

CONTENTS

Abbreviations	08
I - Introduction	11
II- Electricity Market	14
2.1 Introduction	14
2.2 Electricity Market Activities and Applicable Legislation	20
2.2.1 Introduction	20
2.2.2 Generation	20
2.2.3 Transmission	21
2.2.4 Distribution	22
2.2.5 Wholesale	26
2.2.6 Retail Sale	26
2.2.7 Import and Export	27
2.2.8 Organized Industrial Zones ("OIZ")	27
2.3 General Principles and Types of Licenses within the Scope of Energy Market License Regulation ("EMLR")	28
2.3.1 General Principles of Licenses (Article 3.A of the EML and Article 5 of the EMLR)	28
2.3.2 Types of Licenses in order to be Active in the Electricity Market (Article 3.C of the EML)	32
2.3.2.1 Generation License (Article 17-19 of EMLR)	32
2.3.2.2 Transmission License (Article 20-22 of the EMLR)	33

2.3.2.3 Distribution License (Article 23-25 of the EMLR)	33
2.3.2.4 Wholesale License (Article 26-29 of the EMLR)	35
2.3.2.5 Retail Sale License (Article 30-32 of the EMLR)	35
2.3.2.6 Auto-producer and Auto-producer Group License (Article 33-35 of the EMLR)	36
2.4 Tariffs and Electricity Market Tariff Regulation ("EMTR")	37
2.4.1 Types of Tariffs	38
2.4.1.1 Transmission Connection Tariff (Article 6 of the EMTR)	39
2.4.1.2 Distribution Connection Tariff (Article 7 of the EMTR)	39
2.4.1.3 Transmission Tariff (Article 8 of the EMTR)	39
2.4.1.4 Distribution Tariff (Article 9 of the EMTR)	40
2.4.1.5 Retail Sale Tariff (Article 10 of the EMTR)	40
2.4.2 Tariff Determination Process	41
2.5 Sanctions and Right of Action (Article 11 and 12 of the EML)	41
2.6 Privatization (Article 14 of the EML)	42

2.7 Commercial Activities in the Electricity Market	42
2.7.1 Retail Sale Agreements	42
2.7.2 Bilateral Agreements	43
2.7.3 Connection and System Utilization Agreements	43
2.7.4 Ancillary Service Agreements	45
2.7.5 Control Agreements	45
2.7.6 Water Utilization Right ("WUR") Agreements	45
2.7.7 Balancing and Settlement System ("BSS")	46
2.8 Utilization of Renewable Energy Resources to Generate Electricity	49
2.8.1 Other Relevant Legislation On Rers	51
2.8.1.1 Wind Energy	51
2.8.1.2 Solar Energy	52
2.8.1.3 Geothermal Energy	52
III- Natural Gas Market	53
3.1. Introduction	53
3.2. Natural Gas Market Law, No. 4646	55
3.3. Natural Gas Market Activities, General Principles of Licenses, Certificates and the Relevant Legislation	57
3.3.1. General	57
3.3.2. Market Activities, Relevant Licenses and Legislation	61
3.3.3. Tariffs and Natural Gas Market Tariff Regulation	66

3.3.4. Certificates and Natural Gas Market Certificate Regulation	68
IV- Petroleum Market	69
4.1. Introduction	69
4.2. Market Activities and Relevant Licenses	71
4.3. Other Relevant Issues	74
V- Natural Gas Market	76
5.1. Definition, Utilization Areas and Properties	76
5.2. Relevant Legislation	77
5.3. Market Restrictions	80
5.4. Provisions Envisaged in the Draft LPG Market Legislation	81
VI- Nuclear Energy	82
VII- Energy and Environment and Energy Efficiency in Turkey	88
7.1. Energy and Environment	88
7.2. Energy Efficiency	90
ANNEX-1	92
ANNEX-2	93
ANNEX-3	93
ANNEX-4	94
ANNEX-5	95
ANNEX-6	95
ANNEX-7	95
ANNEX-8	96