

ENERGY MARKET REGULATORY AUTHORITY OF TURKEY (EMRA)

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Energy Market Regulatory Authority - EMRA -



- Established in 2001
- Independent regulatory body with administrative and financial autonomy
- Related with Ministry of Energy and Natural Resources (MENR)
 - *communication with Council of Ministers via MENR*
 - *law amendment proposals sent to Prime Ministry via MENR*
 - *obligation to abide by administrative communiqués of Prime Ministry*
- Regulates Electricity, Natural Gas, Petroleum and LPG markets

ENERGY MARKET

- *Financially viable*
- *Stable*
- *Transparent*
- *Non-discriminatory*
- *Competitive*

ENERGY DELIVERY

- *Adequate*
- *Efficient*
- *Continuous*
- *High quality*
- *At low cost*
- *Environment friendly*

- Secondary legislation
- Tariffs
- Licencing
- Performance standards
- Monitoring and supervision
 - *Technical, legal and financial audits*
- Sanctions
- Disputes



Organisation Structure

Energy Market Regulatory Board

President

Liaison
Offices

Main Implementation Service Units

Electricity Market Regulation,
Monitoring & Assessment Dept.

Liquefied Petroleum Gas
(LPG) Market Dept.

Natural Gas Market
Implementation Dept.

Petroleum Market Dept.

Audit & Supervision Dept.

Expropriation Dept.

EU Relations
& Competition Dept.

Advisory Service Units

Legal Dept.

Advisor
to the President

Press & Public
Relations

Support Service Units

Human Resources
& Financial Affairs Dept.

Special Bureau
for the Board

Special Bureau
for the President

Civil Defense



...Neighbor To Energy Rich Countries



Proven gas reserves: 6,354 trillion cubic feet .
Shown in 1000 TCF:



Turkish Energy Market

In terms of annual sales and services provided;

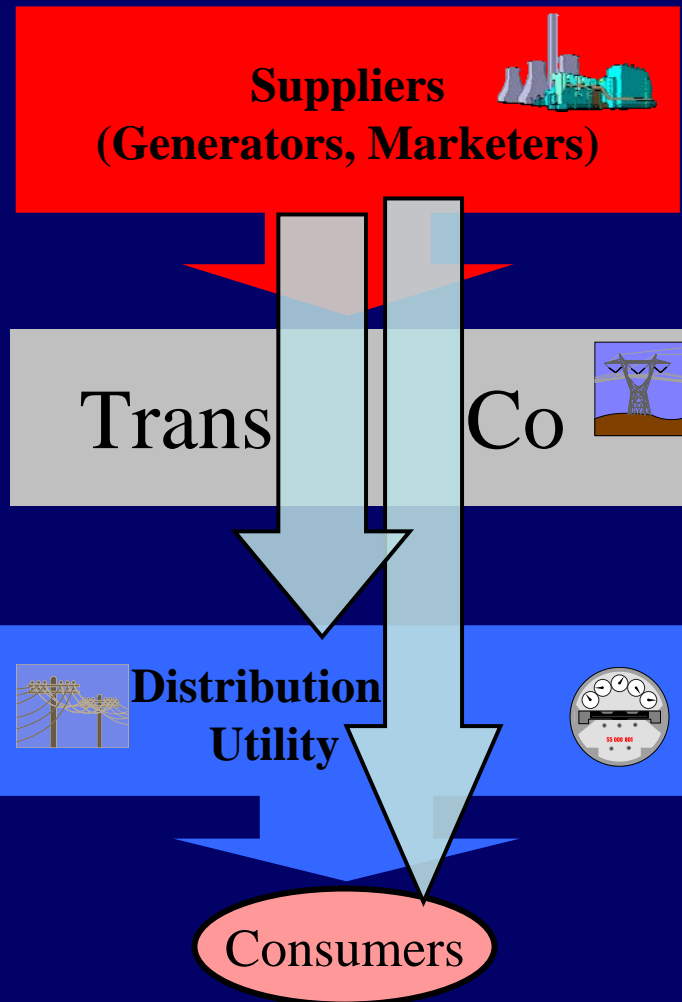
Electricity Market	17.5 billions USD
Natural Gas Market	10 billions USD
Petroleum market	41.4 billions USD
LPG Market	3.8 billions USD
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GRAND TOTAL:	<i>72.7 billions USD</i>

The market is based on voluntary bilateral contracts with residual balancing pool

All generation must be sold to traders and consumers.

TransCo operates the balancing market that allows buyers to adjust their schedules by buying and selling.

The system imbalance price will be marginal price of accepted bid and offer prices.

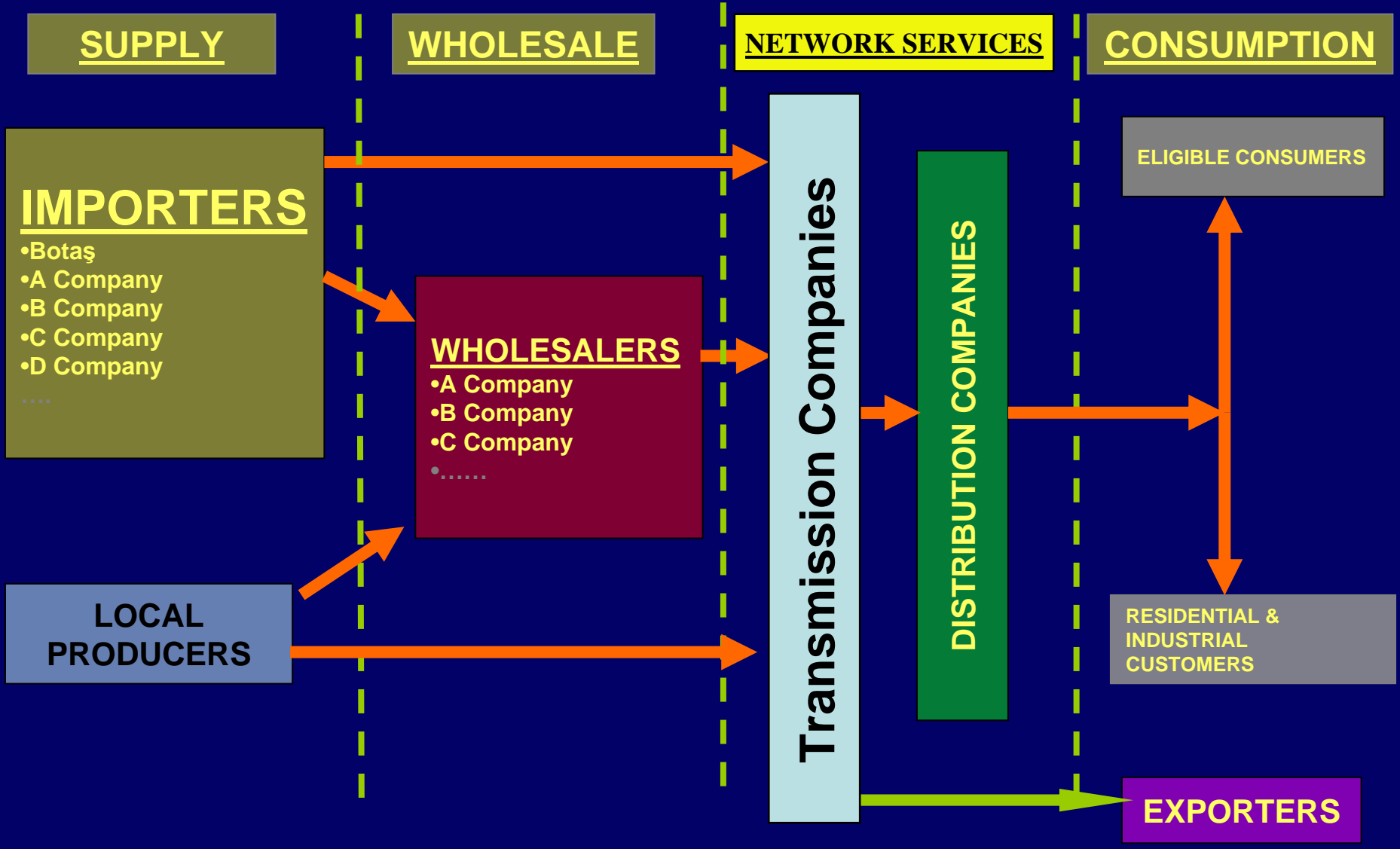


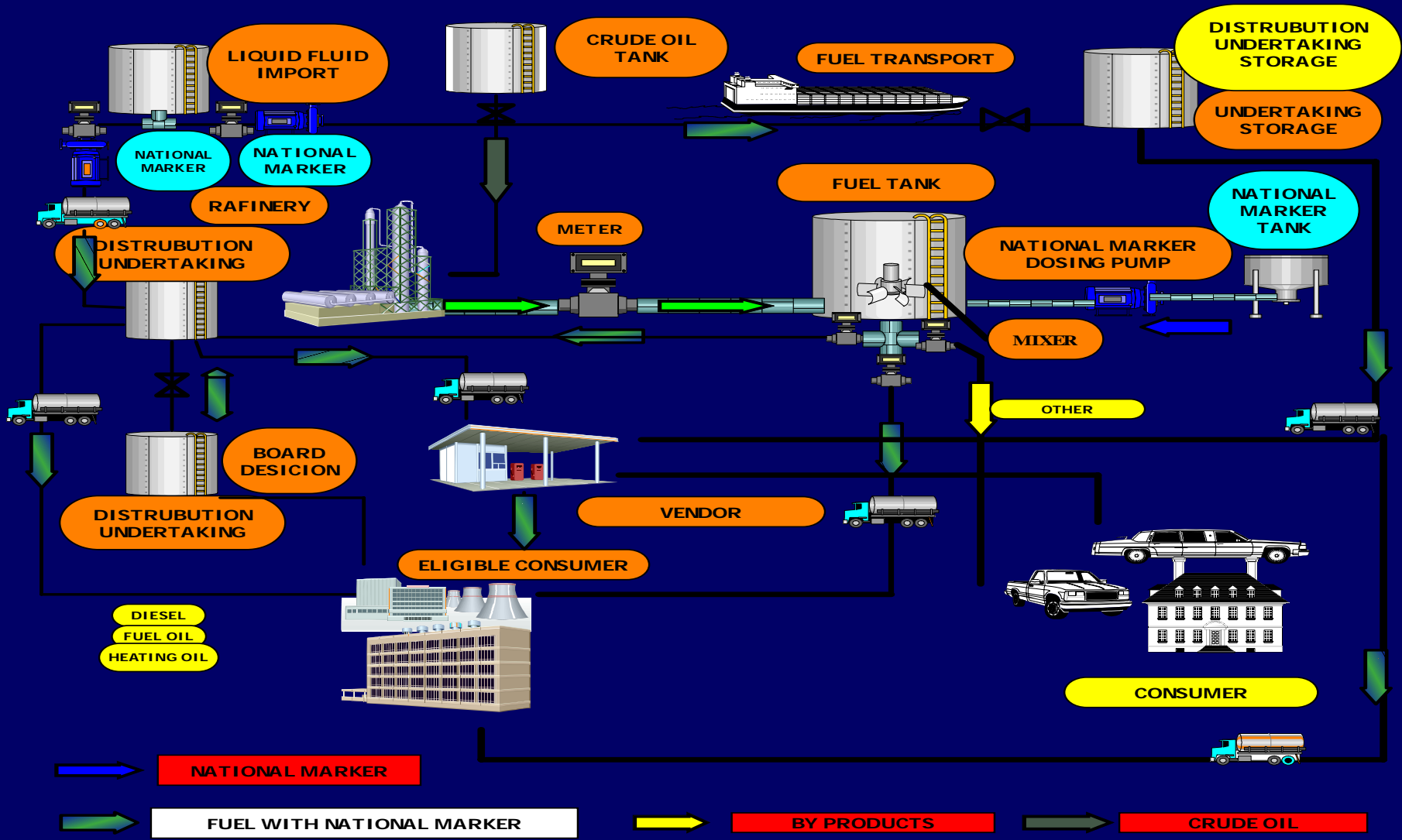
TransCo bills network users for use of the grid

DistCo bills network users for use of the grid



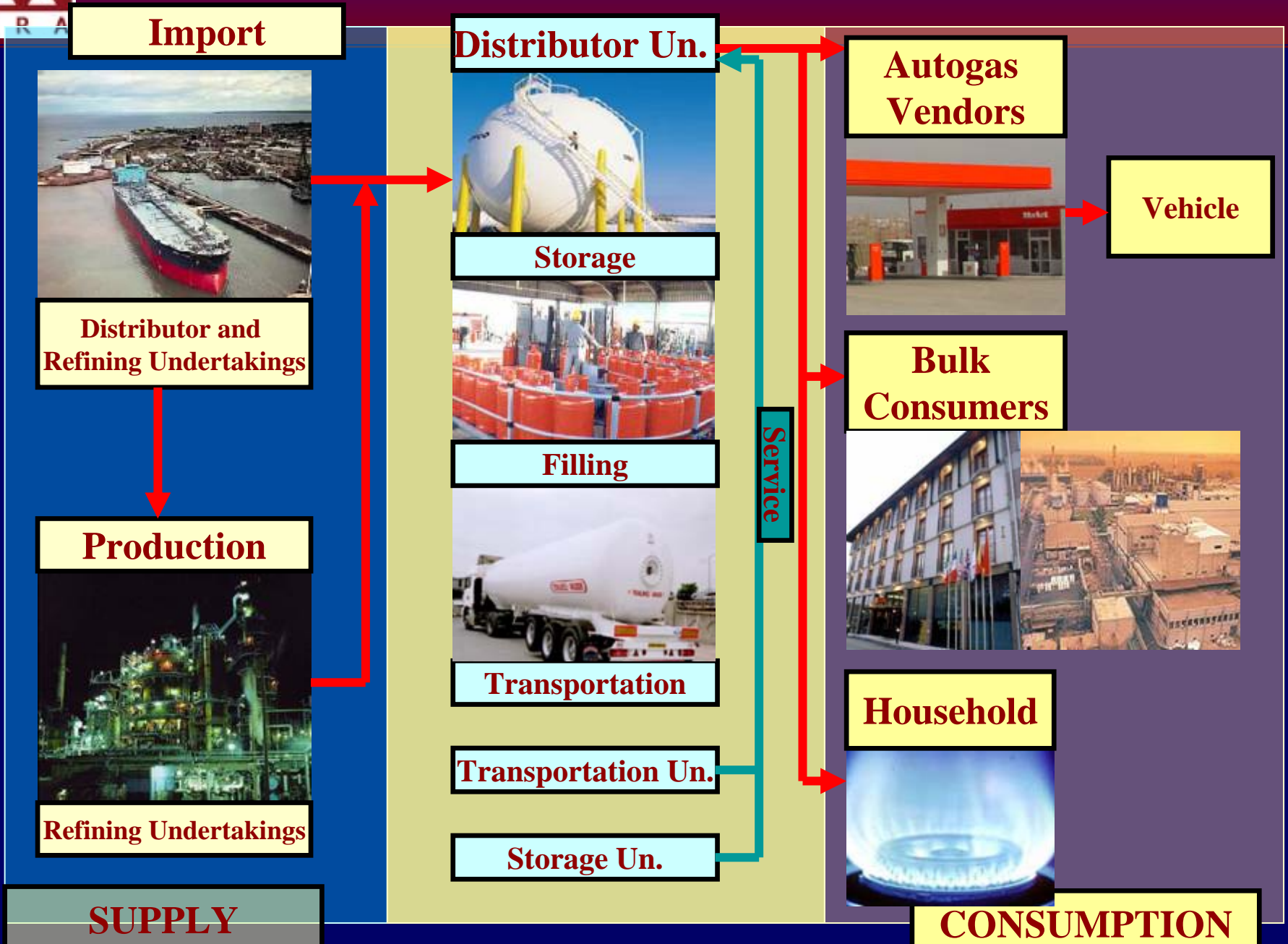
Natural Gas Market







LPG Market





In the Electricity Market

In the Electricity Market:

- **The eligibility threshold is 6 GWh p.a. For 2006, which corresponds to 32% for market opening.**
- **One transmission company acts as asset owner, system operator and market operator.**
- **Regulated third party access, market of bilateral contracts with residual power pool, where the imbalances are settled on the basis of marginal prices, which will start on 1 August.**
- **Regulated tariffs are transmission tariff, distribution tariff, retail tariff to be applied to captive consumers, retail services tariff.**
- **wholesale price of the state-owned Turkish Electricity Trading and Contracting Company is supervised by EMRA.**
- **The main pillar of regulated tariffs is RPI-X approach.**
- **As of July 2006; 217 private and 156 public generation licenses; 1 transmission license; 8 distribution and 8 retail licenses; 21 private and 1 public wholesale licenses; 194 autoproducer licenses have been granted. 443 license applications are under different stages of licensing procedure.**
- **The distribution sector is split into 21 regions, where one of them is still being operated by a private company under a concession. Remaining 20 regions, and majority of generators will be subject to privatization, which is expected to commence in 2006.**



In the Natural Gas Market-1

- **Legislation in conformity with the relevant EU Natural Gas Directive (2003/55/EC).**
- **The market has been opened since 2002.**
- **The current eligibility threshold is 1 million m³/year.**
- **BOTAŞ carried out tender for gas release on 30 November 2005. After finalizing this tender eligible consumer can find different supplier to choose.**
- **Network code has been in force since 1th of September 2005, Capacity allocation is made on entry-exit system for one year base.**
- **All tariffs shall be determined by EMRA until sufficient competition created in market. The tariffs are in form of price ceilings currently. The tariffs for the year 2006 based on the entry-exit system for the transmission network have been published.**



In the Natural Gas Market-2

- **Regulated third party access (TPA).** Within this context, transmission and distribution companies are obligated to demonstrate EMRA that their operations are cost efficient, effective and reliable.
- **The distribution tender process has been completed for 43 cities up to now and it is planned to tender nearly 9 cities in 2006.**
- **The new distribution licensees are private investors. These private investors have continued the construction of natural gas infrastructure and for the time being 24 cities began to use natural gas.**
- **As of July 2006, 128 licenses have been granted (9 import, 18 wholesale, 1 transmission, 14 LNG transmission, 44 distribution, 38 Compressed Natural Gas (CNG), 3 storage and 1 export).**



In the Petroleum Market

Law No. 5015 on Petroleum Market

(Official Gazette : 20 December 2003, no. 25322)

-All fuel stations licensed.

-Distribution, transportation, transmission, importation, processing and storage activities in the petroleum market are licensed.

-More than 14,000 vendor and 1,600 transportation licenses have been granted;

-The number of total licenses granted reaches nearly 16,000.

-Market players apply to EMRA for importation for oil and oil products continuously.



In the LPG MARKET

In addition to the completion of the secondary legislation licensing in the market have been completed for the existing LPG actors. And the following are the latest figures in terms of licensing.

Licenses:

Distributor Licence	55
Storage Licence	66
Transportation Licence	25
LPG Tube Production Licence	12
LPG Tube Examination, Repair Licence	82
Autogas Vendors Licence	4801
TOTAL:	5041

- **Among developing countries, but also among OECD countries, Turkey is a large power market in terms of electricity generation**
- **On the other hand, electricity consumption per capita and network losses (expressed in % of electricity sold) illustrate the current poor quality of power demand**
- **The recovery of the Turkish economy as well as the structural reforms implemented by the Government will probably be followed by an improvement in the quality of this demand:**
 - **Increase in GDP equals increase in consumption**
 - **Privatisation equals reduction of energy losses**

- **Economic restructuring in progress**
- **Major economic indicators continuously improving**
- **Political & economic settings stabilizing**
- **Privatization program in progress**
- **Promising returns in financial markets**
- **Investment opportunities emerging**
- **International arbitration is possible for the settlement of disputes where foreign investors are involved**
- **Agreements avoiding double taxation and Protection and Promotion of Investment Agreements have been signed with more than fifty countries.**

- *Turkey has already made substantial progress in energy market liberalization.*
- *Liberalisation and incorporation into the western energy markets is of utmost importance for central asia.*
- *Turkey's role as a bridge for energy trade between Asia and Europe is increasing everyday.*
- **WOULD LIKE TO BE AN ASSOCIATE MEMBER OF NARUC SOON**



*Thank you
for your attention*

www.emra.org.tr