**Annual report on the activities of**

**JSC "Mangistau power distribution сompany”**

**in the provision of services for the transmission and distribution of electrical energy in 2015**

***General information***

JSC «MPDC» is a natural monopoly entity and provides transmission services.

and distribution of electricity to consumers in the Mangystau 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.

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

***Production volumes:***

The volume of services rendered by JSC «MPDC» for 2015 amounted to 2,517.8 million kWh, compared with a plan of 2,651.7 million kWh, with fulfillment of 95%.

Compared to the same period in 2014, where the volume of services rendered was actually at the level of 2,718.4 million kWh, the decrease was 7%.

The decrease in volumes is due to the commissioning of its own gas turbine station by a large consumer of JSC «MPDC» Mangistaumunaigas JSC».

***Income:***

Income from operating activities actually amounted to 8,985.7 million KZT, with a plan of 9,609.6 million KZT, execution is 94%.

***Rate:***

In 2015, in accordance with the Order of the Department of the Committee for the Regulation of Natural Monopolies and the Protection of Competition of the Ministry of National Economy of the Republic of Kazakhstan for Mangystau Region (hereinafter referred to as DCRNM and PC for Mangystau Region) No. 17-ОD dated December 12, 2014 and distribution of electrical energy, with the entry into force on January 1, 2015 in the following amount (excluding VAT):

For legal entities:

- 3.77 KZT per 1 kW / h, introduced as an emergency regulatory measure;

For the state-owned public enterprise, providing services for the transmission and distribution of electricity and Elektrzhuyieleri LLP, carrying out activities for the supply of individuals:

- 2.39 KZT per 1 kW / h, introduced from April 1, 2012.

For individuals - 1.90 KZT per 1 kW / h, introduced from October 1, 2010.

***Costs:***

The costs of the regional electric grid company for the provision of services for the transmission of electric energy actually amounted to KZT 2,815.0 million, compared with the plan of KZT 2,153.6 million or 131%.

Depreciation of fixed assets and intangible assets with the plan of 1,399.3 million KZT actually amounted to 1,472.2 million KZT, with execution by 105%.

Uncontrolled costs of the regional power grid company in the total amount amounted to 3,912.0 million KZT. Execution amounted to 84%.

Other costs, the value of which the regional grid company can not have a direct impact (with decoding attached). This item includes remuneration costs.

In 2015, when the plan was 1 298.0 million KZT, actual payments amounted to 1 012.8 million KZT, which is 285.2 million KZT less than the plan.

The actual profit amounted to 768.2 million KZT, while the plan was 1,397.8 million KZT or 55%.

***Investment budget:***

* The works stipulated by the investment program for 2015 were completed on time and in full. With the plan of 5,279.2 million KZT, actual development amounted to 5,364.1 million KZT or 102%. Including projects:

- Construction of Aktau-Karazhanbas power transmission line-220kV with auto-transformer 1х125МВА at Management of the implementation of construction projects "Karazhanbas", actual development amounted to 939.9 million KZT;

- Construction of Aktau-Uzen power transmission line-220kV with autotransformers of 1x250MVA in the oil fields of the Uzen field, the actual development amounted to 34.4 million KZT;

- Construction of the regional dispatch center, the actual development amounted to 1,173.8 million KZT;

- Implementation of the project on automated metering system in the networks 6-10 / 0.4kV JSC "MPDC" with the introduction of remote control and telemetry, the actual development amounted to 2 571.6 million KZT;

- Reconstruction of the 110/10 kV Akshukur substation, the actual development amounted to 19.2 million KZT. Completed work on the following projects:

- Construction of the repair and production plant of Zhetybaysky RES, development amounted to 45.0 million KZT;

- Replacement of short-circuit breakers-110 kV with gas-insulated circuit breakers at 110/6 kV Karazhanbas-2 substation, development amounted to 17.7 million KZT;

- Replacement of short-circuit breakers-110 kV with gas-insulated circuit breakers at 110/6 kV PTV SS, development amounted to 23.5 million KZT;

- Replacement of short-circuit breakers-110 kV with gas-insulated circuit breakers at 110/35/10 kV SS Fort, development amounted to 10.3 million KZT;

- Replacing the short-circuit breakers-35kV with gas-insulated circuit breakers at 35/6 kV Karernaya substation, development amounted to 5.2 million KZT;

- Modernization of Package outdoor switchgear-6 kV cells at Zhetybay, development amounted to 60.5 million KZT. The works on the development of a feasibility study, as well as design estimates, on projects:

- Construction of 110kV power transmission lines from Uzen -220kV Substation to 110/35 / 6kV Substation Plateau, the length (1x18.7 km) with the replacement of a 1x40MVA transformer, the development amounted to 21.3 million KZT;

- Modernization of 6kV switchgear at 110 / 6kV PS "PTV" with the replacement of 6 kV indoor switchgear with a Package outdoor switchgear-6kV substation, development amounted to 7.3 million KZT;

- Reconstruction of the outdoor switchgear equipment-35kV, 110kV with replacement of the short-circuit breakers-110kV and installation of 35kV reclosers at 110/35 / 6kV "Vostochny Zhetybay" substation, development amounted to 60.3 million KZT;

- Modernization (reconstruction) of equipment of 35 kV outdoor switchgear at 110/35/6 kV substation, Vpadina substation, and Plato substation, development amounted to 0.9 million KZT;

- Reconstruction of distribution networks with the replacement of KTP, development amounted to 1.6 million KZT;

- The feasibility study for the installation of a lightning motor with fiber-optic lines on 110 kV overhead lines and 220 kV overhead lines of JSC "MPDC", the development amounted to 9.0 million KZT;

- Feasibility study for gas supply of the base of JSC " MPDC" to reduce electricity consumption for own needs under the program of Energy Saving and Energy Efficiency, development amounted to 2.0 million KZT;

- Replacement of power transformers at 35 / 6kV “Blocks of control of pumping stations-2” substation with a capacity of 2x6.3 MVA by 2x10 MVA, the development amounted to 0.6 million KZT;

- Modernization (reconstruction) of 110 kV outdoor switchgear equipment at 220/110 / 10kV Uzen substation; cell number 1,2,7,8,11,12,15,16,24,25,26,27,28,29,30 , 31.32, development amounted to 42.3 million KZT;

- Modernization (reconstruction) of the outdoor switchgear equipment of 35, 110 and 6 kV switchgear of 110/35/6 kV Gorodskaya substation, development amounted to 4.2 million KZT;

- Modernization (reconstruction) of the 6 kV indoor switchgear of the 110/6 kV Karamandybas substation, 110/6 kV substation Thermalnaya and the modernization of the Relay Protection and Automatic Equipment of the substation, development amounted to 1.1 million KZT

- Modernization (reconstruction) of the 110 kV outdoor switchgear and 6 kV outdoor switchgear of the 110 / 6-6kV Industrial Zone substation, the development amounted to 3.2 million KZT;

- Modernization (reconstruction) of equipment of 35 kV outdoor switchgear and 6 kV outdoor switchgear of 35 / 6kV Glinzavod substation and 35/6 kV Vostochnaya substation, development amounted to 1.1 million KZT;

- Modernization (reconstruction) of 35kV outdoor switchgear of 35/6kV Sauskan substation, development amounted to 0.4 million KZT;

- Modernization (reconstruction) of 35 kV outdoor switchgear and 6.10 kV switchgear at 35 \ 10 kV substation Tigen, Zharmysh, Kyzyl-Turan, Ushtagan, Shaiyr, Kyzan, Tushchykuduk, Karyernaya (Beyneu), development amounted to 6.1 million KZT ;

- Reconstruction of 110 kV outdoor switchgear equipment with replacement of short-circuit breakers-110 kV and modernization of the Relay Protection and Automatic Equipment of the 110/6 kV Prombaza substation, development amounted to 61.0 million KZT;

- Replacement of Package outdoor switchgear-6kV at 110/6kV Karazhanbas-2 substation, development amounted to 7.3 million KZT;

- Modernization (reconstruction) of equipment of 35 kV outdoor switchgear at 35 / 6kV substation Blocks of control of pumping stations-2,3,4,5, Tasbulat, Beket-Ata, Akkudyk, Akzhigit, development amounted to 3.5 million KZT;

- Services for the development of the project "Water supply with drinking water of the repair and production base", development amounted to 5.6 million KZT.

***Overhaul and replacement of assets for equivalent:***

The plan provided for an amount of 286.5 million KZT, the actual performance amounted to 260.6 million KZT. Production equipment, devices and installations, technological vehicles, furniture for industrial premises, household and computer equipment for industrial premises, software were purchased.

The savings resulted from an open tender and actually concluded contracts, as well as the plan provided for the delivery of a cargo-passenger vehicle intended for the transport of equipment and other special-purpose goods, but in fact implemented in early 2016.

***Sources of financing:***

The investment program was implemented at the expense of own (accumulated depreciation, profit) and borrowed funds (issue of bonds) of the Company and did not affect the change in tariff..

***On the work carried out with consumers of the services of transmission and distribution of electric energy:***

JSC «MPDC» provides reliable, uninterrupted supply of electricity to consumers at tariffs approved by the authorized body and creates long-term conditions for the development of the oil and gas industry through capital investments;

Provides equal conditions to consumers according to, concluded contracts; The Company constantly works actively with consumers on strict observance of the rules of network operation, timely fulfillment of the terms of the contract:

Work is underway to improve the quality of the services provided through capital repairs and capital investments in order to increase the capacity of transformers for the uninterrupted supply of electricity to consumers, as well as to provide the possibility of additional connection of electrical installations.

***On the prospects of the JSC «MPDC»:***

In the period from 2016–2020, JSC «MPDC» plans to implement and complete the investment program for 2016–2020, approved by the DCRNM and PC for the Mangystau region.