

Turkey Introduces Tender Procedures and Limits for Electricity Distribution Companies

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Turkey's energy regulator has introduced regulations for sale-purchase and tender procedures for electricity distribution companies. These include a TRY 20 million upper limit for tenders conducted through a single contract regarding purchases of goods and services, or asset sales. The regulations outline four tender methods for sale-purchase transactions, as well as tender processes for goods, services and sale of assets and services within the framework of electricity distribution activities which are not covered by the Public Procurement Law.

The Energy Market Regulatory Authority ("**Authority**") published the Regulation on Preparing and Implementing Sale-Purchase and Tender Procedure for Electricity Distribution Company ("**Regulation**") in Official Gazette number 29722 on 25 May 2016, entering into effect on the same date.

The Regulation aims to implement principles such as transparency and reliability for electricity distribution companies during trade.

Key aspects introduced by the Regulation include:

- Four tender methods for purchase and sale transactions, as well as the tender processes for procurement of goods, services and sale of assets and services within the framework of distribution activities. Within this scope:
 - *Open Tenders*: Applicable to all works which do not exceed the upper limit.
 - *Negotiated Tenders*: Applicable to all works which cost less than TRY 1 million and applicants on the short list have been notified at least 7 working days before the tender.
 - *Direct Supply Method and Sales out of the Scope*: Distribution companies can use these methods in case of natural disasters, epidemics, urgent and unexpected situations which may cause loss of property or mortality and these require urgent purchase. Distribution companies make the purchase via market investigation, without a tender process.
- A TRY 20 million upper limit is set for 2016 regarding tenders made through a single contract regarding purchases of goods and, services, or asset sales. The limit will be update annually according to the consumer price index.
- Works which form part of an economic or technical unit cannot be separately tendered.
- Except for construction work, contractors or suppliers who are awarded a tender cannot hire sub-contractors. Additional work increases or decreases cannot exceed 25% of the contract amount.
- Existing framework agreements with terms of more than two years must be terminated by 31 December 2017. Distribution companies must also update their contactor and supplier shortlists by 25 June 2016.

The Regulation does not apply to:

- Rental and purchase of real estate.
- Purchase of goods and services such as electricity, water, gas, phone, meetings, training, accommodation, transportation, medical expenses, advertising.
- Procurement of services within the scope of research and development.
- Purchase of goods and services worth less than TRY 100,000, taking into account the financial and technical integrity of the construction and construction methods.

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

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