

Approved by the order  
No. \_\_\_\_\_ as of \_\_\_\_\_

**Joint Stock Company  
Kazakhstan Electricity and Power Market Operator  
(JSC KOREM)**

**METHODOLOGY GUIDELINES  
for organizing and holding auction**

**Nur-Sultan city  
2020.**

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## **Chapter 1. General provisions**

1. These Methodology guidelines for organizing and holding auction (hereinafter – the Methodology guidelines) are developed in accordance with the Rules of organizing and holding auction, including qualification requirements for auction participants, the content and procedure for submitting applications, types of financial guarantee for participation in auction and conditions of their deposit and return, the procedure for summing up the results and determining the winner (hereinafter – the Rules) approved by order of the Minister of Energy of the Republic of Kazakhstan dated December 21, 2017 No.466 (hereinafter – the Rules) and establish the procedure for holding auction.

## **Chapter 2. Basic concepts and definitions**

2. The Methodology guidelines use the following concepts and definitions:

1) auction price – price at which the Financial Settlement Center purchases electric energy produced by renewable energy sources using facilities, which is determined by auction results and does not exceed corresponding ceiling auction price;

2) auction – process, organized and held by auction organizer in electronic system on the basis of auction and aimed at selection of projects for construction of new renewable energy facilities and determining auction prices of electric energy produced by renewable energy facilities, taking into account the renewable energy facilities allocation scheme;

3) bank guarantee – written document issued in accordance with the Rules for the issue of bank guarantees and sureties by the second level banks approved by Resolution of the Board of the National Bank of the Republic of Kazakhstan approved by relevant Resolution of the Board of the National Bank of the Republic of Kazakhstan, which is issued by the bank to the client (a debtor) on the basis of his/her application in favor of the third person (creditor), under which the bank undertakes to pay a limited amount of money to the third person (creditor) under the conditions specified therein;

4) beneficiary – a person to whom payment and/or transfer is made;

5) renewable energy sources (hereinafter – the RES) – energy sources that are continually replenished due to natural processes, including the following types: solar energy, wind energy, hydrodynamic water energy; geothermal energy: heat of ground, ground water, rivers, basins, as well as anthropogenic primary energy sources: biomass, biogas and other fuel derived from organic waste used for production of electric and (or) thermal energy;

6) power purchase agreement (PPA) – agreement for power purchase from RE company at auction prices signed between the Financial Settlement Center and the RE company;

7) documentation – documents with prepared basic parameters of the project for construction of new RE facilities;

8) applicant – legal entity planning to participate in the auction;

9) briefing – training of auction participants on working with the Organizer's trading system;

10) debtor – legal entity who instructs the emitting bank to issue bank guarantee or standby letter of credit in favour of beneficiary;

11) RE facilities maximum allowed capacity – maximum allowed capacity of solar and wind power plants connected to electric grid, determined based on technical capabilities of electric power system;

12) minimum allowed volume of installed capacity – installed capacity volume below which the participant is not ready to implement the project for construction of new renewable energy facility;

13) observer – individual appointed by the authorized body to monitor the trading session in the Organizer's trading room during the auction;

14) RE facility – technical devices intended for production of electric and/or thermal power using RES and associated structures and infrastructure which are technologically necessary for operation of renewable energy facility and are on the inventory of the RE facility owner;

15) unilateral auction – form of auction organization aimed to determine winners by successive selection of applications of the auction participants from the ranked schedule of auction participants.

16) auction organizer (hereinafter – the Organizer) – legal entity appointed by the authorized body, who organizes and holds auction according to the procedure provided in the Law;

17) ceiling auction price – maximum value of the auction price for power;

18) ranked schedule – list of applications of the auction participants arranged in the ascending order of application prices;

19) financial settlement center for the support of renewable energy sources (hereinafter – the financial settlement center) – a legal entity created by the system operator and determined by the authorized body that carries out the centralized purchase and sale of electric power produced by the renewable energy facilities and delivered to the electric grids of the unified power system of the Republic of Kazakhstan according to the procedure set forth in the Law;

20) register of auction winners – a document compiled by the Organizer at the end of the auction and confirming the results the auction;

21) standby letter of credit - bank's obligation to pay the beneficiary of the letter of credit a certain amount on the occurrence of the event (failure of the debtor to fulfill his/her obligations to the beneficiary). The standby letter of credit is issued through the SWIFT system;

22) trading session – a process during which auction participants submit their applications, prices and auction volumes are determined and the register of auction winners is generated

23) trading system – a complex of organizational, technical and software components that enable auction via the Internet;

24) grid connection point – the place where the renewable energy facility of the energy producing organization physically connects with the electric grid of the energy transmission organization.

25) authorized body – central executive body that provides management and intersectoral coordination in the field of support of the use of renewable energy sources;

26) auction participant (hereinafter – the Participant) – applicant, which has been registered with the Organizer and received the status of the Participant;

27) price change step – the interval at which the price of the newly submitted participant's order to the trading system is reduced.

Other concepts used in these Methodology guidelines are applied in accordance with the legislation of the Republic of Kazakhstan in the field of support and use of renewable energy sources.

### **Chapter 3. The procedure for registration of applicants and obtaining access to participate in the auctions**

#### **§1. Online registration of applicants in the trading system database**

3. Acceptance of documents and registration of applicants to include in register of auction participants is made by the Organizer within the timeframe specified in the Schedule of auctions (hereinafter – the Schedule) approved by the authorized body.

4. To be registered in the trading system database the applicant shall apply for online registration to the official Internet resource of the Organizer.

5. The applicant registers in the trading system indicating the name of applicant, the actual and legal addresses, the applicant's executive officer full name, the applicant's e-mail address, and generates a password for logging in the applicant's private office.

6. To participate in the auction, the applicant using the e-mail address, which is also an identifier for logging in to the trading system and a password, enters the personal account and downloads the following documents:

- 1) copy of the Charter;
- 2) copy of the certificate of state registration / re-registration of a legal entity;
- 3) copy of the decision of the relevant body of the legal entity on the appointment of the CEO;
- 4) power of attorney for a representative (if the Participant is represented by someone other than the CEO);

Also indicates information about the details of the legal entity (Bank details, contact numbers, e-mail address of the legal entity) and the date of participation in the auction.

Foreign legal entities provide equivalent documents in accordance with the laws of the country where they are registered with mandatory attachment of certified translations of each document into the Kazakh and Russian languages.

7. The applicant, who plans to participate in the auction without documentation with his land plot and connection point, additionally downloads the following documents:

- 1) a copy of the technical specifications for connection to the power grid, issued and agreed in accordance with the power grid rules, approved by the Order of the

Minister of energy of the Republic of Kazakhstan dated December 18, 2014 № 210 (registered with the Ministry of justice of the Republic of Kazakhstan April 30, 2015 № 10899) (hereinafter – the power Grid rules);

2) copy of documents of title to the land plot in accordance with the Land code of the Republic of Kazakhstan;

3) a copy of the letter of approval of the System operator "Scheme of power plant output" with the declared electric capacity of 5 MW and more developed in accordance with the Grid rules.

8. The applicant, who will participate in the auction with the documentation, additionally uploads a letter of confirmation of the applicant's familiarization with the documentation, in accordance with Annex 1 of these Methodology guidelines.

9. The organizer shall check the applicant's documents submitted during registration for compliance with the requirements of paragraph 19 of the Rules and paragraphs 6, 7 and 8 of these Methodology guidelines within 2 (two) working days from the date of application to the Internet resource of the Organizer.

10. If the applicant does not provide the full package of documents specified in paragraph 19 of the Rules and paragraphs 6, 7 and 8 of these Methodology guidelines or provides unreadable documents, the Organizer refuses the registration and informs the applicant by e-mail indicating the reason for the refusal within 2 (two) working days

11. The Organizer stops receiving documents from the applicants 5 (five) working days before the date of the auction, in accordance with the Schedule approved by the authorized body.

12. In case of changes in details, the applicant must notify the Organizer about the changes in the details, the list of employees who have access to the trading system not later than 5 working days before the date of the auction, in which he plans to participate.

13. To access the trading system, the participant uses the email address and the password he has generated to enter the private office.

14. The password for accessing the trading system and logging in the private office must not be disclosed to third parties.

## **§2. Procedure for signing the agreement with the Organizer and payment for Organizer's services**

15. When the applicant to provide a full package of documents and when registering for the lack of comments by the Organizer in accordance with paragraphs 9 and 10 of these Methodology guidelines the Organizer within 2 (two) working days sends to the applicant via e-mail for signing a draft Agreement on the provision of services for organizing and conducting the auction (hereinafter – the agreement) and an invoice for payment of services on organizing and holding auctions (hereinafter – service).

16. The applicant shall consider draft Agreement received and send the signed Agreement to the Organizer by Fax or e-mail no later than 12:00 (Nur-Sultan time)

of the working day preceding the auction day selected by the applicant and the original Agreement in two copies by post.

17. The service of the Organizer is reimbursable and paid pursuant to the Agreement. The resident of the Republic of Kazakhstan pays under the Agreement in KZT and non-residents USD or EUR according to exchange rate of the National Bank of the Republic of Kazakhstan on the date of the invoice. Form of payment is cashless – by transfer to the Organizer's current account.

18. In the framework of one agreement is possible the applicant is participating in several auctions, with service on each date of the auction provided for in the schedule are payable separately.

19. The applicant pays the cost of the Organizer's service not later than 18:00 (Nur-Sultan time) of the working day preceding the day of the auctions selected by the Applicant. The payment is deemed to be made when the Applicant's money enters the current account of the Organizer.

20. The Applicant will receive status of auctions participant in the Organizer's trading system, upon submission of documents confirming qualification requirements for legal capacity in accordance with paragraph 19 of the Rules and paragraphs 6, 7 and 8 of these Methodology guidelines and signing the Agreement and payment for the Organizer's services as well.

21. The Organizer grants permission for participation in auctions to the Applicant who received the status of auctions participant, and who provided financial guarantee for participation in auction to the Financial Settlement Center.

22. Within 3 (three) working days after the actual auction, the Organizer shall send to the Applicant the invoice, the service delivery certificate and the payment reconciliation report.

23. Payment for the Service of the Organizer is not returned to the Applicant in the following cases:

1) the applicant was not admitted to the auction for the reason of not providing them with financial guarantee of the application for participation in auction and in due time didn't notify the organizer according to subparagraph 1) of paragraph 24 of these Methodology guidelines;

2) The Applicant admitted to the auctions did not application to the trading system during trading session;

3) The Applicant did not win auctions in accordance with the results of the auction;

4) the announcement of the auction is not held for reasons set out in paragraph 82 of these Methodology guidelines.

24. The Organizer returns the amount of paid Services to the Applicant if:

1) the applicant in writing notified the Organizer on impossibility of participation in the auction, selected by the applicant, according to the agreement by sending a scanned copy of the applicant's letter, stamped and signed by the official of the applicant to the organizer's e-mail [koremadm@korem.kz](mailto:koremadm@korem.kz) no later than 18 hours 00 minutes of Nur-Sultan time, preceding the day of auction;

2) The Applicant has paid for Services after 18:00 by Astana time of the working day preceding the auction day chosen by the Applicant according to Annex No.1 of the agreement.

25. The Organizer refunds the cost of the paid Service to the applicant according to procedure as follows:

1) The Organizer shall send to the Applicant a reconciliation statement of mutual settlements;

2) after signing the payment reconciliation report the Applicant sends a letter to the Organizer requesting the refund earlier made payment of the Service cost with indication of the bank details;

3) The organizer returns the amount of payment for the service within 3 (three) banking days after receiving a letter from the applicant.

### **§3. The financial guarantee for participation in the auction.**

26. The financial guarantee for participation in the auction is provided by the applicant to the financial settlement center as a guarantee that in case of winning the auction they will sign the PPA with the financial settlement center and submit the PPA performance bond.

27. Information about the financial guarantee of the application for participation in the auction is confidential and not subject to disclosure.

28. The financial guarantee for participation in auction shall be free from the claims of third parties and other obligations of the auction participant and/or winner.

29. The money received as a result of the paid requirement under the Bank guarantee or the reserve letter of credit is credited to the special account of the reserve Fund of the settlement and financial center and (or) sent by the settlement and financial center for preparation of documentation in accordance with paragraph 93 of these Methodology guidelines.

30. Financial support for the execution of the terms of the purchase agreement is provided by the winners of the auction to the settlement and financial center within 30 calendar days after the signing of the purchase agreement in accordance with the Rules of centralized purchase and sale by the settlement and financial center of electric energy produced by facilities for the use of renewable energy sources, recalculation and redistribution of the settlement and financial center of the corresponding share of electric energy to a qualified conditional consumer at the end of the calendar year, approved by the order of the Minister of energy of the Republic of Kazakhstan dated March 2, 2015 № 164.

31. The financial guarantee for participation in the auction shall be issued in favor of the financial settlement center and shall be submitted to it not later than 2 (two) working days prior to the date of the auction.

32. If the applicant wants to participate in the auctions for several projects he shall provide financial guarantees for each project separately.

33. The applicant shall choose one of the following types of financial guarantee, issued with the SWIFT system:

1) a bank guarantee;



2) a standby letter of credit.

Bank guarantee or standby letter of credit is issued in tenge.

34. The amount of financial guarantee of the application for participation is:

1) In auctions without documentation – 2,000 (two thousand) KZT per 1 (one) kW of installed capacity multiplied by the installed capacity of the renewable energy facility indicated in the application for participation in auction.

2) in the auction with documentation – 5000 (five thousand) tenge per 1 (one) kilowatt of installed capacity multiplied by the installed capacity of the object for the use of RES specified in the Schedule.

35. The financial settlement center sends to the Organizer the list of applicants that have the financial guarantees of application for participation in auction indicating the amounts thereof not later than 2 (two) hours before the beginning of the auction.

36. The Organizer enters the list of applicants that have the financial guarantees into the trading system database witnessed by observers.

37. The financial guarantee for participation in the auction deposited by the applicant in the form of a bank guarantee or a standby letter of credit is returned within 3 (three) working days from the date of submission of a written request sent by a Participant to the financial settlement center and submission to the Organizer the Service delivery certificate in one of the following cases:

1) the Participant did not win the auction in accordance with the results of the auction;

2) the auction winner signed and provided financial guarantee for fulfillment of PPA terms.

38. If the auction winner has evaded the conclusion of the purchase agreement and (or) has not provided financial guarantee for the execution of the terms of the purchase agreement in accordance with paragraphs 26 and 30 of these Methodology guidelines, the settlement and financial center shall issue a request for payment under the relevant Bank guarantee or stand-by letter of credit.

39. Financial guarantee is valid for at least 150 (one hundred and fifty) calendar days from the date of the auction and is irrevocable.

40. All bank commissions and expenses related to the financial guarantee, including those of the Beneficiary's bank, are paid by the debtor.

41. The bank guarantee or the standby letter of credit as the financial guarantee for participation in auctions is accepted from the resident banks of the Republic of Kazakhstan with the long-term credit rating in foreign currency not lower than "B" by Standard & Poor's or "B-" by Fitch or "B3" by Moody's Investors Service or with the rating of the parent organization (which owns more than 50% of the shares of the resident bank of the Republic of Kazakhstan) not lower than the "BBB" level by Standard & Poor's or "BBB" by Fitch or "Baa2" by Moody's Investors Service;

At the same time, the bank guarantee or the standby letter of credit of non-resident banks of the Republic of Kazakhstan must be confirmed by resident banks, by issuing a guarantee for counter-obligations of non-residents.

Non-resident banks of the Republic of Kazakhstan, long-term credit rating in foreign currency, which is not lower than "BBB" by Standard&poor's, "BBB" by

Fitch "Baa2" by Moody sInvestorsService can issue a Bank guarantee or a stand-by letter of credit without issuing the relevant counter-obligations.

#### **Chapter 4. Briefing on working with the trading system**

42. To get through the briefing on working with software of the trading system, the applicant can be trained:

- 1) by the auction organizer;
- 2) independently.

43. For getting trained by the Organizer, the applicant should:

- 1) sign agreement with the Organizer and pay for its service;
- 2) select the time and date of training from the training Schedule;
- 3) send to the Organizer the attendance form and the list of applicant's employees directing to briefing;
- 4) get familiarized with briefing program.

44. The organizer shall terminate the full-time training 5 working days prior to the auction.

45. The applicant can undergo independent training by studying the training material presented on the organizer's Internet resource.

46. The briefing schedule is published on the official website of the Organizer.

#### **Chapter 5. Exchange of information between the Organizer and the financial settlement center regarding the auctions**

47. In order to conduct the auction with documentation, the settlement and financial center shall send to the Organizer the documentation indicating its value not later than 3 (three) months before the planned date of the auction for placement on the official Internet resource.

After receiving the documentation, the Organizer shall announce the date of the auction within 3 (three) working days.

48. Documentation includes:

- 1) initial data, marketing research on the construction of a new facility for the use of RES, including the assessment of resource potential;
- 2) results of public hearings and preliminary environmental impact assessment;
- 3) location of the land plot taking into account technical characteristics and costs for purchase/lease of land, taxes;
- 4) power output scheme and technical conditions for connection, developed and agreed in accordance with the Grid rules.

49. The settlement and financial center sends to the Organizer the list of applicants having financial guarantee no later than 2 (two) hours prior to the auctions, with indication of the amounts according to Annex 2 of these Methodology guidelines issued on paper and electronic media and signed by the authorized person of the settlement and financial center and certified by the seal of the settlement and financial center.

50. The hard copy of the list of applicants that have the financial guarantees for participation in the auction is sent in an envelope with a storage medium inside. The

envelope must be sealed and stamped by the financial settlement center. The information provided by accounting and Finance centre shall be confidential and shall not be disclosed to third parties.

51. The date and time of receipt of the envelope with a list of applicants that have the financial guarantees shall be recorded by the Organizers executive officer in the auctions log book.

52. If the hard copy and the electronic version of the list of applicants that have the financial guarantees for participation in the auction indicate different information the information indicated in the hard copy shall be considered true.

The fact of data difference is recorded by observers, the Organizer reports this fact to the settlement and financial center and the authorized body after the end of the trading session.

53. The Organizer shall enter into the trading system the information on the amounts of the financial guarantees for participation in the auctions received from the financial settlement center not later than 30 (thirty) minutes before the opening of the trading session.

## **Chapter 6. The holding of auctions**

### **§1. Preparation for auction**

54. The selection of projects for the construction of new facilities for the use of RES and the determination of auction prices of electric energy produced by the facilities for the use of RES, is carried out by organizing and conducting auctions with documentation and/or without documentation.

55. The authorized body shall develop and publish a schedule on its Internet resource at Least 3 (three) months before the expected date of the auction. The information specified in the Schedule is not subject to adjustment.

56. Auctions shall be conducted anonymously, remotely with the use of Internet via the Internet resource of the Organizer trading system.

57. Before the opening of the trading session, the Organizer should:

1) enter the information on the installed capacity volume to be selected and the ceiling auction price into the trading system as well as any other information according to the Schedule approved by the authorized body;

2) information received from authorized body regarding the availability of reserved land plots for RE facilities planned for construction and possibility of connecting to the electric grids of energy transmission organizations, specifying the maximum permissible capacity for electric grids connection points;

3) enter into the trading system the information about the amounts of financial guarantees for participation in the auction received from the financial settlement center;

4) information on the parcels of land and points of connection to electric networks according to paragraph 7 of these Methodology guidelines.

## **§2. Submission of application for participation in auction.**

58. The trading session during the auction is held within the terms approved by the authorized body according to the Schedule and lasts 1 (one) hour.

In this case, the trading session is extended by 5 (five) minutes upon receipt of an application from the auction participants with a price lower than the available minimum offer within five minutes before the end of the trading session.

The total time of the trading session is no more than 3 (three) hours from the opening time from 14:00 to 17:00 hours according to Nur-Sultan time.

59. Applications from auctions participant are received since opening of the trading session.

60. Only to those participants have access to the trading session who participate in this trading session according to the agreement.

61. During the trading session, the following information is open to auction participants without documentation:

1) general information, describing auctions specified in the schedule approved by competent authority;

2) application for participation in auction submitted by participants with all its parameters (price, application making time);

3) the lowest price indicated in applications for participation in auction for sale (without indication of volumes).

62. During the trading session, the following information is open to auction participants with documentation:

1) general information, describing auctions specified in the schedule approved by competent authority;

2) application for participation in auction submitted by participants with all its parameters (price, application making time);

3) applications submitted by auction participants indicating the price.

63. The application for participation in the auction without the participant's documentation contains the following basic information:

1) the name of the Participant;

2) the price of electricity per one kilowatt-hour net of VAT, indicated in the national currency of the Republic of Kazakhstan with not more than two non- zero digits after the separating character;

3) installed capacity of at least 100 kilowatts and a multiple of 1 (one) kilowatt;

4) the land plot planned to be used for the construction of the renewable energy facility and the electric grid connection point

5) the minimum allowable amount of installed capacity;

6) the type and the amount of the financial guarantee.

Thus participants, specify in the application the corresponding data on the parcel of land and the paragraph of connection to the electric network, according to the issued specifications on connection to the electric network provided to the Organizer at registration according to paragraph 7 of these Methodology guidelines, or choose the corresponding data from the Schedule.

64. The application for participation in the auction with the participant's documentation contains the following basic information:

- 1) the name of the Participant;
- 2) the volume of the installed capacity auctioned;
- 3) the price of electricity per one kilowatt-hour net of VAT, indicated in the national currency of the Republic of Kazakhstan with not more than two non- zero digits after the separating character;
- 4) the type and the amount of the financial guarantee.

Subparagraphs 2) and 4) of this paragraph shall not be subject to adjustment during the trading session.

65. A participant must submit application during the course of the trading session if he has the financial guarantee.

66. The application submitted by a participant is assigned a number in ascending order without interrupting the numerical sequence.

67. Participants submit their applications for participation in auction to the trading system throughout the trading session, and the prices indicated in the applications must not exceed the value of the corresponding ceiling auction prices.

68. Applications for participation in auctions submitted by the Participants during the trading session with prices that coincide with the application prices of other Participants submitted to the trading system, are rejected.

69. Participants submit applications for participation in the auction without documentation indicating the volume not exceeding:

- 1) the volume of the installed capacity auctioned by the authorized body;
- 2) the maximum permissible capacity for electric grids connection points;
- 3) the amount of the financial guarantee.

70. During the auction with documentation from the participant, an application is submitted within the financial guarantee of the application for participation in the auction equal to the full volume of the installed capacity of the project put up for auction.

71. When submitting applications in the auction without documentation, participants submit applications for each connection point and land plot separately within the financial guarantee of the application for participation in the auction.

72. The Participants have the right to simultaneously submit applications to participate in auctions without documentation for several land plots planned to be used for the construction of RE facilities and several electric grid connection points within the limits of the financial guarantee for every single application submitted.

73. Application submitted to trading system for participation in auctions cannot be removed.

74. Until the deadline for the submission of the applications expires, the Participants can change previously submitted applications at their own discretion by submitting a new application. However, the new application may indicate a price lower than the one in the previous application and the volume indicated in the previous application shall remain the same.

75. The step of price change when re-applying is not less than 5 (five) tiyn per 1 (one) kilowatt-hour.

76. The date and time of submission of the applications for participation in auction to the trading system shall be recorded by the Organizer within the accuracy of milliseconds.

77. Submission of a application executed in accordance with these Methodology guidelines to the trading system by the participant is a necessary and a sufficient evidence that the participant agrees to conclude the PPA with the financial and settlement center at the price specified in the application.

78. The applications submitted using the Internet are formed by the participant directly on the Organizer's web server using the participant's password as the access key to the trading system.

79. Responsibility for accuracy of data in application submitted lies with the Participant.

### **§3. The procedure for calculation of prices and summing up the results of the auctions**

80. Auctions are held in the form of a unilateral auction.

81. On participation applications basis the Organizer compiles a ranked schedule in ascending order of prices indicated in them.

82. The organizer calculates the price under the following conditions:

1) total volume of installed capacity of sale applications for participation in auction – at least 130% of volume of demand of installed capacity;

2) the number of registered and eligible participants is at least two.

83. If the conditions shown in paragraph 82 of this Methodology guidelines are not met, the Organizer does not calculate the prices, closes auctions before the end of the trading session and invalidates the auction.

84. The provisions of subparagraph 1) of paragraph 82 of these Methodology guidelines do not apply to the holding of auctions for the selection of projects using hydrodynamic water energy, biomass, biogas and other fuel of organic wastes used for the production of electrical energy.

85. A preliminary list of winners in auctions without documentation is determined after the deadline for the submission of applications to the trading system expires by successive selection of winners from the ranked schedule arranged from the lowest to the highest declared price until the demand is fully covered.

86. Determination of the winner in the auction with the documentation is carried out after the time of acceptance of applications for participation in the auction in the trading session, by selecting one application with the lowest price.

87. If in preliminary list of winners in auctions without documentation, there are applications that indicate the same connection points and the total volume indicated in these applications is less than or equals the volume for the same connection points then such applications for participation in auction without documentation will remain in the list of winners.

If in the preliminary list of winners of auctions without documentation there are applications with the same connection points, the total volume of which is larger

than the volume at these connection points, then such applications are satisfied in the remain in volume of these connection points.

After that, the applications for participation in the auctions without documentation are checked until the conditions described in paragraphs 87, 88 and 89 of these Methodology guidelines are met.

If these conditions are not met, applications with the same connection points are checked for the condition of the minimum permissible volume of installed capacity described in paragraph 90 of these Methodology guidelines.

Then the applications are re-selected from the ranked schedule in the ascending order of the declared prices without the excluded applications for the same connection points, and a preliminary list of winners of auctions without documentation is determined. The process of excluding the applications shall be repeated until the permissible capacity volumes for the given connection points are satisfied.

88. If in the preliminary list of winners of auctions without documentations, the number of applications for the same connection points is less than or equals the number of possible connections to the given connection points then applications for participation in auctions without documentation will remain in the list of winners.

If the number of applications for the same connection points is bigger than the number of possible connections to the given connection points then the applications will be excluded from the list of winners starting with the application with the highest price until the condition for the number of possible connections to the given connection points is met.

Then the applications are re-selected from the ranked schedule in the ascending order of the declared prices without the excluded applications for the same connection points, and a preliminary list of winners of auctions without documentation is determined. The process of excluding the applications shall be repeated until the condition for the number of possible connections to the given connection points is met.

89. In the event that the last claimed application for participation in auctions without documentation from the preliminary list of winners cannot be fully satisfied with the existing demand, then the following conditions will apply upon calculation:

1) if the satisfied/partially satisfied volume of the last claimed application is 50% or more of its declared volume, then such application shall be fully satisfied/satisfied to the minimum permissible volume of the application at the end of the auction. At the same time, the installed capacity volume auctioned by the authorized body will be increased by the amount of the unsatisfied remaining volume/to the amount of minimum permissible volume of the last claimed application from the ranked schedule;

At the same time, the installed capacity volume auctioned by the authorized body will be increased by the amount of the unsatisfied remaining volume/to the amount of minimum permissible volume of the last claimed application from the ranked schedule;

2) if the satisfied volume/partially satisfied volume of the last claimed application is less than 50% of its declared volume, then such application shall be excluded from the ranked schedule.

After that, the last claimed application for participation in auctions from the preliminary list of winners of auctions without documentation is rechecked until the conditions described in paragraph 87, 88 and paragraph 89 of these Methodology guidelines are met. If these conditions are not met, the last claimed application for participation in auctions is excluded from the preliminary list of winners.

Further, the selected volume of the last claimed application for participation in auctions without documentation is compared with remaining demand volume, while:

a) if selected volume of the last claimed application for participation in auctions without documentation exceeds declared volume of selected capacity, the declared volume of selected capacity will be increased by the amount of the satisfied volume of the last claimed application for participation in auctions without documentation from the ranked schedule.

b) if selected volume of the last claimed application for participation in auctions without documentation for participation in auctions is less than declared volume of selected capacity, the declared volume of selected capacity will be reduced by the amount of the satisfied volume of the last claimed application for participation in auctions without documentation from the ranked schedule.

If the conditions described in paragraphs 87, 88, 89 of these Methodology guidelines are not met, applications for participation in auctions without documentation are excluded from the preliminary list of winners. Then the applications are re-selected from the ranked schedule in the ascending order of the declared prices without excluded application and a preliminary list of auction winners is determined.

If there are no applications after the excluded application from the ranked schedule, the declared capacity of selected capacity will be reduced or equaled to satisfies amount of the last claimed application without documentation for participation in the auction from the ranked schedule.

90. The participants of the auction without documentation on projects of hydrodynamic water energy, biomass, biogas and other fuel of organic wastes used for the production of electrical energy that are not included in the provisional list of winners of the auctions, the Organizer sends the offer on inclusion in the provisional list of winners at the lower price specified in the preliminary list of winners of the auctions in accordance with Annex 3 of these Methodology guidelines.

In case of obtaining consent from the participant, the volume of auctions shall be increased by the volume of application, and the auction participant shall be included in the register of auction winners.

91. For auction participants without documentation on the selection of projects that use hydrodynamic water energy, biomass, biogas and other fuels from organic waste used for the production of electricity, which are not included in the preliminary list of auction winners, the offer for inclusion in the preliminary list of winners will be active within 20 minutes. After the time provided for the response, the offer will be automatically rejected and the final results of the auction will be summed up.



92. Following the results of a unilateral auction the following parameters are determined and included in the register of auction winners:

1) the auction prices indicated in the submitted applications for participation in auction;

2) volumes of installed capacity sold at the auctions;

3) the list of winners.

93. The costs of documentation development, including related taxes, shall be reimbursed (paid) by the project auction winner to the settlement and financial center within 30 calendar days from the date of publication of the relevant register of auction winners.

94. Information on participants not included in the register of winners based on the results of auctions is confidential and is not subject for disclosure by the Organizer, the Financial Settlement Center, the Observers to the third parties.

95. Based on the results of the auction, the Organizer sends to the Participants notifications about the results of the auction in electronic form within 1 (one) hour after the closing of the trading session. Written notifications are sent to the Participants not later than 18.00 Nur-Sultan time on the next working day.

96. The register of auction winners is published on the Organizer's website within 1 (one) hour after the trading session is closed, indicating auction prices and volume of installed capacity of RES facilities, selected during the auctions.

97. The Organizer shall write and send the authorized body a summary of the auction results with an explanation of the auction procedure and full information about all of the applications submitted to the trading system as well as the register of auction winners not later than 1 (one) working day after the closing of the trading session.

## **Chapter 7. Suspension, postponement or cancellation of the auction**

98. The auctions may be suspended for a period of up to 30 minutes in the event of the following circumstances:

1) technical problems on server hardware or failures in electronic system led to malfunction of the trading system;

2) technical malfunctions of the equipment or Internet communication channels preventing access to the trading system.

99. In case of suspension of the auction, the Organizer promptly informs the Participants through available technical means of communication about the reason for the suspension of the auction, specifying the time during which the auction process will be renewed.

100. Auctions may be canceled in the event of the following circumstances:

1) to eliminate the technical issues referred to in paragraph 98 of these Methodology guidelines requires more than 30 minutes;

2) sustained (over two hours) interruption in electricity supply of trading room and (or) server hardware of the trading system;

3) the ban on holding of auctions by the public bodies;

4) other non-standard situations that lead to failure of the trading system or failure of auction holding.

101. In case of cancellation of auction under reasons stated in paragraph 100 of this Methodology guidelines, the second auction is transferred on the next working day and held from 9.00 to 12.00 by Nur-Sultan time after auction cancellation date. In this case, applications submitted by the participants will be void and resubmitted on the next day of the auction.

102. In case the auction with documentation is declared not taken place for the reasons specified in paragraph 82 of these Methodology guidelines, the Organizer carries out them again in a month.

At the same time, if the repeated auction with the documentation is declared invalid, the authorized body shall determine the date of the next auction.

## **Chapter 8. Restriction of access for participation in the auction**

103. Applicant's admission to participation in the auctions may be restricted in the following cases:

- 1) untimely payment of the Organizer's Service;
- 2) untimely provision of financial guarantee to the financial settlement center;
- 3) untimely submission to the Organizer the information on changes in the participant's details;
- 4) non-fulfillment of other obligations stipulated by the agreement .

104. If the Applicant is restricted to participate in the auction, the applicant shall be notified in written form via e-mail by the Organizer.

105. The Parties are relieved from responsibility for failure to perform their obligations under these Methodology guidelines, if the failure is the result of force majeure provided for in the Agreement.

## **Chapter 9. Procedure of presence of observers in the trading room during the auction**

106. Observers in the trading room at carrying out of auctions provide transparency to the auction.

107. Observers may:

- 1) be in the trading room of the Organizer during: the auction; preparation for trading session; trading session; and summarizing auction results;
- 2) get acquainted with the list of participants admitted to the auction;
- 3) be present at the opening of the envelope transferred by the settlement and financial center to the Organizer before the opening of the trading session;
- 4) to verify the integrity of the opening of the envelope with the list of applicants with the financial support of the applications for participation in the auction, the correct execution and provision of information on financial support applications for participation in the auction;
- 5) be present when entering data on financial guarantee of applications and make sure that they are filled in correctly in the trading system by the organizer's employee;

6) monitor the progress and rules of the trading session in accordance with the Rules;

7) monitor the submission of applications of participants;

8) observe the actions of the organizer's employee;

9) listen to telephone conversations of the Organizer's employee with the Participants;

10) be present when determining the winners of the auction and the formation of the register of auction winners;

11) be present at the repeated auction in the cases provided for by these Rules.

108. The composition of observers shall be formed by the authorized body and shall send to the Organizer a list of observers 1 (one) day prior to the auction. The list of observers shall contain the name, surname, patronymic, place of work and position of the observer.

109. During auction the presence of up to 8 (eight) observers in the Organizer's trading room is required.

## **Chapter 10. Final provisions**

110. Disputes arising during organizing and holding auctions shall be settled according to the procedures set forth in the civil legislation of the Republic of Kazakhstan.

*To be on official letterhead of organization*

**To the Chairman of the  
Board of JSC KOREM  
Mr. \_\_\_\_\_**

It is hereby \_\_\_\_\_  
(name of organization, BIN)

(hereinafter – the Company) confirmed that the Company plans to participate in auction without documentation for selection of construction projects of renewable energy sources using facilities, held on November 27, 2019.

In order to prepare for participation in these auction, the Company is familiar and agrees with the quality and completeness of the documentation prepared in accordance with the rules of organization and conduct of auction, including the qualification requirements for auction participants, the content and procedure for submitting an application, the types of financial support for participation in the auction and the conditions for their submission and return, the procedure for summing up and determining the winners, approved by order Of the Minister of energy of the Republic of Kazakhstan dated December 21, 2017 No. 466 (hereinafter – the Rules).

The Company hereby confirms its readiness in case of recognition of the Company as the auction winner in accordance with paragraph 58-1 of the Rules to reimburse in full the cost of documentation development, in the amount of \_\_\_\_\_ KZT within 30 calendar days from the date of publication by the auction organizer of the relevant register of auction winners.

**Head**

\_\_\_\_\_  
(signature)

\_\_\_\_\_  
(full name)

Annex 2 to the Methodology guidelines for organizing and holding auction

*On the official letterhead of the FSC of RE LLP*

**The list of applicants with financial guarantee of the application for participation in auction as of \_\_\_\_\_ "\_\_\_", 20\_\_**

Ser.No	Auction date	Full name of the Company	type of RES;	Size of projects (small/large)	Type of financial guarantees (bank guarantee/standby letter of credit)	Number of financial guarantee	The amount of financial guarantee, thousand KZT
1							
2							
3							
4							
5							

**general Director**

\_\_\_\_\_  
(signature)

\_\_\_\_\_  
(full name)



## Annex 3 to the Methodology guidelines for organizing and holding auction

### The examples of determining the volume of transactions for different demand and supply scenarios

**Example 1.** The demand and supply graphs do not overlap. The number of participants who submitted applications for sale is less than two (Figure 1, 2). In this case, the transactions are impossible and the auction is declared invalid

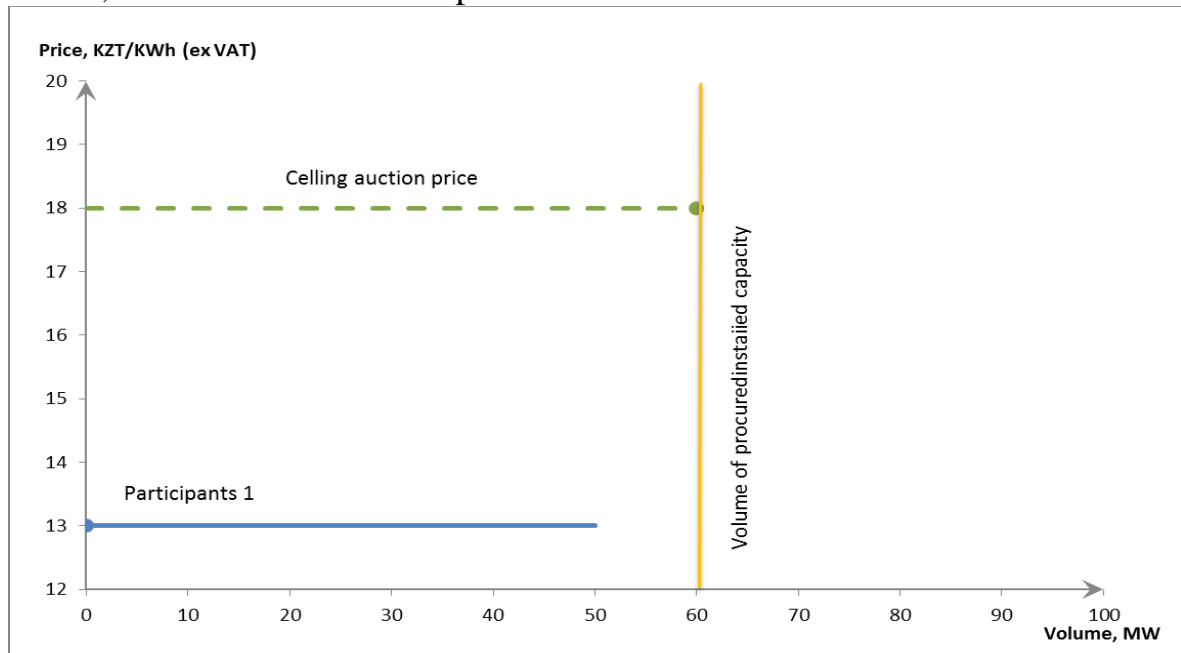


Figure 1

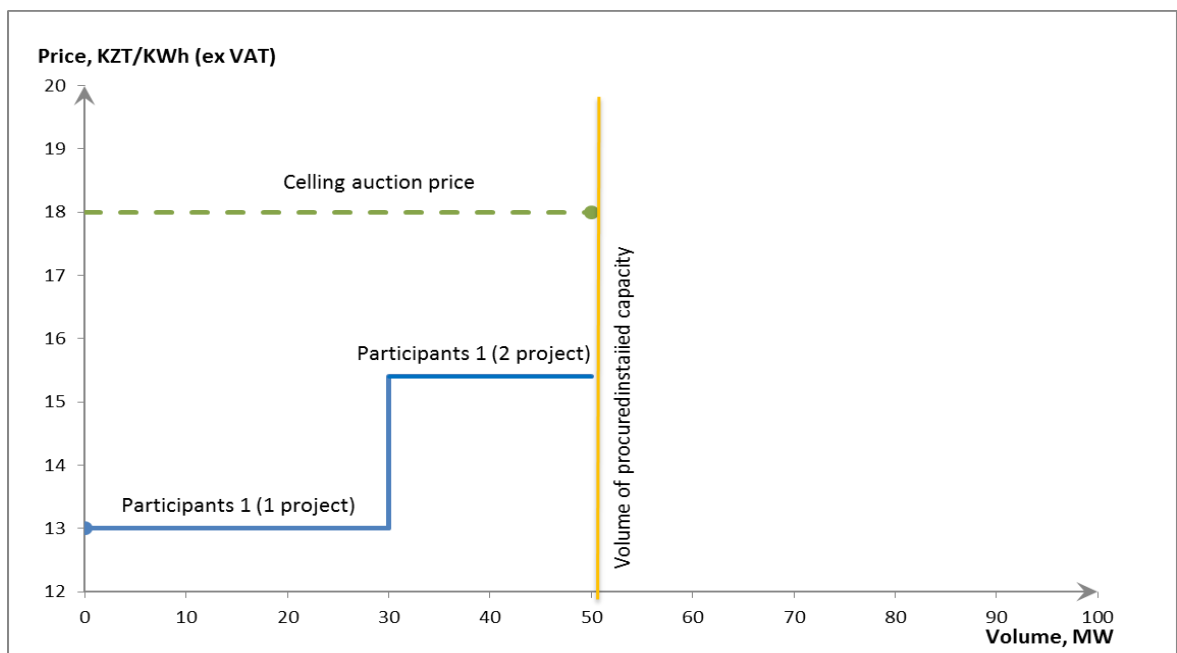


Figure 2

**Example 2.** The demand and supply graphs do not overlap. total volume of installed capacity of sale applications for participation in auction – at least 130% of volume of demand of installed capacity (Figure 3) In this case, the transactions are impossible and the auction is declared invalid Example 2 does not apply to the auction for the selection of projects using biomass, biogas and other fuels from organic waste used for the production of electricity.

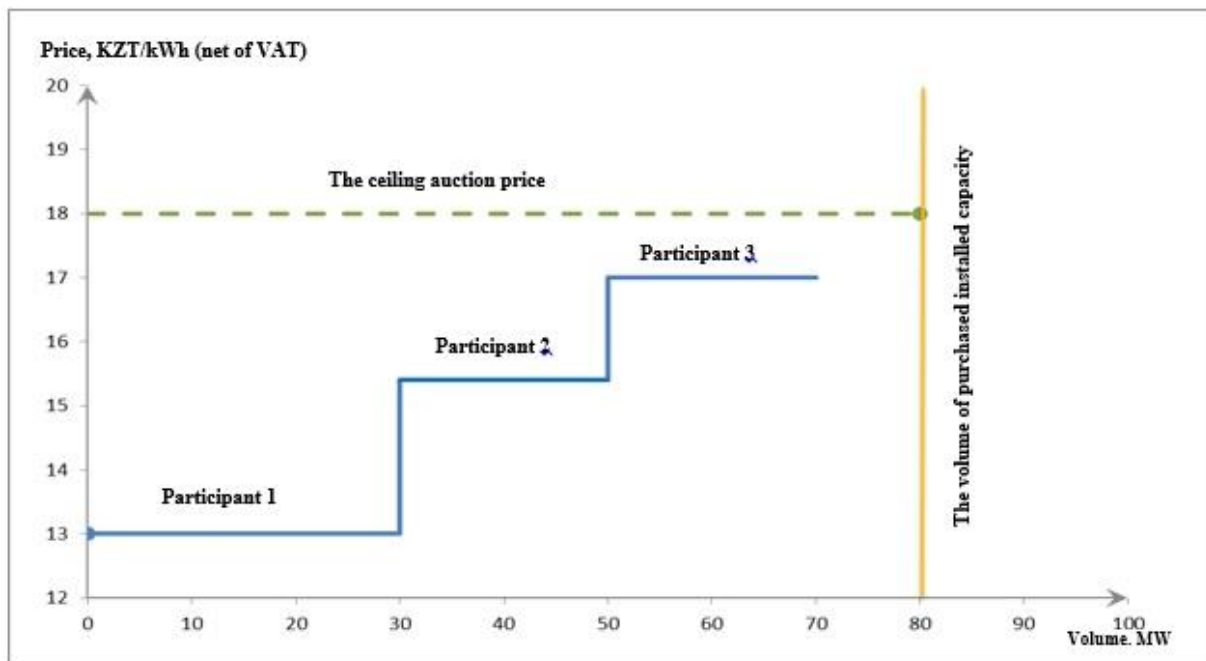


Figure 3

**Example 3.** The demand and supply graphs overlap. The total installed capacity volume of the applications for sale is less than 130% of the installed capacity demand volume (Figure 4). In this case, the transactions are impossible and the auction is declared invalid Example 3 does not apply to the holding of auction tenders for the selection of projects using biomass, biogas and other fuels from organic waste used for the production of electric energy



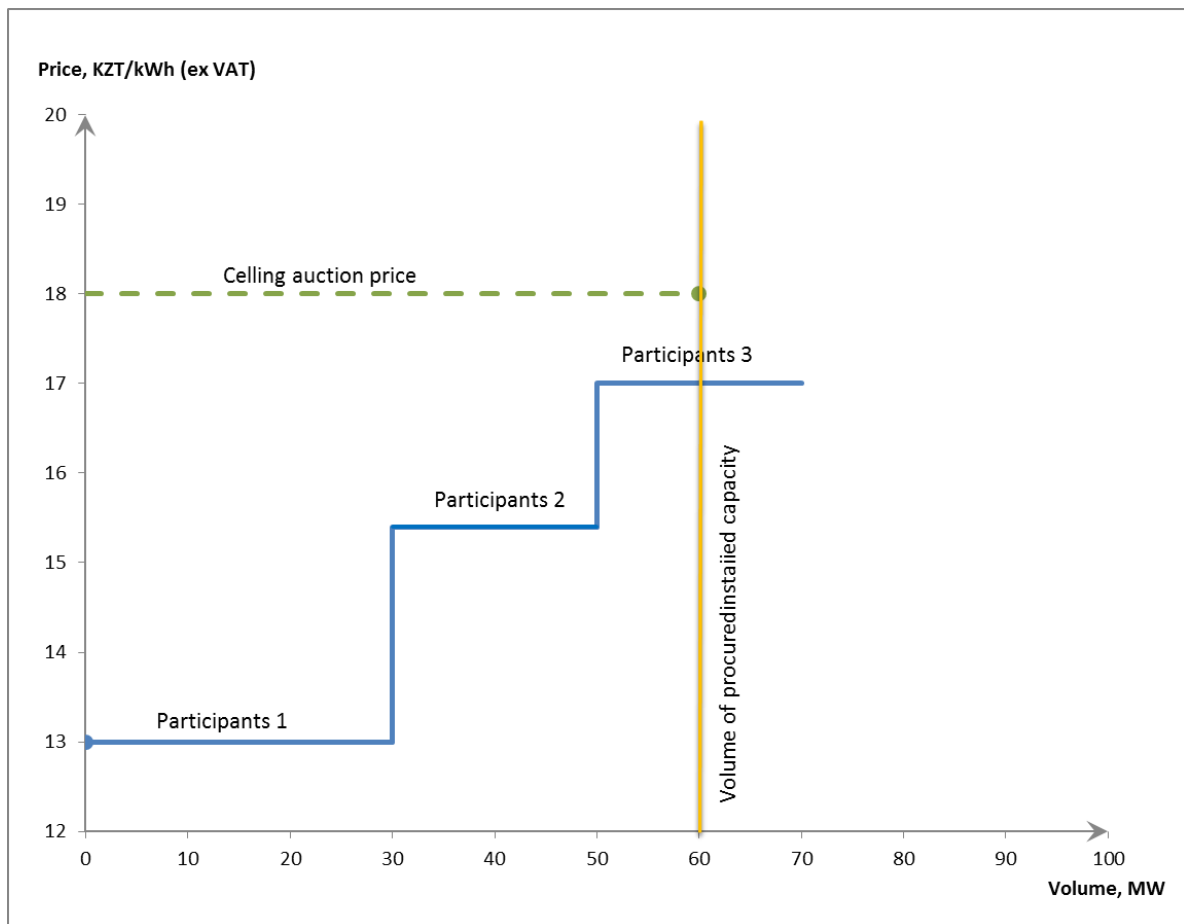


Figure 4

**Example 4.** The demand and supply graphs overlap. Number of participants who submitted sale applications for participation in auction without documentation – at least two. total volume of installed capacity of sale applications for participation in auction – at least 130% of volume of demand of installed capacity; The satisfied volume of the last claimed applications for participation in auction without documentation is less than 50% of its declared volume (Figure 5).

In this case, the installed capacity volume to be selected will be reduced by the amount of the satisfied volume of the last claimed applications for participation in auction without documentation from the ranked schedule. The auction prices are determined based on the prices indicated in the applications for participation in auction without documentation submitted for sale.

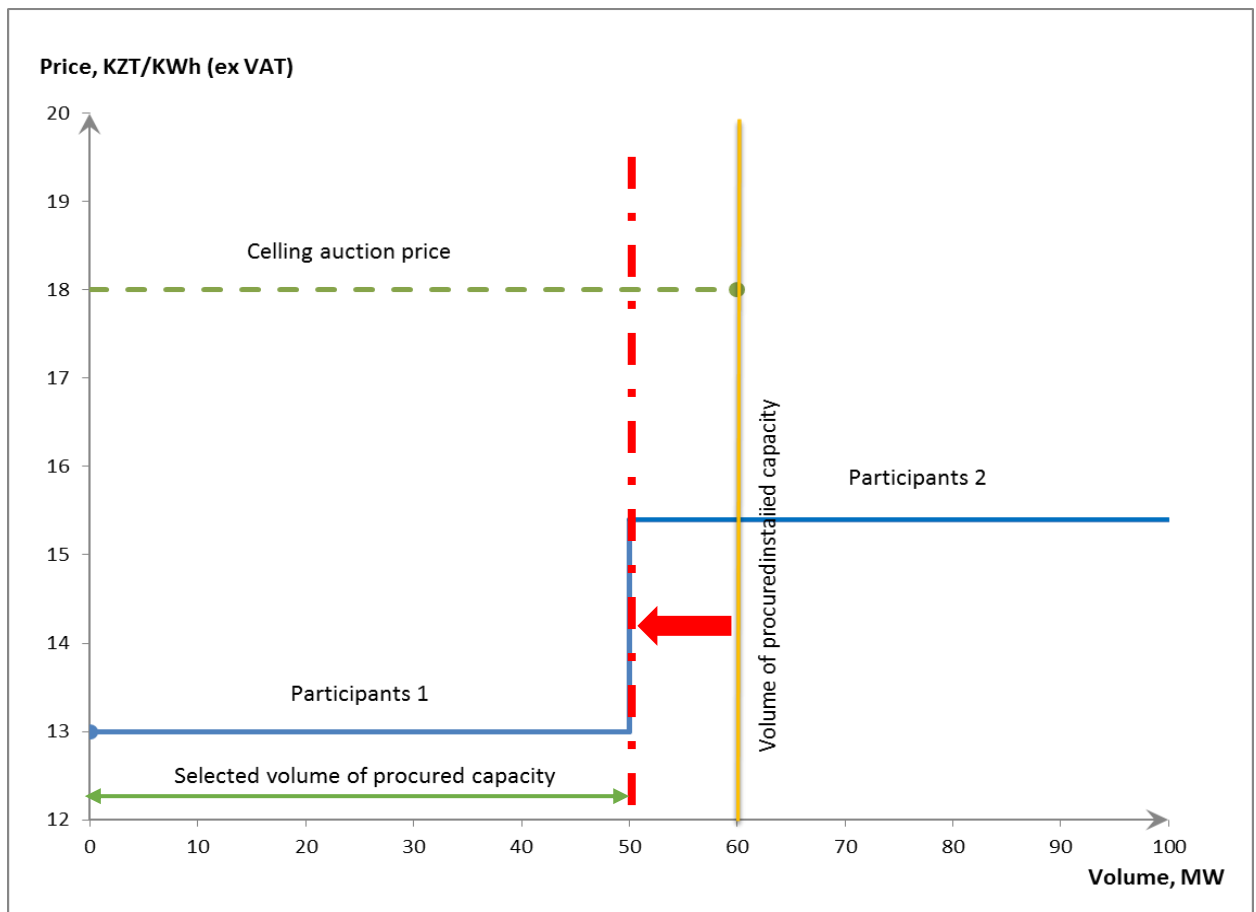


Figure 5

**Example 5.** The demand and supply graphs overlap. Number of participants who submitted sale applications for participation in auction without documentation – at least two. Total volume of installed capacity of sale applications for participation in auction without documentation – at least 130% of volume of demand of installed capacity; The satisfied volume of the last claimed applications for participation in auction without documentation is 50% or more of its declared volume (Figure 6).

In this case, the installed capacity volume to be selected will be increased by the amount of the unsatisfied volume of the last claimed applications for participation in auction without documentation from the ranked schedule. The auction prices are determined based on the prices indicated in the applications for participation in auction without documentation submitted for sale.

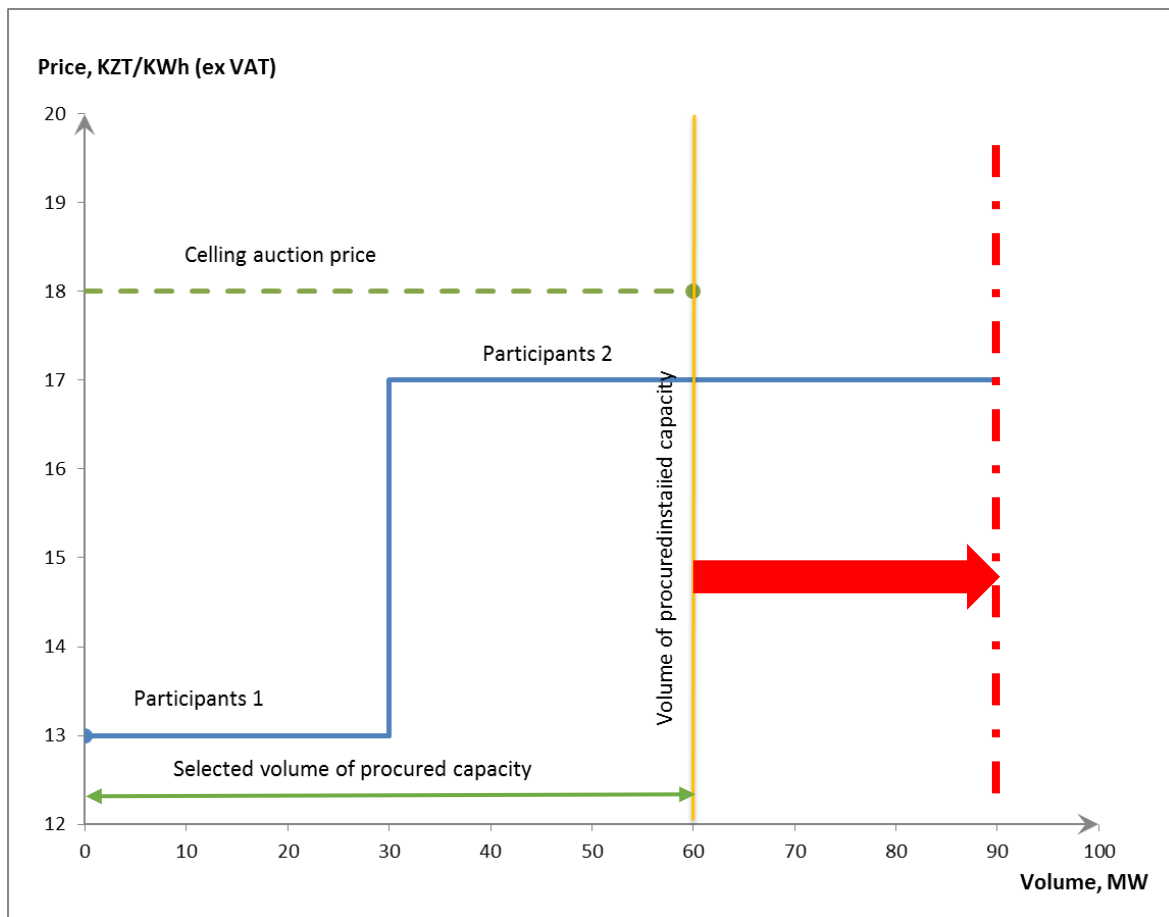


Figure 6

**Example 6.** The demand and supply graphs overlap. Number of participants who submitted sale applications for participation in auction without documentation – at least two. Total volume of installed capacity of sale applications for participation in auction without documentation – at least 130% of volume of demand of installed capacity;

In the preliminary list of winners there are several preliminary satisfied application for participation in auction without documentation which indicate the same point of connection, the technical specifications of which can not be met because the total volume of these applications for participation in auction without documentation exceeds the maximum permissible capacity at this connection point. In this case, the applications for participation in auction without documentation are excluded from the preliminary list of winners in the descending order of prices, until the condition for the maximum permissible installed capacity for this connection point is met (Figure 7).

The satisfied volume of the last claimed application for participation in auction without documentation is 50% or more of its declared volume. At the same time, the installed capacity volume auctioned by the authorized body will be increased by the amount of the unsatisfied remaining volume/to the amount of minimum permissible volume of the last claimed application for participation in auction without documentation from the ranked schedule; Auction prices are determined

based on the prices indicated in the submitted application for participation in auction without documentation for sale (Figure 8).

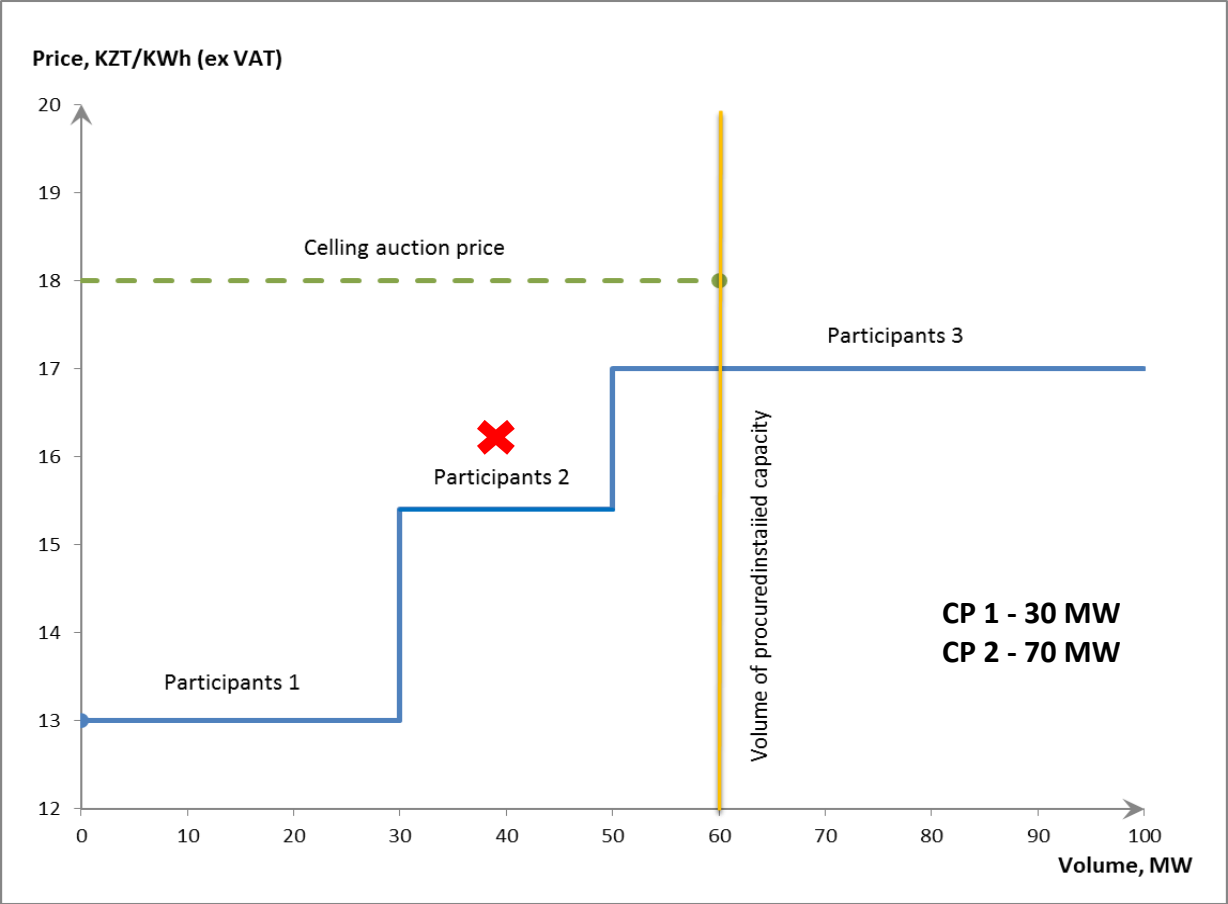


Figure 7

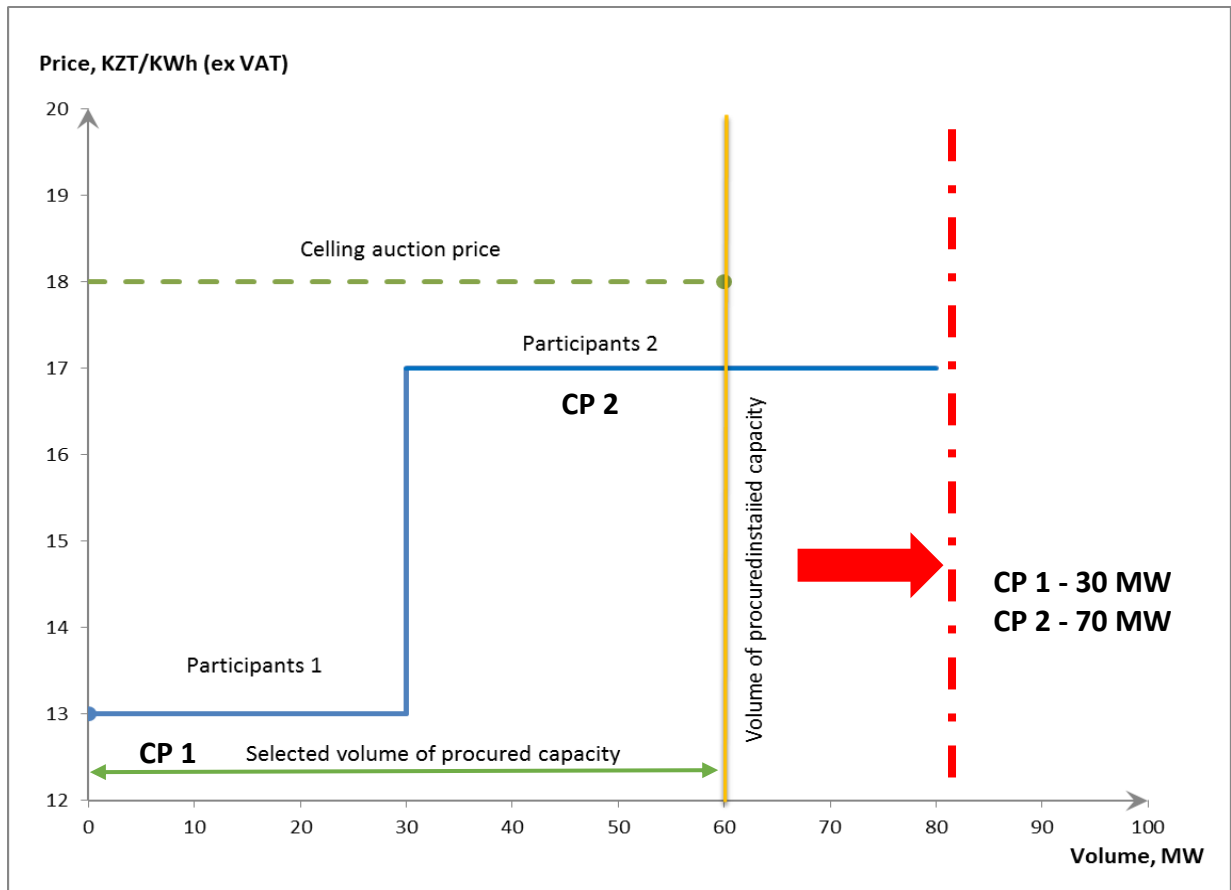


Figure 8

**Example 7.** The demand and supply graphs overlap. Number of participants who submitted sale applications for participation in auction without documentation – at least two. Total volume of installed capacity of sale applications for participation in auction without documentation – at least 130% of volume of demand of installed capacity;

In the preliminary list of winners there are several preliminary satisfied application for participation in auction without documentation which indicate the same point of connection, the technical specifications of which can not be met because the total volume of these applications for participation in auction without documentation exceeds the maximum permissible capacity at this connection point. In this case, the applications for participation in auction without documentation are excluded from the preliminary list of winners in the descending order of prices, until the condition for the maximum permissible installed capacity for this connection point is met (Figure 9).

The satisfied volume of the last claimed applications for participation in auction without documentation is less than 50% of its declared volume. The installed capacity volume to be selected will be decreased by the amount of the satisfied volume of the last selected application from the ranked schedule. Auction prices are determined based on the prices indicated in the submitted application for participation in auction without documentation for sale (Figure 10).

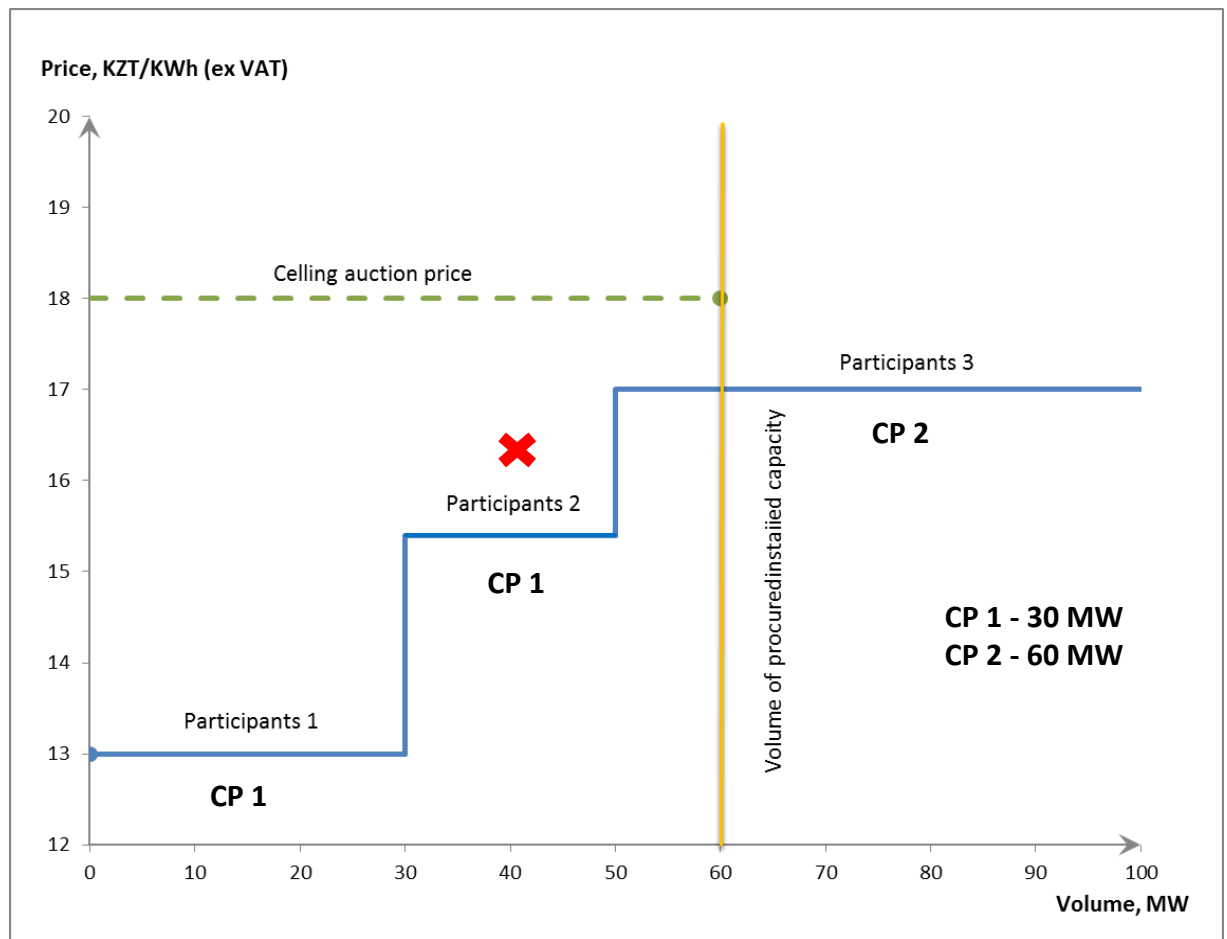


Figure 9

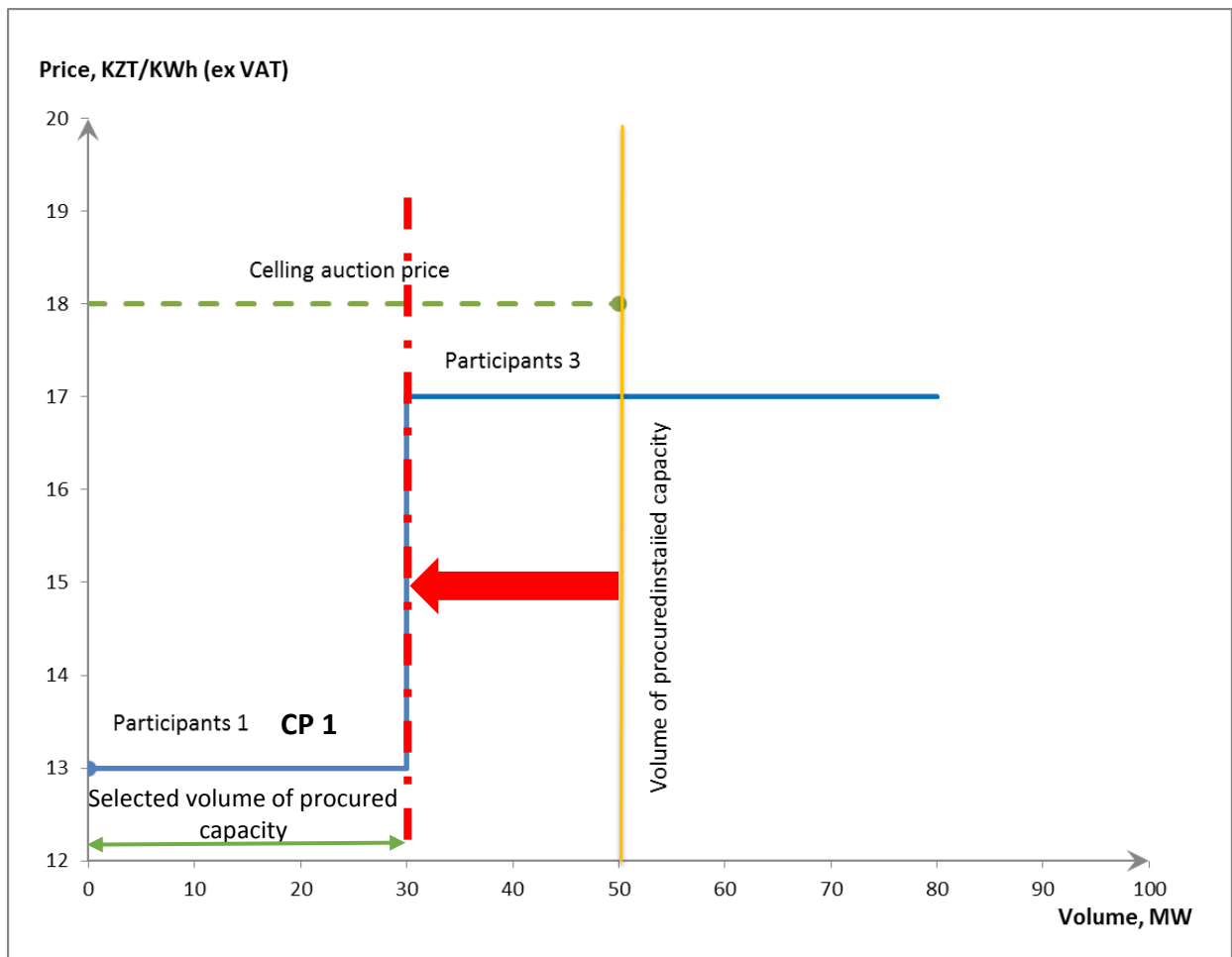


Figure 10

**Example 8.** The demand and supply graphs overlap. Number of participants who submitted sale applications for participation in auction without documentation – at least two. Total volume of installed capacity of sale applications for participation in auction without documentation – at least 130% of volume of demand of installed capacity;

In the preliminary list of winners there are several preliminary satisfied applications for participation in auction without documentation which indicate the same point of connection, the technical specifications of which can not be met because the total volume of these applications exceeds the maximum permissible capacity at this connection point. In this case, the applications for participation in auction without documentation are excluded from the preliminary list of winners in the descending order of prices, until the condition for the maximum permissible installed capacity for this connection point is met (Figure 11).

The satisfied volume of the last claimed application for participation in auction without documentation is 50% or more of its declared volume. At the same time, the installed capacity volume auctioned by the authorized body will be increased by the amount of the unsatisfied remaining volume/to the amount of minimum permissible volume of the last claimed application for participation in auction without documentation from the ranked schedule; Auction prices are determined

based on the prices indicated in the submitted application for participation in auction without documentation for sale (Figure 12).

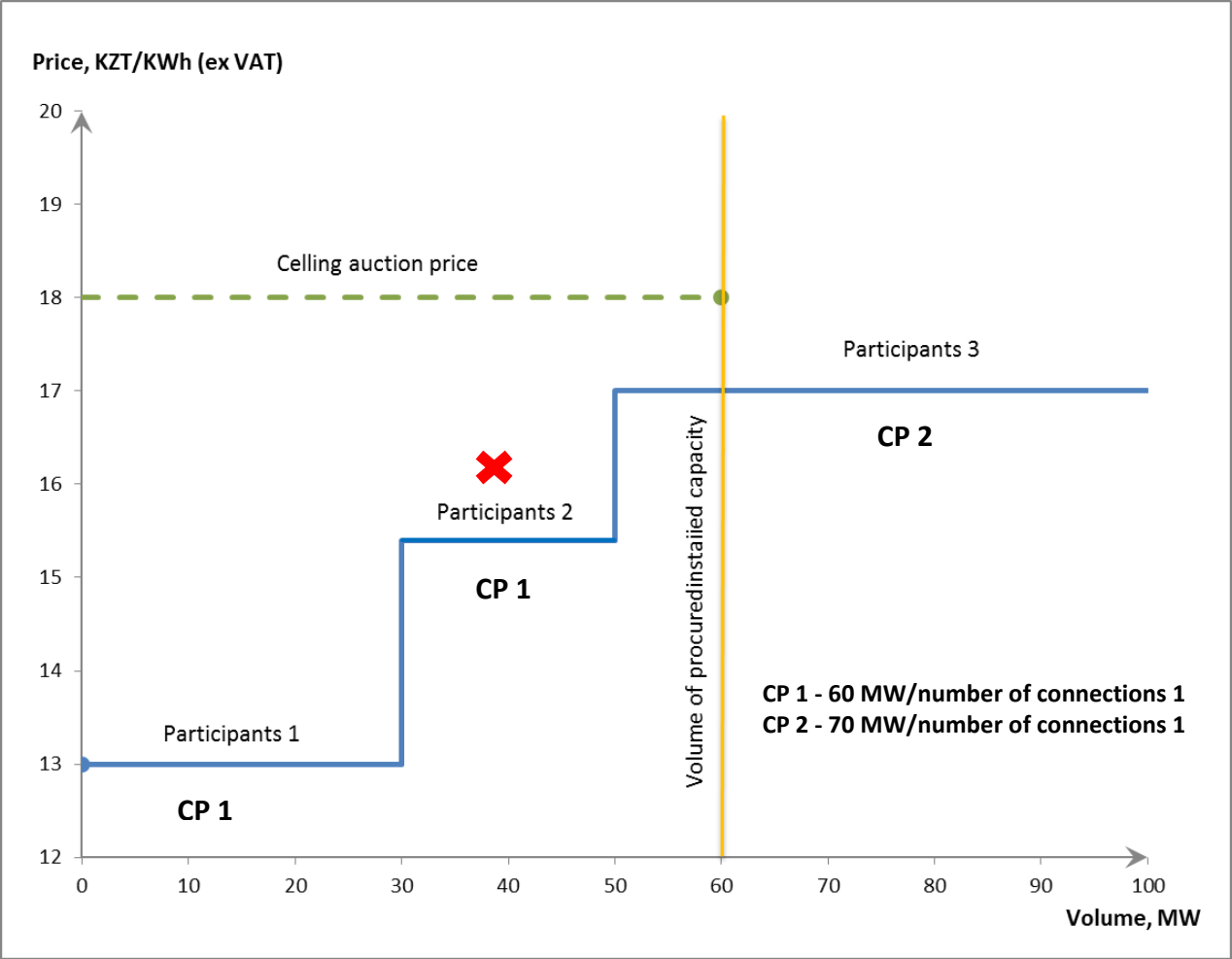


Figure 11



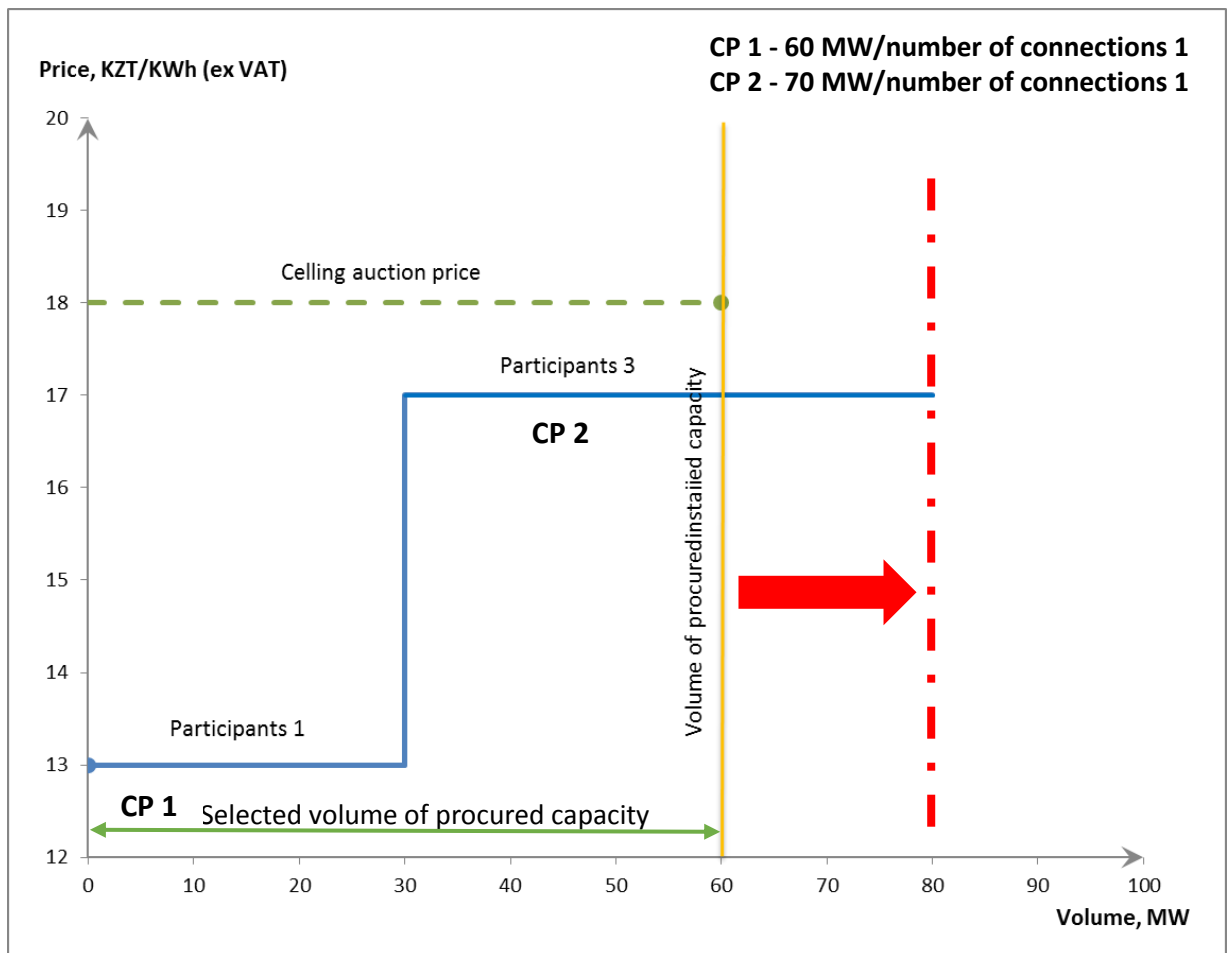


Figure 12

**Example 9.** The demand and supply graphs overlap. Number of participants who submitted sale applications for participation in auction without documentation – at least two. Total volume of installed capacity of sale applications for participation in auction without documentation – at least 130% of volume of demand of installed capacity;

In the preliminary list of winners there are several preliminary satisfied applications which indicate the same point of connection, the technical specifications of which can not be met because the total volume of these applications exceeds the maximum permissible capacity at this connection point. In this case, the applications for participation in auction without documentation are excluded from the preliminary list of winners in the descending order of prices, until the condition for the maximum permissible installed capacity for this connection point is met (Figure 13).

The installed capacity volume to be selected will be decreased by the amount of the satisfied volume of the last claimed application for participation in auction without documentation from the ranked schedule. Auction prices are determined based on the prices indicated in the submitted application for participation in auction without documentation for sale (Figure 14).

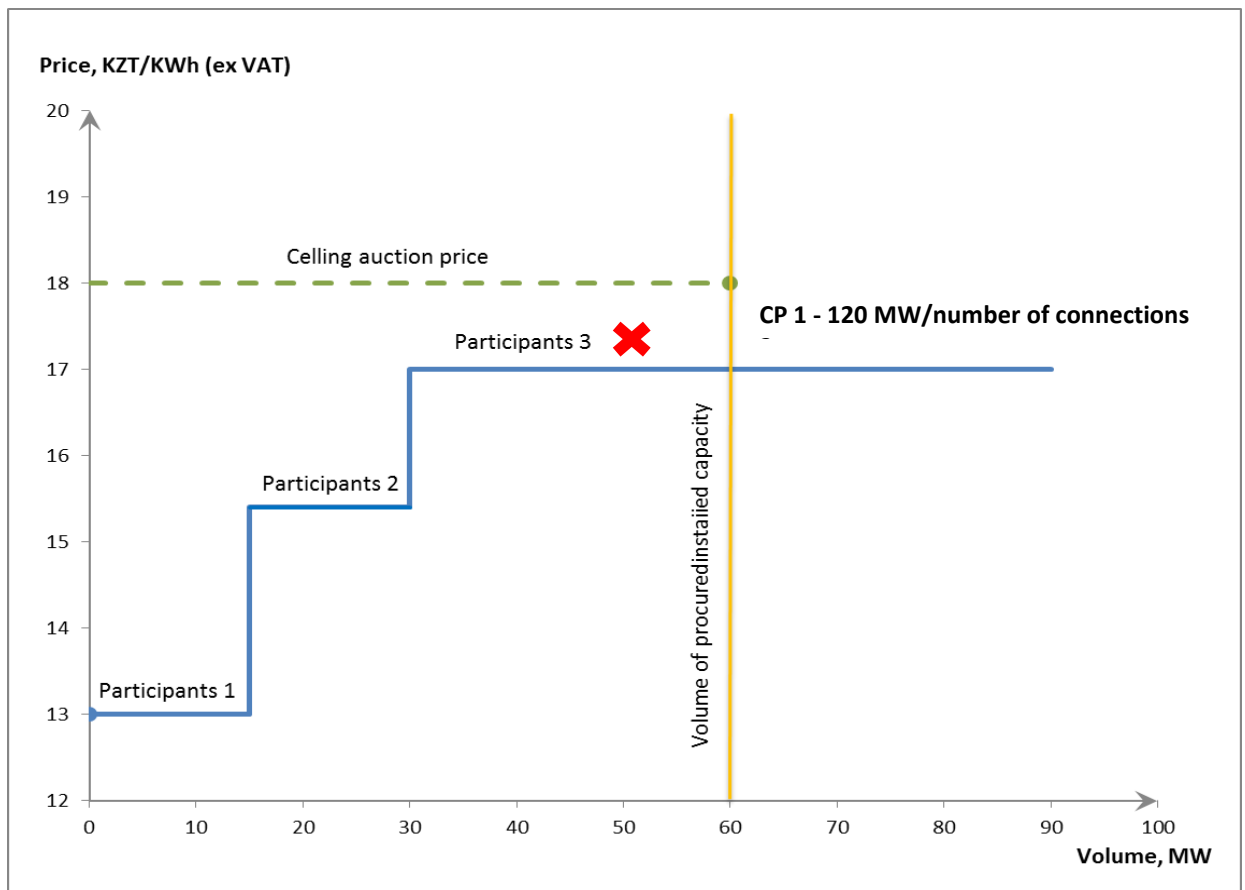


Figure 13

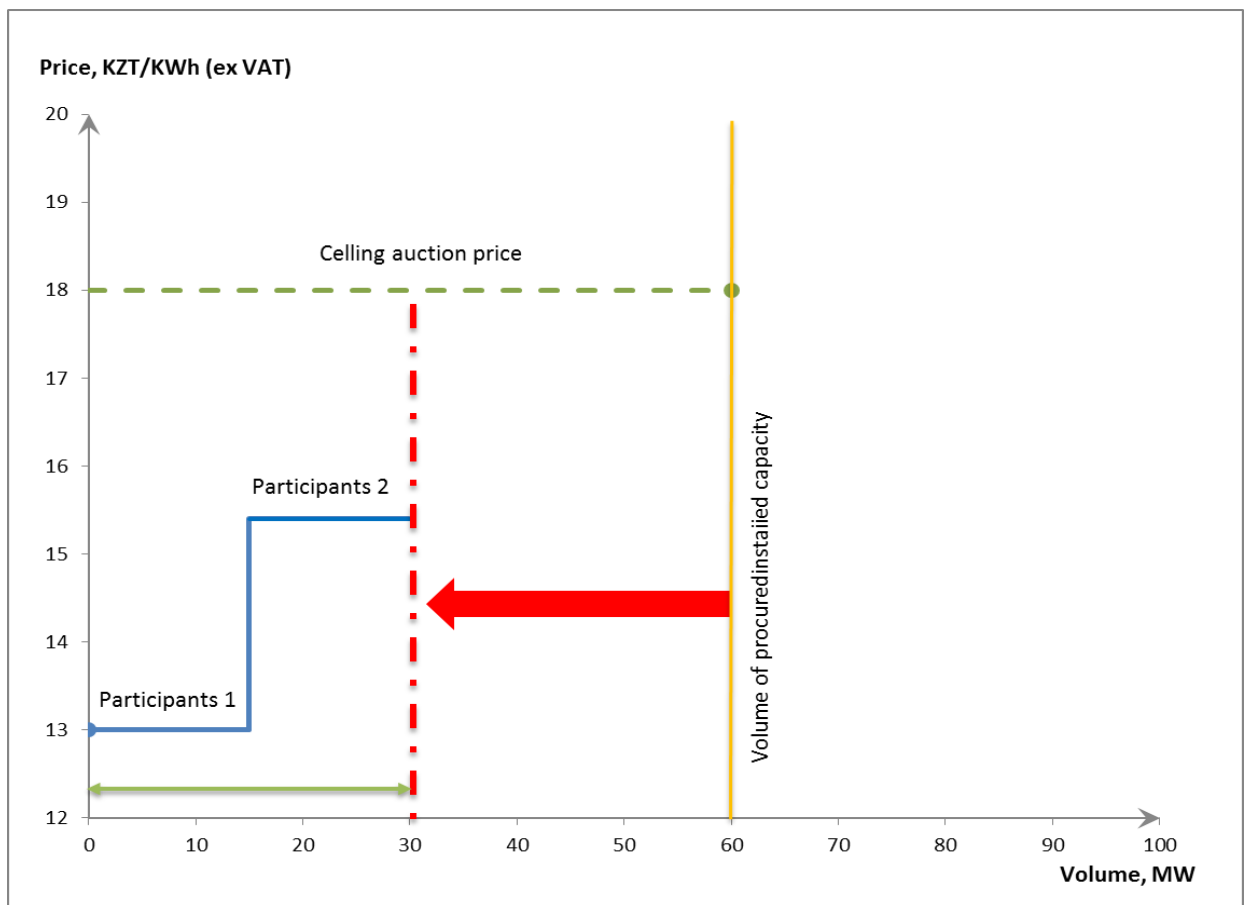


Figure 14

**Example 10.** The demand and supply graphs overlap. The number of participants who have applied for sale to participate in the auction for the selection of projects using biomass, biogas and other fuels from organic waste used for the production of electric energy of at least two.

In the preliminary list of winners there are two preliminary winners of the auction. In this case, Participants 3, 4 and 5 from the preliminary list of winners be sent an offer for inclusion in the preliminary list of winners with the following conditions at the auction price:

- 1) 1% lower than the lowest price indicated in the preliminary list of auction winners, if the maximum auction price is reduced over 50% or more;
- 2) 5% lower than the lowest price indicated in the preliminary list of auction winners, if the maximum auction price is reduced in the range of more than 30% and up to 50% (inclusive);
- 3) 7% lower than the lowest price indicated in the preliminary list of auction winners, if the maximum auction price is reduced in the range of more than 10% and up to 30% (inclusive);
- 4) 10% lower than the lowest price indicated in the preliminary list of auction winners, if the maximum auction price is reduced to 10% (inclusive). (Fig. 15).

If such a participant consent, the auction volume increases by the amount of the bid submitted, and the bidder is included in the register of auction winners.

In the case of obtaining the consent of such participant the amount of the auction increases by the amount of its submitted application, and the auction participant is included in the roster of winners of the auctions.

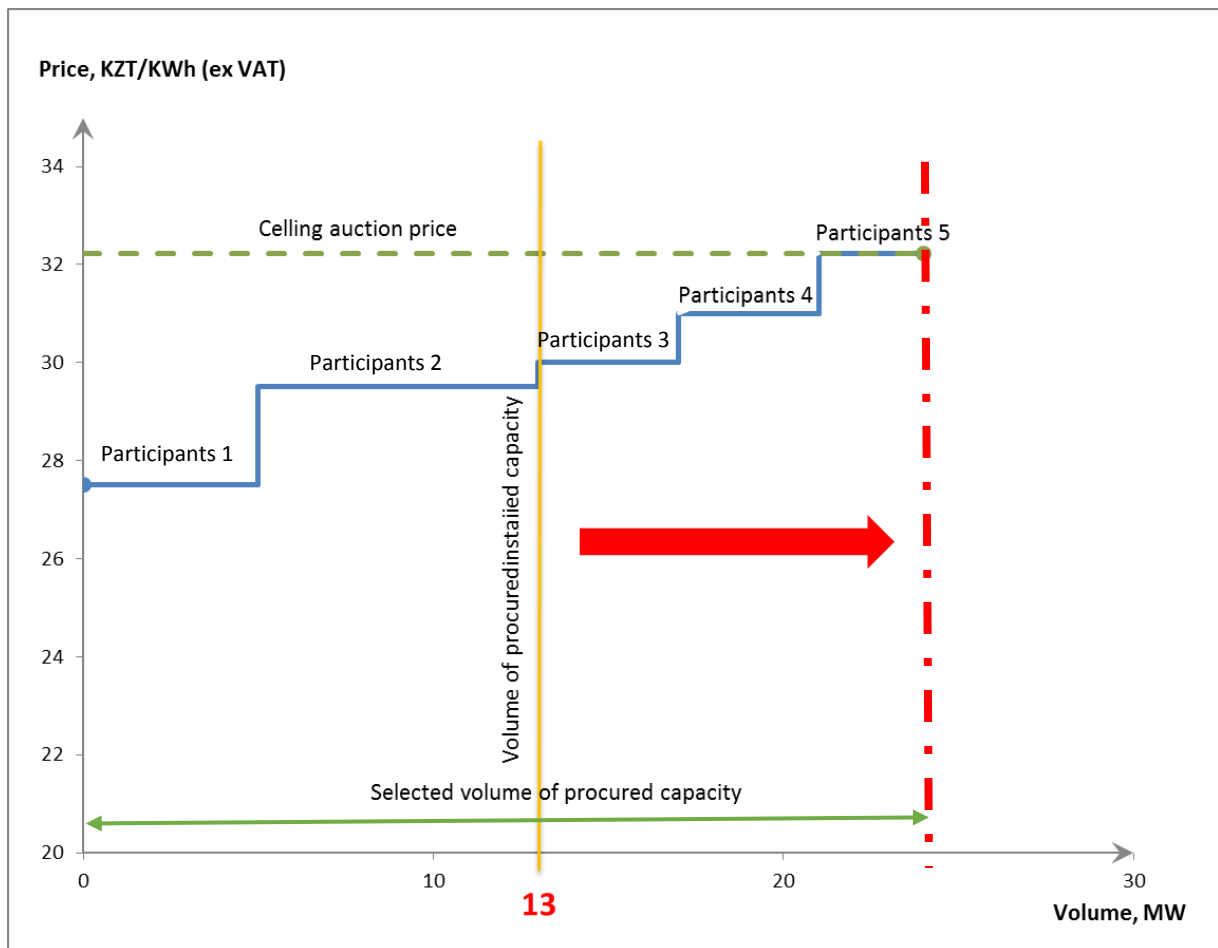


Figure 15

**Example 11.** The demand and supply graphs overlap. Number of participants who submitted sale applications for participation in auction with documentation – at least two. Total volume of installed capacity of sale applications for participation in auction with documentation – less than 130% of volume of demand of installed capacity;

The winner is determined after the deadline for accepting applications for participation in the auction in the trading session by selecting one application with the lowest price.

In this case, the winner is Participant 1 with a price of 19.5 Tg/kWh (Fig. 16).

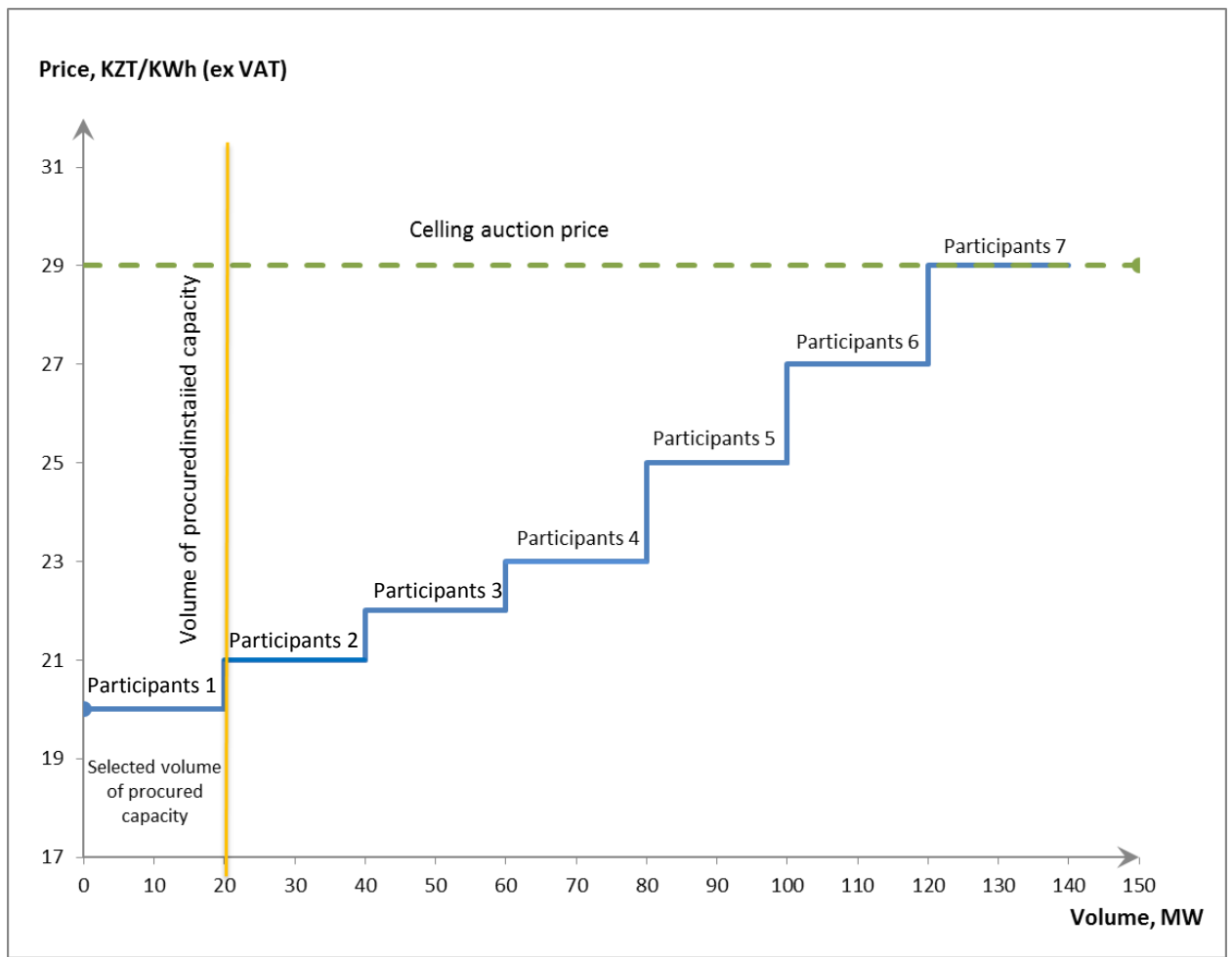


Figure 16