Turkish Energy Market
(A Brief Overview)

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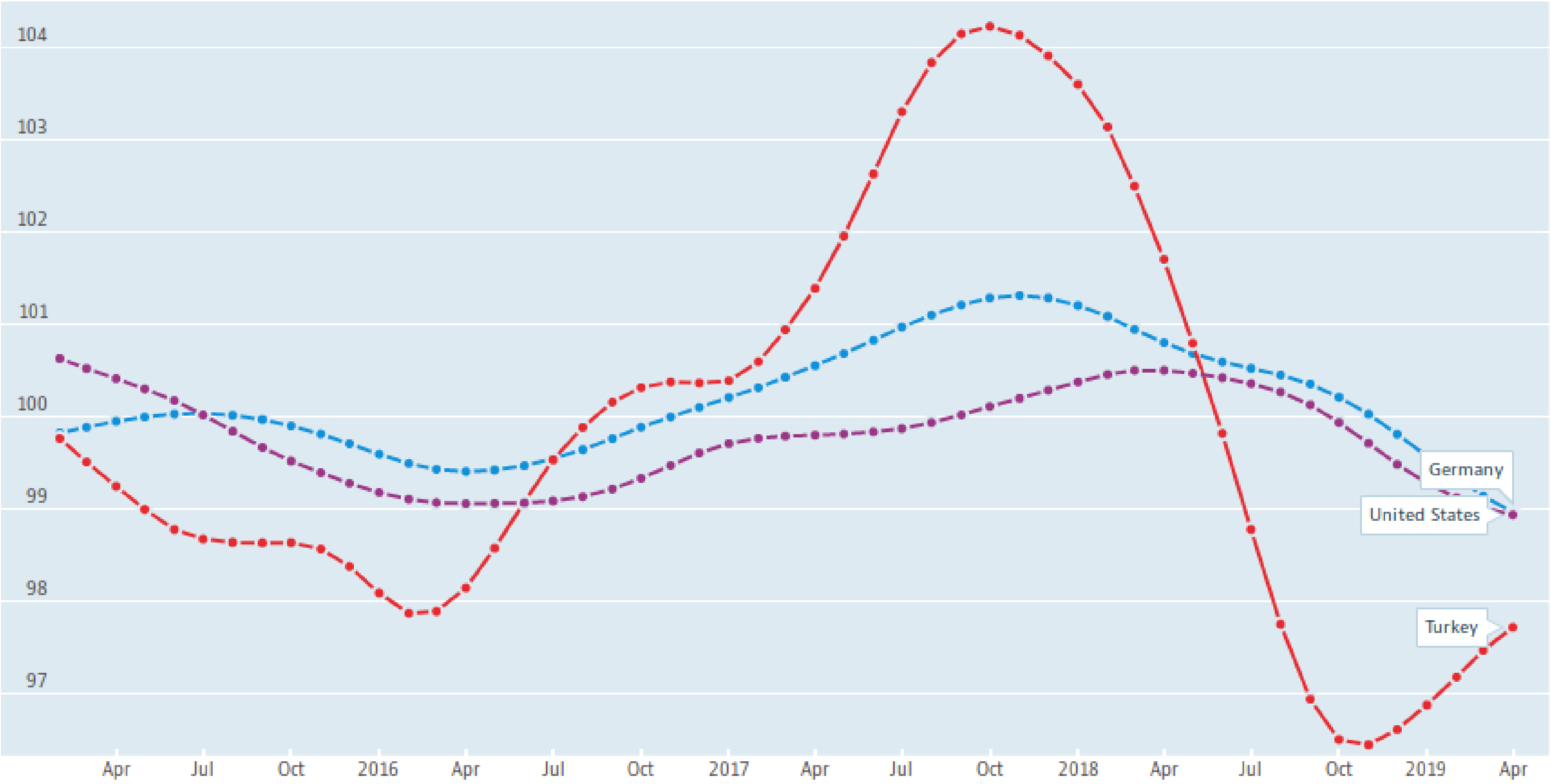
OECD - Composite leading indicator (CLI)

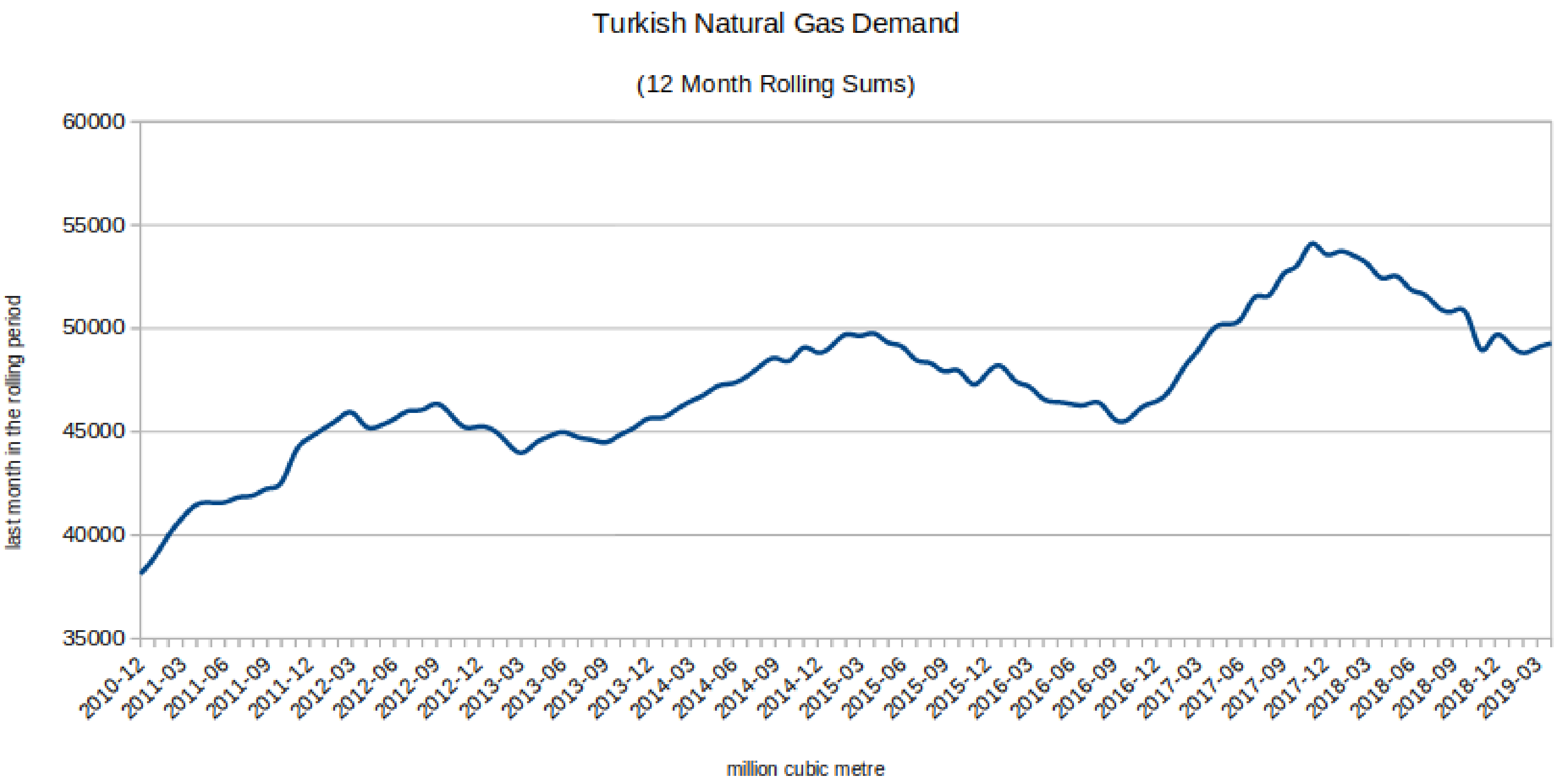


https://data.oecd.org/leadind/composite-leading-indicator-cli.htm

Energy Demand

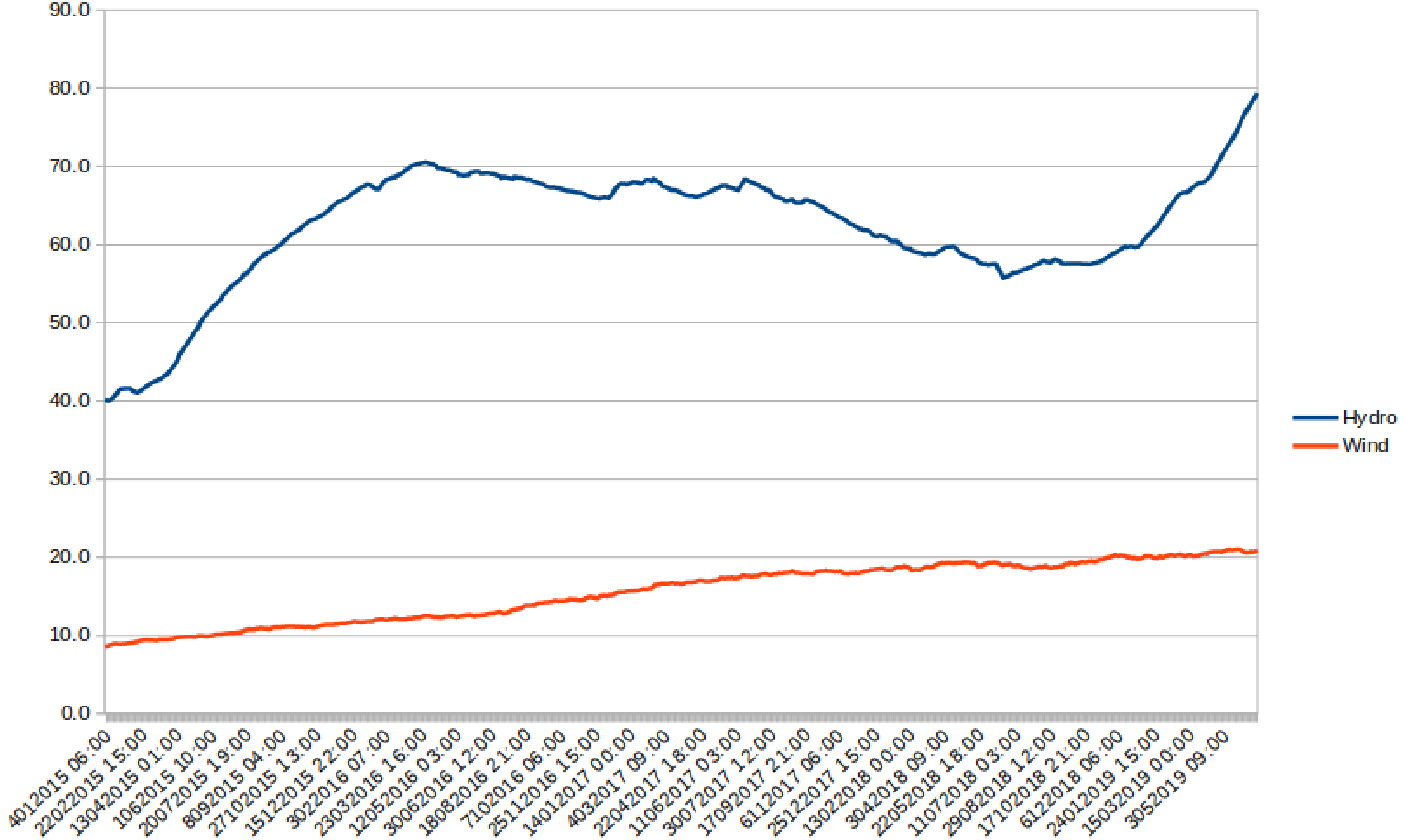
- Two modes of growth
  - Consumption (import oriented)
  - Industrial (export oriented)
- Still 4.2% average electric demand growth applies
- Unlicensed generation (a.k.a Solar – 5000 MW) complicate demand growth calculus.
- Mean reverting growth

Natural Gas Demand



Hydro and wind

(Rolling 8760 hours – 1 Year generation TWh)



Every 5 TWh means
1 billion m3 nat gas

Also, solar
+7.5 Twh

Volatility ~4 bcm

Scenario study from 2007

No one asks what policy makers want:)
> “Can Turkey become a hub?” cliché
> If Turkey wants to become a hub….

No “hub” keyword used

Everyone will be a “hub”

Size of Turkish market >>> Regional trade

No need to reinvent wheel, but new roads have to be invented

Every development path is different

http://www.barissanli.com/calismalar/2011/2007-enerjisenaryolari.doc

Twin look

- Energy policy
  - Resource (Domestic resources & Renewables ++)
  - Technology
- Energy Investment Policy → Energy Industry Policy
- Markets do not happen, they are made.

Outlook

- More renewables
- Increasing market depth (# of contracts)
- More volatility (due to inc share of renewables and trade wars) but also more diversity (like LNG)
- Demand growth dynamics are still alive
- Investment and growth cycles are here to stay

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