



Delta-Eko

Cinnah Cad. 106/6, Çankaya, 06550 ANKARA

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

www.delta-eko.org

13.08.2009 – 20.08.2009

Turkey may become a rising star in energy

Turkey's recent moves on European Union-backed Nabucco and the Russian-backed South Stream pipelines are steps in the right direction, according to Fatih Birol, chief economist at the International Energy Agency. 'With its role in energy transportation, Turkey may become one of the leading five countries,' he says.

Turkey should assess well the upcoming five years while taking steps in energy, a leading energy economist has urged, referring to the two giant energy projects on the nation's agenda.

"Turkey will have a growing role with the Nabucco project, which is of great importance for the European Union," said Fatih Birol, chief economist at the International Energy Agency, or IEA. "Being a bridge in energy is at least as important as being an EU member for Turkey. With its role in energy transportation, Turkey may become one of the leading five countries."

Speaking to daily Hürriyet earlier this week, Birol said recent developments in energy are significant enough to affect the next five decades for Turkey.

"Russia and Saudi Arabia come to mind first in natural gas and oil production while the United States and China are ahead in consumption," Birol said. "Turkey may be among the top five countries with its energy transporter identity."

Noting that the country has grabbed a significant opportunity, he said: "The Nabucco project is important both for us and the EU. The South Stream Project we signed with Russia is also important, but the two will be rivals as Europe is the purchaser for both. At this point, there is a chance to change Turkey's political fate. Being a bridge country in energy and standing at the valves is as important as membership in the EU."

Preference for Nabucco

There is little chance to build Nabucco and South Stream at the same time, according to Birol. "Both at the same time may create problems in finding buyers. European countries are likely to prefer Nabucco as they do not want to be dependent on Russia."

By bringing gas from countries such as Azerbaijan, Turkmenistan and Iraq, Nabucco offers supply diversity for Europe, which has learned hard lessons from Ukrainian crises, he said. "Compared to other projects, Nabucco seems more feasible on the grounds of financing and resource diversity, but other factors may change the picture."

Approving Turkey's plan to build nuclear power plants, Birol said nuclear energy would reduce carbon dioxide release. Wind and natural gas create "a dependence on circumstances," he said, recalling the recent shift in Italy, the United States, and China toward nuclear energy as an example. Noting that Germany rejected abandoning nuclear energy and that France covers 85 percent of its needs from



Delta-Eko

Cinnah Cad. 106/6, Çankaya, 06550 ANKARA

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

www.delta-eko.org

nuclear energy, Birol said it is not improbable for Turkey to cover 15 to 20 percent of its energy needs from nuclear plants within 15 to 20 years. "The geology and diplomacy of energy are intertwining worldwide. And this offers us a chance to change our political fate."

Referring to the importance of the Kyoto Protocol, he said: "We will grab a share from the carbon trade that will emerge in the upcoming period. As the world passes a vital crossroad, we should assess the opportunities to rise in the upcoming five years."

Iraq will have an increasing importance in oil and gas as it currently extracts far below its potential, the energy economist said. "Turkey's relations with Iraq should be more than just as a transit country for oil and gas. We should consider how to become a producer in Iraq."

Birol said recent optimism in the U.S. and Chinese economies might raise oil prices further. "We will see higher prices in the medium- and long-term. A price above \$70 may create problems for the recovery of oil importers. A decision that will support [such a recovery] is likely to come up at the Sept. 9 meeting of the Organization of the Petroleum Exporting Countries, or OPEC."

If the rate of energy generation out of fossil fuels remains at 85 percent, the globe may get warmer by 6 degrees Celcius, he said. "Therefore, countries have to orient toward renewable energies. Important decisions may be taken at the Copenhagen Summit. Decisions taken at the end of this year will affect the future of the world."

China and India rise above

Members of the Organization for Economic Cooperation and Development, or OECD, have been the center of energy demand, but new consumption centers have started to emerge, according to Birol, who cited the Middle East, China and India as examples.

"The rate of car ownership is 680 per 1,000 people in developed countries, while it is 17 per 1,000 in China and 7 per 1,000 in India. These two countries are likely to become the new centers of consumption," he said. "The second trend in oil is that a substantial proportion of the consumption is now used in transportation."

Apart from OPEC members, oil production and reserves are seeing a downtrend, Birol said. "The reserves are declining in the North Sea, Oman, Australia, Russia, Mexico and the United States. But the production is good in Saudi Arabia, Kuwait, the United Arab Emirates, Iran and Venezuela. These countries will gain more clout."

Tüpraş posts 45 pct drop in profits

Tüpraş, Turkey's biggest oil refiner, said second-quarter profit declined 45 percent on lower crude prices and decreasing margins.

Net income fell to 369.7 million Turkish Liras (\$250 million) from 678.3 million liras a year earlier, the company said Friday in a statement to the Istanbul Stock Exchange. That beat the 305 million-lira median estimate of nine analysts surveyed by Bloomberg News. Sales sank 50 percent to 4.57 billion liras.



Delta-Eko

Cinnah Cad. 106/6, Çankaya, 06550 ANKARA

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

www.delta-eko.org

“The results are good in general; the margins are better than our expectations,” said Ayşe Çolak, an analyst at Tera Brokers in Istanbul. “The earnings fell because of the decline in oil prices.”

U.S. crude futures averaged \$59.79 a barrel in the quarter, 52 percent lower than a year earlier as the global recession curbed energy use. Tüpraş’s refining margin, or the profit from processing oil into fuels, slumped about 27 percent to \$9.31 a barrel. Its refineries ran at an average 58 percent of capacity amid shrinking demand at home and abroad.

Koç Holding, Turkey’s biggest company, bought Kocaeli-based Tüpraş in January 2006 from the government for \$4.1 billion, the largest takeover by a Turkish company.

Meanwhile, Doğan Holding, a Turkish group with interests in media and energy, said first-half net income was 60.9 million liras (\$41 million) in a tax filing with the Istanbul Stock Exchange Friday.

Efficiency rather than savings crucial, says expert

Turkey should utilize the concept of efficiency rather than savings while designating its energy policies, according to the branch head of a Turkish industry chamber.

In order for Turkey to see growth in its economy and implement advanced technology, its annual energy consumption should rise 4 to 5 percent on average while its electricity production should rise 7 to 8 percent, according to Sedat Gülşen, chairman of the İzmir branch of the Chamber of Electrical Engineers, or EMO.

It is high time to discuss in detail energy efficiency for Turkey, which is largely dependent on foreign markets for energy, he said.

Although they are often confused, energy savings and energy efficiency are two different concepts, Gülşen said, adding that the saving concept brings problems in terms of security and comfort, but efficiency means consumption without reducing quality and performance.

“It is crucial to explain properly the difference between energy savings and efficiency,” he said. “Approximately 55 percent of electricity in Turkey is generated through natural gas. It is clear that a policy dependent on foreign markets is pursued in electricity energy generation. Turkey should develop environmentally friendly policies that will meet its increasing energy need. Using energy more efficiently is among the most important factors in creating national energy policies.”

Comfort with efficiency

Noting that the importance of efficiency, which means using energy efficiently without making concessions in comfort, will be more apparent in the future, Gülşen said: “Energy is produced with resources that have been present in nature for millions of years but consumed rapidly. We behave as if these resources cannot be exhausted, but they will.”

Gülşen said EMO particularly aims to raise awareness among elementary school students of energy resources, generation and the efficient use of it. Informing citizens on the importance of efficiency and



Delta-Eko

Cinnah Cad. 106/6, Çankaya, 06550 ANKARA

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

www.delta-eko.org

how to change habits through its “Energy Efficiency Guide,” EMO also gives hints on how to contribute to family budgets and the country’s economy as well as protecting the environment without constraining people’s needs.

Firm provides efficient solar energy use

Permak Energy, a subsidiary of Turkey’s Permak Group, has introduced a technology that offers efficiency in using solar energy by making it possible to benefit from the sun yearlong, regardless of weather conditions.

Permak, which aims to add value for Turkey’s enterprises and consumers by converting natural resources into energy, provides building heating and hot water even on cloudy days with thermodynamic water and building heating systems. With the system, it is possible to reach high temperatures also in snowy weather, according to a press statement by the company.

It is very important for Turkey to focus on renewable resources in energy, said Gökhan Kalaylı, sales director of Permak Energy. “We do not have the right to exhaust the resources while meeting our energy demands as these resources belong to future generations. Solar energy ranks first among the renewable resources that meet the energy demand in the most economical and efficient way.”

Noting that Permak’s heating systems offer an economical solution, he said, “The system, which can be installed very easily and is low-cost, can amortize the investment in four to five years.”

Efficient at all times

The Permak heating systems, which offer energy by collecting heat directly from the sun, can operate efficiently even at a temperature of minus 5 degrees Celsius. Because of the country’s climate conditions, the system has a wide area of use in Turkey.

Normally, the sun’s heat and light are not enough in the changing weather conditions of the year. During the winter months, sufficient light is emitted for only three to four hours a day, restricting standard solar panels. But the thermodynamic water and building heating systems are designed according to the basic laws of thermodynamics and use conversion technology that combines a heat pump and solar heat. This way, it is possible to use the heat continuously, even in rainy, snowy or cloudy weather.

The use of heat convection systems in the thermodynamic cycle by a heating pump enables the constant use of the collected energy. With this system, it is possible to supply water at over 55 degrees Celsius, even at an outdoor temperature of minus 5 degrees Celsius. Thermodynamic systems can be used in hot water production, building heating systems and pool heating systems.

Permak Group is active in the fields of machinery, energy, textiles, chemical industry, system technologies, construction and tourism.

Source: www.hurriyetdailynews.com