

Local Knowledge for Global Business

Domestic gas market regulatory reform

Introduction

On 26 January 2021 Kazakhstan's President, Kassym-Jomart Tokayev, held an Extended Session of the Government at which he stated that the domestic natural gas market is still over-regulated, which hinders increasing the resource base, investment in geological exploration, and construction of gas processing facilities.

By 2027, commercial gas consumption in Kazakhstan is expected to increase to 26 billion cubic meters (bcm). Therefore, the President highlighted the risk of a gas shortage for domestic consumption in the near future. He stressed the need to increase the efficiency of KazTransGas (KTG) as the national operator in the gas sector and to transfer the corresponding functions to KTG from KazMunayGas (KMG).

President Tokayev instructed the Government to develop comprehensive solutions for domestic gas market reforms, specifically for the Government and NWF Samruk-Kazyna to develop new approaches to regulating the gas market, as well as measures to increase its resource base.

The following article analyses why Kazakhstan should rely on gas, not on renewable energy, as its major fuel in the foreseeable future, and the problems the Government faces the President's instructions to reform the domestic gas market.

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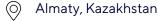


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