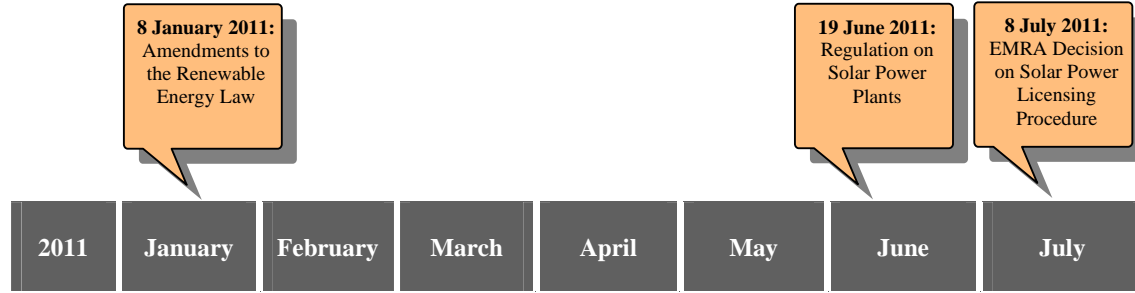


18 July 2011

## SOLAR POWER PROJECTS IN TURKEY

This article provides an update on recent developments regarding the licensing conditions and procedures for solar power projects in Turkey.



Set forth below are explanations regarding the recent developments shown in the foregoing chart, and the expected next steps:

### **8 January 2011 - Amendments to the Renewable Energy Law specific to Solar Power:**

The long awaited amendments to Turkey's renewable energy regime became law on 8 January 2011 (the "New Law"). The New Law has increased the amount of the guaranteed price for the sale of electrical energy generated by Renewable Energy Resources certificate holders. Prior to the New Law, the minimum guaranteed price was in the range of 5-5.5 euro cents/KWh for all types of renewable energy resources. The new minimum guaranteed price for solar energy is 13.3 US cents/KWh for the first 10 years of operation. The New Law also stipulates the following provisions specific to solar energy based power plants:

- Standards and testing methods which shall be used for inspections and procedures and standards regarding the inspection of solar and hybrid power plant generation amounts shall be determined by the Ministry of Energy and Natural Resources ("MENR") via a regulation to be issued. MENR issued that Regulation on 19 June 2011 as explained below.
- The information regarding transformer centers and their connection capacities applicable for each year until 31 December 2015 shall be announced by MENR within 6 months of the effective date of the New Law. As of this writing, the information has not yet been announced although the said 6-month period has elapsed. The information regarding transformer centers and their connection capacities for the years following 31 December 2015 shall be determined and issued annually by MENR. The first determination (applicable for the year 2016) shall be made on 1 April 2014.

- License applications for solar energy based power plants must be accompanied by appropriate, standard compatible measurements.
- If the owner of a site where the solar power plant shall be located applies for a license, another real or legal person cannot apply for a license for the same site.
- In the event there is more than one solar application for the same area and/or same transformer center, in order to determine which applicant shall connect to the system, a competition shall be held by an underbidding procedure with respect to the prices set forth within the New Law.
- The total installed capacity of solar energy based power plants, connected to the transmission system until 31 December 2013 shall not exceed 600 MW.

#### **19 June 2011 - Regulation on Solar Power Plants:**

MENR issued the Regulation of Solar Power Plants on 19 June 2011. This Regulation specifies the required standards and test methods applicable for the components of the solar power plants and the procedures for their audits by MENR.

#### **8 July 2011 – Decision of the Energy Market Regulatory Authority (“EMRA”) on Solar Power Licensing Procedure:**

Following the New Law and the Regulation on Solar Power Plants, on 8 July 2011 the Board of EMRA adopted the general principles of the Competition Regulation, in order to regulate the conditions and procedures of solar power plant license applications to be made to EMRA. This Decision has not been published in the Official Gazette at the time of this writing. However, according to news reports, this Decision requires that the license applications shall be made for the nearest transformer substation, and each application shall not exceed 50 MW.

In line with the New Law, the Decision provides that the total installed capacity of solar energy based power plants, connected to the transmission system until 31 December 2013, shall not exceed 600 MW; which corresponds to an investment cost of approximately €2.5 Billion.

#### **Expected Next Steps:**

- TEIAS (the Public Transmission System Operator) and MENR are expected to announce the transformer substations for which solar power applications can be made.
- EMRA is expected to issue a Communiqué on Solar Measurements. License applicants shall take solar measurements of the regions on the basis of the capacity of the substations in which they are interested and shall make application to EMRA with the measurement results.
- EMRA is expected to determine and announce a date for the solar power license applications to be made.
- If more than one application is made for the same substation, a competition is expected to be conducted by TEIAS. The details of such competition shall be provided in a

Regulation to be issued by TEIAS. TEIAS shall receive MENR's and EMRA's opinions prior to issuing such Regulation. By the competition, connection right is expected to be given to the legal entity committing to make the highest reduction on the basis of the guaranteed purchase price (which is 13.3 US cents/KWh for solar power under the New Law).

- License applications are expected to be finalized by EMRA on the basis of solar measurements and the competition results. ⊕