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Kazakhstan Moves Forward Alone on Power Plant Construction as Russia Faces Financing Delays

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Balkhash Thermal Power Plant in Kazakhstan. **Athineos. owne**

Kazakhstan has launched construction of a major power plant without Russian financial backing as delays in securing funding from Moscow continue to stall a $2.7 billion energy deal between the two countries, Prime Minister Olzhas Bektenov announced Tuesday.

Speaking at a press conference, Bektenov said Kazakhstan had started building a combined heat and power plant (CHPP) in the northern city of Kokshetau using domestic funds after waiting months for confirmation of promised low-interest financing from Russia.

"Due to the lack of definitive information about guaranteed reduced-rate financing from Russia, Kazakhstan has started building the new CHPP in Kokshetau using domestic resources without seeking external assistance," he said.

The Kokshetau plant is expected to generate 240 megawatts of power and provide both heat

and electricity to the region.

Two other CHPPs, planned in the cities of Semey and Ust-Kamenogorsk, remain on hold pending a formal response from Russian authorities. Each of those facilities is expected to produce 360 megawatts.

Bektenov made it clear that further delays could push Kazakhstan to move forward independently on all three projects.

“If no decision emerges soon, the government will evaluate independent implementation for these projects as well,” he added, emphasizing that authorities cannot afford to wait long due to the “pressing need for both heat and electricity.”

The CHPP initiative was first agreed in November 2023 during President Vladimir Putin’s visit to Kazakhstan, when the two countries’ energy ministries signed a memorandum of cooperation. This was followed by an intergovernmental agreement in early 2024.

Under that deal, Russian state-owned energy company Inter RAO was named general contractor, with Russian banks expected to finance the project through 15-year loans.

But by late May, Kazakh officials were signaling trouble.

Deputy Prime Minister Roman Sklyar said financing remained uncertain, citing unresolved issues over subsidizing interest rates on imported Russian equipment.

"Negotiations with potential financiers are continuing. We could find a different investor if Russian funds don't materialize," Sklyar said at the time.

Deputy Energy Minister Bakhytzhan Ilyasov echoed those concerns last week, saying that Kazakhstan was actively seeking alternative investors including Chinese and South Korean energy companies.

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