



**Report of the  
3<sup>rd</sup> Turkey-Iran Expert Group Meeting on  
ECO Regional Electricity Market**

May 31, 2021  
(ECO Secretariat, Tehran, Iran)

**Report of the 3<sup>rd</sup> Virtual Bilateral Meeting on  
ECO Regional Electricity Market (ECO-REM)  
(May 31, 2021)**

1. The Third Meeting between the Islamic Republic of Iran and the Republic of Turkey on "ECO Regional Electricity Market" project was held virtually on May 31, 2021. The Meeting was organized by the Republic of Turkey and was attended by the representatives of both countries. First time sides invited the Republic of Azerbaijan to the subject Meeting, with a view that the Republic of Azerbaijan has power trade with the Islamic Republic of Iran and Republic of Turkey as only ECO Member State. The ECO Secretariat was also represented at the Meeting. The list of participants is attached as *Annex-I*.

**Agenda Item No. 1**

**Opening of the meeting**

2. Amb. Huseyin Avni Bicakli, Deputy Secretary General, while delivering the opening remarks, stated that the prime objective of this meeting is to launch pilot project covering Iran and Turkey bringing them closer towards assessing situation for establishing joint mechanism of power trade, which can be undertaken possibility to expand it in the region in later stages. He explained that enhancement of regional electricity trade can initially be realized via strengthening intra-regional trade in sub-regional markets, where an interconnected grid already exists but much needs to be adjusted to ensure adequate supplies of energy and security of supply. Another important advantageous element in interconnecting the power systems of the ECO Member States is the potential of regional power exchange, instead of only as a power export opportunity for the ECO Member States. He also clarified that role of international partners is instrumental to attract financial and technical support to the ECO-REM Project.

3. Dr. Öztürk Selvitop, Director General of Foreign Relations, Ministry of Energy and Natural Resources of the Republic of Turkey, stressed in his opening remarks the importance of energy supply security and ensuring the stability and flexibility of the countries' energy sector, in particular with key significant of interconnections. Also, he emphasized efforts for evaluating and improving opportunities for international collaboration.

4. On behalf on Iranian delegation, Mr. Mohammad Ali Farahnakian, Adviser to the Minister for International Affairs and Head of the Center for International Affairs and Coordination of Water and Electricity Diplomacy, Ministry of Energy of the Islamic Republic of Iran, mentioned that Iran Ministry of Energy will comprehensively support initiating the ECO-REM. He emphasized that based on the previous agreements, initiating a pilot electricity market between Iran and Turkey can speed up the development of the overall ECO-REM idea.

**Agenda Item No. 2**  
**Election of the Chairman**

5. As per ECO Rules of Procedure, Head of Delegation of the host country His Excellency Dr. Öztürk Selvitop, Director General of Foreign Relations, Ministry of Energy and Natural Resources of the Republic of Turkey was elected as the Chairman of the Meeting.

6. After assuming the Chairmanship, Dr. Öztürk Selvitop, Director General of Foreign Relations, Ministry of Energy and Natural Resources of the Republic of Turkey thanked the meeting for his election as the Chairman and expressed his best wishes for the success of the meeting.

**Agenda Item No. 3**  
**Adoption of the Agenda**

7. The draft Agenda of the meeting was considered and adopted with the consensus of both countries. Copy of the Agenda is placed as Annex-IV.

**Agenda Item No. 4.**  
**Appointment of the Drafting Committee**

8. An open ended drafting committee consisting officials of the ECO Secretariat was constituted to prepare a draft report of the meeting.

**Agenda Item No. 5**  
**Statement/presentation on Electricity Market of Iran and Turkey & Recent Development in the Electricity Market**

9. The Expert of the Energy Market Regulatory Authority of the Republic of Turkey made a presentation on the recent development in the Electricity Market as well as current Electricity Market Structure in the Republic of Turkey. He mentioned that Turkey will install the capacity in total more than 97,000 MW at the end of 2021. However, the share of unlicensed generation facility installed capacity in total is 70,757 MW. He also stated that Turkey has additionally increased installed capacity 4632 MW electricity in 2020 and 1486 MW in the first four months in 2021. Furthermore, he explained that Turkey's electricity consumption remained 3048 TWh in 2020, whereas the electricity generation was 3054, TWh. He stated that 42.4% electricity is generated from renewables, which hydroelectric (25.6%) and wind (8.2%) comes from power plants. However, the remaining portion of electricity comes from solar, geothermal and biomass, respectively. He further clarified that share of private sector in electricity generation was 79% and installed capacity of the private sector is 75% for the year 2020.

10. The Representative of Iran Grid Management Company (IGMS) informed that the Islamic Republic of Iran generates 42% as State Owned electricity and private sector generates 58%.

**Agenda Item No. 6**  
**Electricity Trade in ECO Region**

**Regional Electricity Interconnection Status of Interconnection between Turkey and Iran**

11. Mr. Mehmet KARA, the experts of the TEIAS of the Republic of Turkey informed that Dogubeyazit (TR) of the Republic of Turkey and Bazargan (IR) of the Islamic Republic of Iran are not used for electricity exchange since 2014, which can be used to import electricity by creating passive island in TR. Moreover, Baskale (TR) - Khoy (IR) 400 kV interconnection are not used for the electricity exchange since 2017. He also recalled recent triateral meeting held in 17 February, 2021 in which TEIAS, TAVANIR and SA-RA&CET agreed that TEIAS shall send updated network model, SA-RA&CET shall analyze and send to TAVANIR for checking. TAVANIR shall update and TEIAS & TAVANIR finalize for its implementation. TAVANIR shall update the operational agreement, which shall be finalized by TEIAS & TAVANIR together for commercial usage and its commencement.

12. The representative of IGMC briefed about the spot market process and information system in market and system operation. He clarified about trading mechanism of Iran, involve companies through bilateral contracts. He also briefed on energy payment according to the energy production and capacity payment, which is based on day ahead declarations and annual service payment.

**SYSTEM OPERATION ACTIVITIES**

13. Mr. Mohammad Hossein Zendehdel, Director of Cross-Border Electricity, IGMC overviewed on power section of Iran and briefed on demand side statistics and supply side statistics as well as interconnections and trade with neighboring countries.

14. Mr. Abdullah KORKMAZ of the Energy Exchange Istanbul of the Republic of Turkey briefed the participants about "Day-Ahead Market and DAM Reference Price Methodology. He also highlighted the intraday market, which works simultaneously with Day Ahead Market and Balancing Power Market.

**Agenda Item No. 7**

**Guest Country presentation by the Republic of Azerbaijan on Electricity interconnection with Iran and Turkey**

15. Ms. Nazrin Habizadeh, expert of Ministry of Energy of the Republic of Azerbaijan briefed about Azerbaijan-Turkey & Azerbaijan-Iran exchange of electricity as well as import & export between the energy systems since 2013-2021. Electricity is exchanged between Azerbaijani and Turkish power systems via two-circuit 154 kV Ighdir-Babek and 34.5 kV Araliq-Sadarak overhead power transmission lines (OHTL). She also informed about the cooperation between Azerbaijan and Iran on the "Khudaferin" and "Giz Galasi" hydro-junctions and hydroelectric power plants. The two hydroelectric power plants have the total capacity of 280 MW ("Khudaferin": 2x50 + "Giz Galasi": 2x20 MW).

16. Mr. Rovshan Mirzayev, Director (EME) of the ECO Secretariat briefed about power market in other ECO Member States, particularly Central Asia, Pakistan and Afghanistan. He mentioned that the

installed capacity of Central Asian Unified Electricity System (CA UES) as of 2019 is 21,656.i MW, which is 54.4 MW higher than 2018. The power generation across the CA UES and Electricity System of South Kazakhstan in 2018 reached 89.3 billion kW/h, which is 1.9 bln. kW/h or 2.2% higher than generation in 2017. CASA 1000 is a new high-voltage electricity transmission system connecting the four countries in Central and South Asia, which could help them and alleviate chronic energy shortages by facilitating trade of electricity. The 1,300 km CASA-100 project is currently under construction across the four participating countries with all ten construction contracts granted. The project will provide the capacity of 1,300 megawatts (MW) of electricity to meet the growing demand in the energy sector.

**Agenda Item No. 8**  
**Reviewing draft ToR**

17. The Meeting decided that the Secretariat will review the Terms of References (ToRs) of the project to be updated based on the recent developments if necessary. The Secretariat will distribute at its earliest the updated ToR amongst participated sides. The sides within two weeks will review and respond their views/comments on the updated TOR.

18. The Republic of Azerbaijan as an early stage may consider assess the meeting outcome to propose its stake of further cooperation and contribution within the project. Tukey and Iran will consider to review and respond to the proposal of Azerbaijan

19. After reviewing updated ToR, the sides will convene under coordination and handling of the meeting by the ECO Secretariat at the earliest convenience.

**Agenda Item No. 9**  
**CONCLUSION**

20. The meeting concluded with a Vote of Thanks, expressing deep appreciation for the technical assistance and excellenct arrangements extended by the Republic of Turkey as well as ECO Secretariat for coordination among the member countries.

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