Fuel switching in Kazakhstan

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Coal to gas

**Challenges**
- Underdeveloped gas network infrastructure
- High sulphur associated gas
- Import dependency
- State regulation of prices
- Concerns with availability of gas due to export commitments
- High cost of connection to households

**Opportunities**
- Extension of distribution pipeline system
- Recognition of environmental problems
- “Bridge fuel” for intermittent renewables
- Environmental regulation

**Gas consumption increased** from 9 bcm in 2010 to 13.1 bcm in 2016
In March 2018 President of Kazakhstan N. Nazarbayev instructed to build a gas pipeline to Astana within 1-1.5 years

**CAPEX ≈ in total 2.5 bln euro**

Responsible: state owned companies Samruk-Kazyna, KazMunayGas, KazTransGas

**Funding source: under discussion, state owned companies and international financial institutions**

**Changes to gas tariffs are planned**
Gas in transport

• LPG consumption grew from about 270 kt in 2014 to 620 kt in 2016
• 3683 LPG-consuming vehicles
• Since 2017, deliveries of 320 kt LNG from Yeaketerinburg to Astana

Challenges

• Regulated LPG price in the domestic market
  • Price fluctuations, LPG deficits
• 3/4 of produced LPG is exported
• No incentives for fuelling stations and for consumers

Opportunities

Price gap
• Diesel price $10.4 per MMBtu
• Natural gas price $1.5 per MMBtu

Recognition of environmental problems

Development of gas network