

YEKDEM and Domestic Contribution Prices Have Been Revised

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Dear Colleagues, Clients and Friends,

We would like to bring your attention to the latest decisions on the Electricity Market Law that we consider noteworthy.

With the Law Amending the Electricity Market Law and Some Other Laws¹, it has been regulated that there will be a transition to Turkish Lira (“**TRY**”) within the scope of the Renewable Energy Resources Support Mechanism (“**YEKDEM**”) implementation prices, and that the YEKDEM implementation prices and the domestic contribution prices to be applied to the facilities using domestic components will be determined by a Presidential Decision. Now, the prices and periods to be applied to electricity generation facilities with a Renewable Energy Source (“**YEK**”) Certificate, and the domestic contribution prices to be applied at these facilities, which are or will be operational from 1 July 2021 to 21 December 2030 are revised by the Presidential Decision dated 30 April 2023 and numbered 7189 (“**Decision**”)².

According to the Decision, Turkish Lira will be used in the YEKDEM implementation prices, while a US Dollar (“**USD**”) based escalation system will be applied in minimum and ceiling prices. On the other hand, no retroactive payments will be made for facilities that have been put into operation between 1 July 2021 and the publication of the Decision. With the Decision, the scope of support for renewable energy sources such as wind, solar, hydroelectricity and geothermal was diversified in terms of duration and type, and wave and current energy was included in the scope of YEKDEM support for the first time.

¹ Published in the Official Gazette dated 2 December 2020 and numbered 31222.

² Published in the Official Gazette dated 1 May 2023 and numbered 32177.

Support Provided to Solar Energy Projects

In the Decision, YEKDEM implementation price was determined as 106 TRY/kWh, while the minimum and ceiling purchase prices were determined as 4.95 USD/kWh and 6.06 USD/kWh respectively for solar energy projects. The implementation period of the YEKDEM prices will be 10 years and the domestic contribution price will be applied as 28.80 TRY/kWh for 5 years in projects based on solar energy.

Onshore and Offshore Division in Wind Energy Projects

With the Decision, separate YEKDEM implementation prices were determined in relation to onshore and offshore projects based on wind energy for the first time. While the YEKDEM implementation price for onshore wind power electricity generation facilities was determined as 106 TRY/kWh, the YEKDEM implementation price for offshore wind power electricity generation facilities was determined as 144 TRY/kWh. In addition, while the minimum price is 4.95 USD/kWh and the ceiling price is 6.05 USD/kWh for the onshore wind projects, the minimum price is 6.75 USD/kWh and the ceiling price is 11.55 USD/kWh for offshore wind projects.

Although YEKDEM implementation prices in wind energy based generation facilities vary according to the project type, the support periods do not differ according to the type of the project and the YEKDEM support will be applied for 10 years and domestic contribution prices will be applied for 5 years in all wind energy based projects.

Separation of Stored Electricity from Non-Stored Electricity



Another novelty brought by the Decision is that the electricity sales to be made by the storage units integrated into wind and solar power plants are regulated separately from the non-stored electricity sales. Accordingly, the implementation price will be 125 TL/kWh, the base price will be 5.85 USD/kWh, and the ceiling price will be 7.15 USD/kWh for electricity sales to be realized through the electricity storage units integrated into wind and solar energy power plants. However, it should be noted that these prices will not be applied to the electricity stored by being

drawn from the grid or to the electricity supplied directly to the transmission/distribution system without being stored in the storage units integrated with the wind/solar power plants, it will only be applied to the electricity supplied to the system after being produced in the wind/solar power plants and stored in the storage units integrated with these plants.

Longest Support Is Granted to Geothermal Energy and Pumped Storage Hydroelectric Power Plant Projects

As per the Decision, the YEKDEM implementation period to be applied for geothermal energy and pumped storage hydroelectric power plant projects will be 15 years and the domestic contribution price period will be 10 years. Considering that the implementation period of YEKDEM applied to all other renewable energy projects is 10 years and the period of the domestic contribution price is 5 years, the duration of the support granted to geothermal energy and pumped storage hydroelectric power plants, which generally have higher investment costs compared to other renewable energy investments, is significantly longer. This can be considered as an important support factor for the implementation of these type of power plants

Wave and Current Energy

Within the scope of the Decision, the duration of the YEKDEM support to be provided to electricity generation facilities based on wave and current energy will be 10 years. In addition, the YEKDEM implementation price will be 135 TRY per kilowatt hour and the purchase prices for the support mechanism will be between 6.3 USD and 7.7 USD per kWh.

For any further information regarding the Decision, please do not hesitate to contact us.

Kind regards,



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