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Information Note on YEKA SPP-2024 Tenders

2024

On 4 November 2024 The Republic of Türkiye Ministry of Energy and Natural Resources (“**Ministry**”) announced its ‘Tender for the Allocation of Renewable Resource Areas and Connection Capacities Based on Solar Energy’ (“**YEKA SPP - 2024 Tender(s)**”) via publication in the Official Gazette numbered 32712. The Ministry also published the tender’s specifications (“**Specifications**”) and draft contract (“**Contract**”) on its website on the same date.

The YEKA SPP-2024 Tenders are regulated by the Renewable Energy Resource Areas Regulation which was published on 9 October 2016 in the Official Gazette numbered 29852. These tenders cover six (6) solar energy projects in Konya, Karaman, Malatya, Van, Antalya and Kütahya and aim to allocate a total connection capacity of 800 MWe while granting 49-year usage rights in these areas.

YEKA SPP-2024 Tender Projects and Connection Capacities:

The table below displays the cities, districts, area size and connection capacity information for the projects included in the YEKA SPP-2024 Tenders (each one a “**SPP**” and/or a “**Project**”):

Tender Name	City / District	Area Size	Connection Capacity (MWe)
G24-Karapınar SPP	Konya / Karapınar	6,43 km ²	385
G24-Karaman SPP	Karaman / Ayrancı	4 km ²	200
G24-Malatya SPP	Malatya / Darende	1,53 km ²	75
G24-Van SPP	Van / Saray	0,9 km ²	60
G24-Antalya SPP	Antalya / Gazipaşa	0,8 km ²	40
G24-Kütahya SPP	Kütahya / Aslanapa	0,73 km ²	40

Tender Application Procedure

Place and Date of Application: Applications for tenders will be received by hand-delivered mail addressed to the General Directorate of Energy Affairs of the Ministry at the Ministry’s address in Ankara between 10.00 am and 12.00 pm on 27 January 2025. The voucher or receipt amount required for each tender application is **50.000 (fifty thousand) Turkish Liras**. If an applicant wishes to apply for more than one tender, a separate voucher or receipt must be submitted for each tender.

The location, date and time of the YEKA SPP – 2024 Tenders will be announced on the Ministry’s website.

Participation Conditions: Bidders must be legal entities established as joint stock or limited liability companies in accordance with the Turkish Commercial Code; or foreign companies with capital company status. If a foreign company becomes an eligible bidder it must establish a joint stock or limited liability company in Türkiye with the same shareholding structure, or in which it holds a hundred percent share, by the date of the Contract’s signature.

Types and Amounts of Securities:

Provisional Security: Bidders must submit an unlimited letter of guarantee to the Ministry for **USD 15.000 (fifteen thousand United States Dollars)** per megawatt which is valid for 1 year, definitive, and fully or partially convertible into cash at the application stage for each tender.

Performance Security: Eligible bidders must submit an unlimited letter of security for the amount of **USD 30,000 (thirty thousand United States Dollars)** per megawatt which is definitive and valid for a period of 10 years. This must be fully or partially convertible into cash and submitted to the Ministry at the latest one (1) day Contract signing. Provisional security in the form of the letter of guarantee shall be returned to the eligible bidder.

YEKA SPP-2024 Tender Process and Procedures

Open Auction by Underbidding: The YEKA SPP – 2024 Tenders will begin with sealed financial bids within a predefined ceiling (**5.50 USD cents/kWh**) and floor (**3.25 USD cents/kWh**) price range. Subsequently, an open auction via the underbidding method will be applied among the five lowest bids. Bidders must submit their offers in a sealed envelope with the price written within

two decimal places. The Tender ends once the floor price or a lower bid is reached.

Determination of Contribution Fee: If the floor price is offered by a second bidder that bidder is deemed to have agreed to pay at least 10,000 USD per MW as a contribution fee. Contribution fee bids will then be collected via auction. The tender will conclude once the highest contribution fee is reached.

Contract Signing Process: The tender will be finalized with the approval of the Minister of Energy and Natural Resources and the eligible bidder invited to sign the Contract within 30 days. If the eligible bidder does not sign the Contract its security deposit will be forfeited and the opportunity extended to the remaining eligible bidders.

Contribution Fee Payment: The contribution fee must be paid to Enerji Piyasaları İşletme A.Ş. within 20 business days following the invitation to sign the Contract. The fee must be based on the Central Bank of Türkiye's foreign exchange selling rate. If the contribution fee is not paid within the specified time, the security will be forfeited and the opportunity extended to the remaining eligible bidders.

Electricity Prices, Purchase Period and Conditions

YEKA SPP-2024 Tender electricity purchase conditions, price ranges and periods are as follows:

Conditions	Details
Initial Ceiling Price	5.50 USD-cent/kWh
Initial Floor Price	3.25 USD-cent/kWh
Starting Point for Contribution Fee	USD 10.000 / MW
Period of Sale in the Free Market	60 months from the date of Contract signing
Electricity Purchase Period	20 years from the end of the sale period in the free market

Sale in the Free Market and Electricity Purchase Period: As per the table, electricity generated will be sold on the free market for 60 months (5 years) from date of Contract signing. Electricity generated for 20 years after the end of the sales period in the free market will be purchased at the determined purchase price.

YEKDEM Commitment: The Ministry undertakes to evaluate electricity generated by the SPP within the scope of the Renewable Energy Resources Support Mechanism (“**YEKDEM**”) and that prices paid will be in accordance with the Specification and Contract, even if there is a change in YEKDEM.

Exemption from Transmission Fees: Fees paid to the Turkish Electricity Transmission Company (TEİAŞ) that are within the scope of the transmission fee during the electricity purchase period will be reimbursed within the scope of YEKDEM.

Financial Predictability: Exemption from transmission fees and currency-based pricing will contribute to the Project’s financing and financial sustainability. These advantages are expected to increase financial predictability by reducing risks for investors. While currency-based pricing provides protection against inflation and exchange rate fluctuations, exemption from transmission fees will support cash flow by reducing operating costs.

Other Important Conditions of the Tender

Individual Energy Source Condition: During the term of the Contract electricity at a SPP must be

generated exclusively by solar power and the SPP cannot be used for any other purpose.

Local Content Requirement: Solar modules must be produced in factories located in Türkiye (excluding free zones) and, if procured from domestic manufacturers operating outside free zones, in accordance with the minimum local content requirements. Solar modules and parts must meet these and other requirements specified in the Annexes of the Specification. Solar modules are expected to achieve a minimum local content rate of at least 75% and must obtain a Domestic Goods Certificate. Solar cells used in the production of solar modules must be domestically produced using a minimum amount of raw wafer (gray wafer that has not been subjected to chemical treatment) by applying subsequent processes.

Where an inverter is used at the local content rate specified in the Annex of the Specification, 0.3 USD-cent/kWh will be added to the unit electricity purchase price for the first 5 years of the electricity purchase period (as specified in the table above).

Primary Obligations for the SPP: The Contract awardee is liable for all feasibility, permit and approval procedures and costs required to commission the SPP. The Project must be connected to the electricity transmission/distribution system in accordance with the relevant legislation including necessary measures to ensure public and property safety. The Contract awardee is accountable for implementing safety, occupational health, and environmental measures and may not seek compensation from the Ministry for any third-party damages. The Contract awardee is also responsible for recycling end-of-life equipment and its removal from the site where necessary.

Pre-License, License, and Construction Period:

The pre-license period for each SPP is a maximum of 24 (twenty-four) months. The license duration for each SPP to be established under the Contract is 49 (forty-nine) years. The construction period from the license's date of issuance is a maximum of 24 (twenty-four) months for SPPs with a capacity below 100 MWe and 36 (thirty-six) months for SPPs with a capacity above 100 MWe.

Electrical Capacity Increase: No increase in the electrical capacity of the SPP is allowed during the Contract period.

Storage Facility: An electricity storage unit may be established at the SPP site provided it is located at the same measurement point and does not exceed license capacity. However, only electricity generated at the SPP may be stored in the unit during the sales period in the free market.

Conclusion

The YEKA SPP-2024 Tenders represent an important strategic step for Türkiye in expanding its renewable energy capacity and diversifying its energy portfolio. Focusing on solar power generation contributes to the goals of increased energy supply security and reducing dependence on energy imports. They will also be influential in boosting domestic production and supporting technological development.

For more information on YEKA SPP-2024 Tenders and application processes please contact us.



GenTemizer is a Turkish law firm based in Istanbul, Türkiye. We advise various businesses in relation to their investments, M&A, competition law/antitrust, project financing and construction projects as well as on operational and dispute resolution matters in the context of the Turkish regulatory framework. We have also advised investors in relation to government sponsored privatisation projects.

We are listed in *Legal 500*, *IFLR1000* and *Chambers and Partners* as one of the leading law firms in Türkiye. Each of our partners have also been recognised as one of the leading lawyers in Türkiye. We understand and can meet the demanding requirements and innovative, responsive thinking required for an investment transaction in Türkiye.

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