



CONFERENCE DAILY

Day 1

Tuesday, 9 October 2018

OPENING CEREMONY

Almost 1000 participants attended the 2018 Turkish Energy Summit (TES) and ERRA Energy Regulation and Investment Conference in Antalya, Turkey, on October 9-10, 2018. The Conference was hosted by the Energy Markets Regulatory Authority (EMRA) of Turkey and co-organized by ERRA and TES.

Introductory Remarks

Mustafa Karahan, Chair of the Turkish Energy Summit, opened the conference noting that it is organized at a critical time of paradigm changes in the energy sector landscape. Sinan Ak, CEO of Zorlu Enerji, provided an overview of the evolution of the energy sector developments in Turkey, whereas Kivanc Zaimler, CEO of Enerjisa, emphasized the importance of co-organizing the conference with ERRA, including a high number of energy regulators and policy makers.

Keynote Addresses

Mart Ots, Chairman of the Energy Regulators Regional Association (ERRA), praised the structural reforms that countries have implemented in their energy sectors and highlighted the role of regulatory independence. In doing so, Mr. Orts encouraged regulators to have confidence in the power of markets to provide value and welfare to the sectors we regulate and to energy customers.

The Conference then aired a video of the role of EMRA in the developments in the Turkish energy sector. Mustafa Yilmaz, President of the Energy Markets Regulatory Authority, noted that the 17th ERRA Energy Investment and Regulatory Conference is being co-organized under the motto of „*Regional Energy – Global*

Synergy” and encouraged discussions to be developed under this motto.

Figure 1 Mart Ots, Chairman of ERRA, provides his remarks in the opening of the conference



Mr. Yilmaz also emphasized the role of regulatory independence and highlighted the opening of the wholesale gas market in September 2018, the development of renewable energy resources and advancements in energy storage.

Figure 2 Fatih Donmez, Minister of Energy and Natural Resources of Turkey



Mr. Fatih Donmez, Minister of Energy and Natural Resources of Turkey, welcomed participants and noted that EMRA, the Minister himself, as well as the Deputy-Minister of Energy of Turkey are all well familiarized with ERRA and expressed his pleasure of having ERRA as a co-organizer of the conference.

SESSION I:

CURRENT STATUS OF THE TURKISH ENERGY SECTOR

The Conference then went on to a Q&A session with the Turkish Minister of Energy and Natural Resources, Mr. Fatih Dönmez. The discussions covered developments in drilling vessels in the Mediterranean and Black seas as well as upstream investments on land. Mr. Dönmez noted the importance of the sustainability of policies related to the energy sector and their role in enhancing the ability of the energy sector to be able to predict market developments. Mr. Dönmez addressed the issue of 950 MW of BOT contracts, which are set to expire soon, and provided insights on EMRA's plans to further liberalize the retail market.

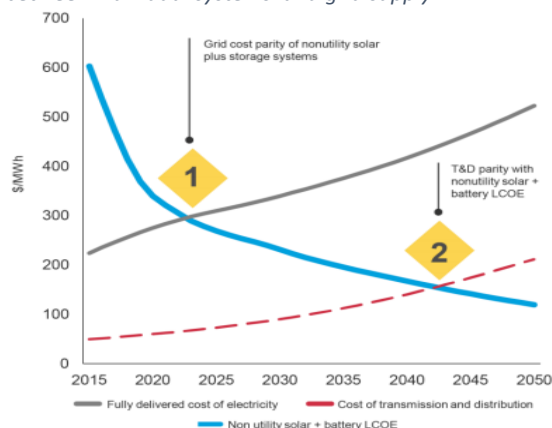
SESSION II:

EMPOWERED CUSTOMERS: REGULATOR'S ROLE IN IMPROVING DEMAND-SIDE DYNAMICS

The second session of the conference was opened by Erin Hammel – Master of Ceremony - Director of International Programs at the National Association of Regulatory Utility Commissioners (NARUC) - ERRA's sister organization. Tamara Sulukhia, Sustainable Development and Infrastructure Program Leader for Turkey at the World Bank, moderated the session related to empowered customers and regulator's roles in improving demand-side dynamics. Mr. Oleg Barkin, Member of the Board of the *NP Market Council* of Russia provided a presentation on the role of the Council in supporting new technological developments in the Russian Wholesale Energy Market, noting that distributed generation and demand response systems are likely to affect demand-side dynamics in the near-term. Gatis Junghans, Member of the Board of the Latvian Transmission System Operator, emphasized that customers can provide a useful flexibility source to the system by participating actively in the electricity market. Mr. Priit Treial of *Elektrilevi* (Estonia) provided a presentation on how regulation facilitates innovation and noted

that, according to current trends, individual systems will be less expensive than buying electricity from the grids within the next decade. *Elektrilevi* already identified around 1000 locations where such investments are already worthwhile.

Figure 3 Mr. Priit Treial (*Elektrilevi*) presentation on empowering customers and future costs of supply between individual systems and grid supply



The panel discussion that followed was moderated by Huseyin Karatas, Former EMRA commissioner. The Panel consisted of Afsin Burak Bostanci, an Energy Expert of EMRA, David Dgebuadze, Head of the Electricity metering Department at Georgian State Electrosystem, Jesus Serrano Landeros, a Commissioner at the Energy Regulatory Commission of Mexico and Dmitry Vasilev, Head of Department at the Federal Antimonopoly Service, Russian Federation. The panel noted the increased importance of DSM to support the integration of RES and the necessity to allow independent aggregators to enter the market to provide these services

SESSION III:

EMERGING TRENDS IN GAS POLICY - PERSPECTIVES FOR REGIONAL AND GLOBAL MARKETS

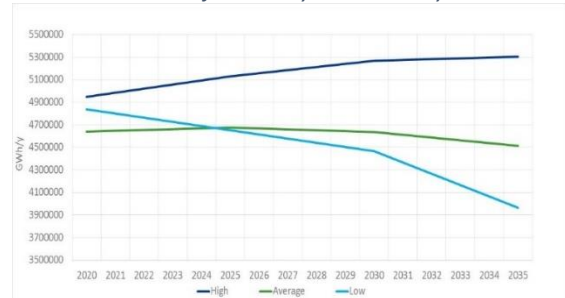
Session III opened with discussions on emerging trends in Gas Policy and perspectives for regional and global markets. The Discussion was moderated by Gülefsan Demirbas, Head of the Strategy Development Department at the Energy Market Regulatory Authority (EMRA) of Turkey. In her opening Remarks Ms. Demirbas noted that there are fundamental changes in the gas markets, with US becoming an exporter through LNG and China becoming an even larger importer of Gas.

Figure 4 Session III speakers (left to right) Rota Snuka, Hasan Ozkoc, Konstantin Petrov, Wouter Koopman and Gülefsan Demirbas



Wouter Koopman, Gas Advocacy Manager for Europe at Shell presented the effects of increased LNG availability, noting growing population, rising demand, ongoing supply, climate change mitigation and improving air quality as factors contributing to the energy challenge. Gas will play a growing role to meet the energy challenge, with LNG being the fastest growing gas supply source. Konstantin Petrov, Managing Consultant at DNV GL, provided a presentation of the Future Role of Gas from a Regulatory Perspective.

Figure 5 High, Average and Low Gas Scenarios according to the Future Role of Gas study conducted by DNV GL



Mr. Petrov noted that the future role of gas in the case of power generation will be highly impacted by the policy on renewables support and highlighted that regulators should consider revisiting elements of the tariff design of the gas transmission networks in order to place adequate short-term capacity charges that do not discourage users to book the capacity. In his presentation on Euro-Mediterranean Gas Markets, Mr. Hasan Özkoc, Assistant Secretary General at MEDREG, highlighted that the gas demand is in a fast lane, thanks to its flexibility and ability to ease environmental problems. Gas Markets are being re-shaped with Chinese consumption, US production and increase in industrial consumption being the main drivers behind these changes. Finally, Rota Snuka, Commissioner at the Public Utilities Commission of Latvia provided a presentation on the Baltic Regional Gas Markets, pointing out that developed infrastructure is a prerequisite for the efficient functioning of the market.

The panel discussion that followed was moderated by Matt Drinkwater, Senior Editor for Electricity, Gas and LNG at Argus and consisted of Aziz Camci, Chairman of Petform, Turkey, Arman Satimov, Advisor to the Chairman at KAZENERGY, Michael Thomadakis, Director of the Energy Sector at Grant Thornton and Nikola Vistica, member of the Board of Commissioners at the Croatian Energy Regulatory Agency.

Figure 6 The finalization of the Trans-Adriatic Pipeline (TAP) will further enable the establishment of regional gas markets and IAP will contribute to the gasification of SEE countries



The discussions highlighted the importance of developing additional infrastructure and establishing a regional market in enhancing security of supply and mitigating risk.

SESSION IV:

ENHANCING SECURITY OF SUPPLY UNDER TRANSITIONAL MARKET CONDITIONS

The final session of the conference covered the topic of enhancing security of supply under transitional market conditions. The session was moderated by Mr. Hammad Zafar Hundal, Country Manager at the Islamic Development Bank Group. Fayez Al Jabri, General Director for Technical Affairs at the Electricity and Co-Generation Regulatory Authority (ECRA) of Saudi Arabia presented ECRA's Regulatory Approach to Maintaining Security of Supply, the paper which won this year's ERRA Conference Abstract award. Haakon Reiersen Leknes, of NordPool Consulting provided a presentation on the Role of New Power Exchanges and Market Coupling to Enhance Security of Supply, highlighting that a common European power market enables the efficient use of transmission capacity by trading energy across borders, coordinates market development and levels out electricity prices. The final presentation of the session was provided by Bagdagul Kaya Caner, Head of the Group for Natural Gas Network Operation Regulations at the Energy Market Regulatory Authority (EMRA), covering the implications of organized natural gas markets on security of supply and predictability in energy markets.

The session was followed by a panel discussion moderated by Matthias Finger, Professor at the Lausanne Federal Institute of Technology (EPFL) and included Mehmet Erturk, Former EMRA Vice President, Maria Manicuta, Director General for Network Access and Authorization Department at the Romanian Energy Regulatory Authority (ANRE), Giorgi Pangani, Commissioner at the Georgian National Energy and Water Supply Regulatory Commission and President of the Energy Community Regulatory Board and Dietmar Preinstorfer, Head of the international relations department at E-control Austria. The panel discussions addressed the key roles of energy sector stakeholders in security of supply.

CONCLUDING REMARKS AND ANNOUNCEMENT OF THE 2019 ERRA CONFERENCE LOCATION

In his concluding remarks, Mart Ots, Chairman of ERRA praised progress made by member organizations to restructure sectors in a way which fosters the development of competition and encouraged regulators to have the confidence to allow markets to provide added value and welfare to customers. The next ERRA conference will take place in September 2019 in Latvia.