

GETTING LICENSES IN ENERGY SECTOR

All market activities in the electricity market are conducted under particular licenses obtained from EMRA. Separate licenses are required for each market activity and for each facility/region where the activity is carried out. License holders are obliged to keep separate accounts for each activity of the licenses they have.

Under no condition can licenses be transferred. Licenses are issued for a period of up to 49 years, with a minimum term for generation, transmission and distribution licenses of 10 years. The facilities, books and records of accounts must be kept available to EMRA's inspection and audit, and licensees must provide any information and documents to EMRA upon its request.

In order to be granted the relevant licenses to operate in the electricity market, the legal entities are required to apply to EMRA by submitting in full the documents determined by the decision of the Board of EMRA. Each single procedure from the application for a license until the issuance of a license by the decision of the Board of EMRA is determined by the Electricity Market Licensing Regulation. More information regarding licensing process in the electricity market is available in EMRA's internet site, www.epdk.org.tr

The applicant applying for a license must have a minimum capital stated in the Electricity Market Licensing Regulation. If the applicant does not have the minimum capital at the time it applies for a license, the applicant is required to increase its capital to, at least equal to the minimum capital requirement in a 90 day period before the Board of EMRA makes its decision about the granting of the license to the applicant. On the other hand, in order to be granted a license by the Board of EMRA, the applicant may be asked to include some provisions to its main charter in accordance with the related legislation regarding the electricity market..

Licensing process is completed within 150-180 days for generation and autoproducers licenses, except for delays stemmed from the applicant itself and other institutions. Moreover, duly filed wholesale license applications are completed within 30-90 days.

License Documents

- 1) Application Form
- 2) Commitment Letter
- 3) Notarized Signature Forms of the company representatives
- 4) The latest version of company agreement approved by Business Registration Office and the copy of Business Registration Newspaper.
- 5) Documents about the power plant
 - a) information form (5 copies)
 - b) Investment appointment program
 - c) Single Connection Scheme (It shows where the power plant connects for electricity transferring, power distribution unit etc.)
 - d) 1/25000 scale map showing the location of the plant.
 - e) Power Plant Location Project (it is needed when nationalization and/or land acquisition is necessary)
- 6) If local natural resources are utilized in the plant:
 - a) Water usage agreement from DSI or a document that proves that company is eligible to sign an agreement with DSI (DSI: State Water Institute)
 - b) The document that proves the right to use solid fossil fuels (lignite, coal, asphaltit) , biomass, biogas and geothermal resources. This document should be approved by the authorized institutions.
 - c) If the power plant is based on wind energy, then a private usage right of the land should be notarized and submitted.
- 7) A document which shows if there is any process followed by the Ministry of Energy of Natural Resources about the company.

License Fees

For 2010, applicable fees for licensing, annual license, renewal of license, modification of license and obtaining notarized copy of license are determined as follows.

- a) Transmission:

- Annual license fee: 0,003 YKr per kWh that is transmitted
- License renewal:: 1.000 YTL
- Obtaining notarized copy of license: 100 YTL

Besides, additional transmission charge that is charged upon transmission tariff and is reflected to the transmission system users on behalf of EMRA is determined as 0,5% (five per thousand) of transmission tariffs of Turkish Electricity Transmission Company (TEİAŞ) for the year 2007.

b) Generation:

- Licensing fee:

Value of installed power capacity, "P(MW)"

0 < P < 1 MW	1.000 YTL
1 < P < 5 MW	2.750 YTL
5 < P < 10 MW	5.500 YTL
10 < P < 25 MW	11.000 YTL
25 < P < 50 MW	16.500 YTL
50 < P < 100 MW	27.500 YTL
100 < P < 250 MW	55.000YTL
250 < P < 500 MW	82.500 YTL
500 < P < 1000 MW	165.000 YTL
P > 1000 MW	275.000 YTL

- Annual license fee: 0,002 YKr per kWh that is generated.
- License renewal fee: 50% of license granting fee.
- Modification of license: In the case of the value of new installed power capacity is greater than the old installed power value interval, the fee will be the difference between new installed power capacity interval and the old installed power capacity value which is currently applicable, on the other hand, the fee will be 1000 YTL if capacity increase remains within the same installed power capacity value interval and in other cases.

- Obtaining notarized copy of license: 110 YTL

c) Distribution:

- Licensing fee:

Distributed volume of energy, "D (kWh)"

D ? 100 millions kWh	27.500 YTL
100 millions kWh < D < 250 millions kWh	55.000 YTL

250 millions kWh < D < 500 millions kWh 82.500 YTL

500 millions kWh < D < 1 billion kWh 137.500 YTL

1 billions kWh < D < 5 billions kWh 275.000 YTL

5 billions kWh < D < 10 billions kWh 550.000 YTL

D>10 billions kWh 825.000YTL

- Annual license fee: 0,003 YKr per kWh that is distributed.
- License renewal fee: 50% of license granting fee.
- Modification of license: As a result of distribution regions merger, if the distributed volume of energy outreached the value interval prior to the modification, license fee will be the difference of licensing fee corresponds to new value interval and the licensing fee corresponds to the old value interval. The license modification fee will be 1000 YTL if the distributed energy remains within the same value interval and in other cases.
- Obtaining notarized copy of license: 100 YTL

d) Wholesale:

- Licensing fee: 275.000 YTL for private wholesale companies.
- Annual License Fee: 0,003 YKr per kWh that is sold lump sum.
- License renewal fee: 50% of license granting fee.
- Modification of license: 1.100 YTL
- Obtaining notarized copy of license: 110 YTL

e) Retail sale:

- Licensing fee: 200.000 YTL for private retail sale companies.
- The retail sale license granting fee is 10% of license granting fee of distribution activities for distribution license holders who applied for granting retail sale license.
- Annual License Fee: 0,003 YKr per kWh that is sold by retail.
 - License renewal fee: 50% of license granting fee.
 - Modification of license: 1.100 YTL
 - Obtaining notarized copy of license: 110 YTL