



On approval of the Rules for organization and conduct of auction bidding, including qualification requirements for auction participants, the content and procedure for submitting an application, types of financial security of an application for participation in the auction and conditions for their submission and return, the procedure for summarizing and determining winners

Unofficial translation

Order of the Minister of Energy of the Republic of Kazakhstan of December 21, 2017 No. 466. Registered with the Ministry of Justice of the Republic of Kazakhstan on January 17, 2018 No. 16240.

Unofficial translation

In accordance with subparagraph 5-5) of Article 6 of the Law of the Republic of Kazakhstan dated July 4, 2009 "On support for the use of renewable energy sources" I **ORDER:**

1. To approve the attached Rules for organization and conduct of auction bidding, including qualification requirements for auction participants, the content and procedure for submitting an application, types of financial security for an application for participation in the auction and conditions for their submission and return, the procedure for summarizing and determining winners.

2. The department for renewable energy sources of the Ministry of Energy of the Republic of Kazakhstan, in accordance with the procedure established by the legislation of the Republic of Kazakhstan, shall ensure:

- 1) state registration of this order at the Ministry of Justice of the Republic of Kazakhstan;
- 2) within ten calendar days from the date of state registration of this order sending its copy on paper and electronic form in the Kazakh and Russian languages to the Republican state enterprise on the right of economic management "Republican Center for Legal Information" of the Ministry of Justice of the Republic of Kazakhstan for official publication and inclusion in Standard control bank of regulatory legal acts of the Republic of Kazakhstan;
- 3) within ten calendar days from the date of state registration of this order, sending its copy for official publication in periodicals;
- 4) placement of this order on the official Internet resource of the Ministry of Energy of the Republic of Kazakhstan;
- 5) within ten working days after the state registration of this order in the Ministry of Justice of the Republic of Kazakhstan, submission of information on implementation of measures provided for in subparagraphs 2), 3) and 4) of this paragraph to the legal Department of the Ministry of Energy of the Republic of Kazakhstan.

3. Control over implementation of this order shall be entrusted to the supervising Vice-Minister of Energy of the Republic of Kazakhstan.

4. This order shall be enforced upon expiry of twenty-one calendar days after its first official publication.

*Minister of Energy of the
Republic of Kazakhstan*

K. Bozumbayev

"AGREED"

Minister of National Economy
of the Republic of Kazakhstan

_____ T. Suleimenov

December 27, 2017

Approved
by the order of the Minister of
Energy of the Republic
of Kazakhstan
dated December 21, 2017,
№ 466

Rules for organization and conduct of auction bidding, including qualification requirements for auction participants, the content and procedure for submitting an application, types of financial security of an application for participation in the auction and conditions for their submission and return, the procedure for summarizing and determining winners

Chapter 1. General Provisions

1. These Rules of organization and conduct of auction bidding, including qualification requirements for auction participants, the content and procedure for submitting an application, types of financial security of an application for participation in the auction and conditions for their submission and return, the procedure for summarizing and determining winners (hereinafter – the Rules) are developed in accordance with subparagraph 5-5) of Article 6 of the Law of the Republic of Kazakhstan dated July 4, 2009 "On support for the use of renewable energy sources" (hereinafter-the Law) and shall determine the procedure for organization and conduct of auction bidding, including qualification requirements for auction participants, the content and procedure for submitting an application, types of financial security of the application for participation in the auction and conditions for their submission and return, the procedure for summarizing and determining winners.

2. The following basic concepts and definitions shall apply herein:

1) auction price - the price for buying by the Settlement and Financial Center for Support of Renewable Energy Sources of electric energy produced by the facility for the use of renewable energy sources, energy waste disposal facility, determined by the results of the auction and not exceeding the level of the corresponding limit auction price;

2) auction bidding - the process organized and performed by the auction organiser in the electronic system through an auction and aimed at selecting projects for the construction of new renewable energy facilities, considering the plan for the location of these facilities, waste energy recovery facilities and determination of auction prices for electricity produced by renewable energy facilities, waste energy recovery facilities;

3) auction winners register - a document formed by the organiser of the auction following the outcomes of the auction and confirming the auction outcomes;

4) auction bidder (hereinafter - bidder) - an applicant that has registered with the organiser of the auction and received the status of a bidder;

5) auction organiser (hereinafter referred to as the Organiser) - a legal entity determined by the competent authority, responsible for organizing and conducting the auction as provided by the Law;

6) bank guarantee - a written document executed under the Rules for Issuing Bank Guarantees and Sureties by Second-Tier Banks, approved by Resolution No. 21 of the Board of the National Bank of the Republic of Kazakhstan of January 28, 2017 (registered in the Register of State Registration of Regulatory Legal Acts under No. 14915), and issued by a bank to a customer (debtor person) based on its application to a third party (creditor person), whereby the bank undertakes to pay a limited amount of money to a third party (creditor person);

7) minimum installed capacity - the amount of installed capacity below which the participant will not implement a new renewable energy facility project;

8) the beneficiary is the person in whose favour the payment and/or transfer is made;

9) debtor - a legal person on behalf whereof the issuing bank issues a bank guarantee or stand-by letter of credit in favour of the beneficiary;

10) a one-sided auction is a form of auction organisation aimed at determining the winners, by sequentially selecting bidders' bids from a ranked list of bidders;

11) renewable energy sources (hereinafter RES) - energy sources continuously renewable due to naturally occurring natural processes, including the following types: solar energy, wind energy, hydrodynamic energy of water; geothermal energy: heat of ground, underground water, rivers, reservoirs, as well as anthropogenic sources of primary energy resources: biomass, biogas and other fuel from organic waste used for production of electricity and/or thermal energy;

12) the Settlement and Financial Centre for Renewable Energy Support (hereinafter referred to as the Settlement and Financial Centre) is a legal person established by the System Operator and determined by the competent authority, exercising in the manner prescribed by law the centralised purchase and sale of electricity produced by RES facilities, energy waste disposal facilities and flood electricity supplied to the electric networks of the unified electric power system of the Republic of Kazakhstan;

13) maximum permissible capacity of RES facilities - the maximum permissible capacity of solar and wind power plants to be connected to the electricity grid, measured according to the technical capacity of the electricity system;

14) RES facility - technical devices intended for the production of electricity and (or) heat using RES, and related facilities and infrastructure technologically necessary for the operation of a RES facility and on the balance sheet of the owner of the RES facility;

15) energy waste management is the process of thermal treatment of waste to reduce its volume and generate energy, including its use as secondary and/or energy resources, except for biogas and other fuels from organic waste;

16) energy waste management facility - a set of technical devices and facilities for energy waste management and the associated facilities and infrastructure technologically necessary for energy waste management;

17) environmental protection authority - the central executive body responsible for the administration and inter-sectoral coordination of environmental protection and the use of natural resources, and its territorial bodies;

18) an applicant - a legal entity or consortium planning to participate in the auction;

19) standby letter of credit is an obligation of the bank to pay an amount to the beneficiary under the letter of credit upon the occurrence of an event (default of the debtor to the beneficiary). Standby Letter of Credit shall be issued through SWIFT;

20) a ranked list - a list of bids from bidders, ordered in ascending order of prices indicated in the bids;

21) purchase agreement - an agreement for the purchase of electricity from an energy producing organisation using RES or energy waste management at auction prices, signed between the Settlement and Financial Centre and the energy producing organisation using RES or energy waste management;

22) trading system - a complex of organisational, technical, software components enabling auctioning via the internet;

23) trading session – a process whereby bidders submit bids, set prices, determine auction volumes and build a register of winning bidders;

24) competent authority - the central executive body responsible for guidance and inter-sectoral coordination in the field of renewable energy support;

25) marginal auction price - maximum auction price for electricity;

26) the connection point to the electricity grid is the place where the renewable energy facility, the energy waste disposal facility of the energy producing organisation is physically connected to the electricity grid of the energy transmitting organisation.

Footnote. Paragraph 2 as reworded by Order No. 74 of the Minister of Energy of the Republic of Kazakhstan dated 09.03.2021 (shall be put into effect upon expiry of twenty-one calendar days after the date of its first official publication).

2-1. Selection of projects for construction of new facilities for the use of renewable energy sources and determination of the auction prices of electric power generated by facilities for the use of renewable energy sources is carried out by organizing and holding an auction with the prepared basic parameters of the project for construction of new facilities for the use of renewable energy sources (hereinafter - the documentation) and / or without documentation.

Footnote. The rules were supplemented with paragraph 2-1 in accordance with the order of the Minister of Energy of the Republic of Kazakhstan dated 27.06.2019 No. 228 (shall be enforced upon expiry of ten calendar days after the day of its first official publication).

2-2. The selection of energy waste management projects and the determination of auction prices for electricity generated by energy waste management facilities shall be made by organising and holding an auction with prepared basic information on the construction of energy waste management facilities by groups of settlements for the implementation of energy waste management facilities as per paragraph 6 of chapter 2 hereof.

Footnote. The Rules as supplemented by paragraph 2-2 under Order No. 74 of the Minister of Energy of the Republic of Kazakhstan dated 09.03.2021 (shall be enforced upon expiry of twenty-one calendar days after the date of its first official publication).

Chapter 2. The procedure for organization and conduct of auction bidding

Paragraph 1. Preparation for auction bidding

3. The authorized body not less than 3 (three) months before the expected date of the auction bidding shall develop and publish on its Internet resource the schedule of auction bidding for the calendar year in the form, according to Appendix 1 to these Rules (hereinafter-the Schedule). The information in the Schedule is not subject to adjustment.

3-1. To prepare the documentation, the authorized body in January of the current year provides the settlement and financial center with information on the types of facilities for the use of renewable energy sources, their location (indicating land plots) and the volume of installed capacity for the next two years.

In January of the current year, the system operator, at the request of the authorized body, provides the settlement and financial center with information on possible points of connection to electric power networks for auctions with documentation.

Footnote. The rules were supplemented with paragraph 3-1 in accordance with the order of the Minister of Energy of the Republic of Kazakhstan dated 27.06.2019 No. 228 (shall be enforced upon expiry of ten calendar days after the day of its first official publication).

3-2. Settlement and financial center sends the Organizer the documentation indicating its value no later than 3 (three) months before the planned date of the auction for placement on the official Internet resource.

Upon receipt of the documentation, the Organizer announces the date of the auction within 3 (three) working days.

Footnote. The rules were supplemented with paragraph 3-2 in accordance with the order of the Minister of Energy of the Republic of Kazakhstan dated 27.06.2019 No. 228 (shall be enforced upon expiry of ten calendar days after the day of its first official publication).

3-3. The documentation includes:

- 1) initial data, marketing research for construction of a new facility for the use of RES, including an assessment of the resource potential;
- 2) the results of public hearings and preliminary assessment of environmental impact;
- 3) location of the land plot, taking into account the technical characteristics and costs of the purchase / lease of land, taxes;
- 4) the scheme of power distribution and technical conditions for connection, developed and agreed in accordance with the Electric Grid regulations, approved by the order of the Minister of Energy of the Republic of Kazakhstan dated December 18, 2014 No. 210 (registered in the Register of state registration of regulatory legal acts under No. 10899) (hereinafter - Electric Grid regulations).

The preparation of documentation is carried out by the developer of the documentation or transferred by the authorized body to the settlement and financial center.

Footnote. The rules were supplemented with paragraph 3-3 in accordance with the order of the Minister of Energy of the Republic of Kazakhstan dated 27.06.2019 No. 228 (shall be enforced upon expiry of ten calendar days after the day of its first official publication).

4. The Schedule contains information about the land plots planned to be allocated for construction of the RES facility and the points of connection to the electrical networks of power transmitting organizations, indicating the maximum allowable power and the number of possible connections.

5. As per sub-paragraph 3-1) of Article 7 of the Law, local executive bodies of regions, cities of republican significance and the capital shall reserve land plots for RES facilities planned for construction until the right to land plot is granted to winners of auction bids, under the Land Code of the Republic of Kazakhstan dated June 20, 2003 (hereinafter - the Land Code) and shall forward the relevant information to the competent authority in the form specified in Table 1 of the Schedule.

Footnote. Paragraph 5 as reworded by Order No. 74 of the Minister of Energy of the Republic of Kazakhstan dated 09.03.2021 (shall be enacted upon expiry of twenty-one calendar days after the date of its first official publication).

6. The points of connection to the electrical network submitted by power transmitting organizations to the authorized body are reserved for the planned construction of facilities for the use of RES until the conclusion by the winner of the auction bidding of the contract on

connection of facilities for the use of RES and (or) issue of technical conditions for connection to the electrical network and send the relevant information to the authorized body in the form according to table 2 of the Schedule.

7. From the moment of the Schedule publication until completion of all auctions planned according to the Schedule, the power transmitting organizations suspend the acceptance of applications for the receipt of technical conditions for connection to the electrical network on the reserved points of connection to the electrical network, specified in the Schedule.

8. Construction and operation of the facility for the use of RES shall be carried out in accordance with the legislation of the Republic of Kazakhstan in the field of architectural, urban planning and construction activities and electric energy.

At the same time, the construction of the facility for the use of RES shall be carried out using new generating equipment (previously not being in operation).

Footnote. Paragraph 8 is in the wording of the order of the Minister of Energy of the Republic of Kazakhstan dated 11.09.2018 № 360 (shall be enforced upon expiry of twenty-one calendar days after its first official publication).

8-1. Auction bids for the selection of solar and wind power plant projects shall be held as per the information on the possibility to connect to the power grid points and reserved land plots for the planned facilities indicated in the Schedules.

However, no documents stipulated in sub-paragraphs 7) to 9) of paragraph 19 hereof shall be submitted to participate in the auction.

Footnote. The Rules as supplemented by paragraph 8-1 under Order No. 262 of the Minister of Energy of the Republic of Kazakhstan dated 13.08.2021 (shall be effective sixty calendar days after the date of its first official publication).

9. Acceptance of documents and registration of applicants in the auction bidding shall be made by the Organizer within the time specified in the Schedule approved by the authorized body.

10. For registration in the database of the trading system, the applicant shall apply to the official Internet resource of the Organizer for online registration and provide the Organizer with electronic documents in accordance with subparagraphs 1) - 5) of paragraph 19 of these Rules.

11. The applicant shall provide to the accounting and financial center the original of documents on financial security of application for participation in auction bidding no later than 2 (two) working days prior to the date of the beginning of auction bidding according to paragraph 4 of these Rules.

12. When providing the documents by the applicant in accordance with subparagraphs 1) - 5) of paragraph 19 of these Rules, concluding the contract between the applicant and the Organizer and payment for the services of the Organizer, the Organizer shall assign the status of the participant of auction bidding to the applicant.

Footnote. Paragraph 12 is in the wording of the order of the Minister of Energy of the Republic of Kazakhstan dated 11.09.2018 № 360 (shall be enforced upon expiry of twenty-one calendar days after its first official publication).

13. The organizer shall stop accepting documents from applicants 5 (five) working days prior to the start date of the auction bidding in accordance with the schedule of the auction bidding, approved by the authorized body.

14. The participant not later than 5 (five) working days before the start of the auction bidding shall notify the Organizer of the change of requisites, the list of the participant staff members, having the access to the trading system.

Footnote. Paragraph 14 is in the wording of the order of the Minister of Energy of the Republic of Kazakhstan dated 11.09.2018 № 360 (shall be enforced upon expiry of twenty-one calendar days after its first official publication).

15. A password granting the right of access to the trading system shall not be subject to transfer to third parties.

16. Tariffs for the services of the Organizer shall be set in accordance with the legislation of the Republic of Kazakhstan and be paid on the basis of the contract, concluded between the applicant and the organizer (hereinafter - the Contract).

17. The contract shall contain:

1) the subject of the Contract, types of services provided by the Organizer, terms and procedure for payment;

2) criteria and requirements for the applicant to participate in the auction bidding and admission to the auction bidding;

3) methods of conducting auction bidding;

4) the responsibility of the contract parties for violation of the terms of the Contract.

18. In order to organize and conduct auction bidding, the Organizer shall:

1) ensure the efficiency of the trading system for conducting auction bidding;

2) develop and approve methodical guidelines and procedures for conducting auction bidding;

3) provide the Participants with equal conditions of access to auction bidding;

4) conduct instruction of the Participant staff members on the work in the trading system;

5) interact with the authorized body and accounting financial center on the issues, related to organization and conduct of auction bidding;

6) publish on the official Internet resource the Register of auction winners.

18-1. Settlement and financial center creates a tender commission for consideration of applications of potential suppliers for participation in the auction, admission and determination of the developer of documentation in accordance with the terms of reference.

Footnote. The rules were supplemented with paragraph 18-1 in accordance with the order of the Minister of Energy of the Republic of Kazakhstan dated 27.06.2019 No. 228 (shall be enforced upon expiry of ten calendar days after the day of its first official publication).

Paragraph 2. Qualification requirements for the participants of auction bidding

19. To participate in the auction, the Participants confirm the qualification requirements for legal capacity and solvency by submitting the following documents:

- 1) a copy of the Charter;
- 2) a copy of a certificate of state registration / re-registration of a legal entity;
- 3) a copy of the decision of the relevant body of the legal entity on appointment of the first head;
- 4) a power of attorney for a representative (if the representation of interests is not carried out by the first head);
- 5) information on the details of the legal entity (bank details, address, contact numbers, email address);
- 6) a financial security of the application for participation in the auction;
- 7) copies of technical specifications for connection to the electric power network, issued and agreed in accordance with the Electricity Grid regulations, or an indication of the point of connection to the electric power networks in accordance with the Schedule;
- 8) copies of title documents for a land plot in accordance with the Land Code of the Republic of Kazakhstan dated June 20, 2003, or an indication of the land plot in accordance with the Schedule;
- 9) a copy of the letter of approval of the System Operator "Scheme of power plant output" with the declared electrical capacity of 5 MW or more, developed in accordance with the Electricity Grid regulations or indicating the point of connection to the electric power networks in accordance with the schedule;
- 10) a confirmation letter on the Participant's familiarization with the documentation posted on the Organizer's Internet resource for participants participating in the auction with the documentation.

Footnote. Paragraph 19 as amended by the order of the Minister of Energy of the Republic of Kazakhstan dated 27.06.2019 No. 228 (shall be enforced upon expiry of ten calendar days after the day of its first official publication).

20. Financial security of an application for participation in auction bidding in the form of a Bank guarantee or a standby letter of credit shall be issued in favor of the accounting and financial center.

Paragraph 3. Content and procedure of application

21. Auction bidding are conducted anonymously, remotely using the Internet, via the Internet resource of the Organizer's trading system.

22. Auction bidding are conducted in the form of a one-way auction.

23. The trading session during the auction bidding shall be held within the time limits set as per paragraph 3 or sub-paragraph 7) of paragraph 60-5 hereof, should an auction bidding

for the selection of energy efficiency waste management projects be held, and shall last thirty (30) minutes.

In this case, the trading session shall be extended by five (5) minutes if a bid is received from bidders with a price lower than the available minimum bid within five minutes prior to the end of the trading session.

Footnote. Paragraph 23 as amended by the order of the Acting Minister of Energy of the Republic of Kazakhstan dated 24.08.2022 No. 284 (shall be enforced upon expiry of sixty calendar days after the day of its first official publication).

24. Before the opening of the trading session, the Organizer:

1) enters the information into the trading system on the volumes of the installed capacity planned for selection, the maximum auction price and other information in accordance with the Schedule approved by the authorized body;

2) enters the information into the trading system, received from the authorized body, on the availability of reserved land plots for facilities planned for construction for the use of renewable energy sources and the possibility of connecting the power transmission organizations to electric power networks, indicating the maximum allowable power at points of connection to electric power networks.

3) enters the information into the trading system on the amounts of financial security of applications for participation in the auction, received from the settlement and financial center;

4) enters the information into the trading system on land plots and points of connection to electric power networks in accordance with subparagraphs 7) and 8) of paragraph 19 of these Rules.

Footnote. Paragraph 24 as amended by the order of the Minister of Energy of the Republic of Kazakhstan dated 27.06.2019 No. 228 (shall be enforced upon expiry of ten calendar days after the day of its first official publication).

25. The procedure of conducting trading session shall include:

1) opening of trading session by the Organizer;

2) submission of applications for participation in the auction bidding in the trading system by the participants;

3) closing of the trading session by the Organizer;

4) summarizing the results of the auction bidding, including determination of auction prices;

5) formation of the register of auction bidding winners and its publication on the Internet resource in the form, according to Appendix 2 to these Rules by the Organizer.

26. The Participant's application for participation in the auction contains the following basic information:

1) the name of the participant;

2) the price of electric energy per one kilowatt-hour excluding VAT, indicated in the national currency of the Republic of Kazakhstan with the number of significant digits after the dividing mark no more than two;

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

4) the land plot planned for construction of a facility for the use of RES, and the point of connection to the electric power network;

5) the minimum permissible volume of installed capacity.

At the same time, the Participants indicate in the application the relevant data on the land plot and the point of connection to the electric power network, in accordance with the issued technical conditions for connecting to the electric power network, provided to the Organizer in accordance with subparagraphs 7) and 8) of paragraph 19 of these Rules, or select the corresponding data from the Schedule.

Footnote. Paragraph 26 as amended by the order of the Minister of Energy of the Republic of Kazakhstan dated 27.06.2019 No. 228 (shall be enforced upon expiry of ten calendar days after the day of its first official publication).

27. Participants shall submit applications for participation in auction bidding into the trading system during the trading session, while the prices indicated in the applications should not exceed the values of the respective marginal auction prices.

28. Applications for participation in the auction bidding, submitted by participants during the trading session, with prices that coincide with the prices in applications for participation in the auction bidding of other participants, submitted to the trading system, shall be rejected.

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

1) the volume of installed capacity put up for auction by the authorized body;

2) the maximum allowable amount of power at the points of connection to electric power networks;

3) the amount of financial security of the application for participation in the auction.

When conducting an auction with documentation from the participant, an application is submitted within the limits of the financial security of the application for participation in the auction, equal to the full volume of the installed capacity of the project put up for the auction.

Footnote. Paragraph 29 as amended by the order of the Minister of Energy of the Republic of Kazakhstan dated 27.06.2019 No. 228 (shall be enforced upon expiry of ten calendar days after the day of its first official publication).

29-1. When submitting applications in an auction without documentation, participants submit applications for each point of connection and land plot separately within the financial security of the application for participation in the auction.

Footnote. The rules were supplemented with paragraph 29-1 in accordance with the order of the Minister of Energy of the Republic of Kazakhstan dated 27.06.2019 No. 228 (shall be enforced upon expiry of ten calendar days after the day of its first official publication).

30. Participants can simultaneously submit applications for participation in the auction without documentation for several land plots planned for construction of facilities for the use of renewable energy sources, and several points of connection to the electric power network within the financial security of each submitted application for participation in the auction.

Footnote. Paragraph 30 as amended by the order of the Minister of Energy of the Republic of Kazakhstan dated 27.06.2019 No. 228 (shall be enforced upon expiry of ten calendar days after the day of its first official publication).

31. The Participant's application, submitted for participation in the auction bidding in the trading system shall not be deleted.

32. Participants at their discretion, before the end of the time for accepting bids for participation in the auction, change the previously filed bid by submitting a new bid.

At the same time, participants indicate the price in the new order lower than in the previous one, and the volume of the previously filed bid cannot be changed.

Within the main period of time 30 (thirty) minutes of the trading session, the step of price change is not less than 5 (five) tiyn per 1 (one) kilowatt-hour, from the period of extending the trading session for 5 (five) minutes, the step of price change is not less than 50 (fifty) tiyn per 1 (one) kilowatt-hour.

Footnote. Paragraph 32 as amended by the order of the Acting Minister of Energy of the Republic of Kazakhstan dated 24.08.2022 No. 284 (shall be enforced upon expiry of sixty calendar days after the day of its first official publication).

33. Fixing the date and time of applications submission for participation in the auction bidding trading in the trading system shall be carried out by the Organizer with millisecond accuracy.

Paragraph 4. Types of financial security of applications for participation in the auction and conditions for their entry and return

34. In order to guarantee the fulfilment of the obligations assumed by the participants, as well as the obligations arising in the winners of the auction, the specified persons contribute financial security in the manner and on the conditions determined by these Rules.

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

Footnote. Paragraph 34 as amended by the order of the Minister of Energy of the Republic of Kazakhstan dated 27.06.2019 No. 228 (shall be enforced upon expiry of ten calendar days after the day of its first official publication).

35. Financial security should be free from the rights of claims of third parties, as well as from other obligations of the participant and (or) of the auction bidding winner.

36. The money received as a result of a paid claim under a bank guarantee or standby letter of credit is credited to a special account of the reserve fund of the settlement and financial center and (or) sent by the settlement and financial center for the preparation of documentation in accordance with paragraph 3-3 of the Rules.

Footnote. Paragraph 36 as amended by the order of the Minister of Energy of the Republic of Kazakhstan dated 27.06.2019 No. 228 (shall be enforced upon expiry of ten calendar days after the day of its first official publication).

37. The conditions for the deposit and return of financial security shall be determined in accordance with this paragraph.

38. Financial security of applications for participation in the auction bidding is provided by the applicants to the accounting and financial center and shall be a guarantee that he, if he is the winner of the auction bidding, shall conclude the purchase contract with the accounting and financial center on the terms and conditions provided by these Rules and make financial security for fulfillment of the purchase contract.

39. Financial security for fulfillment of conditions of the purchase contract shall be provided by the winners of the auction bidding to the accounting and financial center within 30 calendar days after signing the purchase contract in accordance with the Rules of the centralized purchase and sale by the accounting and financial center of electric energy, produced by the facilities for the use of renewable energy sources, approved by the order of the Minister of Energy of the Republic of Kazakhstan dated March 2, 2015 No 164 (registered in the Register of state registration of regulatory legal acts No 10662).

Footnote. Paragraph 39 is in the wording of the order of the Minister of Energy of the Republic of Kazakhstan dated 11.09.2018 No 360 (shall be enforced upon expiry of twenty-one calendar days after its first official publication).

40. Financial security of an application for participation in the auction bidding shall be issued in favor of the accounting and financial center and be provided to it not later than 2 (two) working days before the date of the auction bidding.

41. The accounting and financial center sends the Organizer a list of applicants having financial security, indicating the amounts, before 2 (two) hours of the auction bidding start.

42. The applicant chooses one of the following types of financial security of application for participation in the auction bidding, issued by the SWIFT system:

- 1) a bank guarantee;
- 2) a standby letter of credit.

43. The amount of financial security of the application for participation is:

1) in the auction without documentation - 2000 (two thousand) tenge per 1 (one) kilowatt of installed capacity, multiplied by the installed capacity of the facility for the use of renewable energy sources specified in the application for participation in the auction.

2) in the auction with documentation - 5,000 (five thousand) tenge per 1 (one) kilowatt of installed capacity, multiplied by the installed capacity of the facility for the use of renewable energy sources specified in the Schedule.

Footnote. Paragraph 43 as amended by the order of the Minister of Energy of the Republic of Kazakhstan dated 27.06.2019 No. 228 (shall be enforced upon expiry of ten calendar days after the day of its first official publication).

44. Financial security of application for participation in the auction bidding, made by the applicant in the form of a bank guarantee or a standby letter of credit, shall be returned (released) by sending of the relevant letter to the bank (banks) within 3 (three) working days from the date of conducting auction bidding by the accounting and financial center, when one of the following cases occur:

1) the participant did not become the winner of the auction bidding in accordance with the results of the auction;

2) the winner of the auction bidding concluded the purchase contract and made financial security for fulfillment the terms of the purchase contract.

Footnote. Paragraph 44 is in the wording of the order of the Minister of Energy of the Republic of Kazakhstan dated 11.09.2018 № 360 (shall be enforced upon expiry of twenty-one calendar days after its first official publication).

45. If the winner of the auction has evaded the conclusion of the purchase agreement and (or) did not provide financial security for the fulfilment of the terms of the purchase agreement in accordance with paragraphs 38 and 39 of the Rules, the settlement and financial center submits a request for payment under the corresponding bank guarantee or standby letter of credit.

Footnote. Paragraph 45 as amended by the order of the Minister of Energy of the Republic of Kazakhstan dated 27.06.2019 No. 228 (shall be enforced upon expiry of ten calendar days after the day of its first official publication).

46. Financial security is drawn up for a period of not less than 150 (one hundred and fifty) calendar days from the date of conducting auction bidding and is irrevocable.

Footnote. Paragraph 46 is in the wording of the order of the Minister of Energy of the Republic of Kazakhstan dated 11.09.2018 № 360 (shall be enforced upon expiry of twenty-one calendar days after its first official publication).

47. Financial security is fulfilled (withheld) by the bank when the following documents are provided by the accounting and financial center:

1) a statement of non-fulfillment of obligations by a debtor, on paper, signed by an authorized person of the accounting and financial center, and certified by a seal of the accounting and financial center;

2) a claim for payment indicating the amount of recovery in accordance with these Rules.

48. All bank charges and expenses related to financial security, including the Bank recipient (beneficiary), shall be paid by the debtor.

49. A bank guarantee or a standby letter of credit as a support of an application for participation in the auction bidding shall be provided from resident banks of the Republic of Kazakhstan, whose long-term foreign currency credit rating is not lower than “B” by Standard & Poor's or “B-” by Fitch or “B3” by Moody's Investors Service or the parental organization rating (which owns more than 50% of the shares of the resident bank of the Republic of Kazakhstan) is not lower than “BBB” by Standard & Poor's or “BBB” by Fitch or “Baa2” by Moody's Investors Service.

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

Non-resident banks of the Republic of Kazakhstan, which long-term credit rating in foreign currency not lower than “BBB” by Standard & Poor's, “BBB” by Fitch “Baa2” by Moody's Investors Service can issue a bank guarantee or a standby letter of credit without issuing appropriate counter-obligations.

Footnote. Paragraph 49 is in the wording of the order of the Minister of Energy of the Republic of Kazakhstan dated 11.09.2018 No. 360 (shall be enforced upon expiry of twenty-one calendar days after its first official publication).

Paragraph 5. The procedure for summing up and determining winners

50. During the trading session, the following information is available to the auction participants without documentation:

- 1) general information characterizing the auction, specified in the Schedule approved by the authorized body;
- 2) an application for participation in the auction, submitted by a participant with all its parameters (price, time of application submission);
- 3) the lowest price indicated in the submitted applications for participation in the auction for sales (without specifying the volumes).

Footnote. Paragraph 50 as amended by the order of the Minister of Energy of the Republic of Kazakhstan dated 27.06.2019 No. 228 (shall be enforced upon expiry of ten calendar days after the day of its first official publication).

50-1. During the trading session, the following information is available to auction participants with documentation:

- 1) general information characterizing the auction, specified in the Schedule approved by the authorized body;
- 2) an application for participation in the auction, submitted by a participant with all its parameters (price, time of application submission);
- 3) applications submitted by auction participants with an indication of the price.

Footnote. The rules were supplemented with paragraph 50-1 in accordance with the order of the Minister of Energy of the Republic of Kazakhstan dated 27.06.2019 No. 228 (shall be enforced upon expiry of ten calendar days after the day of its first official publication).

51. The organizer shall calculate the prices if the following conditions are met:

- 1) the total installed capacity of the bids in the auction bidding for the sale is at least 130% of the installed capacity demand;
- 2) the number of bidders registered and admitted to the relevant auction in the trading system is at least two;

If the above conditions are not fulfilled, the Organizer shall not calculate the prices, close the auction prior to the closing time of the trading session and declare the auction void.

Footnote. Paragraph 51 as amended by the order of the Acting Minister of Energy of the Republic of Kazakhstan dated 24.08.2022 No. 284 (shall be enforced upon expiry of sixty calendar days after the day of its first official publication).

52. The Organizer makes the ranked list, created in the order of increasing prices, specified in them, from applications for participation in the auction bidding.

53. Determination of the preliminary list of winners in the auctions without documentation is carried out after the end of the time for accepting applications for participation in the auction during the trading session, by sequentially selecting them from the ranked list in ascending order of the declared prices, until demand is fully satisfied.

Footnote. Paragraph 53 as amended by the order of the Minister of Energy of the Republic of Kazakhstan dated 27.06.2019 No. 228 (shall be enforced upon expiry of ten calendar days after the day of its first official publication).

53-1. Determination of the winner in the auction with documentation is carried out after the end of the time for accepting applications for participation in the auction during the trading session, by selecting one application with the lowest price.

Footnote. The Rules were supplemented with paragraph 53-1 in accordance with the order of the Minister of Energy of the Republic of Kazakhstan dated 27.06.2019 No. 228 (shall be enforced upon expiry of ten calendar days after the day of its first official publication).

54. In the event that in the preliminary list of winners in the auction without documentation there are several previously satisfied applications for participation in the auction, which indicate the point of connection of the same name, the technical requirements of which cannot be met due to the excess of the total volume of these applications for participation in the auction over the maximum allowable capacity for a given point of connection and / or the number of possible connections, then applications for participation in the auction are excluded from the preliminary list of winners in descending order of price, until the condition is fulfilled on the maximum allowable volume of installed capacity for this point of connection and the number of possible connections.

Footnote. Paragraph 54 as amended by the order of the Minister of Energy of the Republic of Kazakhstan dated 27.06.2019 No. 228 (shall be enforced upon expiry of ten calendar days after the day of its first official publication).

55. In the event that the last requested application for participation in the auction without documentation from the preliminary list of winners cannot be fully satisfied with the existing demand, then the following conditions apply during the auction:

1) if the satisfied volume of the last demanded application for participation in the auction is 50% or more of its declared volume, then such application for participation in the auction is satisfied based on the results of the auction in full or in the volume that does not exceed the limit of the maximum allowable volume of the point of connection. At the same time, the volume of selection of the installed capacity announced by the authorized body will be increased by the volume of the unsatisfied balance (or part of it) of the last demanded application for participation in the auction from the ranked list;

2) if the satisfied volume of the last requested application for participation in the auction is less than 50% of its declared volume, then such application for participation in the auction is checked for the condition of the minimum allowable volume of the installed capacity.

Footnote. Paragraph 55 as amended by the order of the Minister of Energy of the Republic of Kazakhstan dated 27.06.2019 No. 228 (shall be enforced upon expiry of ten calendar days after the day of its first official publication).

56. After checking the conditions specified in paragraphs 54 and 55 of these Rules, the Organizer determines the winner (s) of the auction without documentation and includes them in the register of the winners of the auction. In this case, the auction prices are determined at the prices indicated in the submitted applications for participation in the auction.

Footnote. Paragraph 56 as amended by the order of the Minister of Energy of the Republic of Kazakhstan dated 27.06.2019 No. 228 (shall be enforced upon expiry of ten calendar days after the day of its first official publication).

56-1. Excluded by the order of the Acting Minister of Energy of the Republic of Kazakhstan dated 24.08.2022 No. 284 (shall be enforced upon expiry of sixty calendar days after the day of its first official publication).

57. Based on the auction results, the Organizer, within 1 (one) hour of the close of the trading session, sends electronic notifications of the auction results to the Participants. Written notifications are sent to the participants on or before 18:00 Nur-Sultan time of the next working day.

Footnote. Paragraph 57 is as amended by Order № 287 of the Minister of Energy of the Republic of Kazakhstan as of 27.08.2020 (shall be enforced ten calendar days after its first official publication).

58. The register of the auction bidding winners shall be published on the Organizer's website within 1 (one) hour after closing of the trading session, indicating the auction prices

and the volume of installed capacity of facilities for the use of renewable energy sources selected during the auction bidding.

58-1. Transfer of documentation by the settlement and financial center to the ownership of the winner of the auction is carried out by concluding an appropriate purchase and sale agreement.

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

Footnote. The rules were supplemented with paragraph 58-1 in accordance with the order of the Minister of Energy of the Republic of Kazakhstan dated 27.06.2019 No. 228 (shall be enforced upon expiry of ten calendar days after the day of its first official publication).

59. The organizer not later than 1 (one) working day after closing of the trading session shall form and send to the authorized body the results of the auction bidding with a breakdown of the auction bidding procedure and full information about all applications submitted to the trading system and the Register of the auction bidding winners.

60. As soon as the authorized body receives the Register of Auction Winners from the Organizer, it shall enter the auction winners in the list of energy producing organizations using RES within 5 (five) working days and in the plan for siting RES facilities within 30 (thirty) calendar days.

Auction winners shall submit an application for concluding a purchase agreement with the accounting and financial center within 60 (sixty) calendar days of their inclusion in the list of energy producing organizations using RES.

Footnote. Paragraph 60 is as amended by Order № 287 of the Minister of Energy of the Republic of Kazakhstan as of 27.08.2020 (shall be enforced ten calendar days after its first official publication).

Paragraph 6: Organising and conducting the auctioning of energy efficiency waste management projects

Footnote. Chapter 2 as supplemented with paragraph 6 by Order No. 74 of the Minister of Energy of the Republic of Kazakhstan dated 09.03.2021 (shall be put into effect upon expiry of twenty-one calendar days after the date of its first official publication).

60-1. The competent authority for environmental protection shall send a notification to the local executive authorities of the need to implement an energy efficient waste management facility in the respective region and submit information on the construction of energy efficient waste management facilities stipulated in paragraph 60-2 hereof.

60-2. Within one month, the local executive authorities shall send the following information in writing to the competent authority for environmental protection:

1) a letter of guarantee for reserving and providing a land plot (for the planned construction of energy waste management facilities) to the winner of the auction for the selection of energy waste management projects, given the technical specifications under the Land Code;

2) information on the energy transmission company that owns the nearest connection point to the electricity grid;

3) volume of waste produced.

60-3. The competent authority for environmental protection shall forward a request to the energy transmission organisations and the System Operator to provide information on possible points of connection to the electricity grid for the auction bids for the selection of energy waste management projects in a particular region.

Within 15 (fifteen) calendar days of receiving the request, the energy transmission organisations shall inform the competent environmental authority of the possibility of the closest connection to the electricity grid in the specified region and reserve this point of connection to the electricity grid for the winner of the auction for the selection of energy waste management projects.

From the moment information on the possibility of connection to the electricity grid is provided until the completion of the auction for the selection of energy waste management projects, the energy transmission organisations shall suspend the acceptance of applications for technical conditions for connection to the electricity grid at the reserved connection points to the electricity grid.

60-4. Local executive authorities shall allocate land plots for the construction of production and consumption waste disposal facilities under the Land Code, and shall reserve land plots designated for the construction of energy disposal facilities prior to the award of land plots to the winners of the auction.

60-5. Within 7 (seven) calendar days of receipt of the information referred to in paragraphs 60-2 and 60-3 hereof, the competent authority for environmental protection shall forward to the Organiser the following information for the auction bidding:

1) on the groups of settlements for the introduction of energy recovery facilities as specified in the Rules for the Formation of the List of Energy Producing Organisations Using Energy Recovery Approved by the Competent Authority for Environmental Protection under subparagraph 28-17) of Article 17 of the Environmental Code of the Republic of Kazakhstan dated January 9, 2007 (hereinafter, the Environmental Code);

2) on documents of local executive bodies on the reservation of land plots in each settlement of the group referred to in sub-paragraph 1) of this paragraph;

3) on the volumes of waste generated in each locality in the group referred to in sub-paragraph 1) of this paragraph, where energy efficient waste management is to be implemented;

4) on the nearest connection points to the electricity grid for each locality in the group referred to in sub-paragraph 1) of this paragraph, where energy efficient waste management is to be implemented;

5) on the marginal auction price for each group;

6) on the installed capacity of the proposed energy efficient waste management facilities;

7) on the date and time of the auction, the deadline for accepting documents and registering applicants in the auction, and the date and time of the trading session.

In such a case, the date of the trading session shall be determined at least 2 (two) months after the Organiser has received the information referred to in this paragraph.

60-6. Upon receipt of information on the construction of energy recovery facilities, within 3 (three) working days, the Organiser shall post it on its website, as well as the conditions and deadlines for accepting documents and registering applicants in the auction bidding.

60-7. Preparations for the auction of energy efficiency waste management projects shall be made as per paragraphs 10, 11, 12, 15, 16, 17 and 18, except sub-paragraph 5) of paragraph 18 and paragraph 43 hereof.

60-8. Under paragraph 10 hereof, the Organiser shall accept documents and register applicants in the trading system database within 1 (one) month from the date of posting by the Organiser of the text of the information submitted under paragraph 60-5 hereof.

60-9. No later than 3 (three) working days from the date of completion of documents acceptance and registration of applicants, the organiser shall submit to the competent environmental authority the list of bidders for the auction that have been registered in the trade system database of the organiser, and shall post on the web site of the organiser.

60-10. Bidders in the auction for the selection of energy waste management projects shall send documents to the competent environmental authority for inclusion in the list of energy producing organisations using energy waste management under the Rules for Establishing the List of Energy Producing Organisations Using Energy Waste Management, approved by the competent environmental authority under subparagraph 28-17) of Article 17 of the Environmental Code.

60-11. The Commission on the formation of the list of energy producing organisations using energy waste management shall consider the documents submitted by the auction bidders within 1 (one) month, make a decision and send the list of energy producing organisations using energy waste management to the Organiser within 15 (fifteen) calendar days prior to the date of the trading session.

60-12. Application for the auction bidding session for the selection of energy efficient waste management projects shall be submitted as per paragraphs 21, 22, 23, 25, sub-paragraphs 1), 2) and 3) of paragraph 26, and paragraphs 27, 28, 31, 32 and 33 hereof.

60-13. The organiser shall enter into the trading system the information specified in paragraph 60-5 hereof, prior to the opening of the auction session, input information on the

amounts of financial security for the bids for the auction received from the Settlement and Financial Centre.

60-14. The types of financial support for the auction bid and the conditions for their payment and repayment shall be regulated by paragraphs 20, 34, 35, 36, 37, 38, 39, 40, 41, 42, 44, 45, 46, 47, 48 and 49 hereof.

60-15. The amount of financial security for bidding at the auction shall comprise - KZT 5,000 (five thousand) per 1 (one) kilowatt of installed capacity multiplied by the installed capacity of the energy recovery facility specified in the information supplied by the competent authority in the area of environmental protection pursuant to sub-paragraph 6) of paragraph 60-5 hereof.

60-16. Auction bidders included in the list of energy producing organisations using energy waste management shall attend the trading session.

The following information shall be available to bidders during the trading session:

- 1) provided for in paragraph 60-5 hereof;
- 2) on the auction bids submitted by the bidder with all its parameters (price, time of bid submission);
- 3) on the bids submitted by bidders indicating the price.

60-17. Excluded by the order of the Acting Minister of Energy of the Republic of Kazakhstan dated 24.08.2022 No. 284 (shall be enforced upon expiry of sixty calendar days after the day of its first official publication).

60-18. The summing up and determination of the winners of the auction for the selection of energy efficient waste management projects shall be regulated under paragraphs 51, 52, 53-1, 57, 58 and 60 hereof.

60-19. No later than one 1) working day after the closing of the trading session, the organiser shall generate and send to the competent environmental authority the results of the auction for the selection of energy efficient waste management projects with a breakdown of the step-by-step bidding process and full details of all bids submitted to the trading system and the register of winners of the auction.

60-20. Winners of the auction for the selection of energy waste management projects shall file an application to conclude a sale and purchase agreement with the Settlement and Financial Centre for each individual energy waste management facility for the purchase of electricity generated by the energy waste management facilities within sixty (60) calendar days after their inclusion in the register of winners of the auction.

Chapter 3. Final provision

61. The conduct of auction bidding may be suspended for a period of up to 30 minutes in case of the following circumstances:

- 1) technical problems on the server equipment or failures in the electronic system, which led to malfunction of the trading system;

2) technical problems of the equipment or communication channels of the Internet, which led to the impossibility of access to the trading system.

63. The conduct of auction bidding may be cancelled in case of the following circumstances:

1) it takes more than 30 minutes to resolve technical problems, specified in paragraph 61 of these Rules;

2) long (more than two hours) break in power supply of the trading hall and (or) server equipment of the trading system.

64. In case of cancellation of the auction bidding for the reasons, specified in paragraph 63 of these Rules, the repeated auction bidding shall be held on the next working day after the date of conduct of the auction bidding.

64-1. If an auction is declared to have failed for the reasons set out in paragraph 51 hereof, the Organiser shall hold the auction again in the second ten-day period of the last month of the following quarter, up to a maximum of one time.

Footnote. The rules were supplemented with paragraph 64-1 in accordance with the order of the Minister of Energy of the Republic of Kazakhstan dated 27.06.2019 No. 228 (shall be enforced upon expiry of ten calendar days after the day of its first official publication); as reworded by Order No. 74 of the Minister of Energy of the Republic of Kazakhstan dated 09.03.2021 (shall be put into effect twenty-one calendar days after the date of its first official publication).

65. Disputes arising in the course of organization and conduct of auction bidding shall be resolved in accordance with the civil legislation of the Republic of Kazakhstan.

Annex 1
to the Rules for Organisation and Conduct

of Auction Bidding, Including
Qualification
Requirements for Auction Participants,
the Content
and Procedure for Submitting an
Application,
Types of Financial Security of an
Application
for Participation in the Auction and
Conditions
for Their Submission and Return, the
Procedure
for Summarising and Determining
Winners

Document form

Footnote. Annex 1 as reworded by Order No. 74 of the Minister of Energy of the Republic of Kazakhstan dated 09.03.2021 (shall enter into force upon expiry of twenty-one calendar days after the date of its first official publication).

Auction schedule

Date (month) of bidding	Bidding time (according to Nur-Sultan city time)	Period of acceptance of documents for inclusion in the register of bidders in the auction	UES zone	RES type	Amount of installed capacity purchased, MW		Marginal auction price, KZT/kWh	Required commissioning date, agreement duration	Financial security for the auction bid per 1 kW of installed capacity of the project	Financial security for fulfilment of the terms and conditions of the purchase agreement per 1 kW of installed capacity of the project	Availability of documentation (yes/no)
					small from 0.1 to 10 MW inclusive (for WPPs from 0.75 MW)	large over 10 MW					

Table 1 with details of reserved land for planned renewable energy facilities:

No. s/o	Region	District	Settlement	Land area, hectare	Land category
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Table 2 with details on the possibility to connect to the electricity grid points of energy transmission organisations, indicating restrictions on the capacity to be connected and the number of new connections:

Energy transmitting organisation	Region	District	ETL	Electric substation	Limit on connected capacity (maximum installed capacity), MW	Limitation on the number of new connections
			Name, coordinates	Buswork		

Note:

Explanation of abbreviations used in this Annex:

UES – Unified energy system;

RES – renewable energy sources;

WPS – wind-power stations;

ETL – electric transmission line;

MW – megawatt;

kW – kilowatt;

KZT/kW*h – KZT/ kilowatt *hour.

Requirements for Auction Participants,
the Content
and Procedure for Submitting an
Application,
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Application
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Winners

Document form

Footnote. Annex 2 as reworded by Order No. 74 of the Minister of Energy of the Republic of Kazakhstan dated 09.03.2021 (shall be enacted twenty-one calendar days after the date of its first official publication).

Auction winners register dated No. “__” _____ 20__

No. s/o	Bidding date	Deal number	Type of RES/energy waste management facility	Winner's name	Land plot	Connection point	Auction price, KZT/kW*h (excluding VAT)	Installed capacity, kW
1								
2								
TOTAL:								

Note:

Explanation of abbreviations used in this Annex:

RES – renewable energy sources;

VAT - value added tax;

KZT/ kW*h – KZT/ kilowatt*hour;

kW – kilowatt;