

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

(with changes and additions as of 09.03.2021)

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

December 21, 2017

Approved

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.

Footnote. Paragraph 2 was amended in accordance with the order of the Minister of energy of the Republic of Kazakhstan dated 11.09.18 No. 360; It is stated in the RK Minister of Energy Order dated 09.03.21, No. 74

2. The following basic definitions are used in these Rules:

- 1) auction price – the price for the purchase of electric energy, produced by the facility for the use of renewable energy sources by the accounting and financial center, determined based on the results of auction bidding and not exceeding the level of the relevant maximum auction price;
- 2) auction bidding-a process, organized and conducted by the auction bidding organizer in the electronic system on the basis of the auction and aimed at selection of projects for construction of new facilities for the use of renewable energy sources and determination of auction prices of electric energy, produced by the facilities for the use of renewable energy sources, taking into account the plan of placement of facilities for the use of renewable energy sources;
- 3) register of auction bidding winners – a document, formed by the Organizer based on the results of auction bidding and confirming the results of the bidding;
- 4) a participant of auction bidding – hereinafter-participant) - an applicant, who has been registered at the Organizer and received the status of the participant;
- 5) auction bidding organizer (hereinafter-the Organizer) – a legal entity, determined by the authorized body, carrying out organization and conduct of auction bidding in the manner prescribed by the Law;
- 6) a bank guarantee - a written document, drawn up in accordance with the Rules for issuing of bank guarantees and sureties by the second-tier banks, approved by the resolution of the Board of the National Bank of the Republic of Kazakhstan No. 21 dated January 28, 2017 (registered in the Register of state registration of regulatory legal acts No. 14915), and issued by the bank to the client (debtor) on the basis of his(her) application in favor of a third party (creditor), according to which the bank undertakes to pay a limited amount of money to a third party (creditor) on the conditions specified in it;
- 7) the minimum allowable volume of installed capacity - the volume of installed capacity, below which the participant does not implement the project for the construction of a new facility for the use of renewable energy sources;
- 8) a beneficiary - a person in whose favor payments and (or) money transfers are made;
- 9) a debtor - a legal entity on whose instructions the issuing bank issues a bank guarantee or a standby letter of credit in favor of a beneficiary;
- 10) unilateral auction - a form of organization of auction bidding, aimed at determining winners, by successive selection of applications of auction bidding participants from a ranked list of auction bidding participants;

- 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 soil, groundwater, 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) heat;
- 12) accounting and financial center for support of renewable energy sources (hereinafter-accounting and financial center) - a legal entity created by the system operator and determined by the authorized body, carrying out centralized purchase and sale of electric energy produced by the facilities for the use of RES and supplied to the electric networks of the unified electric power system of the Republic of Kazakhstan in the manner prescribed by Law;
- 13) maximum allowable power of RES facilities - the maximum allowable amount of power of solar and wind power plants connected to the electrical network, determined on the basis of technical capabilities of the electric power system;
- 14) the facility for using of RES - technical devices intended for production of electric and (or) thermal energy using RES and interrelated to them facilities and infrastructure technologically necessary for operation of the facility for using RES and being on the balance sheet of the owner of the facility for using RES;
- 15) energy waste disposal - the process of thermal treatment of waste in order to reduce its volume and obtain energy, including their use as secondary and (or) energy resources, with the exception of obtaining biogas and other fuels from organic waste;
- 16) facility for energy waste disposal - a set of technical devices and installations intended for energy waste disposal, and interconnected structures and infrastructure, technologically necessary for energy waste disposal;
- 17) the authorized body in the field of environmental protection - the central executive body that carries out management and inter-sectoral coordination in the field of environmental protection and nature management, as well as its territorial bodies;
- 18) an applicant - a legal entity planning to participate in the auction bidding;
- 19) a standby letter of credit - an obligation of the bank to pay the amount sum in favor of the beneficiary under the letter of credit upon the occurrence of the case (nonfulfillment of obligations to the beneficiary by the debtor). Standby letter of credit is issued by the SWIFT system;
- 20) a ranked list - a list of applications from the participants in auction bidding, ordered in ascending order of prices specified in applications;
- 21) a purchase contract - a contract for the purchase of electric energy from an energy producing organization using RES, at auction prices, concluded between the accounting and financial center and an energy producing organization using RES;
- 22) trading system - a set of organizational, technical, software components, providing the conduct of auction bidding via the Internet;
- 23) trading session - a process during which applications are submitted by the participants of auction bidding, determination of prices, volumes of auction bidding and a register of winners of auction bidding is formed;
- 24) an authorized body - central executive body, carrying out management and inter-sectoral coordination in the field of support for the use of renewable energy sources;
- 25) marginal auction price - maximum value of auction price for electric energy;
- 26) point of connection to the electrical network - the place of physical connection of an object for the use of renewable energy sources, an object for energy waste disposal of an energy producing organization with the electrical network of a power transmission organization.

Footnote. The rules are supplemented by paragraph 2-1 in accordance with the order of the Minister of Energy of the Republic of Kazakhstan dated June 27, 19, No. 228

2-1. The selection of projects for the construction of new facilities for the use of renewable energy sources and the determination of the auction prices of electrical energy produced 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 the construction of new facilities for the use of renewable energy sources (hereinafter - the documentation) and / or without documentation.

Footnote. The rules are supplemented by paragraph 2-2 in accordance with the order of the Minister of Energy of the Republic of Kazakhstan dated 09.03.21, No. 74

2-2. The selection of projects for energy waste disposal and determination of auction prices for electrical energy produced by energy waste disposal facilities is carried out by organizing and holding an auction with prepared basic information on the construction of energy waste disposal facilities by groups of settlements for the implementation of energy recovery facilities in accordance with paragraph 6 of Chapter 2 of these Rules.

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

1. Preparation for auction bidding

3. The authorized body, at least 3 (three) months before the expected date of the auction, develops and publishes on its Internet resource the schedule of the auction for the calendar year in the form in accordance with Appendix 1 to these Rules (hereinafter - the Schedule). The information indicated in the Schedule is not subject to correction.

Footnote. The rules are supplemented by paragraph 3-1 in accordance with the order of the Minister of Energy of the Republic of Kazakhstan dated June 27, 19, No. 228

3-1. to prepare documentation, the authorized body in January of this year provides the settlement and financial center with information on the types of RES facilities, their location (indicating land plots) and the amount of installed capacity for the next two years.

The system operator in January of this year, at the request of the authorized body, provides the settlement and financial center with information about possible points of connection to the electric grid for auction with documentation.

Footnote. The rules are supplemented by paragraph 3-2 in accordance with the order of the Minister of energy of the Republic of Kazakhstan dated 27.06.19 № 228

3-2. The settlement and financial center sends the Organizer documentation indicating its cost no 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 announces the date of the auction within 3 (three) business days.

Footnote. The rules are supplemented by paragraph 3-3 in accordance with the order of the Minister of energy of the Republic of Kazakhstan dated 27.06.19 № 228

3-3. Documentation includes:

- 1) initial data, marketing research on the construction of a new RES facility, including an assessment of the resource potential;
- 2) results of public proceedings and preliminary environmental impact assessment;
- 3) the location of the land plot, taking into account the technical characteristics and costs of land purchase / lease, taxes;
- 4) the power distribution scheme and technical conditions for connection developed 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 No. 210 (registered in the Register of state registration of regulatory legal acts for No. 10899) (hereinafter - the power Grid rules).

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

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.

Footnote. Paragraph 5 is set out in the wording of the order of the Minister of Energy of the Republic of Kazakhstan dated 09.03.21, No. 74 (see previous edition)

5. Local executive bodies of regions, the cities of republican significance and the capital city in accordance with subparagraph 3-1) of Article 7 of the Law, shall reserve land plots for the planned construction of facilities for the use of RES until the winners of the auction bidding are granted the rights to a land plot, in accordance with the Land code of the Republic of Kazakhstan dated June 20, 2003 and send the relevant information to the authorized body in the form, according to table 1 of the Schedule.

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.

Footnote. Paragraph 8 is set out in the wording of the order of the Minister of Energy of the Republic of Kazakhstan dated 11.09.18, No. 360 (see previous edition)

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).

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.

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.

Footnote. The rules are supplemented by paragraph 18-1 in accordance with the order of the Minister of energy of the Republic of Kazakhstan dated 27.06.19 № 228

18-1. The settlement and financial center creates a competition Commission to review applications from potential suppliers to participate in the competition, authorize and determine the documentation developer in accordance with the terms of reference.

Paragraph 2. Qualification requirements for the participants of auction bidding

Footnote. Paragraph 19 is set out in the wording of the order of the Minister of Energy of the Republic of Kazakhstan dated 11.09.18, No. 360 (see the previous edition); order of the Minister of Energy of the Republic of Kazakhstan dated June 27, 19, No. 228 (see previous edition)

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

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

Footnote. Paragraph 23 is stated in the wording of the order of the Minister of Energy of the Republic of Kazakhstan dated 11.09.18, No. 360 (see the previous edition); order of the Minister of Energy of the Republic of Kazakhstan dated June 27, 1919, No. 228 (see previous edition); order of the Minister of Energy of the Republic of Kazakhstan dated 09.03.21, No. 74 (see previous edition)

23. The trading session during the auction is held within the time frame established in accordance with paragraph 3 or subparagraph 7) of paragraph 60-5 of these Rules, in the case of an auction for the selection of projects for energy waste disposal, and lasts 30 (thirty) minutes.

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, taking into account possible extensions provided for in part two of this clause, is no more than 1 (one) hour from the moment of opening.

Footnote. Paragraph 24 is set out in the wording of the order of the Minister of Energy of the Republic of Kazakhstan dated June 27, 1919, No. 228 (see previous edition)

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

- 1) enter into the trading system the information on the volume of planned selection of the

installed capacity, the maximum auction price and other information in accordance with the Schedule, approved by the authorized body;

2) enter into the trading system the information received from the authorized body on availability of reserved land plots for the planned construction of facilities for the use of RES and the possibility of connection to the electrical networks of energy transmitting organizations, indicating the maximum allowable power at the points of connection to the electrical networks and the number of possible connections;

3) enter into the trading system the information on the amount of financial security of applications for participation in the auction bidding, received from the accounting and financial center.

4) enters into the trading system information about land plots and points of connection to electric grid in accordance with sub-paragraphs 7) and 8) of paragraph 19 of these Rules.

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.

Footnote. Paragraph 26 was amended in accordance with the order of the Minister of Energy of the Republic of Kazakhstan dated 11.09.18, No. 360 (see the previous edition); set out in the wording of the order of the Minister of Energy of the Republic of Kazakhstan dated 06.27.19, No. 228 (see previous edition)

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

1) the name of the participant;

2) the price of electric energy per kilowatt-hour excluding VAT, indicated in the national currency of the Republic of Kazakhstan with the number of significant digits after the separator not more than two;

3) the volume of installed capacity not less than 100 kilowatts and a multiple of 1 (one) kilowatt;

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

5) the minimum allowable volume of installed capacity.

The Participants indicate in the request the relevant data about the land plot and the point of connection to the electric grid, according to the issued technical conditions for connection to the electrical network provided by the Organizer in accordance with subparagraphs 7) and 8) of paragraph 19 of these Rules, either choose the relevant data from the Graph.

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 may not submit applications for participation in the auction bidding with indication of the volume exceeding:

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

2) the maximum allowable volume of power at the points of connection to electrical networks;

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

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

Footnote. Paragraph 29-1 is set out in the wording of the order of the Minister of energy of the Republic of Kazakhstan No. 228 dated 27.06.19

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

Footnote. Paragraph 30 is set out in the wording of the order of the Minister of Energy of the Republic of Kazakhstan dated June 27, 19, No. 228 (see previous edition)

30. Participants can simultaneously submit applications for participation in auction bidding for several land plots planned for construction of facilities for the use of RES, and several points of connection to the electrical network within the financial security of each submitted application for participation in the auction bidding.

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

Footnote. Paragraph 32 is set out in the wording of the order of the Minister of Energy of the Republic of Kazakhstan dated 27.06.19, No. 228 (see previous edition)

32. Participants, at their discretion, before the end of receipt time of applications for participation in the auction bidding, change the previously submitted application by submitting a new application. At the same time, participants indicate the price in a new application lower than in the previous one, and the volume of the previously submitted application shall not be subject to change.

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

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

Footnote. Paragraph 34 is set out in the wording of the order of the Minister of Energy of the Republic of Kazakhstan dated June 27, 19, No. 228 (see previous edition)

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

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

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 amount, received as a result of claims paid for Bank guarantee or standby letter of credit, shall be credited to the special account of the reserve Fund of financial-settlement center and (or) sent by financial settlement center on the preparation of documentation in accordance with paragraph 3-3 of the Rules.

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 № 164 (registered in the Register of state registration of regulatory legal acts № 10662).

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.

Footnote. Paragraph 43 is set out in the wording of the order of the Minister of Energy of the Republic of Kazakhstan dated June 27, 19, No. 228 (see previous edition)

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

1) in auctions without documentation - 2000 (two thousand) tenge per 1 (one) kilowatt of installed capacity multiplied by the installed capacity of the RES facility specified in the application for participation in the auction;

2) in auctions 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;

Footnote. Paragraph 44 is set out in the wording of the order of the Minister of Energy of the Republic of Kazakhstan

dated 11.09.18, No. 360 (see previous edition)

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 45 is set out in the wording of the order of the Minister of Energy of the Republic of Kazakhstan dated 27.06.19, No. 228 (see previous edition)

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

Footnote. Paragraph 46 is set out in the wording of the order of the Minister of Energy of the Republic of Kazakhstan dated 11.09.18, No. 360 (see previous edition)

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.

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.

Paragraph 5. The procedure for summing up and determining winners

Footnote. Paragraph 50 is set out in the wording of the order of the Minister of Energy of the Republic of Kazakhstan dated 06.27.19, No. 228 (see previous edition)

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

- 1) general information describing auctions specified in the Schedule approved by the authorized body;
- 2) an application for participation in the auction submitted by the participant with all its parameters (price, time of application);
- 3) the lowest price indicated in the submitted applications for participation in the auction for sale (without indication of volume).

Footnote. Paragraph 50-1 is set out in the wording of the order of the Minister of energy of the Republic of Kazakhstan No. 228 dated 27.06.19

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

- 1) General information describing auctions specified in the Schedule approved by the authorized body;
- 2) an application for participation in the auction submitted by the participant with all its parameters (price, time of application submission);

3) requests submitted by bidders indicating the price;

Footnote. Paragraph 51 is stated in the wording of the order of the Minister of Energy of the Republic of Kazakhstan dated 11.09.18, No. 360 (see the previous edition); order of the Minister of Energy of the Republic of Kazakhstan dated June 27, 1919, No. 228 (see previous edition); order of the Minister of Energy of the Republic of Kazakhstan dated 27.08.20, No. 287 (see previous edition); order of the Minister of Energy of the Republic of Kazakhstan dated 09.03.21, No. 74 (see previous edition)

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

- 1) the total volume of the installed capacity of applications for participation in the auction bidding for the sale is at least 130% of the demand for installed capacity;
- 2) the number of participants, registered and admitted to the relevant auction bidding in the trading system, is at least two.

In case of non-fulfillment of the above specified conditions, the Organizer shall not calculate the prices, close the auction before the end of the closing time of the trading session and announce that the auction did not take place.

The regulation of subparagraph 1) of this paragraph does not apply to the conduct of auctions for the selection of projects that use hydrodynamic water energy, biomass, biogas and other fuels from organic waste used for the production of electric energy.

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

Footnote. Paragraph 53 is set out in the wording of the order of the Minister of Energy of the Republic of Kazakhstan dated June 27, 19, No. 228 (see previous edition)

52. Determination of the preliminary list of winners in the auction 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 the demand is fully satisfied.

Footnote. The rules were supplemented with clause 53-1 in accordance with the order of the Minister of Energy of the Republic of Kazakhstan dated June 27, 19, No. 228

53-1. The winner of the auction with documentation is determined after the end of the time for accepting bids for participation in the auction during the trading session, by selecting one bid with the lowest price.

Footnote. Paragraph 54 is set out in the wording of the order of the Minister of energy of the Republic of Kazakhstan No. 228 dated 27.06.19

53. If the preliminary list of winners in auctions without documentation contains several pre-satisfied requests for participation in auctions that specify the same connection point, the technical requirements of which cannot be met due to the excess of the total volume of these requests for participation in auctions over the maximum allowable capacity for this connection point and/or the number of possible connections, then applications for participation in auctions are excluded from the preliminary list of winners in descending order of price, until the condition about the maximum allowed amount of installed capacity for this connection point and the number of possible connections is met.

Footnote. Paragraph 55 is stated in the wording of the order of the Minister of Energy of the Republic of Kazakhstan dated 11.09.18, No. 360 (see the previous edition); order of the Minister of Energy of the Republic of Kazakhstan dated June 27, 19, No. 228 (see previous edition)

If the last demanded application for participation in the auction bidding from the preliminary list of winners cannot be fully satisfied with the existing demand, the following conditions shall be applied in conducting the bidding:

- 1) if satisfied the volume demand applications for participation in the auction amounts to 50% or more of its stated volume, such application for participation in the auction are satisfied at the end of trading in full or in an amount not exceeding the size limitations maximum allowable volume amount points. At the same time, the amount of installed capacity selection announced by the authorized body will be increased by the amount of the unsatisfied balance (or part of it) of the last requested bid 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, such bid for participation in the auction is checked for the condition of the minimum allowable amount of installed capacity.

Footnote. Paragraph 56 is set out in the wording of the order of the Minister of Energy of the Republic of Kazakhstan dated June 27, 19, No. 228 (see previous edition).

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 auction winners. In this case, auction prices are determined at the prices indicated in the submitted applications for participation in the auction.

Footnote. The rules were supplemented by clause 56-1 in accordance with the order of the Minister of Energy of the Republic of Kazakhstan dated June 27, 19, No. 228; set out in the wording of the order of the Minister of Energy of the Republic of Kazakhstan dated 27.08.20, No. 287 (see previous edition)

56-1. To participants of auctions 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 electric energy that are not included in the preliminary list of auction winners, the Organizer sends an offer for inclusion in the preliminary list of winners with the following conditions for 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 by more than 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).

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

Footnote. Paragraph 57 is set out in the wording of the order of the Minister of Energy of the Republic of Kazakhstan dated 27.08.20, No. 287 (see previous edition)

57. According to the results of the held auction bidding, the Organizer, within 1 (one) hour after closing the trading session, shall send notifications on the results of the held auction bidding in electronic form to the Participants. Written notifications shall be sent to the participants no later than 6:00 pm Nur- Sultan time of the next working day.

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.

Footnote. Paragraph 58-1 is set out in the wording of the order of the Minister of energy of the Republic of Kazakhstan No. 228 dated 27.06.19

58-1. The transfer of documentation by the financial settlement center to the property of the auction winner is carried out by concluding a corresponding purchase and sale agreement.

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

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.

Footnote. Paragraph 60 is set out in the wording of the order of the Minister of energy of the Republic of Kazakhstan No. 287 dated 27.08.20

60. The authorized body from the moment of receiving the Register of auction winners from the Organizer includes the auction winners within 5 (five) business days in the list of energy-producing organizations using RES and within 30 (thirty) calendar days in the plan of placement of objects for the use of RES.

At the same time, the auction bidding winners shall submit an application for conclusion of a purchase contract with the accounting and financial center within 60 (sixty) calendar days after inclusion in the list of energy producing organizations using RES.

Footnote. Chapter 2 was supplemented with paragraph 6 in accordance with the order of the Minister of Energy of the Republic of Kazakhstan dated 09.03.21, No. 74

Paragraph 6. Organization and holding of auctions for the selection of projects for energy waste disposal

60-1. The authorized body in the field of environmental protection sends a notification to the local executive bodies about the need to introduce an energy waste disposal facility in the relevant region, and provide information on the construction of energy disposal facilities, provided for in paragraph 60-2 of these Rules.

60-2. Local executive bodies within a month shall send the following information to the authorized body in the field of environmental protection in writing:

- 1) a letter of guarantee on reservation and provision of a land plot (for planned construction of energy waste disposal facilities) to the winner of the auction for the selection of energy waste disposal projects, taking into account the technical characteristics in accordance with the Land Code;
- 2) information about the power transmission organization that owns the nearest point of connection to the power grids;
- 3) the volume of waste generated.

60-3. The authorized body in the field of environmental protection sends a request to energy transmission organizations and the System Operator about the need to provide information on possible points of connection to electric grids for auction tenders for the selection of projects for energy waste disposal in a certain region.

Power transmission organizations, within 15 (fifteen) calendar days from the date of receipt of the request, provide the authorized body in the field of environmental protection with information on the possibility of the closest connection to power grids in the specified region and reserve this point of connection to the power grid for the winner of the auction for the selection of energy projects. waste disposal.

From the moment of providing information on the possibility of connecting to the electric network until the end of the auction for the selection of projects for energy waste utilization, energy transmission organizations suspend the acceptance of applications for obtaining technical specifications for connecting to the electric network at the reserved points of connection to the electric network.

60-4. Local executive bodies allocate land plots for the construction of facilities for the disposal of production and consumption waste in accordance with the Land Code, and reserve land plots intended for the construction of energy utilization facilities until the winners of the auction for the land plot are provided.

60-5. The authorized body in the field of environmental protection, within 7 (seven) calendar days after receiving the information specified in clauses 60-2 and 60-3 of these Rules, shall send the following information to the Organizer for holding the auction:

- 1) by groups of settlements for the implementation of energy utilization facilities, determined by the Rules for the formation of a list of energy producing organizations using energy waste utilization, approved by the authorized body in the field of environmental protection in accordance with subparagraph 28-17) of article 17 of the Environmental Code of the Republic of Kazakhstan dated January 9, 2007 year (hereinafter referred to as the Environmental Code);
- 2) according to the documents of local executive bodies for the reservation of land plots in each settlement of the group specified in subparagraph 1) of this paragraph;
- 3) on the volumes of waste generated in each inhabited locality of the group specified in subparagraph 1) of this paragraph, in which the introduction of energy waste disposal is supposed;
- 4) about the nearest points of connection to electric networks for each settlement of the group specified in subparagraph 1) of this paragraph, in which it is planned to introduce energy waste disposal;
- 5) on the maximum auction price for each group;
- 6) on the installed capacity of the proposed energy waste disposal facilities;

7) on the timing and date of the auction, the timing of documents acceptance and registration of applicants in the auction, as well as the timing and date of the trading session.

In this case, the date of the trading session is determined at least 2 (two) months in advance from the date of receipt by the Organizer of the information specified in this clause.

60-6. After receiving information on the construction of energy utilization facilities, the Organizer shall post it on its Internet resource within 3 (three) business days, as well as the terms and conditions for accepting documents and registering applicants in the auction.

60-7. Preparation for the auction for the selection of projects for energy waste disposal is carried out in accordance with paragraphs 10, 11, 12, 15, 16, 17 and 18, with the exception of subparagraph 5) of paragraph 18 and paragraph 43 of these Rules.

60-8. According to clause 10 of these Rules, the Organizer accepts documents and registers applicants in the trading system database within 1 (one) month from the date the Organizer places the text of the information presented in accordance with clause 60-5 of these Rules.

60-9. The Organizer, no later than 3 (three) business days from the date of completion of the acceptance of documents and registration of applicants, sends to the authorized body in the field of environmental protection a list of auction participants registered in the database of the Organizer's trading system and places it on the Organizer's Internet resource.

60-10. Participants in the auction for the selection of projects for energy waste disposal send documents to the authorized body in the field of environmental protection for their inclusion in the list of energy producing organizations using energy waste management in accordance with the Rules for the formation of the list of energy producing organizations using energy waste disposal, approved by the authorized body in environmental protection in accordance with subparagraph 28-17) of article 17 of the Environmental Code.

60-11. The Commission on the formation of the list of energy producing organizations using energy waste disposal, within a period of not more than 1 (one) month, considers the documents submitted by the participants, makes a decision and sends the Organizer no later than 15 (fifteen) calendar days before the date of the trading session a list of energy producing organizations using energy waste disposal.

60-12. Submission of an application for participation in the trading session of the auction for the selection of projects for energy waste disposal is carried out in accordance with paragraphs 21, 22, 23, 25, subparagraphs 1), 2) and 3) of paragraph 26, and paragraphs 27, 28, 31, 32 and 33 of these Rules.

60-13. The organizer, prior to the opening of the auction, shall enter into the trading system the information specified in clause 60-5 of these Rules, before the opening of the trading session, shall enter information on the amounts of the financial security of applications for participation in the auction, received from the settlement and financial center.

60-14. Types of financial support for the application for participation in the auction and the conditions for their entry and return of the auction for the selection of energy projects waste disposal is regulated in accordance with paragraphs 20, 34, 35, 36, 37, 38, 39, 40, 41, 42, 44, 45, 46, 47, 48 and 49 of these Rules.

60-15. The amount of financial security of the application in the auction for participation is 5,000 (five thousand) tenge per 1 (one) kilowatt of installed capacity, multiplied by the installed capacity of the energy waste disposal facility specified in the information provided by the authorized body in the field of environmental protection in accordance with subparagraph 6) paragraph 60-5 of these Rules.

60-16. Participants in the trading session are participants in the auction, included in the list of energy producing organizations that use energy waste disposal.

During the trading session, the following information is available to the auction participants:

- 1) provided for in clause 60-5 of these Rules;
- 2) on applications for participation in the auction, submitted by the participant with all its parameters (price, time of application submission);
- 3) on orders submitted by bidders with an indication of the price.

60-17. In case of participation in the trading session of one participant of the auction for the selection of projects for energy waste disposal, the Organizer sends this participant an offer with the following conditions:

- 1) if the maximum auction price is reduced by 50% or more, then the offer is sent 1% lower from the lowest price fixed in the bid of this participant;
- 2) if the maximum auction price is reduced in the range from 30% to 50%, then the offer is sent 5% lower from the lowest price fixed in the bid of this participant;
- 3) if the maximum auction price is reduced in the range from 10% to 30%, then the offer is sent 7% lower from the lowest price fixed in the bid of this participant;
- 4) if the maximum auction price is reduced to 10%, then the offer is sent 10% lower from the lowest price fixed in the bid of this participant.

If consent is obtained from the participant specified in this paragraph, it is included in the register of auction

winners.

In case of receiving a refusal from the participant specified in this clause, the Organizer closes the trading before the expiry of the closing time of the trading session and declares the trading invalid.

60-18. Summing up and determining the winners of the auction for the selection of projects for energy waste disposal is regulated in accordance with paragraphs 51, 52, 53-1, 57, 58 and 60 of these Rules.

60-19. The organizer, no later than 1 (one) business day after the close of the trading session, forms and sends to the authorized body in the field of environmental protection the results of the auction conducted for the selection of projects for energy waste disposal with the decoding of the step-by-step auction and indicating complete information about all submitted to the trading system applications and the register of auction winners.

60-20. The winners of the auction for the selection of projects for energy waste management submit an application for concluding a sale and purchase agreement with the settlement and financial center for each individual energy recycling facility for the purchase of electrical energy produced by energy waste disposal facilities within 60 (sixty) calendar days after their inclusion in the register of auction winners.

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.

62. When the auction is suspended, the Organizer promptly informs the participants through the available technical means of communication about the reason for the suspension of the auction, indicating the time during which the auction process will be restored.

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 the auction with documentation is declared invalid for the reasons specified in paragraph 51 of these Rules, the Organizer conducts them again in a month.

At the same time, if repeated auctions with documentation are declared invalid, the authorized body determines the date of their next holding.

Footnote. Paragraph 64-1 is set out in the wording of the order of the Minister of energy of the Republic of Kazakhstan No. 228 dated 27.06.19 set out in the wording of the order of the Minister of Energy of the Republic of Kazakhstan dated 09.03.21, No. 74 (see previous edition)

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.

Appendix 1 to the 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, procedure for summarizing and determining winners

Form

The schedule of carrying out auctions

Bidding date	Bidding time (Nur-Sultan time)	The period for accepting documents for inclusion in the register of auction bidding participants	UES zone	Type of RES	Volume of purchased installed capacity, MW	The amount of the marginal auction price, tg / kWh	Required date of commissioning, validity term of the contract	Financial security of application for participation in the auction bidding at the rate of 1 kW of installed capacity of the project	Financial support for the fulfillment of the purchase agreement based on 1 kW of installed capacity of the project	Availability of documentation (available/missing)
					small from 0.1 to 10 MW inclusively (for UES from 0.75 MW)	large over 10 MW				

Table 1 with information on reserved land plots for facilities planned for construction using renewable energy sources:

№	Region	Area	Locality	Land area, hectare	Land category
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Table 2 with information on the possibility of connecting power transmission organizations to the points of electrical networks, indicating the restrictions on the connected capacity and the number of new connections:

Power transmission organization	Region	Area	Power lines	Substation	Limitation on the connected capacity (maximum allowable volume of installed capacity), MW	Limitation on the new connections (connections)
			Name, coordinates	Tires		

Note:

explanation of abbreviations used in this annex:

UES - unified energy system;

RES - renewable energy sources;

WPP - wind power plants;

Power transmission lines - power lines;

MW - megawatt;

kW - kilowatt;

tenge / kW * h - tenge / kilowatt * hour.

Footnote. Appendix 2 is set out in the wording of the order of the Minister of Energy of the Republic of Kazakhstan dated 09.03.21, No. 74 (see previous edition)

Appendix 2

to the Rules for the Organization and Conduct of Auction Bidding,
including qualification requirements for
to the auction participants, the content and procedure for filing an application,
types of financial security of the application for participation in the auction
and the conditions for their entry and return, the procedure for summing up the results
and determining the winners
form

**The winners of the auction bidding
From “__” _____ 20__ №**

№	Date of bidding	Transaction number	Type of RES	Name of the winner	Land plot	Connection point	Auction price, tg / kWh (without VAT)	Installed capacity, kW
1								
2								
TOTAL:								

Note:

explanation of abbreviations used in this annex:

RES - renewable energy sources;

VAT - value added tax;

tenge / kW * h - tenge / kilowatt * hour;

kW - kilowatt.

