

Supporting Material to Accompany

VIEWPOINT ARTICLE

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Views on Turkey's impending ESCO market: Is it promising?

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Energy Efficiency Law (EEL) of Turkey – Article Sections Referring to Energy Service Companies (ESCOs)

Part I of the EEL contains a “definitions” section where *company* is defined: “Company means *energy efficiency consulting companies* to be issued an authorization certificate to provide energy efficiency services under the authorization agreement concluded with the General Directorate (EIE) or authorized institutions.” From this definition it is understood that in the rest of the law, the word “company” can loosely be taken as “ESCO”.

“Energy manager and certificate means the person who holds an energy manager certificate and is in charge of carrying out activities relating to energy management in the industrial establishments and buildings covered under this Law, and the certificate issued to energy managers by the General Directorate, authorized institutions and *energy efficiency consulting companies*.”

“Payback period means the period of time in which the investment outlays needed in the projects the industrial establishments prepare, or procure the *companies* to prepare, in order to increase efficiency in their existing systems are recouped through savings projected in the projects.”

“Implementation agreement means an agreement made by the *companies* to realize the implementation of measures identified by audits.”

“Authorization certificate means the certificate issued to universities and chambers of professions under the authorization agreements by the General Directorate upon the approval by the Board (Energy Efficiency Coordination Board, EECB) in order to engage in training, authorization and monitoring activities, and to the *companies* by the General Directorate, chambers of profession or universities to engage in training, audits, consulting and implementation activities.”

Part II of the EEL which is related to Board and Authorizations involves the following sections related to ESCOs:

“The Board (EECB) approves the implementation projects prepared, or procured through the *companies*, by the industrial establishments which wish to benefit the practice ... and monitors results of the implementation.”

“The Board (EECB) sets the agenda of, and identify the participants in, the advisory committee meetings organized by the General Directorate every November by the participation of authorized institutions, *companies*, chambers of profession in the nature of public institutions and civil society organizations, and approve proposals for measures.”

“Universities and chambers of profession shall be issued authorization certificates by the General Directorate upon the Board’s approval for conducting practical training and authorizing the *companies*. Such certificates shall be renewed every five years unless procedures and principles as defined in this Law and associated regulations have been or are violated. Actions relating to authorization certificates issued to the *companies* by those institutions whose authorization certificates have not been renewed shall be handled by the General Directorate until the expiry.”

“The *companies* shall be issued authorization certificates by the General Directorate and/or authorized institutions for carrying out training, audit, consulting and implementation activities. Such certificates shall be renewed every three years unless procedures and principles as defined in this Law and associated regulations have been or are violated. The *companies* shall pay to the institutions or organizations with which they made authorization agreements the entire amount of the authorization certificate fee, and a portion not to be more than 10% of the energy manager certificate fee as determined by the Board.”

“The authorized institutions and *companies* shall be announced to the public by the General Directorate.”

“The General Directorate, authorized institutions, *companies* and their officers acting on behalf of them are obliged to keep confidential the business secrets which they come to possess during their works relating to energy efficiency and which might damage business relations of their clients. Those under such obligation of confidentiality may not use such confidential information to their own benefits or third party benefits.”

“The General Directorate or authorized institutions issue authorization certificates to the *companies*, carry out training and certification activities for energy managers.”

“The authorized institutions shall monitor the activities of the *companies* to which they have issued authorization certificates, and report within thirty days to the General Directorate any matters violating the provisions of the regulation to be issued by the Ministry (Ministry of Energy and Natural Resources) for the implementation of this Law.”

“The *companies* shall have the following functions: 1) Carry out training, certification, audit and consulting activities under service contracts made with industrial establishments, building owners or management. 2) Prepare projects for implementing the measures identified by energy efficiency audits. 3) Implement changes according to the projects under implementation agreements and guarantee energy savings quantity. 4) Submit an annual report to the authorizing institution.

“A *company* which fails, in the presence of the representatives of the relevant industrial establishment and the authorizing institution, to prove the guaranteed commitment for the energy saving quantity under the implementation agreement made by measurements prior to and after the implementation shall be announced in the Internet website by the authorizing institution. The authorization certificate for a *company* which fails three such commitments shall be revoked with a possibility of renewal one year later.”

“The quantities of savings under the implementation agreements proved by the *companies* by measurements shall be announced in the Internet website by the authorizing institutions.”

“A regulation to be issued by the Ministry shall lay down the principles and procedures for the issue of authorization certificate, qualifications required of institutions and *companies* to be authorized, matters relating to authorization certificates and energy managers, and authorizations, activities and functions.”

Part III of the EEL which is related to Training, Awareness Raising and Implementations involves the following sections related to ESCOs:

“Theoretical and practical training programs shall be organized for the *companies* by the General Directorate and/or authorized institutions, and for the energy managers by the General Directorate, authorized institutions and *companies*.”

“The General Directorate or authorized institutions shall provide laboratory support to the training programs of the *companies* with which they have concluded authorization agreements.”

Part IV of the EEL which is related to Supports and Other Implementations involves the following section related to ESCOs:

“No fees shall be charged for authorization certificates and energy manager certificates of the *companies* established by the foundations.”

Part V of the EEL which is related to Administrative Sanctions and Miscellaneous Provisions involves the following section related to ESCOs:

“Where the provisions of the regulation to be issued relating to authorizations are violated, the authorization certificates of institutions authorized according to principles and procedures laid down in the authorization agreement shall be revoked by the General Directorate upon the Board’s approval, and the authorization certificates of the *companies* shall be revoked by the institution with which they have concluded agreements. Those institutions or *companies* with authorization certificates revoked shall not be re-issued certificates for at least five years. Agreements concluded with the *companies* by the authorized institutions with authorization certificates revoked shall be examined by the General Directorate, and those agreements not meeting the requirements of the regulation shall be cancelled. Those agreements that meet the requirements of the regulation shall be renewed by the General Directorate.”