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## Turkey Promulgates New Regulation on the Auditing of Electricity Market Players

The Turkish Energy Market Regulatory Authority, or EMRA, promulgated the latest in a series of regulations prescribed under the Renewable Energy Law No. 5346.

EMRA has the authority to audit and oversee the Turkish electricity market but it can also exercise this authority through its own personnel or authorized audit firms. The new Regulation on Auditing and Supervision of Licensed Activities of Generator and Distributor Companies (the "Audit Regulation") determines the rules applicable to such audit and audit firms to be certified and appointed by EMRA.

The Audit Regulation is applicable to all power generation and distribution facilities, including those in the renewable energy space.

### Scope of Audit

The Audit Regulation provides a non-exhaustive list of matters to be audited with respect to generation and distribution facilities, including (i) compliance with applicable legislation, (ii) compliance with investment or progress plans approved by EMRA, (iii) whether the relevant company's activities are arm's-length, transparent and in compliance with competition rules, and (iv) whether there are any activities disrupting the market in general.

Audits are to comprise of document-based reviews as well as site visits. Generators and distributors under audit are obliged to provide any and all information requested by the auditors and cannot refuse to give the requested information due to reasons of impracticability or confidentiality.

The cost of such audit is to be borne by the relevant generator or distributor.

The Audit Regulation does not regulate the supervision and oversight role of the Ministry of Energy and Natural Resources. The Ministry maintains the authority to monitor project preparation, development and operation of generation and distribution facilities and to grant provisional and final acceptance. The Audit Regulation is also not applicable to construction inspectors, who are appointed under separate legislation to monitor the compliance of constructions with zoning plans, health and safety regulations and other applicable standards.

### Conclusion

EMRA's outsourcing of electricity market's audit activities comes as no surprise given EMRA's heavy workload, an issue frequently raised by those in the sector, as well as debates on the restructuring of EMRA and the division of its authorities. Liberalization of the electricity market has resulted in a significant number of applications submitted to EMRA and, as a result, a significant increase in the number of facilities and entities to monitor.

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