

PROCEDURES AND PRINCIPLES REGARDING THE DETERMINATION AND IMPLEMENTATION OF RESOURCE-BASED SUPPORT FEE

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Purpose and Scope

ARTICLE 1 – (1) The purpose of these Procedures and Principles is to set forth the procedures and principles regarding the determination of the support fee within the scope of protection of supply security and/or consumers, due to unreasonable increases in the price of commodities utilized as input in electricity generation in national or international markets and/or the differences between resource costs as well as the procedures and principles regarding the use of the said support fee.

(2)¹ These Procedures and Principles cover licensed generation facilities. However, the following are excluded from the scope of these Procedures and Principles:

a) Generation facilities included in the YEK Support Mechanism within the scope of the Law No. 5346 on the Utilization of Renewable Energy Resources for the Purpose of Generating Electricity;

b) Generation facilities included in the portfolio of Electricity Generation Corporation (EÜAŞ);

c) The sales volumes subject to agreement pertaining to generation facilities that have executed an energy sales agreement directly with EÜAŞ or indirectly through a supplier;

ç) The volumes and delivery terms reported on a generation facility basis regarding the sell side net positions realized in the Power Futures Market within an application period subject to support fee, prior to 8 March 2022.

Legal Basis

ARTICLE 2 – (1) These Procedures and Principles have been prepared based on the eleventh paragraph of Article 17 of the Electricity Market Law No. 6446.

Definitions and Abbreviations

ARTICLE 3 – (1) The following definitions shall be ascribed to the terms used in these Procedures and Principles:

a) Maximum settlement price: The price designated by the Board in view of the generation costs relating to resource types used in electricity generation which fall within the scope of these Procedures and Principles;

b) Support fee: The fee used with the aim of supporting consumers and/or high-cost generation, calculated by the market operator on a settlement period basis by using the maximum settlement price designated within the framework of these Procedures and Principles;

c)² Fixed fee: The fee contained in the agreements and/or invoices submitted to the market operator within the scope of these Procedures and Principles, which is not associated

¹ Amended pursuant to the Board Decision published in the Official Gazette dated 30 March 2022 and numbered 31794.

² Inserted pursuant to the Board Decision published in the Official Gazette dated 30 March 2022 and numbered 31794.

with any variable component such as market exchange price, YEKDEM unit cost, Consumer Price Index (CPI), etc.

(2) Terms and abbreviations that are used in these Procedures and Principles but not defined herein shall have the meanings and scope attributed to them in the relevant legislation.

Principles regarding the determination of the maximum settlement price and support fee

ARTICLE 4³ – (1) In case of unreasonable increases in commodity prices utilized as input in electricity generation in national or international markets and/or resource costs themselves, action may be taken by the Board within the scope of these Procedures and Principles, which shall not be longer than six months in each case, if:

a) It is determined by the Ministry and notified to the Authority that the said increase adversely affects supply security and/or;

b) It is determined by the Authority that the said increase adversely affects the consumers, in which case the opinion of the Ministry shall be sought.

(2) The maximum settlement price shall be designated by the Board in view of the electricity generation costs relating to resources types utilized in electricity generation which fall within the scope of these Procedures and Principles.

(3) The maximum settlement prices determined on a resource basis within the scope of these Procedures and Principles shall be updated in view of the commodity prices used as input in energy generation as well as one or more of the parameters of inflation and exchange rate, in addition to other parameters deemed appropriate by the Board. Implementation principles shall be designated by the Board.

(4) The maximum settlement prices on a resource basis shall be updated monthly by the market operator within the scope of the third paragraph.

(5) Support fee shall be calculated by the market operator on settlement period basis by using the maximum settlement prices designated by the Board on a resource basis.

(6) Support fee shall be collected from generators who have low generation costs and are to be used to ensure supply security and/or supporting consumers.

(7) In calculations to be made for multi-resource electricity generation facilities, the price determined for the main resource shall be considered as the maximum settlement price.

Calculation of the support fee

ARTICLE 5 – (1) The support fee shall be calculated for each settlement period in which the market exchange price is higher than the maximum settlement price and charged to the relevant market participant.

(2)⁴ The support fee shall be calculated by the market operator according to the formula below:

$$DBBT_{p,a} = \sum_{i=1}^n \sum_{b=1}^m \sum_{t=1}^l [DEVM_{p,b,t,i} \times maks((BF_{t,i} - AUF_k), 0)] \quad (1)$$

³ Amended pursuant to the Board Decision published in the Official Gazette dated 30 March 2022 and numbered 31794.

⁴ Amended pursuant to the Board Decision published in the Official Gazette dated 30 March 2022 and numbered 31794.

(3)⁵ The expressions used in the formula set out in the second paragraph shall have the following meanings:

$DBBT_{p,a}$: refers to the support fee debt amount to be charged to market participant “p” within billing period “a”;

$DEVM_{p,b,t,i}$: refers to the supply volume (MWh) subject to support fee pertaining to settlement period “i” in bidding zone “t” pertaining to generation facility “b” of market participant “p” within the scope of these Procedures and Principles;

$BF_{t,i}$: refers to the market exchange price pertaining to settlement period “i” in bidding zone “t” or the fixed fee specified in the agreements for generation volumes that fall within the scope of Article 7;

AUF_k : refers to the maximum settlement price designated by the Board for resource type “k” of generation facilities;

n : refers to the number of settlement periods pertaining to the relevant billing period;

m : refers to the number of generation facilities of market participant “p” subject to the support fee;

l : refers to the number of bidding zones.

$$TDBBT_a = \sum_{p=1}^r DBBT_{p,a} \quad (2)$$

$TDBBT_a$: refers to the total support fee debt amount to be charged to all market participants within billing period “a”;

$DBBT_{p,a}$: refers to the support fee debt amount to be charged to market participant “p” within invoice period “a”;

r : refers to the number of market participants.

(4) Support fee debt amount shall be charged to the relevant market participant as “support fee debt amount” in accordance with the provisions on settlement and invoicing of the Electricity Market Balancing and Settlement Regulation published in the Official Gazette dated 14/4/2009 and numbered 27200.

(5) When calculating the support fee supply volume on a settlement period basis, the following shall be subtracted from the settlement generation volume of the relevant generation facility:

a) The consumption volumes realized by the generation facility and, if any, by the consumption facilities included in the connection agreement, provided that the withdrawals from the relevant measurement points are not included in any supplier's portfolio;

b) Consumption volumes of consumption facilities of license holder legal entities whose autoproducer license is terminated and are granted a generation license as a continuation of the previous one in accordance with the first paragraph of Provisional Article 7 of the Law No. 6446, which are not connected to the busbar of the generation facilities covered by the relevant licenses and are fed by way of conveyance;

⁵ Amended pursuant to the Board Decision published in the Official Gazette dated 30 March 2022 and numbered 31794.

- c) Energy volumes subject to sale within the scope of energy sales agreement executed directly with EÜAŞ or indirectly through a supplier;
 ç)⁶ Volumes determined in accordance with the fifth paragraph of Article 7.

Distribution of the support fee

ARTICLE 6 – (1) The total support fee calculated within the scope of Article 5 shall be reflected by the market operator as generation support fee primarily to the market participants who own high-cost generation facilities, in order to ensure supply security.

(2) The generation support fee within the scope of the first paragraph shall be calculated for the generation facilities where the maximum settlement price is higher than the maximum price limit determined in accordance with the "Procedures and Principles For The Determination of The Minimum and Maximum Price Limits in The Day-Ahead Market And The Balancing Power Market" on a settlement period basis.

(3) The generation support fee within the scope of the first paragraph shall be calculated according to the formula below:

$$\ddot{UDT}_{p,a} = \sum_{i=1}^n \sum_{b=1}^m \sum_{t=1}^l \left[UEVM_{p,b,t,i} \times maks \left((AUF_k - PTF_{t,i}), 0 \right) \right] \quad (3)$$

$$DBATO_{p,a} = \frac{\ddot{UDT}_{p,a}}{\sum_{p=1}^r \ddot{UDT}_{p,a}} \quad (4)$$

$$DBAT_{p,a} = \ddot{UDT}_{p,a} \quad \text{if} \quad \ddot{UDT}_a \leq TDBBT_a \quad (5)$$

$$DBAT_{p,a} = TDBBT_a \times DBATO_{p,a} \quad \text{if} \quad \ddot{UDT}_a > TDBBT_a \quad (6)$$

(4) The expressions used in the formulas set out in the third paragraph shall have the following meanings:

$\ddot{UDT}_{p,a}$: refers to the generation support fee calculated for market participant “p” within billing period “a”;

\ddot{UDT}_a : refers to the total generation support fee calculated for all market participants within billing period “a”;

$UEVM_{p,b,t,i}$: refers to the settlement supply volume (MWh) pertaining to settlement period “i” of settlement supply-draw unit “b” of market participant “p” in bidding zone “t” within the scope of these Procedures and Principles;

AUF_k : refers to the maximum settlement price designated by the Board for resource type “k” of generation facilities;

$PTF_{t,i}$: refers to the market exchange price pertaining to settlement period “i” in bidding zone “t”;

n : refers to the number of settlement periods relating to the relevant billing period;

⁶ Inserted pursuant to the Board Decision published in the Official Gazette dated 30 March 2022 and numbered 31794.

m : refers to the number of settlement supply-draw units pertaining to market participant “p”;

l : refers to the number of bidding zones;

DBATO_{p,a} : refers to the rate of the support fee receivable amount of market participant “p” within billing period “a”;

DBAT_{p,a} : refers to the support fee receivable amount to be charged to market participant “p” within billing period “a”.

(5) Within the scope of the first paragraph, the amount remaining after the support of the high-cost generation facilities shall be charged by the assigned supply companies to the relevant market participants in proportion to the settlement withdrawal volumes of the category defined within the scope of sub-paragraphs (a), (b), (c), (ç) of the second paragraph of Article 17 of the Electricity Market Balancing and Settlement Regulation.

(6) Support fees shall be credited to the relevant market participant as “support fee receivable amount” in accordance with the provisions on settlement and invoicing of the Electricity Market Balancing and Settlement Regulation.

(7) When calculating the settlement supply volume on a settlement period basis within the scope of this article, the energy volumes subject to sale within the scope of energy sales agreement executed directly with EÜAŞ or indirectly through a supplier shall be subtracted from the settlement generation volume pertaining to the relevant generation facility.

Bilateral agreement volumes⁷

ARTICLE 7 – (1)⁸ Notarized copies of bilateral agreements entered into with fixed prices (until the final consumer) and of the invoice regarding the said bilateral agreements and, if there is more than one generation facility, the statement showing the generation schedule regarding the distribution on a generation facility basis, shall be submitted to the market operator by market participants, in order to for bilateral agreement volumes to be included in the support fee calculation.

(2) As for the volumes included in the agreements submitted pursuant to the first paragraph, the support fee amount shall be determined according to the methods specified below:

a) In settlement periods within which the fixed price specified in the agreement is lower than the maximum settlement price, the support fee shall be considered as zero;

b) In periods within which the fixed price specified in the agreement is higher than the maximum settlement price, the support fee shall be calculated by taking into account the difference between the fixed price specified in the agreement and the maximum settlement price.

(3) Within the scope of this article, the bilateral agreement volume to be taken into account on a settlement period and on a generation facility basis shall be considered as follows:

a) The volume specified in the agreement, if the volume specified in the agreement is below the volume specified in the approved bilateral agreement notifications registered to the MMS;

⁷ Inserted pursuant to the Board Decision published in the Official Gazette dated 30 March 2022 and numbered 31794.

⁸ Amended pursuant to the Board Decision published in the Official Gazette dated 30 September 2022 and numbered 31969.

b) The approved bilateral agreement notification volume registered to the MMS, if the volume specified in the agreement is above the volume specified in the approved bilateral agreement notifications registered to the MMS.

(4) As for market participants that have more than one generation facility, the volumes found in accordance with sub-paragraph (b) of the third paragraph shall be used for the relevant facilities by being reduced in proportion to the amounts notified under the agreements relating to each generation facility.

(5) The minimum volume determined as a result of comparison of the volume remaining after deduction of the volumes specified in sub-paragraphs (c) and (ç) of the second paragraph of Article 1 from the settlement supply volume pertaining to generation facilities and the volume determined in the third paragraph shall be taken into account in the support fee calculation to be made within the scope of this article.

(6) If the fixed price is indexed on a foreign currency and there is no provision on the foreign exchange conversion rate to Turkish Lira (TL), the foreign exchange buying rate of the Central Bank of the Republic of Turkey on the date the energy is fed into the system shall be taken into consideration.

(7) The market operator shall take the necessary measures to ensure the confidentiality of the information contained in the agreements and invoices submitted to it within the scope of this article.

Collateral

ARTICLE 8⁹ – (1) Market participants shall provide collateral relating to the support fee debt amounts anticipated to be reflected to their invoices for the billing periods for which the invoice due date has not passed.

(2)¹⁰ The collateral amounts to be requested from market participants within the scope of the support fee shall be calculated according to the formula below:

$$DBT_{p,a} = \sum_{i=1}^n \sum_{b=1}^m \sum_{t=1}^l \left[T\ddot{U}M_{p,b,t,i} \times maks \left((BF_{t,i} - AUF_k), 0 \right) \right] \quad (6)$$

(3)¹¹ The expressions used in the formula set out in the second paragraph shall have the following meanings:

$DBT_{p,a}$: refers to the support fee collateral amount that the market participant "p" shall provide regarding the support fee debt amount for invoice period "a";

$T\ddot{U}M_{p,b,t,i}$: refers to the generation volume subject to collateral pertaining to settlement supply-draw unit "b" of market participant "p" stated in TEİAŞ Load Dispatch Information System (YTBS) in bidding zone "t" within settlement period "i"; and if generation

⁹ Amended pursuant to the Board Decision published in the Official Gazette dated 30 March 2022 and numbered 31794.

¹⁰ Amended pursuant to the Board Decision published in the Official Gazette dated 30 September 2022 and numbered 31969.

¹¹ Amended pursuant to the Board Decision published in the Official Gazette dated 30 September 2022 and numbered 31969.

data cannot be obtained from YTBS, 85% of the energy that the relevant facility would be able to generate with its installed capacity;

$BF_{t,i}$: refers to the market exchange price pertaining to settlement period “i” in bidding zone “t” or the price determined as fixed price in the agreements for the generation volumes that fall within the scope of Article 7;

AUF_k : refers to the maximum settlement price designated by the Board for resource type “k” of generation facilities and updated based on the final values obtained as of the current day;

n : refers to the number of settlement periods pertaining to the relevant billing period;

m : refers to the number of settlement supply-draw units pertaining to market participant “p”;

l : refers to the number of bidding zones.

(4) When calculating the generation volume subject to collateral as specified in the third paragraph, the volumes within the scope of sub-paragraphs (c) and (ç) of the second paragraph of Article 1 shall not be included in the calculation.

(5) In case the collateral amount held by the market participants, to whose invoices a support fee debt amount is anticipated to be reflected within the scope of these Procedures and Principles, does not meet the total required collateral amount of the relevant market participant, the shortfall amounts shall be transferred to the collateral account from the advance receivable amount of the relevant market participant, if any.

(6) The collateral amounts calculated in accordance with this article shall be included in the additional collateral provided by the relevant market participants within the scope of the Collateral Procedures and Principles.

(7)¹² In view of the bilateral agreement volumes subject to support fee calculation and the support fee within the scope of Article 7, the collateral calculation shall be updated by the market operator following the determination of such amounts.

Procedure for appeals, invoicing and payments

ARTICLE 9¹³ – (1) The provisions of the Electricity Market Balancing and Settlement Regulation shall apply regarding invoicing, collaterals, payments and non-payment as well as regarding procedures for appeals and corrections to settlement notifications and invoices.

Obligations of EÜAŞ

ARTICLE 10¹⁴ – (1) The bilateral agreement volumes subject to sale pertaining to the generation facilities from which EÜAŞ procures energy within the scope of the said electricity sale shall be notified to the market operator by EÜAŞ on a generation facility basis:

- a) Until two business days before the start of the delivery of the said energy at the latest;
- b) Within the periods determined in accordance with the provisions on settlement and invoicing of the Electricity Market Balancing and Settlement Regulation based on the bilateral agreement notifications subject to settlement.

Procedure for existing bilateral agreement notifications¹⁵

¹² Inserted pursuant to the Board Decision published in the Official Gazette dated 30 March 2022 and numbered 31794.

¹³ Amended pursuant to the Board Decision published in the Official Gazette dated 30 March 2022 and numbered 31794.

¹⁴ Amended pursuant to the Board Decision published in the Official Gazette dated 30 March 2022 and numbered 31794.

¹⁵ Inserted pursuant to the Board Decision published in the Official Gazette dated 30 March 2022 and numbered 31794.

PROVISIONAL ARTICLE 1 – (1) The documents and declarations requested by the market participants within the scope of Article 7 regarding approved bilateral agreement notifications registered to the MMS prior to 8 March 2022 for the period of 1 February and onwards shall be submitted to the market operator within five business days as of the publication date of this Article.

(2) As for the agreements submitted pursuant to the first paragraph, if the term of the agreement is shorter than the application period, exemption shall be granted during the term of the agreement, and if the term of the agreement is longer than the application period, exemption shall be granted during the application period subject to support fee.

Enforcement

ARTICLE 11¹⁶ – (1) Provisional Article 1 of these Procedures and Principles shall enter into force on the date of its publication, and other articles of these Procedures and Principles shall enter into force on 1 April 2022.

Execution

ARTICLE 12¹⁷ – (1) The provisions of these Procedures and Principles shall be executed by the President of the Energy Market Regulatory Authority.

	Procedures and Principles published in the Official Gazette	
	Dated	Numbered
	18/03/2022	31782
	Board Decisions amending the Procedures and Principles published in the Official Gazette	
	Dated	Numbered
1.	30/03/2022	31794
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¹⁷ Amended pursuant to the Board Decision published in the Official Gazette dated 30 March 2022 and numbered 31794.