Energy Disputes

Contributing editors
William D Wood, Neil Q Miller, Lauren Hunt Brogdon and Holly Stebbing

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GETTING THE DEAL THROUGH

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Turkey

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General

1 Describe the areas of energy development in the country.

Turkey has a rapid demand growth in the energy sector. Domestic resources meet only around 25 per cent of its current energy needs, however, so the country is energy import dependent. Turkey is trying to reduce this high level of dependency by promoting the use of indigenous sources such as lignite, renewable energy sources and nuclear energy.

Turkey has a large potential for renewable energy and aims to generate 30 per cent of its electricity need from renewables by 2023. It also aims to reduce dependency on imported fossil fuels through nuclear power. Although no nuclear power plants are in operation yet, Akkuyu Nuclear Power Plant is under construction and two more power plants in Sinop and İğneada are planned. The goal for Turkey is to establish a nuclear capacity of more than 10,000MW by 2030.

2 Describe the government's role in the ownership and development of energy resources. Outline the current energy policy.

Pursuant to article 168 of the Constitution of the Republic of Turkey, the state is the owner of all energy resources and has the right to explore, exploit, research and operate them. It can transfer such right to private individuals and entities for a temporary period of time through licences or agreements.

There are certain laws regarding the transfer of the exploration, exploitation, research and operation rights for oil, gas and other hydrocarbons and renewable energy sources and, in practice, the government issues various licences and signs agreements for the transfer of these rights.

State-owned companies play an important role in the development of energy resources in Turkey. Turkish Petroleum Corporation (TPAO) has a dominant role in onshore and offshore exploration and exploitation activities. The total domestic production of crude oil was 18 million barrels in 2014, of which approximately 55 per cent was produced by TPAO (Source: Crude Oil and Natural Gas Sector Report 2014, TPAO); and the total domestic production of gas was 479 million cubic metres in 2014, of which approximately 49 per cent was produced by TPAO while the rest was produced by private entities (source: www3.epdk.org.tr/documents/dogalgaz/rapor_yayin/DPD_RaporYayin2014.pdf).

Commercial/civil law – substantive

3 Describe any industry-standard form contracts used in the energy sector in your jurisdiction.

Form agreements are generally used in the various energy sectors in Turkey where the conditions of a contract must be equal for all of the parties in the market or the parties of contract do not have equal power. For example, the connection agreements to be signed for connection to the electricity or natural gas networks and their system usage agreements are form agreements approved by the Energy Market Regulatory Authority (EMRA). Similarly, subscription agreements between a non-eligible electrical energy user and authorised retail sale companies are also form agreements.

It should be noted that the government does not use form agreements for the transfer of energy resource exploration or operation rights. The transfer of such rights can be realised through licensing, concession agreements, privatisation or private law agreements depending on the type of resources and the right to be transferred.

4 What rules govern contractual interpretation in (non-consumer) contracts in general? Do these rules apply to energy contracts?

Contractual interpretation rules are generally regulated under article 19 of the Turkish Code of Obligations No. 6098, which provides that the contracts must be interpreted according to the true and common intention of the parties regardless of the expressions used in such contracts. In addition, several contractual interpretation rules have been developed by legal literature and court precedents such as the following: (i) interpretation to the advantage of the party undertaking an obligation should be preferred; (ii) interpretation to the disadvantage of the party who prepared the contract must be preferred; (iii) wishes and intentions of the parties at the time of the contract should be considered; (iv) the relevant provision should be examined alongside the rest of the provisions in the contract; (v) provisions excluding rights should be interpreted strictly; (vi) the contract should be interpreted according to the meaning which a reasonable person would give to it in the circumstances; and (vi) interpretation that does not comply with a provision of a law, as a substitute legal source, should not be favoured.

These rules apply in both administrative law and private law contracts, including those signed within the energy sectors.

5 Describe any commonly recognised industry standards for establishing liability.

Article 18 of the Turkish Commercial Code No. 6102 defines the principles of prudent merchant in general, according to which every merchant is required to act as a prudent businessman in all of its commercial activities. This is an objective standard (ie, every merchant is expected to show the care that would be expected from any cautious and anticipating merchant operating in the same field of business).

In addition, article 2 of the Turkish Civil Code No. 4721 sets forth the rule on the principle of good faith. This article does not provide a definition of the principle but prescribes a duty for everyone in their relations with each other. The principle of good faith is usually referred to as the 'principle of honesty', and defined by scholars as a type of behaviour that is expected from every reasonable person. It is also accepted that rules of good faith constitute a set of rules that is generally recognised and expected from every individual, as it is presumed that such rules satisfy the needs of social and business life. Because it is a way of behaviour expected from every individual, it is also referred to as 'objective good faith'.

Finally, article 115 of the Code of Obligations provides that any agreement made in advance purporting to exclude or limit liability for fraud, wilful misconduct or gross negligence is void. Please refer to question 8 below for details of this provision.

6 Are concepts of force majeure, commercial impracticability or frustration, or other concepts that would excuse performance during periods of commodity price or supply volatility recognised in your jurisdiction?

In the Turkish legal framework, 'pacta sunt servanda' or the rule of 'obligations shall be honoured' constitutes the main principle of Turkish contract law, pursuant to article 2 of the Turkish Code of Obligations. However, the concept of 'rebus sic stantibus' acts as the exception to this principle. If the terms of the contract do not align with the parties' will, because of unexpected circumstances, the imprévision theory comes into force. This

principle has found itself a formal scope of application in Turkish law, as the concept was introduced in article 138 of the Turkish Code of Obligations. The principle can be explained as the 'collapse of the underlying basis of the transaction', which leads to either adaptation of the contract by the court – to the extent of the parties' will – or eventually termination of the contract. This principle is applicable to contracts signed in the energy sectors as well.

The concept of force majeure is also recognised under Turkish law. Although force majeure is not clearly defined in legislation, doctrine and judicial precedents establish the general principles applicable to force majeure events. Accordingly, non-performance by a contracting party may be excused if that party proves that the non-performance was due to an impediment beyond its control and that it could not reasonably be expected to have taken the impediment into account at the time of conclusion of the contract or to have avoided or overcome the impediment or its consequences. However, the contracting parties can freely limit the number of force majeure events in the contract. In other words, the number of force majeure events can be exhaustive if the parties agree so in the contract.

7 What are the rules on claims of nuisance to obstruct energy development? May operators be subject to nuisance and negligence claims from third parties?

Under Turkish law third parties with a legitimate interest can make nuisance and negligence claims mainly through filing compensation lawsuits before civil courts or filing cancellation lawsuits against relevant administrative acts (such as permits or licences) before administrative courts. The initiation of a lawsuit alone does not provide cause to prevent the development of an energy project. In order for a lawsuit to adversely affect a project, the court must have either rendered an injunction relief decision suspending the implementation of the relevant administrative act, or cancelled it; and the relevant administrative act must be one of the critical acts in the absence of which the project cannot continue.

8 How may parties limit remedies by agreement?

In accordance with articles 26 and 27 of the Turkish Code of Obligations, parties may limit remedies by agreement in light of the freedom of contract principle, provided that such limitation does not violate compulsory provisions of law, ethics, public policy and personal rights. However, it should also be noted that any agreement made in advance purporting to exclude or limit liability for fraud or gross negligence is void according to article 115 of the Turkish Code of Obligations. Pursuant to article 116 of the Turkish Code of Obligations, liability arising from the relevant party's agents' gross negligence or intentional misconduct can be limited either partially or entirely with the mutual agreement of the parties. Pursuant to articles 115 and 116, services that are performed under authorisation from a relevant authority and requiring special skills, limitation of liability arising from either slight or gross negligence or intentional misconduct on the part of the party itself or its agents shall be null and void. Additionally, any limitation of liability arising from the operation of dangerous businesses (as set forth in article 71 of the Turkish Code of Obligations) may not be enforceable.

9 Is strict liability applicable for damage resulting from any activities in the energy sector?

There are two main strict liabilities under Turkish law that may be applicable in the energy sector, the employer's strict liability, which is regulated under article 66 of the Turkish Code of Obligations, and the strict liability of the construction owner, which is regulated under article 69 of the Turkish Code of Obligations. The employer can avoid liability by proving that he or she showed diligent care in the employment decision, inspection of the work, selection of the tools and organisation of the work, according to objective standards. The construction owner's strict liability cannot be released; but the construction owner can have recourse to the person who caused the damage. In addition, pursuant to article 71 of the Turkish Code of Obligations, both the owner and operator are severally responsible for liabilities arising from dangerous businesses, including certain energy projects.

Turkey is a party to the Paris Convention on Third Party Liability in the Field of Nuclear Energy dated 29 July 1960, and therefore its provisions would be applicable regarding the liability of nuclear power plant operators in Turkey.

Commercial/civil law – procedural

10 How do courts in your jurisdiction resolve competing clauses in multiple contracts relating to a single transaction, lease, licence or concession, with respect to choice of forum, choice of law or mode of dispute resolution?

In cases where there are competing clauses present in multiple contracts relating to a single transaction, lease, licence or concession, unless there is a 'coordination of disputes protocol' to coordinate these clauses across the different agreements in question, as we see in major energy projects in practice, the specific provisions provided in each of them would be separately applicable for disputes arising out of each relevant agreement or document.

11 Are stepped and split dispute clauses common? Are they enforceable under the law of your jurisdiction?

Stepped dispute clauses are permissible under Turkish law and common in practice in the Turkish energy market. Although there is no specific provision in the legislation dealing with such clauses, the parties can provide a stepped dispute clause in their contracts due to the freedom of contract principle of Turkish law. Stepped clauses are commonly used in the contracts to allow a claim to be resolved in the fastest and most cost-effective way. Typically, stepped clauses involve an internal resolution process through amicable settlement, followed by a stage of alternative dispute resolution such as the involvement of an expert; and the resolution by arbitration or court jurisdiction as the step of last resort.

In order for an arbitration clause or agreement to be valid under Turkish law, the parties' intention to submit disputes to arbitration must be clear and unconditional, and the jurisdiction of local courts must not have been provided as an alternative to arbitration. Split dispute clauses permitting parties to go to arbitration for some disputes and to courts for some others arising from the same contract may not be valid and enforceable under Turkish law if the distinction between these two categories of disputes are not sufficiently clear. This issue is not yet tested before Turkish courts. However, even if there is a distinction between the categories of disputes, given that a dispute may relate to both categories in practice, the validity and enforceability of split dispute clauses may be questionable as a matter of Turkish law.

12 How is expert evidence used in your courts? What are the rules on engagement and use of experts?

Under Turkish law, parties to a lawsuit can request the judges to appoint an expert, or the judges themselves may appoint experts to prepare a report on issues that require technical and specific knowledge outside of the legal issues. Apart from such court-appointed experts, the parties to the lawsuit can also obtain opinions from experts and can submit their reports to the court as evidence. In accordance with article 282 of the Civil Procedural Law, expert reports are accepted as discretionary evidence. In disputes involving energy matters, it is common in practice for courts to appoint experts and for the parties to obtain their own independent expert opinions as well.

13 What interim and emergency relief may a court in your jurisdiction grant for energy disputes?

There is no energy specific interim and emergency relief provisions under Turkish law, and therefore the general provisions governing such relief and measures are also applicable for energy disputes. Interim relief is available both under Turkish administrative law and civil law. An injunction relief may be requested by any person with legitimate interest from administrative courts to suspend the implementation of an administrative act. The courts are required to render an injunction relief if both the following conditions are met: the administrative act is clearly contrary to law, and an irreparable damage would occur if the implementation of the relevant administrative act is not suspended. A precautionary measure may be requested from civil courts either during a pending lawsuit or as an independent lawsuit. Precautionary measures may be granted by the courts if there is a risk that a delay may cause considerable damage, or any change in the existing conditions may obstruct or make impossible the usage of a right if the precautionary measure request is not accepted.

14 What is the enforcement process for foreign judgments and foreign arbitral awards in energy disputes in your jurisdiction?

There are no energy specific enforcement rules under Turkish law, and therefore, the general enforcement rules are also applicable to energy disputes. Pursuant to the Turkish International Private Law and Procedural Law No. 5718, for the enforcement of judgments rendered by foreign courts and finalised in accordance with the laws of the concerned states, an enforcement decision has to be given by a Turkish court. In order for a foreign judgment to be enforced in Turkey, the conditions stipulated under the Turkish International Private Law and Procedural Law must be met:

- there must exist reciprocity with the state in which the relevant judgment is given;
- the judgment must not be contrary to public policy rules of Turkey; and
- the right to defence of the parties must not have been violated during the trial process before the relevant foreign court.

The enforcement procedures of foreign arbitration awards will be subject to the Turkish International Private Law and Procedural Law and the Convention on the Recognition and Enforcement of Foreign Arbitral Awards, signed in New York in June 1958 (the New York Convention). It should be noted that in accordance with article 90 of the Turkish Constitution, international treaties such as the New York Convention have the same effect as a Turkish domestic law. Turkey has, however, declared the first reservation and limited the applicability of the New York Convention to awards made in other contracting states according to the principle of reciprocity. Therefore, the enforcement of an arbitral award in Turkey shall be subject to the New York Convention only if it is rendered in a state that is a party to the New York Convention. The New York Convention satisfied the reciprocity requirement with respect to all states that are party to it so that no further application of the reciprocity test is required for those states. The enforcement of foreign arbitration awards that are outside the scope of the New York Convention is subject to certain conditions under the Turkish International Private and Procedural Law, which are similar to the conditions for enforcement of foreign court judgments as explained above. In addition, in light of article 15 of International Arbitration Law No. 4686, arbitral awards can be challenged before the relevant first instance court. In such case, the court would examine the file from the point of the cancellation grounds provided in the International Arbitration Law, which are very similar to the enforcement conditions of the New York Convention.

15 Are there any arbitration institutions that specifically administer energy disputes in your jurisdiction?

There is no arbitration institution specific to the energy disputes in Turkey.

16 Is there any general preference for litigation over arbitration or vice versa in the energy sector in your jurisdiction?

Arbitration is usually preferred to local courts in large-scale energy contracts in Turkey. Typically, the parties choose the arbitration to shorten the duration of the dispute resolution process, to be able to submit the dispute to arbitrators who are qualified experts of the areas related to the specific dispute, and to provide a more neutral dispute resolution process especially in international transactions and the contracts signed with an administrative party.

17 Are statements made in settlement discussions (including mediation) confidential, discoverable or without prejudice?

In Turkey, the Law on Mediation for Civil Disputes No. 6325 offers mediation as an option for dispute resolution. Pursuant to this law, confidentiality is one of the main principles, and the documents and information submitted during the mediation process cannot be used as evidence before the courts or arbitral tribunals. The individuals who violate the confidentiality rule under this Law and cause the relevant party to suffer any damage may be sentenced to prison for up to six months. The parties and mediators may sign an agreement regarding the settlement details. The enforceability of such agreement requires an enforceability annotation to be received from the relevant court. The agreement will have the force of a court judgment after receiving such annotation. Therefore, the information stated under the settlement agreement may be required to be disclosed by the parties for enforcement purposes.

The Attorney's Act No. 1136 also provides a settlement option under the supervision of the attorneys. Attorneys may invite the parties of a dispute to settlement before filing a lawsuit or before the first hearing in the cases where a lawsuit is filed. In case the counterparty accepts this invitation and the parties reach a settlement, a settlement minutes must be signed by the attorneys and their clients. Such minutes will be applicable similar to a court judgment.

18 Are there any data protection, trade secret or other privacy issues for the purposes of e-disclosure/e-discovery in a proceeding?

There is no specific data protection legislation in Turkey. However, there are various laws including provisions applicable to data protection and privacy such as some articles of the Constitution of the Republic of Turkey regarding the privacy of private life and freedom of communication, provision of the Turkish Criminal Code No. 5237 regarding blocking and impairing the system, destroying or altering the data; and provision of the Turkish Civil Code regarding the protection of personality against violations. There is also a draft law on the protection of personal data that sets out the procedures and principles of data protection in Turkey and it is expected to be be enacted by the parliament by the end of 2016.

In addition, Turkey is a party to the European Council Agreement on the Cyber Crime, the United Nations Universal Declaration of Human Rights, and the Convention for the Protection of Human Rights and Fundamental Freedoms. Turkey has also signed the Convention for the Protection of Individuals with Regard to Automatic Processing of Personal Data (Convention No. 108), but has not yet ratified it.

19 What are the rules in your jurisdiction regarding attorney–client privilege and work product privileges?

In accordance with the Attorney's Act, attorneys are obliged to avoid revealing information acquired as a consequence of the representation of any client. Therefore, they cannot disclose information about their clients without the client's permission. Furthermore, attorneys have the right to avoid testifying regarding any information acquired as a consequence of the representation of any client even if the client permits the testifying.

Turkish law does not provide a specific provision regarding the nature of work products of attorneys or by whom such products are owned. These work products should be assessed within the context of the general intellectual property legislation. Furthermore, parties can set forth additional contractual obligations regarding the work product privileges.

20 Must some energy disputes, as a matter of jurisdiction, first be heard before an administrative agency?

There is no provision under Turkish law specific to energy disputes and that requires an application to be made to an administrative agency before filing a lawsuit.

However, legislation provides an option to apply to the Energy Market Regulatory Authority for the settlement of certain disputes. For example, in accordance with the Electricity Market Licensing Regulation, distribution and transmission licence holders can apply to EMRA for the resolution of disputes related to connection and system usage agreements.

Regulatory

21 Identify the principal agencies that regulate the energy sector and briefly describe their general jurisdiction.

The regulatory bodies regulating the energy sectors in Turkey are as follows:

- The Energy Market Regulatory Authority is an independent regulatory authority responsible for the regulation and supervision of the oil and gas markets (ie, midstream and downstream segments) and the electricity market.
- The Ministry of Energy and Natural Resources determines and implements national energy policy objectives. In addition, it ensures coordination between related public bodies and private entities; and supervises all exploration, development, production and distribution activities for energy and natural resources.
- The General Directorate of Petroleum Affairs evaluates applications and issues licences for the exploration, extraction and operation of oil and gas sources and grants licences for these activities.

The General Directorate of Mining Affairs evaluates applications and issues licences for the extraction and operation of mine sources and grants licences for these activities.

The Turkish Atomic Energy Authority is responsible for the regulation, supervision and guidance regarding the areas concerned with the atomic energy together with the Energy Market Regulatory Authority.

22 Do new entrants to the market have rights to access infrastructure? If so, may the regulator intervene to facilitate access?

Under the Electricity Market Law No. 6446 and the Natural Gas Market Law No. 4646, distribution or transmission network operators must provide access to the network based on the same conditions for all system users without any discrimination, other than the incentive provided for renewable energy companies explained below. Similarly, under the Oil Market Law, licensed storage and transmission companies must carry out all storage and transmission requests, save for capacity limitations, without discrimination among applicants. Furthermore the owners of oil refineries are obliged to provide all distribution companies requesting to purchase oil from them with at least the same conditions they provide to their own distribution companies.

However, certain priorities are provided under the legislation for renewable energy resource-based facilities. The Electricity Market Licensing Regulation provides that TEİAŞ and the legal entities holding a distribution licence shall give priority to those facilities generating electricity from renewable energy resources in terms of their connection to the transmission or distribution system.

EMRA may intervene in case of a breach of these requirements by the transmission company or distribution companies, and may impose administrative fines and other sanctions to ensure access of market players to the transmission and distribution networks.

23 What is the mechanism for judicial review of decisions relating to the sector taken by administrative agencies and other public bodies? Are non-judicial procedures to challenge the decisions of the energy regulator available?

In accordance with the Administrative Procedural Law No. 2577, decisions and actions of the regulatory authorities can be challenged before administrative courts. Furthermore, under the Ombudsman Law No. 6328, claims regarding administrative decisions and actions can be submitted to the Ombudsman Authority. The decisions of the Ombudsman Authority are not binding on the administration or courts; however, in practice, the administration tends to comply with them since the courts are also likely to comply with them in case of a possible cancellation lawsuit against the same administrative act.

24 What is the legal and regulatory position on hydraulic fracturing in your jurisdiction?

The Petroleum Law and the Petroleum Law Implementation Regulation permit certain unconventional source research and exploration activities as part of the policy to benefit from all domestic sources. The hydraulic fracturing method, which is used for shale gas research activities, is covered under these unconventional source research and exploration activities.

The General Directorate of Petroleum Affairs issued more than 40 licences for the performance of research activities regarding shale gas. As of January 2015, hydraulic fracturing has been performed for only one well among the numerous wells within the scope of these licences.

The petroleum right holders who have the right to perform hydraulic fracturing must submit an additional form to the General Directorate of Petroleum Affairs. Such form must include all information regarding the results of the activity in terms of water, soil, air and other environmental pollution.

25 Describe any statutory or regulatory protection for indigenous groups.

As explained in question 7 above, Turkish law permits individuals and legal entities to file a cancellation action against administrative acts, such as permits or licences of an energy project, if such administrative act violates a legitimate interest of such individual or legal entity. Such individuals and legal entities can also file compensation lawsuits against the relevant public authorities or private investors for the compensation of their damage arising from the relevant project.

26 Describe any legal or regulatory barriers to entry for foreign companies looking to participate in energy development in your jurisdiction.

The Turkish Foreign Investments Law provides that foreign investors are to be granted no less favourable treatment than that accorded to local investors. In addition, the Foreign Investments Law reiterates the constitutional principle that expropriation and nationalisation are only permitted if required for the public good and only in return for adequate compensation. In order to provide additional comfort to foreign investors, the Foreign Investments Law makes it clear that recourse to local and international arbitration and alternative dispute resolution mechanisms are available for foreign investors. Foreign investors making an investment in Turkey may submit disputes to arbitration pursuant to a bilateral investment treaty or the Energy Charter Treaty.

The Foreign Investments Law provides a broad definition of foreign investment. Any contribution from outside of Turkey of funds in convertible currency, corporate securities (except foreign sovereign bonds), machinery and equipment, or industrial and intellectual property rights constitutes foreign investment. In addition, 'any rights generated in Turkey and relating to dividends, sales proceeds, receivables or other investment rights with monetary value, as well as assets with an economical value such as rights relating to exploration and extraction of natural resources' are included within the definition of foreign investment.

27 What criminal, health and safety, and environmental liability do companies in the energy sector most commonly face, and what are the associated penalties?

Pursuant to Environmental Law No. 2872 and the Turkish Civil Code, in case of an environmental pollution, the polluter and the property owner shall be subject to certain administrative fines, in addition to their obligation to take preventive measures and eventually clean up the pollution. Pursuant to the Criminal Code, a person who intentionally or negligently causes pollution of soil, water or air is either imprisoned or punished with a monetary penalty, or both. Occupational Health and Safety Law No. 6331 also sets forth certain responsibilities for the employers such as to appoint an occupational safety expert, workplace doctorand other health personnel from among their employees; and to make a risk assessment directly or have it made by others for its workplace to determine the precautions required for the maintenance of occupational health and safety and the protective equipment to be used for such purposes. Failure to comply with these requirements may result in an administrative fine or the shutting down of the works.

Other

28 Describe any actual or anticipated sovereign boundary disputes involving your jurisdiction that could affect the energy sector.

We are not aware of any current sovereign boundary dispute involving Turkey that could affect the energy sector.

29 Is your jurisdiction party to the Energy Charter Treaty or any other energy treaty?

Turkey is a party to the Energy Charter Treaty since 1994 and this agreement became effective in Turkey in 2000. Turkey has also joined the Energy Community, which aims to extend the European Union internal energy market to south-eastern Europe and beyond, with observer status in 2006.

30 Describe any available measures for protecting investors in the energy industry in your jurisdiction.

Turkey has signed and ratified the Convention on the Settlement of Investment Disputes between States and Nationals of Other States (ICSID), which permits investment disputes between a state and an investor to be submitted to the Settlement of Investment Disputes Center in Washington. Furthermore, Turkey has signed bilateral investment treaties with more than 80 countries around the world, from all of which Turkey allows the investors of such countries to submit their investment disputes to arbitration in various forums, such as ICSID and International Chamber of Commerce (ICC).

31 Describe any legal standards or best practices regarding cybersecurity relevant to the energy industry in your jurisdiction, including those related to the applicable standard of care.

Under the Electricity Market Licence Regulation, the Natural Gas Market Licence Regulation, and the Petroleum Market Licence Regulation, licence holders shall operate their institutional information systems and industrial control systems in accordance with the ISO/IEC 27001 information security management system standards and shall obtain certification in this regard from an institution accredited by the Turkish Accreditation Agency. With regard to operations within the electricity market, this obligation covers licence holders of generation, transmission, market operation and distribution services. While in the natural gas market, transmission and distribution licence holders must hold such certificate, the amendment only applies to refinery licence holders in the petroleum market. The provisions of the Electricity Market Licence Regulation, the Natural Gas Market Licence Regulation, and the Petroleum Market Licence Regulation that provide this requirement will become effective as from 1 March 2016.

Update and trends

As an expected major development in the Turkish energy sector, the Turkish government aims to continue with the privatisation of the remaining power plants of EÜAŞ, the state-owned generation company, during 2016.

In addition, draft law amending the Natural Gas Market Law No. 4646 (the Draft Law) is expected to be enacted within 2016. The Draft Law envisages that Boru Hatları ile Petrol Taşıma Anonim Şirketi (BOTAŞ), the state-owned gas trade and transmission company, will continue to operate in its current vertically integrated form for one more year as of the enactment of the draft. At the end of this one-year period, BOTAŞ's activities pertaining to transmission; operation and storage of liquid natural gas; and other operations, will be unbundled under the umbrella of three separate legal entities.

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