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REGULATION REGARDING THE SELECTION PROCESS FOR MULTIPLE WIND PROJECT APPLICATIONS

This article provides information regarding the Regulation Concerning the Competition of License Applications for Installation of Wind Power Generation Plant (the “Regulation”), which was enacted on 22 September 2010.

I. INTRODUCTION

The Regulation mainly aims to regulate the competition processes of eligible bidders to be connected to the system, when there is more than one applicant for the license of a wind power generation plant for the same region (convergent or crossing region) and/or same transformer center.

Along with the competition processes, the Regulation also regulates the payment rules and procedures of the Contribution Fee of Wind Power Generation Plant (the “Contribution Fee”), which constitutes the bid of the applicants and the fee to be paid after the competition.

II. GENERAL REQUIREMENTS

Applications for wind power licenses made to the Energy Market Regulatory Authority (“EMRA”) for the same region and/or same transformer center shall be notified to the Turkish Electricity Transmission Company (“TEIAS”) by EMRA in accordance with Article 3 of the Electricity Market Law No. 4628 (the “Law”). Following the notification, TEIAS shall announce the identity of the relevant applicants and their wind power plant projects who may compete on projects for the same region and/or the same transformer center on the basis of medium voltage busbars (36kV and less) and high voltage busbars (more than 36 kV).

The Regulation provides that applicants shall be eligible to make an offer and compete on only one of its transmission centers and one of its busbars, high voltage busbar or medium voltage busbar.

Those applicants who have installed medium voltage busbar capacity shall only apply to compete for the medium voltage busbar capacity, whereas others which have high voltage busbar capacity are eligible to apply for either the medium voltage busbar capacity or the high voltage busbar capacity.

III. SUBMISSION OF BIDS

The Regulation provides that after TEIAS makes a declaration on the eligibility of companies for the competition and their installed powers, and the relevant transformer centers for which the companies can apply, it will send an invitation letter to the applicants to submit an offer.

Upon receipt of the invitation, the applicants shall, along with their bids, submit the following documents and information to TEIAS:

- a notarized signature circular of the company which indicates the authorized persons on behalf of the company;
- an undertaking letter to TEIAS;
- a letter of bank guarantee;
- the address of the registered office of the company;
- a closed bidding letter; and,
- the busbar type, whether medium voltage or high voltage, of the relevant transformer center.

If any of the documents or information is missing, insufficient, or contradicts with the competition requirements declared by TEIAS, the bid shall be considered invalid during the initial review of the documents and the letter of bid shall not be opened.

IV. COMPETITION

The competition shall be conducted by a commission formed by TEIAS, consisting of 5 members of TEIAS personnel.

The Regulation provides that the commission shall first determine which of the bidders will be eligible to use the convergent or the crossing regions if one is contained in their generation site. For convergent regions, the highest bid for that region shall be considered for the ranking. For crossing regions, the highest bidder for the project will gain the right to use the crossing region and shall be considered for the ranking. Whereas, the other bidder/bidders involved in the crossing region shall still be included in the ranking with the installed power after the crossing region is excluded.

After this determination, the bids shall be ranked by transformer center in order to determine the bidder/bidders who are to use the wind power generation plant connectivity capacity of each of the relevant transformer centers. As result of the assessment, the bidder who submitted the highest bid for the Contribution Fee will be awarded the right to be connected to the system.

The Regulation does not allow the bidders to have a greater installed power than the wind power generation plant connectivity capacity. Therefore, the bidder who submitted the highest bid, and whose bid includes more installed power than the wind power generation plant connectivity capacity, will be asked by TEIAS to lower the project installed power to the level of the wind power generation plant connectivity capacity without an adjustment in the amount of the bid. TEIAS shall assess the following bid if the reduction is refused by the preceding bidder. TEIAS will continue this assessment until it finds a bidder who submitted the installed power equal to or less than the wind power generation plant connectivity capacity.

As result of the ranking, if there is a tie for highest bid among two or more bidders, there will be a second round of closed bidding held only among those bidders. Each of those bidders shall submit a new amount of bid not less than their previous one.

If a bidder, who has equal to or less than 10 MW capacity (except for basin transformer centers), bids for a high voltage busbar, its bid shall not be taken into consideration.

As result of the competition, the successful bidder shall have the right to enter into a Wind Power Generation Contribution Fee Agreement (the “Agreement”) with TEIAS.

V. THE LETTERS OF GUARANTEE

Each bidder is required to submit a letter of guarantee to TEIAS together with its application. The amount of such letter of guarantee will be calculated by multiplying the rounded up relevant MW number after the comma by 10,000 Turkish Lira (approximately €5,130 as of the date hereof).

The successful bidder is also required to submit another letter of guarantee to the TEIAS prior to signing the Agreement with TEIAS. The amount of the letter shall be 20% of the Contribution Fee multiplied by the per kWh of an average annual generation amount, which will be calculated based on 3,000 working hours annually of the relevant wind power project.

VI. THE CONTRIBUTION FEE

As part of the competition, the bidders shall agree to pay, if they become the successful bidder, a contribution fee per kWh on an annual basis to TEIAS starting from the temporary acceptance of the first unit of the generation plant and continuing for a period of 20 years after the temporary acceptance of the whole facilities.

The Total Contribution Fee shall be calculated as the undertaken contribution fee per kWh multiplied by the annual electric energy generation and the annual consumer price index. The Total Contribution Fee shall be paid to TEIAS in January every year. ⊕