

Report on implementation of the approved tariff estimates and investment program of Kazakhstan-China Pipeline LLP to provide regulated services to consumers and other interested parties for 2021

In accordance with the Law of the Republic of Kazakhstan "On Natural Monopolies" No. 204-VI dated 27.12.2018 , Kazakhstan-China Pipeline LLP carries out a report on the implementation of the approved tariff estimates and investment programs for provision of regulated services to consumers and other interested parties in the form of public hearing (hereinafter - the Hearing).

The purposes of this hearing are: ensuring transparency, awareness, balancing the interests of consumers and natural monopolies, ensuring transparency of the activities of natural monopolies to consumers and other interested parties. The report contains the following information:

1. General information about the entity of natural monopoly

Kazakhstan-China Pipeline LLP was established on July 6, 2004.
The Partnership was established in accordance with the Law of the Republic of Kazakhstan "On limited and additional liability partnerships" within the Framework Agreement on development of comprehensive cooperation in the field of oil and gas dated May 17, 2004, concluded between Government of the Republic of Kazakhstan and Government of the People's Republic of China, the Agreement on the basic principles of construction of Atasu-Alashankou pipeline dated May 17, 2004, concluded between National Company KazMunaiGas JSC and China National Petroleum Corporation (CNPC).
The Partnership was established for designing, construction and operation of the pipelines.
The shareholders of the Partnership are KazTransOil JSC 50% and China National Oil and Gas Exploration and Development Corporation (CNODC) 50%. The charter capital of the Partnership is 13 milliard tenge.

Attachment 1 Form 21
to the Rules for establishing tariffs approved by order of the
Ministry of National Economy of the Republic of Kazakhstan
dated November 19, 2019 No. 90

2. Information on execution of the approved investment program based on the results of 2021 of Kazakhstan-China Pipeline LLP

No	Information on the planned and actual volumes of regulated services					The period of services providing under the investment program	Report about incomes and material losses*	Amount of the investment program(thous. tenge)			
	Regulated services and serviced territory	Activity	Measuring unit	Quantity in natural values				Plan	Fact	Deviation	Reasons of deviation
				plan	fact						
1	2	3	4	5	6	7	8	9	10	11	12
1	Oil pumping through the pipeline system. (Kenkiyak-Kumkol pipeline)	Construction of crossings of the main oil pipeline Kenkiyak-Kumkol	thous.tons	8 068	6 468	365 calendar days	Report about incomes and material losses in the form approved by order of the Minister of Finance of the Republic of Kazakhstan dated June 28, 2017 No. 404	9 932	9 969	37	Activities of approved investment program are completed in full
2		Modernization of the video surveillance system of the main oil pipeline at the linear part of Kenkiyak-Kumkol						36 104	36 104	0	
3		Modernization of station facilities to ensure their compliance with the Requirements for the system of anti-terror protection of facilities vulnerable to terrorist attacks of the Kenkiyak - Kumkol main oil pipeline						280 400	280 400	0	
4		Reconstruction of OQMS at IPS Kenkiyak and IPS Kumkol of the Kenkiyak - Kumkol main oil pipeline						116 299	275 227	158 928	
5		Purchase of fixed assets						28 295	30 251	1 956	
	Total:			8 068	6 468			471 030	631 951	160 921	

Information on actual conditions and amounts of financing the investment program, thousand tenge				Information on comparison of actual performance indicators of the investment program with indicators approved in the investment program **								Clarification of the deviation reasons of the achieved actual indicators from the indicators in the approved investment program	Assessment of improving quality and reliability of the regulated services provided
Own funds		Borrowed funds	Budget funds	Reduced consumption of raw materials, materials, fuel and energy in natural values depending on the approved investment program		Decreasing of depreciation of (physical) fixed assets (assets),%, by years of implementation, depending on the approved investment program		Decreasing loss .%, by years of implementation, depending on the approved investment program		Decreasing accidents, by years of implementation, depending on the approved investment program			
Depreciation	Revenue			fact of the last year	fact of the current year	fact of the last year	fact of the current year	plan	fact	fact of the last year	fact of the current year		
13	14	15	16	17	18	19	20	21	22	23	24	25	26
631 951	0	0	0	-	-	44%	47%	0,1	0,1	0	0	-	-
Total:													

3. Report on implementation of the tariff estimate for the regulated service for oil pumping through Kenkiyak-Kumkol pipeline of Kazakhstan-China Pipeline LLP to the domestic market for 2021

Attachment 1 Form 5
To Rules of establishing tariffs, approved by
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No 90 dated November 19, 2019

No	Indicators	Measuring unit	Provided in the approved tariff estimate	actually prevailing indicators of tariff estimates	Deviation percent	Reasons of deviation
1	2	3	4	5	6	7

I	The costs for producing goods and providing services	thous.tenge	10 435 921	10 684 796	2,4%	
	including					
1	Material costs, total	-/-	55 140	55 897	1,4%	
	including:					
1.1	raw materials	-/-	12 121	14 436	19,1%	
1.2	power	-/-	43 019	41 461	-3,6%	
2	Labor costs, total	-/-	92 319	109 415	18,5%	
	including:					
2.1	Salary of the production personnel	-/-	84 310	99 922	18,5%	
2.2	social tax	-/-	8 009	9 493	18,5%	
3	Depreciation	-/-	5 059 894	5 079 044	0,4%	
4	Repair, total	-/-	270 191	270 076	0,0%	
5	Other costs, total	-/-	4 958 377	5 170 363	4,3%	
	including:					
5.1	private and fire protection	-/-	478 707	475 068	-0,8%	
5.2	OTM services	-/-	3 126 689	3 125 353	0,0%	
5.3	metrology	-/-	2 928	7 547	157,7%	
5.4	maintenance of equipment and metering devices	-/-	43 301	55 506	28,2%	
5.5	Communication system service	-/-	150 298	150 233	0,0%	
5.6	tax payments and fees	-/-	922 856	1 121 419	21,5%	
5.7	environmental monitoring and	-/-	11 514	12 142	5,5%	
5.8	maintenance of hazardous production facilities of the oil and gas industry	-/-	17 804	17 796	0,0%	
5.9	maintenance costs for fire alarm systems	-/-	17 877	17 870	0,0%	
5.10	TM, TR of the pipeline protection system and TM, TR of video surveillance systems and the perimeter protection system of the main pipeline	-/-	45 515	45 496	0,0%	
5.11	transportation services with office vehicles (current repair and maintenance of vehicles)	-/-	47 214	47 194	0,0%	
5.12	TM and TR of office equipment, software and climate control systems	-/-	23 754	23 744	0,0%	
5.13	current repair and maintenance of oil metering station	-/-	33 881	33 867	0,0%	
5.14	communication service	-/-	23 094	23 141	0,2%	
5.15	accommodation and meals for shift employees	-/-	11 687	12 084	3,4%	
5.16	insurance	-/-	1 258	1 903	51,3%	
II	Expenses of the period, total	-/-	3 704 036	3 717 333	0,4%	
	including:					
6	General and administrative costs:	-/-	553 663	560 660	1,3%	
	including:					
6.1	salary for administrative staff	-/-	232 905	231 297	-0,7%	
6.2	social tax	-/-	22 126	21 973	-0,7%	
6.3	bank services	-/-	1 291	1 372	6,3%	
6.4	depreciation	-/-	35 718	35 708	0,0%	
6.5	third party services, total	-/-	261 623	270 310	3,3%	
	including:					
6.5.1	raw materials:	-/-	2 544	2 950	16,0%	
6.5.2	transport services with office vehicles (transport services)	-/-	103 599	103 015	-0,6%	
6.5.3	advertisement in mass media	-/-	1 561	1 553	-0,6%	
6.5.4	business trip services	-/-	16 469	21 538	30,8%	
6.5.5	communication services	-/-	2 840	2 828	-0,4%	
6.5.6	taxes	-/-	8 443	9 135	8,2%	
6.6	other expenses, total	-/-	126 167	129 290	2,5%	
7	costs for interests payment	-/-	3 150 373	3 156 673	0,2%	
III	Total costs for services	-/-	14 139 957	14 402 129	1,9%	
IV	Income	-/-	12 926 433	6 921 178	-46,5%	
VI	total of income	-/-	27 066 390	21 321 419	-21,2%	
VII	Volume of services provided	thous.ton	8 068	6 468	-19,8%	
VIII	Regulatory Technical Losses	thous.ton	4,9	5	0,2%	
IX	Cargo turnover	million tkm	6 261	4 932	-21,2%	
X	Specific tariff (without VAT)	tenge for 1 ton for 1000km.	4 323	4 323	0,0%	

4. On the main financial and economic performance indicators of the Partnership for 2021

No	Name	Actual indicators for the 1st half of 2021 (thous. tenge)
1	Returns	74 018 547
2	Cost of services	-32 855 766
3	Gross return	41 162 781
4	Administrative expenses	-3 910 645
5	Other income from side activities	334 543
6	Total operating income	37 586 679
7	Finance costs	-5 641 509
8	Other expenses from side activities	-2 761 844
9	Income /(loss) before tax	29 183 326

10	Income tax expense	5 966 876
11	Net income (loss)	23 216 450

5. On volumes of regulated services provided for the reporting period

No	indicators of tariff estimates	Measuring unit	provided for 2021 *	fact for 2021	deviation in%
1	Oil pumping volume	thous. ton	8 068	6 468	-19,8%
2	Cargo turnover	mln tkm	6 261	4 932	-21,2%

* Indicators of the tariff estimate for the regulated service of Kazakhstan-China Pipeline LLP on oil pumping through the pipeline system for 2021 , approved by the order of Department of the Committee for Regulation of Natural Monopolies of the Ministry of National Economy of the Republic of Kazakhstan in Almaty No. 74-OJ dated December 31, 2019

6.On ongoing work with consumers of regulated services

For the reporting period, 25 contracts with consumers were concluded on Kenkiyak-Kumkol pipeline to the domestic market. At the same time, the volume of oil turnover to the domestic market through the Kenkiyak-Kumkol oil pipeline for 2021 amounted to 4,932million tons / km, with the approved indicators of 6,261 million tons / km in the tariff estimate, which is 79%. Every day oil balance is maintained , pumping data is processed, on the basis of which the accounting of oil commercial operations is controlled, and the interaction of the issuing and receiving parties is coordinated. The quality and quantity of oil is controlled by the Partnership together with KazTransOil JSC.

7. About the prospects of activity (development plans)

1) Ensuring uninterrupted oil transportation, reliable and safe operation of oil trunk pipeline facilities.