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EBRD finances its first wind farm in Kazakhstan

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50 MW wind power project in Yereymentau will road-test new renewables legislation which EBRD helped develop

In a landmark project for Kazakhstan's renewables industry, the European Bank for Reconstruction and Development (EBRD) is supporting the first large-scale wind farm in the country to be financed under the new feed-in-tariff mechanism.

The EBRD and the Clean Technology Fund (CTF) will finance the construction, connection to the power transmission grid, commissioning and launch of a greenfield 50 MW wind power plant located in Yereymentau in central Kazakhstan.

The EBRD will provide a KZT 14 billion (€59.2 million) loan to Wind Power Yereymentau, a special purpose vehicle incorporated in Kazakhstan, while up to €18 million of concessional financing will be provided by the CTF. The loan will be guaranteed by JSC Samruk-Energo, Kazakhstan's national energy company and the ultimate owner of the company.

Yereymentau Wind Park will be the first power sector project in Kazakhstan to receive CTF funding. "Signing of this Loan Agreement is in line with the Kazakhstan's low-carbon

economy agenda. This year we are completing the construction of the first wind farm with 45 MW of capacity. Our partnership with the EBRD and the CTF will enable us to increase capacity up to 95 MW” - says Almassadam Satkaliyev, Chairman of the Management Board of JSC Samruk-Energo. “The partnership between EBRD and CTF on financing this first wind farm project in Kazakhstan under the new feed-in-tariff mechanism demonstrates the contribution that climate finance can make to move renewable energy into the mainstream”- adds Mafalda Duarte, Program Manager of the Climate Investment Funds.

The wind power plant is expected to offset 120,000 tons of CO₂ per annum, an equivalent of 450 return flights from Astana to Almaty, in a country still dominated by coal-fired power generation. Most of the electricity, over 70 per cent, produced in Kazakhstan today is still generated by coal-fired power plants benefiting from easily accessible local coal reservoirs.

However, Kazakhstan is seen as one of the most promising countries in the CIS for both wind and photovoltaic energy investments. About 50 per cent of Kazakhstan’s territory has an estimated average wind speed of about 4-5 m/s with the overall wind potential estimated at around 18,000 GWh per year. To date, renewable energy in Kazakhstan is mainly represented by a few hydropower plants mostly built in Soviet times.

“Supporting clean energy projects is at the core of the EBRD’s mandate. We stand ready to assist Kazakhstan in unlocking its potential in renewables by financing pilot projects with strong local and foreign companies,” said Riccardo Puliti, EBRD Managing Director for Energy and Natural Resources.

The EBRD support for the Yereymentau wind project is the result of the successful cooperation with the government of Kazakhstan on creating the legal and regulatory frameworks for renewable energy. The Renewable Energy Law was introduced in June 2013, with tariffs for renewable energy off-take agreed in 2014.

This first wind farm in the country will road-test the new regulations and will set the benchmark in terms of developing, building and operating a greenfield renewable project.

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