

TURKEY'S ENERGY SECURITY STRATEGY

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Energy security is an essential element of any energy policy. Given the growing demand, limited nature of primary energy resources, geographical differences, technological trends and economic impacts, energy security has been an important strategic aspect of a secure, sustainable and competitive energy policy. Long-term energy security is largely linked to timely investments along the supply and demand chain to foster economic and social development. Short-term energy security is perceived as the ability of an energy system to react promptly to sudden changes in supply and demand. Therefore, energy security has strong ties to energy supply sources, routes, technologies and the investments required in order to mobilize all these.

Turkey is one of the fastest growing energy economies of the world. According to the projections of the Turkish Ministry of Energy and Natural Resources, energy demand is set to double in fifteen years. Ensuring secure, reliable, affordable and environmentally sustainable energy is the core of the Turkish energy policy. Energy security has a key role in the policies and strategies of Turkey in order to support its growing economy.

Compared to its growing energy demand, Turkey's primary energy sources are highly limited. As of 2009, around 24 % of the total energy demand is met by domestic resources while the rest is supplied from a diversified portfolio of imports. Diversification of imports in terms of sources, routes and technologies is an important policy tool in order to achieve and improve energy security.

In recent years, Turkey has also concentrated on increasing the use of national energy resources in a cost-effective manner. Overall, achieving a well-balanced energy supply portfolio for enhancing energy security requires timely investments along the supply and demand chain.

In this context, Turkey has embarked on an energy strategy targeting comprehensive liberalization and establishment of competitive markets with an investor-friendly environment. Since 2001, Electricity, Natural Gas, Petroleum and LPG Market Laws have been enacted to enforce private sector involvement under policy guidance, independent regulation and supervision. A sound investment environment based on competition is one of the major strategies of Turkey to foster energy security by covering the substantial demand growth in its energy sector.

Large investments are required in electricity infrastructure for secure and sustainable development of the energy sector. Electricity Market and Security of Supply Strategy Paper, approved by the High Decision Council in 2009, draws a road map for essential elements in order to improve electricity security and competitiveness in the rapidly growing electricity market of Turkey. Turkey aims at fully utilizing its indigenous hard coal and lignite reserves, hydro and other renewable resources such as wind and solar energy in order to meet rapidly growing electricity demand in a sustainable manner. Integration of nuclear energy into the Turkish energy mix will also be an important contribution in order to meet growing electricity demand while avoiding increasing dependence on imported fuels. The Strategy Paper sets forth indicative targets for the share of primary energy resources in the electricity supply portfolio.

Strengthening the electricity transmission grid in parallel to the expansion of the generation infrastructure is an integral part of the Turkish electricity security policy. Electricity interconnections are highly important. Moreover, Synchronous parallel operation with the European Electricity System (EN-TSO) is the main policy priority. EN-TSO membership of Turkey, scheduled for September 2010, will enable physical integration of the Turkish electricity system with that of the European countries, which in turn will provide significant trade opportunities and which will contribute to regional integration and energy security.

In addition to securing oil and gas from diversified sources and routes, Turkey also focuses on development of further competition in oil and gas segments of the energy sector in order to enhance expansion of its gas transmission infrastructure as well as oil and gas storage capacities.

Turkey is geographically located in close proximity to around 72 % of the world's proven gas and oil reserves, in particular those in the Middle East, the Caspian basin and the Central Asia.

Turkey forms a natural energy bridge between important source countries and big consumer markets and stands as a key country in ensuring global energy security through diversification of supply sources and routes.

Major pipeline projects have already been realized and some others are under construction. These projects contribute to regional and global energy security and they are enhancing the role of Turkey as the most viable route for safe and uninterrupted flow of hydrocarbon sources to the world markets.

Turkey aims through these projects to improve energy security, with its regional and global dimensions, to foster economic cooperation among the countries of its region and to strengthen regional stability and prosperity. Given the important role of oil and natural gas in the energy economy of the world, the region's energy sources and the demanding markets provide further opportunities in oil and gas projects.

The East-West Energy Corridor concept, including the Baku-Tbilisi-Ceyhan Oil Pipeline and the Baku-Tbilisi-Erzurum Natural Gas Pipeline Projects, has been elaborated in cooperation with our partners and neighbours to help diversify the energy supply routes for the transportation of Caspian hydrocarbon resources to the world markets through safe and alternative routes. The Baku-Tbilisi-Ceyhan (BTC) Crude Oil Pipeline, as the pioneer of the east-west energy corridor, has been in successful operation since May 2006 and the IGA signed in the OSCE Summit on November 18, 1999 provided an important milestone for the realization of the project.

Turkey also aims at developing a supply route on the North-South axis. Ceyhan Terminal on the Mediterranean Coast already stands as a major energy terminal in its region and is expected to increase its contribution to the global energy trade by the realization of planned projects. With regards to the safety of the transportation routes, the Turkish Straits have a very important role to play. The safety and environmental risks that are posed by the transportation of hydrocarbon resources via the Turkish Straits have been debated for the last decades. The incremental hydrocarbon exports via the Black Sea have turned the Turkish Straits into a tanker highway, which causes serious concerns. Elimination of these risks by shifting export routes from the Turkish Straits to by-pass pipelines is the main motive behind Turkey's endeavours to realize the Samsun-Ceyhan by-pass oil pipeline project, which is economically viable and environmentally sustainable.

For gas deliveries to Europe via Turkey, two important projects have been undertaken so far. The first project, the Turkey-Greece Natural Gas Pipeline, will be extended to Italy. Interconnection of the Turkish and Greek Natural Gas Pipeline grids was completed in 2006. The Italy connection of the ITG Pipeline, as the second phase of the South European Gas Ring, will enable operation of the Interconnector Turkey-Greece-Italy.

Studies are well underway among the respective institutions of the countries and the European Commission for realization of the Nabucco Project. Having reached an agreement based on the principles of mutual solidarity, mutual equality and interdependence, the Nabucco Intergovernmental Agreement (IGA) was signed in Ankara in 2009. The IGA entered into force on 1 August 2010. Ankara-Baumgarten section is expected to be completed by 2014, allowing the first gas to flow in 2014. Nabucco Project will contribute significantly to the energy security of the participant countries and wider region.

The regional energy projects, where Turkey is an active participant, open up a new avenue for cooperation among the countries in our region and reinforce the ties between the Europe and the Asia. Building on the achievements, Turkey will continue its efforts to contribute significantly in global energy security.