

Eighth Meeting of the United States-Kazakhstan Energy Partnership Summary Joint Action Plan for 2011-2012

The United States of America and the Republic of Kazakhstan share a long and successful history of cooperation in the energy sector. Our mutual objective is to strengthen and broaden this collaboration through the work of the U.S.-Kazakhstan Energy Partnership led jointly by Deputy Secretary of the U.S. Department of Energy Daniel Poneman and Minister of Oil and Gas of the Republic of Kazakhstan Sauat Mynbayev. The sides agree that in order to further our bilateral relationship, it is necessary to take specific actions to achieve our shared goals.

In the eighth meeting, the sides agreed to continue their commitment to nonproliferation of nuclear weapons and to the safe and secure use of nuclear energy. The sides also planned to build upon our success and work together to promote energy efficiency, clean energy technologies, diversification of energy sources, and improve laws and regulations for the purpose of promoting investments. In the spirit of deepening our bilateral energy cooperation, this Summary Joint Action Plan serves as a guideline for detailed work plans. The co-chairs task the Working Groups to develop detailed plans within two months of the signing of this Summary Joint Action Plan.

The sides agree to do the following in each of the following areas: Nuclear Security and Nuclear Power; Hydrocarbon Resources; Renewable Energy and Energy Efficiency; and Electric Power.

NUCLEAR SECURITY AND NUCLEAR POWER

The United States and the Republic of Kazakhstan intend to continue effective collaboration to prevent the proliferation of nuclear weapons. The sides see important opportunities to work together on civil nuclear energy issues. The sides plan to achieve common goals by taking the following steps:

Next steps:

- The Ministry of Industry and New Technologies (MINT) of the Republic of Kazakhstan and the U.S. Department of Energy (DOE) plan to continue work to finish the conversion of the research reactor VVR-K and its associated critical assembly at the Institute of Nuclear Physics from the use of highly enriched uranium (HEU) fuel to low enriched uranium (LEU) fuel by 2014, as well as to continue the technical feasibility studies for conversion of the reactors at the Institute of Atomic Energy.
- MINT, National Nuclear Center (NNC) of Republic of Kazakhstan, DOE, and DOD plan to continue work on the development of the MPC&A Training Center.
- MINT and DOE plan to continue cooperation under the Implementing Arrangement for Nuclear Material Safeguards and Security to improve the effectiveness and efficiency of nuclear safeguards implementation and uranium product controls.
- DOE, the Customs Control Committee of the Ministry of Finance of the Republic of Kazakhstan and the Border Guards Service of the National Security Committee of the Republic of Kazakhstan will continue to cooperate on the implementation of the Second Line of Defense program at border crossings.

- DOD, DOE, and the Ministry of Emergency Situations of the Republic of Kazakhstan will continue cooperation to hold a radiological incident response exercise on January 25-26, 2012.
- MINT, DOE, and other stakeholders plan to continue consultations on guaranteed nuclear fuel supply assurances, including an International Low Enriched Uranium Bank of IAEA.
- DOE, MINT, Kazatomprom and NNC plan to continue workshops for scientists from Kazakhstan on small and medium-size reactors at the Ukrainian Center for Reactor Core Design.
- DOE plans to host visits by representatives from MINT, NNC and Kazatomprom, to each of the DOE national laboratories participating in the Civil Nuclear Energy Sub-Working Group activities.
- DOE and MINT, NNC, and Kazatomprom plan to continue exchanging information on the development of a new international framework for cooperation in the area of civil nuclear energy.
- DOE and the Kazakhstan Nuclear Technology Safety Center intend to start modification of the Sodium Processing Facility (SPF) in order to use the SPF in an interim manner to solidify and stabilize the sodium coolant from Kazakhstan's BN-350 reactor while Kazakhstan builds a Geocement Stone Facility (GSF) to process the BN-350 sodium coolant into final waste form and builds a storage facility for it.

HYDROCARBON RESOURCES

The sides affirm their commitment to the Energy Partnership, which supports Kazakhstan's role as one of the leading reliable suppliers of energy in the world. The Energy Partnership aims to develop further cooperation between Kazakhstan and international companies in the exploration, development, and transportation of Kazakhstan's hydrocarbon resources. The sides agree to advance common efforts to expand energy production and seek new means to deliver those resources to the international market. The establishment of a transparent, competitive energy sector will enhance global energy security. The sides also support mutual efforts to mitigate the effects of climate change.

Next steps:

- The sides will continue work to implement the U.S. Trade and Development Agency (USTDA) Grants subject to the favorable outcome of questions, in relation to taxation: a Maritime Legal and Regulatory Technical Assistance project with KMG-Transcaspian LLP; Early Departure Procedure Technical Assistance with KazMorTransFlot to reduce oil tanker and other ship turnaround times.
- The sides will facilitate access for Kazakhstani hydrocarbon production to international markets using multiple, commercially-viable routes. The sides intend to support the development of a safe, reliable, and commercially-viable Kazakhstan Caspian Transportation System (KCTS).

- The sides plan to continue to share information, tools, and expertise to maintain the momentum of the Extractive Industries Transparency Initiative (EITI) and to achieve EITI compliance by the Republic of Kazakhstan. The sides will focus in particular on subsoil users, social infrastructure investments, mining companies, and civil society participation.
- In 2011 USTDA will review possible feasibility studies or technical assistance on gas utilization for flared gas. USTDA will also review possible projects for coalbed methane and coal mine methane in Kazakhstan.
- The United States Environmental Protection Agency (EPA), the Ministry of Environment Protection of the Republic of Kazakhstan (MEP), and MINT will continue to cooperate to develop a mutually beneficial partnership under the Global Methane Initiative. DOE and MOG will cooperate to enhance the safety and reliability of compressed natural gas transport being used in Kazakhstan.

RENEWABLE ENERGY AND ENERGY EFFICIENCY

The sides will strengthen cooperation in renewable energy and energy efficiency. The sides plan to cooperate and exchange information in several areas including, but not limited to, residential and industrial energy efficiency; promotion of renewable energy sources; and possible renewable energy solutions for remote locations that are not connected to electricity distribution infrastructure.

USAID launched its Central Asia Energy Efficiency Support Program in October 2011. The program will support energy-efficiency investment in Kazakhstan by developing industrial energy-efficiency project proposals and building the capacity of specialists in Kazakhstan to design, find financing for, and implement industrial energy-efficiency investments. The program will also support review of Kazakhstani policy framework to stimulate energy efficiency.

Next steps:

- MINT and DOE plan to continue work to organize a multi-day training event for Kazakhstani officials at the National Renewable Energy Laboratory (NREL). The training will address issues related to renewable energy integration; the use of energy analysis tools such as HOMER and VIPOR for rural areas; the financing of renewable energy and a review of cutting-edge technologies. The training will also provide a review of regulatory and legal legislation that encourages energy efficiency and the use of renewable energy.
- MINT and DOE will discuss further cooperation that builds on successful collaborations, such as the workshop on “A Strategy for Managing Energy Consumption for Industrial Sites”.
- RESET is assisting to develop expertise in the area of economic analysis in energy. MINT experts on renewable energy and energy efficiency will participate in activities sponsored by RESET including a multi-day training on the economics of renewables and energy efficiency.
- USAID is currently supporting energy-efficiency lending to the residential sector in Kazakhstan through a small program implemented with the Asian Credit Fund. USAID has provided a default-risk guarantee through the United States Treasury to Asian Credit Fund to support lending to residential borrowers to finance energy-efficiency improvements in

their homes. USAID and MINT will explore options to replicate the default-risk guarantee scheme in other sectors for supporting energy-efficiency.

ELECTRIC POWER

The sides intend to expand cooperation to improve regional integration and domestic power transmission reliability. This in turn will facilitate dispatch optimization, strengthen regional cooperation, and improve conditions for investment in new generation capacity. The sides will cooperate to incorporate new technologies in Kazakhstan's electric-power sector.

Next steps:

- USAID's Regional Energy Security, Efficiency and Trade (RESET) (re-named from "Regional Energy Markets Assistance Program" – REMAP) officially resumed in October 2010. The second phase of the program, to be implemented by September 2013, plans to support electric power trade within Central Asia and between Central Asia and neighboring markets.
- The Kazakhstan Electric Grid Operating Company (KEGOC) plans to use lessons learned from meetings with DOE, FERC and U.S. grid operators and technology providers during the Smart Grid Reverse Trade Mission sponsored by USTDA to improve and upgrade KEGOC transmission systems.
- KEGOC plans to select a U.S. contractor to work on the Transmission Lines Monitoring and Diagnostic Systems Technical Assistance Project in accordance with the Grant Agreement signed by KEGOC and USTDA.
- USTDA will consider modifying the conditions outlined in the Grant Agreement on the Transmission Lines Monitoring and Diagnostic Systems Technical Assistance Project per KEGOC's suggestions to hold further bidding to select a U.S. contractor for this project.
- DOE and the Kazakhstan Agency for Natural Monopoly Regulation plan to share lessons learned on promoting energy efficiency through tariff policy (including through differentiated tariffs), on design of tariff policy to stimulate investment, and on the use of benchmarking in the regulation of natural monopolies.

The sides reaffirm their willingness to continue work within the framework of the Energy Partnership in accordance with this Summary Joint Action Plan. The sides plan to hold the next meeting of the Joint Commission on Energy Partnership in Washington, D.C., USA in 2012. The exact date of the meeting should be determined through diplomatic channels.

SIGNED in Astana on October 14, 2011.

FOR THE UNITED STATES OF
AMERICA:



DANIEL PONEMAN

FOR THE REPUBLIC OF
KAZAKHSTAN:



SAUAT MYNBAYEV