

# Understanding alternative energy sources in Kazakhstan



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With layers of smog hanging over an increasing number of our cities and the scale of the threat posed by global warming more widely understood, the need to reduce environmentally harmful emissions and find viable alternatives to rapidly depleting fossil fuel reserves has never been more acute.

Some individual countries, in conjunction with global initiatives to reduce emissions and find alternative energy sources, are introducing unprecedented environmental regulation at government level. Examples of this international cooperation include the United Nations Framework Convention on Climate Change and the Kyoto Protocol. Kazakhstan, as part of its environmental obligations, has focused on increasing payments for excess emissions, creating new emission categories and developing new regulatory conditions for the issue of emission permits. With this in mind, the government has this year set a new tenfold charge for any emissions exceeding generally established quotas.

Sulphur, which until recently was classed as an industrial waste product, has been recategorised as an emission, so that any disposal or storage of it in open conditions is subject to an increased charge. In addition, production and consumer waste disposal permit applicants are now required to have: waste management programmes in place detailing the amount and composition of waste to be generated and disposed of; storage, recycling, burial, reclamation or destruction methods; measures to ensure

gradual waste volume reductions and deadlines for all of the above.

Sulphur disposal permit applicants need to have programmes in place to reduce sulphur stockpiles and any environmental impact that stockpiling may have. These programmes must be agreed with the local authorities for the area where the sulphur is kept, and with the environmental protection authorities.

These new requirements strengthen Kazakhstan's environmental law by encouraging users of natural resources to take measures to prevent, reduce and respond to environmental pollution; reducing waste, while attempting to foster a spirit of international cooperation in environmental protection.

Kazakhstan is only starting its journey of transitioning to alternative or renewable energy sources, of which it has an abundance, such as: solar, wind and hydro power; soil, surface water, river and water reservoir geothermal energy; biomass, biogas and other organic fuels used to generate electricity and heat.

Kazakhstan has drafted a Concept for the Transition to Sustainable Growth 2007-24 that is designed to develop the country's economy by supporting ecologically friendly forms of energy generation, such as renewable sources and secondary raw materials. As part of the Concept, the government has set and monitors production targets for electricity generation using renewable energy sources.

It goes without saying that the development and use of alternative energy

sources is a costly exercise, which is why the government offers investment concessions to investors planning, building and operating renewable energy sources, and also the right to reserve and acquire land for the construction of their facilities. In addition, guarantees have been made that any energy produced using renewable sources will find a buyer.

Thus, by implementing these measures Kazakhstan has taken an important step in protecting the global environment by reducing its own environmentally harmful emissions and by working to actively support renewable energy sources.

At Deloitte Caspian, we provide a full range of professional services to clients, including advice to help companies deal with the environmental issues discussed here, along with other related issues. Furthermore, Deloitte Caspian advises clients on the tax and legal consequences of their emissions.

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