



On approval of the Rules for subsidizing the costs of organizations in the field of heat production for repayment and servicing of loans from international financial organizations, involved in the implementation of projects to modernize energy supply systems

Unofficial translation

Order of the Minister of Energy of the Republic of Kazakhstan dated September 2, 2019 no. 296. Registered with the Ministry of Justice of the Republic of Kazakhstan on September 3, 2019 no. 19333

Unofficial translation

In accordance with subclause 70-36) of article 5 of the Law of the Republic of Kazakhstan dated July 9, 2004 "On Electric Power Industry" **I HEREBY ORDER:**

1. To approve the attached Rules for subsidizing the costs of organizations in the field of heat production for repayment and servicing of loans from international financial organizations, involved in the implementation of projects to modernize energy supply systems

2. Department for the Implementation of State Policy in the Field of Electricity of the Ministry of Energy of the Republic of Kazakhstan in accordance with the procedure, established by the law shall ensure:

1) state registration of this order with the Ministry of Justice of the Republic of Kazakhstan;

2) placement of this order on the Internet resource of the Ministry of Energy of the Republic of Kazakhstan after its official publication;

3) within ten working days after the state registration of this order with the Ministry of Justice of the Republic of Kazakhstan, submission to the Department of Legal Service of the Ministry of Energy of the Republic of Kazakhstan of information about implementation of measures, stipulated by subclauses 1) and 2) of this clause.

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

4. This order shall come into force upon expiration of ten calendar days after the date of its first official publication.

Minister

K. Bozumbayev

" A G R E E D "

M i n i s t r y
of the Republic of Kazakhstan

o f

F i n a n c e

Ministry of National Economy
of the Republic of Kazakhstan

National Economy

Approved by the
order of the Minister of Energy
of the Republic of Kazakhstan
dated September 2, 2019 no. 296

Rules for subsidizing the costs of organizations in the field of heat production for repayment and servicing of loans from international financial organizations, involved in the implementation of projects to modernize energy supply systems

Chapter 1. General provisions

1. These Rules for subsidizing the costs of organizations in the field of heat production for repayment and servicing of loans from international financial organizations, involved in the implementation of projects to modernize energy supply systems (hereinafter referred to as the Rules), have been developed in accordance with subclause 70-36) of article 5 of the Law of the Republic of Kazakhstan dated July 9, 2004 "On Electric Power Industry" and shall determine the procedure for:

subsidizing the costs of organizations in the field of heat production for repayment and servicing of loans from international financial organizations, involved in the implementation of projects to modernize energy supply systems.

2. In these Rules, the following concepts are used:

1) an administrator of a distributed budget program – central authorized body for state planning;

2) an administrator of a local budget program – the akimat of a region, cities of republican significance, the capital;

3) a working group – an advisory and advisory body for the development of proposals and recommendations for the provision of budget funds to administrators of local budget programs to subsidize the costs of organizations in the field of heat production for the repayment and servicing of loans from international financial organizations, involved in the implementation of projects to modernize energy supply systems;

4) a loan agreement – an agreement on the implementation of an investment project between the international financial organization and the recipient of a subsidy;

5) an application – a set of documents, drawn up by the administrator of budget programs to substantiate the volume of expenditures;

6) an administrator of the republican budget program – a state body carrying out management in the field of electric power industry;

7) subsidizing – provision of non-repayable payments from the republican budget to the recipient of subsidies to pay off the interest rate on the principal debt of loans from international financial organizations;

8) a recipient of a subsidy – an organization in the field of heat production, which is a subject of natural monopoly in communal ownership;

9) a trilateral agreement (contract) – agreement (contract) concluded by the administrator of the republican budget program with the administrator of the local budget program or the recipient of the subsidy and the international financial organization on the implementation of projects for the expansion, modernization, reconstruction, renovation, maintenance of energy supply systems;

10) an international financial organization (hereinafter referred to as the IFO) – international financial organization providing financial assistance to legal entities in the form of a loan and (or) credit;

11) a tariff estimate – list of incomes, expenses and volumes of the provided regulated service in the form, approved by the authorized body exercising state regulation and control in the field of natural monopolies (hereinafter referred to as the authorized body);

12) an investment program – a plan of activities for the investment and return of funds allocated for the expansion, modernization, reconstruction, renovation, maintenance of existing assets and the creation of new assets of a natural monopoly entity in order to obtain technical, economic and (or) environmental effects, expressed in achieving the target indicators of the investment program or preserving performance indicators of a natural monopoly entity at the current level.

3. To provide a subsidy, the administrator of the republican budget program creates a working group, which includes representatives of the administrator of the distributed budget program, structural divisions of the administrator of the republican budget program, administrator of the local budget program, interested government bodies and the IFO.

Chapter 2. Procedure for subsidizing the costs of organizations in the field of heat production for repayment and servicing of loans from international financial organizations, involved in the implementation of projects to modernize energy supply systems

Paragraph 1. Conditions for receiving subsidies

4. Subsidizing shall be carried out by provision of special-purpose transfers by the administrator of local budget programs to subsequently subsidize the costs of subsidy recipients to repay the interest rate on the principal debt of the loans from the IFO.

5. The condition of the subsidy is the impossibility of fulfilling the obligations of the recipient of subsidies to repay the interest rate on the principal debt on the loans from the IFO

6. Subsidies shall be granted subject to the following criteria:

- 1) the recipient of a subsidy is a subject of natural monopoly;
- 2) the recipient of a subsidy has a loan agreement with the IFO;
- 3) the presence of a trilateral agreement (contract).

7. Granting of subsidies is based on the documents, specified in clause 11 of these Rules, with provision of documents certifying the receipt of credit funds of the IFO.

8. The recipient of a subsidy shall:

- 1) ensure provision of reliable and reasonable calculations;
- 2) uses funds only to repay the interest rate on the principal debt on the loans from the IFO.

9. Subsidies shall not be provided to reimburse other expenses for the payment of interest accrued and paid on overdue loan debt, as well as for the purpose of participating in the authorized capital, covering the losses of economic activities and tax liabilities of the recipient of subsidies.

10. The amount of subsidies allocated to repay the interest rate on the principal debt on the loans from the IFO attracted for the implementation of the approved investment program (project) shall be determined as the difference between the costs of the tariff estimate previously approved by the authorized body and the current tariff estimate approved by the authorized body or the recipient of the subsidy due to lower tariffs.

In case if the tariff estimates do not provide for funds for repayment of the interest rate on the principal debt on the loans from the IFO attracted for the implementation of the approved investment program (project), then the amount of the subsidy shall be determined at the level of the envisaged costs of repayment of the interest rate on the principal debt on the loans from the IFO attracted for the implementation of the approved investment program (project) of the recipient of a subsidy.

Paragraph 2. Provision of subsidies

11. The recipient of a subsidy, in order to receive subsidies, shall submit to the administrator of a local budget program the following documents:

- 1) a covering letter of the recipient of a subsidy signed by the first head (in any format);
- 2) an explanatory note on the need to provide a subsidy (with information on the work carried out with IFO, an analysis of the value of the tariff for services in the event of allocation (non-allocation) of a subsidy) agreed with the state body carrying out management in the relevant areas of natural monopolies or its territorial subdivision;
- 3) a copy of a loan agreement (with repayment schedule);
- 4) a copy of a trilateral agreement;
- 5) a copy of the order on approval of a tariff (price, charge rate) or its marginal level and tariff estimates for regulated services on heat provision;
- 6) settlements to service the interest rate on the principal debt for the relevant period as agreed with the IFO;

- 7) copies of orders on previously approved tariffs and tariff estimates;
- 8) copies of orders on approved investment programs;
- 9) reports on implementation of tariff estimates;
- 10) reports on the implementation of investment programs for the period of validity of the loan agreement;
- 11) certificate of absence / presence of overdue debt to other creditor banks;
- 12) a copy of a certificate of the relevant tax authority of the borrower on the absence (presence) of tax arrears, arrears of mandatory pension contributions and social contributions. The date of issue of the certificate must be no more than three months prior to the date of the determination.

The above documents shall be tied up, numbered, certified by a seal (if the recipient of the subsidy has one) and the signature of the head of the recipient of the subsidy (or a his/her substitute).

At the same time, the documents specified in subclauses 1), 2) and 5) of clause 6 of these Rules, shall be signed by the first head (or his/her substitute) and the chief accountant of the recipient of the subsidy and certified with a seal (if the recipient of the subsidy has one).

12. The administrator of a local budget program verifies the submitted package of documents, specified in clause 11 of these Rules, forms an application and submits to the administrator of the republican budget program.

If the recipient of the subsidy provides an incomplete package of documents and (or) the provision of inaccurate information, the administrator of a local budget program, within three working days, shall return the documents to the recipient of the subsidy in writing, indicating the reasons for the return to completely eliminate the comments.

13. The administrator of the republican budget program shall bring proposals on allocation of subsidies for consideration by the working group.

14. The working group conducts an objective and comprehensive assessment of the calculations of the recipients of subsidies and makes recommendations on the advisability of allocating subsidies.

15. . By results of the meeting of the working group, the minutes of the meeting of the working group is drawn up (in any form). In case of a negative decision of the working group, the administrator of a local budget program shall notify thereof the recipient of a subsidy within fifteen calendar days with a copy of the protocol attached.

16. Taking into account the positive decision of the working group, the administrator of the republican budget program shall form an application and shall submit to the administrator of the distributed budget program in accordance with the budget legislation of the Republic of Kazakhstan.

17. Provision of funds to the administrator of the republican budget program shall be carried out within the framework of the distributed republican budget program 163 " Subsidizing the costs of organizations in the field of housing and communal services for the

repayment and servicing of loans from international financial organizations involved in the implementation of infrastructure modernization projects" within the funds approved by the Law of the Republic of Kazakhstan on the republican budget for the corresponding financial period, and on the basis of the procedure determined by the administrator of the distributed budget program in accordance with clause 3 of article 33 of the Budget Code of the Republic of Kazakhstan.

18. The administrator of the republican budget program shall send funds in the form of special-purpose transfers to the administrator of a local budget program for subsequent subsidizing of the costs of the recipients of subsidies to repay the interest rate on the principal debt on the loans from the IFO.

19. The administrator of a local budget program shall perform payment of subsidies based on the document specified in clause 11 of these Rules and payment invoices of the IFO.

In case of non-use or incomplete use of budget funds in the past financial year, the administrator of a local budget program ensures the return of the unused part of the budget funds to the higher budget in the manner prescribed by the budget legislation of the Republic of Kazakhstan.

20. The recipient of the subsidy, upon receipt of subsidies from the administrator of the local budget program, makes the payment for the IFO within the terms specified in the payment invoice of the IFO.

Chapter 3. Procedure for provision of reporting

21. For the purposes of reporting, the recipient of the subsidies submits to the local executive body a report on the amount of paid IFO funds in the form in accordance with Appendix 1 to these Rules quarterly by the 5th day of the month following the reporting quarter.

22. The administrator of a local budget program submits a report on the amount of subsidies paid to the Administrator of the republican budget program in the form in accordance with Appendix 2 to these Rules quarterly by the 10th day of the month following the reporting quarter.

23. The administrator of the republican budget program submits a consolidated report to the Administrator of the distributed budget program in the form in accordance with Appendix 3 to these Rules quarterly by the 20th day of the month following the reporting quarter.

24. By results of the year, the administrator of the republican budget program submits a final report on the indicators of results achieved through the use of the allocated funds according to Appendix 4 to these Rules.

Appendix 1
to the Rules for subsidizing the
costs of organizations in the field
of heat production for repayment
and servicing of loans from

international financial
organizations, involved in the
implementation of projects to
modernize energy supply systems
Form

Report on the amount of subsidies paid

" " _____ 20 ____ .

Name of organization: _____

Report period: _____ year

Item no.	Name of organization	Received (thousand tenge)	Outstanding disbursements (thousand tenge)	Note

Seal
(if any)

First head of the organization _____

(signature) surname, name, patronymic (if any).

Appendix 2
to the Rules for subsidizing the
costs of organizations in the field
of heat production for repayment
and servicing of loans from
international financial
organizations, involved in the
implementation of projects to
modernize energy supply systems
Form

Report on the amount of subsidies paid

" " _____ 20 ____ .

Name of the Administrator of a local budget program: _____

Name of the special-purpose transfer: _____

Report period: _____ year

Name and code of the budget program: _____

Item no.	Name of organization	Received (thousand tenge)	Outstanding disbursements (thousand tenge)	Note

Seal
(if any)

Akim of the region (cities of the republican significance, the capital) _____

(signature)

First head –
Administrator of local budget programs _____

(signature) surname, name, patronymic (if any).

Appendix 3
to the Rules for subsidizing the
costs of organizations in the field
of heat production for repayment
and servicing of loans from
international financial
organizations, involved in the
implementation of projects to
modernize energy supply systems
Form

Consolidated report

" " _____ 20____ .

Name of the Administrator of the republican budget program: _____

Name of the special-purpose transfer: _____

Report period: _____ year

Name and code of the budget program: _____

Item No.	Name of a region, the city of republican significance, the capital	Name of organization	Received (thousand tenge)	Outstanding disbursements (thousand tenge)	Note

Seal
(if any)

First head (or his/her substitute) –
Administrator of the republican
budget program _____

(signature) surname, name, patronymic (if any).

Appendix 4
to the Rules for subsidizing the
costs of organizations in the field
of heat production for repayment
and servicing of loans from
international financial
organizations, involved in the
implementation of projects to
modernize energy supply systems
Form

Final report

" " _____ 20____ .

of the Administrator of the republican budget program:

Name of the special-purpose transfer: _____

Report period: _____ year

Name and code of the budget program: _____

Direct result						
Item No.	Name of indicators	Measuring unit	Planned values of indicators	Actual implementation of activities, stage of achieving results	% achievement of results	Plan (thousand tenge)
1	2	3	4	5	6	7

Table continued

Direct result						
Actual implementation (thousand tenge)	% implementation	Non-fulfillment (thousand tenge)	Budget funds saving (thousand tenge)	Underexpenditures (thousand tenge)	Reasons for non-achievement (overfulfilment) of results	
8	9	10	11	12	13	

Seal
(if any)

First head (or his/her substitute) –

Administrator of the republican

budget program _____

(signature)

surname, name, patronymic (if any)