TSKB ADVISORY SERVICES

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TSKB Economic Research

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Ezgi İpek Koçlu ipeke@tskb.com.tr
Can Hakyemez hakyemezc@tskb.com.tr

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World Bank approves USD 748 million financing package for the "Transformation of the Turkish Transmission System Project".

The financing package consists of a USD 708 million loan from the International Bank for Reconstruction and Development (IBRD), USD 38 million from the Clean Technology Fund (CTF) and USD 2 million from the CTF grant. The financing package aims to ensure that Türkiye's increasing renewable energy capacity is integrated into its national electricity transmission grid, while supporting the country's clean energy transition and climate resilience goals.

The funding package focuses on three strategic components: the development of transmission infrastructure, the digitalization of the power grid, and technical support for innovation. The development of transmission infrastructure is intended to finance the construction of new high-voltage substations for the direct integration of 1.7 gigawatts (GW) of renewable energy and to increase grid reliability. The modernization of existing substations and expansion of transmission lines and underground cable networks is also included in this strategic component.

The digitalization of the electricity grid involves strengthening existing systems and implementing advanced digital technologies to manage the growing share of renewable energy in Türkiye. The technical assistance step for innovation aims to improve the institutional capacity of the Turkish Electricity Transmission Corporation (TEİAŞ), the implementing agency of the project, to support Türkiye's first high voltage direct current (HVDC) corridors.

The project, which is the 7th phase of the broader Renewable Energy Expansion in Europe and Central Asia (ECARES) Programme, is expected to help Türkiye modernize and expand its power transmission infrastructure to enable large-scale solar and wind power generation.

Türkiye's Renewable Energy 2035 Roadmap sets out USD 28 billion of investment in green transmission infrastructure by 2035. Accordingly, the financing package directly supports Türkiye's Renewable Energy 2035 Roadmap.

In his statement on the approval of the financing package, Humberto Lopez, the World Bank Country Director for Türkiye, emphasized that this project would help pave the way for private sector investments and support Türkiye's vision of creating a modern and competitive energy sector. The World Bank Task Team Leader of the project, Yeşim Akçollu, stated that the project would not only ensure that Türkiye's electricity grid becomes greener, more resilient and sustainable, but would also support TEİAŞ in its investments and technical assistance, highlighting that this would help increase the reliability of electricity supply for businesses and households.

34.8 TWh	2,939.3 TL/MWh
August Gross Generation	Average MCP

5.2%

Daily average licensed electricity generation decreased by 5.2% MoM and increased by 2.9% YoY in August.

Click for details.

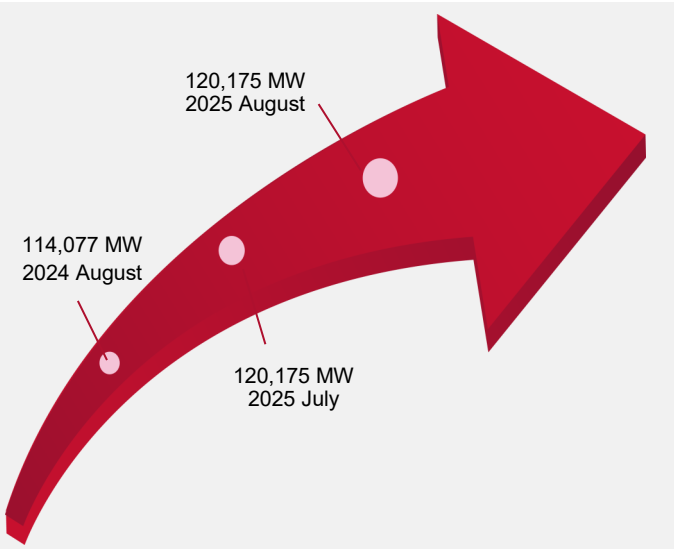
0.9%

Market Clearing Price (MCP) decreased by 0.9% MoM and increased by 14.2% YoY in August.

Click for details.

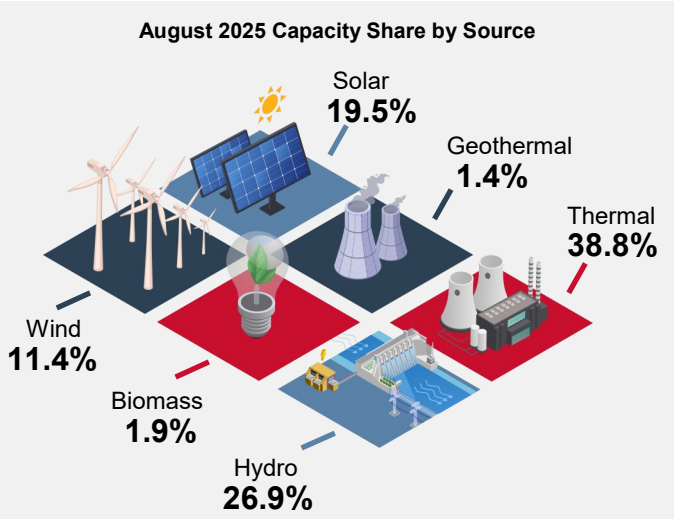
Installed Capacity Analysis

Türkiye's total installed capacity, which stood at 120,175.5 megawatts (MW) at the end of July 2025, reached 120,174.7 MW in August 2025 with a total of 0.8 MW of net installed capacity commissioned in August, 2.3 MW of which was provided by wind and 1 MW from solar power. The installed capacity of natural gas and multi-fuel power plants decreased by 4.1 MW, while no change was observed in the installed capacity of other power plants.



Source: TEİAŞ, TSKB Economic Research

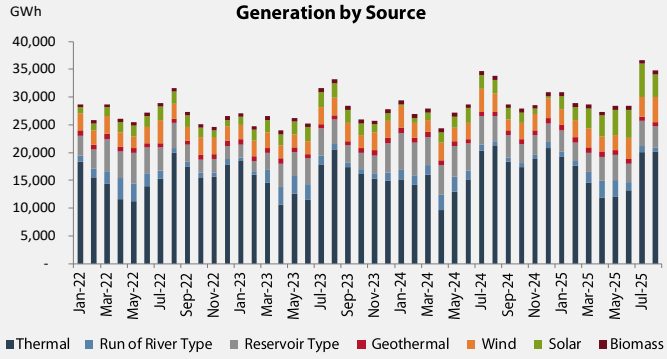
In August, 61.2% of the generation capacity in operation consisted power plants operating from renewable sources. Hydroelectric power plants accounted for 26.9% of Türkiye's total installed generation capacity with the share of wind and solar power plants having a combined share of 30.9% - exceeding the share of hydroelectric power plants.

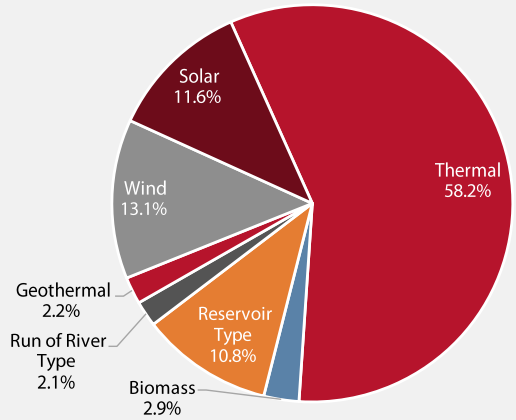


Source: TEİAŞ, TSKB Economic Research

Generation-Consumption Analysis

Electricity generation totalled 34.8 TWh in August 2025, compared to approximately 36.7 terawatthours (TWh) in July 2025. The average daily electricity generation for August was down by 5.2% compared to the previous month, but up by 2.9% compared to the same period of the previous year.

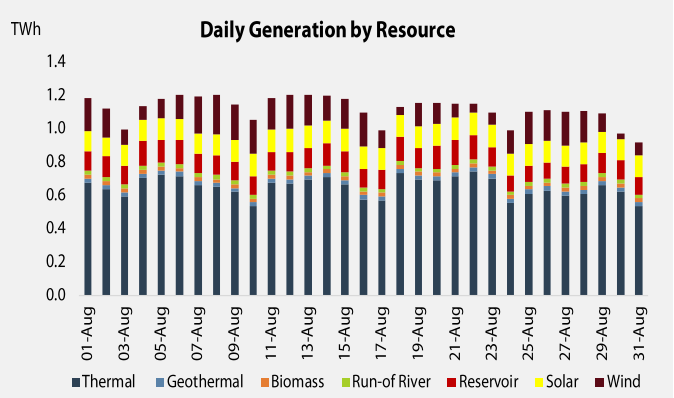




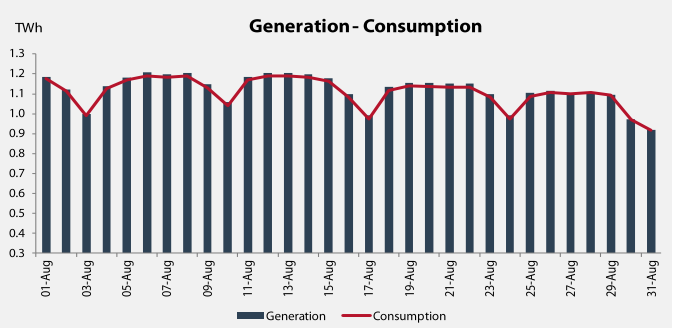
Source: TEİAŞ, YTBS Daily Reports, TSKB Economic Research

Thermal power plants, which provided 54.7% of July's electricity generation, provided 58.2% of the total electricity generated in August. Looking at the source-based breakdown of electricity generation, hydroelectric power plants generated 12.9% of the total electricity in August, compared to 15.5% in July. Solar power plants accounted for 11.6% of electricity generation with geothermal power plants providing a 2.2% contribution to the total.

The share of renewable energy plants in electricity generation edged down from 43.4% in July 2025 to 39.8% in August 2025 with dam-type hydroelectric power plants contributing to 10.8% of total generation. Wind was the renewable source producing the most electricity, meeting 13.1% of total generation. Wind and solar power, when combined, provided 24.7% of the total electricity generation in the month.



Source: TEİAŞ, YTBS Daily Reports, TSKB Economic Research



Source: TEİAŞ, YTBS Daily Reports, TSKB Economic Research

The average daily electricity generation amount in August was 1,121,353 megawatthours (MWh). The highest daily generation in the relevant month was recorded on Wednesday, August 13, with total generation of 1,205,058 MWh, while the lowest daily generation in the same period was 917,859 MWh on Sunday, August 31.

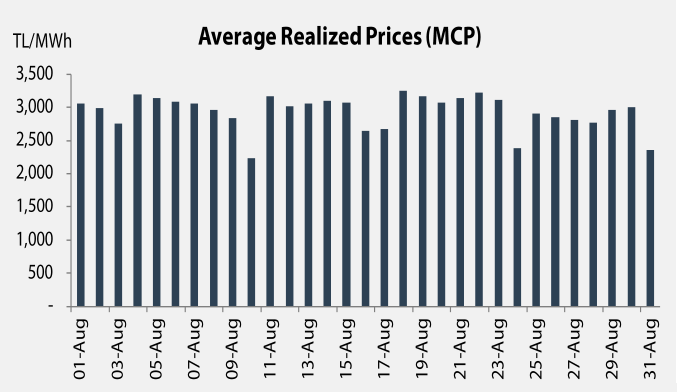
During the same month, daily electricity consumption averaged 1,108,446 MWh, with the highest consumption recorded on Tuesday, August 12 at 1,189,842 MWh and the lowest on Sunday, August 31 at 915,950 MWh.

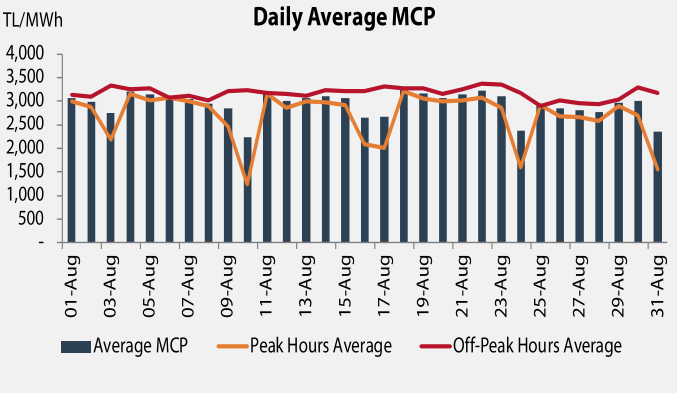
Electricity Price Analysis

The daily average market clearing price (MCP) ranged between 2,234.9 - 3,248.1 TL/MWh in August, with a daily average MCP of 2,939.2 TL/MWh. The highest daily average MCP value was recorded on Monday, August 18 at 3,248.1 TL/MWh with the lowest daily average MCP on Sunday, August 10 at 2,234.9 TL/MWh.

An examination of the hourly data finds the MCP reached the maximum determined price of 3,400 TL /MWh for a total of 100 hours in August with the hourly minimum price 200 TL/MWh in August realized for one hour.

An analysis of the daily PTF for August, finds that the peak hours (8AM-8PM) average was 8% lower the average value for all hours, to be recorded at 2,703.8 TL/MWh while the maximum limit of 3,400 TL/MWh was recorded 33 times during peak hours with the lowest price of 200 TL/MWh realized for one hour during peak hours.

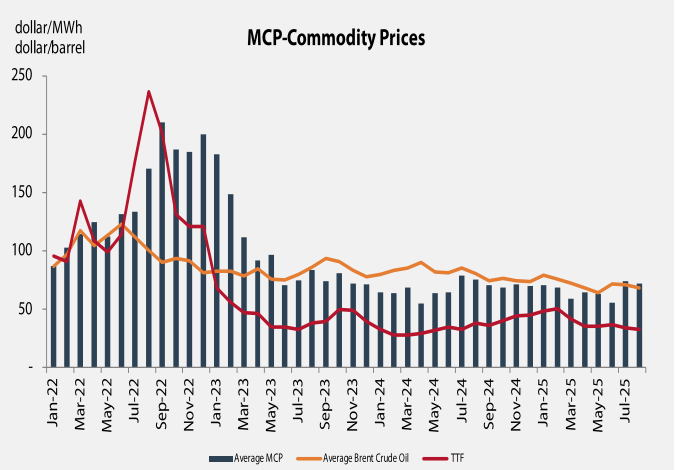




Source: EXIST, TSKB Economic Research

In the same period, the average for off-peak hours (between 8PM-8AM) was 3,174.7 TL/MWh. The maximum limit price of 3,400 TL/MWh was realized for 67 hours during off-peak hours, while the lowest off-peak rate of 1,900 TL/MWh was recorded between 7-8AM on Thursday, August 28.

In dollar terms, the average MCP decreased from 73.8 USD/MWh in July to 72 USD/MWh in August, marking a fall of 4.9% when compared to the same period of the previous year.



Source: EPİAŞ, TCMB, EIA, TSKB Economic Research

Average Commodity Prices

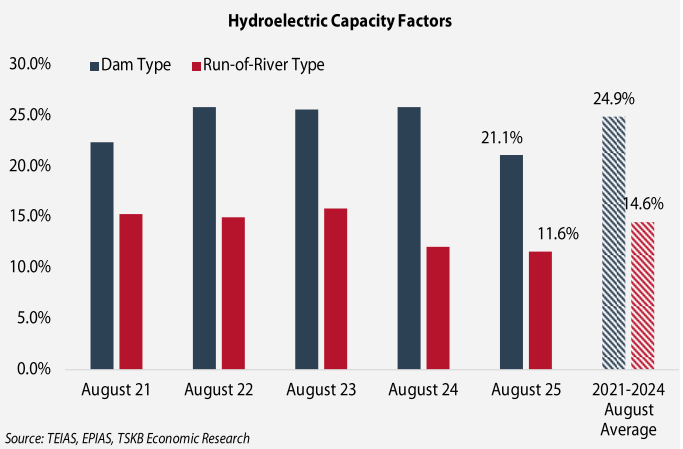
The price of Brent crude oil decreased by 4.4% from an average of USD 71 per barrel in July to USD 67.9 per barrel in August, to bring the price 15.4% lower than the same period of the previous year.

The TTF natural gas contract price, which averaged 33.9 USD/MWh in July, decreased by 3.7% month-on-month to 32.7 USD/MWh in August. The TTF price was 14.8% down when compared to the same period of the previous year.

Hydroelectric Capacity Factors

The capacity factors of dam-type and run-of-river type hydroelectric power plants in August 2025 stood at 21.1% and 11.6%, respectively. Compared to August 2024, these capacity factors in August 2025 were down by 4.8 percentage points for dam-type power plants and by 0.5 percentage points for run-of-river type power plants. Comparing August 2025 with the months of August over the last 5 years, August 2024 witnessed the highest capacity factors for dam-type power plants at 25.9%, while the highest capacity factor for run-of-river type power plants were seen in August 2023 at 15.9%. August 2025 had the lowest capacity factor for the month of August in the last 5 years, with low rainfall playing a role in this.

In August 2025, the capacity factors of dam-type power plants fell to 3.8 percentage points below the average for the months of August from 2021-2024, while the capacity factors of run-of-river type power plants were 2.9 percentage points below the average.



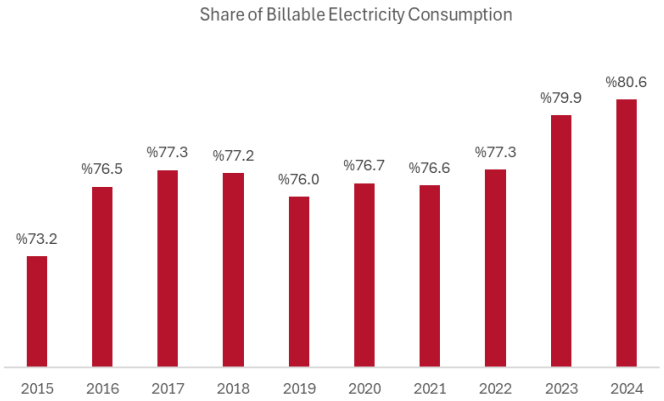
Source: TEIAS, EPIAS, TSKB Economic Research

Increased Share of Residential Use in Electricity Consumption

Can Hakyemez hakyemezc@tskb.com.tr

The Energy Market Regulatory Authority (EMRA) publishes highly informative "Annual Sector Report" and "Monthly Sector Reports" for electricity, natural gas and petroleum.

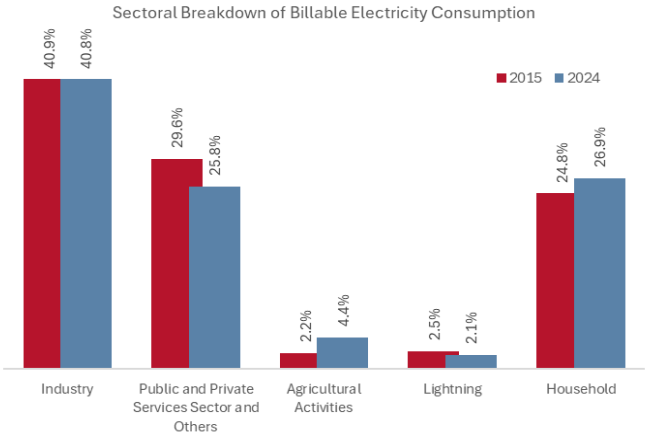
Based on the annual sector reports published for electricity, actual electricity consumption and billed consumption amounts in the last ten years, the ratio of billed consumption in actual consumption has increased over the years, rising from 73.2% in 2015 to 80.6% by the end of 2024. The difference between actual consumption and invoiced consumption reflects the technical and non-technical losses and consumption not considered to be sales. The Monthly Sector Report for June, published in August, indicates that the share realized in June 2025 (80.63%) was similar to that seen at the end of 2024.



Sources: EMRA, TSKB Economic Research

On the other hand, when the sectoral distribution of billed electricity consumption is examined, there is a decrease in the share of the "Public and Private Services Sector and Other" subscriber group, which includes commercial subscribers, and an increase in the share of the residential group in the last ten years. In 2015, the share of the public and private services sector and other subscriber group was 29.6%, while this share decreased by 3.9 percentage points in ten years. The situation is different for residential and agricultural activities subscribers. Agricultural activities and residential subscribers account for the decline of 3.9 percentage points. During this decade-long process, there was an increase of 2.1 percentage points in the share of residential subscribers in total electricity consumption and 2.2 percentage points in the share of agricultural activities. There have been variations in sectoral shares over the decade, with the share of industrial subscribers peaking at 44.2% in 2021, since declining to 40.8%.

When it comes to explaining this increase in agricultural activities and residential subscribers, the increase in temperature can be put down as one of the reasons.



Source: EMRA, TSKB Economic Research

Ember's study[1] published in August indicates that the share of cooling in Türkiye's total electricity demand increases by an average of 9% each year, while demand for cooling accounted for 2.9% of total electricity demand in 2024. The study also emphasized that this proportion could increase to 4.5% in 2030 and 6.7% in 2035.

The Ministry of Environment, Urbanization and Climate Change[2] announced 2024 as the "hottest year" in the last 54 years, with an average temperature of 15.6°C. The extreme temperatures experienced in recent years indicate that these annual averages may rise even more in the coming period. Accordingly, the demand for electricity due to cooling may lead to an increased share of residential use in total electricity demand. In order to meet the increase in the share of the residential use, the integration of renewable energy sources into the system, grid flexibility and energy efficiency practices will inevitably remain on the agenda.

[1]https://ember-energy.org/tr/chapter/turkiyede-sogutma-talebinin-buyuyecegi-ongoruluyor/

[2]https://www.csb.gov.tr/2024-en-sicak-yil-oldu-bakanlik-faaliyetleri-40469

Sector News

Local News

- Türkiye-Syria natural gas pipeline turned on with natural gas flowing to Syria. The Minister for Energy and Natural Resources, Alparslan Bayraktar, stated that in the first phase, 2 billion cubic meters (bcm) of natural gas would be exported to Syria per year.

- Türkiye Industrial Development Bank (TSKB) and Ronesans Energy sign loan agreement worth EUR 54.4 million to support renewable energy investments. The financing will be allocated to the projects planned for the self-consumption of Ronesans REH Energy Services Inc., a subsidiary of Ronesans Energy. Under the agreement, a 35 MW unlicensed wind farm in İzmir and a 15.6 MW unlicensed land-type solar power plant in Kırşehir will be built. The investment loan is stated to have a maturity of 8.5 years amounting to TL 42.5 million for the wind farm, with the solar power plant project having an 8-year maturity with an amount of TL 11.9 million. Emre Hatem, the Energy Group President of Ronesans Holding, stated that the financed wind farm project was the largest unlicensed wind farm investment in Türkiye, while emphasizing that Ronesans Energy would continue to invest in renewable energy in line with its targets of reaching an installed capacity of 2,000 MW by 2028.

- European Bank for Reconstruction and Development (EBRD) and Enerjisa Enerji sign USD 150 million loan agreement. The financing, which will be provided by the agreement signed with a maturity of 5 years, will be used for the strengthening and modernization of the electricity distribution infrastructure of Toroslar Electricity Distribution A.Ş. (Toroslar EDAŞ) in the earthquake-affected regions, as well as for renewable energy projects for corporate customers.

- Electricity consumption from cooling in Türkiye increases by 26% in the last three years, reaching 10 TWh in 2024. According to Ember Climate's study, each 1°C increase in the temperature requiring an average of 0.77 GW of additional electricity generation capacity to meet the added demand for cooling. Accordingly, it is projected that electricity demand for cooling in Türkiye may increase to 20 TWh by 2030 and to 35 TWh by 2035. The rate of solar energy to meet the total demand more than doubled when the highest rate of cooling was required (between 12-4PM) in Türkiye between 2019 and 2024, providing the advantage of relieving pressure on the grid.

- Energy Market Regulatory Authority (EMRA) publishes "Electricity Market Sector Report" and "Natural Gas Market Sector Report" for June. According to the report, electricity consumption decreased by 0.2% in June compared to the same month of the previous year to 28.2 TWh, compared to electricity consumption of 28.3 TWh in May. On the other hand, billed electricity consumption in June decreased by 0.8% YoY to 22.5 TWh. According to the "Natural Gas Market Sector Report", total natural gas consumption in June decreased by 0.6% compared to the same month of the previous year, to come in at 2.7 bcm, while 19% of the natural gas consumed was used by residential customers. Imports of natural gas increased by 36.9% compared to June 2024 to reach 3.16 bcm.

Foreign News

- Organization of Petroleum Exporting Countries and its allies (OPEC+) agree to increase oil production by 547,000 barrels per day in September. Eight OPEC+ countries were involved in the agreement: Saudi Arabia, Russia, Iraq, the United Arab Emirates, Kuwait, Kazakhstan, Algeria and Oman.

- OPEC raises global oil demand growth forecast for 2026 to 1.4 million barrels per day. OPEC left its global demand growth forecast for 2025 unchanged in its Monthly Oil Market Report for August, while updating its forecast for 2026 by 0.1 million barrels to growth of 1.4 million barrels.

- International Energy Agency (IEA) publishes Oil Market Report for August. The report predicts that the increase in global oil demand in 2025 will be 680,000 barrels per day. While the IEA lowered its global oil demand growth forecast by 20,000 barrels per day compared to the previous month, it emphasized the role of weak demand in advanced economies and low consumer confidence in this decrease. However, the IEA added that consumption in countries such as China, Brazil, Egypt and India had been revised downwards, stating that the growth in demand would be similar in 2026, with an increase of around 700,000 barrels per day.

Economic Research
ekonomikarastirmalar@tskb.com.tr

MECLİSİ MEBUSAN CAD.
NO:81 FINDIKLI İSTANBUL 34427, TÜRKİYE
T: +90 (212) 334 50 50 F: +90 (212) 334 52 34