



# Development of Renewables in Central Asia

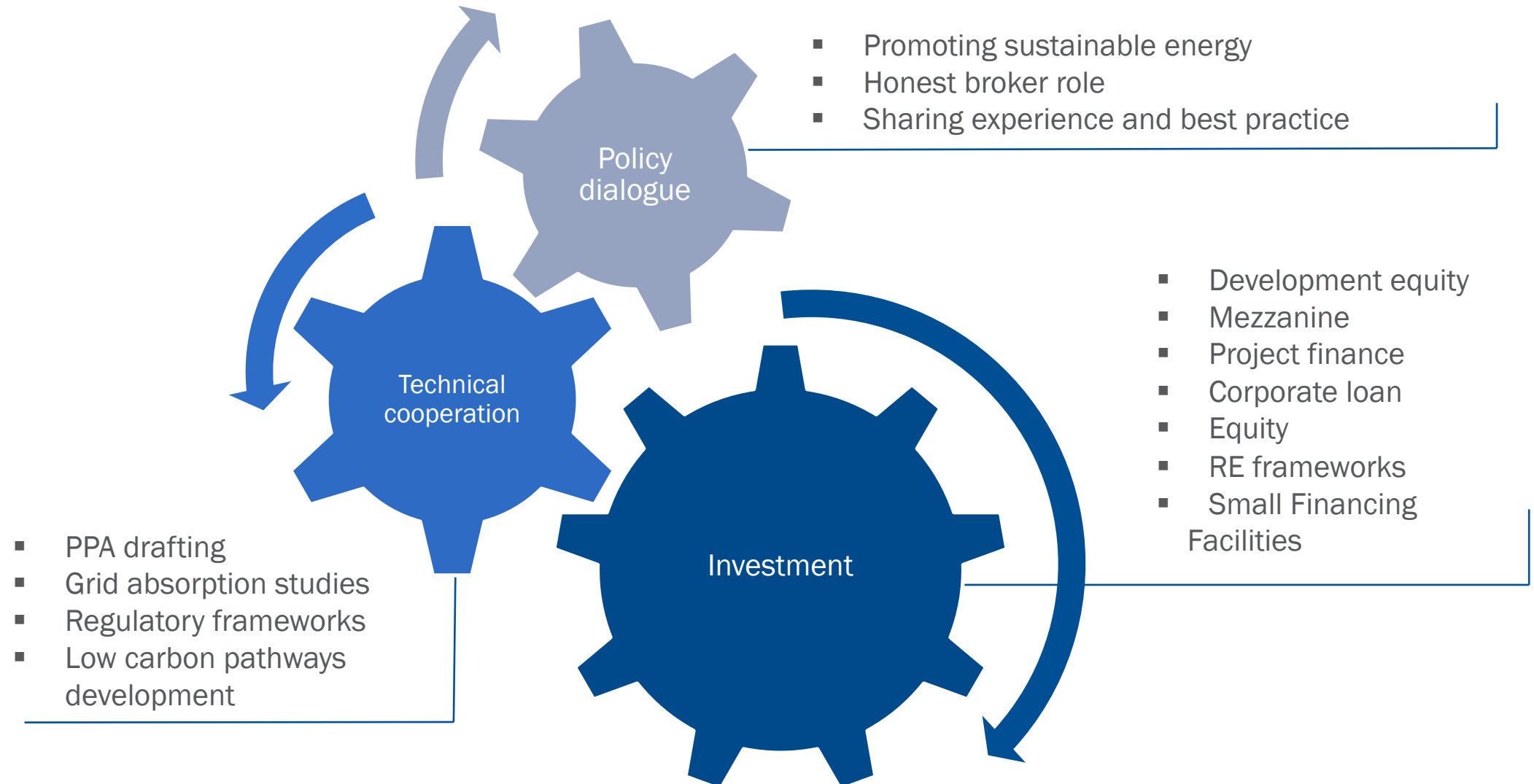
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**European Bank**  
for Reconstruction and Development

# EBRD investments in energy in Central Asia

## Operational approach



# EBRD investments in energy in Central Asia

## Challenges and Opportunities

### Kazakhstan, Uzbekistan, Kyrgyzstan, Tajikistan, Mongolia

- The EBRD is the pioneer in supporting sustainable energy projects in the region
- Through investments, the Bank aims to support sector reforms that increase competition and liberalization of the market, strengthen frameworks for regionalization and energy security, prioritize energy efficiency and use of renewable energy

### What is required to unlock the potential?

- The region needs stronger macroeconomic policies and clear, independent and predictable sector regulation.
- Long term regulatory certainty/predictability is the key.
- Bankable transactions attracting other lenders and third party finance.
- Reliable, financially stable shareholders (sponsors).

### What is the region's potential?

#### Starting point

- **Exceptional resource potential** (especially wind, solar, hydro) for developing renewables
- Strong but pragmatic **political will**
- Strong population growth
- Existing/developing **legal framework**, support mechanisms

#### Opportunities

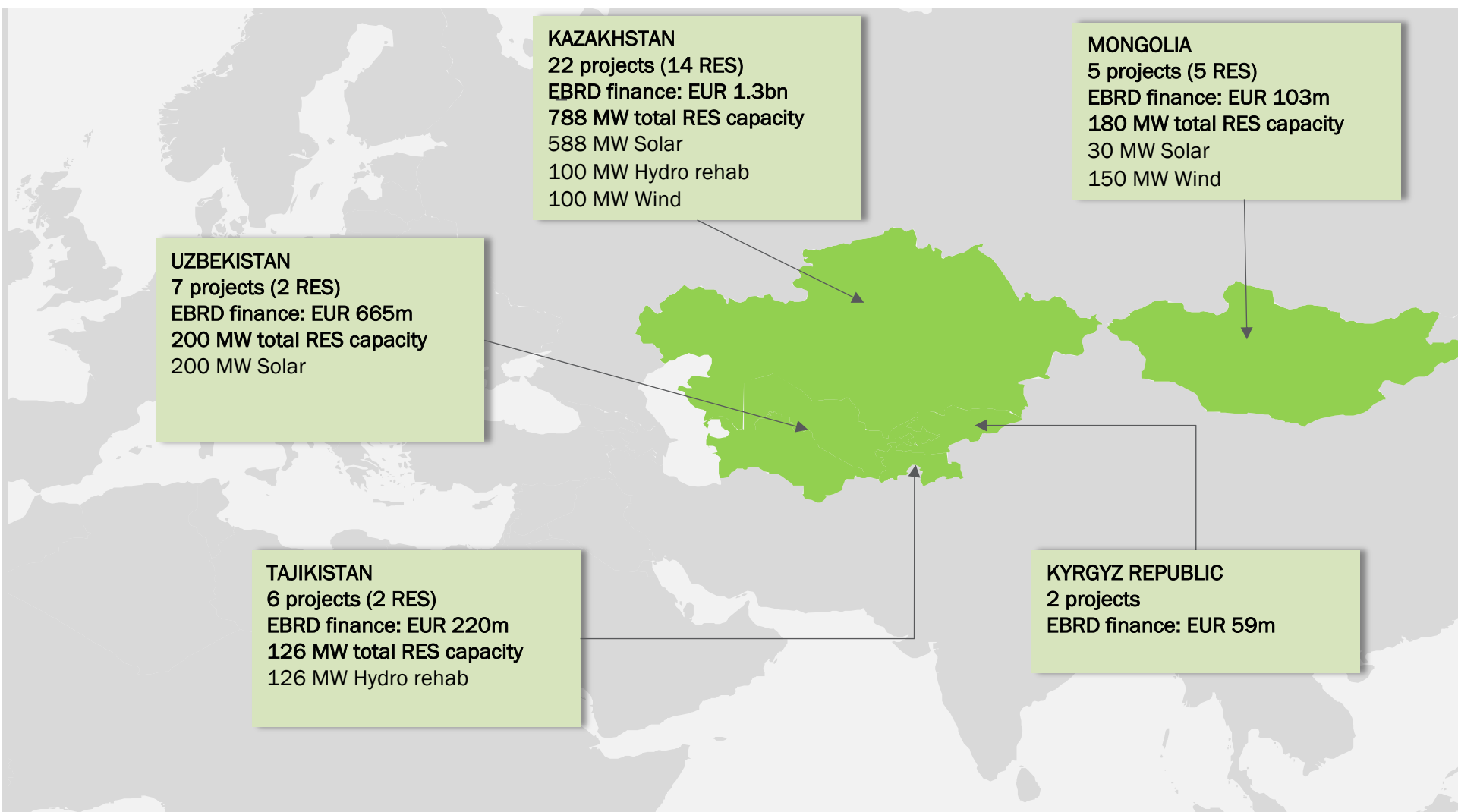
- Attracting reputable foreign and local investors
- Attracting “know-how” and the best available technology on the market
- Steep cost reduction of RES technologies
- Carbon footprint and emission reduction
- Supply of carbon credits to the carbon credit market

#### Challenges

- **Intermittent and unpredictable nature** of wind and solar power, **seasonality** of hydro
- **Impact of large power volumes** interfering with system stability because of priority of dispatch (no balancing market)
- **Poor diversification** of power sector balance with huge reliance on aged power stations



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## Promoting Green Transition in Kazakhstan

### LEGISLATION

2009	<ul style="list-style-type: none"> <li>• Introduction of <b>feed-in tariff system with uniform structure</b></li> </ul>
2011-2013	<ul style="list-style-type: none"> <li>• Launch of <b>operational legal framework</b> with a set of rules and norms on renewable energy</li> <li>• Introduction of (i) <b>fixed</b> feed-in tariffs, (ii) development of the <b>Financial Settlement Centre</b> off-taking energy via (iii) development of <b>Power Purchase Agreements</b> agreement</li> </ul>
2013	<ul style="list-style-type: none"> <li>• Introduction <b>Law</b> on supporting the use of Renewable Energy</li> </ul>
2014	<ul style="list-style-type: none"> <li>• Introduction of <b>full indexation of feed-in tariffs</b> against inflation</li> </ul>
2015-2016	<ul style="list-style-type: none"> <li>• Introduction of the <b>Green Economy Law</b> which provides further supports to the development and operation of <b>renewable energy projects</b></li> </ul>
2018-2019	<ul style="list-style-type: none"> <li>• Introduction of <b>auction scheme</b> for RES development.</li> <li>• <b>858MW</b> of solar, wind, hydro and biomass capacity was auctioned.</li> </ul>

### POLICY DIALOGUE ACTIVITIES

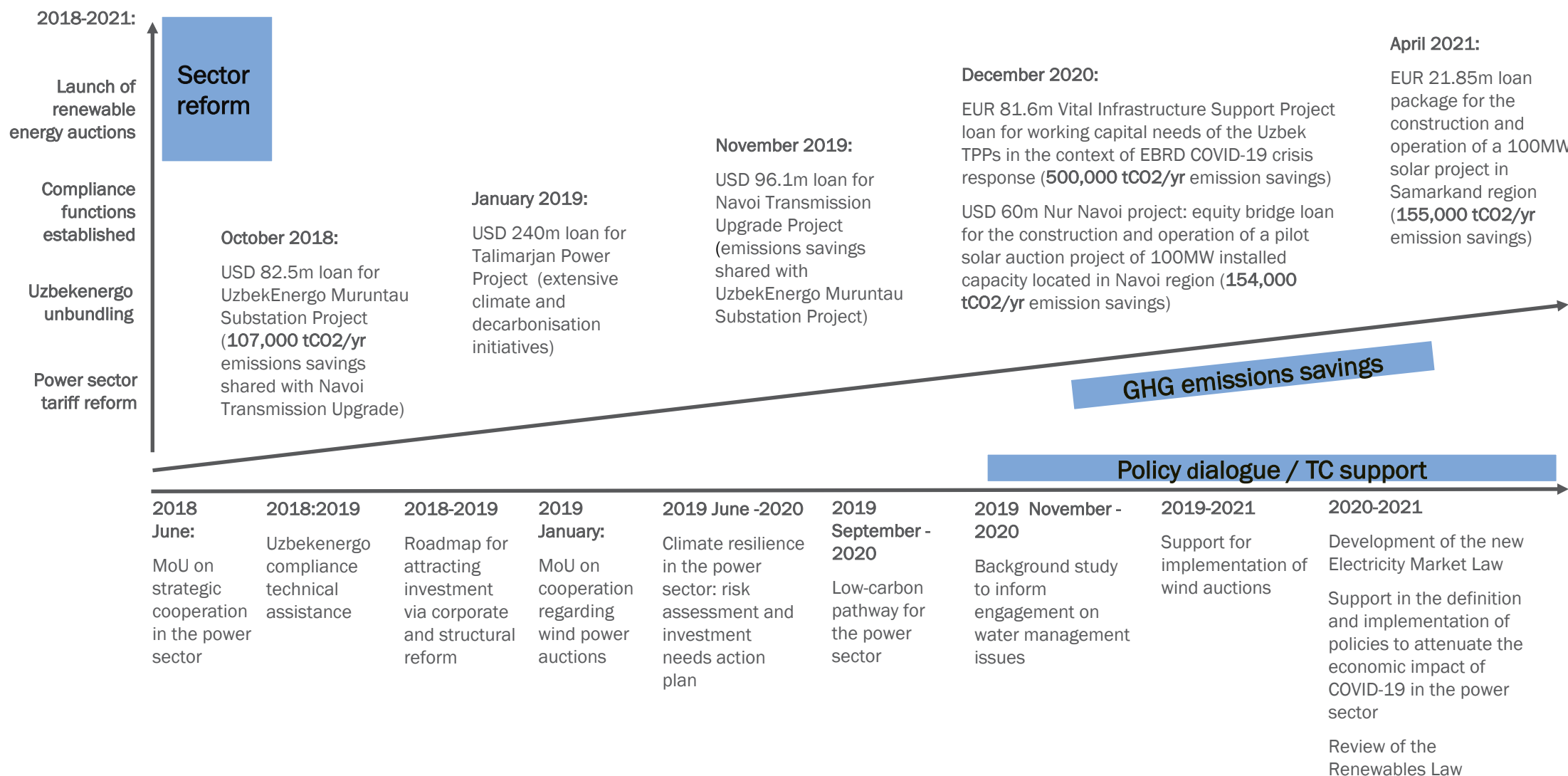
<ul style="list-style-type: none"> <li>▪ Assisting for drafting of secondary legislation implementing the renewable energy law (2009)</li> </ul>
<ul style="list-style-type: none"> <li>▪ Advice to the Government of Kazakhstan on Developing FiTs for Renewable Energy Sources (2010)</li> <li>▪ Advising on improvement renewable energy primary legislation (2011)</li> <li>▪ Advising on a renewable energy sources allocation (2013)</li> </ul>
<ul style="list-style-type: none"> <li>▪ Modelling the social impact of renewable energy feed-in tariffs (2013)</li> </ul>
<ul style="list-style-type: none"> <li>▪ Assisting in the final stage of developing renewable energy legislation (2014)</li> </ul>
<ul style="list-style-type: none"> <li>▪ Assisting Ministry of Energy on establishing a bankable regulatory and legal framework (2015-2016)</li> <li>▪ Strategic Environmental Review (SER) of RES development in Kazakhstan (2015-2016)</li> </ul>
<ul style="list-style-type: none"> <li>▪ Assisting in the review of the PPA bankability (2018)</li> <li>▪ Support for the implementation of wind auctions in Kazakhstan, including regulatory support on the tender process and documentation for the wind power projects (2019)</li> <li>▪ Promoting <b>gender equality</b> in RE sector (2019)</li> <li>▪ Strategies for carbon market development (2019)</li> <li>▪ Memorandum of Understanding (2019)</li> </ul>

# EBRD investments in renewables in Central Asia

## Promoting Renewables Development in Uzbekistan



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### ➤ Regional:



- EFSD+
- Policy support TC/TA (PA goals, GMI, RES regulatory framework improvement, RES auctions, tariff?)

### ➤ Kazakhstan

- Grids strengthening, RES connections, regional connectivity, small and micro generation
- Balancing, Storage and +/- “round-the-clock” solutions
- Carbon neutral fuels (Green H2)
- Carbon market

### ➤ Kyrgyzstan

- RES regulatory base and auctions
- Losses reduction
- Small and micro/distributed generation

### ➤ Mongolia:

- Grids strengthening (Choir- Sainshand, Sainshand - Tsagaan suvarga, Erdeneburen – Uliastai) and balancing
- Policy support TC/TA (RES stability)

### ➤ Tajikistan

- RES regulatory base and auctions
- Losses reduction
- Small and micro generation

### ➤ Uzbekistan

- RES auctions
- Losses reduction
- Grid strengthening and balancing
- Carbon neutral fuels (Green H2)
- Small and micro generation



# Contacts



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