

On Natural Monopolies and Regulated Markets

Invalidated Unofficial translation

The Law of the Republic of Kazakhstan dated 9 July, 1998 No. 272.

Footnote. Title is in the wording of the Law of the Republic of Kazakhstan dated 29.10.2015 No. 376-V (shall be enforced from 01.01.2017).
Unofficial translation

Footnote. Title of the Law as amended by the Law of the Republic of Kazakhstan dated 29.12.2008 No. 116-IV (shall be enforced from 01.01.2009).

Footnote. Throughout the text the words “central state body, carrying out control and regulation of activity in the scopes of natural monopolies” are substituted by the words “an authorized body” by the Law of the Republic of Kazakhstan dated 5 July, 2006 No. 166 (shall be enforced from the date of its official publication).

Footnote. Throughout the text the words “, regulated market”, “and regulated market”, “and regulated markets” are excluded in accordance with the Law of the Republic of Kazakhstan dated 11.07.2017 No. 89-VI (shall be enforced upon expiry of ten calendar days after its first official publication).

This Law regulates activity in the scopes of natural monopolies, as well as directs to ensuring protection of interests of consumers, entities of natural monopolies.

Footnote. Preamble is in the wording of the Law of the Republic of Kazakhstan dated 29.12.2008 No. 116-IV (shall be enforced from 01.01.2009); as amended by the Laws of the Republic of Kazakhstan dated 29.10.2015 No. 376-V (shall be enforced from 01.01.2017).

Article 1. Purposes of this Law

Purposes of this Law shall be:

- 1) determination of legal basis of the state regulation and control of activity in the scopes of natural monopolies;
- 2) achievement the balance of the interests of consumers and natural monopolies entities;
- 3) application the procedures of regulating the activities of natural monopoly entities, that ensure continuity, openness, objectivity, transparency and independence of adopted decisions;
- 4) ensure compliance of confirming tariffs to the quality of services in the scopes of natural monopolies, on which the regulation shall be distributed.

Footnote. Article 1 is in the wording of the Law of the Republic of Kazakhstan dated 26.12.2002 No. 364; as amended by the Laws of the Republic of Kazakhstan dated PK dated 20.12.2004 No. 13 (shall be enforced from 1 January, 2005); dated 29.12.2008 No. 116-IV (shall be enforced from 01.01.2009); dated 29.10.2015 No. 376 -V (shall be enforced from 01.01.2017); dated 28.12.2016 № 34-VI (shall be enforced from 01.01.2017).

Article 1-1. The legislation of the Republic of Kazakhstan on the natural monopolies

Footnote. Title of the Law as amended by the Law of the Republic of Kazakhstan dated 29.10.2015 No. 376-V (shall be enforced from 01.01.2017).

1. The legislation of the Republic of Kazakhstan on natural monopolies shall be based on the Constitution of the Republic of Kazakhstan and shall consist of this Law and other regulatory legal acts of the Republic of Kazakhstan.

2. If the international treaty, ratified by the Republic of Kazakhstan establishes the other rules, than those provided by this Law, the rules of international treaty shall be applied.

Footnote. The Law is supplemented by Article 1-1 in accordance with the Law of the Republic of Kazakhstan dated 29.12.2008 No. 116-IV (shall be enforced from 01.01.2009).; as amended by the Law of the Republic of Kazakhstan dated 29.10.2015 No. 376-V (shall be enforced from 01.01.2017).

Article 2. Force of this Law

1. This Law shall be distributed to the relations, arising on the services market (goods, works), linked with existence and activity of entities of natural monopolies.

2. Provisions of this Law shall be distributed to the actions (omission) of entities of natural monopolies, their incorporators (participants), performing beyond the Republic of Kazakhstan, in the cases, when this actions (omissions) shall contravene to this Law and damage the consumers services (goods, works) of natural monopolies.

3. Force of this Law shall not be distributed on individual entrepreneurs and legal entities, carrying out activity, referred to the scope of natural monopolies, in one of the following cases, when:

1) an activity is linked with construction and operation of the objects, exclusively intended for their own needs;

2) an activity, provided by subparagraph 2) of paragraph 1 of Article 4 of this Law is carried out in compliance of the following set of conditions:

incomes of such activity shall not exceed one percent of incomes from all activity for one calendar year;

maintenance the level of tariff for services related to the scope of natural monopoly, being in force on 1 January, 2012.

3-1. For the market entity, carrying out activity, which is referred by this Law to the scope of natural monopoly, the state regulation and control shall be applied only in relation of such activity.

3-2. Is excluded by the Law of the Republic of Kazakhstan dated 29.10.2015 No. 376-V (shall be enforced from 01.01.2017).

3-3. For natural monopoly entities implementing investment programs (projects) with borrowing funds of international financial organizations and included in the list of natural monopoly entities approved by the authorized body, provisions of this Law shall apply only in the part not regulated by Special procedure for regulation of the activities of natural monopoly entities participating in borrowing funds of international financial organizations.

4. Legal relations, not covered by this Law, shall be regulated by legislation of the Republic of Kazakhstan in the field of protection of competition and other legislation of the Republic of Kazakhstan.

5. Validity of this Law shall not distribute to the activities of state Islamic special financial companies.

Footnote. Article 2 as amended by the Laws of the Republic of Kazakhstan dated 26.12.2002 No. 364; dated 09.12.2004 No. 9; dated 29.12.2008 No. 116-IV (shall be enforced from 01.01.2009); dated 22.06.2012 No. 21-V (shall be enforced from 01.06.2012); dated 29.10.2015 No. 376-V (the order of enforcement see Art. 2); dated 24.11.2015 № 422-V (shall be enforced from 01.01.2016).

Article 3. The basic concepts, used in this Law

The following basic concepts shall be used in this Law:

1) illegal diversion of funds of amortization deductions – direction of the funds, provided in the approved tariffs (prices, rates of charges) and (or) rates estimates, at the expense of amortization deductions for purposes, not related to investment in fixed assets used in the provision of regulated services (goods, works) and return of principal of debt on borrowed credit resources;

1-1) Is excluded by the Law of the Republic of Kazakhstan dated 29.10.2015 No. 376-V (shall be enforced from 01.01.2017);

2) general service - the provision of services (goods, works) by the natural monopoly entities for all customers in a designated territory of the Republic of Kazakhstan, where natural monopoly entities carry out its activity and able to provide services (goods, works);

3) public hearings – a procedure of discussing the draft tariffs (prices, rates of charges) or their limit level on the regulated services (goods, works) of a natural monopoly entity with invitation of deputies of the Parliament of the Republic of Kazakhstan, maslikhats, representatives of local self-government bodies, consumers and their public associations, independent experts, the mass media, and natural monopoly entities;

4) investment program – a program of investment and return of facilities, directed to creation of new assets, expansion, restoration, updating, support for existing assets, reconstruction, technical re-equipment of basic assets of a natural monopoly entity, regulated market, on the short, medium or long term in order to obtain technical economic effect, including one or more investment projects;

5) investment project – a package of measures, provided investments in creation of new, expansion and updating of existing productions;

6) investment tariffs (price, rates of charges) – confirmed by the authorized body within the frame of one investment project the tariff (price, rates of charges) or its limited level on the regulated services (goods, works) of the natural monopoly entity, rendering on the newly created objects, acting until full cost recovery of investments;

7) Is excluded by the Law of the Republic of Kazakhstan dated 05.05.2015 No. 312 -V (shall be enforced upon expiry of ten calendar days after its first official publication);

8) natural monopoly entity of low-power – a natural monopoly entity, rendering the services:

on production, transfer, distribution and (or) supply with thermal energy from the heating plants with a total installed capacity of up to twenty Gcal / h inclusively;

water services and (or) water removal of the amount of up to fifty hundred thousand cubic meters per year;

on supply of irrigation water up to thirty million cubic meters per year;

airports serving passengers in the amount of less than three hundred thousand people per year;

in the scope of approach lines of the amount of up to fifty thousand cars / km, car / hour;

on transmission of electric energy of the amount of up to twenty five million kW. hour per year.

The natural monopoly entity of low power also includes the natural monopoly entity for a regulated service, the income from which does not exceed five percent of the income from all regulated services of a natural monopoly entity in a calendar year. At the same time, on remaining regulated services the natural monopoly entity shall not refer to the natural monopoly entity of low power;

9) short-term period – time duration up to one year inclusively;

10) medium-term period – time duration of more than one year to five years inclusively;

11) Is excluded by the Law of the Republic of Kazakhstan dated 29.10.2015 No. 376-V (shall be enforced from 01.01.2017);

12) was valid until 01.01.2017 in accordance with the Law of the Republic of Kazakhstan dated 09.07.1998 № 272 (order of enforcement see Art.23);

12-1) Is excluded by the Law of the Republic of Kazakhstan dated 05.05.2015 No. 312-V (shall be enforced from 01.01.2016);

12-2) differential tariff – a tariff on the regulated services of the natural monopoly entity, confirmed by the authorized body on a case by case basis on consumer groups and (or) amount of consumption;

12-3) expert council - a body, created for the purpose of analyzing and examining draft tariffs (prices, fee rates) and tariff estimates of natural monopoly entities, which includes independent experts;

13) strategic goods – coal, gas, fuel oil, diesel fuel, used as fuel for production of heat energy by natural monopoly entities, electric energy – for the natural monopoly entities in the scope of transfer and (or) distribution of electricity, water services and (or) water removal, heat energy – for natural monopoly entities in the scope of heat supply and normative losses of the natural monopoly entities in the scope of transfer and (or) distribution of heat energy, gas – for the in-house needs and losses for the natural monopoly entities in the scope of transmission of gas or gas condensate on main and (or) distribution pipelines, purchased water - for natural monopoly entities in the scope of water services, production of heat energy;

14) producers of strategic goods – individuals and legal entities:
producing the strategic goods;
being the owners of raw materials for production (processing) of strategic goods;
directly on behalf of foreign producer, realizing the strategic goods in the territory of the Republic of Kazakhstan;

15) natural monopoly – condition of service market (goods, works), in which creation of competitive conditions for satisfaction of demand on a particular kind of services (goods, works) is impossible or economically inappropriately by virtue of technological characteristics of production and provision of these services (goods, works);

16) the scope of natural monopolies - a field of social relations, arising in the services market (goods, works), in which an individual entrepreneur or legal entity may be recognized as a natural monopoly entity;

17) a natural monopoly entity – an individual entrepreneur or legal entity, engaged by the production of goods, execution of works and (or) provision of services to consumers in the conditions of natural monopoly;

18) affiliated person of a natural monopoly entity – a person (except of the state bodies, carrying out regulation of its activity within the frame of granted powers), who have the opportunity directly and (or) indirectly determine decisions and (or) influence the decision, accepted by the natural monopoly entity, as well as by virtue of the contract, including an oral contract or other transaction, as well as any person in relation of which a natural monopoly entity has such a right;

19) regulated services (goods, works) of the natural monopoly entity – services (goods, works), rendering by the natural monopoly entity in the scope of natural monopoly and subject to the state regulation by the authorized body, including the cases of rendering of services (goods, works) in terms of transfer of particular goods to the consumer;

20) tariff (price, rates of charges) - money terms of the value of regulated services (goods, works) of a natural monopoly entity, confirmed by the authorized body;

21) tariff estimate – confirmed by the authorized body in terms of the regulated services (goods, works), the indices of income and expenditure items, on amounts of rendered regulating services (goods, works) and other economic indices of activity of the natural monopoly entity in form, confirmed by the authorized body;

22) limited level of tariff (prices, rates of charges) – maximum value of tariff (price, rate of charge) on the regulated service (good, work) of the natural monopoly entity, confirmed on long-run period, and, if necessary - for each year during such a long-run period;

23) Is excluded by the Law of the Republic of Kazakhstan dated 05.05.2015 No. 312-V (shall be enforced from 01.01.2016);

24) extraordinary regulatory measures – measures, accepted by the authorized body upon value increase of strategic goods or occurrence of emergency situations in order to stabilize the activities of the natural monopoly entity and to protect life, health of citizens, property of individuals and legal entities, as well as environmental protection;

25) group of persons – a set of individuals and (or) legal entities, holding of ten or more percent of the voting shares (share of participation) of a natural monopoly entity, which jointly in the result of the agreement have the right to directly or indirectly determine decision and (or) influence the accepted decisions by the natural monopoly entity;

26) a consumer – an individual or legal entity, using or intending to use the regulated services (goods, works) of natural monopoly entity;

26-1) a consumer group – a set of consumers, associated by common traits, activity, permitted use of the regulated services of the natural monopoly entities;

27) temporary compensated tariff – tariff (price, rate of charge), established by the authorized body in order of compensation for losses, caused to the consumers by the natural monopoly entity;

28) temporary decreasing coefficient - the value, established by the authorized body and applied to the tariff (price, rate of charge) in order of protection of the interests of consumers and a natural monopoly entity;

29) an authorized body – a state body, carrying out the administration in the scopes of natural monopolies;

30) long-run period – time duration more than five years;

31) Is excluded by the Law of the Republic of Kazakhstan dated 29.10.2015 № 376 -V (shall be enforced from 01.01.2017).

Footnote. Article 3 is in the wording of the Law of the Republic of Kazakhstan dated 29.12.2008 No. 116-IV (shall be enforced from 01.01.2009); as amended by the Laws of the Republic of Kazakhstan dated 15.03.2010 No. 255-IV; dated 04.07.2012 No. 25-V (shall be enforced upon expiry of ten calendar days after its first official publication); dated 06.03.2013 No. 81-V (shall be enforced upon expiry of ten calendar days after its first official publication); dated 12.06.2014 No. 209-V (shall be enforced upon expiry of ten calendar days after its first official publication); dated 05.05.2015 No. 312-V (the order of enforcement see Art. 2); dated 29.10.2015 No. 376-V (the order of enforcement see Art.2); dated 17.11.2015 No. 407-V (shall be enforced upon expiry of ten calendar days after its first official publication); dated 28.12.2016 No. 34-VI (shall be enforced from 01.01.2017); dated 10.05.2017 No. 64-VI (shall be enforced upon expiry of ten calendar days after its first official publication); dated 11.07.2017 No. 89-VI (shall be enforced upon expiry of ten calendar days after its first official publication).

Article 4. Scopes of natural monopolies

1. The following services (goods, works) shall be related to the scopes of natural monopolies in the Republic of Kazakhstan:

1) on transportation of oil and (or) oil-products on main pipelines, except of its transportation for transit through the territory of the Republic of Kazakhstan and export outside the Republic of Kazakhstan;

2) on storing, transportation of traded gas on interconnection, main gas pipelines and (or) gas-distribution systems, operation of group tank units, as well as the transportation of raw gas on connecting gas pipeline, except of storage, transportation of traded gas for transit through the territory of the Republic of Kazakhstan and export outside the Republic of Kazakhstan;

3) on transmission of electricity;

4) on production, transmission, distribution and (or) supply with heat energy, except of the heat energy, produced with using of heat of soil, groundwater, rivers,

water reservoirs, waste water of industrial enterprises and electric power plants, sewage treatment plants;

- 5) on technical dispatching supply to the grid and electric energy consumption;
- 5-1) on organization of balancing of production and consumption of electricity;

Note of RCLII!

Article 4 is provided to be supplemented by paragraph 5-2 in accordance with the Law of the Republic of Kazakhstan dated 04.07.2012 No. 25-V (shall be enforced 01.01.2016).

6) backbone railway networks, except for the services of the backbone railway network for the carriage of goods in containers, transportation of empty containers and transit of goods through the territory of the Republic of Kazakhstan;

6-1) services of railway lines with railway transport facilities under concession agreements in the absence of a competitive railway line;

7) approach lines upon condition of absence of a competitive approach line;

8) air navigation, except of air navigation services for international and transit flights;

9) airports, except of air transportation services carrying out transit flights through the airspace of the Republic of Kazakhstan with technical landings at airports of the Republic of Kazakhstan for non-commercial purposes;

9-1) ports;

10) Is excluded by the Law of the Republic of Kazakhstan dated 28.12.2016 No. 34 -VI (shall be enforced from 01.01.2017);

11) on provision in a property lease (rent) or use of cable duct system;

12) water services and (or) water removal;

13) Is excluded by the Law of the Republic of Kazakhstan dated 28.12.2016 No. 34 -VI (shall be enforced from 01.01.2017).

2. An authorized body shall carry out the analysis of scope of natural monopolies, enumerated in paragraph 1 of this Article in order to assign the services (goods, works), provided by the natural monopoly entities within the frame of these scopes to regulated.

The list of regulated services (goods, works) shall be confirmed by the authorized body.

3. Natural monopoly entities shall subject to inclusion in the State register of natural monopoly entities, consisting of republican and local sections, with specification of certain types of provided regulated services (goods, works).

The procedure of inclusion and exclusion of the natural monopoly entities from the State register shall be established by the authorized body.

4. Expansion of the scopes of natural monopolies is carried out in accordance with international treaties ratified by the Republic of Kazakhstan.

Footnote. Article 4 as amended by the Law of the Republic of Kazakhstan dated 6 December, 2001 No. 260; dated 26 December, 2002 No. 364; dated 5 July, 2004 No. 568. New wording – dated 9 December, 2004 No. 9; dated 20 December, 2004 No. 13 (shall be enforced from 1 January, 2005 r.); as amended – dated 14 January, 2006 No. 120 (shall be enforced from the date of its official publication); dated 05.07.2008 No. 66-IV (the order of enforcement see Article 2); dated 29.12.2008 No. 116-IV (shall be enforced from 01.01.2009); dated 09.01.2012 No. 533-IV (shall be enforced upon expiry of 10 calendar days after its first official publication); dated 13.01.2012 No. 542-IV (shall be enforced upon expiry of six months after its first official publication); dated 06.03.2013 No. 81-V (shall be enforced upon expiry of ten calendar days after its first official publication); dated 03.07.2014 No. 230-V (shall be enforced upon expiry of ten calendar days after its first official publication); dated 29.09.2014 No. 239-V (shall be enforced upon expiry of ten calendar days after its first official publication); dated 05.05.2015 No. 312-V (shall be enforced upon expiry of ten calendar days after its first official publication); dated 27.10.2015 No. 363-V (shall be enforced upon expiry of ten calendar days after its first official publication); dated 29.10.2015 No. 376-V (shall be enforced from 01.01.2016); dated 24.11.2015 No. 419-V (shall be enforced from 01.01.2016); dated 28.12.2016 No. 34-VI (shall be enforced from 01.01.2017); dated 11.07.2017 No. 89-VI (shall be enforced upon expiry of ten calendar days after its first official publication).

Article 5. Restrictions of activity of natural monopoly entities

1. The natural monopoly entity shall be prohibited to:

1) Is excluded by the Law of the Republic of Kazakhstan dated 05.05.2015 No. 312-V (shall be enforced from 01.01.2017);

2) Is excluded by the Law of the Republic of Kazakhstan dated 05.05.2015 No. 312-V (shall be enforced from 01.01.2017);

3) Is excluded by the Law of the Republic of Kazakhstan dated 05.05.2015 No. 312-V (shall be enforced from 01.01.2017);

4) charge for regulated services (goods, works), exceeding the amount, established by the authorized body;

4-1) charge an extra fee, not provided by this Law, or otherways to impose the additional obligations, which on its content is not related to the subject of rendered regulated services (transfer of financial assets and other property, property rights and other);

4-2) Is excluded by the Law of the Republic of Kazakhstan dated 05.05.2015 No. 312-V (shall be enforced upon expiry of ten calendar days after its first official publication);

5) impose conditions of access to regulated services (goods, works) of natural monopoly entity or perform other actions, leading to discrimination of consumers;

5-1) transfer the property, belonging on the right of ownership or other legal basis, used in technological cycle upon production and (or) provision of regulated services (goods, works), in trust management, property lease (rent), including leasing, except for the cases provided by paragraph 1 and 2 of Article 13-1 of the Law of the Republic of Kazakhstan "On Electric Power Industry";

6) assign a right of demand, linked with the provided regulated services (goods, works), except of the assignment of right of demand of special financial company on transactions of project financing and securitization, upon condition that it is not lead to tariff raising (prices, rates of charges) on the regulated services (goods, works) of the natural monopoly entity;

7) refuse in provision of regulated services (goods, works) to the voluntary enterprises in connection with non-payment by unconscientious consumers of used amount of regulated services (goods, works);

8) include expenses, not related with their provision, in the tariffs (prices, rates of charges) or their limited levels on the regulated services (goods, works);

8-1) allow an illegal diversion of funds, provided in the investments programs (projects), confirmed in accordance with the established procedure;

9) ask for payments of provided regulated services (goods, works), not complied with requirements to the quality of regulated services (goods, works), established by the state bodies within their competence;

10) recognize information as a commercial secret:

containing in the tariff estimate;

on expenses to acquisition and installation of regulated metering devices and charging mechanisms, acquisition and installation of regulated metering devices of regulated communal services;

on provided regulated communal services (goods, works).

1-1. Is excluded by the Law of the Republic of Kazakhstan dated 05.05.2015 No. 312-V (shall be enforced from 01.01.2017).

1-2. Is excluded by the Law of the Republic of Kazakhstan dated 05.05.2015 No. 312-V (shall be enforced from 01.01.2017).

2. Restrictions, provided by subparagraph 5-1) of paragraph 1 of this Article shall not be distributed to the natural monopoly entities, rendering the regulated services (goods, works) in accordance with subparagraph 11) of paragraph 1 of Article 4 of this Law.

Footnote. Article 5 is in the wording of the Law of the Republic of Kazakhstan dated 26.12.2002 No. 364; as amended by the Laws of the Republic of Kazakhstan dated 20.02.2006 No. 127 (the order of enforcement see Article 2); dated 05.07.2006 N

166 (shall be enforced from the date of its official publication); dated 29.12.2008 No. 116-IV (shall be enforced from 01.01.2009); dated 15.03.2010 No. 255-IV; dated 12.01.2012 No. 539-IV (shall be enforced upon expiry of ten calendar days after its first official publication); dated 21.06.2013 No. 106-V (shall be enforced upon expiry of ten calendar days after its first official publication); dated 04.07.2013 No. 128-V (shall be enforced upon expiry of ten calendar days after its first official publication); dated 04.07.2013 No. 132-V (shall be enforced upon expiry of ten calendar days after its first official publication); dated 05.05.2015 No. 312-V (the order of enforcement see Art.2); dated 12.11.2015 No. 394-V (shall be enforced upon expiry of ten calendar days after its first official publication); dated 11.07.2017 No. 89-VI (shall be enforced upon expiry of ten calendar days after its first official publication).

Article 6. Rights of natural monopoly entity

A natural monopoly entity shall have a right to:

1) establish the technical requirements, compulsory for observance by the consumers in accordance with the legislation;

1-1) reduce tariffs (prices, rates of charges) on the regulated services (goods, works) for all consumers in the period of effect of tariffs (prices, rates of charges) according to the procedure, confirmed by the authorized body;

1-2) conduct the technical service and organize verification of the metering devices according to the procedure, established by the legislation of the Republic of Kazakhstan;

1-3) present an application for consideration to the authorized body for confirmation of tariff (prices, rates of charges) or its limited level on the regulated services (goods, works) in the cases and procedure, established by the authorized body;

1-4) charge from consumers for acquisition and installation of metering devices of regulated communal services, coordinated with the authorized body;

2) contribute suggestions upon adoption of decisions by the authorized body, concerning matters of its activities and legal status;

3) appeal the actions (omission) of the authorized body to a court, contradicted to the legislation of the Republic of Kazakhstan;

4) appeal the actions (omission) of other subjects to the authorized body or to a court, which reflected on its activity, incomes, ownership or legal status;

5) apply to the authorized body in accordance with the established procedure on exclusion it from the State register of the natural monopoly entities;

5-1) increase the tariffs (prices, rates of charges) or their limited levels on provided regulated services (goods, works) according to the procedure, established by the authorized body for all consumers in case of relevant changes of tax legislation of the

Republic of Kazakhstan, in the results of which cost of expenses of the natural monopoly entity is increased;

5-2) dispose the underused part of expenses independently, included in tariff estimate, resulted from cost savings due to use of more effective methods and technologies, implementation of plan of measures for energy saving and energy efficiency improvement, developed following the results of an energy audit, carrying out measures to reduce regulatory technical losses or reduce volumes of provision of regulated services for reasons beyond the control of the natural monopoly entity or the results of the competitive (tender) procedures, except for the funds used in accordance with subparagraph 4-1) of the first part of Article 7 of this Law;

5-3) apply to the authorized body with an adjustment of the tariff estimate in accordance with the procedure for approving tariff estimates, tariffs (prices, rates of charges) or their limit levels;

5-4) apply to the authorized body with an adjustment of the tariff estimate in accordance with the procedure for approving tariffs (prices, rates of charges) and tariff estimates in a simplified manner;

6) have other rights, provided by the legislative acts of the Republic of Kazakhstan.

Footnote. Article 6 as amended by the Laws of the Republic of Kazakhstan dated 26.12.2002 No. 364; dated 09.12.2004 No. 9; dated 05.07.2006 N 166 (shall be enforced from the date of its official publication); dated 27 July, 2007 No. 316 (shall be enforced from the date of its official publication); dated 06.03.2013 No. 81-V (shall be enforced upon expiry of ten calendar days after its first official publication); dated 05.05.2015 No. 312-V (shall be enforced upon expiry of ten calendar days after its first official publication); dated 17.11.2015 No. 407-V (shall be enforced upon expiry of ten calendar days after its first official publication); dated 28.12.2016 No. 34-VI (shall be enforced from 01.01.2017).

Article 7. Obligations of natural monopoly entities

A natural monopoly entity shall have a right to:

1) perform decisions of the authorized body, not contradicted to the legislation of the Republic of Kazakhstan;

2) provide the regulated services (goods, works) on tariffs (prices, rates of charges), confirmed by the authorized body, except of the cases, provided by subparagraph 2-3) of this part;

2-1) secure acceptance of payments from consumers for provided to them the regulated communal services (goods, works) through their own payment offices, as

well as banks and organizations, carrying out the separate banking operations, internet resources and (or) terminals. This requirements shall not be distributed to the natural monopoly entities, specified in paragraph 3 of Article 15 of this Law;

2-2) provide the general service of regulated services (goods, works) of consumers in accordance with the requirements to the quality of provided regulated services (goods, works), established by the state bodies within their competence;

2-3) provide the regulated services of on limited levels of tariffs (prices, rates of charges), confirmed by the authorized body,with regard to the case provided by subparagraph 3-1) of this part;

3) provide equal conditions to the consumers of regulated services (goods, works), except of the cases of provision of regulated services (goods, works) in recognition of the benefits and privileges, established by the legislation of the Republic of Kazakhstan , as well as equal conditions of the access to the regulated services (goods, works) according to the procedure, confirmed by the Government of the Republic of Kazakhstan, except of the access to the services on transportation of products on main pipelines, the procedure of which is established by the Law of the Republic of Kazakhstan “On main pipeline”;

3-1) provide the regulated services (goods, works) for all consumers on united levels of tariffs (prices, rates of charges), not exceeding the limited level of tariff (price , rate of charge) in case of confirmation of limited tariff (price, rate of charge);

4) carry out procurement of services (goods, works), expenses on which considered upon confirmation of tariff (prices, rates of charges) or its limited level and tariff estimates on the regulated services (goods, works) of the natural monopoly entity, according to the procedure, established by this Law and other legislative acts of the Republic of Kazakhstan;

4-1) direct to energy ensuring and energy efficiency, creation of new ones, the expansion, restoration, renewal, support, reconstruction and technical re-equipment of productive assets,no less than fifty percent of the underutilized part of the costs set in the tariff estimate resulting from cost savings due to the use of more effective methods and technologies, implementation of the plan of measures for energy saving and energy efficiency improvement, developed following the results of energy audit, implementation measures to reduce the regulatory technical losses or reduction in the volume of rendered regulated services, for reasons beyond the control of the natural monopoly, or on the results of competitive (tender) procedures;

5) provide financial recording and other necessary information on paper or electronic media on requirement of the authorized body in terms, established by the authorized body, which may not be less than five business days from the date of receipt of relevant requirement by the natural monopoly entity;

6) choose the most effective methods and technologies of production and provision of services of natural monopoly upon observance of the principles of social, ecological safety and safety for health of citizens;

7) conduct the compulsory annual audit by the audit organizations, except of the natural monopoly entities, specified in paragraph 3 of Article 15 of this Law, which conduct the compulsory audit once every three years. An audit report and annual financial recording shall be published in periodical print publications, distributed on relevant territories of administrative-territorial entity, on which the natural monopoly entity shall carry out its activity not later than thirty calendar days from the date of confirmation of audit report according to the procedure, established by the legislation of the Republic of Kazakhstan;

7-1) maintain the separate accounting of incomes, expenses and committed assets on each type of regulated services (goods, works) and in general on other activity according to the procedure, confirmed by the authorized body;

7-2) execute the tariff estimate, except of the regional electric grid company, as well as the case, provided by subparagraph 5-2) of Article 6 of this Law;

7-3) report on an annual basis on activity on provision of regulated services (goods, works) to the consumers and other interested persons according to the procedure, established by the Government of the Republic of Kazakhstan;

7-4) Is excluded by the Law of the Republic of Kazakhstan dated 05.05.2015 No. 312-V (shall be enforced from 01.01.2016);

7-5) provide information on execution of investment program (project) on form, confirmed by the Government of the Republic of Kazakhstan and post this information in the mass media, distributed in the territory of administrative-territorial entity, on which the natural monopoly entity shall carry out its activity in the period of realization of investment program (project) annually no later than 1 May of the year following the reporting period;

7-6) once every six months to notify consumers about the implementation of investment programs (projects), tariff estimates through its Internet resource or Internet resource of the authorized body in the manner determined by the authorized body;

7-7) place on its Internet resource or Internet resource of the authorized body a report on the implementation of the tariff estimate in the manner determined by the authorized body;

7-8) in accordance with the procedure established by the authorized body, place the information on tariffs and tariff estimates for regulated services (goods, works) on their Internet resource, in the absence of technical capability - on the Internet resource of the local executive body or on the Internet resource of the authorized body no later than five calendar days from the date of their approval;

7-9) annually, in accordance with the procedure established by the authorized body, place a report on the activities to provide regulated services (goods, works) to consumers and other interested parties no later than five calendar days from the date of the report conduct in the mass media, including on their Internet resource or Internet resource of the authorized body;

7-10) annually, in accordance with the procedure determined by the authorized body, place a report on the activities on providing regulated public services (goods, works) to consumers and other interested persons no later than five calendar days from the date of the report in the periodical printed publication, on their Internet resource or on the Internet- resource of the authorized body;

8) conclude individual agreements with the consumers for each type of provided regulated communal services (goods, works), as well as for each type and (or) set of other provided regulated services (goods, works) in accordance with the model agreements, confirmed by the Government of the Republic of Kazakhstan;

8-1) conclude agreements of cooperation with the management body of the object of condominium for each type of provided by them the regulated communal services (goods, works) in accordance with the model agreements of cooperation, confirmed by the Government of the Republic of Kazakhstan;

9) acquire and install the metering devices of regulated communal services (goods, works) to the consumers in accordance with the agreements, concluded with the consumers;

9-1) charge for provided regulated communal services (goods, works) on average monthly metered values according to the procedure, established by the authorized body in case of breakdown of the metering device;

10) Is excluded by the Law of the Republic of Kazakhstan dated 05.05.2015 No. 312-V (shall be enforced upon expiry of ten calendar days after its first official publication);

11) annually present report on execution of tariff estimate not later than 1 May of the year following the reporting period;

12) not allow violation of rights of consumers upon conclusion of agreements on provision of the regulated services (goods, works);

13) inform the authorized body and consumers on tariff (prices, rates of charges) reductions not later than ten days until introduction it into effect;

13-1) notify the antimonopoly body on the beginning of the implementation of activity that is not related to the regulated services (goods, works), in the manner provided by the Law of the Republic of Kazakhstan "On Competition";

14) (is excluded - dated 14 January, 2006 No. 120 (shall be enforced from the date of its official publication));

14-1) Is excluded by the Law of the Republic of Kazakhstan dated 05.05.2015 No. 312-V (shall be enforced from 01.01.2016);

15) reduce the tariffs (prices, rates of charges) or their limited levels on the provided regulated services (goods, works) for all consumers in case of relevant change of the tax legislation of the Republic of Kazakhstan according to the procedure, established by the authorized body, in the result of which the cost of expenses of the natural monopoly entity is reduced from the date of introduction of the specified amendments into effect;

16) alienate property, intended for production and provision of the regulated services (goods, works), in trading in the form of tender, except of the cases of transfer of property to the state property, as well as the transmission of electrical networks by natural monopoly entities that provide services on electric power transmission specified in paragraph 1 of Article 13-1 of the Law of the Republic of Kazakhstan "On Electric Power Industry".

In case of alienation of the approach line, the services of which belong to the scope of natural monopolies, the owner of this approach line shall be obliged to grant the pre-emptive right of his purchase to the current consumer before third parties in case of the same conditions and the amount of redemption presented in the tenders.

In the presence of two or more existing consumers, the preferential right shall granted to the consumer that received a higher volume of services in the last 12 months (thousand car / km, car / hour), in case of the same conditions and the amount of repurchase presented in the tenders;

17) develop the methods of separate record-keeping of incomes, expenses and committed assets by types of regulated services of natural monopoly entities according to the procedure, established by the authorized body;

18) execute the investments programs (projects), confirmed in accordance with the established procedure, and priority direct the funds provided by the investment program (project) for energy saving and energy efficiency measures, provided that they do not entail an increase in tariffs (prices, rates of charges) or their limited levels on the provided regulated services (goods, works) of the natural monopoly entity, as well as restoration, renewal, expansion, support of existing assets, reconstruction, technical re-equipment of fixed assets of a natural monopoly entity;

19) Is excluded by the Law of the Republic of Kazakhstan dated 05.05.2015 No. 312-V (shall be enforced upon expiry of ten calendar days after its first official publication);

20) to prevent the existence of excessive losses;

21) reduce the level of regulatory technical losses to the amount and in terms, determined by the authorized body;

22) Is excluded by the Law of the Republic of Kazakhstan dated 05.05.2015 No. 312-V (shall be enforced upon expiry of ten calendar days after its first official publication);

23) to present credit information to a credit bureau with state participation in case of providing the utilities by the natural monopoly entity;

24) quarterly place the information on the availability and the available capacity, capacity, locations, bandwidth networks regulated utilities (goods, works), on its Internet Recourse as well as engineering communications;

25) to provide information about engineering communications on request, including on its Internet resource, within the terms established by the Law of the Republic of Kazakhstan "On the Procedure for Consideration of Appeals from Individuals and Legal Entities", in accordance with the Law of the Republic of Kazakhstan "On State Secrets";

26) return the funds from the recalculation of the cost of heat supply services taking into account the actual outside temperature directly to consumers or in case of impossibility to determine the location of the consumer by reducing the tariff (price, rates of charges) upon payment for heat supply services in the manner of determined by the authorized body;

27) comply with the standards of service delivery to consumers.

Obligations, provided in subparagraphs 4), 7-1), 7-3), 7-8), 17), 18) and 24) of part one of this article of the first part of this Article shall not be distributed to the natural monopoly entities of law powered.

An obligation provided in subparagraph 2-3) of the first part of this Article shall not be distributed to the natural monopoly entities of law powered, newly created natural monopoly entities.

Footnote. Article 7 as amended by the Laws of the Republic of Kazakhstan dated 26.12.2002 No. 364; dated 09.12.2004 No. 9; dated 20.12.2004 No. 13 (shall be enforced from 01.01.2005); dated 14.01.2006 No. 120 (shall be enforced from the date of its official publication); dated 05.05.2006 No. 139 (the order of enforcement see Article 2 of the Law of the Republic of Kazakhstan No. 139); dated 05.07.2006 No. 166 (shall be enforced from the date of its official publication); dated 27.07.2007 No. 316 (shall be enforced from the date of its official publication); dated 29.12.2008 No. 116-IV (shall be enforced from 01.01.2009); dated 08.06.2009 No. 163-IV; dated 15.03.2010 No. 255-IV; dated 05.07.2011 No. 452-IV (shall be enforced from 13.10.2011); dated 22.06.2012 No. 21-V (shall be enforced upon expiry of ten calendar days after its first official publication); dated 04.07.2012 No. 25-V (shall be enforced upon expiry of ten calendar days after its first official publication); dated 06.03.2013 No. 81-V (shall be enforced upon expiry of ten calendar days after its first official publication); dated 12.06.2014 No. 209-V (shall be enforced upon expiry of ten

calendar days after its first official publication); dated 29.09.2014 No. 239-V (shall be enforced upon expiry of ten calendar days after its first official publication); dated 29.12.2014 No. 269-V (shall be enforced from 01.01.2015); dated 05.05.2015 No. 312-V (the order of enforcement see Art.2); dated 17.11.2015 No. 407-V (shall be enforced upon expiry of ten calendar days after its first official publication); dated 29.03.2016 No. 479-V (shall be enforced upon expiry of twenty one calendar days after its first official publication); dated 28.12.2016 No. 34-VI (shall be enforced from 01.01.2017); dated 27.02.2017 No. 49-VI (shall be enforced upon expiry of ten calendar days after its first official publication); dated 05.05.2017 No. 59-VI (shall be enforced upon expiry of ten calendar days after its first official publication); dated 11.07.2017 No. 89-VI (shall be enforced upon expiry of ten calendar days after its first official publication).

Article 7-1. The state regulation of prices on the regulated markets

Footnote. Article 7-1 is excluded by the Law of the Republic of Kazakhstan dated 29.10.2015 No. 376-V (shall be enforced from 01.01.2017).

Article 7-2. The procedure of price formation on the regulated markets

Footnote. Article 7-2 is excluded by the Law of the Republic of Kazakhstan dated 29.10.2015 No. 376-V (shall be enforced from 01.01.2017).

Article 7-3. Obligations of the entities of regulated market

Footnote. Article 7-3 is excluded by the Law of the Republic of Kazakhstan dated 29.10.2015 No. 376-V (shall be enforced from 01.01.2017).

Article 7-4. Reception of financial recording, records, notifications and information of the natural monopoly entities

Footnote. Title as amended by the Law of the Republic of Kazakhstan dated 29.10.2015 No. 376-V (shall be enforced from 01.01.2017).

1. Financial recording, records, notifications and information of the natural monopoly entities, shall be provided in the authorized body in the terms, established by this Law.

2. The date of provision of financial recording, records, notifications and information to the authorized body depending of the methods of its provision shall be:

1) clandestine procedure – the date of the mark on admission of the authorized body;

2) by registered mail with notification – the date of the mark on reception of post or other communication organization;

3) in electronic form – the date of acceptance via the electronic document management system, specified in the electronic notification on acceptance.

3. Financial recording, records, notifications and information on paper medium, delivered to the post organization or other communication organization up to twenty four hours of the last day of the term, established by this Law, shall be considered as provided in term upon existence of the time mark and date of reception of post or other communication organization.

Financial recording, records, notifications and information in electronic form, provided to the authorized body via the electronic document management system up to twenty four hours of the last day of the term, established by this Law shall be considered as provided in term.

4. Upon provision of financial recording, records, notifications and information in electronic form, an authorized body shall be obliged to direct the electronic notification on acceptance to the natural monopoly entity, not later than two business days from the date of reception via the electronic document management system.

Footnote. The Law is supplemented by Article 7-4 in accordance with the Law of the Republic of Kazakhstan dated 15.03.2010 No. 255-IV; as amended by the Laws of the Republic of Kazakhstan dated 05.05.2015 No, 312-V (shall be enforced upon expiry of ten calendar days after its first official publication); dated 29.10.2015 No. 376-V (shall be enforced from 01.01.2017).

Article 8. (Article 8 is excluded by the Law of the Republic of Kazakhstan dated 26 December, 2002 No. 364)

Article 9.(Article 9 is excluded by the Law of the Republic of Kazakhstan dated 26 December, 2002 No. 364)

Article 10. Rights of the consumer of services (goods, works) of the natural monopoly entity

Consumer of services (goods, works) of the natural monopoly entity shall have a right to:

1) buy the regulated services (goods, works) of the natural monopoly entity according to the procedure and on tariffs (prices, rates of charges), which are established by the authorized body, require installation of the metering devices or independently acquire and install it;

2) apply with statement to the authorized body on introduction of amendments and supplements, adoption of new and revocation of current decisions;

3) appeal the actions (omissions) of the authorized body in a court procedure, as well as adopted decisions by them;

4) appeal the actions of the natural monopoly entity, contradicted to the legislation of the Republic of Kazakhstan to the authorized body and (or) in a court procedure;

4-1) participate in the public hearings;

4-2) participate in the tenders on carrying out of procurement of services (goods, works) by the natural monopoly entity;

5) Have other rights, provided by the legislation of the Republic of Kazakhstan.

Footnote. Article 10 as amended by the Laws of the Republic of Kazakhstan dated 26 December, 2002 No. 364; dated 9 December, 2004 No. 9; dated 14 January, 2006 No. 120 (shall be enforced from the date of its official publication).

Article 11. Obligations of the consumer of services (goods, works) of the natural monopoly entity

A consumer of services (goods, works) of the natural monopoly entity shall be obliged to:

1) pay for services (goods, works) of the natural monopoly entity on tariffs (prices, rates of charges), confirmed by the authorized body in a timely manner and in a full volume;

2) pay for acquisition and installation of the metering device of regulated communal services (goods, works) in accordance with the conditions of concluded agreements in a timely manner and in a full volume;

3) execute the technical requirements, established by the natural monopoly entities in accordance with the legislation of the Republic of Kazakhstan;

4) have the metering devices of regulated communal services (goods, works).

Footnote. Article 11 is in the wording of the Law of the Republic of Kazakhstan dated 29.12.2008 No. 116-IV (shall be enforced from 01.01.2009); as amended by the Law of the Republic of Kazakhstan dated 15.03.2010 No. 255-IV.

Article 12. An authorized body

Provision, structure and general staff numbers of the authorized body shall be established by the Government of the Republic of Kazakhstan.

Footnote. Article 12 is in the wording of the Law of the Republic of Kazakhstan dated 20.12.2004 No. 13 (shall be enforced from 01.01.2005).

Article 12-1. The competence of the state body, carrying out the cross-sector and interregional coordination of the development of basic directions of the state social and economic policy

Footnote. Article 12-1 is excluded by the Law of the Republic of Kazakhstan dated 29.09.2014 No. 239-V (shall be enforced upon expiry of ten calendar days after its first official publication).

Article 13. Functions of the authorized body

1. An authorized body shall:

1) carry out control and regulation of activity of the natural monopoly entities;

1-1) Is excluded by the Law of the Republic of Kazakhstan dated 29.10.2015 No. 376-V (shall be enforced from 01.01.2017);

1-2) develop proposals on formation of the state policy in the scope of regulation of natural monopolies;

1-3) determine a Special procedure for regulating the activity of natural monopoly entities that attract loans from international financial organizations and are included in the list of natural monopoly entities that attract loans from international financial organizations;

1-4) approve the list of natural monopoly entities that attract loans from international financial organizations;

2) form and maintain the state register of the natural monopoly entities;

3) develop and confirm the regulatory legal acts, compulsory for execution by the state bodies and natural monopoly entities;

3-1) Is excluded by the Law of the Republic of Kazakhstan dated 29.12.2014 No. 269-V (shall be enforced from 01.01.2015);

3-2) create an expert council and confirm regulations on it;

4) develop, confirm and apply the nondiscriminatory calculation methods of the tariff (prices, rates of charges) calculations or its limit levels on the regulated services (goods, works) of the natural monopoly entities;

4-1) Is excluded by the Law of the Republic of Kazakhstan dated 05.05.2015 No. 312-V (shall be enforced upon expiry of ten calendar days after its first official publication);

4-2) Is excluded by the Law of the Republic of Kazakhstan dated 29.09.2014 No. 239-V (shall be enforced upon expiry of ten calendar days after its first official publication);

4-3) perform the information analysis of the natural monopoly entities on execution of investment programs (projects);

4-4) Is excluded by the Law of the Republic of Kazakhstan dated 29.09.2014 No. 239-V (shall be enforced upon expiry of ten calendar days after its first official publication);

4-5) coordinate the business-plan to draft of public-private partnership, technical-and-economic assessment of the draft of public-private partnership including concessional project, competitive documentation, draft of public-private partnership, including concessional project, draft of public-private partnership agreement, including concession agreement, as well as upon introduction of amendments and (or) additions in terms of procedure of formation and confirmation of tariffs (prices, rates of charges) for the goods, works and services, relating to the scope of natural monopolies;

4-6) develop and confirm the standards of rendering services to consumers by natural monopolies entities;

4-7) in coordination with the state body that administers the relevant branch (scope) of state administration, develop and confirm the methodology for the formation and evaluation of projects of investment programs (projects) of natural monopoly entities, as well as monitoring and evaluation indicators of effectiveness for their implementation;

4-8) develop and confirm the methodology for formation standards and assessing the quality of regulated services of natural monopoly entities in the relevant branch (scope);

4-9) develop and confirm the methodology for calculation the tariff taking into account the incentive methods of tariff formation;

4-10) establish the method of tariff regulation of the relevant scope of natural monopolies;

4-11) develop and confirm the methodology for calculation the level of the temporary reduction factor to tariffs (prices, rates of charges) for regulated services (goods, works) of a natural monopoly entity;

4-12) introduce regulation in cases where, on the basis of an analysis of the relevant domestic market, it is established that this market is in a state of natural monopoly;

4-13) determine the procedure for approving a tariff or its limit level for a regulated service of a natural monopoly entity providing a service for the transmission of electrical energy, the activity of which do not meet the requirements of paragraph 6 of Article 13-1 of the Law of the Republic of Kazakhstan "On Electric Power Industry";

5) is excluded by the Law of the Republic of Kazakhstan dated 13.01.2014 No. 159 -V (shall be enforced upon expiry of ten calendar days after its first official publication);

5-1) Is excluded by the Law of the Republic of Kazakhstan dated 05.05.2015 No. 312-V (shall be enforced upon expiry of ten calendar days after its first official

publication);

5-2) Is excluded by the Law of the Republic of Kazakhstan dated 05.05.2015 No. 312-V (shall be enforced upon expiry of ten calendar days after its first official publication);

5-3) Is excluded by the Law of the Republic of Kazakhstan dated 05.05.2015 No. 312-V (shall be enforced upon expiry of ten calendar days after its first official publication);

5-4) Is excluded by the Law of the Republic of Kazakhstan dated 05.05.2015 No. 312-V (shall be enforced upon expiry of ten calendar days after its first official publication);

5-5) (is excluded by the Law of the Republic of Kazakhstan dated 29.12.2008 No. 116-IV (shall be enforced from 01.01.2009);

5-6) determine the technical conditions of non-discriminated access in the field of railway transport, electro and heat engineering, civil aviation, port activity;

5-7) issue permissions, provided by the Law of the Republic of Kazakhstan “On permissions and notifications”, in recognition of exclusions, provided by subparagraph 7) of paragraph 2 of Article 3 of the Law of the Republic of Kazakhstan “On permissions and notifications”;

5-8) carry out other functions, provided by this Law, other Laws of the Republic of Kazakhstan, the acts of the President of the Republic of Kazakhstan and the Government of the Republic of Kazakhstan;

6) (is excluded - dated 5 July, 2006 No. 166 (shall be enforced from the date of its official publication).

2. (Is excluded - dated 5 July, 2006 No. 166 (shall be enforced from the date of its official publication).

Footnote. Article 13 is in the wording of the Law of the Republic of Kazakhstan dated 20.12.2004 No. 13 (shall be enforced from 01.01.2005); as amended by the Laws of the Republic of Kazakhstan dated 14.01.2006 No. 120 (shall be enforced from the date of its official publication); dated 05.07.2006 No. 166 (shall be enforced from the date of its official publication); dated 27.07.2007 No. 316 (shall be enforced from the date of its official publication); dated 29.12.2008 No. 116-IV (shall be enforced from 01.01.2009); dated 17.07.2009 No. 188-IV (the order of enforcement see Article 2); dated 15.03.2010 No. 255-IV; dated 19.03.2010 No. 258-IV; dated 06.01.2011 No. 378-IV (shall be enforced upon expiry of ten calendar days after its first official publication); dated 22.07.2011 No. 479-IV (shall be enforced upon expiry of ten calendar days after its first official publication); dated 04.07.2012 No. 25-V (shall be enforced upon expiry of ten calendar days after its first official publication); dated 10.07.2012 No. 36-V (shall be enforced upon expiry of ten calendar days after its first official publication); dated 06.03.2013 No. 81-V (shall be enforced upon expiry of ten

calendar days after its first official publication); dated 04.07.2013 No. 131-V (shall be enforced upon expiry of ten calendar days after its first official publication); dated 13.01.2014 No. 159-V (shall be enforced upon expiry of ten calendar days after its first official publication); dated 16.05.2014 No. 203-V (shall be enforced upon expiry of ten calendar days after its first official publication); dated 29.09.2014 No. 239-V (shall be enforced upon expiry of ten calendar days after its first official publication); dated 29.12.2014 No. 269-V (shall be enforced from 01.01.2015); dated 05.05.2015 No. 312-V (shall be enforced upon expiry of ten calendar days after its first official publication) ; dated 29.10.2015 No. 376-V (the order of enforcement see Art.2)); dated 31.10.2015 № 380-V (shall be enforced upon expiry of ten calendar days after its first official publication); dated 28.12.2016 No. 34-VI (the order of enforcement see Art.2); dated 11.07.2017 № 89-VI (shall be enforced upon expiry of ten calendar days after its first official publication); dated 30.11.2017 No. 112-VI (shall be enforced upon expiry of ten calendar days after its first official publication).

Article 14. Rights of the authorized body

1. An authorized body shall have a right within its competence to:

1) develop the model agreements, concluded by the natural monopoly entities, with the consumers of regulated services (goods, works), and represent it for confirmation to the Government of the Republic of Kazakhstan;

2) make decision on inclusion of entities, carrying out activity in the scopes of natural monopolies, in the state register of the natural monopoly entities or on exclusion from it;

3) adopt decisions, compulsory for the natural monopoly entities on introduction, amendment or termination of the state regulation and control;

4) adopt decisions, regulating and monitoring activity of the natural monopoly entities in accordance with this Law and other legislative acts of the Republic of Kazakhstan;

5) adopt decisions within its competence on facts of violations of this Law on restraint of violations and elimination of their consequences in the scopes of natural monopolies;

6) introduce the binding prescriptions, to the natural monopoly entities in the cases, established by the legislative acts of the Republic of Kazakhstan on conclusion of the contracts for the services of the natural monopoly entities with the consumers, introduction of amendments in the concluded contracts;

6-1) Is excluded by the Law of the Republic of Kazakhstan dated 29.10.2015 No. 376-V (shall be enforced from 01.01.2017);

7) introduce the binding for execution improvement notices, including improvement notices on reorganization of the natural monopoly entities and (or) on alienation of property to the entities of the natural monopolies, state bodies in the cases of violation by them the legislation of the Republic of Kazakhstan on natural monopolies;

8) apply to court in the cases of violation of this Law;

9) request and acquire information, necessary for carrying out of its powers, from individuals and legal entities, as well as the state bodies, bodies of local self-government, as well as their civil servants, with compliance with the requirements, established by the legislative acts of the Republic of Kazakhstan to disclosure of information, constituent commercial and other legally protected secret;

10) open and examine the cases on administrative offences, as well as impose administrative penalties according to the procedure, established by the Code of the Republic of Kazakhstan on administrative offences;

11) instigate the change of tariffs (prices, rates of charges) on the regulated services (goods, works) of the natural monopoly entities or its limit levels and tariff estimates of the natural monopoly entities in accordance with the established procedure;

11-1) initiate the reduction of tariffs (prices, rates of charges) on the regulated services (goods, works) of the natural monopoly entities, in accordance with the requirements of paragraph 1 of Article 15-1 of this Law in cases:

increase volume of rendered regulated services (goods, works);

reduction of the actual costs of the natural monopoly entity, except the costs of current and capital repairs and other repair and restoration works not lead to an increase in the value of fixed assets, the costs of implementing the investment program and (or) the investment project approved in accordance with the procedure established by the legislation of the Republic of Kazakhstan;

receiving significant revenues from other types of activities carried out by natural monopolies entities in accordance with the legislation of the Republic of Kazakhstan on natural monopolies;

corresponding changes in the tax legislation of the Republic of Kazakhstan;

12) (Is excluded by the Law of the Republic of Kazakhstan dated 29.12.2008 No. 116-IV (shall be enforced from 01.01.2009));

13) establish the terms and the amount of reduction of regulatory technical losses to the natural monopoly entities;

13-1) Is excluded by the Law of the Republic of Kazakhstan dated 29.10.2015No. 376-V(shall be enforced from 01.01.2017);

13-2) Is excluded by the Law of the Republic of Kazakhstan dated 29.10.2015No. 376-V(shall be enforced from 01.01.2017);

13-3) Is excluded by the Law of the Republic of Kazakhstan dated 29.10.2015 No. 376-V (shall be enforced from 01.01.2017);

13-4) carry out permissive control;

14) establish duration of tariffs (prices, rates of charges) on the regulated services (goods, works) of the natural monopoly entity not later than twelve months, except of the cases, provided by paragraph 5 of Article 18 of this Law;

15) confirm the procedure of maintenance of separate accounting of incomes, expenses and committed assets on each type of regulated services (goods, works) and in general on other activity;

16) coordinate the candidacy of appointed rehabilitation manager and rehabilitation plan of the natural monopoly entity;

17) confirm the tariffs (prices, rates of charges) or their limit levels on the regulated services (goods, works) of the natural monopoly entity in recognition of the requirements to the quality, established by the state bodies within its competence;

17-1) coordinate the amount and charging mechanisms for acquisition and installation of the metering devices of the regulated communal services (goods, works) in accordance with the procedure, established by it;

17-2) confirm the amount of payment for regulated communal services for the consumers, not having the metering devices of the regulated communal services;

17-3) adjust the current tariff estimates within the approved and current tariff for the remaining term of their validity in case of acceptance on the balance and (or) in the trust management of electric networks, as well as upon their receive for free use from other energy transmission organizations;

18) Is excluded by the Law of the Republic of Kazakhstan dated 29.03.2016 No. 479-V (shall be enforced upon expiry of twenty one calendar days after its first official publication);

18-1) coordinate the development plans of heat and electric networks, gas-distribution system, as well as water supply networks and canalization of the cities, districts and regions;

19) Is excluded by the Law of the Republic of Kazakhstan dated 05.05.2015 No. 312-V (shall be enforced upon expiry of ten calendar days after its first official publication);

20) confirm the investment programs (projects) of the natural monopoly entities, considered upon confirmation of tariffs (prices, rates of charges) or their limit levels jointly with the relevant state body;

20-1) (Is excluded - dated 5 July, 2006 No. 166 (shall be enforced from the date of its official publication);

21) give the explanations on issues of the legislation of the Republic of Kazakhstan on natural monopolies;

22) carry out other rights, provided by this Law, other Laws of the Republic of Kazakhstan, the acts of the President of the Republic of Kazakhstan and the Government of the Republic of Kazakhstan.

2. (Id excluded – dated 5 July, 2006 No. 166 (shall be enforced from the date of its official publication)).

3. An authorized body shall bear responsibility for disclosure of information, constituent the state secrets, commercial and other legally protected secret in accordance with the Laws of the Republic of Kazakhstan.

Footnote. Article 14 is in the wording of the Law of the Republic of Kazakhstan dated 20.12.2004 No. 13 (shall be enforced from 01.01.2005); as amended by the Laws of the Republic of Kazakhstan dated 14.01.2006 No. 120 (shall be enforced from the date of its official publication); dated 05.07.2006 No. 166 (shall be enforced from the date of its official publication); dated 27.07.2007 No. 316 (shall be enforced from the date of its official publication); dated 29.12.2008 No. 116-IV (shall be enforced from 01.01.2009); dated 15.03.2010 No. 255-IV; dated 05.07.2011 No. 452-IV (shall be enforced from 13.10.2011); dated 09.01.2012 No. 533-IV (shall be enforced upon expiry of 10 calendar days after its first official publication); dated 04.07.2012 No. 25-V (shall be enforced upon expiry of ten calendar days after its first official publication) ; dated 16.05.2014 № 203-V (shall be enforced upon expiry of ten calendar days after its first official publication) dated 29.09.2014 № 239-V (shall be enforced upon expiry of ten calendar days after its first official publication); dated 05.05.2015 No. 312-V (the order of enforcement see Art.2); dated 29.10.2015 No. 376-V (shall be enforced from 01.01.2017); dated 29.03.2016 No. 479-V (shall be enforced upon expiry of twenty one calendar days after its first official publication); dated 11.07.2017 No. 89-VI (shall be enforced upon expiry of ten calendar days after its first official publication).

Article 14-1. Obligations of the authorized body

1. An authorized body shall be obliged to:

1) make decision on confirmation of temporary compensated tariff for compensation of losses, caused by the natural monopoly entity, to the consumers, in the cases:

illegal overstatement of tariff (price, rate of charge) or its limit level;

non-execution of investment programs (projects), included upon confirmation of tariffs (prices, rates of charges) or their limit levels, except of cases of cost savings due to the use of more effective methods and technologies, carrying out of measures to reduce regulatory technical losses, reduction the volume of rendered the regulated services on reasons not depending on the natural monopoly entity, following the results

of conducting competitive (tender) procedures, as well as cases provided by paragraph 10 of Article 15-3 of this Law;

inappropriate use of funds of amortization deductions;

non-execution of articles of tariff estimate expenses more than five percent from the sizes approved by the authorized body, except for cases of cost savings due to the use of more effective methods and technologies, carrying out measures to reduce the normative technical losses, reducing the volume of rendered the regulated services on reasons not depending on the natural monopoly entity, following the results of conducting competitive (tender) procedures.

2) depending on the application form give reason for refusal in a written form or electronic in acceptance to the application processing of the natural monopoly entity for confirmation or change of tariffs (prices, rates of charges) or its limit levels;

3) introduce the consumers with adopted decisions on issues of regulation of activity of the natural monopoly entities, except those, which contain information, constituent commercial and other legally protected secret;

4) conduct the public hearings upon application processing of the natural monopoly entities for confirmation of tariffs (prices, rates of charges) or its limit levels;

4-1) Is excluded by the Law of the Republic of Kazakhstan dated 05.05.2015 No. 312-V (shall be enforced from 01.01.2016);

5) determine procedure of:

confirmation of tariff estimates, tariffs (prices, rates of charges) or its limit levels;

provision of the project tariff estimates, tariffs (prices, rates of charges) or its limit levels;

confirmation of temporary decreasing coefficient;

confirmation of temporary compensated tariff;

recalculation of cost of heat supply services taking into account actual temperature of outside air and return of funds to consumers based on the results of recalculation;

5-1) carry out control of:

execution of tariff estimate by the natural monopoly entity;

procurements, expenses of which are included upon confirmation of tariffs (prices, rates of charges) or their limit levels and tariff estimates on the regulated services (goods, works) of the natural monopoly entity;

6) inform through the mass media on the cases of violation of this Law and bringing to responsibility the guilty persons;

6-1) place decisions on your Internet resource not later than five calendar days from the date of acceptance:

information on conduct the public hearings upon application processing of the natural monopoly entities for confirmation of tariffs (prices, rates of charges) or its limit levels;

information on recalculation of cost of heat supply services taking into account actual temperature of outside air and return of funds to consumers based on the results of recalculation;

6-2) place information on tariffs (prices, rates of charges), and tariff estimates for regulated services (goods, works) of natural monopolies entities on your Internet resource not later than five calendar days from the date of their approval;

7) carry out other obligations, provided by this Law, other Laws of the Republic of Kazakhstan, the acts of the President of the Republic of Kazakhstan and the Government of the Republic of Kazakhstan.

2. (Is excluded - dated 5 July, 2006 No. 166 (shall be enforced from the date of its official publication).

Note. Is excluded by the Law of the Republic of Kazakhstan dated 05.05.2015 No. 312-V (shall be enforced upon expiry of ten calendar days after its first official publication).

Footnote. The Law is supplemented by Article 14-1 in accordance with the Law of the Republic of Kazakhstan dated 26.12.2002 No. 364; in the wording of the Law of the Republic of Kazakhstan dated 20.12.2004 No. 13 (shall be enforced from 01.01.2005); as amended by the Laws of the Republic of Kazakhstan dated 14.01.2006 No. 120 (shall be enforced from the date of its official publication); dated 05.07.2006 No. 166 (shall be enforced from the date of its official publication); dated 27.07.2007 No. 316 (shall be enforced from the date of its official publication); dated 29.12.2008 No. 116-IV (shall be enforced from 01.01.2009); dated 15.03.2010 No. 255-IV; dated 05.07.2011 No. 452-IV (shall be enforced from 13.10.2011); dated 04.07.2012 No. 25-V (shall be enforced upon expiry of ten calendar days after its first official publication) ; dated 06.03.2013 No. 81-V (shall be enforced upon expiry of ten calendar days after its first official publication); dated 05.05.2015 No. 312-V (the order of enforcement see Art.2); dated 29.10.2015 No. 376-V (shall be enforced from 01.01.2017); dated 17.11.2015 No. 407-V (shall be enforced upon expiry of ten calendar days after its first official publication); dated 28.12.2016 No. 34-VI (shall be enforced from 01.01.2017).

Article 15. The state regulation of activity of the natural monopoly entity

1. The state regulation of activity of the natural monopoly entity shall be carried out by:

1) confirmation of tariff (price, rate of charge) or its limit level, differentiated and investment tariff (prices, rates of charges);

1-1) Is excluded by the Law of the Republic of Kazakhstan dated 15.03.2010 No. 255-IV;

1-2) Is excluded by the Law of the Republic of Kazakhstan dated 15.03.2010 No. 255-IV;

2) confirmation of tariff estimate;

3) confirmation of temporary decreasing coefficient;

4) confirmation of special procedure of formation of expenses;

5) Is excluded by the Law of the Republic of Kazakhstan dated 29.03.2016 No. 479 -V (shall be enforced upon expiry of twenty one calendar days after its first official publication);

6) Is excluded by the Law of the Republic of Kazakhstan dated 05.05.2015 No. 312 -V (shall be enforced upon expiry of twenty one calendar days after its first official publication);

7) confirmation of the temporary compensated tariff.

2. The state regulation of activity of the natural monopoly entity, producing the heat energy on the co-generation plant shall be carried out on the basis of complex approach in recognition of peculiarities of technological modes of production of heat and electric energy and formation of price for electric energy on the competitive market.

3. The simplified procedure of the state regulation, confirmed by the Government of the Republic of Kazakhstan shall be applied in respect of activity of the natural monopoly entities of low-power.

Upon that the natural monopoly entities shall have a right to independently change the tariffs (prices, rates of charges) on regulated services (goods, works), tariff estimates once a year on the amount not exceeding the consumer price index on the fact of the previous calendar year.

In the case of such changes of tariff (price, rate of charge), tariff estimate, the natural monopoly entity of low-power shall be obliged to inform the authorized body with delivery of information, specifying to the reasons of change of tariff (price, rate of charge), tariff estimate, not later than five calendar days from the date of change of tariff (price, rate of charge), tariff estimate.

In the case, provided by second part of this paragraph, the tariff (price, rate of charge) on the regulated services (goods, works), tariff estimate, changed by the natural monopoly entity of low-power shall be respectively the tariff (price, rate of charge) and tariff estimate on the regulated services (goods, works).

If it is necessary to change the tariff (price, rate of charge) on the regulated services (goods, works), tariff estimate on the amount, exceeding the consumer price index, the natural monopoly entity of low-power shall be applied to the authorized body with the statement for reconsideration of tariff (price, rate of change), tariff estimate according to the procedure, established by the Government of the Republic of Kazakhstan.

4. Activity of natural monopoly entities attracting loans from international financial organizations and included in the list of natural monopolies entities, approved by the authorized body shall be subject to the Special procedure for regulation of Activities of natural monopoly entities attracting Loans of International financial organizations.

Footnote. Article 15 is in the wording of the Law of the Republic of Kazakhstan dated 26.12.2002 No. 364; as amended by the Laws of the Republic of Kazakhstan dated 09.12.2004 No. 9; dated 14.01.2006 No. 120 (shall be enforced from the date of its official publication); dated 05.07.2006 No. 166 (shall be enforced from the date of its official publication); dated 27.07.2007 No. 316 (shall be enforced from the date of its official publication); dated 15.03.2010 No. 255-IV; dated 06.03.2013 No. 81-V (shall be enforced upon expiry of ten calendar days after its first official publication); dated 29.09.2014 No. 239-V (shall be enforced upon expiry of ten calendar days after its first official publication); dated 05.05.2015 No. 312-V (the order of enforcement see Art.2); dated 29.10.2015 No. 376-V (shall be enforced upon expiry of ten calendar days after its first official publication); dated 29.03.2016 No. 479-V (shall be enforced upon expiry of twenty one calendar days after its first official publication).

Article 15-1. Procedure of formation of tariffs (prices, rates of charges) or their limit levels on the regulated services (goods, works) of the natural monopoly entity

1. Tariffs (prices, rates of charges) or their limit levels on the regulated services (goods, works) of the natural monopoly entity, confirmed by the authorized body, taking into account quality and reliability of provided services (production of goods, works) shall be less than the cost of expenses, necessary for provision of regulated services (goods, works) and consider possibility of receiving of profit, providing the effective functioning of the natural monopoly entity.

2. Upon confirmation of tariff (price, rate of charge) or its limit level, the authorized body shall apply the special procedure of formation of expenses, providing the following provisions:

- 1) regulation of expenses, included in a tariff (price, rate of charge) or its limit level ;
- 2) restriction of items of expenditure of the natural monopoly entity within the technical and technology based standards of consumption of raw materials, materials, fuel, energy, as well as regulatory technical losses;
- 3) establishment of list of expenses, not included upon formation of tariff (price, rate of charge) or its limit level;
- 4) restriction of profit, included in the tariff (price, rate of charge) or its limit level;
- 5) coordination of applied methods of depreciation deductions of basic assets;

6) coordination of directions of use of assets of amortization deductions, provided by the tariff estimate of the natural monopoly entity.

Special procedure of formation of expenses shall be determined by the authorized body.

2-1. Procedure of formation and confirmation of tariffs (prices, rates of charges) on the regulated services (goods, works) of the natural monopoly entities, carrying out its activity on the public-private partnership agreements, including on concession agreement, determined by the authorized body shall be provided in the public-private partnership agreement, including in concession agreement.

3. (Is excluded - dated 5 July 2006 No. 166 (shall be enforced from the date of its official publication)).

4. (Is excluded - dated 5 July 2006 No. 166 (shall be enforced from the date of its official publication)).

Footnote. The Law is supplemented by Article 15-1 in accordance with the Law of the Republic of Kazakhstan dated 26.12.2002 No. 364; as amended by the Laws of the Republic of Kazakhstan dated 9 December, 2004 No. 9; dated 20 December, 2004 No. 13 (shall be enforced from 1 January, 2005); dated 14 January, 2006 No. 120 (shall be enforced from the date of its official publication); dated 5 July, 2006 No. 166 (shall be enforced from the date of its official publication); dated 05.07.2008 No. 66-IV (the order of enforcement see Article 2); dated 06.03.2013 No. 81-V (shall be enforced upon expiry of ten calendar days after its first official publication); dated 04.07.2013 No. 131-V (shall be enforced upon expiry of ten calendar days after its first official publication); dated 29.09.2014 No. 239-V (shall be enforced upon expiry of ten calendar days after its first official publication); dated 05.05.2015 No. 312-V (shall be enforced upon expiry of ten calendar days after its first official publication); dated 31.10.2015 No. 380-V (shall be enforced upon expiry of ten calendar days after its first official publication).

Article 15-2. Procedure of confirmation of tariff with application of method competitive analysis

Footnote. Article 15-2 Is excluded by the Law of the Republic of Kazakhstan dated 05.05.2015 No. 312-V (shall be enforced from 01.01.2016).

Article 15-3. Procedure of confirmation of investment program (project) of the natural monopoly entity and carrying out of information analysis on its execution

1. Investment program (project) for confirmation shall be represented to the authorized body and state body by the natural monopoly entity, specified in paragraph 5 of this article.

2. Procedure of confirmation of the investment program (project) of the natural monopoly entity, form of the investment program (project), form of information on its implementation and form for publication in the mass media, including on the Internet resource shall be determined by the authorized body.

Confirmed investment program (project) of the natural monopoly entity shall be placed by the authorized body and the state body, specified in paragraph 5 of this article in their web-sites.

Investment program (project) determines the means aimed to implementing energy saving and energy efficiency measures, provided that they do not entail an increase in tariffs (prices, fee rates) or their limit levels for regulated services (goods, works) of the natural monopoly entities, as well as expansion, restoration, renovation, support of existing assets, reconstruction, technical re-equipment of fixed assets, creation of new assets of a natural monopoly entity for short -term, intermediate-term or long-term periods to obtain technical and economic effect, including one or more investment projects.

3. An authorized body, state body, specified in paragraph 5 of this article shall consider the investment program (project) within forty five business days from the date of its representation.

An authorized body shall direct the signed draft decision on confirmation of investment program (project) with application of investment program (project) to the state body, specified in paragraph 5 of this Article according to the results of confirmation of the investment program (project), not later than ten business days before the acceptance of decision or shall inform the natural monopoly entity on refusal in confirmation of investment program (project) with application of motivated conclusion, signed by authorized body or state body, specified in paragraph 5 of this Article.

The draft decision on confirmation of investment program (project) shall provide confirmation of investment program (project), represented by the natural monopoly entity or corrected by the authorized body in coordination with the state body specified in paragraph 5 of this Article.

An authorized body in coordination with the state body specified in paragraph 5 of this Article shall correct the investment program (project) in the period of its submission for approval, its implementation and analysis of information on its implementation in the cases and procedure, established by the authorized body.

State body, specified in paragraph 5 of this Article shall direct the signed decision on confirmation of investment program (project) to the authorized body within five

calendar days from the date of representation of the draft decision on confirmation of investment program (project) or shall inform on need of introduction of amendments and (or) additions in a draft decision on confirmation of investment program (project) with application of motivated conclusion.

In case of introduction of information on need of introduction of amendments and (or) additions in a draft decision on confirmation of investment program (project), by authorized body or state body, specified in paragraph 5 of this article, term for consideration of the investment program (project) shall be extended on ten business days.

The natural monopoly entity, in coordination with the state body specified in paragraph 5 of this article, shall have the right to change or exclude the activities of the investment program (project) not taken into account upon confirmation of tariffs (prices, rates of charges) or their limit levels, with mandatory notification to the authorized body no later than thirty calendar days before the end of current year.

4. The reasons for rejection in confirmation of investment program (project) shall be:

- 1) absence of economic efficiency of investment program (project);
- 2) absence of sources of financing of investment program (project);
- 3) absence of supporting documents, represented in accordance with the procedure, confirmed by the Government of the Republic of Kazakhstan in accordance with paragraph 2 of this Article;
- 4) introduction of the documents, containing unreliable information.

Refusal in confirmation of investment program (project) on other grounds shall not be allowed.

5. Investment program (project) of the natural monopoly entity shall be confirmed by the authorized body jointly with the state body, carrying out the administration by the relevant branch (scope) of the state management, except of the case, specified in the second part of this paragraph.

Investment program (project) of the natural monopoly entity, being the communal state enterprise, included in a local section of the State register of the natural monopoly entities shall be confirmed by the authorized body jointly with the local executive body of region, city of republican significance, the capital.

6. Decision on confirmation of the investment program (project) of the natural monopoly entity shall be executed by the joint decree of the authorized body and the state body, specified in paragraph 5 of this Article, except of the case, specified in the second part of this paragraph.

Decision on confirmation of investment program (project) of the natural monopoly entity, being the communal state enterprise, included in a local section of the State register of the natural monopoly entities shall be executed by the joint legal act of the

authorized body and local executive body of region, city of republican significance, the capital.

7. In the period of realization of the investment program (project) annually not later than 1 May of the year, following the accounting period, a natural monopoly entity shall provide information on execution of the investment program (project) to the authorized body and state body, specified in paragraph 5 of this Article including:

1) information on planned and actual volumes of provided regulated services (goods, works);

2) profits and losses statement;

3) information on actual conditions and size of financing of investment program (project);

4) information on comparison of actual indices of execution of the investment program (project) with indices, confirmed in the investment program (project);

5) explanation of rejection reasons of achieved actual indices from the indices in the confirmed investment program (project).

8. Information analysis on execution of investment program (project) of the natural monopoly entity shall be performed by the authorized body and state body, specified in paragraph 5 of this Article during thirty calendar days from the date of its provision.

9. Carrying out of information analysis on execution of investment program (project) of the natural monopoly entity shall include the following stages:

1) information acquisition on the implementation of the investment program (project);

2) analysis of achieved actual volumes of rendering regulated services (goods, works) and actual expenses;

3) comparison of achieved actual financial result with indices, accepted in the investment program (project);

4) impact assessment of realization of the investment program (project) on change of the level of tariff (price, rates of charges) or its limit level, development of demand for provided regulated services (goods, works) by the natural monopoly entity, upon implementing investment projects for the construction of new or reconstruction of existing facilities;

4-1) assessment of improvement of quality and reliability of provided regulated services (goods, works);

5) preparation of conclusion on the results of information analysis on execution of the investment program (project) of the natural monopoly entity.

10. In case of non-fulfillment by the entity of a natural monopoly of the activities of investment program (project) for reasons not depending on the control of the natural monopoly entity (non-fulfillment obligations by the other party of the contract, recognition of the tender failed, due to force majeure), the terms of implementation of

investment program (project) postpone to the next year by correcting the investment program (project) until March 1 of the year following the year of implementation of the activities of the investment program (project). It is not allowed to re-postpone the terms of implementation of these events of the investment program (project).

Footnote. The Law is supplemented by Article 15-3 in accordance with the Law of the Republic of Kazakhstan dated 04.07.2012 No. 25-V (shall be enforced upon expiry of ten calendar days after its first official publication); as amended by the Law of the Republic of Kazakhstan dated 29.09.2014 No. 239-V (shall be enforced upon expiry of ten calendar days after its first official publication); dated 05.05.2015 No. 312-V (shall be enforced upon expiry of ten calendar days after its first official publication); dated 17.11.2015 No. 407-V (shall be enforced upon expiry of ten calendar days after its first official publication).

Article 16. Procedure of provision of the project of tariffs (prices, rates of charges) or its limit levels and tariff estimates

1. A natural monopoly entity of low power shall represent an application for consideration of tariffs (prices, rates of charges), upon necessity of confirmation of tariffs (prices, rates of charges) on provided regulated services (goods, works) to the authorized body, not later than sixty calendar days before their entry into force.

2. In case of confirmation of limit level of tariff (price, rates of charges) the natural monopoly entity shall represent an application for consideration of tariff (prices, rates of charges) to the authorized body for one hundred eighty days up to its introduction into effect.

In case of reconsideration of tariff (prices, rates of charges), or its limit levels and tariff estimates on the initiative of the authorized body the natural monopoly entity shall be obliged to represent economically feasible estimations and other information in the same amount as upon filling an application for confirmation of the new tariff (price, rate of charge) within one month from the date of receipt of the relevant requirement by the natural monopoly entity).

3. (Is excluded by the Law of the Republic of Kazakhstan dated 14 January, 2006 No. 120 (shall be enforced from the date of its official publication).

Footnote. Article 16 as amended by the Laws of the Republic of Kazakhstan dated 26.12.2002 No. 364; dated 09.12.2004 No. 9; dated 14.01.2006 No. 120 (shall be enforced from the date of its official publication); dated 29.12.2008 No. 116-IV (shall be enforced from 01.01.2009); dated 15.03.2010 No. 255-IV; dated 06.03.2013 No. 81-V (shall be enforced upon expiry of ten calendar days after its first official publication) ; dated 05.05.2015 No. 312-V (shall be enforced upon expiry of ten calendar days after

its first official publication); dated 28.12.2016 No. 34-VI (shall be enforced from 01.01.2017).

Article 17. Procedure of consideration of the projects of tariffs (prices, rates of charges) or its limit levels and tariff estimates

1. In the cases of acceptance for consideration of applications for change of the current tariffs (prices, rates) or their limit levels and tariff estimates on the regulated services (goods, works) of natural monopoly entities, an authorized body shall examine the projects of tariffs (prices, rates of charges) or their limit levels and tariff estimates.

Upon execution of an expertise shall be engaged the independent experts, the state bodies, consumers and their public associations.

2. An authorized body shall be obliged to post information on date and place of conducting of public hearings on its web-site and publish in the periodical print publications:

1) upon confirmation of tariffs (prices, rates of charges) or their limit levels on the regulated services (goods, works) of the natural monopoly entity not later than thirty calendar days;

2) upon confirmation of tariffs (prices, rates of charges) on the regulated services (goods, works) of the natural monopoly entity in accordance with paragraph 5 of Article 18 of this Law not later than fifteen calendar days.

Requirements of first part of this paragraph shall not be distributed to the natural monopoly entities of low power upon consideration of tariffs (prices, rates of charges) on the regulated services (goods, works).

Public hearings shall be conducted upon confirmation of:

1) limit levels of tariffs (prices, rates of charges) on the regulated services (goods, works) of the natural monopoly entity not later than fifteen calendar days up to adoption of decision on their confirmation;

2) tariffs (prices, rates of charges) on the regulated services (goods, works) of the natural monopoly entity not later than thirty calendar days up to adoption of decision on their confirmation;

3) tariffs (prices, rates of charges) on the regulated services (goods, works) of the natural monopoly entity in accordance with paragraph 5 of Article 18 of this Law not later than fifteen calendar days up to adoption of decision on their confirmation;

4) tariffs (prices, rates of charges) on the regulated services (goods, works) of the natural monopoly entity of low power not later than one calendar day up to adoption of decision on their confirmation.

Public hearings shall be conducted in order to ensure publicity, awareness, observance of the balance of interests of consumers and natural monopoly entities,

transparency in the formation of tariffs (prices, rates of charges) or their limit levels and reliability.

Upon the request of the participants of public hearings after publication of information on date of conducting of public hearings, a natural monopoly entity shall be obliged to provide:

the projects of tariff estimates, tariffs (prices, rates of charges) on the regulated services (goods, works) or their limit levels;

information on reasons of raising of tariffs (prices, rates of charges) on the regulated services (goods, rates of charges) or their limit levels with economically feasible estimations.

Procedure of conducting of public hearings shall be determined by the Government of the Republic of Kazakhstan.

3. Projects of tariffs (prices, rates of charges) on the regulated services (goods, works) of the natural monopoly entities shall be considered by the authorized body during fifty-five calendar days, and in case of confirmation of limit level of tariffs (prices, rates of charges) – during hundred and forty-five calendar days upon condition of presentation of economically feasible estimations in accordance with the requirements of the authorized body. The term of consideration of the projects of tariffs (prices, rates of charges) or their limit levels shall be calculated from the date of filing of an application.

3-1. In case, if upon consideration projects of tariffs (prices, rates of charges) need additional information, the authorized body shall has the right to request it from the applicant in written form with establishment a term but not less than five business days.

4. Projects of tariffs (prices, rates of charges) on the regulated services (goods, works) of the natural monopoly entity of low power shall be considered by the authorized body during thirty calendar days.

5. Requirements of paragraph 1 of this Article shall not be distributed on decisions, adopted by the authorized body in term of emergency regulatory measures.

6. Requirements of second part of paragraph 1 of this Article shall not be distributed on the decisions on confirmation of tariffs (prices, rates of charges) and tariff estimates on the regulated services (goods, works) of the natural monopoly entity of low power.

Footnote. Article 17 is in the wording of the Law of the Republic of Kazakhstan dated 05.07.2006 No. 166 (shall be enforced from the date of its official publication); as amended by the Law of the Republic of Kazakhstan dated 04.07.2012 No. 25-V (shall be enforced upon expiry of ten calendar days after its first official publication); dated 29.09.2014 No. 239-V (shall be enforced upon expiry of ten calendar days after its first official publication); dated 05.05.2015 No. 312-V (shall be enforced upon expiry of ten calendar days after its first official publication).

Article 18. Procedure of confirmation of tariffs (prices, rates of charges) or their limit levels and tariff estimates

1. (Is excluded – No. 364 dated 26.12.2002).

2. Decision on confirmation of tariffs (prices, rates of charges) or its limit levels and tariff estimates on the regulated services (goods, works) of the natural monopoly entity shall be directed to the natural monopoly entity not later than thirty five calendar days up to the moment of introduction it into effect, and a natural monopoly entity of low power – not later than ten calendar days up to introduction it into effect.

With the decision Confirmation of tariffs (prices, rates of charges) or their limit levels and tariff estimates by the authorized body, shall be directed the rationale for changes and clarifications of articles of costs and profits to the natural monopoly entity, represented by the natural monopoly entity with the application for confirmation of tariffs (prices, rates of charges) or their limit levels and tariff estimates.

3. Confirmation of tariffs (prices, rates of charges) or their limit levels and tariff estimates on the regulated services (goods, works) of the natural monopoly entity may be executed no more than once during the validity period of the approved limit tariff, except of the confirmation of tariffs (prices, rates of charges) and tariff estimates as the special regulatory actions and cases, provided by paragraph 5 of this Article and paragraphs 1 and 2 of Article 13-1 of the Law of the Republic of Kazakhstan "On Electric Power Industry".

Introduction into effect of tariffs (prices, rates of charges) on the regulated services (goods, works) of the natural monopoly entity of low power shall be carried out from the first day of the second month following the month of confirmation of tariffs (prices, rates of charges).

4. A natural monopoly entity shall be obliged to bring to the notice of consumer the information on change of tariffs (prices, rates of charges) or their limit levels not later than thirty calendar days up to introduction it into effect, and a natural monopoly entity of low power – not later than fifteen calendar days up to introduction it into effect.

5. Confirmation of tariffs (prices, rates of charges) and tariff estimates on the regulated services (goods, works) in the simplified procedure shall be executed on:

- 1) regulated services (goods, works) of new created natural monopoly entity;
- 2) the new types of regulated services (goods, works), included in accordance with paragraph 2 of Article 4 of this Law;
- 3) new types of regulated services (goods, works), rendering by the natural monopoly entity, already included in the State register of the natural monopoly entities on other types of regulated services (goods, works);

4) new objects and (or) sites, if the current tariffs on the regulated services (goods, works) of the natural monopoly entity shall be confirmed separately on objects and (or) sites.

The natural monopoly entities, specified in the first part of this paragraph shall be obliged to apply with statement for reconsideration of tariff (price, rate of change) and tariff estimates on the regulated services (goods, works) not later than nine months from the date of its confirmation.

Procedure of confirmation of the tariffs (prices, rates of charges) and tariff estimates in the simplified procedure shall be determined by the authorized body.

In case of overstatement of tariff (prices, rates of charges), confirmed in the simplified procedure, an authorized body shall be obliged to make decision on compensation of losses, caused to the consumers simultaneously with introduction of new tariffs (prices, rates of charges).

5-1. A natural monopoly entity, whose assets came to its property in the result of concluded transaction or realization of collation of a debtor – a natural monopoly entity, recognized as a bankrupt shall provide the regulated services (goods, works) to the consumers previously confirmed by the authorized body for the owners of these assets or property, on which recovery is enforced to the tariffs (prices, rates of charges) or their limit levels and tariff estimates in the process of bankruptcy proceedings up to presentation of application for confirmation of tariffs (prices, rates of charges) and tariff estimates on the regulated services (goods, works), but not more than six months.

6. Confirmation of tariff (prices, rates of charges) and tariff estimates on the initiative of the authorized body shall be carried out according to the procedure, established by this Law.

7. Duration of the determined value of tariff (price, rate of charge) shall be established upon confirmation of the limit level of tariff (price, rate of charge) by the authorized body.

8. Authorized body, on the basis of information of state body on state energy supervision and control on the non-compliance of the activities of the natural monopoly entity providing the service on electric power transmission, approves the tariff or its limit level for the regulated service to the requirements of paragraph 6 of Article 13-1 of the Law of the Republic of Kazakhstan "On Electric Power Industry" of this natural monopoly entity within thirty calendar days except of investment (profit, depreciation, capital costs, leading to an increase in the value of fixed assets) and other costs in the order determined by it.

Footnote. Article 18 as amended by the Laws of the Republic of Kazakhstan dated 26.12.2002 No. 364; dated 09.12.2004 No. 9; dated 14.01.2006 No. 120 (shall be enforced from the date of its official publication); dated 05.07.2006 No. 166 (shall be enforced from the date of its official publication); dated 29.12.2008 No. 116-IV (shall

be enforced from 01.01.2009); dated 04.07.2012 No. 25-V (shall be enforced upon expiry of ten calendar days after its first official publication); dated 07.03.2014 No. 177-V (shall be enforced upon expiry of ten calendar days after its first official publication); dated 05.05.2015 No. 312-V (shall be enforced upon expiry of ten calendar days after its first official publication); dated 28.12.2016 No. 34-VI (shall be enforced from 01.01.2017); dated 11.07.2017 No. 89-VI (shall be enforced upon expiry of ten calendar days after its first official publication).

Article 18-1. Grounds and procedure of notification or coordination of actions, carried out in the scope of natural monopoly

Footnote. Title of Article 18-1 is in the wording of the Law of the Republic of Kazakhstan dated 17.07.2009 No. 188-IV (the order of enforcement see Article 2).

1. In order of prevention of impairment of rights and legal interests of consumers of regulated services (goods, works) of the natural monopoly entity or control of economically feasible transition of the relevant goods market from the condition of natural monopoly to the condition of competitive market shall be required a preliminary notification or receipt the consent of the authorized body for execution of the following actions:

1) alienation and (or) execution of other transactions with property of the natural monopoly entity, intended for production and provision of the regulated services (goods, works), if the balance cost of alienate property or property of the natural monopoly entity in relation of which shall be made other transactions, included in a bookkeeping balance sheet at the beginning of this year, exceed 0.05 per cent of the balance cost of its assets in accordance with the bookkeeping balance sheet at the beginning of the current year, upon condition that they shall not involve raising of tariffs (prices, rates of charges) or their limit levels on the regulated services (goods, works) of the natural monopoly entity, violation of agreements with the consumers, violation of inextricably related technological system, interruption or a significant volume reduction of provided regulated services (manufactured goods, works);

2) Is excluded by the Law of the Republic of Kazakhstan dated 16.05.2014 No. 203 -V (shall be enforced upon expiry of six months after its first official publication);

2-1) hiring by the natural monopoly entity the property, used for provision of regulated services (goods, works), balance cost of which included in the bookkeeping balance sheet at the beginning of this year, exceed 0.05 per cent of the balance cost of its assets in accordance with the bookkeeping balance sheet at the beginning of this year, upon condition, that conclusion of agreement of property lease shall not involve the raising of tariffs (prices, rates of charges) or their limit levels on the regulated services (goods, works) of the natural monopoly entity, violation of agreements with

the consumers, violation of inextricably related technological system, interruption or a significant volume reduction of provided regulated services (goods, works);

3) Is excluded by the Law of the Republic of Kazakhstan dated 05.05.2015No. 312-V (shall be enforced from 01.01.2017).

4) Is excluded by the Law of the Republic of Kazakhstan dated 05.05.2015№ 312-V ((shall be enforced from 01.01.2017).

4-1) Is excluded by the Law of the Republic of Kazakhstan dated 05.05.2015№ 312-V ((shall be enforced from 01.01.2017).

5) reorganization and liquidation of the natural monopoly entity;

1-1. The list of types of activity, technologically linked with the regulated services (goods, works), shall be confirmed by the authorized body jointly with the relevant state body, carry out administration of relevant branch (scope) of the state management

2. For commission of actions, mentioned in subparagraph 1) , 2-1) and 5) of paragraph 1 of this Article, a natural monopoly entity shall be obliged to represent an application in an authorized body on giving of consent on carrying out of such actions and turn in information, necessary for adoption of decision.

A list of documents for submission of application, procedure of their presentation and consideration shall be determined by the authorized body.

A natural monopoly entity of low power shall be obliged to direct information in the authorized body on its intendment to commit the specified actions not less than ten calendar days up to commission of actions, mentioned in subparagraph 2-1) and 5) of paragraph 1 of this Article.

3. Is excluded by the Law of the Republic of Kazakhstan dated 05.05.2015No. 312-V (shall be enforced from 01.01.2017).

3-1. Upon carrying out of activity, a natural monopoly entity, not rendering to the regulated types of activity shall be obliged to fulfill the following conditions:

1) incomes, gaining from activity, not rendering to the regulated types of activity shall pay off the expenses, necessary for its implementation;

2) carrying out of activity, not rendering to the regulated types of activity shall not bring to restriction of competition on the relevant market of services (goods, works);

3) carrying out of other activity, not rendering to the regulated types of activity shall not bring to redeployment of basic and financial assets, necessary for production and provision of regulated services (goods, works), which bring to reduction of volume and quality of regulated services (goods, works) of the natural monopoly entities.

Upon revelation of violations of requirements, provided by first part of this paragraph, on the part of the natural monopoly entities, carrying out activity of the natural monopoly entities, not rendering to the regulated types of activity shall be prohibited.

3-2. Upon rendering a service technologically related to the regulated services (goods, works), the natural monopoly entity shall be obliged direct a notification about rendering this service to the authorized body not less than fifteen calendar days prior to its implementation.

4. An authorized body shall decline an application, if his (her) approval may lead to the consequences, mentioned in the first item of paragraph 1 of this Article, as well in the cases, if all necessary documents are not presented by the applicant or presented information in it is unreliable.

5. An authorized body shall consider an application and inform the applicant on adopted decision in written form not later than thirty days from the date of reception of application.

In case, if the additional information is necessary for adoption of decision, an authorized body shall have a right to inquire it from the applicant and increase the time period for consideration of an application for thirty days upon condition, that such request with the notice on extension of consideration of application is directed to the applicant not later than fifteen days from the date of reception of application.

6. Refusal to satisfy application may be appealed by the applicant in a judicial procedure.

Footnote. The Law is supplemented by article 18-1 in accordance with the Law of the Republic of Kazakhstan dated в 26.12.2002 No. 364; as amended by the Laws of the Republic of Kazakhstan dated 09.12.2004 No. 9; dated 20.12.2004 No. 13 (shall be enforced from 01.01.2005); dated 05.07.2006 No. 166 (shall be enforced from the date of its official publication); dated 17.07.2009 No. 188-IV (the order of enforcement see Article 2); dated 15.03.2010 No. 255-IV; dated 04.07.2012 No. 25-V (shall be enforced upon expiry of ten calendar days after its first official publication); dated 04.07.2013 No. 128-V (shall be enforced upon expiry of ten calendar days after its first official publication); dated 04.07.2013 No. 132-V (shall be enforced upon expiry of ten calendar days after its first official publication); dated 16.05.2014 № 203-V (shall be enforced upon expiry of six months after its first official publication); dated 05.05.2015 No. 312-V (the order of enforcement see Art.2); dated 12.11.2015 No. 394-V (shall be enforced upon expiry of ten calendar days after its first official publication).

Article 18-2. (Is excluded by the Law of the Republic of Kazakhstan dated 9 December, 2004 No. 9)

Article 18-3. Reorganization and liquidation of the natural monopoly entity

1. Procedures of reorganization or liquidation may be applied to the natural monopoly entity in accordance with the legislation of the Republic of Kazakhstan.

2. State reregistration of legal entity – natural monopoly entity, as well as registration of termination of its activity shall be carried out by the registering body only with the prior consent of the authorized body, provided for circulation of the natural monopoly entity in the form of an electronic document via an electronic document management system or on paper.

3. Rehabilitation procedures may be applied to the natural monopoly entity in order of prevention of interruption or significant reduction of volumes of provided regulated services (manufactured goods, works).

Footnote. Is supplemented by Article 18-3 in accordance with the Law of the Republic of Kazakhstan dated 26.12.2002 No. 364; as amended by the Laws of the Republic of Kazakhstan dated 09.12.2004 No. 9; dated 15.07.2011 No. 461-IV (shall be enforced from 30.01.2012); dated 05.05.2015 No. 312-V (shall be enforced upon expiry of ten calendar days after its first official publication).

Article 18-4. Peculiarities of carrying out of procurements by the natural monopoly entity

Footnote. Title of Article 18-4 is in the wording of the Law of the Republic of Kazakhstan dated 17.07.2009 No. 188-IV (the order of enforcement see Article 2).

1. Procurement of services (goods, works), expenses on which shall be entered upon confirmation of tariffs (prices, rates of charges) or their limit levels and tariff estimates on the regulated services (goods, works) of the natural monopoly entity, shall be carried out in the form of tender, except of the cases, provided by paragraph 4, 4-1 and 5 of this Article.

2. Tender shall be held by the natural monopoly entity with observance of the following principles:

- 1) openness and publicity of holding of tender procedure;
- 2) providing of equal opportunities to all potential suppliers for participation in tender;
- 3) fair competition among potential suppliers;
- 4) support of domestic commodity producers and domestic suppliers of works, services;
- 5) optimal and efficient use of money used for procurement;
- 6) purchase of quality goods (works, services);
- 7) increase the share of local content in goods (works, services) purchased by the natural monopoly entity;
- 8) control and responsibility for adopted decisions;
- 9) minimizing the participation of intermediaries in the procurement process.

2-1. A natural monopoly entity shall directly make procurement of strategic goods from the producers of strategic goods, except of the cases:

1) presence of a deficit of electric power on the relevant goods market confirmed by the state body carrying out management in the scope of electric power industry;

2) inconsistency to the conditions of the natural monopoly entity for participation in wholesale market for electrical energy, presenting to the consumers;

3) procurement of electric energy for economic needs of the natural monopoly entities in the scopes of transmission and distribution of electric energy, electric energy in order to compensate for deviations of the actual interstate balance of electric energy from the scheduled energy at the border with the energy systems of neighboring countries;

4) procurement of gas from gas distribution organizations in accordance with the legislation of the Republic of Kazakhstan on gas and gas supply;

5) procurement of electric energy in accordance with the legislation of the Republic of Kazakhstan in the field of support of using of renewable energy source.

3. Procedure of pursuance of procurement shall be determined by the authorized body.

This procedure shall not be distributed on the case of pursuance of procurements:

in accordance with the legislation of the Republic of Kazakhstan on the state procurements;

by the natural monopoly entities, fifty percent or more of the voting shares (share of participation) directly or indirectly belong to the national management holding.

Indirect affiliation shall signify belonging on the right of ownership or trust management of shares (shares of participation in the charter capital) of natural monopoly entities through the subsequent organization to the national managing holding company.

3-1. A natural monopoly entity shall have a right to act as a unified tender organizer for their affiliated persons.

4. In cases, established by the legislation of the Republic of Kazakhstan, a natural monopoly entity may carry out procurements from one source, tender with the use of two-stage procedures, request of price quotations, including through electronic procurement.

4-1. Procurement of electric and (or) heat energy from energy producing organization, using renewable energy sources, shall be carried out in accordance with the legislation of the Republic of Kazakhstan in the field of support of using of renewable energy sources.

5. A natural monopoly entity shall have a right to carry out procurements of goods (works, services) without holding of a tender in case, if the annual purchase amounts in

terms of value are not exceed the limit amount, established by the Government of the Republic of Kazakhstan.

5-1. Two and more of affiliated person of the natural monopoly entity shall not have a right to participate in a tender (lot), held by the specified natural monopoly entity, except of the cases, established by the Government of the Republic of Kazakhstan.

6. Upon the request of a tenderer, he (she) shall be provided by the comprehensive written information on his (her) results and reasons of choosing the winner.

7. An authorized body shall have a right to overturn the results and require a natural monopoly entity to retender up to conclusion of a contract with the successive tenderer, held with violations of the legislation of the Republic of Kazakhstan on the natural monopolies by the natural monopoly entity.

8. In case of violation the requirements on holding of a tender by natural monopoly entity, upon purchasing goods (works, services), established by the legislation of the Republic of Kazakhstan An authorized body shall have a right:

1) to reject an application of the natural monopoly entity for confirmation of tariffs (prices, rates of charges) or their limit levels if the violations are detected by the authorized body during the consideration of the application on confirmation of the tariffs (prices, rates of charges) and their limit levels;

2) initiate change in tariffs (prices, rates of charges) for regulated services (goods, works) of a natural monopoly entity or their limit levels and adopt a decision to approve temporary compensating tariff to compensate consumers for losses caused by a natural monopoly entity if violations that caused losses to consumers are detected, the authorized body during the validity period of tariffs (prices, rates of charges) or their limit levels.

9. Requirements, provided by this Article, except of paragraph 2-1 of this Article shall not be distributed on the natural monopoly entities, carrying out procurements of balancing electric energy, electric energy on the centralized trading, spot market in accordance with the legislation of the Republic of Kazakhstan on electric power industry, the natural monopoly entities of low power and regional electric grid company.

Footnote. The Law is supplemented by Article 18-4 in accordance with the Law of the Republic of Kazakhstan dated 26.12.2002 No. 364; as amended by the Laws of the Republic of Kazakhstan dated 09.12.2004 No. 9; dated 20.12.2004 No. 13 (shall be enforced from 01.01.2005); dated 05.07.2006 No. 166 (shall be enforced from the date of its official publication); dated 27.07.2007 No. 316 (shall be enforced from the date of its official publication); dated 29.12.2008 No. 116-IV (shall be enforced from 01.01.2009); dated 04.07.2009 No. 166-IV; dated 15.03.2010 No. 255-IV; dated 05.07.2011 No. 452-IV (shall be enforced from 13.10.2011); dated 01.02.2012 No. 551

-IV (shall be enforced upon expiry of ten calendar days after its first official publication); dated 04.07.2013 No. 128-V (shall be enforced upon expiry of ten calendar days after its first official publication); dated 29.09.2014 No. 239-V (shall be enforced upon expiry of ten calendar days after its first official publication); dated 29.12.2014 No. 269-V (shall be enforced from 01.01.2015); dated 05.05.2015 No. 312-V (the order of enforcement see Art.2); dated 29.10.2015 No. 376-V (shall be enforced from 01.01.2017); dated 12.11.2015 No. 394-V (shall be enforced upon expiry of ten calendar days after its first official publication); dated 11.07.2017 No. 89-VI (shall be enforced upon expiry of ten calendar days after its first official publication).

Article 18-5. Carrying out the state control in the scopes of natural monopolies

Footnote. Title as amended by the Law of the Republic of Kazakhstan dated 29.10.2015 No. 376-V (shall be enforced from 01.01.2017).

1. The state control in the scopes of natural monopolies shall be carried out in the form of examination and other forms.

2. Examination shall be carried out in accordance with Entrepreneurial Code of the Law of the Republic of Kazakhstan. Other forms of the state control shall be carried out in accordance with this Law.

Footnote. Article 18-5 is in the wording of the Law of the Republic of Kazakhstan dated 17.07.2009 No. 188-IV (the order of enforcement see Article 2); as amended by the Law of the Republic of Kazakhstan dated 06.01.2011 No. 378-IV (shall be enforced upon expiry of ten calendar days after its first official publication); dated 29.10.2015 No. 376-V (the order of enforcement see Art.2).

Article 18-6. Procedure of conducting of verifications of the natural monopoly entities

Footnote. Article 18-6 is excluded by the Law of the Republic of Kazakhstan dated 17.07.2009 No. 188-IV (the order of enforcement see Article 2).

Article 18-7. Decision of authorized body following the results of examination of the natural monopoly entity

Footnote. Title of Article 18-7 as amended by the Law of the Republic of Kazakhstan dated 17.07.2009 No. 188-IV (the order of enforcement see Article 2); dated 29.10.2015 No. 376-V (shall be enforced from 01.01.2017).

Following the results of consideration of the act on the results of examination of a natural monopoly, the authorized body shall:

1) make conclusion on absence of grounds in initiation of proceedings on administrative offences;

2) initiate proceedings on administrative offences;

3) bring in an improvement notice to the natural monopoly entity on elimination of elicited facts of violation of the legislation of the Republic of Kazakhstan on the natural monopolies;

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Subparagraph 4) is provided to be in the wording dated 04.07.2014 No. 233-V (shall be enforced from 01.01.2015).

4) transfer materials to the law enforcement bodies for pre-trial investigation;

5) transfer materials in other state bodies for consideration and adoption of relevant measures.

Footnote. The Law is supplemented by Article 18-7 in accordance with the Law of the Republic of Kazakhstan dated 31.01.2006 No. 125; as amended by the Laws of the Republic of Kazakhstan dated 17.07.2009 No. 188-IV (the order of enforcement see Article 2); dated 15.03.2010 No. 255-IV; dated 04.07.2014 No. 233-V (shall be enforced from 01.01.2015); dated 29.10.2015 № 376-V (shall be enforced from 01.01.2017).

Article 19. Consequences of violation of this Law

1. In case of violation of this Law, the natural monopoly entities, the state bodies and their heads shall be obliged to:

1) terminate violation of this Law and eliminate its consequences;

2) reestablish original position or perform other acts, specified in a prescription;

3) take measures for compensation of caused damage and (or) losses directly or by temporary reduction of tariffs (prices, rates of charges);

4) cancel or change the act, not relevant to this Law.

2. An authorized body shall establish the temporary compensated tariff on the grounds of materials of conducted by them verifications of the natural monopoly entity, on the results of analysis of execution of tariff estimate and (or) information analysis of the natural monopoly entity by the natural monopoly entity on execution of investment program (project) in recognition of official bank rate of the National Bank of the Republic of Kazakhstan on the date of adoption of decision. Introduction of temporary compensated tariff shall be carried out from the first date of the second month, following the month of conduct of verification, analysis of execution by the natural monopoly entity of tariff estimate and (or) analysis of information of the natural monopoly entity on execution of investment program (project).

Information on adopted decision shall be placed on web-sites of the authorized body.

Footnote. Article 19 as amended by the Laws of the Republic of Kazakhstan dated 26.12.2002 No. 364; dated 09.12.2004 No. 9; dated 15.03.2010 No. 255-IV; dated 04.07.2012 No. 25-V (shall be enforced upon expiry of ten calendar days after its first official publication); dated 29.10.2015 No. 376-V (shall be enforced from 01.01.2017).

Article 19-1. Prescription of the authorized body

1. Improvement notice of the authorized body shall be executed by the natural monopoly entities, state bodies, and their heads in terms, provided by the decisions (improvement notices), but not later than thirty days from the date of its reception.

2. In case of non-execution of prescriptions by the state bodies on cancel or change of acts, adopted with violation of this Law, or on restitution, an authorized body shall have a right to apply to the court with a claim on recognition of this acts as invalid (in whole or in part) and (or) on compulsion to reestablish original position.

3. In case of non-execution of improvement notice by the natural monopoly entity, an authorized body shall have a right to make a claim in a court on compulsion of the natural monopoly entity to perform acts, specified in improvement notice.

Footnote. Is supplemented by Article 19-1 by the Law of the Republic of Kazakhstan dated 9 December, 2004 No. 9; as amended by the Law of the Republic of Kazakhstan dated 29.12.2008 No. 116-IV (shall be enforced from 01.01.2009); dated 29.10.2015 No. 376-V (shall be enforced from 01.01.2017).

Article 20. Responsibility for violation of this Law

Persons, guilty of violating of this Law, shall bear responsibility in accordance with the Laws of the Republic of Kazakhstan.

Footnote. Article 20 is in the wording of the Law of the Republic of Kazakhstan dated 26 December, 2002 No. 364

Article 21. Compensation of losses caused by the violation of this Law by the natural monopoly entity

Footnote. Title of Article 21 as amended by the Law of the Republic of Kazakhstan dated 29.12.2008 No. 116-IV (shall be enforced from 01.01.2009).

Action (omission) of the natural monopoly entity, contradicted to this Law and inflicted damage to other individual or legal entity, as well as by overstatement of tariffs (prices, rates of charges) or their limit levels of unjustified refusal in conclusion of agreements on provision of regulated services (goods, works) and in their execution

shall entail compensation of losses by the natural monopoly entity, in accordance with the civil legislation of the Republic of Kazakhstan.

Footnote. Article 21 is in the wording of the Law of the Republic of Kazakhstan dated 26 December, 2002 No. 364; as amended by the Laws of the Republic of Kazakhstan dated 9 December, 2004N 9; dated 29.12.2008 No. 116-IV (shall be enforced from 01.01.2009).

Article 22. Compensation of losses, caused to the natural monopoly entity, regulated market by the illegal decisions, actions (omission) of the authorized body, as well as by the civil servants

Footnote. Title of Article 22 as amended by the Law of the Republic of Kazakhstan dated 29.12.2008 No. 116-IV (shall be enforced from 01.01.2009).

In case, if by illegal decisions, as well as actions (omission) of the authorized body and its civil servants the losses are incurred to the natural monopoly entity, regulated market, he (she) shall have a right to require compensation of these losses according to the procedure, established by civil legislation of the Republic of Kazakhstan.

Footnote. Is supplemented by Article 22 of the Law of the Republic of Kazakhstan dated 26 December, 2002 No. 364; as amended by the Law of the Republic of Kazakhstan dated 29.12.2008 No. 116-IV (shall be enforced from 01.01.2009).

Article 23. Transitional provisions

Suspend until April 1, 2015, subparagraph 2-3) of part one of Article 7 of this Law, having established that during the suspension period, previously approved tariff levels are in effect.

Subparagraph 12) of Article 3 of this Law is valid until January 1, 2017.

Footnote. Article 23 is in the wording of the Law of the Republic of Kazakhstan dated 29.12.2008 No. 116-IV (shall be enforced from 01.01.2009); as amended by the Law of the Republic of Kazakhstan dated 15.03.2010 No. 255-IV; dated 29.12.2014 No. 269-V (shall be enforced from 01.01.2015); dated 05.05.2015 No. 312-V (the order of enforcement see Art.2); dated 29.10.2015 No. 376-V (shall be enforced from 01.01.2016).

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