

Regulation on Monitoring of Greenhouse Gas Emissions

9 May 2012

The Regulation Concerning Monitoring of Greenhouse Gas Emissions (the "**Regulation**")¹ has recently been issued by the Turkish Ministry of Environment and Urbanism (the "**Ministry of Environment**"). It is generally based on the United Nations Framework Convention on Climate Change and the Kyoto Protocol, which was ratified by the Turkish Parliament in 2009 with Law No. 5836.²

The purpose of the Regulation is to set forth the principles and procedures for monitoring and reporting of greenhouse gases ("**GHG**") arising from the facilities performing the activities listed in Annex 1 of the Regulation (the "**Facilities**"). Some of the Facilities subject to the Regulation are as follows:

- Oil refineries;
- Facilities with thermal power equal to or higher than 20 MW (except for hazardous and domestic waste incineration facilities);
- Certain steel and iron production facilities;
- Clinker facilities with a daily capacity of 500 tons and above or revolving furnaces with a daily capacity of 50 tons and above; and
- Facilities producing paper, paperboard or carton with a daily capacity of 20 tons and above.

Pursuant to Article 6 of the Regulation, operators of the Facilities shall monitor the GHG arising from their Facilities according to the principles set forth in the Regulation, and shall prepare a GHG monitoring plan for this purpose. The operators of the Facilities shall submit their monitoring plan to the Ministry of Environment for approval and registration at least six months prior to the start of monitoring. Furthermore, as per Article 7 of the Regulation, the operators of such Facilities shall submit an annual GHG report prepared in accordance with the monitoring plan to the Ministry of Environment by the end of each April for the GHG emissions observed in the previous calendar year.

Both the GHG monitoring plans and the annual GHG reports shall be verified by accredited verification institutions before their submission to the Ministry of Environment. These verification institutions shall conduct their duties independently by observing the public benefit within the framework of the principles determined in the Regulation.

The Regulation determines the qualifications of such verification institutions and lays down the general principles for their authorization by the Ministry of Environment, and their accreditation by the Turkish Accreditation Institution.

The Ministry of Environment will issue communiqués to determine other principles and procedures for the monitoring and reporting obligations of the Facilities and authorization of the verification institutions.

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¹ Published in the Official Gazette No. 28274 dated 25 April 2012.

² Published in the Official Gazette No. 27144 dated 17 February 2009.

The operators of the Facilities must execute an agreement with a verification institution to determine the terms and conditions for the verification of the monitoring plan and the annual GHG reports. The Regulation sets forth the minimum provisions which must be included in such agreements.

The operators of the Facilities are obliged to inform the Ministry of Environment of any changes in the Facilities which might have an impact on their GHG monitoring plan within 45 days at the latest. Furthermore, in case of any change in the operator of such Facilities, the new operator shall be deemed to have automatically assumed all obligations and undertakings set forth in the Regulation without the need for any additional transaction. However, such change must be notified to the Ministry of Environment within 20 days following the change of the operator.

Unless otherwise set forth in the Regulation or required by the laws, the information and documents submitted to the verification institution and the Ministry of Environment shall not be disclosed to third parties without the written consent of the operator.

The Regulation became effective upon its publication in the Official Gazette on 25 April 2012, except for the above-explained Articles 6 and 7 regulating the monitoring and reporting obligations. Articles 6 and 7 of the Regulation shall become effective on 1 January 2015 and 1 January 2016, respectively. Therefore, the establishment of verification institutions and the execution of an agreement between the operator of the Facilities and the verification institutions must be completed before 1 January 2015 so that the Facilities may start fulfilling their monitoring and reporting obligations as set forth in the Regulation.