

Expansion of Transboundary Power Trade in Central Asia

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Talgat Abilgazy

Deputy Director

Electric Power Department

Ministry of Energy of the Republic of Kazakhstan

Background

- Currently only three of the five Central Asia (CA) countries are members of the CA power system, and the power trade in CA has dropped by more than 10 times over the last 25 years.
- The consequences are as follows: irrational utilization of natural resources, inefficient operation of power facilities, energy shortages in winter.
- Some studies (e.g., Mercados, Fichtner) have confirmed the economic benefits of power trade/cooperation for the CA region (hundreds of billions of the US dollars).
- At the CAREC Energy Sector Coordinating Committee meetings, member countries reiterated their interest in the expansion of the power trade multiple times.
- The World Bank jointly with development partners provided assistance to CA countries - ESCC member countries through sharing international experience and consultations in order to determine technical and economic priorities.
- However, the lack of decision/arrangements on the transboundary trade development between the CA countries at the government level prevented the progress in overcoming economic and technical barriers that block the cooperation and power trade among CA countries.

Study on the Regional Power Trade in Central Asia

Objective:

- To prepare/update analytical papers to promote the regional power trade in Central Asia

Target audience:

- CA countries governments and representatives of the power sector

Expected outcome:

- Political decision of the CA countries to promote the power trade in the region

Objectives

- To evaluate technical and economic benefits and drawbacks for each of the countries based on the findings of the Mercados (2010) and Fichtner (2012) studies and updated data on the power sector from the countries under studies
- To evaluate the current condition of the power markets models in the CA countries, pricing rules, and tariff regulation mechanisms in the power sector

Objectives (continued)

- To develop a system of priority development goals of the power markets in the CA countries, and objectives for each goal, potential barriers, benefits and intended effects
- To analyze existing agreements among the CA countries in the power sector as well as effective and prospective international projects on development of the common infrastructure, transboundary trade mechanisms and other projects in the sector
- To analyze best international models of building the power markets

Objectives (continued)

Based on the results of the preceding sections, to develop:

- a series of specific proposals including the most favorable solution for the development of the international cooperation of the CA countries in the power sector
- a road map with timing and resources necessary for implementation of the arrangements.