

RENEWABLE ENERGY IN TURKEY AT A GLANCE

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| <p>National Renewables Targets?</p> | <p>The renewable energy target for Turkey is 30% by 2023 (under the Electricity Energy Market and Supply Safety Strategy Paper adopted in 2009 which prioritises the increase of electricity generation from local resources).</p> |
| <p>Main Renewable Sources</p> | <p>Hydro, wind, solar photovoltaic, geothermal and biomass.</p> |
| <p>Green Certificates?</p> | <p>No. However, a "renewable energy resource certificate" can be issued by the regulatory authority upon request of the generation licence holder in order to identify and monitor the resource in terms of sale and purchase of electricity energy in domestic and international markets and emissions trading, and to benefit from the renewable energy support mechanism (as explained below). A generation licence based on a renewable energy resource can also be used as the renewable energy resource certificate. Renewable energy resource certificates can help generators seeking to benefit from various incentives to prove the source of the electricity.</p> <p>A legal framework which would provide for tradeable Green Certificates is expected to be enacted; however, no firm timetable for implementation has been published.</p> |
| <p>Feed-In Tariff (FIT)?</p> | <p>Electricity suppliers are required by the FIT established under the Renewable Energy Law to purchase a certain amount of electricity from renewable energy generators who have signed up to the renewable energy support mechanism (RES Mechanism). To be eligible to benefit from the RES Mechanism in a given year, generators must: (i) hold a renewable energy resource certificate; (ii) have commenced/will commence their operations within the period from 18 May 2005 to 31 December 2020; and (iii) apply to the regulatory authority by the end of October of the previous year. However, generators who benefit cannot sell electricity outside the RES Mechanism in that year. The generators can only benefit from this purchase guarantee and the FITs for ten years from the relevant facility's commercial operation date. There is also a domestic equipment incentive which allows the generators to benefit from higher FITs for five years following the relevant facility's commercial operation date.</p> <p>The FITs payable are as follows:</p> <ul style="list-style-type: none"> ■ Hydro: 7.3 US\$ cent/kWh (commercial incentive), with a maximum additional incentive of 2.3 US\$ cent /kWh for domestic equipment; ■ Wind: 7.3 US\$ cent /kWh (commercial incentive), with a maximum additional |

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| | <p>incentive of 3.7 US\$ cent /kWh for domestic equipment;</p> <ul style="list-style-type: none"> ■ Geothermal: 10.5 US\$ cent /kWh (commercial incentive), with a maximum additional incentive of 2.7 US\$ cent /kWh for domestic equipment; ■ Biomass: 13.3 US\$ cent /kWh (commercial incentive), with a maximum additional incentive of 5.6 US\$ cent /kWh for domestic equipment; ■ Solar energy (photovoltaic): 13.3 US\$ cent /kWh (commercial incentive), with a maximum additional incentive of 6.7 US\$ cent /kWh for domestic equipment; and ■ Solar energy (condensed): 13.3 US\$ cent /kWh (commercial incentive), with a maximum additional incentive of 9.2 US\$ cent /kWh for domestic equipment. |
| <p>Other Incentives</p> | <p>Other incentives include:</p> <ul style="list-style-type: none"> ■ Priority in connecting to the national grid; ■ Discounts in applicable licence application fees and exemption from annual licence fees for eight years following the commencement of commercial operations; ■ Facilitation in use of state-owned lands (including in protected regions such as national parks) and discounts or exemptions from payment of applicable charges; ■ Incentives that may be granted by the Council of Ministers for investments in renewable generation facilities, procurement of domestically-manufactured electro-mechanical systems to be used in renewable generation facilities, research and development and manufacturing investments on solar batteries and concentrated collectors, and investments in research and development facilities for generation of electricity or fuel by utilising biomass resources; and ■ Generation of electricity for own use without a generation licence by, among others, renewable energy generation facilities with an installed capacity of up to 1 MW (which can be increased by the Council of Ministers) and ability to sell the excess electricity to authorised supply companies via the FITs. |
| <p>Additional Comments</p> | <p>The share of renewables in the electricity generation mix is steadily increasing. Currently, hydro is the leading renewable resource; however, wind and solar are also expected to have a considerable market share. An important set-back for increasing the available wind and solar capacity is the limitation of the grid infrastructure, and network expansions are necessary to integrate more wind and solar resources into the market. In addition, the FITs are relatively modest compared to the merchant market price for wind and hydro resources in particular. However, for solar, geothermal and biomass the average market price for 2012 was lower than the FITs (excluding the domestic equipment incentive).</p> |

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