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Cinnah Cad. 106/6, Çankaya, 06550 ANKARA

Tel: 0312-440 7940 Fax: 0312-440 1011

www.delta-eko.org

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Turkey sticks to guns on energy deals

New energy deals have given Turkey an even stronger position, according to the energy minister.

Energy Minister Taner Yıldız spoke out against the mixed reactions to Turkey's move to let Russia use its territorial waters in the Black Sea for the South Stream project in return for Moscow's commitment to giving oil for the Samsun-Ceyhan pipeline.

"Turkey's emergence as even stronger from the agreements it has concluded over the last month is indisputable," Energy Minister Taner Yıldız told a press conference Monday.

Yıldız said both South Stream and Nabucco should be considered medium- and long-term projects given Europe's increasing need for natural gas and its increasing dependence on energy imports. The minister highlighted that the two projects strengthened Turkey's strategic position.

Only one month after the signing ceremony in Ankara of the European Union's flagship Nabucco project, aimed at pumping Caspian or Middle Eastern gas to Europe in order to break the Russian monopoly over energy supplies, Turkey signed gas and oil deals with Russia. Ankara has accepted Moscow's request to use its territorial waters for the South Stream project in return for a historic decision to allow Russian oil to flow through the Samsun-Ceyhan pipeline, which has long failed to attract Russia's interest.

The agreements that came during Russian Prime Minister Vladimir Putin's brief visit to Ankara last Thursday sparked suspicions in the West over the fate of the Nabucco project. Defying international concerns, Turkish diplomats said Turkey's role in South Stream would be confined to granting Russia permission use its Black Sea waters, while noting that Nabucco is still a priority for Ankara.

"Turkey has only allowed Russia to use its exclusive economic zone in the Black Sea for exploration and feasibility studies. That does not mean a blow to Nabucco," senior energy strategist Mete Göknel told Hürriyet Daily News & Economic Review on Monday.

He argued that the EU-led and US-backed Nabucco project would still be in place even if Russia insisted on the South Stream and found the means to finance the pipeline, which would pass through Greece directly to Italy via an underwater pipeline.

"If the South Stream pipeline is built, so is Nabucco, but if the Nabucco natural gas pipeline is built first, then it is meaningless to talk about South Stream," said Göknel. He said South Stream is estimated to cost twice as much as Nabucco, at nearly 7.9 billion euros, which means more expensive gas for European consumers.

Göknel said he did not believe Turkey made significant gains from the energy deals with Russia, claiming that Ankara would turn out to be more advantageous if it could convince Moscow on Blue Stream II.

At the press conference, Minister Yıldız warned EU member states to reconsider the criteria in negotiations with the EU, implicitly referring to Brussels' refusal to open entry talks with Ankara on the energy chapter due to Greek Cypriot objection.

"No matter whether the EU opens energy talks, Turkey stands at the heart of the EU with developments in the last month especially in the energy arena. Our energy sector will act as a catalyst for our national policies," he said.



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Energy changes fate of southern town

Eight hydroelectric power plants that are being constructed on Göksu River and Asmaca Stream have changed the fate of Feke, a town located 120-kilometers from the southern city of Adana.

The plants are turning Feke, one of Adana's smallest towns where the rough land makes for a hard lifestyle, into a homeland of energy investments.

Many of Feke's residents migrated from the town due to economic trouble in recent years. But the town has become an attraction center with the recent investments. Historically, residents earned their living from livestock and agriculture, but recently the town has started to receive immigrants because of the recent investments.

"Feke will become rising star for both Adana and Turkey," said Feke District Gov. Bünyamin Akkuş, adding that the town has a perfect geographical location amid the surrounding lakes and forests.

The Göksu and Asmaca rivers have high potential for energy investment, Akkuş said. "The fact that the flow through our lakes and streams does not decrease much in the summer makes Feke a good energy base."

Akkuş said many people are employed in construction of the dams, and added that fishery and agriculture will also expand in the town. The recent investments have already started to raise the welfare of Feke, said Akkuş. "We expect that the investors will also be pioneers for building schools, bridges and roads in Feke," he said.

Turkey, Nakhchivan sign pipeline deal

Turkey and the Nakhchivan Autonomous Republic signed a memorandum of understanding on laying a natural gas pipeline from Turkey's eastern city of Iğdır to Nakhchivan, Anatolia news agency reported.

"We will sign the memorandum of understanding for almost half a billion cubic meters of gas a year," Turkish Energy and Natural Resources Minister Taner Yıldız said during a ceremony on Saturday.

Nakhchivan, a landlocked enclave of Azerbaijan, gained its autonomy as the Nakhchivan Autonomous Republic in 1990 and was internationally recognized as a constituent part of Azerbaijan governed by its own elected parliament.

Yıldız said the Turkish Pipeline Company, or BOTAŞ, and Azerbaijani oil company SOCAR would hold talks on technical, commercial and legal aspects of the project. He said BOTAŞ and SOCAR executives would meet in Ankara in September to discuss the details.

After the ceremony, Yıldız told the Anatolia news agency that the aim of his visit to Nakhchivan was to work on natural gas agreements with Azerbaijan and visit the Nakhchivan Supreme Assembly and learn their views and demands.

Comprehensive energy diplomacy

Yıldız defined Azerbaijan as a country that had biggest natural gas resources in the region, a gas supplier and source country. "We want to increase our trade volume for the advantage of the two countries, and we have launched a comprehensive form of energy diplomacy," he said.

"Turkey is ready to do what it has to do to raise its trade volume with Nakhchivan," Yıldız said during his meeting with Vasif Talibov, the chairman of the Supreme Assembly of Nakhchivan.

He said Azerbaijan and Turkey had common friends and enemies, and emphasized the importance Turkish Prime Minister Recep Tayyip Erdoğan attached to Azerbaijan and Nakhchivan. He also expressed Turkey's readiness to give a positive response to any proposal from Nakhchivan.



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Talibov said that Nakhchivan was giving power to Turkey, and the amount of electricity it was giving to Turkey would be raised in the future. Turkey, Azerbaijan and Nakhchivan would further improve friendship and relations, he added.

Yıldız said construction of a natural gas pipeline to Turkey via Syria or to Syria via Turkey was also under discussion. But there were some problems in pricing transit passages, he said, adding: "I believe we can overcome them."

Rovnag Abdullayev, the president of the Azerbaijani state oil company SOCAR, said they could conclude transit passage prices. He said that gas would flow to Turkey with the Shah Deniz II project and then to European countries via Turkey.

The initial phase of Shah Deniz forecasts 318 billion cubic feet of gas production. That would increase to 706 billion cubic feet once Phase 2 goes online in 2012. Gas production at Shah Deniz began in December 2006.

Turkish engineers take off with the wind

Eleven engineers and economists from Turkish universities have produced a domestic wind turbine as a result of four-and-a-half years of efforts, dramatically reducing energy bills for companies that install it.

Having set out to reduce the country's dependence on foreign markets in energy, the entrepreneurs aim to spread the wind turbines nationwide. The entrepreneurs, who founded EcoWind with capital support from foreign financial institutions, aim to save buildings, hotels and factories from electricity bills. EcoWind can install the turbines using convenient payment plans.

EcoWind's think tank includes Ozan Tekinalp, Nilay Sezer and Güçlü Seber from Middle East Technical University and Numan Çetin, assistant professor at Ege University, among others. They aim to produce an authentic, more efficient but lower-priced model compared to the existing ones, they said, adding that they managed to produce smart small-wind turbines for the first time in the world.

300 hotels apply in one hour

The entrepreneurs have decided to launch mass production as renewable energy-based production plants up to 500 kilowatts have been exempted from the obligation of obtaining licenses.

Turkey is among the most efficient countries in terms of wind, said Gökhan Kebapçioğlu, marketing manager at EcoWind. "The world's top countries in terms of abundance of wind are the United Kingdom and Turkey. But in both of them, wind electricity plants lag far behind Germany, France and many others."

Wind turbine systems produce about 500 megawatts total in Turkey, he said, adding that the figure is 30,000 megawatts for Germany. "It is absurd to pay electricity bills in a country that has so much wind. We started this business in order to save all the people in Turkey from electricity bills for a lifetime."

Noting that EcoWind, which launched advertisements a few months ago, has received enormous attention in a short period, with thousands of applications from building complexes and hotels, Kebapçioğlu said: "There are 80 building complexes and as many hotels that we are in the initial phases of working with. The hotels, buildings and shopping centers in Turkey need to obtain the Bream Certificate, an environmental assessment method for buildings. Those that install wind turbines can



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obtain it. Therefore, we received applications from 300 buildings in an hour following our announcement. The foundation of one turbine was laid at İlica Hotel in Çeşme last week.”

A 500-kilowatt wind turbine that can be installed about 45 days costs around 450,000 euros, he said, adding that a building complex including 100 villas has to pay 4,000 to 5,000 euros per villa to be saved from electricity bills altogether. “We expect them to pay 1,500 euros in advance and pay the rest in two years similar to paying an electricity bill. When a wind turbine is installed, the relationship with the Turkish Electricity Distribution Company [TEDAŞ] terminates.”

Carbon opportunities

Noting that they reached deals with many banks, and offer non-interest investment opportunities, Kebapçioğlu said the government also offers many incentives for renewable energy investments. Moreover, those who shift to wind energy will be able to sell their carbon rights due to their lower gas emissions. “As Turkey signed the Kyoto Protocol, nobody will be able to operate chimneys as they want. They will be obliged to buy carbon from the government via a tender. When they need more carbon, they will buy it from those who reserve their carbon rights by using renewable energy. Those who invest in this investment will see significant yields.”

He also said they would plant 500 saplings for each turbine they install.

The company has different plants produce parts of the wind turbines, and the entire production operation is domestic. EcoWind produces the wings and generators itself.

Currently, there are 12 employees at their plant, Kebapçioğlu said, adding that they aim to increase the personnel to 200 to 250 in six months due to demand. The factory, covering 2,000 square meters, will also be moved to 10,000 square meters with an investment of 13 million euros.

EcoWind aims to go public in nine months, he said. It also plans to form a dealership network to expand nationwide and is in search of proper dealers.

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