

Press release

Astana, April 20, 2023

An increased tariff for oil transportation to the domestic market of the Republic of Kazakhstan is being considered

“KazTransOil” JSC has applied to the Committee for Regulation of Natural Monopolies of the Ministry of National Economy of the Republic of Kazakhstan to change the approved tariff for oil transportation services through the system of oil pipelines to the domestic market of the Republic of Kazakhstan for 2021-2025. The application is in accordance with paragraphs 604, 630 and 631 of the Rules for the Formation of Tariffs approved by Order No. 90 of the Minister of National Economy of the Republic of Kazakhstan dated November 19, 2019.

The draft tariff for the oil transportation services to the domestic market of the Republic of Kazakhstan amounted to 5,012.42 tenge per ton per 1000 km, which is 656.86 tenge, or 15% higher than the approved tariff level.

As per the legislation of the Republic of Kazakhstan on natural monopolies the Committee on Regulation of Natural Monopolies of the Ministry of National Economy of the Republic of Kazakhstan determines and approves the amended tariff.

The current tariff for pumping oil to the domestic market of the Republic of Kazakhstan of 4,355.57 tenge per ton per 1,000 km (excluding VAT) was approved by Order No. 71-OD of the Chairman of the Committee for Regulation of Natural Monopolies of the Ministry of National Economy of the Republic of Kazakhstan dated November 27, 2020 and introduced effective from 2021.

According to subparagraph 9-2) of paragraph 1 Article 22 of the Law of the Republic of Kazakhstan "On Natural Monopolies", changing the approved tariff for pumping oil to the domestic market of the Republic of Kazakhstan through the KazTransOil JSC system of oil pipelines before its expiration is warranted by change in the average monthly nominal salary of one employee by type of economic activity in the region (city) that have formed according to the statistics.

As per the legislation of the Republic of Kazakhstan on natural monopolies, the tariffs for transportation services should cover the costs of the provided services, taking into account the profit margin that ensures sufficient functioning of the natural monopoly entity.

“KazTransOil” JSC is a natural monopoly entity in the following areas: transporting oil and (or) petroleum products through oil pipelines, except for transit and export outside of the Republic of Kazakhstan; services for electric energy transmission; production services, transmission and distribution of thermal energy; and wastewater disposal services.

For reference:

“KazTransOil” JSC is the national operator of the main oil pipeline. It is part of the NC “KazMunayGas” JSC group. KazTransOil JSC owns a diversified network of main oil pipelines 5.4 thousand km in length.

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