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**RIGA, LATVIA STUDY TOUR
VOLUME 3
(ENGLISH LANGUAGE)**

**NIS Institutional Based Services Under the Energy
Efficiency and Market Reform Project
Contract No CCN-Q-11-93-00152-00**

**CAR Regional Energy Trade,
Electricity Contracting and Pricing Reform
Delivery Order No 11**

Final Report

Prepared for

U S Agency for International Development
Bureau for Europe and NIS
Office of Environment, Energy and Urban Development
Energy and Infrastructure Division

Prepared by

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March 1997

BALTIC EXPERIENCE IN ELECTRICITY TRADE AGREEMENTS

Rīga, Latvia
March 17-20, 1997

Volume 3: Central Asia Contracts (English)

Prepared for

U S AGENCY FOR INTERNATIONAL DEVELOPMENT
Bureau for Europe
Office of Development Resources
Energy and Infrastructure Division
Washington, DC 20523

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DOCUMENTATION FOR THE SEMINAR

A seminar on *Baltic Experience in Electricity Trade Agreements* was held in Riga, Latvia, on March 17-20, 1997 with participants from the Baltic countries, the Central Asian Republics, and the United States. Various documents were copied and distributed during the seminar, including

- documents in Russian that were prepared in Latvia for this seminar, or provided by Latvian participants, or brought from Lithuania, or brought from the Central Asian Republics
- agreements negotiated in Russian or in both languages during the course of the seminar
- translations from Russian into English
- documents in English that were prepared by Hagler Bailly in Latvia, or brought from the United States, or provided by Latvian participants, or brought from Lithuania
- one table on Latvian electricity tariffs, in Latvian

After the seminar these materials were organized into four volumes

Volume 1 Baltic Seminar Documents (English) - consisting of everything that was available in English, other than CAR contracts, plus a translation of the Baltic multilateral agreement and a paper from the December 1996 seminar

Volume 2 Baltic Seminar Documents (Russian) - consisting of everything that was available in Russian, other than CAR contracts, plus a paper that was presented at the December 1996 seminar

Volume 3 Central Asia Contracts (English) - consisting of any CAR contracts that were translated into English before the end of March 1997

Volume 4 Central Asia Contracts (Russian) - consisting of all of the CAR contracts that were shared among the seminar participants

In addition the following materials were distributed at the seminar

- *Interconnection of Power Systems of the Baltic States Facts in Brief 1995*, published in color in English
- a shorter document similar to *Interconnection of Power Systems of the Baltic States Facts in Brief, 1995*, published in color in Russian
- the annual report of Latvenergo, published in Latvian and English
- the annual report of Lietuvos Energija, published in Lithuanian and English

KAZAKSTAN ENERGY SYSTEMS UNITED DISPATCHER DEPARTMENT

KAZAKHSTAN UDC

26 02 97 No 22-263-1/61

President of Altaenergo JSC
A A Tyutyayev
President of Pavlodar REK JSC
Y Z Chepelyuk
President of Akmola REK JSC
S V Bykov
President of Kokshetau REK JSC
A G Gazin
President of North Kazakhstan REK JSC
V Y Pretster
President of Torgai REK JSC
V I Pyatigor
President of Kostanai REK JSC
S D Kovalenko
President of Karaganda REK JSC
Y P Bondarenko
President of Zhezkazgan REK JSC
R N Pasyukov
Director General of AES-ST Ekibastus
Ltd
Allan Dayer
Director General of Ekibastuz GRES-2
A A Grigoriev
Director General of OIC
A A Rustambaev
Director General of Karaganda GRES-2
V V Pronkin

Ref Execution of the Kazakhstan UES
Frequency Control Agreement

Pursuant to the MECI circular letter No 18-01-416 of 19 02 97, enclosed is the
"Kazakhstan UES Multilateral Frequency Control Agreement"

If no comments, please sign the agreement and send one copy of the same to
Kazakhstan UDC

Enclosure

- 1 The said Agreement with the procedures - 2 counterparts to each address
- 2 The MECI circular No 18-01-416 of 19 02 97 - 1 copy to each address

V V Kupchikov
Head,
Kazakhstan UDC

2 1 The Parties to this Agreement will be governed by the Kazak law and the administrative and operational standards and regulations issued by the RK Ministry of Energy and Coal Industry and Kazakhstan UDC

2 2 The Agreement shall be considered executed if each of the participants has signed its respective counterpart and forwarded it to Kazakhstan UDC

2 3 The relations of the Parties will be regulated by the Kazakhstan UDC Frequency Control Cost Reimbursement Procedure approved by the MECI, which is attached and made part of the Agreement

3 Charges and Payments

3 1 The following will be determined on the basis of the data provided by Kazakhstan UDC OIC

3 1 1 Daily control capacity (kW) for each participant of the Agreement

3 1 2 Average daily control capacity (kW) for each participant of the Agreement

3 1 3 Total sold and bought control capacity (kW) of Kazakhstan UES for the month

3 2 The total charge for the control capacity for the month to be calculated at the tariff of US\$1 5/kWh In future the tariff can be revised by the POOL or the MECI internal meeting

3 3 The payment for the control capacity will be distributed among the participants The control capacity sellers will receive, and the buyers will make, the respective payments

3 4 The amount of payment for each participant to be established by the 5 the day of the current month for the previous month

3 5 The payments for the previous month shall be made by the 30th day of the current month

3 6 Buyers of control capacity will make monthly payments to Kazakhstan UDC in the amount of 5% of their charge

3 7 If a participant of the Agreement failed to work as part of the Kazakhstan UES for over 15 days in a month, no charges and payments will be accrued in its respect

3 8 All the accounts will be in the custody of Kazakhstan UDC

4 Liability of the Parties

4 1 Long excursions of frequency within the operating band of 48Hz to 50 5Hz will be acceptable Excursions of frequency outside the above band for over one hour will results in no payment accrued for the respective month

4 2 Failing to perform its control capacity payment obligation within the time limits established in point 3 5 of this Agreement, a penalty equal to 1 5 refinancing rate of the National Bank of the Republic of Kazakstan on the day the payment is due will be accrued on the Buyer for each day of the delay In case if a payment is delayed for over 20 days, the Kazakstan UDC will have the authority to restrict the supply of power to the debtor during the maximum demand by the unpaid control capacity

5 Amendments to the Agreement

5 1 Disputes and differences arising in relation to the amendment, performance and termination of this Agreement, will be settled through mutual agreement

5 2 This Agreement can be extended with a written consent of the Parties

5 3 The Agreement can be amended or complimented during its term as agreed by the Parties

6 Term of the Agreement and the Address and the Bank Details of the Parties

6 1 The Term of this Agreement will be from 1 04 97 to 1 04 98

6 2 The Parties will notify each other within three days about any change in their address or bank details

6 3 Address and Bank Details of the Parties

• **Kazakstan UDC**

Address 142, Bogenbai Batyr, Almaty
480091
A/C 221511, Kazenrgoinvestbank JSC
Almaty, MFO 190501712

• **Altaenergo JSC**

Address 67, Bazhov, Ust-Kamenogorsk
492018
A/C 221201
Zaschitinsk Branch of Turanbank in Ust-
Kamenogorsk
MFO 190901307

Signature

V V Kupchikov

Signature

Tyutyayev

Seal

Seal

• **Pavlodar REK JSC**

Address 27, Krivenko, Pavlodar, 637000
A/C 221010
PFA Kazenrgoinvestbank
MFO 103201701

• **Akmola REK JSC**

Address 37, Mira, Akmola, 473002
A/C 221802
Turanbank, Akmola
MFO 195301304

Signature Chepelyuk

Seal

• **Kokshetau REK JSC**
Address Kokshetau, 475005
A/C 221501
Turanbank, Kokshetau
MFO 192401304

Signature A G Gazin

Seal

• **Torgai REK JSC**
Address Arkalyk-8, 495830

A/C 221807
Turanbank, Arkalyk
MFO 1944-1309

Signature Pyatigor

Seal

• **Karaganda REK JSC**
Address 74, Mira Ave, Karaganda,
470055
A/C 221102
Turanbank, Karaganda
MFO 191801301

Signature Y P Bondarenko

Seal

• **AES-ST Ekibastuz Ltd**
Address 13, Ekibastuz, 638710
A/C 000467278
Kazengoinvestbank, Ekibastuz,
MFO 193201709

Signature Allan Dayer

Signature S B Bukov

Seal

• **North Kazakstan REK JSC**
Address 35, Jambul, Petropavlovsk
642014
A/C 000221705
Kuibyshev Branch of Turanbank
MFO 193601304

Signature V Y Pretster

Seal

• **Kostanai REK JSC**
Address 115, Lenin Ave, Kostanai,
458141
A/C 221002
Kazengoinvestbank,
Kostanai
MFO 192701706

Signature S D Kovalenko

Seal

• **Zhezkazgan REK JSC**
Address 33, Mametova, Zhezkazgan,
470000
A/C 221604
Kazkommetsbank, Zhezkazgan,
MFO 191801708

Signature R N Pasyukov

Seal

• **Ekibastuz GRES-2**
Address EGRES-2, Ekibastuz, 638710
A/C 221702
EFA Kazengoinvestbank, Ekibastuz,
MFO 193202709

Signature A A Grigoriev

Seal

• **Eurasian Power Corporation**

Address Aksu-2, Pavlodar Oblast,
638310

A/C 467862 Code 948

Eurasian Bank, Almaty

MFO 190501948

Signature A A Rustambaev

Seal

Seal

• **Karaganda GRES-2**

Address Topar settlement, Karaganda
Oblast,

472372

A/C 221511

Kreditsotbank, Abai, Karaganda Oblast,

MFO 191801510

Signature V V Pronkin

Seal

MINISTRY OF ENERGY AND COAL INDUSTRY

No 18 -01-416 dated 19 02 97

Presidents of

East Kazakstan REK

Semipalatinsk REK

Pavlodar REK

Akmola REK

Kokchetav REK

North Kazakstan REK

Turgai REK

Kustanai REK

Karaganda REK

Zhezkazgan REK

Directors of

Ekibastuz GRES -1

Ekibastuz GRES -2

Ermak GRES

Karaganda GRES - 2

Reference Reimbursement for
Frequency Control

Buhtarma HYDRO

Ust-Kamenogorsk HYDRO

Shulba HYDRO

To reduce the North Kazakstan System's capability deficit at maximum demand and to compensate the cost of the stations participating in frequency control, I hereby order to execute a frequency control multilateral agreement effective 1 March 1997. United Dispatcher Centre (UDC) of Kazakstan will draft and cause to execute the a united agreement among REKs, Power Stations, and UDC, and to conduct a test application of the accounting procedures in March, and to start the calculation of the frequency control capacity and the related charges in accordance with the agreement.

The control capacity and the charges for each signatory to the agreement shall be determined by Kazakstan UDC on a monthly basis, and on the basis of the operative data received from UDC OIC (Operative and Information Complex). The control capacity charges shall be made at the rate of US\$1.5/kW, and the charges for electric power - in accordance with the effective tariff. The control capacity tariff was established in accordance with the practice of the Central Asia Power System. The control capacity tariff will be revised on a quarterly basis by the POOL or the MECI internal meeting, based on the actual costs of the regulating stations. The consumption and the generation will be calculated within the regional limits and attributed to the respective REK. Ekibastuz GRES-1, 2, Ermak GRES, Karaganda GRES-2, Buhtarma HYDRO, Ust-Kamenogorsk HYDRO, and Shulba HYDRO will not be considered while determining the REK generation as they are individual participants of the Agreement. The above power stations will be loaded and unloaded only at the instruction or with the agreement of the Kazakstan UDC.

The participants of the Agreement will make a payment to Kazakstan UDC in the amount of 5% of the reimbursement received for the control capacity. In the interim, before the separation, the East Kazakstan REK, Semipalatinsk REK, Buhtarma

Approve
Minister of Energy
and Coal Industry
V V Khrapunov

**Kazakstan UDC
Frequency Control Cost
Reimbursement Procedure**

1 The procedure is based of comparison of the actual frequency control ratings of power stations and the REK consumption of each participant of the Agreement at the check hours of the maximum and the minimum load

2 The Almaty time daily check hours will be established as follows

- I and IV quarter
2,3,4 - minimum load
19,20,21 - maximum load,

- II and III quarter
2,3,4 - minimum load
20,21,22 - maximum load,

3 **Determination of control capacity (R) for each participant of the Agreement**

3.1 The total control capacity band of each REK and of the individual power stations - participants of the Agreement at check hours of each calendar day of the month (ΔN) will be determined as follows

$$\Delta N = N_{\text{max}}^{\text{avg}} - N_{\text{min}}^{\text{avg}}$$

$N_{\text{max}}^{\text{avg}}$ - average total generation of the area and of the individual participants of the Agreement at maximum load hours,

$N_{\text{min}}^{\text{avg}}$ - average total generation of the area and of the individual participants of the Agreement at minimum load hours,

$$N_{\text{max}}^{\text{avg}} = \frac{N_x + N_y + N_z}{3}$$

$N_x + N_y + N_z$ - generation at specified hours of maximum (x, y, z)

$$N_{\text{min}}^{\text{avg}} = \frac{N_2 + N_3 + N_4}{3}$$

1A12'

N2 + N3 + N4 - generation at specified hours of minimum (2, 3, 4)

Load magnitudes at maximum and at minimum to be established in accordance with the UDC OIC daily dispatcher record of hourly ratings

ΔN to be calculated daily

Average monthly generation band (ΔN_{avg}) to be determined upon the completion of the accounting month

$$\Delta N_{avg} = \frac{\sum \Delta N}{K}$$

K - number of calendar days

3.2 Area consumption variation range at check hours of each calendar day of the month (ΔP)

$$\Delta P = P_{max}^{avg} - P_{min}^{avg}$$

P_{max}^{avg} - area average consumption at maximum load hours

P_{min}^{avg} - area average consumption at minimum load hours

ΔP to be calculated on a daily basis

Accounting of maximum and minimum area consumption will be maintained at the same hours as the accounting of generation. The consumption ratings at check hours to be established in accordance with the UDC OIC daily dispatcher record of hourly ratings. The consumption of the participants of the Agreement shall be deemed zero.

Average monthly consumption (ΔP_{avg}) to be determined upon the completion of the accounting month

$$\Delta P_{avg} = \frac{\sum \Delta P}{K}$$

K - number of calendar days

3.3 Determination of control capacity (R)

$$R = \Delta N_{avg} - \Delta P_{avg}$$

Positive R will mean selling of control capacity

Negative R will mean buying of control capacity

4 Control capacity adjustments

Night emergency unloading and the night unloading not agreed with the Kazakstan UDC of power stations (participants of the Agreement - Ekibastuz GRES-1, 2, Ermak GRES, Karaganda GRES-2, Buhtarma HYDRO, Ust-Kamenogorsk HYDRO, and Shulba HYDRO) will not be taken into account and the rating before the unloading will be recorded

5 Control Capacity Charges

The buying (selling) price of control capacity to be determined as follows

$$R \times T$$

T - control capacity tariff (US\$/kWh)

6 This procedure was developed with respect to the accounting practice of the Central Asian UES and is acceptable for the individual UES of Kazakstan. While operating the UES of Kazakstan in conjunction with the UES of Russia, this procedure can be used for regulation of the balance transfer. Operating in conjunction with and within the Kazakstan UES is an obligation of each participant of the Agreement.

V V Kupchikov
Head,
Kazakstan UDC

AGREEMENT

on payment for frequency regulation services for 1994, 1995 and 1996

January 22, 1997

Ashgabad

The corporation "Kuvvat" under the Ministry of Energy and Industry of Turkmenistan, represented by its chairman Nuriev S M and the Kyrgyz state joint stock holding power company, hereinafter referred to as KSHC, represented by the first vice president Davidov I A , have concluded the present agreement on the following

1 KSHC has rendered frequency regulation services in 1994, 1995 and 1996 for the corporation "Kuvvat" for the sum 818114 US dollars

2 The corporation "Kuvvat" under the Ministry of Energy and Industry of Turkmenistan shall

2.1 In order to pay for frequency regulation to deliver electric energy at a rate 3,0 US cents in an amount of 27270467 kWh to the border between the Turkmen and Uzbek power systems (substation 500 "Karakul")

3 Issues related to the wheeling of electric energy from the substation "Karakul" to Suluktinsk electric node in Kyrgyzstan shall be formed by agreements between the Ministry of Uzbekistan and KSHC

4 Dispute resolution

Disputes arising with regard to amount of regulation capacity shall be resolved in DC Energia, but disputes with regard to payment shall be in the government arbitration authorities

Amendments to the present agreement are made by the agreement of the parties

Legal addresses and requisites of the parties

Corporation "Kuvvat"
744000 Turkmenistan
Ashgabad, N Pomm street 6
account 000220421 in the
Investbank of the city Ashabad

Chairman Nuriev S M

Kyrgyz State joint stock holding power
company, 720070 Bishkek
Zhibek Zholu 326
Account 000220223 in the State
commercial bank in Bishkek

First vice president Davidov I A

AGREEMENT

BETWEEN THE GOVERNMENT OF THE KYRGHYZ REPUBLIC AND THE GOVERNMENT OF THE REPUBLIC OF UZBEKISTAN ON THE USE OF THE WATER AND ENERGY RESOURCES OF THE NARYN-SYRDARYA GENERATING CASCADE IN 1997

The Government of the Kyrgyz Republic and the Government of the Republic of Uzbekistan, hereinafter referred to as Parties,
to secure a successful vegetation watering, and to secure the national economy facilities located along the middle and the lower part of the Syrdarya river from wash-out and underflooding, and to secure a rational use of the available fuel and power resources,
have agreed of the following

1 In accordance with the shared water intake schedule, the 1,100m kW/hour surplus of the power, generated by the Toktogul Cascade during the period of April-September, shall be received by Uzbekistan

2 The payment for the 1,100m kW/hour of power received from Kyrgyzstan during the summer period, and the payment for the nodal transfer and transit of power and for the frequency regulation in 1997 in the amount of US\$ 4.5m shall be offset against the nodal transfer of 400m kW/hour of energy from Uzbekistan to Kyrgyzenergoholding in 1997, distributed as 50m kW/hour during the first quarter, 200m kW/hour during April-May, 50m kW/hour in September, and 100m kW/hour in the fourth quarter, as well as 500m cubic metres of natural gas to the Thermal Power Station of Bishkek, including

1 quarter - 200m cubic metres,
2 quarter - 60m cubic metres,
3 quarter - 60m cubic metres, and
4 quarter - 180 m cubic metres
with even monthly supply

However, the accounts settlement procedure in accordance with the Agreement between the Government of the Kyrgyz Republic and the Government of the Republic of Uzbekistan dated 6 May, 1996, shall be preserved, with the rate of US\$65 for 1000 cubic metres of natural gas and US\$0.04 for 1kW/hour used for the accounting and the mutual settlement purposes

3 During the vegetation period of 1997, the Kyrgyzenergoholding shall secure the Toktogul reservoir water pass ratings in accordance with the Protocol of the Workshop of Representatives of the Energy and Water Complexes of the Kyrgyz Republic, the Republic of Uzbekistan, the Republic of Kazakhstan and the Republic of Tajikistan held on 23-25 August, 1996, namely

April	230 cubic metres/second daily
May	270 cubic metres/second daily
June	650 cubic metres/second daily
July	690 cubic metres/second daily
August	500 cubic metres/second daily
September	190 cubic metres/second daily

4 If required the Toktogul reservoir water pass ratings can be adjusted at proposal of Syrdarya **BVO** and Energy **ODC**, to the extent not exceeding the above limits, and with regard to the current water and energy supply situation. However, the undersupply can be recovered during the subsequent days.

5 The Agreement shall come into effect from the moment of its signing by both the Parties.

For the Government
of the Kyrgyz Republic

For the Government
of the Republic of Uzbekistan

(26 December, Tashkent)

AGREEMENT

on Supply of Electric Power and Frequency Control Services

Between

**Kyrgyzenergoholding and
Zhezkazgantsvetmet JSC**

for IV quarter of 1996

No 188

09 10 1996

This Agreement has been executed between

the State Joint Stock Holding Power Company of the Kyrgyz Republic, hereinafter referred to as the 'PROVIDER', in the person of Mr Jamalbek Tuleberdievich TULEBERDIEV, the President,

and

Zhezkazgantsvetmet JSC, hereinafter referred to as "CUSTOMER", in the person of Mr Vladimir Sergeevich KIM, the Manager,

1 The PROVIDER shall

1.1 Provide the balance of 110m kWh of power due for the IV quarter of 1996 at the rate of 4 cents per kWh to the border of the Republic of Kazakstan, with the maximum capacity rate of 60 MW, and with the monthly distribution as follows

October	10m kWh
November	50m kWh
December	50m kWh

1.2 Provide the frequency control services at the rate of US\$ 1.8 per kWh of the control capacity for the month

2 The CUSTOMER shall

2.1 Accept 110m kWh of power supplied by the Provider to the Kazak border as the balance for 1996 and make payment at the rate of 4 cents per kWh with the monthly distribution as follows

October	10m kWh
November	50m kWh
December	50m kWh

2.2 Make the payment to the PROVIDER for the frequency control services at the rate of US\$ 1.8 per kWh of the control capacity for the month

3 The commercial accounting instruments will be owned and maintained by the Kyrghyzenergoholding

The value of the supplied power and the control capacity ratings will be verified by the Central Dispatcher Services of Kyrghyzenergoholding, the Energy UDC, and the Central Dispatcher Department of Kazakhstan

4 Settlement Procedure

The CUSTOMER, Zhezkazgantsvetmet JSC, will make a 30% monthly advance payment for the control capacity and the power

The payment days for the power and the control capacity will be the 11th and the 21st day of the accounting month, and the 5th day of the subsequent month

The accounting month 11th and 21st day payment will be made by the CUSTOMER on the basis of the operating data provided by the Parties' Central Dispatcher Services. The Parties will verify the accounting instruments reading (documented as a verification act) on the 2nd day of the month following the accounting month, and will determine the final settlement. The final settlement and the payment for the accounting month will be made on the 5th day of the subsequent month on the basis of the bilateral acts

Payment for the power and the frequency control services will be made in US dollars

The CUSTOMER will notify the PROVIDER about the payment made by means of a telex message indicating the date and the number of the payment document

5 Liability of the Parties

Failing the payment within 3 banking days following the established settlement day, the PROVIDER will discontinue the supply of power to the CUSTOMER

6 Force Majeure

No penalties shall be imposed where the failure to fulfil the contractual obligations on supply of power during the accounting period resulted from force majeure

The Parties will notify each other about the occurrence and the discontinuation of force majeure immediately and by all available means with further confirmation in writing

7 Settlement of Disputes

The disputes arising in connection with the schedule and the value of the supplied power will be settled by the PROVIDER and the CUSTOMER, and the disputes regarding the payment - by the Arbitration

The Agreement has been executed for the year of 1996 Any amendments to the Agreement shall be introduced with a mutual consent of the Parties

Address and the Bank Details of the Parties

PROTOCOL
between the Government of the Kyrghyz Republic and the Government of the
Republic of Kazakstan on Securing of
the Water Passage Ratings During the Vegetation Period of 1996

Bishkek

6 May 1996

To secure the vegetation water pass for the agricultural needs of the Republic of Kazakstan, the Governments have agreed on the following

1 The Kyrghyzenergoholding shall secure the Toktogul reservoir water pass rating during the vegetation period in accordance with the 19-21 December'95 Protocol on the Use of the Water and Power Resources in 1996

2 1 1b KW/hour of electric power will be generated in accordance with the water pass ratings and disposed to Kazakstanenergo NES by Kyrghyzenergoholding at the rate of 2 cents for 1 KW/hour for the total of US\$22m

3 Kazakstanenergo NES will receive the 1 1b KW/hour of electric power and will make the payment to Kyrghyzenergoholding by way of supply of 600,000 ton of coal of total worth of US\$ 18m to the Karagandashkhtugol state enterprises by the end of 1996, at the rate of US\$30 for 2 ton, and with regard to the cost of transportation up to the border of the Kyrghyz Republic

4 The Governments will instruct their respective state enterprises to execute the agreements provided for by this Protocol

For the Government
of the Kyrghyz Republic

For the Government
of the Republic of Kazakstan

[PUBLIC DOCUMENT]

ANNOUNCEMENT

of the Heads of States of the Republic of Kazakhstan, Kyrgyz Republic and the Republic of Uzbekistan on utilization of the water and power resources

Presidents of the Republic Kazakhstan N A. Nazarbayev, President of the Kyrgyz Republic A A. Akaev, President of the Republic of Uzbekistan I A. Karimov having discussed the problems associated with utilization of water and power resources of the transbordering waterflows, being aware of the fact that protection and rational use of water and power resources the transbordering flows is a problem of paramount importance and efficient resolution thereof may be effected through mutual cooperation,

approving the efforts, undertaken by the current time the Republic Kazakhstan, the Kyrgyz Republic and the Republic of Uzbekistan in order to strengthen cooperation in the area of management of use of water and power resources and protection of the environment,

recognizing the earlier signed and existing agreements which regulate the issues of utilization of the water and power resources and emphasizing the necessity of expediting of development of a new strategy of water sharing and economic instruments of management in the same area,

came to the following mutual understanding

The States of the transbordering flows have sovereign rights to use their water and power resources according to their own policy in the area of environment and development and bear responsibility for prevention of damage to the environment of other countries

Improvement of use of water and power resources of the basin of the Syrdaria river shall be conducive to the resolution of the Aral Sea's problem

The status of the transbordering flows existing in the region requires from the three states development of a coordinated strategy of water-sharing and management of its water and power resources in order to find the rational form of their use and namely

- implementation of the coordinated approach to the issue of use of water and power resources of the Cascade of the Toktogolsky Power Plant for the purposes of rational and ecological needs with regard for mutually economically justifiable supplies of energy, gas, coal and oil products,

- planning of a rational use of water and power resources with regard for the needs of the economic development of the states-participants,

- strengthening of the respective organizational, legal and financial mechanisms in order to provide that the policy in the area of water use and its implementation are conducive to the promotion of a stable progress and economic growth in the region

The heads of states agree that improvement of utilization of water and power resources of the Syrdaria river requires realization of a set of measures aimed at procurement of a transit of water to its lower part and the Aral Sea

Attributing great importance to the development of a coordinated policy of utilization of the water and power resources with regard to prevention of the negative impact on the environment, the heads of states emphasized the necessity to consider the issue of adherence of the three countries of the basin of the Syrdaria river to the Convention of the European Economic Commission of the United Nations on protection and use of transbordering flows and international lakes of 1992

(Signatures of the Heads of the three states)

Bishkek
6 May 1996

AGREEMENT

between the Government Republic of Kazakhstan, the Government of the Kyrgyz Republic and the Government of the Republic of the Republic of Uzbekistan on utilization of the fuel-power and water resources, construction, operation of the gas pipeline of the Central Asian Region

The Government of Government Republic of Kazakhstan, the Government of the Kyrgyz Republic and the Government of the Republic of the Republic of Uzbekistan, hereinafter referred to as Parties, operating on the basis of the provisions of the Agreement on creation of the Common Economic Territory, taking into consideration the mutual concern in further deepening and expansion of economic cooperation, based on the existing socio and political realities and trade and economic affairs, rendering priority to the problem of maintaining and development of the production and technological links between the ministries and agencies, enterprises, organizations, legal entities, agreed as follows

Article 1

Taking into consideration the common interests of the states- participants in utilization of the fuel-energy and water resources the Parties charge the respective ministries and agencies with

- the development of a program of cooperation in the area of fuel and power facilities of the states of Central Asia which should encompass mutual economically justifiable supplies of energy, gas, coal and oil products subject to the most efficient use of hydroresources of the basin of the Syrdaria River for the irrigation purposes,
- consideration of the pricing policy aimed at unification of the pricing and tariffs policy within the fuel-power and water complex of the states and development of the common strategy with regard to the external fuel and power resources market,
- energy prices (energy, coal, gas, oil products) and mutual settlements for their supplies shall be determined by the direct agreements between the Parties or by the authorized agencies,
- construction and joint funding of the facilities shall be accomplished subject to the interest in the integration of the energy systems,
- preparation of a proposal on a free and without any duties supply (exchange) of spare parts, equipment, construction materials which are needed for operation and maintenance needs in emergency cases for fuel-power enterprises and water systems of the states-participants,
- rendering assistance in liquidation of accidents on the gas pipelines with involvement of emergency services of the Parties,

- development of principles and the procedure for the shared participation in respect to costs funding in connection with operation and repair of the Inter-republican water facilities,

- develop a procedure of mutual responsibilities of the Parties for non-observance or making uncoordinated changes in the energy supply schedule approved by all of the Parties and the regime of operation of the Cascade of the water reservoir which may cause or result in damage to the Parties,

- informing the Parties of occurrence or possibility of occurrence of accidents at the Cascades of the water reservoirs power plants, and transmission lines as well as jointly participate in prevention and elimination of the aforementioned accidents,

- the fuel-energy and water sectors of the Parties shall procure a coordinated regime of operation of the Naryn-Syrdana Cascade of the water reservoirs and the schedule of energy supplies,

The Parties deem necessary participation of all the states of the basin of the Syrdana river in the Agreement in order to procure observance of the coordinated regime of operation of the water reservoirs of the Naryn-Syrdana Cascade and transit of water

To propose to the inter-state Counsel which deals with the problems of the Aral Sea Basin to annually consider the issues of joint utilization of the water and power resources of the basin of the Syrdana river

Article 2 Government Republic of Kazakhstan, the Government of the Kyrgyz Republic and the Government of the Republic of the Republic of Uzbekistan

Article 2

Coordination of the amounts and terms and conditions of supplies of the natural gas shall be carried out by the authorized entities of the Parties which are responsible for the supply, transportation as well as consumers^{of} gas

Article 3

The Parties shall undertake all necessary measures in order to procure a long-term cooperation in the Power sector on the basis of mutual complementarity and mutual benefit in the process of performance of transit energy through the transmission lines, natural gas, oil and oil products through oil and gas pipelines across the territories of the Parties in accordance with the principles of the European Energy Charter and CIS Agreements

Article 4

The Parties agree to observe the established regime for gas consumption in the event of force-mojore and limits of gas supplies imposed by the supplier and transportation organizations

Article 5

For the purposes of stable gas supplies for the southern regions of the Republic of Kazakhstan and northern regions of the Kyrgyz Republic, the Kazakh Party shall complete reconstruction of the compression Station KS-5 in Zhambul until October 1996 and the Kyrgyz Party shall put into operation the second gas pipeline on its territory in 1997 ~~X~~ 1

Article 6

The conduct of common coordinated policy in the area of water use and fuel and power facilities is deemed to be the most important task for the states-participants

Article 7

Separate documents shall be adopted with regard to involvement of additional participants for the purposes of this Agreement

Article 8

In the event of a dispute on construction or operation of separate articles and provisions of this Agreement the Parties shall resolve the same through mutual consultations and negotiations

Disputes which may arise between entities during conclusion and execution of supply agreements and services contracts shall be referred to courts in accordance with the international practices

Article 9

This Agreement may be altered or supplemented by mutual consent of the Parties

This Agreement shall become effective from the day of its signing and inure until on of the Parties directs a 6 months notice to the other Parties of its intention to terminate its participation

If such intention to terminate its participation in this Agreement is expressed as indicated above, the Parties shall jointly make decision on further existence of this Agreement

Executed in one original copy in the Russian language in Tashkent on April 5 1996

The original copy shall be kept at the Executive Committee of the Inter-State Counsel which shall send a certified copy of this Agreement to each Party

(Signatures of the Representatives of the Parties)

AGREEMENT

**BETWEEN THE GOVERNMENT OF THE KYRGHYZ REPUBLIC AND
THE GOVERNMENT OF THE REPUBLIC OF UZBEKISTAN
ON THE USE OF THE WATER AND ENERGY RESOURCES OF THE
NARYN-SYRDARYA GENERATING CASCADE IN 1996**

The Government of the Kyrgyz Republic and the Government of the Republic of Uzbekistan, hereinafter referred to as Parties,
to secure a successful vegetation watering, and to secure the national economy facilities located along the middle and the lower part of the Syrdarya river from wash-out and underflooding, and to secure a rational use of the available fuel and energy resources in the conditions of scarce water supply,
have agreed of the following

1 In accordance with the shared water intake schedule, the 1,100m kW/hour surplus of the power, generated by the Toktogul Cascade during the period of April-September, shall be received by Uzbekistan

2 The mutual settlement of accounts for the 1,100m kW/hour of power received from Kyrgyzstan during the summer period, and the settlement of accounts for the nodal transfer and transit of energy and for the frequency regulation in 1995 in the amount of US\$ 9 41m shall be effectuated against the nodal transfer of 675m kW/hour of energy from Uzbekistan to Kyrgyzenergoholding in 1996, distributed as 260m kW/hour during the first quarter, 150m kW/hour in April, 50m kW/hour in September, and 215m kW/hour in the fourth quarter, as well as 400m cubic metres of natural gas to the Thermal Power Station of Bishkek, including

- 1 quarter - 160m cubic metres,
 - 2 quarter - 60m cubic metres,
 - 3 quarter - 60m cubic metres, and
 - 4 quarter - 120 m cubic metres
- with even monthly supply

However, the accounts settlement procedure in accordance with the Agreement between the Government of the Kyrgyz Republic and the Government of the Republic of Uzbekistan dated 17 January, 1996, shall be preserved

3 During the vegetation period, the Kyrgyzenergoholding shall secure the Toktogul reservoir water pass ratings in accordance with the Protocol of 19-21 December'95 on the Use of the Water and Energy Resources in 1996, namely

- April - 596 2m cubic metres @ 230 cubic metres/second daily
- May - 723 2m cubic metres @270 cubic metres/second daily
- June - 1814 4m cubic metres @ 700 cubic metres/second daily
- July - 1874 2m cubic metres @ 700cubic metres/second daily
- August- 1004 4m cubic metres @ 375cubic metres/second daily
- September- 492 5m cubic metres @190 cubic metres/second daily

4 If required, the Toktogul reservoir water pass ratings can be adjusted at proposal of Syrdarya BVO and Energy ODC, to the extent not exceeding the above

limits, and with regard to the current water and energy supply situation. However, the undersupply can be recovered during the subsequent days.

5 The use of the water and energy resources of the Syrdarya Cascade in 1997 to be considered at the Workshop of Representatives of the Energy and Water Complexes of the Kyrgyz Republic, the Republic of Uzbekistan, the Republic of Kazakhstan and the Republic of Tajikistan to be held in September, 1996, in Bishkek.

6 The Agreement shall come into effect from the moment of its signing by both the Parties.

For the Government
of the Kyrgyz Republic

For the Government
of the Republic of Uzbekistan

AGREEMENT
on Transit of Electric Power from Kyrgyzstan to Kyrgyzstan through the
Tajikistan Network to the Customers of the Kyrgyz Republic
for 1995

Bishkek

No

Date

We, the undersigned, the State Joint Stock Holding Power Company of the Kyrgyz Republic, hereinafter referred to as SJSHPC, in the person of Mr JT TULEBERDIEV, the President, acting on the basis of the SJSPC Regulations, and the Barky Tochik State Joint Stock Holding, hereinafter referred to as the Barky Tochik SJSH, in the person of Mr B S Sirozjev, the President, acting on the basis of the Charter, have executed this Agreement on the following

- 1 SJSHPC will supply 385m kWh of power to the Tajik border in 1995, including
350m kWh to Kyrgyz customers at the transit rate of 0.4 cent per kWh,
35m kWh of power in excess of transit to compensate 10% loss at the rate of 4.0 cent per kWh, including
- loss of power (8.2%)
- operation costs (1.8%),
associated with the transit of power through the network of Tajikistan
- 2 The Barky Tochik SJSH will secure the transit of 350m kWh of power from SJSHPC to Kyrgyz customers through its transmission network in 1995
- 3 The monthly transit value through the transmission network of Tajikistan to be determined by the bilateral arrangement between the Barky Tochik SJSH and SJSHPC. Failing the agreement of the two Parties, the monthly transit value to be verified and determined by the Energy UDC with the participation of the Parties
- 4 The power transmission will be operated in accordance with the Energy UDC daily schedules. The Parties agree that 10% deviation from the transmission ratings can be allowed during the accounting period without a prior agreement
- 5 When the transit value is increased/reduced, the value of the power supplied in excess of the transit shall be increased/reduced accordingly
- 6 Failing the transmission ratings or in case of a short delivery of power through the fault of the Barky Tochik SJSH, the latter will compensate the shortage to the Kyrgyz customers
- 7 No penalties shall be imposed where the failure to fulfil the contractual obligations on transmission of power during the accounting period resulted from force majeure
The Parties will notify each other about the occurrence and the discontinuation of force majeure immediately by all available means with further confirmation in

writing The occurrence of force majeure will be confirmed by the authorised representatives of the Parties with participation of the Energy UDC

8 Settlement of Disputes

The disputes arising from or in connection with the Agreement will be resolved by way of negotiations of the Parties Failing a solution through negotiations - by the Energy UDC

The term of the Agreement will be from 1 January 1995 to 31 December 1995

Address and Bank Details of the Parties

State Joint Stock Holding Company of
the Republic of Tajikistan

State Joint Stock Holding Power
Company of the Kyrgyz Republic

V S Sirozhev
President

J T Tuleberdiyev
President

AGREEMENT

by and between Industrial Union of Energy and Electrification "Alma-ataenergo", State Power Company of Kyrgyzstan, State Joint Stock Holding company "Barki Tojik", State Energy and Technology Corporation "Kuvvat", Ministry of Energy of Uzbekistan, Industrial Union of Energy and Electrification "Southkazenergo" and United Dispatch Center (UDC) of Central Asia on the payment for the costs related to frequency regulation in the Integrated Power Systems (IPS) of Central Asia

Undersigned heads of

Industrial Union of Energy and Electrification "Alma-ataenergo",
State Power Company of the Republic of Kyrgyzstan,
State Joint Stock Holding Company "Barki Tojik" of the Republic of Tajikistan,
State Energy and Technology corporation "Kuvvat" of Turkmenistan,
Ministry of Energy and Electrification of the Republic of Uzbekistan,
Industrial Union of Energy of Electrification "Yzhkazenergo" and
United Dispatch Center of the power systems of Central Asia and the Southern Kazakhstan

recognizing the necessity to compensate costs related to frequency regulation in the Integrated Power Systems of Central Asia have agreed

1 The payment calculation of the costs related to frequency regulation in the Integrated Power Systems of Central Asia shall be performed based on the methodology approved by the Energy Council of the IPS of Central Asia (Minutes #5 as of 15-16 July 1992)

2 The payment tariff for regulating capacity is adopted by the Council of the IPS of Central Asia and can be reviewed by the statement of the power systems if there are changes in frequency regulation costs and tariffs for the international net flows of electric energy

3 UDC of Central Asia agrees to do daily accounting of the amount of frequency regulation together with dispatch services of the power systems based on the operational records and to do monthly calculation of the payment amounts for the power systems for regulating frequency

Calculation of payment amounts is sent to the power systems by UDC of Central Asia in the form of telegram before the 5th day of the next billing month

4 Power systems agree to transfer the payment amount for the regulation of frequency to the current account of the power systems defined by UDC of Central Asia no later than 10th day of the next billing month based on the calculations presented by UDC of Central Asia

This agreement is concluded in Tashkent on 9th of February 1993

On behalf of Industrial Union of Energy and Electrification "Alma-ataenergo",
On behalf of State Power Company of the Republic of Kyrgyzstan,
On behalf of State Joint Stock Holding Company "Barki Tojik" of the Republic of
Tajikistan,
On behalf of State Energy and Technology corporation "Kuvvat" of Turkmenistan,
On behalf of Ministry of Energy and Electrification of the Republic of Uzbekistan,
On behalf of Industrial Union of Energy of Electrification "Southkazenergo" and
On behalf of United Dispatch Center of Central Asian and South Kazakstan power
systems

Agreement

by and between the state power company "Kazakstanenergo", state power company of Kyrgyzstan, state joint stock holding company "Barki Tojik", state power corporation "Kuvvat", Ministry of Energy of Uzbekistan and the Interconnected Dispatch Administration of Central Asia on the payment for transmission of electric power through their grid

- 1 Power systems of the countries have agreed on rendering mutual transit (wheeling) services through their grid to the power systems of third countries
- 2 Any power system of these countries has the right to conclude an agreement on delivery of electric power to the third countries where power is wheeled through the grid of another country, with the condition that there is a capability reserve of transmission lines
- 3 Payment for the transit of electric power from one power system to another through the grid of the third country is determined to be in the amount of 15 percent of the value of the wheeled power for 1000 and more kilometers of theoretically dedicated lines of the grid, unless other forms of payment are agreed. If the distance is less on the theoretically dedicated lines of the grid, the percentage is respectively reduced
- 4 Distance of transits through the theoretically dedicated lines of the grid and the percentage of the payment from the transmitted amount of electric energy between the power systems are determined after having been coordinated with the Interconnected Dispatch Administration of Central Asia, and are included in the bilateral agreements on supply and transit
- 5 IDA of Central Asia when developing and adopting energy balances shall inform power systems on monthly planned flow of electric energy and amount of wheeled power in order to do mutual settlements, and provide by the 10th day of each month the actual data for the previous month in order to adjust the amount of payment and perform mutual settlements

This agreement is concluded in Tashkent on 9 February 1993

On behalf of state power company "Kazakstanenergo",
On behalf of state power company of Kyrgyzstan
On behalf of state joint stock holding company "Barki Tojik"
On behalf of state power corporation "Kuvvat",
On behalf of Ministry of Energy of Uzbekistan
On behalf of Interconnected Dispatch Administration of Central Asia

CONTRACT

For Electric Energy Use

Almaty
_____ 1996

National Energy System "Kazakstanenergo", hereinafter referred to as "The Energy Supplier" in the person of the General Director Mr Orazbayev B , governed by the Charter on the one part, and _____, hereinafter referred to as "The Customer" in the person of _____, governed by _____ on the other part, have concluded the present Contract for energy output

1 The Energy Supplier undertakes

1 1 To deliver electric energy to the Customer in accordance with the conditions and the values of energy and capacity consumption stipulated in the present Contract (Attachment 1)

2 The Customer undertakes

2 1 To pay for energy and capacity consumption To make other payments for the accounting period in accordance with the present Contract A monthly period is considered to be an accounting period

2 2 For the purpose of determining the amount of energy delivered and consumed, to take the meters indications (subcustomers' meters indications and regional tariffs included) and to submit them to the Energy Supplier through the communication channels such as fax or teletype The Customer is to settle accounts with the Energy Supplier for energy reselling to the subcustomers by regional tariffs used for the corresponding categories of consumers All the data (and all the possible amendments) related to the subcustomers are to be reflected in the Attachment 2 1 The meters readings are to be taken on the 1st date of every month and are to be delivered to the Energy Supplier prior to the 3rd date of the month following the accounting one The meters readings of active and reactive power are to be reflected in the Attachment 2 The electric heaters data are to be reflected in the Attachment 2 2

The Attachments 2, 2 1 , 2 2 , 6 are to be co-ordinated with the Energy Supervision Bodies

2 3 Every day to submit the operative information regarding the load value in control hours and gross energy consumption value for the previous 24-hour period (without breakdown by subcustomers) to the Energy Supplier through the communication channels (fax, teletype or telephone)

2 4 Through the Energy Supplier to define more precisely the contractual values of energy and capacity consumption for the next year not later than December 1 of the current year

3 Both the Energy Supplier and the Customer are to provide the proper quality of electric energy in the balance boundary of the electrical network in accordance with the Attachment 5

4 All the payments for energy delivery under the present Contract are performed by the Customer by means of payment orders three times a month in the time stipulated in item 4.2 of the present Contract by a tariff _____, if the capacity values (given in the Attachment 1) are kept in the terms of the Contract. In case the capacity values are increased, the Customer is to pay penalty to the Energy Supplier which is determined in the Attachment 1 by a tariff _____. To make payments for the electric energy delivery to the subcustomers a discount should be established at the rate of _____. An electric energy delivery tariff is to be defined more precisely and adjusted. The Energy Supplier is to inform the Customer about the tariffs change after they have been approved in prescribed manner.

All the issues related to the tariff preferences for a certain category of consumers who have a right to be given a discount for the energy payment are to be settled by the Customer together with the local financial bodies.

4.1 Deviations +/- 5% of actual monthly delivery volume out of contractual value are considered to be acceptable. Sanctions determined in the Attachment 1 (items 2 and 3) of the present Contract may be applied to the Parties if the contractual limits are violated.

4.2 Payment dates

- 20% of sum of payment for the contractual monthly volume of energy consumption is paid on the 5th date of the accounting period,
- 50% of sum of payment for the contractual monthly volume of energy consumption is paid on the 15th date of the accounting period,
- 20% of sum of payment for the contractual monthly volume of energy consumption is paid on the 25th date of the accounting period,
- final payment for the month minus the 1st, 2nd and 3rd payments is to be performed within 5 days after the Energy Supplier received the payment document (order).

If money resources for energy and capacity (reactive included) consumption are not received at the "Kazakstanenergo" settlement account by 15th date of the month following the accounting one, the electric energy sendout to the consumer may be restricted up to the emergency reserve level. Such restrictions are based on the Resolution of the Government of the Republic of Kazakhstan No 1743, dated December 19, 1995.

In case of energy outage for the reason of non-payment within the established period of time, the Energy Supplier doesn't bear responsibility for all the possible consequences caused by the electric energy outage.

The non-payment penalty rate is 0.5% of the sum of debt for each day of delay.

5 The Energy Supplier doesn't establish the economic values of the reactive power consumption. The consumer doesn't pay for reactive power consumed. But the Energy Supplier doesn't bear responsibility for the voltage deviation higher than the allowable values on the balance boundary of the networks.

6 The Energy Supplier establishes the contractual values of electric energy and capacity for the Customer in accordance with the resources availability. In case of the resources shortage, the Energy Supplier in the person of the Unified Dispatch Department of the Republic of Kazakhstan has a right to put limits for the consumption of electric energy and capacity in accordance with the Resolution of the Cabinet of Ministers No. 8 dated January 5, 1993. In this case the Customer has a right to consume the unserved electric energy in other days and hours co-ordinated with the the Energy Supplier.

7 The responsibility boundaries for the equipment state and maintenance are established with the statement of differentiation of the balance belonging of the networks (responsibility of the Parties for the equipment operation) Attachment 3.

8 Parallel operations of the facility with other regional energy systems are carried out in accordance with the relevant documents and instructions of the Unified Dispatch Department of the Republic of Kazakhstan when the devices of relay protection of anti-emergency automatic equipment operate.

8.1 Dispatching procedure is based on mutual understanding and mutual benefit and is identified by the regulations, instructions and other normative documents of the Unified Dispatch Department of the Republic of Kazakhstan.

8.2 The Energy Supplier dispatching provides the Customer with the co-ordinated load schedule.

8.3 If the power plant load is below the level established by the dispatching schedule, the Energy Supplier has a right to put the power limits for the value of load decrease.

9 The Customer gets the mutually co-ordinated load value. The data related to the objects outage and their capacity values are given in the Attachment 6.

10 All the issues which are not stipulated in the present Contract are to be settled by the Parties in accordance with the "Rules of electric energy use", all the amendments included, in the part where they are not contrary to the legislative acts of the Republic of Kazakhstan.

11 The Parties will be released from their responsibilities for partial or complete non-execution of their liabilities under the present Contract, should this non-execution be caused by the circumstances of force majeure, namely natural disaster, military operations or other actions being the obstacles to execute the conditions of the present Contract. In this case none of the Parties has a right to recover the damages and losses.

The Party which is unable to fulfil its obligations under the present Contract due to the circumstances of force majeure is to inform the other Party within 3 days period in a written form. In this case on demand of any of the Parties an ad hoc Commission may be created and it will determine the possibility of further fulfilment of mutual obligations under the present Contract.

12 All disputes which may arise out of the present Contract are to be settled by the corresponding arbitral and judicial bodies. The differences regarding the reactive power consumption, reliability of energy supply and all the technical issues as well are to be settled by the Energy Supervision Bodies of the Republic of Kazakhstan.

13 A scheme of external power supply and tariff accounting is enclosed.

14 The present Contract comes into effect from the moment of its signing and is valid till December 31, 1996. In case none of the Parties notifies about the Contract cancellation 1 month prior to the expiration of the present Contract validity, it may be prolonged for the next year with more precise definition of electric energy delivery volume.

15 Legal addresses of the Parties and their settlement accounts.

The Parties are to inform each other in time and in a written form about all changes of the requisites, namely name of the organization, settlement account, etc.

The present Contract is drawn up in 2 copies. One copy is to be kept with the Energy Supplier, another with the Customer.

Attachments No 1, 2, 2.1, 2.2, 3, 4, 5, 6 on _____ sheets and a single-line scheme of electrical installations for the consumers are enclosed.

The Energy Supplier

The Customer

(date)

(date)

Seal

Seal