

## LAW

**ENERGY EFFICIENCY LAW**

Law No. 5627

Adoption Date: 18/4/2007

**PART ONE****Purpose, Scope and Definitions****Purpose**

ARTICLE 1 – (1) The purpose of this Law is to increase efficiency in using energy sources and energy in order to use energy effectively, avoid waste, ease the burden of energy costs on the economy and protect environment.

**Scope**

ARTICLE 2 – (1) This law covers principles and procedures applicable to increasing and promoting energy efficiency in energy generation, transmission, distribution and consumption phases at industrial establishments, buildings, power generation plants, transmission and distribution networks and transport, raising energy awareness in the general public, and utilizing renewable energy sources.

(2) Outside the scope of this Law are those buildings which would have to change characteristics or appearances at an unacceptable level upon the implementation of measures for increasing energy efficiency, are used for operation and production activities in the industrial areas, are used as worship places, have less than two years of scheduled period of utilization, are used less than 4 months in a year, have less than fifty square meters of usable area, those buildings or monuments under protection, agricultural buildings and workshops.

**Definitions**

ARTICLE 3 – (1) The following terms shall have the following meanings:

- a) Ministry means the Ministry of Energy and Natural Resources,
- b) General Directorate means the General Directorate of Electrical Power Resources Survey and Development Administration,
- c) Board means the Energy Efficiency Coordination Board,
- d) Public Sector means collectively the public agencies and institutions, professional organizations of the nature of a public institution, universities and local governments,
- e) Chambers of profession means the chambers of electrical and mechanical engineers,
- f) Company means energy efficiency consulting companies to be issued an authorization certificate to provide energy efficiency services under the authorization agreement concluded with the General Directorate or authorized institutions,
- g) Authorized institutions means the chambers of profession and universities authorized by the General Directorate upon the approval of the Board to conduct activities of training, authorization and monitoring under the authorization agreement concluded,

**Disclaimer:**

The English version of this Law is intended to assist interested foreign parties. There may be discrepancies between the Turkish and English versions. In case such discrepancies occur, the Turkish version shall prevail.

h) TOE means Ton Oil Equivalent

i) Waste means used tires, paint sludge, solvents, plastics, waste oils approved by the Ministry of Environment and Forestry as fuel and other waste,

j) Building owner means the beneficial owner of the building, or the holder of usufruct if any, or in absence of both, any party acting as if the owner,

k) Industrial establishments means, except for the licensed entities engaged in electricity generation, those which have one thousand TOE or more of total annual energy consumption, operate in affiliation with a chamber of commerce and industry, chamber of commerce or chamber of industry, and produce any goods,

l) Energy identity certificate means the certificate that includes information on the minimum energy requirements, energy consumption classification, insulation characteristics, and efficiency of heating and/or cooling systems of a building,

m) Energy efficiency means reducing the energy consumption without causing any decline in the living standards and service quality in buildings, and production quality and quantity in industrial establishments,

n) Audit means works consisting of data collection, measurement, assessment and reporting phases conducted to identify possibilities to increase energy efficiency,

o) Energy efficiency services means consulting, training, audit and implementation services on energy efficiency,

p) Energy intensity means the amount of energy consumed to produce one unit of output,

q) Energy manager and certificate means the person who holds an energy manager certificate and is in charge of carrying out activities relating to energy management in the industrial establishments and buildings covered under this Law, and the certificate issued to energy managers by the General Directorate, authorized institutions and energy efficiency consulting companies,

r) Energy management means training, audit, measurement, monitoring, planning and implementation activities in order to ensure efficient use of energy sources and energy,

s) Payback period means the period of time in which the investment outlays needed in the projects the industrial establishments prepare, or procure the companies to prepare, in order to increase efficiency in their existing systems are recouped through savings projected in the projects,

t) Cogeneration means simultaneous generation of heat and electric and/or mechanical energy in the same plant,

u) Implementation agreement means an agreement made by the companies to realize the implementation of measures identified by audits,

v) Burning facilities means those facilities where fuels are burned and associated parts, and heat producing facilities including waste gas systems,

w) Authorization certificate means the certificate issued to universities and chambers of professions under the authorization agreements by the General Directorate upon the approval by the Board in order to engage in training, authorization and monitoring activities, and to the companies by the General Directorate, chambers of profession or universities to engage in training, audits, consulting and implementation activities.

**Disclaimer:**

The English version of this Law is intended to assist interested foreign parties. There may be discrepancies between the Turkish and English versions. In case such discrepancies occur, the Turkish version shall prevail.

## **PART TWO**

### **Board and Authorizations**

#### **Energy Efficiency Coordination Board**

ARTICLE 4 – (1) An Energy Efficiency Coordination Board shall be established to carry out energy efficiency studies within all relevant organizations all over the country, monitor its results and coordinate efforts. The General Directorate shall monitor the implementation of decisions made by the Board, and secretariat services.

(2) The Board shall, under the chair of the assistant undersecretary in charge of the General Directorate, consist of senior representatives, one from each of the Ministries of Interior, Finance, National Education, Public Works and Housing, Transport, Industry and Commerce, Environment and Forests, the Ministry, the Undersecretariat of the State Planning Organization, the Undersecretariat of Treasury, the Energy Market Regulatory Authority, Turkish Standards Institute, Turkish Scientific and Technological Research Institution, Turkish Union of Chambers and Commodity Markets, Turkish Union of Chambers of Engineers and Architects, and Turkish Association of Municipalities.

(3) The Board shall have the following functions, authorities and responsibilities:

a) Prepare national energy efficiency strategies, plans and programs, assess their effectiveness, coordinate their revision as necessary, taking and implementing new measures.

b) Steer energy efficiency studies carried out by the General Directorate, approve the authorization certificates issued by General Directorate to chambers of profession and universities in promoting energy efficiency services.

c) Approve the implementation projects prepared, or procured through the companies, by the industrial establishments which wish to benefit the practice under subparagraph (a) of the first paragraph of Article 8 and subparagraph (a) of the first paragraph of Article 9 and voluntary agreements under subparagraph (b) of the first paragraph of Article 8, and monitor results of the implementation.

d) Establish ad hoc specialty commissions by the participation from the relevant public agencies and institutions, universities, private sector and civil society organizations, with expenses covered from the General Directorate's budget, under the functions assigned to the Board and where it deems necessary.

e) Set the agenda of, and identify the participants in, the advisory committee meetings organized by the General Directorate every November by the participation of authorized institutions, companies, chambers of profession in the nature of public institutions and civil society organizations, and approve proposals for measures.

f) Set and publish the fees for authorization certificates and energy manager certificates every January.

(4) The Board shall ordinarily convene four times a year in March, June, September and December. Further, where the Chairman of the Board deems necessary, it may convene extraordinarily. The quorum for meeting is two thirds majority, and resolutions shall be passed by the majority of those present. Where votes tie, the Chairman shall have the casting vote.

(5) The Board Chairman and members shall be paid, from the General Directorate's Budget, attendance allowance for each day of meeting not to be more than four times a year, at the amount found by the multiplication of (2.000) index figure by the public servant's salary coefficient

#### **Disclaimer:**

The English version of this Law is intended to assist interested foreign parties. There may be discrepancies between the Turkish and English versions. In case such discrepancies occur, the Turkish version shall prevail.

for those who hold a public function, and (3.000) index figure times the public servant's salary coefficient for those who do not hold a public function.

### **Authorizations**

ARTICLE 5 – (1) Authorizations for the performance of energy efficiency services, and activities in this context shall be carried out under the following principles.

a) Actions for authorizations and authorization certificates are as follows:

1) Universities and chambers of profession shall be issued authorization certificates by the General Directorate upon the Board's approval for conducting practical training and authorizing the companies. Such certificates shall be renewed every five years unless procedures and principles as defined in this Law and associated regulations have been or are violated. Actions relating to authorization certificates issued to the companies by those institutions whose authorization certificates have not been renewed shall be handled by the General Directorate until the expiry.

2) The companies shall be issued authorization certificates by the General Directorate and/or authorized institutions for carrying out training, audit, consulting and implementation activities. Such certificates shall be renewed every three years unless procedures and principles as defined in this Law and associated regulations have been or are violated. The companies shall pay to the institutions or organizations with which they made authorization agreements the entire amount of the authorization certificate fee, and a portion not to be more than ten percent of the energy manager certificate fee as determined by the Board.

b) The authorized institutions and companies shall be announced to the public by the General Directorate.

c) The General Directorate, authorized institutions, companies and their officers acting on behalf of them are obliged to keep confidential the business secrets which they come to possess during their works relating to energy efficiency and which might damage business relations of their clients. Those under such obligation of confidentiality may not use such confidential information to their own benefits or third party benefits.

d) The General Directorate and authorized institutions shall carry out the following activities:

1) The General Directorate or authorized institutions issue authorization certificates to the companies, carry out training and certification activities for energy managers.

2) The authorized institutions shall monitor the activities of the companies to which they have issued authorization certificates, and report within thirty days to the General Directorate any matters violating the provisions of the regulation to be issued by the Ministry for the implementation of this Law.

3) The General Directorate shall prepare or procure to prepare training programs, contests, short films and/or cartoons for awareness raising and information to be broadcast in television and radio channels.

4) Authorized institutions shall submit an annual activity report to the General Directorate.

e) The companies shall have the following functions:

1) Carry out training, certification, audit and consulting activities under service contracts made with industrial establishments, building owners or management.

2) Prepare projects for implementing the measures identified by energy efficiency audits.

### **Disclaimer:**

The English version of this Law is intended to assist interested foreign parties. There may be discrepancies between the Turkish and English versions. In case such discrepancies occur, the Turkish version shall prevail.

3) Implement changes according to the projects under implementation agreements and guarantee energy savings quantity.

4) Submit an annual report to the authorizing institution.

f) A company which fails, in the presence of the representatives of the relevant industrial establishment and the authorizing institution, to prove the guaranteed commitment for the energy saving quantity under the implementation agreement made by measurements prior to and after the implementation shall be announced in the Internet website by the authorizing institution. The authorization certificate for a company which fails three such commitments shall be revoked with a possibility of renewal one year later.

g) The quantities of savings under the implementation agreements proved by the companies by measurements shall be announced in the Internet website by the authorizing institutions.

(2) A regulation to be issued by the Ministry shall lay down the principles and procedures for the issue of authorization certificate, qualifications required of institutions and companies to be authorized, matters relating to authorization certificates and energy managers, and authorizations, activities and functions under this Article.

## **PART THREE**

### **Training, Awareness Raising and Implementations**

#### **Training and awareness raising**

ARTICLE 6 – (1) Training and awareness raising activities shall be carried out under the following principles to promote effectiveness of energy efficiency services and energy awareness.

a) Within the framework of procedures and principles laid down by the regulation to be issued by the Ministry:

1) Theoretical and practical training programs shall be organized for the companies by the General Directorate and/or authorized institutions, and for the energy managers by the General Directorate, authorized institutions and companies.

2) The General Directorate or authorized institutions shall provide laboratory support to the training programs of the companies with which they have concluded authorization agreements.

b) In order to provide theoretical and practical information on the basic concepts relating to energy and energy efficiency, the general state of energy in Turkey, energy sources, energy generation techniques, efficient use of energy in daily life, importance of energy efficiency for climatic changes and environmental protection, the Ministry of National Defense conducts classes and training programs in military high schools and inductee training centers, and the Ministry of National Education shall make necessary arrangements in the course programs of formal and adult education institutions, and the public agencies and institutions shall make arrangements for their in-service programs.

c) The following activities shall be carried out to raise awareness of the general public for efficient use of energy.:

1) Television and radio channels making national and/or regional broadcast shall broadcast training programs, contests, short films and/or cartoons prepared or procured to prepare by the General Directorate between 07.00 and 23.00 hours not to be less than thirty minutes in total in a

#### **Disclaimer:**

The English version of this Law is intended to assist interested foreign parties. There may be discrepancies between the Turkish and English versions. In case such discrepancies occur, the Turkish version shall prevail.

month under the awareness raising and information training programs pursuant to Article 31 of the Law no.3984 dated 13.04.1994 on Establishment and Broadcast of Radios and Televisions.

2) Legal entities which sell electricity and/or natural gas under licenses shall offer the information on their consumption quantities and the corresponding costs for the previous fiscal year on a monthly basis to their customers in the Internet environment.

3) Producers and importers shall include a separate section for efficient use of appliance in terms of energy consumption in the user guide of appliances which must be sold accompanied by a user guide in Turkish as determined and announced by the Ministry of Industry and Commerce. The enforcement of this provision shall be supervised by the Ministry of Industry and Commerce.

4) The General Directorate shall organize an Energy Efficiency Week in the second week of every January in cooperation with the Ministry of National Education, Turkish Scientific and Technological Research Institution, Turkish Union of Chambers and Commodity Markets. Activities in this context shall be identified by the Board.

### **Implementations**

ARTICLE 7 – (1) The following Implementations shall be realized to increase energy efficiency.

a) The following activities shall be carried out for energy management:

1) Industrial establishments shall nominate one of their employees as the energy manager. An energy management unit shall be established in the organized industrial districts to serve industrial establishments in the district each with less than one thousand TOEs of energy consumption.

2) The management, or in its absence the owners, of commercial buildings, service buildings or public sector buildings with at least twenty thousand square meters of construction area or with annual energy consumption at five hundred TOEs or more shall appoint an energy manager or procure service from energy managers.

3) In the industrial establishments not in the public sector and with annual energy consumption at fifty thousand TOEs or more, an energy management unit under the charge of the energy manager. Those industrial establishments which have a quality management unit in the organization may appoint such unit as the energy management unit.

4) Principles and procedures relating to the functions and responsibilities of the energy managers and energy management units shall be laid down in a regulation to be issued by the Ministry. Principles and procedures relating to appointing an energy manager in the schools under the Ministry of National Education shall be laid down in a regulation prepared in cooperation with the Ministry and issued by the Ministry of National Education.

b) The following activities shall be carried out for monitoring, analysis and projection studies:

1) The General Directorate shall, in cooperation with authorized institutions, prepare and issue inventories and future projections for the development of energy efficiency in the country, industrial establishments and buildings by region and sector, and the General Directorate shall prepare and issue the annual reports containing facts and assessments for the public sector.

2) Industrial establishments and the owners and/or management of buildings which must employ an energy manager shall submit the required information to the General Directorate, and those public agencies and institutions which must employ an energy manager shall submit the

#### **Disclaimer:**

The English version of this Law is intended to assist interested foreign parties. There may be discrepancies between the Turkish and English versions. In case such discrepancies occur, the Turkish version shall prevail.

reports in the format laid down the General Directorate and containing energy consumption information and own assessments by the end of every March. Industrial establishments shall allow access for the General Directorate for on-site examinations.

c) Buildings with a central heating system shall use systems that allow the distribution of heating costs based on the quantity of heat consumption by central or local heat or temperature control devices. Projects prepared contrary to this shall not be approved by the relevant authorities.

d) A regulation to be jointly prepared by the Turkish Standards Institute and the General Directorate and issued by the Ministry of Public Works and Housing shall lay down the principles and procedures for the energy performance in buildings that covers norms, standards, minimum performance criteria, data collection and control procedures on architectural design, heating, cooling, heat insulation, hot water, electrical installation and lighting to be used in buildings used for residential purposes with total construction surface areas as indicated in the regulation, commercial buildings and service buildings. In case of acts contrary to the provisions of the regulation, the relevant administration shall not permit the utilization of such buildings.

e) An energy identity certificate shall be issued under the construction projects prepared according to the regulation to be issued by the Ministry of Public Works and Housing. The energy identity certificate shall, as a minimum, have the information on the building's energy requirements, insulation characteristics, efficiency of heating and/or cooling systems, energy consumption classification. The other information that must be included in the certificate and procedures and principles relating to the practice including the renewal of the certificate and existing buildings shall be laid down in a regulation to be jointly prepared with the Ministry and issued by the Ministry of Public Works and Housing. For buildings outside the adjacent areas and with less than one thousand square meters of construction surface area, it is not mandatory to have an energy identity certificate.

f) A regulation to be issued by the Ministry shall lay down the principles and procedures relating to increasing energy efficiency in the electric energy generation plants and transmission and distribution networks, demand side management, utilization of waste heat in thermal plants, open area lighting encouraging alternative fuels such as biofuel and hydrogen.

g) A regulation to be jointly prepared with the Ministry of Industry and Trade and issued by the Ministry of Transport shall lay down the principles and procedures relating to reducing unit fuel consumption of vehicles manufactured in the country, raising efficiency standards in vehicles, generalizing mass transport, installing advanced traffic signalization systems for increasing energy efficiency in transport.

h) During the studies conducted at industrial establishments and buildings, it is mandatory to use devices calibrated and labeled by accredited national or international organizations.

i) Permission shall not be granted for the sale of those boilers and burners in the burning facilities, apartment heaters and combination boilers which do not meet the minimum efficiency thresholds specified by the regulation to be jointly prepared with the General Directorate and issued by the Ministry of Industry and Commerce.

i) Principles and procedures for the classification and minimum efficiency specification of electric motors, air-conditioners, electrical home appliances and light bulbs shall be laid down in a regulation to be jointly prepared with the General Directorate and issued by the Ministry of Industry and Commerce, and those not meeting the minimum thresholds shall not be allowed to sell.

**Disclaimer:**

The English version of this Law is intended to assist interested foreign parties. There may be discrepancies between the Turkish and English versions. In case such discrepancies occur, the Turkish version shall prevail.

## **PART FOUR**

### **Supports and Other Implementations**

#### **Supports**

ARTICLE 8 – (1) Implementations relating to supporting energy efficiency implementation projects, reducing energy intensity, and research and development projects shall be carried out according to the following principles and procedures.

a) Energy efficiency implementation projects shall be supported according to the following principles:

1) Those implementation projects which are submitted by industrial establishments to the General Directorate, approved by the Board upon the affirmative opinion of the General Directorate, have a payback period of at most five years, and cost at most five hundred thousand Turkish liras by the project cost shall be subsidized up to twenty percent of the cost.

2) Legal entities with subsidized efficiency increasing projects shall implement such projects in their establishments within two years. Applications exceeding this time limit or implemented differently than the project shall not be subsidized. Implementation reports containing pre- and post-implementation information and images shall be submitted to the General Directorate. The General Directorate shall inspect the implementation results on site.

3) Principles and procedures relating to subsidizing the implementation projects for increasing energy efficiency shall be laid down in a regulation to be issued by the Ministry.

b) The following applications shall be realized for reducing energy intensity:

1) Twenty percent of the energy costs shall be paid for the year of agreement for the industrial establishments owned by natural or legal persons who make voluntary agreements with the General Directorate committing to reduce the energy intensity at least ten percent on the average within three years for the undertaking and who keep such commitment, considering the budgetary means and not to exceed one hundred thousand Turkish Liras.

2) Those natural or legal persons who, in their undertakings, keep their commitments under the item (1) of this subparagraph, but increase their energy intensity in later years may not make a second agreement with the General Directorate.

3) Energy generated by those natural and legal persons, who conclude voluntary agreements, from the energy consumed in the industrial establishments, in the heat and electric energy conversion facilities by modern waste burning techniques, in the cogeneration facilities described in the subparagraph (a) of the first paragraph of Article 9 and manufactured in the country or generated using hydraulic, wind, geothermal, solar and biomass sources shall not be taken into account in the calculation of energy intensity.

4) Changes in energy densities in the industrial establishments without voluntary agreements owned by natural or legal persons who own more than one industrial establishment shall be separately examined by the General Directorate.

5) Qualifications required in the industrial establishments for which voluntary agreements shall be concluded, methods of calculating energy intensity and other principles relating to voluntary agreements including forces majeure shall be laid down in a regulation to be issued by the Ministry.

#### **Disclaimer:**

The English version of this Law is intended to assist interested foreign parties. There may be discrepancies between the Turkish and English versions. In case such discrepancies occur, the Turkish version shall prevail.



c) Necessary appropriations shall be added to the budget of the General Directorate for subsidizing energy efficiency implementation projects and energy intensity reduction. Appropriations allotted and used for subsidies, projects subsidized, voluntary agreements, industrial establishments that reduce or increase energy intensities, training and awareness raising activities shall be posted in the website of the General Directorate.

d) The Turkish Scientific and Technological Research Institution shall in priority subsidize research and development projects for increasing energy efficiency projects and utilizing new and renewable energy projects; and consult the opinion of the General Directorate for directing and assessing such projects.

### **Other implementations**

ARTICLE 9 – (1) The following implementations shall be realized to increase energy efficiency:

a) Those projects which are prepared to increase energy efficiency in the existing systems of industrial establishments, approved by the Board and have minimum investment size above the threshold set by the Council of Ministers, and those cogeneration investments which achieve annual average efficiency values defined in the regulation to be issued by the Ministry based on the fuel types and technologies used shall be allowed by the Undersecretariat of Treasury to benefit from investment incentives.

b) For small and medium scale enterprises, training, audit and consulting services for energy efficiency procured by enterprises defined in the Law no.3624 dated 12.04.1990 on Establishment of the Directorate of Small and Medium Scale Industry Development and Support Administration shall be subsidized by the Directorate of Small and Medium Scale Industry Development and Support Administration. Principles and procedures for such practice shall be laid down in a regulation to be prepared jointly with the Ministry and issued by the Ministry of Industry and Commerce.

c) No fees shall be charged for authorization certificates and energy manager certificates of the companies established by the foundations.

## **PART FIVE**

### **Administrative Sanctions and Miscellaneous Provisions**

#### **Administrative sanctions and application**

ARTICLE 10 – (1) Administrative sanctions within the framework of the following principles shall be applied to natural or legal persons as a result of fact finding and/or inspections conducted by the bodies authorized to impose administrative fines under this Law.

a) The following cases require administrative sanctions:

1) Where the provisions of the regulation to be issued relating to authorizations under Article 5 are violated, the authorization certificates of institutions authorized according to principles and procedures laid down in the authorization agreement shall be revoked by the General Directorate upon the Board's approval, and the authorization certificates of the companies shall be revoked by the institution with which they have concluded agreements. Those institutions or companies with authorization certificates revoked shall not be re-issued certificates for at least five

#### **Disclaimer:**

The English version of this Law is intended to assist interested foreign parties. There may be discrepancies between the Turkish and English versions. In case such discrepancies occur, the Turkish version shall prevail.

years. Agreements concluded with the companies by the authorized institutions with authorization certificates revoked shall be examined by the General Directorate, and those agreements not meeting the requirements of the regulation shall be cancelled. Those agreements that meet the requirements of the regulation shall be renewed by the General Directorate.

2) Where the information required under Articles 5, 7, 8, and 9 is not provided or access for examination is denied, thirty days shall be allowed to provide the required information and/or access. An administrative fine of ten thousand Turkish Liras shall be imposed if the information provided by the end of the time allowed is inaccurate or incomplete, or fifty thousand Turkish Liras if the information is not provided at all and/or the access for on-site inspection is denied.

3) An administrative fine of five hundred Turkish Liras shall be imposed where the other information required under this Law and relevant regulations except for the item (2) of this subparagraph is not provided accurately and as required.

4) Those who use to their self interests the trade secrets indicated in subparagraph (c) of the first paragraph of Article 5 shall be barred from serving in the organizations covered under this Law for a period not to be less than two years.

5) Provisions of the item (1) of this subparagraph shall apply to those companies which are reported to the General Directorate for having violated the provisions of this Law and issued regulations under the item (2) of the subparagraph (e) of the first paragraph of Article 5.

6) Provisions of the Law no.3984 shall apply to those who fail to observe the broadcast obligations specified in the item (1) of the subparagraph (c) of the first paragraph of Article 6.

7) An administrative fine of five thousand Turkish Liras shall be imposed to legal persons where the provisions relating to the item (2) of the subparagraph (c) of the first paragraph of Article 6.

8) Where the industrial establishments and building owners or management act contrary to the subparagraph (a) of the first paragraph of Article 7 and relevant regulation provisions, they shall be warned to remedy the violation. If the violation is not remedied within thirty days, an administrative fine of twenty thousand Turkish Liras shall be imposed to such industrial establishments and building owners or management.

9) The Ministry of Industry and Commerce shall impose an administrative fine of twenty thousand Turkish Liras to natural and legal persons who make sales contrary to subparagraphs (i) and (j) of the first paragraph of Article 7.

b) Except for the item (9) of the subparagraph (a) of this paragraph, the administrative fines shall be doubled if the same offense is repeated within one year from the administrative fine.

c) Where the amount of fines imposed on the industrial establishments, building owners or building management pursuant to items (2), (3) and (8) of the subparagraph (a) of this paragraph exceed twenty percent of the total energy expenditures of the previous fiscal year or five percent of the revenues in the balance sheet for the previous fiscal year of the fined natural or legal person, the lower of the fines shall be assessed as calculated with respect to both thresholds provided that the balance sheet and energy consumption documents are shown within thirty days.

d) The General Directorate shall impose the administrative sanctions unless such sanctions are to be imposed by another public agency or institution under this Law.

e) The liability of legal persons for administrative fines shall be determined according to Article 65 of the Turkish Commercial Code no.6762 dated 29.06.1956.

**Disclaimer:**

The English version of this Law is intended to assist interested foreign parties. There may be discrepancies between the Turkish and English versions. In case such discrepancies occur, the Turkish version shall prevail.

## **Powers of the Ministry**

ARTICLE 11 – (1) The Ministry is, in addition to the powers listed in other articles, authorized to:

a) Ensure, through the Board, the coordination of the enforcement, directing, monitoring, evaluation of obligations under this Law, planning and implementing of the measures to be taken.

b) Reduce to half or increase up to twice the numerical threshold values defined for the appointment of an energy manager or the establishment of an energy management unit under the subparagraph (a) of the first paragraph of Article 7.

c) Reduce to half or increase up to twice the project cost and subsidies provided to projects under the item (1) of the subparagraph (a) of the first paragraph of Article 8, and reduce to half or increase up to twice the energy intensity reduction rate and subsidy amount indicated in the item (1) of the subparagraph (b) of the first paragraph of Article 8.

## **Exceptions**

ARTICLE 12 – (1) The Turkish Armed Forces, the Ministry of National Defense and affiliated organizations, and the Undersecretariat of the National Intelligence Organization are exempt from the provisions of the item (2) of the subparagraph (b) and (e) of the first paragraph of Article 7. Procedures and principles of implementation regarding the provisions under the subparagraph (a) of the same article shall be laid down by the said institutions.

ARTICLE 13 – Article 2 of the Law no.2819 dated 14.06.1935 on Establishing General Directorate of Electrical Power Resources Survey and Development Administration, has been amended as follows:

"ARTICLE 2- The functions of the E.I.E. Administration are as follows:

a) Make measurements relating to assessing all energy sources with priority for hydraulic, wind, geothermal, solar, biomass and other renewable energy sources, prepare feasibility studies and exemplary implementation projects, develop pilot systems in cooperation with research organizations, local governments and civil society organizations, carry out promotion and consulting activities.

b) Provide awareness raising and training services relating to rational use of energy in industry and buildings, authorize and inspect universities, chambers of profession and legal persons to provide the same services, conduct the secretariat services for the Energy Efficiency Coordination Board.

c) Monitor, evaluate works made by the relevant ministries and bodies, develop measures and/or project proposals for effective and efficient use of energy in transport, electric energy generation plants, transmission and distribution systems.

d) Monitor and inspect the energy efficiency implementation projects and research and development projects approved by the Energy Efficiency Coordination Board.

e) Monitor and evaluate the occurrence of harmful waste and emissions of interest to the environment from the energy consumption points, prepare projections and proposals for measures.

f) Follow and evaluate works and developments on energy in the country and the world, set research and development goals and priorities for the needs and conditions of the country, conduct

### **Disclaimer:**

The English version of this Law is intended to assist interested foreign parties. There may be discrepancies between the Turkish and English versions. In case such discrepancies occur, the Turkish version shall prevail.

and procure to conduct research and development studies in this direction, disclose to the public the studies with economic analyses.

g) Ensure that all stakeholders of energy access accurate and updated information, make and update a national energy inventory, establish and operate a national energy information management center to support the planning, projection, monitoring and evaluation works.

h) Develop projections and proposals to utilize domestic and renewable energy sources and increase energy efficiency.

i) Make activities to raise energy awareness and utilize new energy technologies in the general public.

j) Make coordination between public agencies and institutions, universities, private sector and civil society organizations for effective and efficient cooperation on energy efficiency.

k) Make activities to inform and raise awareness of the general public on energy related matters.

l) Cooperate and exchange information with national and international organizations in other countries.

m) Form opinions, under the regulation to be issued by the Ministry, for the applications to obtain licenses for wind energy according to the Electric Market Law no.4628 dated 20.02.2001 and the Electric Market License Regulation issued based on this Law.

The E.I.E. Administration shall perform its functions under the following principles:

a) The E.I.E. Administration is authorized to require any information deemed necessary under its functions from natural and legal persons. Natural and legal persons must provide the information required. The E.I.E. Administration shall keep confidential the information and documents that might harm the national security, safety and economic interests, and business relations of natural and legal persons.

b) The E.I.E. Administration may be seconded, upon the consent of the relevant persons and their organizations, and the approval of the Minister, with personnel of adequate quantity and qualifications as required for the projects and research from the ministries and affiliated and associated organizations, universities and other public agencies and institutions for activities of preparing projects and other matters in the jurisdiction of the said Administration that require specialist knowledge. However, the term of work for the personnel so seconded shall not exceed two years and, in any case, the term of the project. Where the project term is longer than two years, the term of work for the said persons may be extended as long as the initial period upon the approval of the Minister. The personnel so seconded shall be considered at leave from their parent agencies, and all their remuneration, allowances, pays and increases and other financial and social benefits shall be paid by their parent agencies.

c) The General Directorate of E.I.E. Administration shall establish and operate hydrometric measurement stations and make drillings when performing its functions. A Strategy Development Division shall be established at the center. This Division shall perform functions listed in Article 60 of the Law no.5018 on Public Financial Management and Control.

d) Penalties specified in Articles 247 to 266 of the Turkish Penal Code no.5237 dated 26.09.2004 shall apply to offenses against the property and all assets of the E.I.E. Administration."

ARTICLE 14 – The following subparagraphs have been added to the third paragraph of Article 1 of the Electric Market Law no.4628 dated 20.02.2001.

**Disclaimer:**

The English version of this Law is intended to assist interested foreign parties. There may be discrepancies between the Turkish and English versions. In case such discrepancies occur, the Turkish version shall prevail.

"51. Cogeneration means simultaneous production of heat and electrical and/or mechanical energy in the same plant,

52. Micro-cogeneration plant means any cogeneration plant with installed power based on electric energy at 50 kilowatts or less,"

ARTICLE 15 – The following paragraphs added to the end of Article 3 of the Law no.4628.

"The relevant regulation shall lay down those natural and legal persons who establish cogeneration plants in order to meet self requirements only, at efficiency above the threshold set in the regulation to be issued in the Ministry, and are to be exempted from the obligation to obtain licenses and establish companies.

Those natural and legal persons who establish a production plant, in order to meet self requirements only, with installed power maximum at two hundred kilowatts based on renewable energy sources, and a micro-cogeneration plant are exempted from the obligation to obtain licenses and establish companies.

The Agency shall require security for existing generation licenses and license applications. Matters relating to obtaining security and appropriation of such securities shall be laid down in the relevant regulation."

ARTICLE 16 – The fourth and fifth paragraphs of Article 42 of the Condominium Ownership Law no.634 dated 23.06.1965 have been amended as follows.

"The heat insulation, the conversion the fuel system in the heating system, and the conversion of the heating system from a central system to an individual system or from an individual system to a central system upon the request of any of the condominium owners shall be decided by the majority of the number and land share of the condominium owners. However, unanimous vote by the number and land share of the condominium owners shall be required to convert the central heating system to an individual heating system for buildings with a total construction surface area of two thousand square meters or above. The expenses for common works on this matter shall be paid in proportion to the land share. Procedures and principles relating to distributing the heating costs in the central heating system shall be laid down in a regulation to be issued by the Ministry of Public Works and Housing.

Where it is decided to convert the heating system from central to individual or vice versa, the provisions of the management plan contrary to such decision shall be considered amended."

ARTICLE 17 – Article 6 of the Law no.5346 dated 10.05.2005 on Utilization of Renewable Energy Sources for Electric Energy Generation has been amended as follows.

"ARTICLE 6 – The following implementation principles shall apply to legal entities licensed for electric energy generation and trade from renewable energy sources under this Law:

a) Legal persons licensed for retail sale shall purchase electric energy according to principles laid down in this article from the RES certified plants which generate electric energy from renewable energy sources under this Law and have not completed ten years of operation.

b) The EMRA shall publish every year the information on the quantity of RES certified electric energy that could benefit from the practice under this Law. Each of the legal persons licensed for retail sale shall purchase RES certified electric energy at the ratio of the electric energy quantity they sold in the previous calendar year to the total quantity of electric energy they sold in the country.

**Disclaimer:**

The English version of this Law is intended to assist interested foreign parties. There may be discrepancies between the Turkish and English versions. In case such discrepancies occur, the Turkish version shall prevail.

c) The price applicable to electric energy to be purchased under this Law shall be the country average electric wholesale price for the previous year set by the EMRA. However, this applicable price shall not be less than the Turkish Lira equivalent of 5 Euro Cents per kWh, and more than 5.5 Euro Cents per kWh. However, legal persons licensed for renewable energy sources may benefit the possibility above the threshold of 5.5 Euro Cents per kWh if such possibility does exist in the market.

Practice in this article shall cover plants commissioned prior to 31.12.2001. However, the Council of Ministers may postpone such deadline not to exceed two years provided that such postponement be promulgated in the Official Gazette by 31.12.1999."

ARTICLE 18 – Article 8 of the Law no.5346 has been amended as follows.

"ARTICLE 8- Where any property owned by the Forestry or the Treasury or under the possession of the State is to be used to generate electric energy from renewable sources under this Law, the Ministry of Environment and Forestry or the Ministry of Finance shall grant permission against a fee, grant lease, establish easement or give permission of use for the lands to be used for the plant, access roads, and the power transmission line up to the network. A discount of eighty five percent shall apply to the fees for permission, lease, easement or permission of use for the first ten years of the investment and operation periods of the plants to be commissioned by the end of 2011, access roads and the power transmission line up to the network. For forest lands, ORKÖY or Forestation Special Allotment Revenues shall not be charged."

#### **Arrangement of regulations**

PROVISIONAL ARTICLE 1 – (1) Regulations specified in this Law shall be issued within one year from the promulgation of this Law, and those regulations to be issued by the Ministry of Public Works and Housing under the subparagraphs (d) and (e) of Article 7 shall be issued within two years. Until such regulations are issued, the provisions of the existing regulations not contradicting this Law shall continue to apply.

#### **Validity of existing authorization certificates and energy manager certificates**

PROVISIONAL ARTICLE 2 – (1) Authorization certificates that have been issued by the General Directorate shall remain valid by their expiry. Energy manager certificates that exist on the date of promulgation of this Law shall be renewed without fees within one year.

#### **Provision of initial information for obligations**

PROVISIONAL ARTICLE 3 – (1) All industrial establishments and the owners or management of buildings that have a total construction surface land of ten thousand square meters or above in the implementation projects prepared during the construction phase or in amended projects shall provide the required information to the General Directorate within three months following the promulgation of this Law in the format published in the website of the General Directorate within two months following the promulgation of this Law.

#### **General Directorate's authorization function**

PROVISIONAL ARTICLE 4 – (1) The activity of the General Directorate to authorize the companies under the item (2) of the subparagraph (a) of the first paragraph of Article 5 shall cease to exist if the number of authorized institutions exceeds ten within two years following the promulgation of this Law. Otherwise, the authorization activity of the General Directorate shall continue until the figure reaches ten.

#### **Disclaimer:**

The English version of this Law is intended to assist interested foreign parties. There may be discrepancies between the Turkish and English versions. In case such discrepancies occur, the Turkish version shall prevail.

### **Training and awareness raising implementations**

PROVISIONAL ARTICLE 5 – (1) Arrangements specified in the subparagraph (b) of the first paragraph of Article 6 shall be fulfilled by the relevant organizations within two years following the promulgation of this Law.

(2) Provisions of the items (2) and (3) of the subparagraph (c) of the first paragraph of Article 6 shall be implemented from the end of the first year following the promulgation of this Law.

### **Existing buildings and industrial establishments, buildings under construction and meeting minimum limits**

PROVISIONAL ARTICLE 6 – (1) The subparagraph (c) of the first paragraph of Article 7 of this Law shall not apply to buildings existing or those under construction and not granted permission of use prior to the promulgation of this Law for five years following the promulgation of this Law.

(2) The subparagraph (d) of the first paragraph of Article 7 of this Law shall not apply to buildings existing or those licensed for construction on the promulgation of this Law for ten years following the promulgation of this Law.

(3) The requirement to meet the minimum limits indicated in the subparagraphs (i) and (j) of the first paragraph of Article 7 shall not be required for three years following the promulgation of this Law.

PROVISIONAL ARTICLE 7 – (1) For the expressions of Turkish Lira in this Law, the expression New Turkish Lira shall be applied as long as the money in circulation in the country is the latter pursuant to the provisions of the Law no.5083 dated 28.01.2004 on Monetary Unit of the Republic of Turkey.

### **Effect**

ARTICLE 19 – (1) Of this Law;

a) The item (8) of the subparagraph (a) of the first paragraph of Article 10 shall go into force to years after the promulgation,

b) All other provisions shall go into force on the date of promulgation.

### **Execution**

ARTICLE 20 – (1) The Council of Ministers executes this Law.

1/5/2007

### **Disclaimer:**

The English version of this Law is intended to assist interested foreign parties. There may be discrepancies between the Turkish and English versions. In case such discrepancies occur, the Turkish version shall prevail.