**Annual report on activity of JSC “Mangistau power distribution company”**

**On power transfer and distribution in 2016**

***General information:***

JSC “MPDC” is a subject of natural monopoly and provides services in transfer and distribution of the electric power to consumers of Mangistau region of the Republic of Kazakhstan, except for the city of Aktau.

The main task of JSC “MPDC” is reliable and uninterrupted transmission and distribution of electricity to consumers.

Implementation of the tasks is carried out at the expense of the built energy infrastructure, consisting of high-voltage power lines, substations with an automated control system, powerful transformers, etc.

***Business capacity:***

The volume of services rendered by JSC “MPDC” for 2016 amounted to 2,490 million kWh, with a plan of 2,516 million kWh. The reduction in actual transportation volumes compared to the plan was 1%.The reduction in the volume of electricity transmission was mainly caused by the reduction in the volume of work by the largest oil and gas companies in the region.

***Revenue:***

The company's revenues for the reporting period amounted to only 10 354 million tenge, with a plan of 10 634 million tenge, with a decrease of 280 million tenge or 3 %.

***Tariff:***

# According to the order of theaCommittee on Regulation of Natural Monopolies and Protection of Competition under the Ministry of National Economy of the Republic of Kazakhstan in Mangistau region №129-НК dated 24.11.2015 was approved the tariff for transfer and distribution of power energy for legal entities in a the amount of 4,32 tenge/kWh, for state enterprises 2,56 tenge/kWh, for population 2,03 tenge/kWh, with application since 01.01.2016.

Due to the increase in the tariff of LLP "MAEK-Kazatomprom" for electricity from 11.62 tenge/kW.h. up to 13.63 tenge/kW.h, on 01.08.2016 was approved the tariff as a emergency regulatory measures, for legal persons the rate is made up 4.64 KZT/kWh.

***Expenses:***

Production costs in 2016 amounted to 6 682 million tenge or 92% . The main reason for incomplete use of funds was the reduction of costs under the article compensation of technological losses.

General administrative expenses made 100%.

On the article the cost of financing, the savings formed due to late borrowing.

***Cumulative profit:*** Tariff net profit of JSC "Mangistau power distribution company" for the year 2016 made a total of 2 237 million tenge at the plan of 1 301 million tenge, an increase of 75%. The increase in the total profit is due to the current savings in the cost of regulatory and technical losses and interest costs.

***Investment budget:***

The actual development of the investment program amounted to 9 490 million tenge with the approved plan of 8 936 million tenge. Over-fulfillment amounted to 554 million tenge.

The following projects have been completed and implemented:

1. Construction of regional dispatch center;
2. Replacement of OD/short circuit-110 kV gas-insulated circuit breakers at the substation 110/6 kV at Karazhanbas-2;
3. Implementation of the project for automatic system for commercial measurement of power consumption in networks of 6-10/0.4 kV of JSC “MPDC” with the introduction of remote control and telemetry.
4. Completed feasibility studies for the installation of ground wire and gas.

***Work with consumers:***

In 2016, 37.6 MW of power was transferred to the power supply of consumers through the networks of JSC "MPDC", including:

- 30.8 MW issued specifications for power supply of newly connected consumers in the amount of 254 units;

- 5.1 MW agreed to issue additional capacity for 59 sub-consumers.

***About prospects of activity of JSC “MPDC”:***

JSC "MPDC" in 2017 sets the following plans and tasks:

1. Ensuring reliable and uninterrupted power supply to consumers;
2. Implementation of the approved investment program;
3. Attracting financing for the implementation of the investment program;
4. Execution of the approved tariff estimate;
5. Achievement of approved key performance indicators;
6. Implementation of measures to create safe and healthy working conditions at each workplace, prevention of occupational injuries and diseases.