



Significant Amendments to the Mining and Energy Laws

15 MAY 2024

The Law No. 7501 on Amendments to the Mining Law and Certain Other Laws (the “Law”), which envisages significant amendments to the mining and energy legislation, entered into force on 11 May 2024.

Amendments to the Mining Law

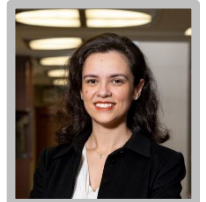
Reporting obligations as to reserves and operation targets under the National Mineral Resource and Reserve Reporting Commission (UMREK) code will be mandatory solely for Group IV mining licenses. It will be voluntary for other mining groups. The rationale for this amendment is that reporting in accordance with the UMREK code is not technically necessary for Group I, Group II, Group III and Group V mines and that it has a negative impact on the mining activities.

Amendments to the Coastal Law

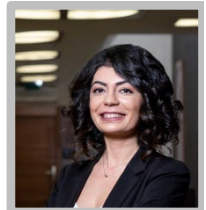
The Ministry of Energy and Natural Resources (the “Ministry”) will designate Renewable Energy Resource Areas (YEKA) in seas, reservoirs, artificial lakes, and natural lakes, excluding those used for drinking water supply, wetlands, and coastlines protected under the Coastal Law, enabling the establishment of renewable energy facilities.

Furthermore, legal entities holding preliminary, or generation licenses based on hydraulic resources will be allowed to establish multi-source renewable energy generation facilities over dam lakes, artificial lakes and natural lakes. This provision excludes reservoirs and wetlands designated for drinking water supply, as well as shores and coastlines governed by the Coastal Law.

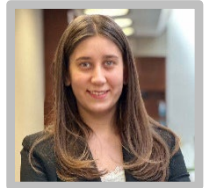
These amendments aim to enhance floating Solar Power Plants (SPP).



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Amendments to the Law on the Generation of Electricity from Renewable Energy Resources

The procedures and principles regarding prices in YEKA competitions will be determined by the Ministry in the relevant competition specifications. The price or fee resulting from the competition will benefit from the YEK Support Mechanism for the period to be determined in the competition specifications.

License-exempt facilities will be eligible to obtain a license and the contribution fee set for this transition has been revised and is now tied to the prices of the YEK Support Mechanism. Accordingly, if the license acquisition fee and the hourly market clearing price that occurred during the term of the license are higher than the current YEK Support Mechanism price applied based on facility type, the price difference will be paid as a contribution fee to the YEK Support Mechanism. Details are expected to be regulated in secondary legislation.

Amendments to the Electricity Market Law

In regions declared under a state of emergency or identified as disaster zones with significant impacts on daily life, temporary electricity energy needs may be addressed following procedures and principles set forth by the Energy Market Regulatory Board's (the "Board") decision, to ensure continuity of electricity services.

The servitude area for electricity distribution facilities and/or transmission lines will be determined according to the relevant legislation, taking into account the minimum approach distance, the swing distance of the conductor and the distance between the poles. This amendment aims to standardize the calculation of servitude areas, prevent excessive expropriation costs, and bolster investments by conserving public resources.

Except those entitled through contracts based on YEKA competitions, legal entities who wish to terminate their generation licenses, preliminary licenses, or license applications, or to amend their license applications by reducing installed capacity, which existed before the effective date of the provision (11 May 2024), may apply to the Energy Market Regulatory Authority (the "Authority") within a 2-months period after 11 May 2024. Upon application, their requests will be processed for termination or amendment, and their securities submitted to the Board will be partially or fully released.

If legal entities wishing to terminate contracts signed as a result of YEKA competitions apply to the Ministry within 2 months after 11 May 2024, all their rights and obligations will be terminated. Additionally, their applications will be canceled, and any securities submitted to the Ministry and the Board will be released. This provision aims to offer investors facing challenges such as pandemic and war-related increases in investment costs, economic and technical difficulties, or procurement process obstacles, the opportunity to end their obligations. The released capacity will then be reallocated to new investments.

Amendments to the Energy Efficiency Law

Energy efficiency projects will receive support from the Ministry, up to 30% of the total project value, subject to a cap of 15 million Turkish liras.

Applicants who successfully decrease their energy and/or carbon intensity or specific energy consumption, as per criteria established by the Ministry, will be eligible for support up to 30% of their energy expenditure for the specified year, taking into account funding possibilities and subject to a cap of 10 million Turkish liras.

The support amounts will be annually increased by the re-evaluation rate determined for the previous year, commencing from the beginning of the calendar year.

Amendments to the Natural Gas Market Law

In line of the targets of making Türkiye a natural gas trading hub, provisions for liquefaction activities have been added to the Natural Gas Market Law, regulating the liquefaction of both domestically produced natural gas and natural gas imported/to be imported from different sources in the country and their marketing as LNG in the world (please see [here](#) our article on LNG in Türkiye). Thus, liquefaction of natural gas became an independent activity separate from storage and requiring a license from the Board.

Considering the mobile characteristics of floating LNG terminals, the Board will be allowed to issue regulations different from those applied to the ordinary storage facilities.

The Board will be entitled to grant exemptions from the system access provisions for a specified duration, with consideration of the Ministry's opinion, utilization rates, and competition conditions. This may apply to existing storage facilities, capacity expansions in existing facilities, or new facilities under construction.

Amendment to the Nuclear Regulation Law

The operator of a nuclear facility will be entitled transfer the obligation of obtaining insurance or provide guarantee for the transportation of nuclear materials to the carrier, subject to approval by the Nuclear Regulatory Authority. The carrier assuming this obligation will be held liable as the operator under the Nuclear Regulation Law.