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|  | **16 May 2024** |



**LAW NO. 7501 INTRODUCES PROCEDURAL CHANGES TO YEKA TENDER METHOD**

With the Amendments to Certain Laws and Mining Laws numbered 7501 (‘**Law No. 7501’**) published by the Presidency of the Republic of Türkiye in the Official Gazette dated May 11, 2024 and numbered 32543, several amendments were made to the Law No. 5346 on the Law On Usage Of Renewable Energy Resources For The Purpose Of Generating Electricity (‘**Law No. 5346’**).

**I. EXECUTIVE SUMMARY**

1. With the amendment made to Article 4 of Law No. 5346 by Law No. 7501, regulations have been enacted aiming to prevent investment delays. This allows the Ministry of Energy and Natural Resources to determine the rules and principles of the YEKA tender method within the scope of specifications, and abolishes the ceiling price application to establish a more dynamic structure.
2. With the amendment made to Article 6 of Law No. 5346, the contribution fee to be paid for the transition of unlicensed electricity generation facilities, which have completed their ten-year period, to licensed production has been increased and linked to YEKDEM prices. Furthermore, the contribution fee will be differentiated according to the types of facilities, and the license fee and other related matters will be determined by the Energy Market Regulatory Authority.

**II. AMENDMENTS INTRODUCED BY LAW NO. 7501**

1. With Law No. 7501, an amendment has been made to the second paragraph of Article 4, titled 'Identification, conservation and utilization of the source areas' of Law No. 5346, regulating the determination of the YEKA tender method by the Ministry of Energy and Natural Resources of the Republic of Türkiye (“**the Ministry**”) within the tender specifications.

Prior to the amendment of the law, regarding the competition (tender) principles for facilities to be established in renewable energy resource areas, it was regulated that the Ministry determined the ceiling price. Subsequently, the Renewable Energy Support Mechanism (“**YEKDEM**”) would be applied based on the lowest bid offered above this price. However, problems arose, such as delays in the implementation of investments due to the low price resulting from the competition and the offering of prices below the market electricity price by competitors, because of the high competition in auctions conducted through open tender method.

With the amendment, the provision regarding the minimum price to be offered above the ceiling price has been removed. It is now stipulated that the method of competition in YEKA tenders and all other principles will be regulated in the relevant tender specifications prepared by the Ministry prior to the competition. With this amendment, the aim is to introduce a more comprehensive approach and create a more dynamic structure by eliminating factors that delay investments depending on the changing conditions.

1. The amendment made to the second paragraph of Article 6, titled “RES Support Mechanism” of Law No. 5346 has increased the contribution fee to be paid by facilities within the scope of unlicensed generation activity that have completed their ten-year period and wish to transition to licensed electricity generation activity.

Prior to the amendment, facilities engaged in unlicensed electricity generation activities that had completed their ten-year period were required to pay a contribution fee to YEKA amounting to five percent of the hourly market clearing price of the electricity market during the license period in order to transition to licensed generation. Additionally, the contribution fee was regulated at the same rate for each type of facility, with no calculation method available that took into account the operating and resource costs of different facilities.

With the amendment, the contribution fee for the transitioning facilities engaged in unlicensed electricity generation activities that have completed their ten-year period to licensed generation activities has been correlated with YEKA prices. Accordingly, unlicensed generation facilities that have completed their ten-year period can transition to licensed generation activities by paying the difference if the sum of the license acquisition fee and the hourly market clearing price of electricity market during the license period exceeds the current YEKA price applied on a facility-type basis. This aims to ensure that facilities completing their ten-year period generate revenue consistently with facilities included in YEKA or acquired through competition, thereby enabling them to generate income in line with these facilities. Furthermore, unlike the previous regulation, since YEKA Support prices will now be determined by taking into account the volume, resource, and operating expenses of each facility. As a result, the contribution fee will be differentiated according to facility types. Additionally, it has been regulated that the license acquisition fee, license duration, and other aspects related to transitioning to licensed electricity generation activities for unlicensed electricity generation facilities will be separately determined by the Energy Market Regulatory Authority.

**III. ENTRY INTO FORCE**

The amendments brought to Law No. 5346 have entered into force as of the publication date.

***Please contact us for detailed information***

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*This memorandum has been prepared on 16 May 2024 for information purposes regarding the Amendment of Certain Laws and Mining Law numbered 7501 which entered into force upon publication in the Official Gazette on 11th May 2024 and numbered 32543.*

*Our assessments contained in this memorandum does not constitute legal advice or legal opinion and Aksu Çalışkan Beygo Attorney Partnership shall not be hold liable in any way for these assessments. It is recommended to obtain legal opinion for your inquiries within the scope of this memorandum.*



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