	“Low to Average”
Reports or activity meet <i>two quality elements</i>	Medium
Reports or activity meet <i>three quality elements</i>	Medium-“High”
Reports or activity meet <i>all quality elements</i>	“High”

Name of the researcher and organization: Vadim Litvinov, expert of Ecology-Youth-Initiative-Development PF, member of Republican Association NGO “Transparent Tariff”.

Information source: Rules for Holding of Public Hearings, official websites of the authorized bodies.

Supplemental information: The only record of a public hearing on EIA published on the website of National Center of Aarhus was made on 23 November 2013, and information about the hearing was published 22 November 2013. Now the Rules for Holding of Public Hearings are amended so that an announcement shall be issued at least 20 days before the hearing date. According to the requirements of the Environmental Code, holding of public hearings is necessary only for the companies of category I and II, therefore companies of other categories (e.g. Eastern Kazakhstan Regional Electric Company is an company of category IV) have the right not to apply this or any other instrument for public participation.

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REGULATORY PROCESS INDICATORS		
RP 1 INSTITUTIONAL STRUCTURE FOR REGULATORY DECISIONS		
Quality Elements	Indicator	Explanation
Not applicable / Not rated		
Regulatory decisions are made through the normal executive decision-making process within the ministry framework	No	<p>According to the “Provision Concerning the Agency of the Republic of Kazakhstan for the Regulation of Natural Monopolies” approved by the Resolution of the Government of the Republic of Kazakhstan dated 12 October 2007, Art. 1. p. 7, the Agency, acting within its competence according to the applicable law of the Republic of Kazakhstan, takes decisions that are formalized by the orders of Agency Chairman and other acts prescribed by the legislation of the Republic of Kazakhstan. According to Art. 23, the collegiate management body of the Agency is the Board, which consists of seven members. Agency Board is headed by the Agency Chairman and consists of the Agency Chairman, his deputies and representatives from the Government of the Republic of Kazakhstan.</p> <p>Agency Board is entitled to consider and to make decisions on any matters within the competence of the Agency, except for the matters referred to the competence of executive secretary. Decisions taken at the Board Meeting are formalized by the resolutions of Agency Board and form a basis for Agency Chairman’s decisions. According to the Law of the Republic of Kazakhstan “On Natural Monopolies” Art. 12, position, structure and staff size of an authorized body are established by the Government of the Republic of Kazakhstan.</p>
	Yes	The structure of the Agency of the Republic of Kazakhstan for the Regulation of Natural Monopolies includes the Department for Electricity and Heat Regulation.

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A separate independent regulatory body is responsible for the decisions concerning regulation and supervision.

Yes

Resolution of the Government of the Republic of Kazakhstan dated 12 October 2007 approves the “Issues of the Agency of the Republic of Kazakhstan for the Regulation of Natural Monopolies. This Resolution also approves the “Provision Concerning the Agency of the Republic of Kazakhstan for the Regulation of Natural Monopolies”. Antimonopoly regulation provided by the Agency includes the entire range of economic, administrative and legislative measures implemented by the state.

DETAILED EXPLANATION: In 2003, implementation of the state antimonopoly policy in the Republic of Kazakhstan was entrusted to the Agency of the Republic of Kazakhstan for the Regulation of Natural Monopolies and Protection of Competition, which is directly subordinated and accountable to the President of the Republic. Thus, when exercising its powers, the Agency was legally independent from the country Government and Parliament. In 2004, as a result of administrative reform, the Head of the State took a decision to create the Competition Protection Committee under the Ministry of Industry and Trade of the Republic of Kazakhstan and the Agency of the Republic of Kazakhstan for the Regulation of Natural Monopolies. Separation of antimonopoly authorities concretized their functions and powers. In 2007, the Ministry of Energy and Mineral Resources and the Ministry of Transport and Communications transferred the following technical issues of regulation: licensing, determination of technical specifications for non-discriminatory access, standartization issues, approval of investment programs to the infrastructural regulator. Agency of the Republic of Kazakhstan for the Regulation of Natural Monopolies is focused on the state price regulation in the monopolistic sectors of economy, except for telecommunications services.

RATING	SELECTION
The rating is not applicable / Not rated	
Reports or activity do <i>not meet any quality element</i>	“Low”
Reports or activity meet <i>one quality element</i>	“Low to Average”
Reports or activity meet <i>two quality elements</i>	“Average”
Reports or activity meet <i>three quality elements</i>	“Average to High”
Reports or activity meet <i>all quality elements</i>	“High”

Name of the researcher and organization: Kurmanbaeva A. A. PA “Committee for Public Control over the Execution of State Programs at the Local Level”

Information source: Official website of ARNM: Agency CA Structure and data about the heads of departments <http://www.arem.gov.kz/ru/103/#!prettyPhoto> , Official website of ARNM: Agency Provision <http://www.arem.gov.kz/ru/101/> , Official website of ARNM: History of Agency Establishment <http://www.arem.gov.kz/ru/3/>.

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RP 2 POWERS OF REGULATORY BODY		
Quality Elements	Indicator	Explanation
Powers		
Information and proof	Yes	<p>To perform its functions, an authorized body may, under Art. 14 of the Law of the Republic of Kazakhstan “On Natural Monopolies”, request and receive the information necessary to exercise its powers from individuals and legal entities, including state bodies, local governments, and their officers in compliance with the requirements established by the legislative acts of the Republic Kazakhstan on the disclosure of the information, which represents commercial and other secrets protected by law. Licensor may require the licensee, acting within its competence, to represent the relevant documents and may obtain information necessary to perform his control functions.</p>
Investigation:	Yes	<p>As regards the facts of antimonopoly law violations, the Agency of the Republic of Kazakhstan for Protection of Competition completed 35 investigations since the beginning of 2013. At the same time, the share of investigations where violations detected was 88.6 % of the total number of completed investigations.</p> <p>Investigations were structured by violation types: 4 ea anticompetitive concerted action and agreement of market participants; 8 ea abuse of dominant position; 8 ea violation connected with unfair competition; 11 ea anti- competitive actions of state bodies.</p> <p>According to the results of these investigations, the following decisions have been taken:</p> <p>12 investigations with a decision to initiate proceedings on administrative offences, 17 investigations with a decision to prescribe the elimination of violations of antimonopoly legislation of the Republic of Kazakhstan and its consequences, 4 investigations stopped due to the absence of violations of the antimonopoly legislation of Kazakhstan (in respect of 8 market participants and 1 state agency), 2 investigations with a decision to initiate proceedings on administrative offence against an officer and with a decision to prescribe the elimination of violations of the antimonopoly legislation of the Republic of Kazakhstan (in respect of 1 market participant and 1 public authority). Concerning the facts of antimonopoly law violations, the Agency of the Republic of Kazakhstan for Protection of Competition completed 170 investigations in 2012, that is 33 % more than in 2011 (128 investigations completed in 2011). At the same time, in 2012, the share of investigations where violations detected was 89.4 % of the total number of completed investigations.</p>

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Subordination: Yes

- According to the Provision Concerning the Agency of the Republic of Kazakhstan for the Regulation of Natural Monopolies, the Agency’s functions are:
- Control of compliance of the activities of natural monopoly entities as per the requirements provided by the legislation of the Republic of Kazakhstan for natural monopolies and regulated markets
 - License control
 - Control within its competence on the observance of the Law of the Republic of Kazakhstan “On Electric Power Industry” by energy producing and supplying organizations
 - Control over the price fixing by the participants of regulated markets, as well as over the execution of their obligations provided by legislation of the Republic of Kazakhstan for natural monopolies and regulated markets, and over set prices regulated by the state.

- According to Art. 17, the Agency has the following rights and obligations:
- To give mandatory prescriptions to natural monopoly entities and state bodies when they violate the legislation of the Republic of Kazakhstan for natural monopolies and regulated markets, including the legislation for reorganization of natural monopoly entities and/or for disposal of property
 - To provide the participants of regulated market with mandatory prescriptions on the performance of their obligations under the Law of the Republic of Kazakhstan “On Natural Monopolies and Regulated Markets”
 - To take within its competence decisions concerning the violation of the legislation of the Republic of Kazakhstan for combatting violations and elimination of their consequences in the areas of natural monopolies

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		According to the Provision Concerning the Agency of the Republic of Kazakhstan for the Regulation of Natural Monopolies, the Agency’s functions are:
		<ul style="list-style-type: none"> Causing and consideration of proceedings concerning administrative offences,as well as imposition of administrative penalties according to the procedure established by the Code of the Republic of Kazakhstan “On Administrative Offences” To give prescriptions in case of violation of the legislation of the Republic of Kazakhstan; According to the Code of the Republic of Kazakhstan “On Administrative Offences” Art. 147-3, failure to comply with the instruction or not complying with it in full, failure to provide information or providing incomplete information to antimonopoly authority within a prescribed period, providing unreliable and/or false information to antimonopoly authority, obstructing the access to premises and territory for the officers of antimonopoly authority who conduct an investigation entail a fine in an amount of fifty to one hundred monthly calculation indexes for individuals, of two hundred fifty to three hundred for officers and individual entrepreneurs, of three hundred fifty to four hundred for legal entities or small or medium business and non-profit organizations, of one thousand five hundred to two thousand for legal entities of large entrepreneurship.
Penalties for violation of or- ders:	Yes	

Practice

		Agency for Regulation of Natural Monopolies exacted over 205 mln KZT in penalties from the monopolist enterprises in 2012. Within the framework of control over the compliance with the law and prevention of violations of consumer rights, 471 inspection of natural monopoly entities, including 175 inspections following customers’ complaints, were held in 2012. There were 744 prescriptions given to eliminate violations of the law, including 71 cases of inspections following complaints, 382 resolutions passed concern- ing cases of administrative offences, and376 proceedings attended. In the first quarter of 2013, there were 128 inspections conducted, 134 proceedings attended, 318 prescriptions given , and54 resolutions passed and as a result, the amount of fines imposed is 146.8 mln KZT, and the amount exacted is about 22 mln KZT.
Exercise of pow- ers	Yes	

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DETAILED EXPLANATION: According to the Decree of the President of RK dated 13 October 2007, the Agency of the Republic of Kazakhstan for Protection of Competition was reorganized by removing it from the structure of the Ministry of Industry and Trade of the RK. Thus, an extra-departmental antimonopoly authority of the RK with an independent status for implementation of the state antimonopoly policy was established in the economic sector of the country. APC RK is not only provided with the power to protect competition and restrict monopolistic activity, but has also a very important function of control over the activities of state bodies, and may cancel illegal resolutions issued by the state bodies. The function of pricing plus pricing and tariffs approval, that are not suited for the APC, were transferred to three industry regulators: Agency for Regulation of Natural Monopolies (ARNM), Agency for Information and Communication (AIC) and Agency for Control of Financial Misconduct (AFC). At present, the mission of Competition Protection Committee of the Republic of Kazakhstan is to develop competition at commodity markets of the republic by the following means:

- Combatting unfair competition
- Control over the anticompetitive actions
- Control over the prevention of dominant (monopolistic) position abuse at commodity market
- Control over the prevention of the establishment of monopolistically high or low prices by a monopolist
- Control of economic concentration

Antimonopoly legislation of the Republic of Kazakhstan performs restrictive, warning and suppressive functions.

RATING	SELECTION
The rating is not applicable / Not rated	
Reports or activity do <i>not meet any quality element</i>	“Low”
Reports or activity meet <i>one quality element</i>	“Low to Average”
Reports or activity meet <i>two quality elements</i>	“Average”
Reports or activity meet <i>three quality elements</i>	“Average to High”
Reports or activity meet <i>all quality elements</i>	“High”

Name of the researcher and organization: Kurmanbaeva A.A. PA “Committee for Public Control over the Execution of State Programs at the Local Level”

Information source: Code of the Republic of Kazakhstan “On Administrative Offences” dated 30 January 2001 N 155-II http://online.zakon.kz/Document/?doc_id=1021682, International Information Agency News-Kazakhstan, <http://newskaz.ru/incidents/20130201/4713004.html>, Forbes Kazakhstan http://forbes.kz/news/2013/04/22/newsid_25833.

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RP 3 JURISDICTION OF REGULATORY BODY		
Quality Elements	Indicator	Explanation
How clearly the functions are defined in applicable laws, regulations or ordinances	No	ARNM functions are determined by a Resolution of the Government of the Republic of Kazakhstan dated 12 October 2007 N943 via the Provision Concerning the Agency of the Republic of Kazakhstan for the Regulation of Natural Monopolies. Control of power for regulatory bodies in natural monopoly sectors is fixed in the Law of the Republic of Kazakhstan “On Natural Monopolies”. At the same time, according to Art. 23, collegiate management body of the Agency is the Board, which consists of seven members. Agency Board is headed by the Agency Chairman. Agency Board consists of the Agency Chairman, his deputies and representatives from the Government of the Republic of Kazakhstan. Agency Board is entitled to consider and to make decisions on any matters within the competence of the Agency, except for matters referring to the competence of executive secretary. Decisions taken at the Board Meeting are formalized by resolutions of Agency Board and form a basis for Agency Chairman’s decisions. According to the Law of the Republic of Kazakhstan “On Natural Monopolies” Art. 12, position, structure and staff size for an authorized body are established by the Government of the Republic of Kazakhstan.
Range of functions assigned to a regulatory body	Yes	Regulatory body acts in accordance with the tasks and powers assigned to it and are stated in the Provision: 1) Controls the compliance of activities of natural monopolies via the requirements provided by legislation of the Republic of Kazakhstan for natural monopolies 2) Inspects the activity of natural monopoly entities 3) Considers cases on administrative violations of the legislation of the Republic of Kazakhstan for natural monopolies on its own initiative, on the basis of media reports and other available materials in its possession and on the basis of written statements and reports provided by state bodies, individuals and legal entities 4) Gives recommendations in the case of violation of the legislation of the Republic of Kazakhstan 5) License control; control over compliance of the activities of natural monopolies within the requirements provided by the legislation of the Republic of Kazakhstan for natural monopolies and regulated markets includes the following: <ul style="list-style-type: none"> Control of procurement costs, which are taken into account when establishing tariffs (prices, rates) or their limit levels and tariff estimates for regulated services (goods, work) provided by a natural monopoly entity (subparagraph 12) of paragraph 1 of Article 14 of the Law of the Republic of Kazakhstan “On Natural Monopolies”) Monitors the compliance of a natural monopoly entity

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with tariff estimates (subparagraph 13) as per paragraph 1 of Article 14 of the Law of the Republic of Kazakhstan “On Natural Monopolies”).

In order to avoid any infringement of the rights and legitimate interests of the consumers of regulated services (goods, works) provided by a natural monopoly entity or in order to restrict the economically sound transition from natural monopoly to competitive market of any relevant commodity market, the authorized body controls the following: 1) Alienation and/or other transactions with the property of natural monopoly entity if the book value of the alienated property exceeds 0.05 percent of the book value of the entity’s assets, provided that this will not entail increase in tariffs or violation of consumer rights 2) Cases when a natural monopoly entity hires property for provision of regulated services (goods, work), book value of which exceeds 0.05 percent of the book value of the entity’s assets, provided that stipulation of contract to hire will not entail increase in tariffs or violation of consumer rights 3) Carrying out other lawful activities by a natural monopoly entity 4) Acquisition of shares (stock) by a natural monopoly entity or any other form of its participation in commercial organizations carrying out activities allowed by the Law; 4-1) acquisition by individuals or legal entities (or group of entities) of more than ten percent of voting shares (stock) in share capital of a natural monopoly entity 5) Reorganization and liquidation of a natural monopoly entity. To carry out the above actions, the natural monopoly entity shall submit an application for consent for carrying out such actions to the competent authority and provide any information necessary for the decision making.

DETAILED EXPLANATION

RATING	SELECTION
The rating is not applicable / Not rated	
Reports or activity do <i>not meet any quality element</i>	“Low”
Reports or activity meet <i>one quality element</i>	“Low to Average”
Reports or activity meet <i>two quality elements</i>	“Average”
Reports or activity meet <i>three quality elements</i>	“Average to High”
Reports or activity meet <i>all quality elements</i>	“High”

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Name of the researcher and organization: Kurmanbaeva A. A. PA “Committee for Public Control over the Execution of State Programs at Local Level”

Information source: Official website of ARNM: Agency Provision <http://www.arem.gov.kz/ru/101/> , Law of the Republic of Kazakhstan dated 9 July 1998 N 272-І “On Natural Monopolies and Regulated Markets” http://online.zakon.kz/Document/?doc_id=1009803.

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RP 6 SELECTING OF REGULATORY BODY STAFF		
Quality features	Indica- tor	Explanation
Independence of selection process	No	According to the Law of the Republic of Kazakhstan dated July 23, 1999, «On Civil Service», Art. 14, «Administrative Civil Position Competition», p. 2, terms and conditions of competition for administrative public positions including the procedure of forming a competition committee are determined by the Authorized Body; p. 3, competition is held by a public body which has vacancies or by the Authorized Body on the decision of the President of the Republic of Kazakhstan, after publication of announcement about the competition in national and Russian languages. According to art. 12 p. 3, political and public officials have the right to occupy administrative positions determined by competitive selection. Administrative public positions occupied by public or political officials are determined by the order President of the Republic of Kazakhstan. In accordance with that, under the «Statute of Agency on Regulation of Natural Monopolies of the Republic of Kazakhstan» art. 3. p. 19., Agency chairman can only be appointed and dismissed from this position by the Government of the Republic of Kazakhstan.
Clearly determined process	Yes	Selection process is determined by the Government of the Republic of Kazakhstan enacted on the 27 th of September, 2007, No. 849 «On Regulations on Civil Service Officials Competition and Approval» art. 3 «Competition Order».
Candidate data transparency	No	Information on candidates is not published.
Criteria for the acceptability	Yes	Selection process is carried out in accordance with the Order of President of the Republic of Kazakhstan on Civil Service Affairs enacted on the 19 th of March, 2013 “On Amendments to Order concerning the First Deputy Chairman of Agency on Civil Service Affairs of the Republic of Kazakhstan” and enacted on the 9 th of January, 2008 «On Approval of Representative Qualification Requirements for Administrative Categories».
Different tenures	Yes	In accordance with the law «On Civil Service» art. 18-1 civil and political officials’ rotation may be carried out. Terms and conditions of civil and political officials’ rotation procedure are determined by President of the Republic of Kazakhstan at the request of the Authorized Body.

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DETAILED EXPLANATION

EVALUATION	DECISION
Evaluation not applicable / Not evaluated	
Reporting or activity meets <i>none of the quality elements</i>	“Low”
Reporting or activity meets <i>one quality element</i>	“Low to Average”
Reporting or activity meets <i>two quality elements</i>	“Average”
Reporting or activity meets <i>three quality elements</i>	“Average to High”
Reporting or activity meets <i>all the quality elements</i>	“High”

Name of the researcher and organization: Kurmanbaeva A. A. PA “Committee for Public Control over the Execution of State Programs at Local Level”

Information source: Official website of ARNM: Regulation on Sivil Service Procedure <http://www.arem.gov.kz/ru/71/> , On approving of Rules for getting on duty and holding a competition for civil employment vacancy http://adilet.zan.kz/rus/docs/P070000849_ , Briefing note on strategic Plan of the Agency on Regulation of Natural Monopolies of the Republic of Kazakhstan 2011 – 2015, approved by the decision No. 99 of the Government of the Republic of Kazakhstan dated February 8, 2011, Period 2012.

https://www.google.ru/url?sa=t&rct=j&q=&esrc=s&source=web&cd=5&cad=rja&ved=0CEQQFjAE&url=http%3A%2F%2Fwww.arem.gov.kz%2Fupload%2Fdspsa%2FAnalitik_Zap_StrPlan_RUS.doc&ei=oLhcUuT7G4XFtQa56YH4BA&usg=AFQjCNGDzZ19cYxYq8NlOjI7DILNkNv3uQ&bvm=bv.53899372,d.Yms

Additional information: The Rules for getting on duty and holding a competition for civil employment vacancy are approved by the decision of the Government of the Republic of Kazakhstan dated September 27, 2007, which specifies the procedure for holding a competition. In case of availability of civil employment vacancy in any organization, a relevant organization shall place an advertisement for competition to fill the vacancy in periodically printed publications distributed through all of the territory of the Republic of Kazakhstan, at least 15 calendar days before the submission finalization date. Persons submitting all required documents before the specified finalization date become competitors. Persons accepted to be interviewed under by the committee are considered to be candidates for the vacant civil employment post (hereinafter referred to as candidates). The committee is a collegial body. The committee shall consist of at least five members. The committee consists of a chairman, secretary (a representative of personnel department) and committee members. The competition committee can include representatives of other government agencies and other organizations subject to a prior agreement with them.

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The organization shall:

- Make decisions on holding the competition;
- Specify date and place of the competition;
- Ensure placing an advertisement for the competition using the funds of the organization;
- Receive, register and keep submitted documents for participation in the competition;
- Form the committee and assign a chairman for the committee from among the representatives of the organization;
- Arrange the meeting of the committee.

An advertisement for the competition should include the following information: name of the civil employment vacancy; name of the organization and its location, postal address, phone number, brief summary of its general activity; qualifying requirements of the competitors; final date and time of application for the vacancy. The advertisement cannot contain additional information inconsistent with the laws of the Republic of Kazakhstan. A person, who states his/her willingness to participate in the competition, within the application time limits specified in the advertisement shall submit their documents to the organization by hand or by post. A competitor may provide additional information regarding his/her education, professional experience, level of proficiency (copies of professional development , graduation, scientific publications documents, references, etc.). The competition consists of the following stages: qualification assessment of competitors; interview with the candidates; announcement of the results of the competition. Within five working days after the submission finalization date, the committee shall assess a competitor’s compliance with the qualifying requirements. Based on the assessment of a competitor’s compliance with the qualifying requirements, the committee, by virtue of a vote, shall make a decision on approving the list of the candidates meeting the qualifying requirements, and/or on denial of access to the interview. Within three working days, the organization shall inform: the competitors, which meet the qualifying requirements, about their approval as candidates, and about the date, place and time of the interview (and the date of the interview shall be specified taking into account the time necessary for a candidate to arrive to the place of interview); and inform competitors, who do not meet the qualifying requirements about the reasons of their denial. During the interview carried out by the commission, candidates’ professional knowledge and skills necessary for performing functional duties of the position are determined. The commission’s meeting is held under the condition of not less than two thirds of its general structure members being present. The decision of the results of the commission’s meeting is made in the absence of the candidate by open voting within one day. The candidate receives a positive decision in case it was so voted by the majority of members of the commission structure present. In case of equality of votes during voting, commission chairman’s voice is decisive. In case of any commission member’s disagreement with the commission’s decision, the commission member has the right for a dissenting opinion that shall be stipulated in writing and attached to the commission’s minutes. Commission’s decision is documented by the minutes signed by the commission chairman and its members as well as the secretary who carried out the recording. The organization shall inform those candidates who were interviewed on the results of the competition within three working days starting from the date of its termination, in writing. A copy of Commission’s meeting minutes certified by the organization shall be sent to candidates together with any notice.

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On obtaining the competition voting results the commission brings to the organization head the decision of the commission with a recommendation about the competition winner’s acceptance for the civil service position. In case there is no candidate to be accepted for civil service position after the competition is held, the competition is considered cancelled. The organization head signs an employment contract with the candidate who has received a positive decision by the commission and issues an act of acceptance for the service the civil servant has to be acquainted with.

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RP 8 INDEPENDENCE OF REGULATORY BODY		
Quality Elements	Indicator	Explanation
		According to the Law “On Civil Service” art. 18-1. “Rotation” of political civil servants may be carried out for public service. The order and terms and conditions of political civil servants rotation are determined by President of the Republic of Kazakhstan via the representation of Authorized Body. Rotation of territorial department heads was carried out at the request of the chairman of Agency on Regulation of Natural Monopolies of the Republic of Kazakhstan in 2013. Head of the Department of Western Kazakhstan region was transferred to a similar position in Karaganda region. Head of Department of the Agency on Regulation of Natural Monopolies in Karaganda region was transferred as head of Agency on Regulation of Natural Monopolies Department in the Akmolinsky region. Head of territorial Department of Agency on Regulation of Natural Monopolies of Akmolinsky region, headed Western Kazakhstan region Department and the former director of Central Administrative Office Control and Work Claims Department was transferred as deputy head of Agency on Regulation of Natural Monopolies Department of the Akmolinsky region. The Institute of Transfer was used in 2012. 12 (11.1%) people were transferred to central office from other Government bodies in coordination with the Civil Service Agency of the Republic of Kazakhstan. 4 persons (3.7%) were appointed for civil service from Agency of the Republic of Kazakhstan personnel reserve. 13 administrative civil servants (12%) were appointed for transfer within the regional center, rotated from territorial bodies of the Agency and local executive bodies. 39 administrative civil servants (16.1%) were appointed to territorial bodies of the Agency from other Government bodies, 30 civil servants (12.3%) were appointed for rotation, 19 people (7.8%) were appointed for civil service from the Agency of the Republic of Kazakhstan’s personnel reserve. 5 administrative state positions (4.6%) of the S-5, S-6 categories were replaced in 2012. 14 administrative state positions (5.7%) were transferred to territorial departments.
Fixed tenure terms	Yes	
Financial autonomy	no	Agency on Regulation of Natural Monopolies financing isn’t autonomous and is functioned according to the Budgetary Code of the Republic of Kazakhstan.

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Researcher and Organization names: Kurmanbayeva A.A. OO «Committee for Public Control over the Government Program Execution at Local Level»

Information source: The Law of the Republic of Kazakhstan as of 23 of July, 1999 No. 453 “On Civil Service” http://www.stat.kz/about/Pages/zakon_gos_slujbe.aspx , Official website of Agency on Regulation of Natural Monopolies, provision for the Agency <http://www.arem.gov.kz/ru/101/>, news agency [news.kz http://www.bnews.kz/ru/news/post/155990/](http://www.bnews.kz/ru/news/post/155990/), Analytical note according to the Strategic Plan of Agency of Regulation of Natural Monopolies of the Republic of Kazakhstan for 2011 – 2015, approved by the Government Resolution of the Republic of Kazakhstan on February 8, 2011 No. 99., 2012 year period. https://www.google.ru/url?sa=t&rct=j&q=&esrc=s&source=web&cd=5&cad=rja&ved=0CEQQFjAE&url=http%3A%2F%2Fwww.arem.gov.kz%2Fupload%2Fdpsa%2FAnalitik_Zap_StrPlan_RUS.doc&ei=oLhcUuT7G4XFtQa56YH4BA&usg=AFQjCNGDzZ19cYxYq8NlOjl7DILNkNv3uQ&bvm=bv.53899372,d.Yms.

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RP 9 APPEAL MECHANISM		
Quality Ele-ments	Indica-tor	Explanation
Any mentioned party can appeal against the de-cision	Yes	According to the Law of the Republic of Kazakhstan No. 221, dated 12 January, 2007, «On Procedure for Consideration of Natural and Legal Entities Applica-tions» Art. 12., «The Appeal of Decisions Made by Considering Application Results» the complaint on officials’ action (inaction), and also on relavant decisions is submitted to a higher official or entity in accordance with its subordination no later than three months after the moment when the natu-ral or legal entity becomes aware about the action or decision-making of an appropriate entity or official. A delayed period for appeal isn’t a basis for en-tities’ or officials’ to refuse considering the application. The reasons of miss-ing the time of appeal shall be clarified during the application consideration and can become one of the bases for refusal in satisfying the complaint.
It is possible to apply for appeal on procedural bases	Yes	According to the Law of the Republic of Kazakhstan No. 221, dated 12 Janu-ary, 2007, «On Procedure for Consideration of Natural and Legal Entities Ap-plications» Art. 12. « The Appeal of Decisions Made by Considering Applica-tion Results» in the absence of a higher official or entity or the disagreement of the applicant with the decision made, shall be submitted directly to the court. At the same time it should be noted that the judicial system needs to be improved.
It is possible to apply for appeal on legal mate-rial grounds	Yes	<p>According to the Law of the Republic of Kazakhstan dated 12 January, 2007, “On Procedure for Consideration the Applications of Natural and Legal Enti-ties” Art. 14 p. 5, natural and legal entities have the right to demand indem-nification if they are faced with order violations established during the ap-plication consideration. According to the Law of the Republic of Kazakhstan of 9th of July, 1998 «On Natural Monopolies and Controlled Markets» Art.19, in case of violation of the present Law, subjects of natural monopolies and controlled markets, Government bodies, their heads are obliged to:</p> <ul style="list-style-type: none"> to adopt measures for compensation of the damage caused and (or) losses directly, or by means of temporary decrease in tariffs (prices, collecting rates);

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- to cancel or change the act not corresponding with the present Law. According to Art. 21 «Compensation by a subject of natural monopoly, the losses caused in a controlled market by violation of the present Law»,action (inaction) of the subject of natural monopoly in a controlled market, contradicting the present Law and causing losses to another natural or legal entity, including by overestimating tariffs (prices, collecting rates) or limiting the same,unreasonable refusal to conclude contracts for providing adjustable services (goods, works) and in their execution, involve compensation by the subject of natural monopoly in a controlled market, of losses according to the civil legislation of the Republic of Kazakhstan; According to the Art. 22 «Compensation of losses caused to the subject of natural monopoly in a controlled market by illegal decisions, actions (inaction) of authorized body and also its officials» in case of illegal decisions, and also actions (inaction) of authorized body and its officials causing losses to the subject of natural monopoly in a controlled market, he has the right to demand compensation of these losses by an order established by the Civil Legislation of the Republic of Kazakhstan.

The appeal mechanism influences decisions in at least one case.	Yes	Example. On 3 April, 2013 District Court of Almaty’s Auezovsky region made a decision on public application against Nord Vest, by consumer rights protection association of the city branch of Agency on Regulation of Natural Monopolies of the Republic of Kazakhstan. Nord Vest challenged the order of department of the Agency on Regulation of Natural Monopolies of the Republic of Kazakhstan, which represented by the ALTS enterprise allowed tariff rates to rise as of the 1 of September, 2012.
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DETAILED EXPLANATION

EVALUATION	DECISION
Evaluation not applicable / Not evaluated	
Reporting or activity meets <i>none of the quality elements</i>	“Low”
Reporting or activity meets <i>one quality element</i>	“Low to Average”
Reporting or activity meets <i>two quality elements</i>	“Average”
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Reporting or activity meets <i>all the quality elements</i>	“High”

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The Researcher and Organization names: Kurmanbayeva A.A. OO «Committee for Public Control over the Government Program Execution at Local Level»

Information source: Law of the Republic of Kazakhstan No. 272-І dated 9 July, 1998 “On Natural Monopolies and Controlled Markets” http://online.zakon.kz/Document/?doc_id=1009803, Law of the Republic of Kazakhstan No. 221 dated 12 January, 2007 “Order of Consideration of Natural and Legal Entities Application” http://adilet.zan.kz/rus/docs/Z070000221_, Internet resource – Dialogue <http://www.dialog.kz/?lan=ru&id=92&pub=3350>.

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RP 11 REGULATORY BODY STAFF TRAINING		
Quality Elements	Indicator	Explanation
Definition	Yes	<p>According to the Law «On Civil Service» civil servants have a right for re-training (requalification) and professional development at the expense of the relevant budget. On the 13 of November, 2000, the Government Resolution «On the Approval of the Concept of Civil Servants Training» was accepted. The President of the Republic of Kazakhstan’s Order dated October 11, 2004 approved Rules of retraining and professional development of civil servants of the Republic of Kazakhstan including professional development abroad.</p>
Training in several subject-mat-ters	Yes	<p>9 administrative civil servants of the Agency’s central office were trained in the Academy of Public Administration according to the President of the Re-public of Kazakhstan during reporting period, they included: 7 employees who passed advanced training courses and 2 who were appointed for senior positions. 27 employees of central office were trained in Kazakh Humanitar-ian and Legal University of the Republic of Kazakhstan plus 14 people – from the Agency’s territorial branches; one employee was trained in the A.N. Nazarbayev University. <u>Examples:</u> RESET team held a seminar on advanced international practices in the power sector regulation, using the example of Southeastern European countries, for the Agency on Regulation of Natural Monopolies on 21 of April, 2011; on 30.10.2012 a training seminar for civil servants took place in the Agency on Regulation of Natural Monopolies of the Republic of Kazakhstan, its subject was: « Opposing Corruption «; On 30 of March, 2012 a UNDP /GEF seminar on «Development of power service com-panies for energy efficiency advance in Kazakhstan» took place in Astana; On 26 of September, 2013 representatives of Agency on Regulation of Natural Monopolies participated in the national seminar put on by the Kazakhstan Electrical Power Association, on Power Supply Problems of Kazakh organiza-tions in Shymkent; On 18 of March, 2013 a seminar organized by JSC “Center for Development and Protection of Competition Policy“« on “Topical issues of state regulation of natural monopolies and controlled markets subjects activity: problems and ways of their decision» took place in Astana; in April, 2013 an international technological seminar was organized by the Union of power engineers of the Republic of Kazakhstan on the subject: «Service of the chief power engineer of the modern enterprise»;</p>
Variety	Yes	<p><u>Examples:</u> RESET, UNDP/GEF, Kazakhstan Electrical power Association, JSC “Center on the Competition Policy Development and Protection” and Union of power engineers of the Republic of Kazakhstan were organizers of above-mentioned seminars. Financing sources: International funds, own budget.</p>

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DETAILED EXPLANATION: Civil servants training system shall include training directly in the workplace, in various forms of professional development, branch courses, regional institutes, and by preparation in civil service Academy, Diplomatic academy and, other training centers including special programs, training systems at a number of international organizations, training by other countries Government bodies. «Civil Service Agency» and its territorial branches together with regional Mayors created a regional network of civil servants training centers. The main difficulties are training program financing, from national and local budgets; especially for training employees abroad. Civil service academy of the President of the Republic of Kazakhstan carries out an educational and methodical role along with scientific centers and center of information and analysis, coordinating the activity of educational institutions, that provide civil servants with training. With the assistance of the European Commission the Eurasian Training Center was created. Organizational and administrative structures of the center were established, educational modules were developed, competitive selection of teachers for participating in the «training» program was carried out and advanced training courses for civil servants were organized. Annually one third of the civil servants on an average are re-trained in professional development courses, thanks to the results civil servant training has provided over a three-year period.

EVALUATION	DECISION
Evaluation not applicable / Not evaluated	
Reporting or activity meets <i>none of the quality elements</i>	“Low”
Reporting or activity meets <i>one quality element</i>	“Low to Average”
Reporting or activity meets <i>two quality elements</i>	“Average”
Reporting or activity meets <i>three quality elements</i>	“Average to High”
Reporting or activity meets <i>all the quality elements</i>	“High”

Researcher and Organization names: Kurmanbayeva A.A. OO «Committee for Public Control over the Government Program Execution at Local Level».

Information source: Order Of the President of the Republic of Kazakhstan dated 21 July, 2011 № 119 “Concept of the New Model of Civil Service in the Republic of Kazakhstan”, <http://www.nomad.su/?a=3-201108010034>, «Analytical Note on the Strategic Plan of Agency of Natural Monopoly Regulation of the Republic of Kazakhstan for 2011 – 2015», approved by the Government Resolution of the Republic of Kazakhstan on the 8 of February, 2011 No. 99. https://www.google.ru/url?sa=t&rct=j&q=&esrc=s&source=web&cd=5&cad=rja&v=ed=0CEQQFjAE&url=http%3A%2F%2Fwww.arem.gov.kz%2Fupload%2Fdpsa%2FAnalitik_Zap_StrPlan_RUS.doc&ei=oLhcUuT7G4XFtQa56YH4BA&usg=AFQjCNGDzZ19cYxYq8NlOjl7DILNkNv3uQ&bvm=bv.53899372,d.Yms,archive-kz.com <http://archive-kz.com/page/1641475/2013-03-16/> <http://www.businessgazeta.kz/articles.php?id=1015>.

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RP 12 REGULATORY BODY’S CAPACITY IN ESTIMATING ENVIRONMENTAL ISSUES		
Quality Elements	Indicator	Explanation
Financial re-sources allocat-ed	No	Resources for environmental issue solution aren’t provided by the MINT of the Republic of Kazakhstan, because environmental protection is under the MOSIVR of the Republic of Kazakhstan’s competence according to the current legislation.
Access to exami-nation	No	Environmental examination is separated from the regulatory body in the power industry area and concentrated in the Authorized Body on environ-mental protection
Responsible per-son	No	There is no competent authorized officer for environmental issues in the regulatory body
Developing knowledge in the environmen-tal area	No	There were no special courses/training carried out on expansion of knowl-edge in the field of environmental protection for the staff of regulatory body in the power industry area for the last 2 years
DETAILED EXPLANATION: Even as some courses were realized, they had formal and not systematic character. Experts didn’t find a complete system of professional development and training of employees in the field of environmental protection of the power industry area.		
EVALUATION		DECISION
Evaluation not applicable / Not evaluated		
Regulatory body doesn’t show any qualitative components in order environment issue to be estimated		“Low”
Regulatory body shows, <i>at least, one qualitative component</i> in order environment issue to be estimated		“Average”
Regulatory body shows <i>two or several</i> qualitative components in order environment issue to be estimated		“High”

Researcher and Organization names: Vadim Litvinov, expert of PF “Environment-Youth-Initiative-Development”, member of NGO “Transparent Tariff” National Association.

Information source: Answers from the authorized bodies.

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RP 13 REGULATORY BODY’S CAPACITY IN ESTIMATING ENVIRONMENTAL ISSUES		
Quality Ele-ments	Indica-tor	Explanation
Financial re-sources allo-cated	No	No financial resources for the issue were determined.
Access to pro-fessional knowl-edge	Yes	The Agency interacts with the Ministry of Labour and Social Protection on establishing reduced rates. So, as a result of this work since April 1, 2012 various amounts of consumption were registered for the following citizen categories in all regions of Kazakhstan: pensioners living alone , disabled people, participants of the Second World War and persons related to them, inhabitants of houses without centralized hot water supply and inhabitants of areas where gas is not installed who are considered as persons using electric stoves.
Responsible person	No	Responsible person is not indicated.
Developing knowledge in social area	Yes	<p>«Civil Service Agency» and its territorial branches together with the regional Mayors created a regional network of centers for civil servant training.</p> <p>Eurasian training center was created with the assistance of the European Commission. Organizational and administrative structures of the center were established, courses increasing the qualification of civil servants were orga-nized.</p> <p>By the Order No. 1457 of the President of the Republic of Kazakhstan dated 11 October, 2004, Rules of retraining and professional development of the Republic of Kazakhstan civil servants were approved providing professional development abroad.</p> <p>Knowledge level increase of workers in the social sphere was also taken into account.</p>

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DETAILED EXPLANATION: Electric power tariffs comparing with other tariffs are growing at a high rate in Kazakhstan. Average increase in electricity prices exceeds price increase of other utilities by almost two times. Municipal tariff payment in Kazakhstan isn’t included in the minimum consumer basket. In matter of fact in 2012 average payment for utilities during winter period was about 47% of the minimum wage (17,439 Tenge) and minimum pension (17,491 Tenge) levels and 34% of the income of disabled people of the first group (23,717 Tenge). As it is seen from the data specified utilities payment is often an excessive burden for many social cases and unprotected citizens. Tariff increase naturally leads in turn to price rises, which is defined by inflation in advance.

EVALUATION	DECISION
Evaluation not applicable / Not evaluated	
Reporting or activity meets <i>none of the quality elements</i>	“Low”
Reporting or activity meets <i>one quality element</i>	“Low to Average”
Reporting or activity meets <i>two quality elements</i>	“Average”
Reporting or activity meets <i>three quality elements</i>	“Average to High”
Reporting or activity meets <i>all the quality elements</i>	“High”

Researcher and Organization names: Kurmanbayeva A.A. OO «Committee for Public Control over the Government Program Execution at Local Level»Information source: The Order № 119 of the President of the Republic of Kazakhstan dated 21 July, 2011 Concept of New Model of the Civil Service of the Republic of Kazakhstan <http://www.nomad.su/?a=3-201108010034>, archive-kz.com <http://archive-kz.com/page/1641475/2013-03-16/> <http://www.businessgazeta.kz/articles.php?id=1015>.

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RP 14 PUBLIC INFORMATION ON THE USE OF CONSULTANTS		
Quality Elements	Indicator	Explanation
General availability of detailed information on attracting consulting services	Yes	Government Resolution of the Republic of Kazakhstan dated 15 May, 2012, “Rules on carrying out electronic Government procurement” were approved and according to these rules attracting consulting services is carried out through the system of Government procurement. According Art. 27 p. 2 « of the Law, Government procurement organizer is obliged to place the protocol of the text on the consumer Internet resource, no later than two working days from the date of signing the protocol on the results of Government procurements via competition.”. The data contained in the protocol on results of Government procurement via competition placed on the consumer Internet resource, shall be available to all the people interested, free of charge». Protocol on the results of Government procurement for 2012-2013 are available on the official site of the Ministry of Industry and New Technologies of the Republic of Kazakhstan.
Publicity of reports and recommendations by consultants	Yes	According to p. 4 of the Law of the Republic of Kazakhstan «On Private Business» dated 31 January, 2006, expert reports have to be annexed to the draft of the legal regulatory act before its acceptance, including each subsequent amendment of this project by interested Government bodies , and according to Art. 5 p. 8 copies of the draft regulations infringing on the interests of private business, are have to be published (distributed) in mass media, including Internet resources, before their consideration by appropriate authority or during advisory council meetings. Expert reports of the National Economic Chamber of Kazakhstan “Atameken” Union” are available on the association’s site of Journal of Expert Reports. http://atamekenunion.kz/expert/out? p=0 .
DETAILED EXPLANATION: According to the Art. 5 of the Law of the Republic of Kazakhstan «On Private Business» dated 31 January, 2006, starting on July 1, 2006, business community is granted the right to participate in the development of the regulations infringing on business interests. According to the article specified, central Government, local representatives and executive bodies through their advisory councils are obliged to send the NPA projects infringing on interests of private business to accredited associations of private business and National Chamber of Businessman of the Republic of Kazakhstan, with the obligatory appendix of explanatory note on obtaining the expert report, including each subsequent amendment of the project.		

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EVALUATION	DECISION
Evaluation not applicable / Not evaluated	
Reporting or activity meets <i>none of the quality elements</i>	“Low”
Reporting or activity meets <i>one quality element</i>	“Low to Average”
Reporting or activity meets <i>two quality elements</i>	“Average”
Reporting or activity meets <i>three quality elements</i>	“Average to High”
Reporting or activity meets <i>all the quality elements</i>	“High”

Researcher and Organization names: Kurmanbayeva A.A. OO «Committee for Public Control over the Government Program Execution at Local Level»

Information source: official website of the Ministry of Industry and New Technologies of the Republic of Kazakhstan, Government procurements <http://www.mint.gov.kz/?page=procurement> , Information and legal system of draft regulations of the Republic of Kazakhstan, Governmental Resolution of the Republic of Kazakhstan from the 15 of May, 2012 No. 623 Rules on carrying out electronic Government procurements.

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RP 15 CLARITY IN REGULATORY PROCEDURES AND ESSENTIAL BASICS FOR DECISION MAKING		
Quality Elements	Indicator	Explanation
Procedural confidence	Yes	<p>On December 4, 2013, the last stage of discussions on changing the tariffs for a number of utilities was completed. Asylbek Duysebayev, vice-chairman of the Agency on Regulation of Natural Monopolies of the Republic of Kazakhstan reported that there won't be a tariff increase for the electric power and heat supply in the territory of the Republic as a whole until the new year. It was widely declared in mass media and all the interested parties participated in the discussion, thus we can speak about existence of clarity in regulatory procedures. A “Comprehensive plan for increasing energy efficiency of the Republic of Kazakhstan for 2011-2015» was developed by the Government of the Republic of Kazakhstan in order to comply with the orders of the President of the Republic of Kazakhstan to ensure effective state control on energy saving policy as per the Law of the Republic of Kazakhstan dated 13 January, 2012 «On Amendments to Certain Acts Concerning Energy Saving and Energy Efficiency Increase». According to subparagraphs No. 2 and 3 of p. 2 of Art. 21 of the Law of the Republic of Kazakhstan about energy saving and energy efficiency increase, individual entrepreneurs and legal entities are obliged to stay within power consumption standards, and to observe the power factor standard values in electric networks. Article 219-2 stipulates punishment for operating defective equipment, fittings and pipelines without thermal insulation or violating the operating mode of energy-requiring equipment. At the request of the Head of the State, Ministry of Industry and New Technologies of the Republic of Kazakhstan is developing “Energy Saving 2020” program. Acceptance of a number of regulatory acts in the power supply area created the need for all the legal entities and even for individual entrepreneurs to rebuild equipment, pipelines, fittings, etc. as per the new standards of electric power consumption per one production unit and coefficients of powerful standard values in electric networks. The unscheduled inspections, which have been carried out by the Committee of state supervision and control of the MINT of the Republic of Kazakhstan, revealed violations concerning standard power factor values not being observed by Governmental Resolution in Aktyubinsk, Southern Kazakhstan, Zhambylsky and Atyrausky regions. Thus mainly large industrial and processing plants and enterprises were inspected. That means that there will be many more violations revealed among small companies and firms. Thus, decisions made lately in the energy saving area are disputable.</p>

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All Regulatory Acts were adopted according to the Laws of the Republic of Kazakhstan and within the Government of the Republic of Kazakhstan’s competence. However existence of conflicts between the interested parties is a reflection of the degree of insufficient procedural confidence. In September information of following character was disseminated: «At the beginning of September 2013 M. Ospanov, head of the Agency on Regulation of Natural Monopolies of the Republic of Kazakhstan noted that «development of regulations for state monopoly sector that provides protection of consumer rights is one of the priority activities of the Agency”. “Transparency of tariff setting is also important” this task was defined at a round table, which took place in the Northern Kazakhstan NDP «Nur Otan»s regional branch for the Agency on Regulation of Natural Monopolies, by N.A. Nazarbayev, President of Kazakhstan. Analysis of 80 Regulatory Acts was carried out to improve the legislation, 17 among which were optimized in three. As a result more than 200 amendments were made providing increase in tariff setting transparency and adjustable service quality to fight corruption and strengthen control. Work on regulating amendments is carried out, as well as developing relevant draft laws, which according to a Government order will be included in the legislative work plan of next year. A long-term tariff policy program to 2030 in the natural monopoly sphere will be developed involving international experts; purpose of its realization is transparency of tariff information ensuring targeted use of the means received from tariff growth. Amendments providing tariff load decrease were also developed. It is suggested to exclude representational expenses, expenses for auditors (except in joint stock company) and marketing services, bank commissions, financial and technical expertise costs from tariffs. List of documents which the monopolist has to attach to their demand and also other requirements is reduced by 50%. This allows consumer savings without damage to tariff regulation and quality. This is creating a legislative basis for introducing a system for monitoring and quality control of monopolist services: temperature, pressure and tension level. «It is essentially a new function where Government and public associations can be involved in the realization of consumer rights protection «– A. Duysebayev, vice-president of the Agency on Regulation of Natural Monopolies noted during the event. Innovations are also provided in fighting against other problems – inadequate number of installation of in-house heat metering devices. Periodical metering will be carried out involving non-governmental organizations. As Asylbek Duysebayev noted, changes will also concern those articles of the law, which allow monopolists to treat one or another situation in duplicate today.

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These are those numerous cases when consumers seem to be right and the Law is also on their side, but monopolists nevertheless appear to win in court; therefore today it is suggested to exclude from legislation not only such norms, but also restrictions on providing terms for repeated demands. In order to counteract corruption the possibility of providing demands in electronic format, development of an exhaustive list of bases for refusing demands of monopolist, minimization of monopolist contacts with the Agency representatives, carrying out examination of tariff with the participation of advisory council members at all the levels of tariff statements offered. Offers on strengthening Agency control functions are also developed. «Monopolists are in a field today, where infrastructure business is conducted and developed and minor changes in tariffs and conditions cause other businessmen’s reaction. Thus subjects of natural monopolies are put in similar conditions to small and medium business for effective control. Therefore it is necessary to remove natural monopoly and controlled market checks from the Law of the Republic of Kazakhstan «On State Control and Supervision». These changes will allow rapid reaction to consumers’ complaints, and provide their protection while creating favorable conditions for small and medium business development «– told vice-president of the Agency on Regulation of Natural Monopolies.

Clarity of the essential basics of decisions made	Yes	In the least, the fact that Agency on Regulation of Natural Monopolies regularly carries out ‘Open Days’ with the idea that all the interested persons are told about the primary functions of the department and the measures it takes on improving tariff legislation allows us to speak about the existence of clarity of the essential basics of decisions made. In 2013 the ‘Open Day’ will take place on December 6. although the information is mainly of a highly specialized character. Terminology is accessible only to experts.
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EVALUATION	DECISION
Evaluation not applicable / Not evaluated	
Reporting or activity meets <i>none of the quality elements</i>	“Low”
Reporting or activity meets <i>one quality element</i>	“Low to Average”
Reporting or activity meets <i>two quality elements</i>	“Average”
Reporting or activity meets <i>three quality elements</i>	“Average to High”
Reporting or activity meets <i>all the quality elements</i>	“High”

Researcher and Organization names: Belov Sergey Viktorovich, IPO “Active Youth of the Northern Kazakhstan District”.

Information source: information from the Agency on Regulation of Natural Monopolies of the Republic of Kazakhstan, the Ministry of Industry and New Technologies of the Republic of Kazakhstan.

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RP 16 REGULATORY BODY REACTION ON THE SOCIAL AND ENVIRONMENTAL ISSUE CLAIMS		
Quality Ele-ments	Indica-tor	Explanation
Explanations in providing re-sponse to claims	No	As a rule, when an application relating to an environmental issue is submit- ted to the Authorized Body in the power industry area, the applicant receives an answer stating the matter is not covered by the competence of the Autho- rized Body.
Mandate appli-cation on envi-ronmental and social issues	No	All the environmental issues are covered by the MOSIVR and its territorial division competence. At regional Mayors on a local level there are managers of natural resources who are also authorized in some environmental issues. The MINT competence doesn't include solutions for environmental problems in electrical power sector.
<p>DETAILED EXPLANATION: The established practices of power distribution between regulatory bodies means a clear competence split. According to MINT’s answer, 11 applications concerning environmental protection were received over the last 2 years. However the sense of their content and given answers weren’t exposed to expert groups citing a reference to a ban of transfer of Government bodies’ correspondence on citizens’ ap-plications to third parties.</p>		
EVALUATION		DECISION
Evaluation not applicable / Not evaluated		Not applicable
Reaction of regulatory body on environmental and social issues doesn’t correspond any of qualitative elements.		“Low”
Reaction of regulatory body on environmental and social issues corresponds to one qualitative element.		“Average”
Reaction of regulatory body on environmental and social issues corresponds to both qualitative elements.		“High”

Researcher and Organization names: Vadim Litvinov, expert of PF “Environment-Youth-Initiative-Development”, member of NGO “Transparent tariff” National Association.

Information source: Answers from the party of authorized bodies, the Regulation on MINT.

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RP 17 PREVENTIVE INITIATIVES OF REGULATORY BODY		
Quality Ele-ments	Indica-tor	Explanation
1. Independently initiated affairs (Suo-motu Petitions)	No	MINT and the Agency on Regulation of Natural Monopolies don’t prepare statistics on the affairs initiated by the public. MINT’s activity also doesn’t provide for interaction with public associations. For explanations , a letter with a request to provide information on independently initiated affairs were sent to all the regional Departments of the Agency on Regulation of Natural Monopolies. As of now no answers to the letters were received.
2 . Detailed discussions, re-searches, confer-ences	Yes	Announcements about public hearings already carried out are published on the website of the Agency on Regulation of Natural Monopolies (http:// www.arem. gov.kz); information introducing new power supply tariffs is published on the same website. Announcements about public hearings carried out are published, at least one day before the event is realized; mostly within two weeks. In order to counteract possibility of corruption an electronic format is provided for submitting demands , along with development of an exhaus-tive list of refusals based on monopolist demands, minimizing monopolist’s contact with representatives of the Agency, and carrying out examination of tariff with advisory council members’ participation at all levels of tariff ap-proval offered. In order to ensure transparency of tariff approval a «Consumer Calculator» and information on investment programs of subjects of natural monopoly and their execution were especially placed on the official website of the Agency and press tours, «Round Tables», public hearings meetings and briefings are carried out, and a reception of citizens is conducted. Memo-randums of cooperation between the Agency and National Economic Cham-ber of Kazakhstan «Atameken» Union», and with national public association «National Consumers’ League» are signed. According to Duysebayev Asylbek Zheksenbayevich, deputy of the Agency, «informing consumers about tariff changes shall be provided by general coverage: on television, in newspapers, on accounts, receipts, and for the subjects of “Low” power in rural areas – in places of mass people congestion. Also hearing of participants shouldn’t consist just of monopolists’ workers, concerning them a restriction to just seven persons is taken now. In order for these norms to work, it is ordered to make monopolist officials responsible by imposing a penalty on them».

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EVALUATION	DECISION
Evaluation not applicable / Not evaluated	
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Reporting or activity meets <i>two quality elements</i>	“Average”
Reporting or activity meets <i>three quality elements</i>	“Average to High”
Reporting or activity meets <i>all the quality elements</i>	“High”

Researcher and Organization names: Belov Sergey Viktorovich, IPO «Active Youth of the North Kazakhstan District»

Information source: information from the Agency on Regulation of Natural Monopolies of the Republic of Kazakhstan, the Ministry of Industry and New Technologies of the Republic of Kazakhstan.

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RP 18 DISCLOSURE OF DOCUMENTS UNDER THE DISPOSAL OF REGULATORY BODY		
Quality Ele-ments	Indica-tor	Explanation
Assumption that documents are available to the public in cases where their con-fidentiality isn't specific	No	<p>The Law No. 94-V of the Republic of Kazakhstan «On Personal Information and its Protection» dated May 21, 2013 Art. 11. «Confidentiality of personal data» specifies:</p> <ol style="list-style-type: none"> 1. Owners and (or) operators, as well as third parties getting access to personal information of limited availability, reinforce its confidentiality via observance of requirements of to allowing their distribution without consent of the subject or his lawful representative or existence of other legal basis. 2. Persons who become aware of personal information of limited access for reasons of professional, service and labor relations are obliged to protect its confidentiality. 3. Confidentiality of biometric data is established by the legislation of the Republic of Kazakhstan. Documents are considered to be confidential, but public sites of regulatory bodies and documents without signature and «confidential» stamp are available to the public.
Accurate proce-dures and rules of defining «con-fidentiality»	No	<p>According to the APC of the Republic of Kazakhstan answering the inquiry, “reference to point 1 of Article 43 of the Law of the Republic of Kazakhstan “On Competition”, information on <u>commercial, official and other secrets pro- tected by the law</u>, obtained by antimonopoly authority while implementing its powers isn't subject to disclosure, except for cases established by Laws of the Republic of Kazakhstan.</p> <p>Antimonopoly authority staff carries a responsibility established by the Laws of the Republic of Kazakhstan for disclosure of information of commercial nature and official and other secrets protected by the law.</p> <p>The harm caused to a natural or legal entity as a result of disclosure of infor- mation of commercial nature and official and other secrets protected by law and enforced by antimonopoly authority or its officials is subject to a penalty according to the civil legislation of the Republic of Kazakhstan.»</p>

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DETAILED EXPLANATION: Documents of the regulatory body are in public access on the websites of regula-
tory bodies. Rules for determination of confidentiality are not registered legislatively. Procedure on access to
information is carried out according to edicts of the Law «On Information». The process of obtaining certain
documentation approving tariff increase or fall under Authorized Body (RK ARNM) is very difficult taking into
account the workings in municipal structures of electric power distribution.

EVALUATION	DECISION
Evaluation not applicable / Not evaluated	
Reporting or activity meets <i>none of the quality elements</i>	“Low”
Reporting or activity meets <i>one quality element</i>	“Low to Average”
Reporting or activity meets <i>two quality elements</i>	“Average”
Reporting or activity meets <i>three quality elements</i>	“Average to High”
Reporting or activity meets <i>all the quality elements</i>	“High”

Researcher and Organization names: Sara Espenova, PF “KAMEDA”

Information source: Laws of the Republic of Kazakhstan “On Competition Protection”, “On Natural Monopolies
and Controlled Markets”, and “On Power Industry”. Blog of the Government of the Republic of Kazakhstan ap-
plications №222210/2, №219127/1, №221611, №218508/1Additional information: official request to GSS.
The official answer № 07-1-14/5459 has been received on 17.10.2013.

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RP 19 PROCEDURE FOR PUBLIC ACCESS TO DOCUMENTS OF THE REGULATORY BODY		
Quality Ele-ments	Indica-tor	Explanation
		Regulatory bodies are: Agency of Competition Protection of the Republic of Kazakhstan and the Agency on Regulation of Natural Monopolies of the Republic of Kazakhstan. The Law «On natural monopolies and controlled markets of Kazakhstan» No. 272-І dated July 9, 1998. The database is available on information system: electronic database on monitoring activity of monopolists. The electronic database on monitoring activity of monopolists is developed in 2004 – 2006 and contains data on production and economic, financial and economic aspects of the functioning of enterprises and organizations included in federal and local sections of the State Register of natural monopolists, whose activity is subject to regulation in part by the Agency on Regulation of Natural Monopolies of the Republic of Kazakhstan as per the legislation of the Republic of Kazakhstan, primarily, regarding tariff policy – services offered by natural monopolists on tariff coordination .
Well indexed database of documents	Yes	<p>The database is formed based on the documents submitted to Agency by subjects of natural monopolies (SNM), both in demands for setting tariffs and the regular reporting – such as execution of tariff estimate, balance sheet, results of financial and economic activity, etc.</p> <p>Data of the database is grouped by the SNM, to calendar years and includes general (from invoice) data on SNM, services volumes rendered by them and tariffs for these services, and the main indicators of their financial and economic activity. Besides, reports detailing technical and financial expertise of certain subjects of natural monopolies are periodically carried out by the Agency. Database provides information supporting the decision-making by specialists of the Agency on Regulation of Natural Monopolies of the Republic of Kazakhstan on various aspects of monopolist activity and their tariff policy providing sustainable development of the monopolist as well as the control of tariff growth for a stable state economy development as a whole and prevention of social conflicts.</p>
Simple, well determined procedure for inspection / obtaining documents	Yes	Database is available on the system of information of monopolists. Electronic database on monopolist activity monitoring was developed in 2004 – 2006 and contains adequate data.

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Reasonable cost	Yes	Payment for information required from public institutions is forbidden by the legislation of the Republic of Kazakhstan.
Wide dissemination of information	Yes	<p>Websites are developed in all the municipal organizations, engaged in generation of electric heating and power supply. The events held for the purpose of increasing public awareness via public access through announcements in local mass media, brochures, websites and news blocks of information, are at the disposal of regulatory body. In case of lack of such actions, smaller number of people will know about the measures undertaken, and respectively, won't use them, despite their existence and the simplicity of procedures. According to p. 7, Art. 7 of the ARNM Law of the Republic of Kazakhstan, Subjects of Natural Monopoly are obliged: to conduct an <u>obligatory annual audit</u> by audit organizations, except for subjects of the natural monopolies specified in p. 3 of <u>Art. 15</u> of this Law, who conduct an obligatory audit once in every three years. The auditor's report and annual financial statements shall be published in <u>periodically printed publications</u> distributed in the respective territory of the territorial administrative unit where subject of natural monopoly carries out its activity, no later than thirty days from the moment of approval of the auditor's report by an order established by <u>the legislation</u> of the Republic of Kazakhstan;</p> <p>Events held for the purpose of public awareness increase concerning public access to information, being at the disposal of regulatory body through announcements, brochures, web sites and news blocks. In case of a lack of similar action smaller number of people will know about measures undertaken, and respectively, won't use them, despite their existence and the simplicity of the procedure.</p> <p>DETAILED EXPLANATION: Spheres of natural monopolies in the Republic of Kazakhstan include: transfer and (or) distribution of electric energy; production, transfer, distribution and (or) supply of thermal energy; technical scheduling of electric energy launch into a network and its consumption; organizations balancing electric energy production-consumption;</p> <p>The law «On Competition Protection» of the Republic of Kazakhstan. The Present Law covers the territory of the Republic of Kazakhstan and expounds on the relations, which influence or can influence commodity market competition of the Republic of Kazakhstan where subjects of the market, consumers, and Government bodies participate. Provisions of the present Law also apply to actions of the market subject being outside the territory of the Republic of Kazakhstan in cases resulting in such actions when one of the following conditions is present: the main fixed assets and (or) intangible assets or actions (shares of the authorized capital) of the market subjects, are in the territory of the Republic of Kazakhstan; property or non-property rights concerning legal entities of the Republic of Kazakhstan, is directly or indirectly affected; or competition in the Republic of Kazakhstan is limited.</p>

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EVALUATION	DECISION
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Reporting or activity meets <i>none of the quality elements</i>	“Low”
Reporting or activity meets <i>one quality element</i>	“Low to Average”
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Reporting or activity meets <i>all the quality elements</i>	“High”

Researcher and Organization names: Sara Espenova, OF «KAMEDA»

Information source: <http://www.arem.gov.kz/> ; <http://azk.gov.kz/rus/>, law «Natural Monopolies and Controlled Markets of Kazakhstan» № 272-І dated 9 July, 1998.

Additional information: Official request to the Agency on Regulation of Natural Monopolies, GSS. No official answer has been received yet.

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RP 20

PLACE FOR PUBLIC PARTICIPATION IN THE REGULATORY PROCESS

Quality Elements	Indicator	Explanation
Any interested parties or persons have the right to participate in hearings of the regulatory body.	Yes	<p>The Art. 14-1, Law of the Republic of Kazakhstan dated 9 July, 1998 «On natural monopolies and controlled markets». p. 4 of the «Obligation of authorized body» requires carrying out public hearings when reviewing requests from Subjects of Natural Monopoly for rate settings (prices, rate collection) or setting their limits. The Authorized Body is obliged to publish in periodic journals information on date and a venue of public hearings for approval of tariffs not later than ten calendar days before these public hearings take place. According to the Government Resolution of the Republic of Kazakhstan dated 21 April, 2003 «On Rules for approval of holding public hearings when reviewing requests for setting rates (prices, collection rates) or their limits for adjustable services (goods, operations) of Subjects of Natural Monopoly», Art. 1, p. 3 «public hearing – it is a procedure of discussing the project rate (price, rate collection) or its limit for adjustable services (goods, operations) of Subjects of Natural Monopoly with an invitation of deputies, representatives of Government bodies, consumers and their public associations, mass media, independent experts and Subjects of Natural Monopoly».</p>
Have a right to make statements, which become part of the protocol of hearings of the regulatory body.	No	<p>Government Resolution of the Republic of Kazakhstan dated 21 April, 2003 «On Rules for approval of holding public hearings when reviewing requests for rates setting (prices, collection rates) or their limits for adjustable services (goods, operations) of Subjects of Natural Monopoly» determines the «Order of holding public hearing « according to Art. 2 p. 15 of which, «public hearing participants can state their point of view on the matters discussed, ask questions to speakers, use visual aid materials in their speech (posters, diagrams and others) and add their speech in writing to the public hearing’s protocol»; According to p. 18, in the course of public hearing minutes are noted. The minutes (protocol) shall contain the information specified in point 7-1 of the Rules, and information about the time of public hearing’s beginning and end, surnames and initials of the speakers and summary of essential performance, and results of the hearing. It is necessary to note that summary of essential performance is often published in practice with the most critical remarks missing.</p>
Preliminary declaration about public hearings of the regulatory body.	Yes	<p>Government Resolution of the Republic of Kazakhstan dated 21 April, 2003 «On Rules for approval of holding public hearings when reviewing requests for setting rates (prices, collection rates) or their limits for adjustable services (goods, operations) of Subjects of Natural Monopoly» obliges the Authorized Body to post information about the date and venue of public hearings on its Internet site as well as publish this information in periodic publications.</p>

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DETAILED EXPLANATION: Public hearings are carried out according to the procedure established by the Government of the Republic of Kazakhstan, not later than ten calendar days before making a decision on setting rates. According to Art. 17. “Order of reviewing rate projects (prices, rate collection) or their limits and estimated costs” p.2 “authorized body is obliged to place information about the date and venue of public hearings on its Internet site as well as publish this information in periodic publications:

- 1) in case of setting rates (prices, rate collection) or their limits on adjustable services (goods, operations) of Subject of Natural Monopoly in general is ordered not later than fifteen calendar days before;
- 2) in case setting rates (prices, rate collection) on adjustable services (goods, operations) of Subject of Natural Monopoly according to p. 5 of Art.18 of the present Law, not later than seven calendar days”. Requirements of the first part of the present item don’t extend on subjects of natural monopolies of low power for approval of rates (prices, rate collection) on adjustable services (goods, operations).

Public hearings are carried out with the approval of:

- 1) rate limits (prices, collection rates) on adjustable services (goods, operations) of Subject of Natural Monopoly no later than in thirty calendar days prior to making decision on their approval;
- 2) rates (prices, rate collection) on adjustable services (goods, operations) of Subject of Natural Monopoly not later than fifteen calendar days before making decision on their approval;
- 3) rates (prices, rate collection) on adjustable services (goods, operations) of Subject of Natural Monopoly according to p. 5 of Art. 18 of the present Law not later than seven calendar days before making decision on their approval;
- 4) rates (prices, rate collection) on adjustable services (goods, operations) of Subject of Natural Monopoly of low power not later than one calendar day before making decision on their approval.

Subject of Natural Monopoly after publication of information about the date of public hearings is obliged to provide at the request of public hearings participants:

- drafts of tariff estimates, rates (prices, rate collection) on adjustable services (goods, operations) or their limits;
 - information about reasons for increasing rates (prices, rate collection) on adjustable services (goods, operations) or their limits with economically reasonable calculations. Government Resolution of the Republic of Kazakhstan on the 21 of April, 2003, Rules for carrying out public hearings when reviewing requests for rate approval (prices, rate collection) or their limits on adjustable services (goods, operations) of subjects of natural monopolies are adopted; hearings are carried out according to these rules:
- 1) with the approval of rate limits (prices, rate collection) on adjustable services (goods, operations) of Subject of Natural Monopoly no later than thirty calendar days prior to making decision on approval;
 - 2) with the approval of rates (prices, rate collection) on adjustable services (goods, operations) of Subject of Natural Monopoly no later than fifteen calendar days prior to making decision on approval;

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3) with the approval of rates (prices, rate collection) on adjustable services (goods, operations) of Subject of Natural Monopoly according to p. 5 of Art. 18 of the Law of the Republic of Kazakhstan “On natural monopolies and controlled markets” no later than seven calendar days prior to acceptance of decision on the approval;

4) with the approval of rates (prices, rate collection) on adjustable services (goods, operations) of Subject of Natural Monopoly of low power no later than one calendar day prior to making decision on the approval.

Government Resolution of the Republic Kazakhstan on the 21 of April, 2003 “On Rules for approval of holding public hearings when reviewing requests for rates setting (prices, rate collection) or their limits for adjustable services (goods, operations) of Subjects of Natural Monopoly” obliges Authorized Body to place information about the date and venue of public hearings on its Internet site as well as publish this information in periodic journals:

1) with approval of rates (prices, rate collection) or their limits on adjustable services (goods, operations) of Subject of Natural Monopoly in eneral is ordered not later than fifteen calendar days before;

2) with approval of rates (prices, rate collection) on adjustable services (goods, operations) of Subject of Natural Monopoly according to p. 5 of Art. 18 of the Law of the Republic of Kazakhstan; “On natural monopolies and controlled markets” no later than seven calendar days.

Requirements on publishing announcements about forthcoming public hearings don’t extend on subjects of natural monopolies of low power for approval of rates (prices, rate collection) on adjustable services (goods, operations). Announcement about the forthcoming public hearing shall include the following data:

1) name and location of the organizer of hearing;

2) date and venue of hearing;

3) name of Subject of Natural Monopoly and type of its service (goods, operations) concerning rates approval (prices, rate collection) or their limits on adjustable services (goods, operations) for which the application was submitted for.

EVALUATION	DECISION
Evaluation not applicable / Not evaluated	
Reporting or activity meets <i>none of the quality elements</i>	“Low”
Reporting or activity meets <i>one quality element</i>	“Low to Average”
Reporting or activity meets <i>two quality elements</i>	“Average”
Reporting or activity meets <i>three quality elements</i>	“Average to High”
Reporting or activity meets <i>all the quality elements</i>	“High”

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Researcher and Organization names: Kurmanbayeva A.A. OO «Committee for Public Control over the Government Program Execution at Local Level».

Information source: Law of the Republic of Kazakhstan on the 8 of July, 1998 No. 272-І “On natural monopolies and controlled markets” http://online.zakon.kz/Document/?doc_id=1009803 ,

Government Resolution of the Republic of Kazakhstan on the 21 of April, 2003 No. 376 “On Rules for approval of holding public hearings when reviewing requests for rates setting (prices, rate collection) or their limits for adjustable services (goods, operations) of Subject of Natural Monopoly”, <http://adilet.zan.kz/rus/docs/P030000376> . Analytical note according to “Strategic Plan of Agency on Regulation of Natural Monopolies of the Republic of Kazakhstan for 2011 – 2015”, approved by Government Resolution of the Republic of Kazakhstan on the 8 of February, 2011 No. 99. Period 2012:

https://www.google.ru/url?sa=t&rct=j&q=&esrc=s&source=web&cd=5&cad=rja&ved=0CEQQFjAE&url=http%3A%2F%2Fwww.arem.gov.kz%2Fupload%2Fdpsa%2FAnalitik_Zap_StrPlan_RUS.doc&ei=oLhcUuT7G4XFtQa56YH4BA&usg=AFQjCNGDzZ19cYxYq8NlOjI7DILNkNv3uQ&bvm=bv.53899372,d.Yms

Additional information: 925 public hearings on changing of rates and losses affecting more than 15 thousand people were held in 2012, including Subject of Natural Monopoly services (further – SNM), deputies, representatives of public associations, mass media and independent experts.

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RP 21 PUBLIC HAS ACCESS TO HEARINGS AND REGULATORY DOCUMENTS		
Quality Elements	Indicator	Explanation
Number of re-requests for documents made by the public	No	Official request answered on behalf of the Ministry of Industry and New Technologies of the Republic of Kazakhstan and the Agency on Regulation of Natural Monopolies of the Republic of Kazakhstan didn't give information about public access to hearings and regulatory documents. There were no public applications with questions addressed to the MINT. According to the Ministry interested persons and non-governmental organizations do not participate in the control of power supply sector. The text of the letter received from the MINT tells that Laws of the Republic of Kazakhstan regulating electric heating and power supply sector does not provide for public involvement in the control of this sector; however civil society representatives can be a part of the expert groups, helping with development of the law, Presidential Orders and Government Resolutions. The MINT employees don't keep statistics on the announcements received from public organizations. Letters with a request to provide information on independently initiated affairs were delivered to all the regional Departments of the Agency on Regulation of Natural Monopolies in order to clarify information. As of now no answer to these letters were received.
	Involvement in public hearings	Yes
		It is only possible to trace the number of public hearings carried out by the regional branches of the Agency on Regulation of Natural Monopolies: detailed information about such actions is regularly published on the Agency's website at the following address: http://www.arem.gov.kz . In order to ensure a transparent tariff setting, «Consumer Calculator » is especially placed on the Agency's website as well as information on the investment programs of subjects of natural monopolies and their execution, press tours, «round tables», public hearings and meetings, briefings which are carried out, and any citizen received. Memorandums of cooperation between the agency and «Atameken» Union of National Economic Chamber of Kazakhstan are signed as well as with the national association «National Consumers' League». According to Duysebayev Asylbek Zheksenbayevich, deputy of the Agency, «informing consumers about tariff changes shall be provided by general coverage: on television, in newspapers, on accounts, receipts and for subjects of low power in rural areas – in places of mass people congestion. Also the hearing participants shouldn't just consist of monopolists' workers, an order restrict them to seven persons has been entered now. In order these norms to work, it is suggested to make monopolist officials responsible by imposing penalties on them».

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EVALUATION	DECISION
Evaluation not applicable / Not evaluated	
Reporting or activity meets <i>none of the quality elements</i>	“Low”
Reporting or activity meets <i>one quality element</i>	“Low to Average”
Reporting or activity meets <i>two quality elements</i>	“Average”
Reporting or activity meets <i>three quality elements</i>	“Average to High”
Reporting or activity meets <i>all the quality elements</i>	“High”

Researcher and Organization names: Belov Sergey Viktorovich, IPO «Active Youth of the North Caucasian District»

Information source: data of the Agency on Regulation of Natural Monopolies of the Republic of Kazakhstan, Ministry of Industry and New Technologies of the Republic of Kazakhstan.

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RP 22 INSTITUTIONAL MECHANISMS FOR REPRESENTATION OF NON-INFLUENTIAL GROUPS’ INTERESTS		
Quality Elements	Indicator	Explanation
Consumer representatives	No	<p>There Are no electric power consumer protection boards. And there is no real representation of consumer group interests in the Government. MINT as well as the Agency on Regulation of Natural Monopolies has no information about petitions made to regulatory bodies on behalf of socially isolated groups. Spontaneously created initiative groups including a number of dissatisfied businessmen or representatives from cooperatives of apartment owners, as well as single non-governmental organizations, in particular, association of legal entities «Consumer League of Kazakhstan» are engaged in protecting consumer rights. At the legislative level consumers have the right to protect their rights with a pre-judicial written application to the seller (manufacturer) who has violated their right; or to authorised Government bodies with complaints on illegal actions of the seller (manufacturer); or to consumer protection boards; or to courts with the claim application. In 2012 the draft Law of the Republic of Kazakhstan «On Amendments to some Acts of the Republic of Kazakhstan Concerning Consumer Rights Protection» was developed, however up to now this regulatory act hasn’t entered into force. Agency on Regulation of Natural Monopolies sets the tariff, earlier independently adopted by power companies within the rate limit of the relevant group. Government Resolution of the Republic Kazakhstan dated 25 March, 2009 No. 392 approved rate limits for 7 years, reviewable annually until 2015.</p> <p>Thus, the state a made decision to provide power companies with notable benefits by rates increasing, but only for the purpose of carrying out of the appropriate upgrade and modernization of existing production capacities. That means that the ideology of rate limit consists in that, the energy producing organizations receiving their rates shall perform certain investment obligations. At the same time the Head of Agency on Regulation of Natural Monopolies distributed the information received as a result of checking on power companies, which used the financial means received as a result of electric power rate increase for a purpose which did not correspond to the ideology of rate limits. Thus, it is possible to conclude the absence of a truly operating mechanism of consumer rights protection. For example, according to facts established in 2011 one of the power companies made a dividend payment in the amount of more than 2 billion KZTs from income gained to its founders, thus of all the investment profit of 24 million KZTs those were the only payments. Secondly, produced electric power expenses were not included to the calculation of prime costs. These expenses for example, were from holding cultural festivities and mass sporting events, different membership dues as well as deposit interest received as a result of increasing rates, on savings.</p>

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On behalf of non-influential groups

No

Consumer group representatives are composed of non-governmental organizations, private initiative groups and cooperatives of apartment owners. Some coalitions and about 20 public associations are functioning on the territory of the Republic of Kazakhstan, which are constantly or periodically dealing with issues of power supply sector’s transparency. Generally these organizations are interested in the objectivity of power supplying enterprises rates calculations, power companies’ accountability to the public and stakeholders’ involvement in decision-making process. However non-governmental organizations have no real influence on decision-making process, they are engaged in observation and propaganda activities only to advance power supply control initiative.

Representation on behalf of non-influential groups

Yes

Interests of socially isolated groups are represented at the governmental level preferentially by officials and regulatory body staff. Representatives of social groups aren’t involved in decision-making process. There is no balanced practice of involvement of governmental bodies representing executive branch on social development in the process of discussing power supply questions. Actual interests of the public, including vulnerable categories, are represented by the staff of Agency on Regulation of Natural Monopolies. However there is a positive tendency: public associations will be involved in the process of monitoring of monopolists services quality and rates approval, and «Consumer Calculator» is already placed on the official website of the agency, and information on investment programs of subjects of natural monopolies is provided.

Representation of executive branch for social development

No

Employees of the following spheres do not take part in the tariff approval process: health care and social protection.

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EVALUATION	DECISION
Evaluation not applicable / Not evaluated	
Reporting or activity meets <i>none of the quality elements</i>	“Low”
Reporting or activity meets <i>one quality element</i>	“Low to Average”
Reporting or activity meets <i>two quality elements</i>	“Average”
Reporting or activity meets <i>three quality elements</i>	“Average to High”
Reporting or activity meets <i>all the quality elements</i>	“High”

Researcher and Organization names: Belov Sergey Viktorovich, IPO «Active Youth of the North Kazakhstan District»

Information source: data of the Agency on Regulation of Natural Monopolies of the Republic of Kazakhstan, Ministry of Industry and New Technologies of the Republic of Kazakhstan.

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RP 23 CREATION OF THE ABILITY OF NON-INFLUENTIAL PARTIES PARTICIPATING IN REGULATORY PROCESS. INFORMATION IS ORIENTED TO PARTIES LEAST INVOLVED IN THE PROCESS		
Quality Ele-ments	Indica-tor	Explanation
Information is oriented to parties least in-volved in the process	No	<p>The agency of regulation of natural monopolies of RK publishes information about the situation of the power supply sector on web sites and in mass media;, however the character of the data is highly specialized and not focused on ordinary inhabitants of the country. Only a knowledgeable person can understand its terminology and engineering formulas. Most citizens of the country are not well-informed about procedures of tariff setting, and that is why they can’t objectively estimate, whether all procedures were observed while stating new tariffs. The information is even less available to social-ly isolated groups of the population which don’t have basic knowledge in the field of power supplies, but also, have no access to information sources. Though now, the Agency undertakes measures for informing the population about the most important decisions accepted in the sphere of energy supply. On the official site of the agency «the Consumer Calculator «was specially introduced , and also information on investment programs of subjects of natural monopolies and their execution, press tours, «round tables», public hearings and meetings, briefings which are carried out and the reception of citizens are provided. Memorandums are signed on cooperation between the Agency and National Economic Chamber of Kazakhstan «the Atameken Union» and also with national public association «National League of Con-sumers». Informing consumers about tariff changes by means of general cov-erage is adopted: on television, in newspapers, on accounts, in receipts, and for subjects of low power in rural areas – in places of mass congestion of people. Moreover, participants of hearings would consist not only of work-ers of the monopolist, for whom now restrictions exist for seven persons. In order that these norms work, it is suggested to make officials of monopolists responsible by imposing a penalty on them.</p> <p>The regulatory organs should also work in creating civil versions of official documents and news items. Any data concerning interests of the public have to be available to each member of the society, regardless of their education level, prosperity and the existence or lack of interest in the power supply sector. Informing of the population has to be carried out with the use of all types of mass media and new technologies: newspapers, television and so-cial networks.</p>

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Support for non-influential parties working on their independent representation	No	The regulatory organs conduct seminars on the basic system and training for representatives of the industrial and power enterprises as well as the staff of the departments and regional governments. Training seminars for the population concerning power supply and energy saving do absolutely not take place, thus, citizens are not involved in decision-making process and haven’t the opportunity to increase their professionalism and level of competence in the specified questions. For ensuring independent representation of non-influential parties at the government level on questions of power supply, it is necessary to train them.
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UNFOLDED EXPLANATION

ESTIMATION	SELECTION
The estimation is not applicable/Absence of estimation	
The reporting or activity meets <i>none of the quality elements</i>	“Low”
The reporting or activity meets <i>to one quality element</i>	“Low”-Medium
The reporting or activity meets <i>to two quality elements</i>	“Average”
The reporting or activity meets <i>to three quality elements</i>	“Average to High”
The reporting or activity meets <i>to all quality elements</i>	“High”

Researcher name and organization: Sergey Belov, IPO “Active youth MSE”

The source of information: information from the Agency on regulation of natural monopolies of RK, Ministry of the industry and RK new technologies.

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RP 24 INTERFERENCE OF CIVIL SOCIETY IN REGULATORY PROCESS		
Quality Ele-ments	Indica-tor	Explanation
Number of or-ganizations in-volved in civil society	Yes	Nowadays the main efforts of non-governmental organizations working in this direction are tied to promoting the management initiative of power sup-ply. Representatives of civil society are engaged in analytical work (estimat-ing transparency level in sector) and information and propaganda activity, which is directed towards involvement of the population in regulatory pro-cess. All offers and recommendations of public associations are associated with specifc questions. In oder to obtain information on the nature of inter-action of society and regional Departments of Agency on regulation of natu-ral monopolies, official requests were sent to local authorities. Presently no answers have been received yet.
The nature of given affairs	No	As yet not all ideas of NGO staff are supported by government bodies: in the last two years there wasn’t a single registry of a business consumer or group/ organization of civil society, which has engaged changes of standards, legal bassis or principles of work of a regulatory organ. To obtain information on the nature of interaction ofbetween society and regional Departments of Agency on regulation of natural monopolies, official requests were sent to local authorities. Presently no answers have been received as yet.
Number of given affairs	No	Approximate number of organizations, periodically or constantly working on problems of energy supply sector. A number of NGO’s united in coalitions. Thus in the near future NGO’s will take part in monitoring quality of services of monopolists and the process of announcing tariffs.

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ESTIMATION	SELECTION
An estimation is not applicable/Absence of estimation	
The reporting or activity meets <i>none of the quality elements</i>	“Low”
The reporting or activity meets <i>to one quality element</i>	“Low”-Medium
The reporting or activity meets <i>to two quality elements</i>	“Average”
The reporting or activity meets <i>to three quality elements</i>	“Average to High”
The reporting or activity meets <i>to all quality elements</i>	“High”

Researcher name and organization: Sergey Belov, IPO “Active youth MSE”

The source of information: data of Agency on regulation of natural monopolies of RK, Ministry of the industry and RK new technologies.

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RP 25 COMMITMENT OF THE SUPPLIER OF ELECTRIC POWER TO ORGANIZATIONS OF CIVIL SOCIETY AND POTENTIALLY AFFECTED POPULATION		
Quality Elements	Indicator	Explanation
Assigned Department	Yes	In regions, control of activity of suppliers of the electric power is exercised by the Departments of Agency on regulation of natural monopolies. They watch for legality of process when statements of new tariffs are provided while carrying out public hearings with the participation of consumers and other interested parties. And before these public hearings are carried out, invitations also take place to participate in them on AREM’s official site. However carrying out public discussions is a just the formal aspect: public indignations and recommendations in most cases are not reflected in legal acts and the principal activity of the regulator. The only thing inculcated, on the Agency site is «the Consumer Calculator », and the information placed about investment programs of subjects of natural monopolies and their execution. Such information gives at least a general concept about activity of suppliers of electric power.
The obligations of association are addressed by corporate politics	No	Corporate policy does not include responsibility before local community for the majority of power companies. For monopolists it is important to make a profit, by strictly following the legislation and giving priority only to the interests of the company. The opinion of the population in most cases is not interesting for power supplying enterprises.
Establishment and work of advisory groups	No	In practice independent power companies don’t create consulting groups, in most cases they enter in an already created association for upholding their interests and distributing the necessary information about themselves.
Support of non-influential groups	No	Power companies don’t carry out any support for non-influential groups: for monopolists it is better to keep the public in the dark and ignorance and to constrain, thus, any social tensions. In this regard suppliers of the electric power don’t help citizens, which need it either in the form of reduced rates, or in the form of the training and education.
Information on groups making claims	Yes	Creating opportunities to file claims electronically.

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ESTIMATION	SELECTION
An estimation is not applicable/Absence of estimation	
The reporting or activity meets <i>none of the quality elements</i>	“Low”
The reporting or activity meets <i>to one quality element</i>	“Low to Average”
The reporting or activity meets <i>to two quality elements</i>	“Average”
The reporting or activity meets <i>to three quality elements</i>	“Average to High”
The reporting or activity meets <i>to all quality elements</i>	“High”

Researcher name and organization: Sergey Belov, IPO “Active youth of the NKD”

The source of information: data of Agency on regulation of natural monopolies of RK, Ministry of the industry and RK new technologies.

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RP 26 ORDERS AND DECISIONS OF REGULATORY BODY		
Quality Elements	Indicator	Explanation
Legal requirements about including explanations / reasons for orders	Yes	<p>The analysis of the position of Agency on regulation of natural monopolies of RK obliges the government body to give reasonable orders and answers to public comments or objections: “2) to carry out public hearings concerning the change in price for production (works, services) by natural monopolists” (Article 12, point 2 of Provision). However quality of orders and the justifications provided by the regulatory organ, raise doubts. Texts of orders contain only references of legal acts on the basis of which the documents were made, the approval of standards or actions, and also definition of responsible government bodies for the execution of orders. Especially indicative in this sense is the order “About the Adoption of Standard Technical Losses of Electric Energy in Electric Networks of the Limited Liability Company of “Kokshetau Energo” in 2016. A more substantial and moderately reasonable Order is “About Modification in the Order of the Chairman of Agency of the Republic of Kazakhstan on Regulation of Natural Monopolies and Protection of the Competition dated November 5, 2003 No. 263-OD “ and “About Rules of the statement of temporary decrease of tariff coefficients (to the prices, collection rates) on adjustable services of airports and air navigation”. It contains not only a dry description of the sequence of actions of responsible persons, but also an indication of the reasons of this or that decision and the description of mechanisms of approval of standards and coefficients.”</p> <p>1. Rules for the statement of temporary decrease of tariff coefficients (to the prices, collection rates) on adjustable services of airports and air navigation (further – Rules) are developed according to the Convention on international civil aviation (Chicago 1944), which was ratified by the resolution of the Supreme Council of the Republic of Kazakhstan on July 2, 1992 and Laws of the Republic of Kazakhstan dated July 9, 1998 “About natural monopolies and controlled markets”, dated July 15, 2010 “About use of air space of the Republic of Kazakhstan and aircraft activity”; 10 . Assertion of temporary decreasing of coefficients is made by the Authorized Body representing the operator of aircrafts, the airport or the air navigation organization (further – the applicant); the demand and approval documents according to <u>Annex 1</u> to these Rules observing following requirements: each sheet of approval documents is signed by the director, and financial documents – by the chief accountant.</p>

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		<p>The facsimile signature is considered invalid; actual data are submitted along with results of financial and economic activity for the previous period, and also expected results after application of temporary decreasing of coefficients for the required period of their assertion. Thus, the aircraft operator submits to the Authorized Body the request and approval documents in duplicate». An Order that absolutely wasn't reasonable "About the assertion of quarterly forms of information concerning market control about execution or non-execution of the investment program (project), which took into account a price limit". The document contains only a number of instructions to responsible persons and describes the date of entering the order into legal force. Justification of adoption of the document and the description of expediency of introduction of forms of quarterly information are absent. The analysis of these three orders of regulatory organ – Agency on regulation of natural monopolies of RK – showed a lack of justification in the texts of these legal acts and formalism at the description of actions of responsible persons. Though Programs, Plans and Laws to which authors of these orders allude at while writing the documents contain justifications and analytical notes, giving a chance to track relationship of cause and effect between the decision made and its prerequisites, on the Peter and Paul plant of heavy mechanical engineering – 6.76 million kWh. In a money equivalent this is following: 160 billion KZT and 27.7 million KZT respectively). As a result there folded a complete bright picture which shows expediency and temporary relevance of the Law.</p>
Quality of the practice	Yes	<p>In order to improve legislation Agency on regulation of natural monopolies carried out an analysis of 80 legal acts, 17 of which are optimized down to three, and 13 laws and regulations and 16 methods out of 40 are deleted. As a result more than 200 amendments have been developed, providing an increase of transparency in setting tariffs, quality of adjustable services, counteraction of corruption and strengthening of control.</p>

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An estimation is not applicable/Absence of estimation	
The reporting or activity meets <i>none of the quality elements</i>	“Low”
The reporting or activity meets <i>to one quality element</i>	“Low to Average”
The reporting or activity meets <i>to two quality elements</i>	“Average”
The reporting or activity meets <i>to three quality elements</i>	“Average to High”
The reporting or activity meets <i>to all quality elements</i>	“High”

Researcher name and organization: Sergey Belov, IPO “Active youth of the NKD”

The source of information: data of Agency on regulation of natural monopolies of the RK, Ministry of the industry and new technologies of the RK.

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RP 27 DISTRIBUTION OF DECISIONS		
Quality Ele-ments	Indica-tor	Explanation
1. Easy avail-ability	No	<p>Using multilateral ways of distribution. Help in understanding orders. The agency on regulation of natural monopolies of RK and the Ministry of Industry and New Technologies publish information about the situation in power supply sector on their web sites and in mass media; however character of data is mainly highly specialized and not focused on ordinary inhabitants of the country. Only knowledgeable persons can understand the terminology and engineering formulas. The majority of the citizens of the country isn’t informed about tariff setting procedures and therefore can’t objectively estimate, whether all procedures were observed in the statement of new tariffs. The information is available even less for socially isolated groups of the population which not only don’t have basic knowledge in the field of power supply, but also, as it happens, have no access to information sources. In this regard regulatory organs need to work and create civil versions of official documents and news information. Any data concerning the interests of the public have to be available to each member of the society, regardless of education level, prosperity and existence or lack of interest in the power supply sector. Informing the population should be carried out by using all types of mass media and new technologies: newspapers, television, social networks. For informing citizens on the official web site of the agency «the Consumer Calculator» was especially introduced, and information about investment programs of subjects of natural monopolies and their execution has also been provided, and press tours, «round tables», public hearings and meetings, briefings are carried out and reception of citizens is conducted. Also memorandums of cooperation between the Agency and National Economic Chamber of Kazakhstan «Atameken Union», and with national public association «National League of Consumers» were signed. «At the same time we understand that there is a situation when public actions don’t bring the expected results because neither consumers, nor mass media profess interest in certain cases. All these factors give reason to strengthen our work and transition to being pro-active», – said Asylbek Duysebayev, the vice-chairman of the Agency. According to him, informing consumers on tariff changes should be covered in whole: on television, in newspapers, on accounts, in receipts, and for subjects of low power in rural areas – in places of mass congestion of people. Also participants of hearings shouldn’t just consist of workers of the monopolist, for whom now there is a restriction to seven persons. In order that these norms work, it is suggested officials of monopolists are made responsible by imposing penalties on them.</p>

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2. Timely availability	Yes	All information published by regulatory organs, on their web sites and in mass media is timely: invitations to public hearings are placed in advance, within established periods; news articles are written right after carrying out the action or adopting any important decisions.
3. Local language	Yes	All information regarding power supply, according to the legislation of the Republic of Kazakhstan is published in two languages: in the state language: Kazakh and in the official language of communication – Russian.
4. Use of multi-lateral methods of distribution	Yes	Informing he public must be carried out by using all types of mass media and new technologies: newspapers, television, social networks. For informing citizens «the Consumer Calculator» was specially introduced on the official web site of the agency, as well as information about investment programs of subjects of natural monopolies and their execution, press tours, «round tables», public hearings and meetings, briefings are carried out, the reception of citizens has been placed.
5. Help in understanding of orders	No	

DETAILED EXPLANATION

ESTIMATION	SELECTION
An estimation is not applicable/Absence of estimation	
The reporting or activity meets <i>none of the quality elements</i>	“Low”
The reporting or activity meets <i>to one quality element</i>	“Low to Average”
The reporting or activity meets <i>to two quality elements</i>	“Average”
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Researcher name and organization: Sergey Belov, IPO “Active youth MSE”

The source of information: data of Agency on regulation of natural monopolies of RK, Ministry of the industry and RK new technologies.

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RP 28 THE PHILOSOPHY OF TARIFFS		
Quality Ele-ments	Indica-tor	Explanation
Detailed analy-sis	No	The agency of the Republic of Kazakhstan on regulation of natural monopo-lies (hereinafter referred to as Agency) is the government body of the Re-public of Kazakhstan managing the sphere of regulation and controlling the spheres of natural monopolies and controlled markets, except spheres of the field of telecommunications and mail service, according to the legislation of the Republic of Kazakhstan, and also control and regulate the activity of the power generating and power supplying organizations according to the Law of the Republic of Kazakhstan «About power industry; The agency car-ries out its activity according to the Constitution and Laws of the Republic of Kazakhstan, decrees of the President and the Government of the Republic of Kazakhstan, as well as other regulations, and the Provision approved by Government Resolution dated 20.12.2012.
Mitigating seri-ous impact	Yes	In compliance with the approved Regulations of AREM RK, the Regulations of the RK Agency on regulating natural monopolies, approved by the Govern-ment Regulation dated 20.12.2012. No. 1817, the paragraphs 3, 4, Article 14, protection of the rights and ensuring balance of interests between consum-ers are considered. 3) protection of the rights of consumers in the sphere of implementation activities of subjects of natural monopolies; 4) ensuring the balance of interests between consumers and service provid-ers in the spheres (branches) of public administration, which are under the authority of the Agency on nomenclature, established by the Government of the Republic of Kazakhstan.
Easy to under-stand	Yes	The tariff policy (tariff setting) is available to the public, on a regulated site, but the public has no concept of such production and electric power transfer. Final price of electricity is more clearly understood. The principles of calcu-lating tariffs for the population are hard to understand.
The last tariffs reflect the phi-losophy / prin-ciples	Yes	In 2013, in 14 Regions prices changed nearly for 99 thousand/kWh. The main reason for tariff increase on e/e is the tariff increase at stations of 40 to 80 thousand/kWh. In truth the last tariffs reflect the philosophy of tariffs/ prin-ciples.

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DETAILED EXPLANATION: Tariffs reflect the overall cost of production, transfer and supply of electric energy according to the tariff estimate. The tariff policy is accepted as is (via released document) and takes into account economic and social issues. The document is generally available for public viewing in the tariff calculation section though the public doesn’t participate in the discussion of tariffs for energy carriers. More often it is attracted by decisions already made. Under the approved RK AREM Statute of the Agency RK on regulation of natural monopolies, approved by Governmental Decision 20.12.2012 number 1817 i.i.3,4 ch.14 protection of the rights and ensuring balance of interests between consumers is considered. Protection of the rights of consumers in the sphere of implementation of activities of subjects of natural monopolies;

Ensuring balance of interests between consumers and service providers in the spheres (branches) of public administration, which are under the authority of Agency on nomenclature, established by the Government of the Republic of Kazakhstan.

UNFOLDED EXPLANATION

ESTIMATION	SELECTION
An estimation is not applicable/Absence of estimation	
The reporting or activity meets <i>none of the quality elements</i>	“Low”
The reporting or activity meets <i>to one quality element</i>	“Low to Average”
The reporting or activity meets <i>to two quality elements</i>	“Average”
The reporting or activity meets <i>to three quality elements</i>	“Average to High”
The reporting or activity meets <i>to all quality elements</i>	“High”

Researcher name and organization: Sara Espenova, PF “KAMEDA”

The source of information: www.arem.gov.kz, targeted questioning of Astana inhabitants (40 persons). Additional information: The letter № 30 was sent to AREM RK addressed to the chairman of Agency, dated 11.09.2013, it has not been answered.

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RP 29 PARTICIPATION IN DECISION-MAKING REGARDING AFFORDABILITY OF ELECTRICITY PRICES		
Quality Ele-ments	Indica-tor	Explanation
Attention to question of af-fordability in the tariff principles	Yes	In accordance with the amendments of the «Rules of differentiation supply-ing organizations tariffs for electricity by time zones and (or) depending on the volume of consumption of private individuals», approved by Order of the President RK AREM dated April 1, 2012 separate consumption values shall be introduced for retirees living alone, disabled persons, war veterans and persons related to them, and equally to inhabitants of houses without cen-tralized hot water supply and inhabitants areas without installed gas and to the persons using electric stoves in all regions of Kazakhstan.
Participation of the public in revisions	Yes	<p>According to the Art. 14-1, p. 4 of the Natural Monopolies and Controlled Mar-kets Act of the Republic of Kazakhstan dated July 9, 1998, Authorized Body is responsible for carrying out public hearings when considering demands from subjects of natural monopolies for the assertion of tariffs (prices, rates of fees) or their limits; According to art. 15-2 «An order of assertion of a tariff via application of method of comparative analysis» the Authorized bBdy is obliged to publish in periodic journals information on the date and a venue of public hearings for the assertion of tariffs not later than ten calendar days before carrying out public hearings.</p> <p>According to the resolution «On the approval of Rules of carrying out pub-lic hearings for consideration of demands for the assertion of tariffs (prices, rates of fees) or their limits on adjustable services (goods, works) for subjects of natural monopolies», Art. 1, p. 3, of the government of the Republic of Ka-zakhstan dated April 21, 2003 «public hearing is a procedure of discussion of tariff projects (price, rate of fees) or its limit on adjustable services (goods, works) for the subject of natural monopoly by an invitation of deputies, rep-resentatives of government bodies, consumers and their public associations, the mass media, independent experts and subjects of natural monopolies».</p>

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Education of low-income groups	Yes	Examples of explanations through the media: http://www.astanaenergobyty.kz/news?id=77 , http://www.alseco.kz/upload/Tarify_2013.pdf , http://www.esalmaty.kz/index.php/en/rates-and-services/tariff-plans , http://www.atyrauenergo.kz/page.php?page_id=296 , http://www.maek.kz/press-centry/arhiv-pressy/2013/too-abmaek-kazatomprombb-ra-zyasnyaet-nyneshnee-povyshenie-tarifov-na-elektroenergiyu , http://www.czk.kz/magazine/91/105/ , http://www.arem.kz/Question.aspx , http://shygys.kz/rates/principles/
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DETAILED EXPLANATION: Public hearings are carried out according to the procedure established by the Government of the Republic of Kazakhstan, not later than ten calendar days before taking decisions on the assertion of a tariff. According to Art. 17. «Order of consideration of projects of tariffs (prices, rates of fees) or their maximum levels and tariff estimates» p. 2, the Authorized Body is obliged to place on its web site and publish in periodic printed journals information about the date and place of the public hearings:

- 1) in the case of approval of tariffs (prices, rates of fees) or their limits on adjustable services (goods, works) of a subject of natural monopoly according to the standard procedure not later than fifteen calendar days before;
- 2) in the case of approval of tariffs (prices, rates of fees) on adjustable services (goods, works) of a subject of natural monopoly according to paragraph 5 of Article 18 of this Law not later than seven calendar days before.

Requirements of part one of this item does not extend to subjects of natural monopolies of low power on statement of tariffs (prices, rates of fees) on adjustable services (goods, works). Public hearings are carried out at the assertion:

- 1) limits of tariffs (the prices, rates of fees) on adjustable services (goods, works) for the subject of natural monopoly not later than in thirty calendar days prior to taking the decision of their assertion ;
- 2) tariffs (prices, rates of fees) on adjustable services (goods, works) for the subject of natural monopoly not later than fifteen calendar days before taking the decision of their assertion;
- 3) tariffs (prices, rates of fees) on adjustable services (goods, works) for the subject of natural monopoly according to point 5 of Article 18 of the present Law not later than seven calendar days before taking the decision of their assertion;
- 4) tariffs (prices, rates of fees) on adjustable services (goods, works) for the subject of natural monopoly of low power not later than one calendar day before taking the decision of their assertion. The subject of natural monopoly is obliged after publication of information on the date of carrying out public hearings to provide on the request of participants of public hearings: drafts of tariff estimates, tariffs (prices, rates of fees) on adjustable services (goods, works) or their limits; information about the reasons of increasing tariffs (prices, rates of fees) on adjustable services (goods, works) or their limits along with economically reasonable calculations.

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According to the resolution of the government of the Republic of Kazakhstan dated April 21, 2003 «About the approval of Rules of carrying out public hearings by consideration of demands for the assertion of tariffs (prices, rates of fees) or their limits on adjustable services (goods, works) subjects of natural monopolies» Art.1 of item 3 – public hearings – procedure of discussion the a tariff project (price, rates of fees) or its limit on adjustable services (goods, works) the subject of natural monopoly by inviting deputies, representatives of government bodies, consumers and their public associations, the mass media, independent experts and sub-jects of natural monopolies; item 8 public hearings are carried out:

- 1) at the assertion of limits of tariffs (prices, rates of fees) on adjustable services (goods, works) for the subject of natural monopoly not later than thirty calendar days prior to taking the decision of the assertion;
- 2) at the assertion of tariffs (prices, rates of fees) on adjustable services (goods, works) for the subject of natural monopoly not later than in fifteen calendar days prior to taking the decision of the assertion;
- 3) at the assertion of tariffs (prices, rates of fees) on adjustable services (goods, works) for the subject of natural monopoly according to point 5 of Article 18 of the Law of the Republic of Kazakhstan «About natural monopolies and controlled markets» not later than seven calendar days prior to taking the decision of the assertion;
- 4) at the assertion of tariffs (the prices, rates of fees) on adjustable services (goods, works) for the subject of natural monopoly of low power not later than one calendar day prior to taking the decision of the assertion.

UNFOLDED EXPLANATION

ESTIMATION	SELECTION
An estimation is not applicable/Absence of estimation	
The reporting or activity meets <i>none of the quality elements</i>	“Low”
The reporting or activity meets <i>to one quality element</i>	“Low to Average”
The reporting or activity meets <i>to two quality elements</i>	“Average”
The reporting or activity meets <i>to three quality elements</i>	“Average to High”
The reporting or activity meets <i>to all quality elements</i>	“High”

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Researcher name and organization: Kurmanbayeva A.A. LS “Committee on public control over execution of state programs at local level”.

The source of information: Informational-legal system of regulations of the Republic of Kazakhstan; the Resolution of the government of the Republic of Kazakhstan No. 376 dated April 21, 2003 “On the approval of public hearing rules for consideration of tariff requests (prices, rates of fees) or their limits on adjustable services (goods, works) for a subject of natural monopolies” http://adilet.zan.kz/rus/docs/P030000376_, the Law of the Republic of Kazakhstan of July 9, 1998 No. 272-І “About natural monopolies and controlled markets” http://online.zakon.kz/Document/?doc_id=1009803, <http://www.esalmaty.kz/index.php/en/rates-and-services/tariff-plans>.

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RP 30 LICENSING		
Quality Elements	Indicator	Explanation
Well-defined procedure of a licence application	Yes	Government decree of the Republic of Kazakhstan dated December 28, 2007 called «Rules on licensing and qualifying requirements imposed on separate industrial activities» is adopted. For acquisition of license the applicants have to present a certain list of documents, and certain information, that certifies that they qualifying for the requirements. After the applicant’s list of documents is presented and registered, the licensor, as determined by the terms of the Law, addresses an inquiry to authorities, appointed by the Government of the Republic of Kazakhstan, concerning the conclusion of the applicant’s compliance with the specified requirements. The licensor considers what has been presented by the applicant’s information and his documents for compliance with the specified requirements, and concludes within 30 working days for state structures, and for small business entities within 10 working days.
Well-defined criteria of a licence application	Yes	Qualified demands are determined by the decree of the Government of the Republic of Kazakhstan dated December 28, 2007, “About rules of licensing and confirmation of qualifying requirements, which are determined by the specific kinds of activity in each sphere of industry”
Clear grounds for change/cancellation/ suspension of the license	Yes	<p>Refusal of delivery of a license can happen for the following reasons:</p> <ul style="list-style-type: none"> working in this sort of activity is forbidden by the laws of the Republic of Kazakhstan on this specific category of subjects if not all the documents, which were stipulated by the Government were presented. If all obstacles are removed by the applicant, in such case the application is considered on general grounds. if the license fees are not paid if applicant doesn’t correspond to qualifying requirements if a decision exists concerning the applicant, which came into force, and which prohibits activity in any specific sphere. The refusal of license delivery by the licensor is given in a motivated, written form answering to applicant as stipulated by the law. The suspension of the license is carried out according to items 1-4, 6 of Article 53, from the Code of RK “About administrative breaches”; the suspension or prohibition of the activity or specific kinds of individual entrepreneurial or juridical person’s activity is carried out in the following cases:

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			<ol style="list-style-type: none"> 1. Suspension or prohibition of the activity or specific kinds of individual entrepreneurial or juridical person activity can only be carried out after a judicial proceeding by the applicable authority (official functionary) that is authorized to consider cases concerning administrative breaches. 2. The statement of claim concerning suspension or prohibition of the activity or specific kinds of individual entrepreneurial or juridical person activity is directed to the court by the order and on the grounds, which are stipulated in the act of legislation of the Republic of Kazakhstan. The application is considered by the court during the next 10 days. 3. The measure of the administrative sanction such as suspension of the activity or specific kinds of individual entrepreneurial or juridical person activity is applied in cases, when the breach is removed by carrying out specific actions in terms, which are stipulated by the court for the purpose of this removal. 4. The suspension of the activity or specific kinds of individual entrepreneurial or juridical person activity without judicial decision is allowed in exceptional cases so that of a statement of claim on above mentioned term is presented within three days. At the same time the act concerning prohibition or suspension or specific kinds of activity is valid until the court decision. 5. The suspension of an owner of private goods storage warehouse is carried out by the authorized representative in the sphere of the customs legislation of the Republic of Kazakhstan.
Settlement of disputes	Yes		<p>According to the article 12 «The appeal to decisions made based on consideration of references » of the Law of the Republic of Kazakhstan «On review process procedure for application of individuals and legal entities» dated January 12, 2007, the complaint on actions (inactivity) of officials, as well as on decision of the subject to appeal to a higher official or subject by way of subordination, not later than three months following the moment when the physical or legal person learned about the action or decision-making by the corresponding subject or the official. Missed timeframe for the appeal is no grounds for refusal when considering the complaint of the subject or the official. The reasons for missing the timeframe are found out after consideration of the complaint in essence and can be one of the grounds for refusal in satisfying the complaint. According to the law of Republic of Kazakhstan dated January 12, 2007 «About an order considering physical and legal persons references» Article 12 in the absence of a higher official or the subject’s or applicant’s disagreement with the decision taken, the application can file directly with the court.</p>

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Bringing the licensee to administrative responsibility by directing the case to court is possible in the following cases:

- hampering the licensor in the performance of his official duties by (the refusal to present necessary documents, materials, information on activity, refusal to access for the purpose of carrying out checks or in creation of other obstacles or concept of unreliable information;
- non-fulfillment or improper performance of legal requirements or directions, concepts and regulations of the licensor;
- Granting obviously unauthentic information during the license application, and also none removal of license rules and legal breaches corrected and by norms which have attracted administrative responsibility, after timeframe of termination or suspension of the license. Involvement of the licensee with administrative responsibility without a direct court order is possible in case of:
- breaches of the license rules and norms, including discrepancy to qualifying requirements.

Progress adequacy and monitoring	Yes	According to paragraph 15 of The licensing rules of certain activities in the sphere of the industry, approved by the government order of Republic Kazakhstan dated December 28, 2007 «About the statement of the Rules of the licensing and qualifying requirements presented to separate activities in the sphere of the industry», the license control is carried out by the licensor through:
		<ul style="list-style-type: none"> • presentation by the licensee of annual reports in time, before March, 1st concerning licensed activity; • planned and unplanned checks of licensees’ activity for conformity to qualifying requirements, compliance to license requirements and the legislation of the Republic of Kazakhstan; • the analysis of information from mass-media and others, existing in the materials at licensor’s disposal, on the basis of written applications and messages from state authorities, citizens and, juridical persons.

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DETAILED EXPLANATION: According to the Law on Electric Power Sector of the RK, Article 7-1. «Licensing in the electric power industry» separate kinds of activities in the area of electric power industry are obligatory for licensing according to the legislation of Republic of Kazakhstan about licensing. According to subparagraphs 1, 2 and 3 of item 1 of «The List of the kinds of activities licensed by the Agency of Republic of Kazakhstan concerning regulation of natural monopolies», approved by the government resolution of the Republic of Kazakhstan on the December, 28th, 2007, the Agency of the Republic of Kazakhstan for natural monopolies regulation carries out activity licensing for manufacture of electric energy from electric energy sources of 35 kV (kilovolt) and higher, on transfer and distribution of electric energy up to the consumer, as well as on operation of power plants, electric networks and substations of all types (transformer substations, sub-distributions, protective relaying and automatics), which are applied as dangerous industrial objects, except for objects of power supply for household purpose and the objects of power supply used in a single technological process. The qualifying requirements presented, including the above-stated licensed activities, are approved by the government order of the Republic of Kazakhstan on December, 28th, 2007. The conditions and the order of licensing and (or) appendixes to the license delivery are regulated by the RK law «About licensing» Chapter 5, item 42, according to which the license and (or) the appendix to the license provided by the place of registration of the physical or legal person if the licensor is a local agency or executive powers of the central state body. The organizations which are carrying out the reception of applications and documents and licensing and (or) licenses appendixes, except for licenses and (or) appendixes to them with the right for occupational activity in financial sphere and activity connected with the concentration of financial resources, given out by the National Bank of the Republic of Kazakhstan, are defined by the Government of the Republic of Kazakhstan. For reception of the license and (or) appendixes to the license (in case of activity subspecies are available) the following documents are necessary for presentation:

- 1) an application;
- 2) a copy of Articles of Association (notary certified in case of not presenting the originals for verification) and the certificate of state registration (re-registration) of the legal entity’s application – for legal entities;
- 3) a copy of identification document, – for individuals;
- 4) a copy of the applicant’s state registration certificate as an individual entrepreneur (notary certified in case of failure to provide the original for verification) – for individual entrepreneurs;
- 5) a copy of the applicant’s tax registration certificate (notary certified in case of not presenting the originals for verification);
- 6) a copy of the document confirming payment to the budget of license assembly for the right of occupation a specific activities, except for cases of payment through the payment getaway of «the electronic government»;
- 7) information and documents according to qualifying requirements.

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The requirements of subparagraph 2) of the first part thereof regarding the concept of a copy of the statute (notary testified in case of not presenting the originals for verification) extends on legal persons that are carrying out activity in financial sphere and activity, connected with concentration of financial resources. The concept of the documents stipulated by subparagraphs 2), 3), 4) and 5) of the first of item, is not required on availability of a possibility of reception of the information, which they contain, from the state information systems and (or) from the form of the information. On documents’ presentation through a web-portal of «the electronic government» or through the Public Service Center, the documents are represented in electronic form. In case of requirement in the legislation of the Republic of Kazakhstan concerning availability of notary testified copy of the document or the original document presentation for verification, documents are represented in the form of an electronic copy of the document certified by the electronic digital signature of the employee of the Public Service Center. The responsibility for reliability of the certified documents is born by the applicant or the licensee who has presented them. Additional requirements for the list of documents while licensing for the right of occupying an activity in financial sphere and any activity connected with the concentration of financial resources can also be established by the National Bank of the Republic of Kazakhstan according to laws of the Republic of Kazakhstan. The validity of the item 2 of this Article does not extend to cases of acquisition of license by the order, which is stipulated by Article 73 of the Law of the Republic of Kazakhstan «About a provision of pensions in the Republic of Kazakhstan ». For reception of the appendix to the license within the activity limits, on which is the license is being made , the following documents are necessary:

- 1) an application;
- 2) information and documents according to the qualifying requirements to sub-activity.

The licensor is obliged to check up completeness of the presented documents within two working days from the moment of reception of documents of the applicant (licensee). In case if the incompleteness of the presented documents is established, the licensor in the specified timeframes gives a written motivated refusal for further consideration of the application. For reception in accordance with the state authorities by the applicant conforming to the requirements of the legislation of the Republic of Kazakhstan, the licensor directs an inquiry to appropriate authorities at the place of realization by the applicant of licensed activity, within two working days from the date of document registration by the applicant concerning acquisition of the license and (or) appendixes to the license. The state bodies on the of the licensor inquiry direct the answer to appropriate licensor concerning conformity or discrepancy of the applicant to the given requirements within ten working days. In case of not presenting the answer during the timeframes established by the present Law, the acquisition of the license is considered done.

All the documents, presented to appropriate licensor or to the Public Service Center for acquisition of the license and (or) appendixes to the license, are transferred according to a list, the copy of which goes (is handed in) back to the applicant with a notice about the date of reception of documents by the specified body.

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EVALUATION	SELECTION
Not applicable/Not evaluated	
The reporting or activity meets <i>none of the quality elements</i>	“Low”
The reporting or activity meets <i>one quality element</i>	“Low to Average
The reporting or activity meets <i>two quality elements</i>	“Average”
The reporting or activity meets <i>three quality elements</i>	“Average to High”
The reporting or activity meets <i>all quality elements</i>	“High”

The researcher name and the title of the organization: Kurmanbaeva A.A. PO «The Committee on the public control over the government programs fulfillment on local level»

Source of information: The Law № 214-II of the Republic of Kazakhstan dated January 11, 2007 I «On licensing»

<http://www.zakon.kz/141150-zakon-respubliki-kazakhstan-ot-11.html> , Method book: “ Licensing and regulatory approval system in the Republic of Kazakhstan” Institute of Economical Researches “<http://www.damu.kz/content/files/LitsenzirovanielRazreshitelnayaSistemaVRespublikeKazakhstanRus.pdf> ,Institute of Legislation of the Republic of Kazakhstan. Collection of assets on legal monitoring of j http://www.izr.kz/index.php?option=com_content&view=category&id=83&layout=blog&Itemid=93&lang=ru

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RP 31 PERIODIC REPORTS CONCERNING WORKING WITH THE LICENSEES AND ENTREPRENEURS		
Quality Ele-ments	Indica-tor	Explanation
Obligatory re-quirement for presentation	Yes	The presentation of the report and its form are stipulated in the «Rules of licensing of separate activities in the sphere of industry» approved by the resolution of the Government of the Republic of Kazakhstan on December, 28th, 2007. In accordance with the item 15, the licensee, annually represents a report about licensing activity provided by March, 1st of the year, which follows after the fiscal year, according to the form of the Annex № 3 of the present Rules.
Easy accessibility	No	The reports are not published
Timely accessi-bility	No	The reports are not published
The accessibil-ity in local lan-guages	No	The reports are not published
Sequence and clearance of the reporting pa-rameters		According to the explanatory note of Annex 3 to the «Rules of licensing of specific types of industrial activity», a report should contain information concerning the kind of activity to be licensed in accordance with qualified requirements, with the exception of acts, which are inspected by the local oversight bodies, and also on the condition of the existence of oversight bodies’ directions, in such case a copy of directions and information about changes, which were placed in the data for license acquisition, is given by the licensee in the sphere of electric power industry, except for above-stated information, on the report concerning realization of properly approved pro-grams and measures concerning energy-savings to preserve the environ-ment;; safety engineering is also presented; programs about reconstruction, modernization of operating and construction of new industrial facilities in the sphere of electric power industry, with usage of modern equipment and technologies, plans (programs) of repair work performance.

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DETAILED EXPLANATION

EVALUATION	SELECTION
Not applicable/Not evaluated	
The reporting or activity meets <i>none of the quality elements</i>	“Low”
The reporting or activity meets <i>one quality element</i>	“Low to Average”
The reporting or activity meets <i>two quality elements</i>	“Average”
The reporting or activity meets <i>three quality elements</i>	“Average to High”
The reporting or activity meets <i>all quality elements</i>	“High”

The researcher name and the title of the organization: Kurmanbaeva A.A. PO «The Committee on the public control by the government programs fulfillment on local level»

The source of the information: Licensing regulation of certain activities in the sphere of industry http://www.uchet.kz/zakon/index.php?SECTION_ID=25&ELEMENT_ID=18661 , Agency of the Republic of Kazakhstan on natural monopolies regulation <http://www.arem.gov.kz/ru/98/>.

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RP 32 CONSUMER SERVICES AND DELIVERY QUALITY. SERVICE OF CONSUMERS AND QUALITY OF SERVICES

Quality Elements	Indicator	Explanation
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Standards availability

Consumer services and standards of supply quality	Yes	<p>Standards of consumer services and supply quality are governed by the Law on Electric Power Sector of the RK dated July 9, 2004, and by the Rules of public utility services approved by the Decree of the Government of the RK dated December 7, 2000, and by a suitable standard form of contracts. According to paragraphs 3, 4, 5 of article 37 of the «Rules of public utility services», a power supplier is responsible for:</p> <ul style="list-style-type: none">- provision of power and services to Consumer in accordance with essential quality requirements of regulatory technical documentation;- maintenance of records and control in both quality and quantity of power supplied, timely measures to prevent and correct defects in quality of services provided to the Consumer within the timeframes established by the Contract;- corrective actions on quality recovery and reassessment within three days from the date of Consumer application about downgraded service; <p>According to the standard contract form concerning power supply for residential users concluded between the supplier and the consumer, granting energy to the Consumer falls within the responsibility of supplier, which corresponds to The State Standard (SS) 13109-97 approved by the Interstate Council on standardization, Metrology and Certification (report N 12-97 from the November, 21st, 1997) and by Government of the Republic Kazakhstan’s regulation from e June, 15th, 2012 also approved «Rules of rendering of services on maintenance of reliability and stability of electro supply»; by the Government order of the Republic of Kazakhstan from June, 19th, 2013 «About the statement of electricity supply network rules» which approves «The Order of electric network usage»; by the Governmental order of RK from the August, 31st, 2012 which stipulates «The Standards of the state services in the sphere of the electric power industry».</p>
The delivery quality standards are obligatory	Yes	<p>The delivery quality standards are consolidated by legal acts and are obligatory</p>

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The standard quality		
Progress monitoring	Yes	The State Energy Supervision Committee of the Ministry of Industry and New Technologies of the Republic of Kazakhstan according to item 2 of the «Regulations about State energy supervision Committee of the Ministry of Industry and New Technologies of the RK» approved by the responsible secretary of the MINT’s order from June, 2nd, 2010 carries out state control on compliance with the requirements of specifications on quality of electric energy.
Compliance review	Yes	Regular reviews of conformity are carried out. An example: the Account about technological breaches during 6 months of 2013, the Account about technological breaches during 6 months of the 2012 year.
General accessibility of compliance review results	Yes	the Account with technological breaches during 6 months of the 2013 year, the Account about technological breaches during 6 months of the 2012 are available on the web site of the Committee of the Ministry of the Industry and New Technologies of the Republic of Kazakhstan : http://kgen.gov.kz/index.php/ru/otchetnost-o-tekhnologicheskikh-narusheniyakh .
Customer complaints	Yes	<p>The Applications of consumers are regulated by the law of the Republic Kazakhstan on January, 12th, 2007 «About an order of consideration of application by physical and legal persons ». According to the law of the Republic of Kazakhstan on July, 9th, 1998 «About natural monopoly and the regulated markets» the Article 19 in case of a breach of the present Law the subjects of natural monopolies and regulated markets, the authorities and their directors are obliged to:</p> <ul style="list-style-type: none"> - to arrange compensation for the damage caused and (or) losses directly or by means of temporary tariff decrease (prices, rates of charges); - To cancel or change the certificate, which doesn’t correspond to the present Law. According to the law of the Republic Kazakhstan on January, 12th, 2007 «About an order of consideration of applications by physical and juridical persons » Article 12 in case of absence of a higher official or the subject’s or applicant’s disagreement with the accepted decision, an application goes directly to the court. On the web site of Committee of the state power supervision of the Committee of the Ministry of the Industry and New Technologies of the Republic of Kazakhstan it is possible to ask a question and to get an answer.

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DETAILED EXPLANATION: In case of absence of the possibility of maintaining a necessary voltage level of the electric power provided, the supplier is obliged to recalculate with the consumers for not supplying energy. For this purpose it is necessary to ascertain the low quality electric power supplied. For this purpose the consumer must inform the supplier personally about it by application by telephone message with the obligatory indication of the time, the date of its transfer and a surname of the person who has received and accepted it. In the application it is necessary to specify the losses, which are connected with the household devices and techniques functional loss. To notify the service center all household devices, which have broken down because of the change of voltage and supply confirming document concerning the reason of break down. To present the written claim to the supplier about the compensation of damages. The supplier of energy verifies notices in the quality journal about (the break) of the service from the norm specified in the application and in case of absence of disagreement, carries out the recalculation of service cost according to its actual consumption. In case of a refusal by the supplier to certify the fact of not rendering service or of rendering a poor quality of service, the Consumer have the right to make the written application where it is underlined: the time of beginning the refusal in service (breakout) or its poor-quality supply; the character of quality degeneration of service; time of filing out an application and its registration number (according to the journal of the Service Provider); the time of the service restoration (normalization of its quality); the period of absence (degeneration of quality) of service. Also a certificate is made up, which is signed by the Consumer, an authorized member of the cooperative society premises (houses) owners, by the service organization or by the two independent witnesses and goes directly to the Service Provider. In case of no solution to the dispute concerning an accord between the sides within a ten day timeframe the Consumer has the right to bring the action to court.

EVALUATION	SELECTION
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The researcher name and the title of the organization: Kurmanbaeva A.A. PO «The Committee on the public control by the government programs fulfillment on local level»

The source of the information: The official web site of the Committee on State Power Supervision of the Ministry of Industry and New Technologies of the Republic of Kazakhstan, Disturbance reporting over 6 months of 2013, Disturbance reporting over 6 months of 2012 <http://kgen.gov.kz/index.php/ru/otchetnost-o-tekhno-logicheskikh-narusheniyakh>, The Law № 377-IV of The Republic of Kazakhstan dated January 6, 2011 “State control and supervision in the Republic of Kazakhstan” http://online.zakon.kz/Document/?doc_id=30914758, Regulation on the Committee of the State Power Supervision of the Ministry of Industry and New Technologies of the Republic of Kazakhstan http://base.spinform.ru/show_doc.fwx?rgn=31588, Information and Legal System of Regulations and Standards of the Republic of Kazakhstan. Government Decree dated June 15, 2012, and «Regulation on Electric Reliability and Stability”, <http://adilet.zan.kz/rus/docs/P1200000795>, Information and Legal System of Regulations and Standards of the Republic of Kazakhstan, Law No. 221 of the Republic of Kazakhstan dated January 12, 2007 “Order of consideration of applications from Individuals and Legal Entities”, <http://adilet.zan.kz/rus/docs/Z070000221>.