

Turkey Introduces Detailed Legislative Regime to Encourage Large-Scale Renewable Energy Investment

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Turkey's Ministry of Energy and Natural Resources has introduced details for operation, investments and licence procedures regarding large-scale renewable energy resource areas ("**Investment Areas**"). Investment Areas can be located on public or private property and are intended to promote efficient use of renewable energy resources. The concept was introduced into legislation in 2005, but not widely adopted. These latest detailed provisions are intended to encourage allocation of Investment Areas to investors, to enable fast utilisation of energy investments, supporting production and/or purchase of high-tech components in Turkish renewable energy facilities.

The concept of Investment Areas was first introduced under the Law on the Use of Renewable Energy Resources for the Generation of Electrical Energy No. 5346. In March 2016, the Electricity Market Law No. 6446 was amended to introduce a more detailed legal basis for Investment Areas. Subsequently, the Renewable Energy Resource Areas Regulation ("**Regulation**") was published in Official Gazette number 29852 on 9 October 2016, entering into effect on the same date. The Regulation outlines detailed rules for operation, investments and licence procedures in Investment Areas.

Determining an Area as an "*Investment Area*" and Applications

Investment Areas can be developed by either:

- The Renewable Energy General Directorate.
- Third parties, after a tender process by the Renewable Energy General Directorate, allocating capacity to specifically establish an Investment Area.

The Regulation includes detailed tender procedures for allocating capacity to third parties:

- A tender is announced for each type of resource and relevant connection area, including tender specifications for such site.
- Applicants provide their offers for development of an Investment Area in such connection area, in accordance with the tender specifications.
- The tender is conducted via a reverse auction procedure. Therefore, the tender is awarded to the applicant which offers the lowest electricity purchase price per kilowatt-hour, over the government-determined price ceiling. The winning bidder is awarded the right to execute a Usage Right Agreement.

- The applicant must determine the usable power plant stations in the connection area, in accordance with the relevant legislation, then notify the Renewable Energy General Directorate within 90 days.
- If the Renewable Energy General Directorate approves these power plant stations, these are announced in the Official Gazette as being Investment Areas.
- The applicant must complete the prerequisites, licences and approvals for the approved Investment Area, in accordance with the Usage Right Agreement and tender specifications.

Condition to Use or Produce Domestic Goods

The right to continue activities in an Investment Area will only be granted to persons which undertake to produce domestic goods and/or use domestic goods, as specified in the tender specifications for such site.

Applicants must present Domestic Goods Certifications (as stipulated under the relevant legislation), The tender specifications will identify the types of domestic goods required to be used in a specific Investment Area.

Licence Obligations

Successful bidders must obtain an electricity generation pre-licence and licence from the Energy Markets Regulatory Authority.

Applicants must also complete the conditions for production or use of domestic goods, specified under the Usage Right Agreement. If the applicant will produce domestic goods in the Investment Area, it must present documents to the Renewable Energy General Directorate which show completion of the production facility within the pre-licence period.

Sale of Energy Produced in Investment Areas

During the term stipulated in the tender specifications, energy produced in Investment Areas can only be sold to the Renewable Energy Resource Mechanism, for the prices in the Usage Right Agreement. When the purchase term expires, the applicant can begin operating within the free market.

Energy facilities built under a Usage Right Agreement cannot benefit from the domestic goods incentives under the Law on the Use of Renewable Energy Resources for the Generation of Electrical Energy No. 5346.

Please see this [link](#) for the full text of the Regulation (only available in Turkish).

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