



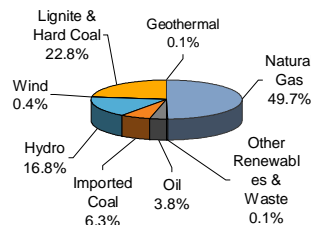
With Turkey’s liberalising market and rapid demand growth, power capacity is likely to double in the next 10 years. In this context, Pöyry Energy Consulting is pleased to announce the release of its most recent ILEX energy report on the Turkish electricity market.

The report contains **price projections for the emerging wholesale electricity market in Turkey**, and investigates key issues such as the future for hydroelectric power, the prospects of a tightening capacity margin, possible EU accession and the EU Emissions Trading Scheme. The report contains a comprehensive review of the **history of the electricity market** in Turkey, and how this relates to the current market structure. Recent market events are examined in the context of the current market conditions and we also examine the future outlook for development of the transmission and distribution systems. Government’s new **nuclear** strategy and implications of ratifying **Kyoto Protocol** is discussed. The 2009 **Annual Progress Report** which evaluates Turkey's readiness to join the EU is also discussed.

The **new Day-ahead market** mechanism is explained in detail and the market rules are outlined in a comprehensive, full Annex.

The report describes **how we simulate wholesale prices** in the market and how we project the fundamental drivers in order to develop our scenarios for future electricity prices. We include coal, oil and gas price projections, assumptions on plant availabilities, capacity growth in renewables and thermal generation, and projections of demand.

Turkish electricity generation by fuel type



Source: TEIAS

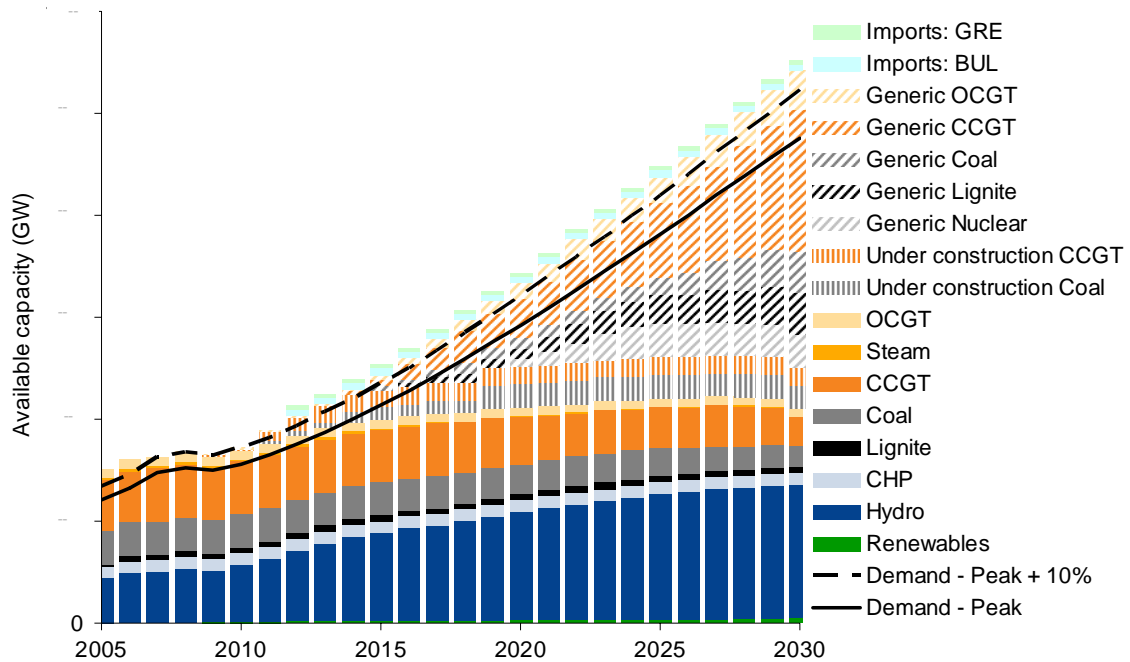
We examine three underlying market scenarios:

- a **Central** scenario based on central assumptions for fuel prices and demand growth, and our central case for new entry and capacity margin; and
- a **Low** scenario where low demand growth, low fuel prices, and a large capacity margin combine to produce a highly competitive market.

In all we have six projections of electricity price, at the wholesale level, out to the year 2030. The three main scenarios – ‘with carbon’ – assume that Turkey’s planned accession to the EU occurs and generators begin to incur, and at least partially pass through to consumers, a carbon cost determined by the EU ETS. The other three scenarios are ‘without carbon’, which reflect a situation where Turkey does not join the EU and participate in the EU ETS.

- a **High** scenario where high demand is coupled with high fuel and carbon prices, and a low capacity margin;

WHOLESALE ELECTRICITY PRICE PROJECTIONS FOR TURKEY



The figure above charts the development of Turkish firm capacity at winter peak for a particular scenario. New power stations are soon required as demand grows, and capacity doubles by 2018.

We present the **spark spread** projections that result from our wholesale electricity and gas price projections. Sample **merit order curves** are also produced.

Information on past prices in the Turkish market is scarce and we cannot predict events or other shocks that lead to short term aberrations in prices. On average, though, we believe that our scenarios capture the range of long run average electricity prices in Turkey.

As a complementary product, Pöyry can provide complete **arrays of projected hourly prices** on a monthly or sample business/non-business day format, out to 2030.

We also offer customisation options such as **plant specific**

load factors, price duration curves, further sensitivity analysis, and bespoke runs using client defined input assumptions.

Contact Pöyry for more information:

Ebru Kurum
ebru.kurum@poyry.com

Andrew Nind
andrew.nind@poyry.com

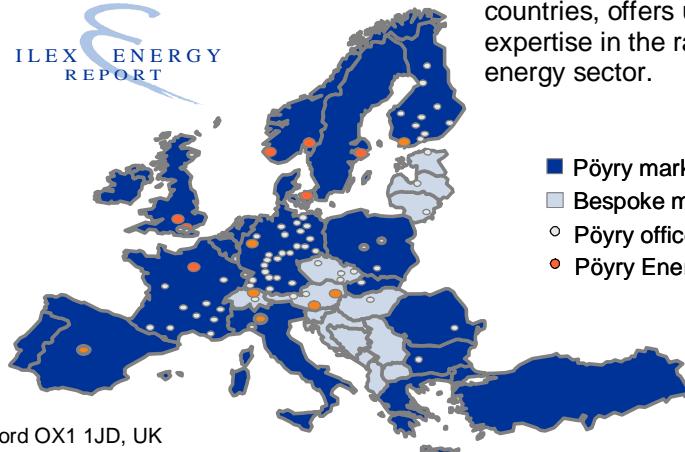
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Pöyry Energy (Oxford) Ltd.

King Charles House, Park End Street, Oxford OX1 1JD, UK
+44(0)18965 722660 consulting.energy.uk@poyry.com
Registered No: 2573801