

THE REGULATION ON RENEWABLE ENERGY RESOURCE GUARANTEE CERTIFICATE IN THE ELECTRICITY MARKET

The Regulation on Renewable Energy Resource Guarantee Certificate in the Electricity Market has been published in the Official Gazette dated 14 November 2020 and numbered 31304 and will enter into force on 1 June 2021 (the “**Regulation**”). The purpose of the Regulation is to create a renewable energy resource guarantee system (the “**RER-G System**”) which allows to disclose to the customers that a certain amount or proportion of electrical energy is generated from renewable energy sources by the licensed legal entities in order to promote the use of renewable energy sources in electricity generation and consumption as well as protect the environment.

Within the scope of the Regulation, the RER-G System shall be established in order to certify that the electricity supplied to consumers is from renewable energy resources via renewable energy resource guarantee certificates granted by the RER-G System (the “**RER-G Certificate**”). Also, the Regulation introduces provisions on a specific market, namely organized renewable energy resource guarantee market (the “**Organized RER-G Market**”) which is organized and operated by Enerji Piyasalari Isletme Anonim Sirketi (the “**Market Operator**”).

This Monthly Updates aims to highlight the details regarding principles and procedures with regards to (i) the establishment and operation of the RER-G System and the details on the RER-G Certificates; and (ii) the establishment of the Organized RER-G Market and the trade of RER-G Certificates within such market.

Scope of the Regulation

In accordance with the Regulation, the electricity production and supply companies registered with the RER-G System and executed a RER-G System participation agreement with the Market Operator (the “**Users**”) shall be subject to the Regulation. However, please note that the electricity producers within the scope of the Regulation on Unlicensed Electricity Generation in the Electricity Market, which was published in the Official Gazette dated 12 May 2019 and numbered 30772, shall not be within the scope of the Regulation, therefore such producers cannot register with the RER-G System.

The RER-G System and the RER-G Certificate

As per the Regulation, the RER-G Certificate is an electronic document which is issued in order to (i) prove that the total or a certain amount of the electrical energy supplied to customers by the Users, is produced from renewable energy resources; and (ii) give specific details on the renewable energy source type of such energy. The RER-G Certificates shall be issued by the Market Operator upon the request of the Users provided that such Users have already completed the RER-G System registration process prior to such request. Furthermore, the RER-G Certificates shall be valid for 12 months starting from the electricity production period ends. Following the issuance of the RER-G Certificate, it shall be transferred to the account of the legal entity, that requested such certificate in the RER-G System by the Market Operator.

While the brief explanation of the RER-G System is as described above, the details regarding the (i) participation to the RER-G System; and (ii) the obligations of the Users with respect to the RER-G System are as follows:

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(a) Participation to the RER-G System

The Users wishing to participate to the RER-G System are required to create an account in the registration database of the Market Operator. In order to register, the Users are obliged to fulfil following conditions:

- (i) registration of legal entities to the database of the Market Operator in accordance with the Regulation on Electricity Market Balancing and Settlement, which was published in the Official Gazette dated 14 April 2009 and numbered 27200;
- (ii) execution of the RER-G System participation agreement with the Market Operator regarding their participation to the RER-G System; and
- (iii) signing the RER-G System participation commitment with the Market Operator for the registration.

(b) Obligations of the Users

In line with the Regulation, the Users are under the obligation to include terms on the following matters to the agreements to be executed with the consumers: (i) the type of renewable energy sources subject to the issuance of the RER-G Certificate; (ii) the duration of the issued RER-G Certificate; (iii) the cancellation process of the RER-G Certificates; and (iv) other principles and procedures indicated in the Regulation.

The Organized RER-G Market and the RER-G Bilateral Market

The Organized RER-G Market is established and operated by the Market Operator for the trade of the RER-G Certificates among the Users. The RER-G bilateral agreement market is another market whereby the purchase and sale of the RER-G Certificates are carried out through commercial agreements.

As per the Regulation, the Market Operator is authorized to (i) establish the Organized RER-G Market; (ii) create and manage the registration database for the RER-G Certificates and the Users; and (iii) carry out all necessary transactions regarding the issuance, transfer and cancellation of the RER-G Certificates. In addition, the Users who want to operate in the Organized RER-G Market shall sign an Organized RER-G Market participation agreement with the Market Operator, along with the RER-G System participation agreement as explained in (a).

Within the scope of the Regulation, the Organized RER-G Market is expected to constitute a new means of income for investors who want to generate electricity from renewable energy sources with the trade of the RER-G Certificates and it will increase investments in renewable energy sources in electricity generation.

The Trade of the RER-G Certificates

As explained above, the trade of such RER-G Certificates can be carried out within (i) the Organized RER-G Market; or (ii) the RER-G bilateral agreement market. In either market, the trade of the RER-G Certificates can only be carried out among the Users. As per the Regulation, in the Organized Market, the Users shall be able to provide their offers within trade procedure to be carried out by the Market Operator, the mandatory components of such offers shall be further enacted. Each individual offer shall then be evaluated separately, and the best-priced offer shall take priority over other offers. Please note that the procedures and principles of such trade and offer process shall be regulated by further enactments.

Conclusion

In line with the increasing usage of renewable energy resources in the energy sector, the Regulation aims to regulate the principles and procedures with regards to the participation of the legal entities to the RER-G System and the application of such entities to the Organized RER-G Market in order to enable them to trade their RER-G Certificates.