

ENERGY NEWS



INVEST IN TURKEY

2011 to see nearly TL 7 bln investment in Turkey energy market

Energy Market Regulatory Agency (EPDK) President Hasan Köktaş has said a total of TL 6.8 billion will be invested in Turkey's electricity and natural gas sector this year.

being provided with a certain set of guarantees. Here, I would like to invite your attention to the fact that the private sector in Turkey will be investing TL 5.8 billion without any

Last year Turkey privatized 11 public electricity distribution companies, generating total revenue for the government of TL 12.3 billion as a result of the deals.

During a press conference at the agency's headquarters in Ankara on Monday, Köktaş said TL 5.8 billion of that amount would be funded by private interests, with the other TL 1 billion to be floated by the government.

"In no other country would the private sector make this level of investment without

guarantees, bearing the risk on their own," he said, stressing the profitability of the Turkish energy market.

Köktaş said that for the first time in Turkey's history, over half the share of energy investments will go toward renewable energy generation. He added that 2011 -- as was the case in

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2010 -- will be a year of mergers and acquisitions in the energy sector. Last year Turkey privatized 11 public electricity distribution companies, generating total revenue for the government of TL 12.3 billion as a result of the deals. In line with its re-energized privatization campaign, Ankara's natural gas distribution company Başkent Doğalgaz was also sold separately for almost TL 2 billion in 2010.

Köktaş added that the focus on privatization in the electricity production market will continue.

"I want to point out that the energy sector will be one of the most important channels through which foreign direct investment will flow into Turkey," he noted, remarking that the growth of Turkey's energy sector has been 8.4 percent annually for the past 40 years, while gross domestic product (GDP), on the other hand, grew by 4.1 percent over the same period. "In 2010, investments in the private energy sector exceeded TL 5 billion, and these investments facilitated the production of

around 21 billion kilowatts of electricity," he said.

When it comes to electricity theft and losses, Köktaş said his agency expects the rate of such losses will be around 15 percent this year. He said their objective is to reduce this to 10 percent by 2015. He noted that Turkey will save TL 3.3 billion annually when the 2015 target is met.

Turkey sees record levels of investment and privatization in the energy industry in 2010

Hurriyet - The economic activity in the Turkish energy market in 2010 has made its mark in the vitally important sector's chronology, mostly observed in the form of investments and privatization. Despite the effect of the global financial crisis, investor interest never waned in Turkey's privatization plans as the privatization of power grids covering the entire country was completed in 2010, generating income that exceeded forecasts.

The electricity market received around TRY 8 billion (approx. USD 5.1 billion) of infrastructure investments, while the power grid privatization tenders drew bids that totaled USD 16 billion.

"2010 was a year of records in terms of private sector investments and income from the privatization deals," said the Electricity Market Regulatory Authority (EMRA) President Hasan Koktas. Koktas added that private companies had contributed more than 4,000 MW of power to the country's installed capacity in 2010.

Turkey: The long-awaited law governing the generation of energy from renewable resources has passed

Dunya - The long-awaited law governing the generation of energy from renewable resources has passed through the Turkish Grand National Assembly (TBMM). The Renewable Energy Law aims to encourage energy production from renewables by providing incentives for the generation of energy from sources such as wind, solar power, biomass, hydropower and geothermals. The legislative framework adjusts the prices for the sale of electricity to the state according to their generation method. According to the law, renewable energy plants will be subject to prices of between €7.3 and €13.3 per kW/h. A hydroelectric power plant will be able to sell electricity at a cost of €7.3, the same as the amount for a wind farm, while geothermal

energy suppliers can sell at a higher price of €10.5.

Companies that use biomass and solar power are subsidized the most at a rate of €13.3 per kW/h. The law also features additional support for companies with facilities that use locally produced equipment/components.

Source; IIT

Turkey to privatize largest electricity generation plant

The tender for the Hamitabat power station (HEAŞ), Turkey's largest electricity-generating plant, will be held in a few days, said Privatization Administration (ÖİB) Vice President Ahmet Aksu.

Speaking to the Anatolia news agency over the weekend, Aksu noted that the country's focus on privatization has been on selling power generation plants since all public electricity distribution grids -- except one -- were privatized last year for TL 12.3 billion. He said the four largest thermal power plants -- HEAŞ,

Soma A-B, Çan and Seyitömer -- will be privatized individually, while the remaining stations will be privatized in nine groups. Soma A-B, located in the western province of Manisa, has a capacity of 1,034 megawatts, while capacity is 320 megawatts for Çan and 600 megawatts for Seyitömer. The total installed capacity of all those plants that are to be sold is almost 16,000 megawatts.

HEAŞ, which is located in the Lüleburgaz district of the northwestern province of Kırklareli, generates electric power for Turkey's Thrace region and the European side of İstanbul. With a capacity of 1,120 megawatts, the plant produces 7 percent of Turkey's total electricity output. Aksu said the ÖİB will opt to privatize HEAŞ through selling shares in the plant, adding that in general the administration's policy with regard to privatizing hydroelectric power plants is to transfer their operating rights, but for thermal plants to transfer property rights. For him, initial public offerings (IPOs) can also happen for

some of these plants. Commenting on the possible advantages of these privatizations to people, Aksu said he expects price reductions as the private owners of these companies engage in an intensive campaign against electricity theft and losses. He added that the ÖİB's priority is not the revenue to be earned from these sales but to increase efficiency and competitiveness in Turkey's energy market.

In his remarks to Anatolia, Aksu also separately said the ÖİB aims to realize the transfer of Ankara's natural gas distribution grid, Başkent Doğalgaz -- which was bought by MMEKA A.Ş. for about TL 2 billion -- before March. A reliable source close to the MMEKA earlier told Today's Zaman that the company secured the loan necessary for the takeover. In addition to Başkent Doğalgaz, MMEKA won the tenders to buy three key electricity distribution grids last year.

Renewable energy is a priority, says minister

Renewable energy is a priority in terms of both legislation and culture, Turkish Energy Minister Taner Yıldız said at the 2nd National Energy Efficiency Forum, or NEEF, on Thursday.

In light of recent renewable energy legislation, Yıldız confirmed that Turkey's green energy ambitions are a top priority, but need further legislative efforts as well as a change in the culture of the energy sector before they could be realized.

"Regulation and legislation is important, but not enough, since it's also a culture that must change," he said.

"Actors of energy change are found at every level of society, we can't all sit individually and watch other people do it, while not taking responsibility," he said.

NEEF, taking place at Istanbul's WOW conference center across Jan. 13 and 14, comes just one month after a December, 2010 renewable

energy law guaranteeing lower prices for renewable energy projects.

The legislation, which was largely expected to boost growth, employment and green energy projects in Turkey, was heavily criticized by many environmentalists who see Turkey's renewable energy potential far exceeding efforts put forward in governmental circles.

During his speech, Yıldız emphasized citizens' individual responsibility in changing energy consumption patterns. "We have to change our line and that's entirely related to how we consume energy on a daily basis," he said.

The current government is heavily prioritizing the energy agenda as a result of global climate change and Turkey's increasingly vulnerable energy dependency, he said. "Prime Minister Erdoğan has taken energy saving and its many concerns under his umbrella and prioritized its importance."

NEEF would have a strong impact on the upcoming ministry's energy strategy

plan, which is expected to include more renewable projects, he said. "This conference should be considered the final meeting before the strategy plan, which the ministry will be able to sign."

Regarding financial investments in the energy sector, the ministry's agenda appears to favor heavier involvement from the private sector in renewables, however its critics have noted that the December legislation did not subsidize or lower renewable energy prices sufficiently for the sector to be able to expect guaranteed investment growth.

Nuket Yetis, president of the Scientific and Technical Research Council of Turkey, or TÜBİTAK, praised the ministry's plans to focus on technological investment and scientific development.

"I have to thank our government for supporting these efforts and I am certain that five years from now we will see much larger steps having been accomplished," she said.

Iran bids for European gas market via Turkey

Iran's First Vice-President Mohammad Reza Rahimi said exporting Iran's natural gas to Europe via Turkey will bring benefits for both Iran and Turkey. "Cooperation between Iran and Turkey in pumping Iranian natural gas to Europe is in the interest of both nations and governments," IRNA quoted Rahimi as saying in a meeting with visiting Turkish Energy and Natural Resources Minister Taner Yildiz in the Iranian capital, Tehran, on Saturday.

Last month, Iran's exports to Turkey hit record highs. "Iran has so far this year exported an average of more than 30 million cubic meters (mcm) of natural gas per day to Turkey," Iran's deputy Oil Minister Javad Oji said. Last year the daily export average stood at 21Mm3.

Oji, who is also managing director of the National Iranian Gas Company, said the country is able to raise its export rates by 50% to supply

Europe, which is struck by freezing winter weather.

Iran plans to supply gas to Europe via a new pipeline, the Persian Pipeline, scheduled to become operational in 2014. At present, the country's gas production is expected to double within four years from its current 600Mm3.

Ankara needs to make energy moves in 2011

ANKARA, Turkey, Jan. 4 (UPI) -- Ankara needs to get to work on energy issues in 2011 by taking advantage of its geopolitical significance, an energy analyst said.

Turkey gets less than 5 percent of its oil and gas needs from domestic sources. Its energy bill for 2011, meanwhile, is expected to pass budget expectations because of economic growth and subsequent rising demand.

Faruk Demir, a Turkish energy analyst, told the state-run Anatolian news agency that Ankara needs to examine resources in the Black Sea and its energy partnerships with

Azerbaijan and Iraq to breathe new life into the energy sector.

Turkey is working to secure its position as a regional energy hub, playing host to several key oil and gas arteries. The Nabucco natural gas pipeline and Russian energy giant Gazprom's rival South Stream project both will pass through Turkish territory.

Demir said he believed 2011 would be the make-or-break year for Nabucco with Iraq gas set to become the major player in the gas pipeline for Europe.

"If 2011 is to be a successful gas year for Turkey, it needs to get to work by signing agreements on the transfer of Iraqi gas to home and to Europe," the analyst said.

EDF Submits Bid for Turkish Nuclear Power Contract, Sabah Says

Electricite de France SA has submitted a bid to build a nuclear power plant in Turkey, Sabah newspaper reported, without saying how it got the information.

The Energy Ministry in Ankara is evaluating the French bid and is expected to continue to prioritise its negotiations with rival Japanese bidders, Sabah said.

Turkey didn't support a French attempt to join the Nabucco pipeline project because of French opposition to Turkey's EU membership, the newspaper said.

Turkish Law May Spur Wind Investments of \$30 Billion

By Ercan Ersoy and Ali Berat Meric

Turkish legislation guaranteeing prices and incentives for energy from renewable resources may pave the way for \$30 billion in wind power investments as the country seeks to meet rising electricity demand.

Lawmakers ratified the law yesterday, deputy parliament speaker Nevzat Pakdil said in Ankara. The law also included "surprise" incentives for locally made equipment, Zeki Eris, board member at the Wind Power Plants

Investors Association, said in a telephone interview.

"As much as \$30 billion worth of investment will come in to build 20,000 megawatts of wind power capacity," Energy Minister Taner Yildiz said in Ankara, compared with the current capacity of about 1,000 megawatts. "We expect this capacity to be built in four to five years."

Turkey wants to encourage hydroelectric, wind and solar generation to cut dependence on gas from Iran and Russia and meet power demand that's growing about 7 percent annually, according to government forecasts. The country, which has 47,000 megawatts in total capacity, produces more than half of its electricity from natural gas. It has also sold off power grids to encourage investments.

The law sets guaranteed prices of 7.3 U.S. cents per kilowatt-hour for wind and hydroelectric energy from licensed plants, 13.3 cents for solar and biomass and 10.5 cents for geothermal. Additional incentives for using local equipment may

add 0.4 cents to 2.4 cents to the price for five years.

“Profitability of these investments will continue to depend on fixed costs such as turbines versus spot market power prices for the longer term,” HSBC Bank Plc said today in a note to clients.

Boom in Investments

Additional incentives for locally made equipment means a guaranteed price for wind of about 9 cents a kilowatt-hour on average, the same as Turkey’s average wholesale price in 2010, said Eris, who’s also chief executive officer of Polat Enerji, half-owned by France’s EDF Energies Nouvelles SA.

“The addition of further incentives to the law text is a great success by the government,” he said. “This will cause a boom in all planned investments, especially in wind. The government can easily reach its 2020 targets in wind power.”

The government’s price should decline as dependence on gas for electricity wanes and the share of wind power

increases in national power mix, he said.

The law will also rekindle plans to manufacture wind turbines and its components including nacelle casings, Eris said. General Electric Co. may revive a plan developed before the 2008 credit crisis to build turbines in Turkey, head of the company’s local energy unit, Mete Maltepe, said on Nov. 10.

“Turkey will be able to become a hub for wind power equipment producers which can export products to North Africa, Middle East and Balkans,” Eris said.

The law applies for 10 years to power generators completed in 2005 to 2015. Renewable producers will also benefit from an 85 percent discount on transmission costs for 10 years. The law limits solar investment to 600 megawatts until the end of 2013.

Turkey is becoming much more aware of its wind power potential says report

Wind power in Turkey should benefit from a 72-point plan announced by the government that is designed to increase the nation’s competitiveness in global markets.

Turkey’s Industry and Commerce Minister Nihat Ergün announced the “Industry Strategy Document and Action Plan”, which includes the establishment of giant ports, logistics bases and railways, at a conference on Wednesday, according to the Anatolia News Agency.

“In an effort to improve energy efficiency, the plan foresees the establishment of methods to utilise the country’s potential in energy resources, including hydroelectricity, wind, geothermal, solar and biomass,” the story added.

“The government will encourage the use of products that rely on alternative energy resources.”

According to a Bloomberg article published last week, new Turkish legislation guaranteeing prices and incentives for energy from renewable resources may pave the way for \$30 billion (€28.9 billion) in wind power investments as the country seeks to meet rising electricity demand.

“As much as \$30 billion worth of investment will come in to build 20,000 megawatts of wind power capacity,” Energy Minister Taner Yildiz was quoted as saying in Ankara, compared with the current capacity of about 1,000 megawatts. “We expect this capacity to be built in four to five years.”

A recent Global Wind Energy Council publication noted Turkey’s power consumption is increasing by up to 9% each year and the country is looking to renewable energy as a means of improving its energy security and independence from imports.

Turkey, which has a population of close to 78 million people, is becoming much more aware of its wind power potential, the report

said. It added that 343 MW of new wind power was installed in 2009, bringing total capacity up to 801 MW. An additional 500 MW was expected to be installed in 2010.

SOCAR-Turcas licensed to sell gas in Turkey

SOCAR-Turcas Energy has been licensed for the wholesale trading of gas in Turkey.

Turkish energy regulators issued the licence to the SOCAR-Turcas joint venture for wholesale trading in natural gas for 30 years, the State Oil Company of Azerbaijan said on Wednesday.

In early October 2010, SOCAR, which holds a 75-percent share SOCAR-Turcas, was given access for five years to the Turkish retail gas market.

SOCAR President Rovnag Abdullayev said earlier that from 1 January 2011 the company was planning to start retail gas sales in Turkey.

“The Turkish government has passed a decision to transfer

1.2bn cubic metres of gas per year to SOCAR. Most of this gas will be supplied to the Petkim petrochemical complex and the remaining gas will be sold on Turkey's domestic market,” Abdullayev said.

The gas is part of the 6.6bn cu.m which Turkey will receive in the first phase of development of Azerbaijan's Shah Deniz gas condensate field.

SOCAR-Turcas holds a 51% share in Turkey's Petkim petrochemical complex, purchased for \$2.04bn.