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**“Technical Assistance for Harmonisation of Transmission
Code in line with ENTSO-E”**

Draft Legal Guidance Document

*Supporting document for the Electricity Transmission
Grid Regulation and other amended regulations*

27 April 2015



1. Preamble

A consortium, composed of RTE International (France), ELIA System operator (Belgium) and FICHTNER (Germany), and led by RTE International has been selected by CFCU to provide technical assistance to TEIAS according to Service Contract n° TR2010/0315.01/001 "Technical Assistance for Harmonisation of Transmission Code in line with ENTSO-E".

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2. Scope of the Guidance Document

Turkish electric system being now permanently connected to the electric network of Continental Europe (long-term agreement between TEIAS and ENTSO-E signed on 15 April 2015), Turkey confirmed its willingness to contribute to the facilitation of the harmonization, integration and efficiency of the European and Turkish electricity markets.

As such, and as any of ENSTO-E Members, Turkey recognizes the need to face the following challenges:

- **Security** - pursuing coordinated, reliable and secure operations of the interconnected electricity transmission network, while anticipating the decision to cope with upcoming system evolutions.
- **Market** - providing a platform for the market by proposing and implementing standardised market integration and transparency frameworks that facilitate competitive and integrated continental wholesale and retail markets.
- **Sustainability** - facilitating secure integration of new generation sources, particularly renewable energy, as well as significantly contributing to the targets of reduction of greenhouse gases and increase renewable energy supply.

These challenges also imply addressing:

- **Network Adequacy** - promoting the adequate development of the interconnected European and Turkish grid and investments for a reliable, efficient and sustainable power system.

This implies the harmonization of Turkish legislation with ENSTO-E network codes, which will apply on the territory of the 28 Member States of the European Union, but also in Turkey, whenever the provisions of these network codes are not in conflict with Turkish fundamental rules on electricity market operation.

3. Context of the adoption of ENTSO-E Codes

Connection to transmission systems, coordination between grid operators is a priority for a proper functioning and harmonised interconnected electricity market. For these purposes, ENSTO-E has drafted a set of rules divided into nine network codes which are closely related and can be broken into three "families", with three codes in each family.

- CONNECTION CODES

The connection related codes cover the connection of generators to the transmission grid (Requirements for Generators) and create rules for taking power from the transmission grid (the Demand Connection Code). They also cover connections using Direct Current technology; which is becoming a more integral part of the power system. They are divided into the following three codes:

1. Requirements for Generators
2. Demand Connection Code
3. High Voltage Direct Current Connections and DC connected power Park Modules

- OPERATIONAL CODES

The system operation related network codes focus on ensuring there are coordinated processes which allow grid companies to work together to ensure security of supply. They cover the way system availability is planned and scheduled, the way analysis of system conditions is carried out and the way in which the system operator ensures that the system can be kept balanced at all times. They are divided into the following three codes:

1. Operational Security
2. Operational Planning & Scheduling
3. Load Frequency Control & Reserves

- MARKET CODES

The market related network codes translate the vision of having a market in which power can be traded anywhere in Europe and outside of Europe for ENTSO-E members such as Turkey. The market related network codes cover all the timescales in which power is traded – starting from forward markets which take place a year or more before the energy is actually delivered, moving through the day ahead market, where power for the next day is traded, and the intraday markets, which operate closer to the time when energy will be delivered. Finally, they cover the balancing markets – in which the TSO is the sole buyer and acts to ensure that demand and supply can be balanced. They are divided into the following three codes:

- Capacity Allocation & Congestion Management
- Forward Capacity Allocation
- Electricity Balancing

The nine codes are closely related and reinforce each other:

- Clear connection rules are needed for the system to be planned and operated efficiently and securely;
- A secure operational system is the foundation of a competitive market;
- Well-designed markets create the signals that encourage market actors to contribute to system security and reduce the need for TSOs to act.

Furthermore, these nine network codes consist in a set of rules which cover the different parts of the electricity sector and apply to the parties who are active in it. They aim at moving from a position in which each country has a specific set of rules, which are not always compatible with those of their neighbours, to a situation in which Europe and its Partners - such as Turkey - apply a coherent set of rules. In doing so, the network codes aim to:

- Promote increased trading across Europe;
- Make it easier for companies to enter the market;
- Enhance cooperation and security of supply; and
- Allow more renewable generation to be safely integrated into the energy mix.

These network Codes represent the cornerstone of a secure, competitive, low-carbon European power sector. By creating standard rules for the operation of the electricity sector, the network codes will provide the foundation for reliable, sustainable and connected energy markets.

4. Turkish Grid Regulation harmonising the ENSTO-E Codes

The Regulations on _____, _____, ... published at the Official Gazette ____ [number, references of the Regulations]:

- Clarifies the harmonization of ENSTO-E network Codes with the Turkish legal framework;
- Ensure compliance of these network codes with the provisions set forth in the Electricity Market law No. 6446 of March 14, 2013;
- Respects the divisions of tasks and powers between EMRA, TEIAS and the Ministry of Energy and Natural Resources as the per the Laws and Regulations currently in force in Turkey;
- Recalls the need to respect of the principles of: non-discrimination among market players, transparency and temperance/proportionality of the decisions to be taken by public entities and regulatory bodies while regulating the electricity sector.
- Is applicable to all relevant actors operating in the sector, including and not limited to: TEIAS, distribution network operators when applying or using processes in coordination with TEIAS, users of the transmission system, other users connected to the distribution system but affecting the transmission system (dispersed generation), market participants.
- As regards the principle of confidentiality, the Grid Regulation will take into account the provisions set forth in Article 13 and 53 of the Statistic Law N° 5429 of 10/11/2005:

Article 13- Only the ones who are involved in the providing of official statistics, in order to fulfil their duties to the extent of their need can access the confidential data.

If the number of statistic unit in any cell is less than three of the table formed by individual data aggregation or if the number of unit is more than three but one or two statistic units are in a dominant position, the data in the relevant cell is considered confidential.

The confidential data that is collected, processed and stored for the purpose of official statistics, can not be given to any administrative, judicial and military organ, authority or person, can not be used other than statistic purposes and can not be used as proof. The officers and other staff who are involved of compiling and processing these data are obliged to comply this rule. This obligation continues after the termination of their duties.

Every precaution is taken to prevent the authorities of the institutions providing official statistics from the use, disclosure or illegal access of the confidential data.

The data or information derived from public sources are not considered confidential.

The data confidentiality disappears in case of written approval given by statistical unit to the disclosure of confidential data.

Confidential data can be published only directly or combined with other data that will not lead to indirect recognition.

(Additional paragraph: 25/11/2008-5813/2 md.) These confidentiality provisions for the data in the scope of confidentiality by indirect recognition of foreign trade statistics are applied in case of written request for concealing the data belonging the statistical unit.

The terms and conditions regarding data confidentiality and safety are regulated by a regulation issued by the views of the relevant institutions and authorities in accordance with the national and international policies. “

“ Penal Provisions - Article 53- The public officials who violate the article 13 of this Law, are subject to punishment according the article 258 of Turkish Penal Code N°5237.

The real persons and the representatives and organs of legal entities that do not comply with the obligations specified in 14th paragraph of the article 6 and article 14 will be fined.”

- As regards the principles of transparency and non-discrimination, the Grid Regulation will take into account Article 10 of the 1982 Constitution. According to which:

“Equality before law: Everyone are equal before law without any discrimination of language, race, colour, sex, political opinion, philosophical belief, religion and sect. Women and men have the equal rights. The State is obliged to ensure the practice of this equality. No individual, family, group or class shall be granted. State organs and administrative authorities must act in accordance with the principle of equality before the law in all their proceedings.”

and according to the application of judicial decisions of the “ the judicial review of administrative acts stated in 125/1 and “ responsibility of administration” of 125/ final article and the “ State of law” principles as stated in the preamble provisions of the Constitution.

- As regards the principles of temperance and proportionality, the temperance principle has begun to take place in administrative law as a sub principle of proportionality principle which is introduced in Turkish administrative law by Constitutional jurisdiction.
- As regards the entry into force, the Grid Regulation will enter into force following the enactment and publication of the relevant network Codes at the Official Journal of the European Union.

The Grid Regulation will be implemented at its entry into force. The legal processes can be applied within the framework of existing legislation and fundamental principles of law in case of any conflicting provision between the Grid Regulation and the Turkish Legal framework.

