

**Law of the Republic of Kazakhstan of July 9, 2004  
No. 588-II “On Power Industry”**

The Law shall regulate the public relations which arise from electrical and thermal energy generation, transmission and utilization.

**Chapter 1. General Provisions**

**Article 1. Main Terms Employed in the Law.**

This Law employs the following terms:

1) **emergency reservation** means marginally needed power, whose supply to the no-break power supply object will preserve the operation of vital devices and prevent the failure of operation of survival objects as well as catastrophic environmental, social or economic aftereffects or loss of people;

2) **emergency dysfunction** means an inadmissible deviation of process operational parameters of electric installation or its components that caused their disabling or failure during operation;

3) **balancing electric energy** means electric energy used to remove nascent imbalance on implementation of hourly daily schedule of power generation and consumption approved by system operator;

4) **electric energy balancing market** means a system of relations between system operator and power generation, power supply companies, wholesale consumers, other companies that carry out business on the electric energy wholesale market formed as the result of physical and further financial control by system operator of real-time imbalances between the contractual and actual magnitude of generation and (or) consumption of electric energy in the power grid of the Republic of Kazakhstan on a current operational day;

5) **additional services** mean services purchased by system operator from subjects of electric energy wholesale market to ensure the availability of necessary volumes and structure of operating power reserve, control of active and reactive power for activation of de-energized system;

6) **electric energy guaranteeing supplier** means a power supply company that supplies power to consumers should power be not supplied to consumers by all other power supply companies by no fault of consumer;

7) **electrical imbalance** means a deviation of actual magnitude of power generation and consumption from magnitude approved by system operator in hourly daily schedule of power generation and consumption;

8) **power grid of the Republic of Kazakhstan** means an aggregate of power stations, transmission facilities and substations that ensure the reliable and quality power supply to consumers of the Republic of Kazakhstan;

9) **commercial registration of electric and thermal energy** means registration of electric and thermal energy needed for mutual payments between the parties under sales contract and transmission of electric and thermal energy;

10) **national power grid** means an aggregate of transmission facilities, substations and distribution plants with a voltage of 220, 500 and 1 150 kV that provide transnational and (or) transregional transmission of electric energy, power plant power distribution and not subject to privatization or its preliminary stages;

11) **operator of electric energy centralized trading market** means a company that carries out centralized trading of electric energy, including spot trading of electric energy;

12) **operational day** means a day on which a system operator carries out operations for

centralized maintenance control to fulfill electric energy sales contracts signed by subjects of electric energy wholesale market;

13) **electric energy wholesale market** means a system of relations as regards the sale and purchase of electric energy under contracts between subjects of electric energy wholesale market;

14) **thermal energy transmission** means a service for transportation of thermal energy provided by power transmission companies under effective contracts;

15) **electric energy transmission** means a service for transportation of electric energy provided by power transmission companies under effective contracts;

16) **consumer** means an individual or legal entity that utilizes electric and (or) thermal energy under contract;

17) **commercial metering device** means a technical device designed for commercial metering of electric power, electric or thermal energy admitted for application under the legislation of the Republic of Kazakhstan;

18) **regional network company** means a power transmission company that employs regional networks;

19) **power control** means a service to compensate deviations of power load of the subject of electric energy wholesale market from declared electric load subject to compliance with zero balance of exchange electric energy with or without planning included in the daily schedule;

20) **power reserve of the power grid of the Republic of Kazakhstan** means electric power of units of power generation companies with appropriate structure, size and degree of availability for centralization complying with the contractual requirements;

21) **thermal energy retail market** means a system of relations of participants of thermal energy generation, transmission and consumption that operate under contracts;

22) **electric energy retail market** means a system of relations that operates under contracts (power, sale, transmission and consumption and related services) between the subjects of electric energy retail market outside the scope of the wholesale market;

23) **system outage** means an emergency dysfunction of operational modes of power industry units that caused the loss of stability and fragmentation of the power grid of the Republic of Kazakhstan;

24) **system services** means services provided by system operators to the subjects of the electric energy wholesale market for the transmission of electric energy, technical control centralization, power control and redundancy, power redundancy, and balancing power generation and consumption;

25) **system operator** means a company that exercises centralized maintenance control, ensures parallel operation with the grids of other states, supports the grid balance, provides system services and purchases additional services from the subjects of electric energy wholesale market as well as transmits electric energy by the national power grid, carries its technical maintenance and maintenance of its operational availability;

26) **electric energy spot trading (further – spot trading)** means a trade of time-of-day power quantity under short-term conditions for a day ahead and within an operational day;

27) **subjects of electric energy wholesale market** means power generation, power supply companies, power consumers, system operator, operator of power centralized trading and other companies that carry out activity on power wholesale market;

28) **subjects of electric energy retail market** mean power generation, power supply companies, power consumers and other companies that carry out activity on electric energy retail market;

29) **daily schedule of power generation and consumption** means a document approved by system operator that regulates time-of-day values of power generation and consumption for each calendar day under power sales contracts entered into by the participants of the wholesale markets

on the markets of decentralized power sale and centralized power trading;

30) **technical control centralization** means a service provided by system operator as regards the centralized maintenance control of the modes of power generation and consumption in the power grid of the Republic of Kazakhstan;

31) **authorized body** means a state body charged with the control and regulation of the power industry;

32) **centralized trading of electric energy** means electric energy purchase and sale transactions by subjects of electric energy wholesale market in the electron trading system on the voluntary basis, except as provided by this Law;

33) **centralized maintenance control** means an uninterrupted management of technically coordinated operation of power generation, power transmission, power supply companies and electric energy consumers by system operator that provides a standard reliability level of the power grid of the Republic of Kazakhstan and compliance with the standard quality of electric energy;

34) **power industry** means electric and thermal energy generation, transmission and consumption;

35) **energy authority experts review** means a review carried out of available facilities, projects of facilities under reconstruction, modernization or new construction in the power industry while investigating process dysfunctions and failures of power equipment in electric and thermal networks as well as in the event of industrial injuries as regards their compliance with statutory acts of the Republic of Kazakhstan;

36) **power transmission company** means a company that transmits electric or thermal energy under contracts;

37) **power generation company** means a company that produces electric and (or) thermal energy;

38) **power supply company** means a company that sells the generated and (or) purchased electric and (or) thermal energy to consumers.

## **Article 2.** Legislation of the Republic of Kazakhstan on Power Industry

1. The legislation of the Republic of Kazakhstan on Power Industry rests upon the **Constitution** of the Republic of Kazakhstan and consists of this Law and other statutory acts of the Republic of Kazakhstan.

2. Should the international treaty ratified by the Republic of Kazakhstan set rules other than contained herein, the rules of the international treaty shall apply.

## **Chapter 2. Public Power Industry Regulation**

### **Article 3.** Goals and Aims of the Public Power Industry Regulation

1. The public regulation of power industry is carried out with the aim to:

1) satisfy to the maximum extent the demand of energy consumers and protect the rights of electric and thermal energy market participants by creating competitive environment on the market that guarantees consumers the right of choice of suppliers of electric and thermal energy;

2) ensure the reliable and stable operation of the power grid of the Republic of Kazakhstan;

3) ensure the uniform management of the power grid of the Republic of Kazakhstan as the most essential system to support the economic and social systems of the country.

2. The aims of the public power industry regulation are as follows:

1) effective operation and development of the power industry under the uniform management and growth of competition;

2) consumers right of choice of suppliers of electric and (or) thermal energy;

3) regulation of the natural monopoly activities and creation of conditions to protect local

power generation companies;

- 4) creation and improvement of the regulated market of electric and thermal energy;
- 5) rational and economic use of electric and thermal energy;
- 6) use and development of renewable and non-traditional sources of energy;
- 7) mobilizing investments for the development and re-equipment of the power industry sector;
- 8) creation of conditions to perform a set of events on environmental protection, reliability and safety of construction on operation of transmission lines, electric and energy installations;
- 9) creation of conditions to provide power supply to remote areas of the country;
- 10) setting of state standards of operation of the power grid of the Republic of Kazakhstan and the quality of electric energy.

3. The public power industry regulation includes:

- 1) licensing;
- 2) rate regulation (prices, collection rates);
- 3) demonopolization and privatization of power industry units;
- 4) public control of reliability, safety and efficiency of power generation, transmission, technical control centralization and consumption;
- 5) development and approval of statutory acts of the Republic of Kazakhstan, statutory technical documents containing technical and process requirements to the regulation of activity and relations as regards generation, transmission, technical control centralization and consumption of electric and thermal energy as well as the norms that ensure reliability, efficiency and safety of the construction and operation of transmission facilities, electric and energy installations.

*See.: **Decree** of the Government of the Republic of Kazakhstan as of April 9, 1999, No. 384 "On the 2030 Electric Energy Development Program."*

#### **Article 4.** Competence of the Government of the Republic of Kazakhstan

The Government of the Republic of Kazakhstan will:

- 1) develop the main areas of the state policy for the power industry;
- 2) develop state development programs for the power industry;
- 3) approve the Regulations on the public energy surveillance of the Republic of Kazakhstan;
- 4) take a decision on inclusion of electrical energy in the list of property (assets) available for purchase by trading (auctions) under the legislation of the Republic of Kazakhstan.

#### **Article 5.** Competence of the Authorized Body

**The authorized body shall:**

- 1) implement the state power industry policy;
- 2) develop the programs of power industry development and monitor their fulfillment;
- 3) within the ambit of its competence take part in the exercise of the state policy as regards standardization, metrology and certification;
- 4) carry out international cooperation in the field of the power industry;
- 5) develop and approve statutory acts of the Republic of Kazakhstan for the generation, transmission and utilization of electric and thermal energy;
- 6) develop and approve statutory acts as regards the technical operation and accident prevention, equipment performance, rate of electric and thermal energy consumption for process needs of power generation, power transmission and power supply companies;
- 7) develop and approve statutory technical acts as regards designing, construction, technical operations and accident prevention for power industry facilities, operational and technical and economic indicators of the equipment, rate of electric and thermal energy consumption for process needs of power generation, power transmission and power supply companies;
- 8) carry out the licensing activity under the **legislation** of the Republic of Kazakhstan on

licensing;

- 9) approve the order of selection of the guaranteeing supplier and the scope of its responsibility;
- 10) define the method, order and term of the energy authority experts review;
- 11) set the order of filing a daily schedule of power generation and consumption;
- 12) set out details of operation and organization of the electric energy wholesale market for the regions with unavailable network in the territory of the Republic of Kazakhstan with the power grid of the Republic of Kazakhstan;
- 13) perform other functions in accordance with the laws of the Republic of Kazakhstan.

#### **Article 6. Public Energy Surveillance**

1. The control over compliance with the technical requirements of statutory acts of the Republic of Kazakhstan and requirements to licensed types of activity in the power industry shall be carried out by the **public authority for public energy surveillance** (further – Gosenergonadzor.)

2. Gosenergonadzor is entitled, as provided by the legislation of the Republic of Kazakhstan, to:

- 1) issue instructions to companies involved in the power industry business in the event of their violations of statutory acts of the Republic of Kazakhstan on the power industry;
- 2) have access to electric and energy installations;
- 3) carry out the inspections of the technical condition and safe operation of electric and energy installations.

*See. **The Decree of the Government of the Republic of Kazakhstan as of July 26, 1999, No. 1065 “On the Republican Public Enterprise “Gosenergoexpertiza.”***

#### **Article 7. Rate Regulation (Prices, Collection Rates)**

1. The rate regulation (prices, collection rates) for the goods and services of natural monopoly subjects shall be carried out by the **authorized body** charged with the control and regulation of business in the area of natural monopoly as provided by the legislation of the Republic of Kazakhstan;

2. The expenditures for power transmission by power transmission companies shall be calculated separately from costs of other types of activities as provided by the public authority charged with the control and regulation of business in the area of natural monopoly.

#### **Article 8. Inadmissibility of Intervention to the Industrial and Technological Activity**

Central executive bodies as well as local representative and executive bodies can not interfere with the industrial and technological activity of companies that relate to the generation and transmission of electric and thermal energy or technological management of the processes, save as provided in the laws of the Republic of Kazakhstan.

#### **Article 9. Designing and Construction of Back-Up (Shunting) Transmission Lines and Substations**

The designing and construction of back-up (shunting) transmission facilities and substations shall be carried out with prior notice and coordination with the **authorized body**, public authority charged with the control and regulation of business in the area of natural monopoly, and system operator.

### **Chapter 3. System Operator and Participants of Generation, Supply and Consumption on the Electric Energy Market**

#### **Article 10. System operator**

1. The system operator shall perform the following functions:

1) provide system services for the transmission of electric energy by the national power grid under the contract, provide for its maintenance and keep it in the operational availability;

2) provide system services on technical control centralization by exercising maintenance control of operational modes of the power grid of the Republic of Kazakhstan under the contract, including drawing up of actual balances and making of daily schedules of power generation and consumption;

3) ensure the reliable operation of the power grid of the Republic of Kazakhstan;

*Subclause 4 shall be effective until December 31, 2005.*

4) provide power control system services;

5) provide electrical imbalance control system services;

6) carry out further financial regulation of power imbalance under the legislation of the Republic of Kazakhstan;

7) define the quantity, structure and distribution of power reserves between power generation companies and equipping of power capacity of the power grid of the Republic of Kazakhstan;

8) organize the operation of the electric energy balancing market in real-time mode and market of system and additional services;

9) interact with power grids of the neighboring states to control and ensure stability of the modes of parallel operation;

10) provide technical and methodical guidance for the establishment of the single informational system, automated system of electric energy commercial metering device, adjacent relaying devices and emergency control schemes for all subjects of electric energy wholesale market;

11) ensure equal conditions for the access of subjects of electric energy wholesale market to the national power grid;

12) supply participants of the electric energy wholesale market of the Republic of Kazakhstan with information outside the scope of commercial or registered secret;

13) coordinate the takeout of the primary equipment, substations, networks, relaying and emergency control schemes, technological control systems for repair and maintenance of their operational availability;

14) take part in the development of the operational modes for hydro electric stations in view of their water and economic balances and operational modes of the power grid of the Republic of Kazakhstan;

15) develop a long-term forecasting of power balances.

2. The system operator is entitled to purchase and sell the electric energy in the following cases:

1) for process and generation needs;

*Subclause 2 shall be effective until December 31, 2005.*

2) to ensure the contractual values of electric energy overflows with power grids of the neighboring countries.

3. The system operator shall carry out the centralized maintenance control of the power grid of the Republic of Kazakhstan .

4. The centralized maintenance control of the power grid of the Republic of Kazakhstan adds up to:

1) control of modes of power generation, transmission and consumption in the power grid of the Republic of Kazakhstan that fulfils the terms of contracts on purchase and sale, power transmission, power regulation, balancing of power generation and consumption;

2) control of transnational power overflow modes;

3) maintenance of prevention, localization and removal of process dysfunctions in the power grid of the Republic of Kazakhstan;

4) operational control of power reserves in the power grid of the Republic of Kazakhstan;

5) determination of the structure, principles, location, volumes and constraints of the relaying system, emergency control schemes and operating automated machinery that ensure the reliable and stable operation of the power grid of the Republic of Kazakhstan;

6) arrangement and approval of daily schedules of power generation and consumption in the power grid of the Republic of Kazakhstan;

7) filing of actual balance sheets for power generation and consumption on the electric market wholesale market.

5. The centralized maintenance control of modes of power generation, transmission and consumption in the power grid of the Republic of Kazakhstan and issue of appropriate orders shall be carried out on the basis of current values of qualitative characteristics of the electrical energy, that is, power, frequency and voltage.

*See: **The Order** of the Ministry of Energy and Mineral Resources of the Republic of Kazakhstan as of January 12, 2001, No. 8 “On Actions for Further Improvement of the Wholesale Market of Electric Power and Energy in the Republic of Kazakhstan,” **The Rules** of provision of services to ensure the power supply reliability and stability.*

#### **Article 11.** Orders for the Mode of Electric Energy Generation, Supply and Consumption under Centralized Maintenance Control

1. The orders of the system operator as regards power generation, transmission and consumption under centralized maintenance control shall be binding on all subjects of electric energy wholesale market.

2. The system operator can disconnect electrical installations of subjects of electric energy wholesale market that failed to fulfill operative orders as regards the mode of power generation, transmission and consumption from networks under centralized maintenance control.

#### **Article 12.** The Rights and Duties of Power Generation and Transmission Participants

1. The participants of power generation and transmission are entitled to:

1) use system services under effective contracts;

2) obtain technical information from system operator necessary to carry out power generation and transmission.

2. The participants of power generation and transmission shall have the duties to:

1) submit to system operator the information necessary to carry out centralized maintenance control of the power grid of the Republic of Kazakhstan and actual data on technical and economic indicators of operation of electric stations (output, power plant power supply, auxiliary, cost per units, power plant power supply);

2) admit system operator to commercial metering devices;

3) ensure the quality of electric energy in tune with the requirements set out in state standards and statutory acts of the Republic of Kazakhstan for standardization;

4) carry out together with system operator the regulation and maintenance of standard frequency in the power grid of the Republic of Kazakhstan under effective contracts;

5) keep the primary and ancillary equipment, emergency control schemes and operating automated machinery, relaying, technical control centralization in the working order as per the requirements of statutory technical documents;

6) install new and improve relaying and emergency control schemes at its own facilities in the volumes set by the **authorized body**.

#### **Article 13.** Requirements to Participants of Power Generation and Transmission

1. The regional network companies shall ensure the compliance with daily power generation and consumption schedules by all subjects of electric energy retail market connected to their network and compliance by system operator with balance power flows between networks of regional network companies and the national power grid.

*Clause 2 shall come into force on October 1, 2004.*

2. In the event of power supply termination by no fault of consumer, power supply company – guaranteeing supplier of electric energy shall supply power to consumers on contractual basis.

3. The power supply companies shall purchase electric energy from power generation companies to supply power to their consumers.

4. The power generation companies shall maintain power reserve, volume, structure and location as provided in the rules of the arrangement and operation of the market of system and additional services.

5. The participants of electric energy generation, supply and consumption relations shall bear mutual duties as regards financial regulation on the electric energy balancing market between contractual and actual quantity of electric energy generation and consumption on the basis of calculations of quantity of balancing electric energy submitted by system operator by the results of physical regulation of electrical imbalance.

*Clause 6 shall come into force on January 1, 2006.*

6. The electric energy wholesale market subjects regardless of property form shall take part in the balancing mechanism (market) in real-time mode.

7. The power generation companies – hydro power stations shall sell the electric energy supplied during the nature-conservative periods of water discharge by centralized auction.

#### **Глава 4. Power Supply in Terms of Operation of Electric Energy Market**

##### **Article 14. Electric and Thermal Energy Market**

1. The power supply in the Republic of Kazakhstan shall be carried out amid operation of the markets of electric and thermal energy.

2. Electrical and thermal energy are the goods on the market.

3. The electric energy market consists of two levels: wholesale and retail markets of electric energy; thermal energy market consists of one level, that is, the retail market.

*See. **The Decree** of the Government of the Republic of Kazakhstan as of February 18, 2004, No. 190 “On Actions for Further Development of Market Relations in the Power Energy Sector of the Republic of Kazakhstan.”*

*Clause 4 shall come into force on October 1, 2004.*

4. The power generation companies and power supply companies are the guaranteeing suppliers of electric energy and shall partake in electric energy centralized trading as provided by the authorized body.

5. System operator, regional network companies and other companies owing networks shall ensure a free access to the electric energy market to all market actors as provided by the authorized body.

6. The power transmission company can not refuse to connect energy generation and power supply companies to electric and thermal networks as well as to transmit electric or thermal energy provided the requirements set out in the statutory acts of the Republic of Kazakhstan are met.

7. The relations arisen from delivery, supply and consumption on the market of electric or thermal energy shall be regulated in the power industry by relevant contracts.

##### **Article 15. Wholesale Market of Electric Energy**

1. The wholesale market of electric energy consists of:



1) electric energy decentralized purchase and sale market operating under electric energy sales contracts signed by market actors at prices and terms of supply set out in agreement of parties;

2) electric energy centralized market in form of an organized trading area for electric energy purchase and sale on short-term (spot trading), medium-term (week, month) and long-term (quarter, year) ground;

3) real-time balancing market to regulate hour imbalances occurred on operational days between actual and agreed delivery quantity in a physical and prospectively financial way, that is power consumption in the power grid of the Republic of Kazakhstan approved by daily electric energy generation and consumption schedule;

4) system and additional service market operating under both purchase of electric energy from wholesale market subjects and provision of relevant services by system operator to electric energy wholesale market subjects to maintain reliable operation of the power grid of the Republic of Kazakhstan and quality of electric energy set out in state standards.

2. The operator of centralized electric energy trading market shall:

1) arrange and carry out spot trading;

2) arrange and conduct centralized electric energy trading for medium-term (week, month) and long-term (quarter, year) periods;

3) ensure equal terms of access of electric energy wholesale market to the market of centralized trading of electric energy;

4) determine the compliance of electric energy wholesale market subjects to requirements set by the rules of electric energy centralized trading;

5) register and keep a record of effected transactions on electric energy purchase and sale by electric energy centralized trading;

6) supply, within its competence, electric energy wholesale market subjects the information on indicative prices for electric energy from the centralized trading and other market information.

#### **Article 16. Retail Market of Electric Energy**

1. The order of access on the retail market of electric energy shall be set by the **authorized body**.

2. Regional network companies shall perform the functions of power transmission by networks within the ambit of its balance participation.

*Clause 3 shall come into force on January 1, 2006.*

3. To maintain reliable centralized maintenance control of the power grid of the Republic of Kazakhstan, one regional network company shall function within one administrative and territorial unit (oblast).

4. While carrying out the economic activity, the guaranteeing suppliers of electric energy can not be granted privileges as regards other power supply companies.

#### **Article 17. Contracts on the Wholesale Market of Electrical Energy**

1. The power purchase and sale, power transmission services, technical control centralization, power control, balancing of power generation and consumption on the wholesale market of electric energy shall be carried out under contracts entered under the **Civil Code** if the Republic of Kazakhstan, this Law and other **statutory acts** of the Republic of Kazakhstan.

2. The electric energy purchase and sale contracts shall contain:

1) daily energy consumption schedule;

2) order of reservation of electric power by power generation companies.

3. The contracts for power purchase and sale, power transmission service, technical control centralization, power control, balancing of power generation and consumption contracts on the wholesale market of electric energy shall contain the terms and order of power supply termination or

provision of certain services in the event of untimely payment under the contract.

*See.: **The Rules** of establishment and operation of wholesale market of electric power and energy of the Republic of Kazakhstan, **Rules** of power transmission by regional and/or district grids.*

**Article 18.** Contracts on the Retail Electric and Thermal Energy Market

1. The purchase and sale of electric and thermal energy on the retail market shall be carried out under energy supply contracts to be signed by consumers and power supply companies.

2. The contracts signed by power supply and power transmission companies on the retail market shall contain equal conditions for all actors of the retail market of electric and thermal energy.

3. The prices and terms of power generation supplied by power supply companies shall be set in line with the sales contract by agreement of the parties in view of the tariff of power supply company.

4. The power transmission by regional power grids shall be carried out under a service contract for power transmission to be signed by the power supply company or consumer and a regional network company in a **model form** set by the Government of the Republic of Kazakhstan.

5. The power supply contract between guaranteeing suppliers and power consumers shall be public.

**Article 19.** The Rights and Duties of Consumers of Electrical and Thermal Energy

1. Consumers of electrical and thermal energy are entitled to:

- 1) get electrical and thermal energy under effective contracts;
- 2) request power generation, power transmission and power supply company to compensate a real damage caused by deficient supply or supply of poor quality electrical and thermal energy as per the terms of effective contracts;
- 3) go to the law to resolve moot issues regarding the conclusion and performance of contracts;
- 4) pay for utilized electric energy under differentiated tariff accounting systems under the legislation of the Republic of Kazakhstan.

2. Consumers of electrical and thermal energy are obliged to:

- 1) maintain proper technical conditions of electric and energy installations and commercial metering devices in property of consumers, perform the requirements to their technical conditions under the rules of use of electric and thermal energy;
- 2) comply with energy consumption mode provided in the electric and thermal energy sales contract;
- 3) perform normative standards aiming to maintain basic frequency of electric energy in the power grid of the Republic of Kazakhstan;
- 4) pay timely for supplied, transmitted and consumed electric and (or) thermal energy in line with effective contracts;
- 5) admit the officers of power supply and power transmission companies to commercial metering devices as well as the officers of Gosenergonadzor to exercise control of technical condition and safe operation of electric and energy installations;
- 6) connect additional capacities and compensate the costs of reconstruction and extension of power installations as provided by the Government of the Republic of Kazakhstan.

*See.: **The Rules** of electric energy utilization, **Regulations** of the order and terms of compensation of additional charges for the extension and reconstruction of power industry units on link-up of additional load, **the Method** of calculation of compensation of additional charges by power supply company to energy consumers to finance the solution and reconstruction of energy sources, construction of energy transportation networks and public energy substations on link-up*

*of additional load.*

## **Chapter 5. Administration of Power Industry Units on Failure of the Power Grid of the Republic of Kazakhstan**

### **Article 20.** Actions taken to prevent and remove faults

1. The classification of emergency failures in the power grid of the Republic of Kazakhstan, the order of actions taken to prevent and remove shall be stated by the **authorized body**.
2. To remove a blackout, system operator shall utilize spare capacities of any power generation company regardless of property type and autonomous power supply of customers.
3. In the event of deficient power to remove emergency faults, system operator may effectively modify the approved schedules of water flow via waterworks facilities to utilize emergency reserve of hydroelectric power stations.
4. In the event of imbalance not covered by the balancing flow of electric energy, system operator may purchase or sell electric energy to support the basic frequency of electric current in the power grid of the Republic of Kazakhstan.

### **Article 21.** Power Supply by Emergency Reservation

1. In the event of blackout, power will be supplied to consumers by circuits designed by power transmission companies that maintain power supply in the quantity of the emergency reservation for economic infrastructure companies by virtue of technological grounds that require no-break power supply and whose stagnation may put people's life at risk as well as entail environmental, social or economic aftereffects.
2. **The order and conditions** of power supply of customers with emergency reservation shall be approved by the Government of the Republic of Kazakhstan.
3. Public offices supported by the budget shall be provided with emergency reservation within the funds provided for expenses of public offices for the consumption of electric energy as well as with available bank guarantee registered under the legislation of the Republic of Kazakhstan for public enterprises and other companies.

### **Article 22.** Maintenance of Safety and Integrity of Power Industry Units

1. The protection of the most essential power industry units shall be carried out by special militarized security units or divisions of the Ministry of Interior of the Republic of Kazakhstan. The list of the facilities shall be set by the Government of the Republic of Kazakhstan.
2. The **Rules** of protection of electrical and thermal networks shall be approved by the Government of the Republic of Kazakhstan.
3. The property of power generation and power transmission companies that take part in a unified technological production process and transmission of electrical and (or) thermal energy shall be inseparable.
4. The sale/purchase, rental or trust ownership of power industry units and (or) its components regardless of the ownership type shall be carried out upon prior notice and approval of the authorized body and state authority charged with the control and regulation of the activity in the field of natural monopoly.

### **Article 23.** Liability for the Breach of the Energy Legislation of the Republic of Kazakhstan

The persons culpable of the breach of the energy legislation of the Republic of Kazakhstan shall incur a liability under the **laws** of the Republic of Kazakhstan.

## Chapter 6. Final and Transitory Provisions

### Article 24. Consummation of the Law

1. The Law shall come into force on the day of its official **publication** save for:
  - 1) clause 2 **article 13** and point 4 **article 14** effective from October 1, 2004;
  - 2) clause 6 **article 13** and point 3 **article 16** effective from January 1, 2006.
2. The norms provided in subclause 4) **clause 1** and subclause 2) clause 2 **article 10** shall be in effect until December 31, 2005.
3. The **Law** of the Republic of Kazakhstan as of July 16, 1999 “On Electrical Energy” (The Bulletin of the Parliament of the Republic of Kazakhstan, 1999, No. 20, p. 729) shall be recognized as stale.

### Article 25. Final and Transitory Provisions

1. Power transmission companies shall disjoint the electrical and (or) thermal energy transmission operations and power supply operations prior to October 1, 2004.
2. Regional network companies shall disjoint the electrical and (or) thermal energy transmission operations and power supply operations by establishing power supply companies prior to October 1, 2004.

President of the Republic of Kazakhstan

N. NAZARBAEV