



# Amendments Regarding License-exempt Electricity Generation

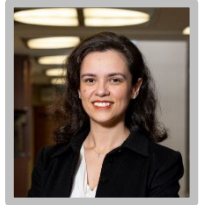
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The Regulation Amending the Regulation on License-exempt Electricity Generation in the Electricity Market (the “Amendment Regulation”), the draft of which was opened for public views in recent months, entered into force on 14 May 2024.

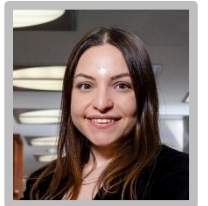
## Term of Call Letters and Connection Agreement Preconditions

The term for signing a connection agreement is regulated as 1 year for those who received a call letter after 14 May 2024 (which is the date of effectiveness of the Amendment Regulation). The Amendment Regulation makes a dual classification for those who received a call letter before 14 May 2024. Accordingly, if, at such date, the remaining period of the call letter is less than 180 days, it will be extended to 180 days; and if it is more than 180, the remaining will be calculated as 1 year. In other words, the deadline for signing a connection agreement for call letters having a term of less than 180 days as of 14 May 2024 will be 14 November 2024; and the deadline for those who have more than 180 days remaining will be 14 May 2025. On the other hand, the right to request an extension of time for the call letter is cancelled.

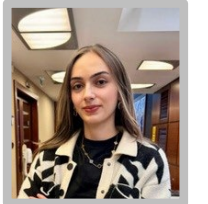
Also, the Amendment Regulation abolished the requirements to apply for the document to be issued pursuant to the Environmental Impact Assessment Regulation (the “EIA Document”) within 30 days following the call letter, for the project approval of the generation facility within 90 days, and (if any) for the project approval of the connection line within 150 days. These procedures may now be extended over a period of time. The EIA Document, zoning permit and other permits and approvals shall be obtained within the acceptance period. Prior to the amendment, the EIA Document was required to be submitted during the application for connection agreement.



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A revision is also expected in the Environmental Impact Assessment Regulation (the “EIA Regulation”), as the removal of the EIA Document from the list of documents required to be submitted in the application for a connection agreement, while the project approval requirement is kept, creates a contradiction with the current EIA Regulation, which stipulates that approvals for the relevant project cannot be granted unless an EIA Document is obtained.

## **Acceptance Procedures**

No change is made in the construction periods until acceptance. However, a right to partial acceptance is granted provided that it is not less than for a capacity of 10 MWe each time. Thus, even if the acceptance of the entire facility cannot be completed at the end of the construction period, it became possible to preserve the rights provided by the connection agreement through partial acceptance.

In the event that a system utilization agreement cannot be signed within 1 month after the acceptance and the generation facility starts commercial operation, the energy generated until the generation facility is disconnected from the network will be considered as a free contribution to the Renewable Energy Resources Support Mechanism (“YEKDEM”).

Moreover, the consequences of commissioning a facility without completing the acceptance procedures are explicitly regulated. Accordingly, if it is determined that a generation facility is installed and has started operations without proper acceptance, the relevant network operator will disconnect the generation facility from the network without any notification, and its owner will dismantle the generation facility and remove it out of the relevant parcel within 60 days from the date of such determination. Moreover, if a call letter and connection agreement are issued, these documents will be canceled, and the facility owner will not be able to make any application within the scope of the Regulation on License-exempt Electricity Generation in the Electricity Market (the “Regulation”) for 3 years.

## **Increase and Decrease of Installed Capacity**

The Amendment Regulation also introduces a provision in terms of the maximum limit for the increase and decrease of installed capacity, and makes a dual classification in accordance with whether the facility was entitled to receive a call letter for the connection agreement before 12 May 2019, which is the date the Regulation came into force. The maximum limit of the mechanical installed capacity increase that can be requested for generation facilities that are received a call letter before 12 May 2019 is provisioned as 20 percent of the electrical installed capacity. For other facilities, the request for capacity increase cannot exceed twice the electrical installed capacity.

Additionally, facilities subject to partial acceptance are excluded from the limitation in relation to the decrease in the installed capacity of maximum 10 percent of the installed capacity indicated under the call letter and the connection agreement. Therefore, facilities subject to partial acceptance are entitled to request a capacity decrease of more than 10 percent if they do not wish to continue the investment.

## **Site Changes**

For applications related to wind energy, if the technical interaction permits results negatively, the relevant applicant is entitled to apply for a site change or revision within 60 days, provided that the facility is connected from the same transformer center / transmission region. Thus, the Amendment Regulation gave the opportunity to change their location to the facilities that are not granted a call letter due to negative results of the technical interaction analysis.

Similarly, for generation facilities for which a call letter is issued, a connection agreement is signed, or the acceptance is completed and that are put into operation, the Amendment Regulation allows a site change in case of a force majeure.

## **Set-off Provisions**

If cogeneration facilities that meet the efficiency values determined by the Ministry of Energy and Natural Resources and generation facilities falling within the scope of paragraph 5.1(h) of the Regulation are installed together, the set-off which was hourly according to the previous provisions will apply monthly and no energy will be supplied to the network from the relevant cogeneration facilities.

The Amendment Regulation also envisages for the consumption facilities with a licensed generation facility that, in case of installation of a generation facility located at a different measurement point and falling within the scope of paragraph 5.1(h) of the Regulation, the excess energy to be supplied to the network after the monthly set-off between such generation facility and the consumption facility will benefit from YEKDEM. Also, in the previous version of the Regulation it was possible to install licensed generation facilities (except cogeneration facilities) and license-exempt generation facilities together only if they were connected from the same measurement point. The Amendment Regulation allowed these to be connected from different measurement points to be applied for all licensed generation facilities.