

New Green Certificate for Renewable Energy in Turkey

20 November 2020

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The Renewable Energy Resource Guarantee Certificate Regulation (“**Regulation**”) was published in the Official Gazette No. 31304 dated 14 November 2020. The Regulation aims to develop a green certification system complying with EU standards, namely, the Renewable Energy Resource Guarantee (“**YEK-G**”) system.

1) Purpose

With the ultimate goal of extending the generation and consumption of electricity through renewable energy resources, the Regulation aims to establish a transparent system which enables consumers to verify that a certain amount or proportion of the electricity supplied is generated through renewable energy resources. This system will be based on YEK-G certificates, which are derivative products evidencing the source of electricity supplied to the consumers.

Furthermore, the YEK-G system can create a potential additional income channel for investors generating electricity through renewable energy resources as a result of YEK-G certificate trade in the YEK-G market to be established and operated by Enerji Piyasaları İşletme A.Ş. (“**EPIAŞ**”), the market operator.

2) Notable Features

Prominent features of the YEK-G system introduced by the Regulation can be summarized as follows:

- YEK-G certificates will be electronic documents issued by EPIAŞ upon request of the generation license holders, each of which corresponds to 1 Megawatt-hour (“**MWh**”) generated electricity and evidences that the relevant electricity supplied is generated through renewable energy resources. The certificates will be issued in Turkish and English.
- While EPIAŞ will be the market operator issuing the YEK-G certificates, electricity generation and supply license-holders who have executed system participation agreements with EPIAŞ will be the users of the YEK-G system. Such users whom also wish to participate in the organized YEK-G market must also execute organized market participation agreements with EPIAŞ.
- Electricity utilized by consumers which is generated through renewable energy sources will be guaranteed with a YEK-G certificate.

- Electricity supply companies will be required to regulate matters concerning the redemption of YEK-G certificates in the contracts executed with their consumers. By disclosing such information to consumers through their own communication channels or invoices, authorized electricity supply companies will be able to prove to their customers who utilize the “Green Tariff” that the electricity they offer is generated through renewable energy sources by redeeming a YEK-G certificate provided from the YEK-G market.
- Licensed renewable power plants will constitute the supply side of the YEK-G market while electricity supply companies will be on the demand side. EPIAŞ will issue a YEK-G certificate for each MWh of green electricity generated by the generation facilities of relevant market participant. The validity period of these certificates will be 12 months from the end of generation period of such electricity.
- YEK-G certificate trade among the system participants will be able to be carried out either through the organized YEK-G market or through YEK-G bilateral agreements market. Trade carried out through YEK-G bilateral agreements market will be notified to EPIAŞ.

Further details on the functioning and operation of the YEK-G system will be regulated in the principles and procedures to be prepared and published by the Energy Market Regulatory Authority.

3) Scope of Implementation and Effective Date

Legal entities holding electricity generation or supply licenses will be able to participate in the market that will be established by EPIAŞ. Multi-source electricity generation facilities will also be able to participate in the market provided that the electricity generated at the facilities are entirely through renewable energy resources. License-exempt electricity generation facilities are outside the scope of the Regulation.

The Regulation will come into force on 1 June 2021.

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