

ENERGY NEWS



INVEST IN TURKEY

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Turkey has major energy market for investors

Turkey is emerging as a an major electricity market with growth potential for strategic and financial investors.

28 December 2010

Turkey is emerging as a an major electricity market with growth potential for strategic and financial investors.

Turkey has the fastest growing energy sector among the Central and Eastern Europe, Middle East and Africa regions.

Population growth, urbanization, industrialization and economic growth all show the electricity demand may rise faster than the real GDP.

The electric consumption per capita in Turkey -- which is Europe's 6th largest Electric producer-- is low compared to other Western European companies.

As the share of Turkish private sector in the electric sector rises, investor interest in electricity privatization rise.

As investors showed great interest in electricity grid privatization, the Government raised \$16 billion in these tenders. The privatization tenders are promising to fuel the growth of the energy sector, analysts say.

Electricity demand in 2009 totalled 194 billion KWh in Turkey. The energy consumption per capita was 2.293 KWh in 2009, way below Germany (7.091 KWh), Spain (6.195 KWh), England (6.114 KWh), Italy (5.699 KWh) and Greece (5.374 KWh), showed International Energy agency figures.

Turkey's Electricity Market Promising

Turkey's fast-growing electricity market is promising for investors as the country readies to privatize production facilities, according to data compiled by Anatolia news agency.

The demand in electricity is expected to grow faster than the real gross domestic product – the country's total output adjusted for price changes – due to growing population, urbanization, industrialization and economic growth, according to data by the Anotalia.

Still, the electricity usage per person in Turkey, the sixth biggest electricity producer in Europe, is lower than the other countries of the continent.

According to data from the International Energy Agency, or IEA, the electricity consumption per capita in Germany is 7,091 kWh. Citizens of OECD member European countries consume an average of 6,239 kWh.

The figure for Turkey was only 2,293 kWh in 2009.

Turkey has the largest and the fastest growing energy market in central and eastern Europe, Africa and the Middle East, Anatolia said.

Recently implemented legal regulations in Turkey have eased energy investment and pumped up the competition. The energy sector in Turkey is going through a reform phase due to the country's bid for membership in the European Union.

The country has already earned nearly \$16 billion from selling electricity grids.

Wednesday, 29 December 2010

Turkey should increase energy capacity, Turkish energy minister says

Monday, December 20, 2010

KOCAELI - Anatolia News Agency



Turkey should add between 3,500 and 4,000 MW to its existing energy capacity every year with an investment of between 7 billion and 8 billion Turkish Liras, Turkish minister of energy and natural resources said Thursday.

Speaking at the opening ceremony of Swedish Alstom Grid's new power transformer repair facility in Gebze, a town in the northwestern province of

Turkish Energy Minister Taner Yıldız is seen in this photo. AA Kocaeli, Taner Yıldız said Turkey's transmission line network, including low, medium and high voltage lines, was equivalent to nearly 1 million kilometers.

"Turkey should grow by 3,500-4,000 MW every year. Our energy sector will meet this need. This necessitates a 7 billion to 8 billion liras investment in production," Yıldız said, adding that Alstom's latest investment in Gebze was a positive step in achieving this goal.

Turkey is a reliable and suitable country for the international capital thanks to its infrastructure, bureaucracy and laws, Yıldız said.

Alstom CEO Patrick Kron said at the ceremony that his company, with its 95,000 employees in 70 countries, was one of the world's top 3 firms in power transmission and that the new Gebze facility was one of the most modern high-voltage power transformer facilities in the world.

Alstom Turkey had achieved remarkable success and made a significant contribution to the Turkish economy in the last 50 years, he said, adding that the opening ceremony showed his company's continuing dedication to contributing to Turkey's social and economic development.

Alstom Grid, a global expert in electrical grid performance, has been operating in Turkey since 1966.

The new service facility expands the capabilities of Alstom Grid's existing site at Gebze, the location of a 50,000-square-meter power transformer factory that has been a leading manufacturer in Turkey for over four decades.

The facility spans an area of 4,500 square meters and is equipped for repairing, maintenance, refurbishment and redesigning all types of power transformers up to 400KW.

The facility represents an investment of approximately 10 million euros and is expected to directly employ around 100 staff and indirectly foster the creation of several more local jobs through its supply chain.

Turkey's energy dependence on foreign supply to rise next year

25 December 2010, Saturday / MUSTAFA EDIB YILMAZ, İSTANBUL



With a rise in Turkey's foreign energy dependency due to notable economic growth, wind energy has become a widespread alternative source of energy.

A report prepared by the World Energy Council's Ankara-based Turkish National Committee (DEK-TMK) suggests that Turkey's dependency on foreign energy will continue to increase in 2011 in parallel with the its notable economic growth.

According to the Energy 2010 report, while Turkey's primary domestic energy generation accounted for 29.5 percent of the energy it consumed in 2009, the country's foreign dependency increased as this rate dropped to 28.5 percent this year. The report forecasts that next year the country's domestic primary energy production -- despite an expected 2.5 percent year-on-year increase -- will only account for 27.6 percent of the it will need in 2011. The report says Turkey will consume 114.3 million tons of oil equivalent (toe) primary energy next year, while, producing 31.6 million toe.

Commenting on this downward trend in Turkey's ability to meet its energy needs through domestic production at a press conference where the report was publicized on Thursday in Ankara, the committee's chairman, Süreyya Yücel Özden, said the country's energy demand is increasing as its gross domestic product (GDP) continues its speedy growth, which triggered the rise in foreign energy dependency since domestic production cannot increase at the same pace. The Turkish economy grew by 8.9 percent in the first 3 quarters of this year. While the annual GDP growth by the end of 2010 is likely to be over 7 percent, the lowest expectation for 2011 is not less than 5 percent.

Since Turkey aspires to become self-sufficient in energy by 2023 -- the centennial of the modern republic -- it has been constructing hydroelectric power plants and introducing incentives for renewable energy resources. Necdet Pamir, a DEK-TMK board member, told Today's Zaman that the government lacks a master plan to alleviate the dependency on foreign energy supplies. For him, the country's hydroelectric potential is used in the interest of certain businessmen rather than the people

at large, and lignite, wind and solar resources are all underused.

Turkey's consumption of coal and natural gas have increased from 16 and 30.4 percent in 2000 to 29.3 and 37.3 percent this year, while oil dropped from 40.6 percent to 26.1 percent in the same time period. Sohbet Karbuz, a former expert at the International Energy Agency (IEA) and a senior oil markets expert at the Union of Mediterranean Countries' Energy Companies, criticized Turkey for not fully utilizing its lignite reserves -- the seventh largest in the world. "It is meaningless to import coal to be used in thermal power plants while those reserves stay idle," he told Today's Zaman in a phone interview on Friday. For Karbuz, officials should not be excused simply because the quality of these reserves is not 100 percent fit for electricity generation. He said efforts should focus on developing a system to increase efficiency in that field. The Energy 2010 report indicates that 13 yet-to-be established power plants around will produce 1.5 times more electricity than is presently produced from lignite in Turkey.

The report also stresses Turkey's underused potential for generating hydroelectricity. It is noted in the report that the average height of Turkey's landscape is 1131 meters and 64 percent of its total territory has a 12 percent slope. State Waterworks Authority (DSİ) data suggests that Turkey has the potential to generate 140 billion kilowatt hours of electricity per annum. Currently there are 172 operational hydroelectricity power plants in the country, while 148 more are being constructed. According DSİ data, there are 1418 planned hydroelectricity power plants for which construction has yet to start. This tableau shows that Turkey uses only 35 percent of its hydroelectricity potential. Here, Karbuz noted that there are reasons to be optimistic about the prospect of electricity generation from hydroelectric power plants.

In his remarks to Today's Zaman, Karbuz also criticized the popular discourse on renewable energy sources. He said the mistake in that regard is presenting these methods as being able to solve Turkey's energy problem. "We put too much emphasis on small things, while neglecting what is important," he noted. "Take for example generating electricity from wind. This can only be a solution in small provinces, whereas it is impossible to install windmills in locations where the bulk of energy is consumed such as in İstanbul," Karbuz said, adding that this is why renewable energy generation can at best be a local solution while, he argued, production of nuclear energy is a "must" for Turkey.

Despite certain groups' resistance, the Justice and Development Party (AK Party) government has embarked on an intensive campaign to have nuclear power plants in the country, too. To that end, an agreement was signed with Russia earlier this year for the construction of such a plant in Mersin's Akkuyu district. For another one planned for Sinop, a memorandum of understanding with Japan was signed for the initiation of bilateral negotiations over the project. These two nuclear power plants are expected to cost some \$40 billion as a result of which, Energy and Natural Resources Minister Taner Yıldız said, Turkey aims to develop know-how to construct similar power plants using nuclear fuel on its own. *İstanbul today's zaman*

Turkish gov't transfers Yeşilirmak grid to Çalık

Thursday, December 30, 2010

ANKARA - Bloomberg



Turkey's asset sales agency handed control of the Yeşilirmak power grid in northern Turkey to a unit of Çalık Holding, the eighth distribution network sold as the country seeks to raise investments to meet power demand.

Ahmet Çalık's Çalık Holding takes control of the Yeşilirmak power grid in northern Turkey from the government on Dec. 30, 2010.

Çalık Elektrik Dağıtım paid 40 percent of the \$441.5 million price and is seeking financing for three remaining installments, chief executive Saim Dinç said Thursday at a signing ceremony in Ankara. Çalık won an auction in November 2009 for Yeşilirmak Elektrik Dağıtım, which serves the Black Sea region around Samsun and Sinop.

The transfer was the eighth grid Turkey has sold to private companies as it seeks to draw investment to help cope with power demand that's growing about 7 percent a year.

The agency has bids of about \$16 billion from auctions of energy assets and aims to complete the remaining transfers "as soon as possible," Finance Minister Mehmet Şimşek said at the ceremony.

The energy market regulator on Thursday also said it has approved investment plans for the grids that were privatized. The pace of investments in distribution will double under the new owners, Energy Minister Taner Yıldız said.

The owners will invest a total of 8.5 billion Turkish Liras (\$5.5 billion) over the next five years, including 1.7 billion liras in 2011, said Hasan Köktaş, head of the Energy Market Regulatory Agency.

OMV Closes \$1.3 Billion Turkish Fuel Retailer Buy

By Boris Groendahl - Dec 22, 2010 6:18 PM GMT+0200

[OMV AG](#), central Europe's biggest energy company, completed the \$1.3 billion purchase of a 54 percent stake in Turkey's [Petrol Ofisi AS](#) today and will refinance the deal in the first half of next year. The closing of the purchase followed approval by anti-trust and other authorities, Vienna-based OMV said in a statement. OMV paid 500 million euros and \$695 million to [Dogan Sirketler Grubu Holding AS](#). The deal brings OMV's stake in Petrol Ofisi to 96 percent.

[OMV](#) reiterated in the statement that it aims for "maintaining a strong investment grade credit rating" when it refinances the deal in the first half of next year. Its refinancing options include "an appropriate combination of equity and equity-like sources of capital."

OMV is expanding in emerging markets where demand is growing faster than in Europe. The company on Oct. 22 agreed to take over Petrol Ofisi in Turkey, where OMV expects oil consumption to rise by 14 percent by 2015, compared with a 2 percent decline in central Europe. OMV has been a shareholder in Petrol Ofisi since 2006, when it bought a 34 percent stake for \$1.1 billion.

Moody's Investors Services said on Oct. 26 that OMV's A3 rating may be at risk if the purchase is funded entirely with debt. Fitch Ratings placed its A- rating on Watch Negative on Oct. 25 and said it may downgrade OMV one step if the acquisition is largely debt-funded.