

**Report on the implementation of the approved investment program and tariff estimate for oil pumping through the Kenkiyak-Kumkol oil pipeline within the domestic market before consumers and other interested parties for the 1<sup>st</sup> half of 2022**



ҚАЗАҚСТАН-ҚЫТАЙ ҚҰБЫРЫ

**KAZAKHSTAN-  
CHINA PIPELINE**

КАЗАХСТАНСКО-КИТАЙСКИЙ ТРУБОПРОВОД

# The objectives of the hearing

- ensuring publicity, awareness;
- observance of the balance of interests of consumers and natural monopolies;
- ensuring transparency of the activities of natural monopolies before consumers and other interested parties.

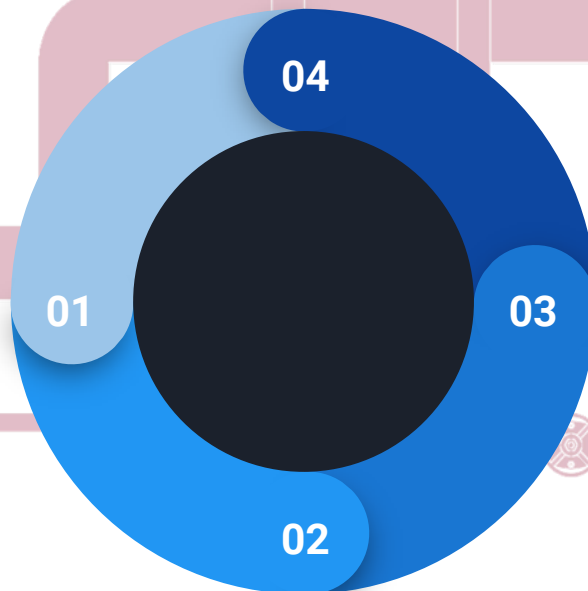
## The objectives of the hearing:

### Appointment

of the Hearing secretary from the Partnership staff to take minutes

### A speech

of the first director in accordance with the annual report procedure



### Summarization

and closing of the Hearing

### Questions and opinions

of the Hearing participants



# Implementation of the investment program for 2022

Joint order of the Ministry of Energy of the Republic of Kazakhstan dated December 12, 2019 No. 410-OD and the Almaty Department of the Committee for the Regulation of Natural Monopolies (DCRNM) of MNE RK dated October 30, 2019 No. 16-OD, approved the investment program of the Partnership for 2020-2024.

Also, a joint order of the RK Ministry of Energy dated February 28, 2023 No. 91 and DCRNM dated February 17, 2023 No. 11-OD, adjusted the approved investment program of the Partnership, taking into account changes for 2022-2023.

	Name of events	PLAN FOR 2022 thousand tenge	ACTUAL OF 2022 thousand tenge
1	Construction of crossings at the facilities of the main oil pipeline Kenkiyak - Kumkol	13 375	13 375
3	Modernization of the video surveillance system of the main oil pipeline Kenkiyak - Kumkol	163 866	163 866
4	Acquisition of fixed assets	15 267	24 426
	<b>TOTAL:</b>	<b>192 508</b>	<b>201 667</b>

Due to the non-performance of the activity “Reconstruction of OHL-10 kV Kenkiyak-Kumkol MP” for reasons beyond the control of the Partnership, this activity was postponed from 2022 to 2023.

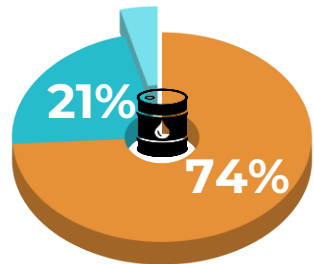
The source of financing for IP is depreciation deductions included in the tariff.

In 2022, the Partnership completed the planned activities of the investment program in full. The actual amount of IP execution amounted to 201,667,000 tenge, while the approved plan was 192,508,000 tenge, the execution is 105%.

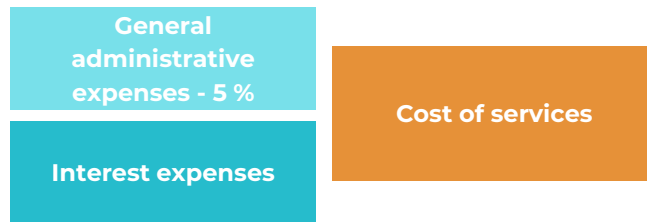
# Execution of the tariff estimate for 2022

Indicators	Measure unit	Provided in the tariff estimate	Actual tariff estimate	Deviation	Deviation, %
Cost of services	thousand tenge	10 269 296	11 865 324	1 596 028	15,5%
Period expenses	thousand tenge	3 468 393	4 114 320	645 927	18,6%
<i>General administrative expenses</i>	<i>thousand tenge</i>	<i>633 846</i>	<i>705 691</i>	<i>71 845</i>	<i>11,3%</i>
<i>Interest expenses</i>	<i>thousand tenge</i>	<i>2 834 547</i>	<i>3 408 630</i>	<i>574 083</i>	<i>20,3%</i>
Total costs	thousand tenge	13 737 690	15 979 644	2 241 954	16,3%
Profit/Loss	thousand tenge	13 094 169	10 769 302	-2 324 867	-17,8%
Income	thousand tenge	26 831 858	26 748 946	-82 912	-0,3%
Volume of services	thousand tons	7 912	7 970	58	0,7%
Cargo turnover	million t*km	6 155	6 136	-19	-0,3%
Specific tariff	tenge/1 ton per 1000 km	4 359,42	4 359,42	0	0

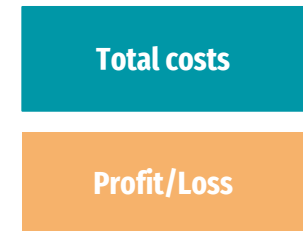
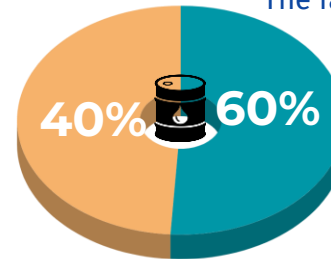
Order of the Almaty DCRNM dated December 31, 2019 No. 74-OD, approved a tariff in the amount of 4,359.42 tenge/ton per 1000 km for a regulated service of oil pumping through the Kenkiyak-Kumkol oil pipeline within the domestic market for 2022, with the introduction from 01.01.2022. Order of Almaty DCRNM dd. October 22, 2022 No.121-OD adjusted the tariff estimate for 2022.



Actual cost allocation



The fact of all costs and profits



# Execution of cost items for 2022

No.	Indicators	unit of measure	Provided in the approved tariff estimate	Actual indicators of the tariff estimate	Deviation %
<b>1</b>	<b>The costs of goods and services</b>	<b>thousand tenge</b>	<b>10 269 296</b>	<b>11 865 324</b>	<b>15,5%</b>
<b>1</b>	<b>Material costs, total</b>	<b>-//-</b>	<b>55 498</b>	<b>69 383</b>	<b>25,0%</b>
1.1	raw materials	-//-	14 291	25 342	77,3%
1.2	energy	-//-	41 207	44 042	6,9%
<b>2</b>	<b>Labor costs</b>	<b>-//-</b>	<b>126 169</b>	<b>128 931</b>	<b>2,2%</b>
<b>3</b>	<b>Depreciation</b>	<b>-//-</b>	<b>5 030 784</b>	<b>5 366 685</b>	<b>6,7%</b>
<b>4</b>	<b>Repair</b>	<b>-//-</b>	<b>170 933</b>	<b>174 252</b>	<b>1,9%</b>
<b>5</b>	<b>Other costs, total</b>	<b>-//-</b>	<b>4 885 913</b>	<b>6 126 072</b>	<b>25,4%</b>
5.1	security and fire protection	-//-	493 660	503 245	1,9%
5.2	OTM services	-//-	2 965 464	4 088 969	37,9%
5.3	metrology	-//-	2 852	8 448	196,2%
5.4	maintenance of equipment and metering devices	-//-	49 088	56 226	14,5%

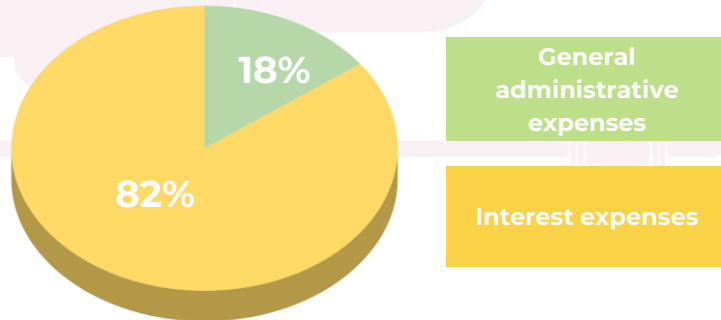
# Execution of cost items for 2022

№	Indicators	unit of measure	Provided in the approved tariff estimate	Actual indicators of the tariff estimate	Deviation %
5.5	maintenance of the information and analytical system for managing the integrity of pipelines (PIMS)	-//-	33 306	33 953	1,9%
5.6	maintenance of communication systems	-//-	112 829	127 038	12,6%
5.7	tax payments and fees	-//-	1 011 909	1 065 063	5,3%
5.8	environmental monitoring and protection	-//-	8 506	18 499	117,5%
5.9	maintenance of hazardous production facilities in the oil and gas industry	-//-	32 032	32 654	1,9%
5.10	costs for the maintenance of fire and security alarms	-//-	13 501	17 523	29,8%
5.11	TM, TR of the pipeline protection system and TM, TR of video surveillance systems and the perimeter alarm system of the main pipeline	-//-	35 738	41 331	15,7%
5.12	transport services	-//-	44 718	45 587	1,9%
5.13	TM and TR of office equipment, software and climate control systems	-//-	22 068	22 496	1,9%
5.14	current repair and maintenance of oil metering stations	-//-	33 280	33 926	1,9%
5.15	communication services	-//-	16 070	18 384	14,4%
5.16	accommodation and meals for shift workers	-//-	8 391	9 105	1,9%
5.17	insurance	-//-	1 238	2 929	136,6%
5.18	training and professional development	-//-	723	699	-3,3%

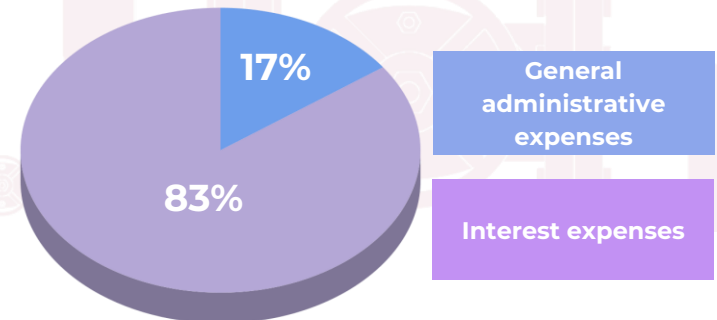
# Execution of cost items for 2022

No.	Indicators	unit of measure	Provided in the approved tariff estimate	Actual indicators of the tariff estimate	Deviation in %
II	Expenses of the period, total	-//-	3 468 393	4 114 320	18,6%
	Including:				
6	General and administrative expenses	-//-	633 846	705 691	11,3%
7	Costs for interest payment	-//-	2 834 547	3 408 630	20,3%

## Planned cost allocation



## Actual cost allocation

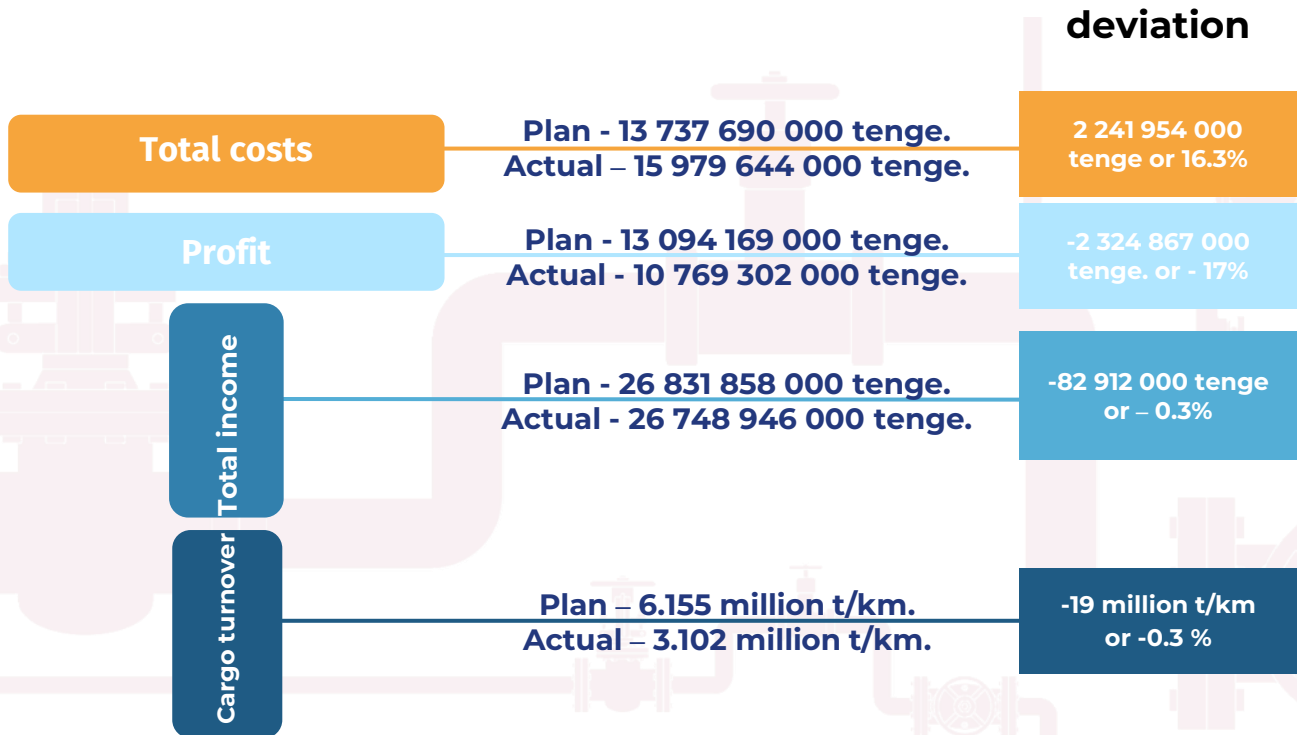




# Execution of general and administrative expenses for 2022

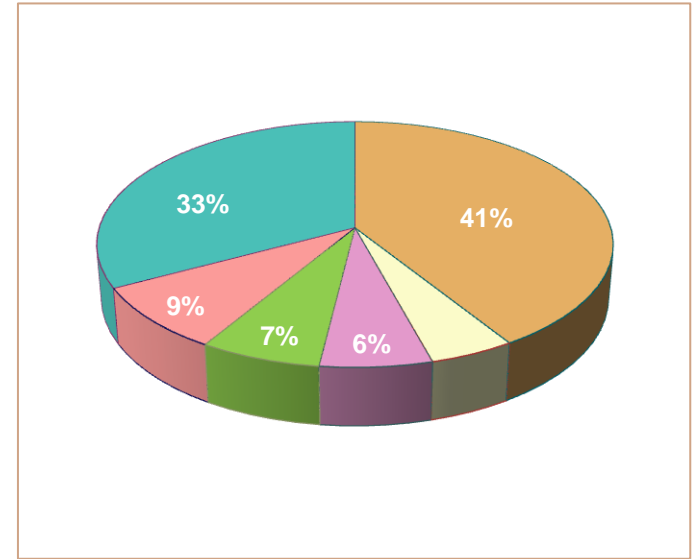
Nº	Indicators	unit of measure	Provided in the approved tariff estimate	Actual indicators of the tariff estimate	Deviation, %
6	General and administrative expenses	-//-	633 846	705 691	11,3%
	including:	-//-			
6.1	administrative staff salaries	-//-	294 353	316 305	7,5%
6.2	social tax	-//-	27 964	30 049	7,5%
6.3	bank services	-//-	1 388	1 746	25,8%
6.4	depreciation	-//-	36 714	39 487	7,6%
6.5	third party services, total	-//-	273 427	318 103	16,3%
	including:				
6.5.1	raw materials	-//-	1 894	2 020	6,6%
6.5.2	transport services	-//-	111 812	120 058	7,4%
6.5.3	training and professional development	-//-	716	2 544	255,6%
6.5.4	mass media publications	-//-	1 730	1 861	7,6%
6.5.5	travel services	-//-	14 298	20 537	43,6%
6.5.6	communication services	-//-	2 925	3 045	4,1%
6.5.7	taxes	-//-	8 091	10 189	25,9%
6.6	other expenses, total	-//-	131 961	157 850	20%
7	Interest expenses	-\\-	2 834 547	3 408 630	20,3%

# The result of regulated services for 2022



# Financial and economic indicators of the Partnership for 2022 (according to the audited report)

No.	Indicators	Unit.	Price
1	Income from the sale of services	thousand tenge	86 318 840
2	Other income	-//-	3 471 794
3	Costs	-//-	-52 665 234
4	Cost of sales of services	-//-	-36 842 375
5	General and administrative expenses	-//-	-4 241 831
6	Interest expenses	-//-	-5 550 078
7	Expenses for non-core activities	-//-	-6 030 950
8	Income tax expense	-//-	-7 674 036
9	Profit	-//-	29 451 364





# Actual volume of regulated services provided

No.	Shippers	Pumping volume, thousand tons	Cargo turnover, mln.t/km
1	MangistauMunayGas	2 248	1 786
2	CNPC Aktobemunaigas	2 094	1 663
3	EmbaMunayGas	1 270	1 008
4	Kazakhoil Aktobe	389	309
5	Kazakhturkmunai LLP	283	225
6	Kozhan	281	223
7	KMK Munai	237	189
8	Altius Petroleum	142	113
9	Sagiz Petroleum Company	113	90
10	Firma Ada Oil	96	76
11	5 A Oil	72	57
12	Nelson Petroleum Buzachi B.V.	72	57
13	CNPC International (Buzachi) B. V	72	57
14	KOM-MUNAY	58	46
15	KEN-SARY	51	41
16	Tasbulat Oil Corporation	45	36
17	Urikhtau Operating	42	33
18	Maten Petroleum	36	28
19	KazTransOil	30	24
20	Zhalgiztobemunai	25	20
21	Southoil	265	20
22	Phystech II	20	16
23	Caspi Neft TME	12	9
24	BNG LTD	9	7
25	Ushkuyu	2	2
26	ICP-Munay	1	1
27	LLP KumkolOil	5	0,4
	<b>TOTAL</b>	<b>7 970</b>	<b>6 136</b>

27 contracts with consumers were concluded on the Kenkiyak-Kumkol main pipeline to the domestic market . At the same time, the volume of oil cargo turnover to the domestic market via the Kenkiyak-Kumkol oil pipeline for the 1st half of 2022 amounted to 3,102 million tons/km, with the approved indicators of 6,155 million tons/km in the tariff estimate, which is 50%.

## Work with consumers and activity prospects

### Work with consumers

- Daily processing of oil pumping data, daily count of oil balance, on the basis of which commercial oil transactions are controlled, coordination of the interaction between of the supplying and receiving parties.
- Quality and quantity of oil are controlled by the Partnership together with KazTransOil.

### Prospects for the activities of Kazakhstan-China Pipeline LLP:

- Increasing economic efficiency by reducing the financial burden;
- Ensuring uninterrupted oil transportation, reliable and safe operation of oil pipeline facilities.

**Thank you for your attention!**

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