

Investors profit from ideal funding conditions for Photovoltaic Projects in Turkey

Turkey benefits from excellent global radiance values, and the government in Ankara knows how to utilize them. The lawmakers and a number of international financial institutions offer differing funding programs, to extensively promote the growth of the photovoltaic sector in the country.

The Turkish feed-in tariffs are valid for ten years and are tied to US Dollar to protect against currency fluctuation. Not only because of this fact, they offer attractive possibilities, with owners of grid-connected installations of up to a MW capacity, receiving 13.3 US-cents per kWh.

In addition, the government gives a bonus of 6.7 cents, until 2021, if the operators use components manufactured in the country. The use of Turkish produced mechanical superstructures and panel mountings, for example, pays dividends, with an additional 0.8 US-cents per kWh. Turkish produced inverters increase the feed-in tariff by 0.6 US-cents per kWh, while solar cells and modules raise it by a further 3.5 and 1.3 US-cents respectively. The use of additional components that absorb the rays of the sun is rewarded with another 0.5 cents.

Investors and operators who wish to profit from the Renewable-Energy-Law, which was revised in 2013, need to have their installations operational before 31.12.2015. Due to the on going re-structuring of the Turkish energy markets, it is difficult to predict the development of the future electricity price. Nonetheless, experts are of the opinion that the currently valid feed-in tariffs will prove to be good for investors.

Joint Ventures offer valuable advantages

The conditions applied by legislators to the project planning and operation of installations of over one MW capacity are significantly more prudent, but are, ultimately, also sensible: In order to receive authorization, operators must form a local company and be able to supply environmental sustainability certificates and feasibility studies. In addition, any license cannot exceed the limit of 50 megawatts and must be applied for within a set deadline. What's more, the solar radiation levels at the planned site must be at least 1,620 kilowatt-hours per square meter annually.

Besides the state guaranteed feed-in tariffs, the Turkish state operators waive the annual license charges for licensed PV installations for the first eight years of operation. Owners of PV buildings that serve owner-requirements and produce less than one MW capacity do not have to pay the administration costs of the Office of Electricity Studies and the state Water Management Authority. Experience on the ground plays an important role in dealings with the authorities, land, and people. For this reason, joint ventures between Turkish and western companies are at a major advantage.

Development banks support sustainable projects

Operators can apply for funding programs with German banks, for example, at the Deutschen Investitions- und Entwicklungsgesellschaft or the KfW development bank. Because the funds usually originate from subsidies, borrowers profit from low rates of interest and generally long durations. The Ausfuhrkreditanstalt (AKA) also gives its so-called CIRR credits within the framework of a fixed reference rate, as the OECD member states set a minimum rate for state promoted financing. Furthermore, the German Energy Agency (dena) supports German business activities in Turkey through its Renewable-Energy Solutions Program.

The European Bank for Reconstruction and Development (EBRD) also has a number of exciting financing concepts at the ready. The institution serves, above all, concepts relating to the Renewable Energy Initiative (SEI), which supports small and medium-sized companies and private households. Within this framework, the EBRD also makes funds available to Turkish banks via the Turkey Sustainable Energy Financing Facility (TurSeff). These credits can cover up to 100% of the total investment amount.

Yours

Simone Amann