



# **Black Sea RES Principles**

## *Section 7 Licensing and Monitoring of the RES-E Market*

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- Licensing Obligation
- Objective of RES-E Licensing
- Role of ERAs in Licensing
- Simple Licensing for RES-E
- Suggestions for Monitoring
- Wrap – Up

- In markets where generation activity is liberalized;
  - Licensing the construction and production by ERAs is not a common practice
- ... but if the license is a precondition to enter the market;
  - Generators above a certain limit (e.g. 20-50 MW) can be subject to licensing
- For RES-E generators;
  - Licensing by ERAs is not common if capacities are small and impacts on the electricity system are limited. However, large projects are treated specifically and licensed

# Objective of RES-E Licensing

- For RES-E projects, licensing aims to establish the basis of *regulatory monitoring* and *control* over producers:
  - Proper implementation of the supporting mechanism (e.g. FITs)
  - Improving market rules and conditions for increasing RES-E integration through proper understanding of the generators' behaviours and their cooperation with grid operators
  - Establishing transparency via proper licensing mechanisms and regular data publishing to maintain credibility and sustainability of the RES-E market

## Role of the ERAs in Licensing

- ERAs are often involved in RES-E support schemes and grid access issues.
- So, ERAs' ideal role is to utilize licensing for developing regulatory solutions to the interrelated issues of RES-E support and grid integration.
- Otherwise, licensing by ERAs may not be necessary.

## Simple Licensing for RES-E

- The complexity of licensing and authorization procedure is a major obstacle to RES-E penetration
- RES-E licensing should be as *simple* and *inexpensive* as possible for increasing integration
- However, this is completely the opposite in several countries due to administrative obstacles

- Most frequent administrative obstacles are;
  - Lengthy procedures and long lead times to obtain permits
    - **Remedy:** Prescription of obligatory response periods and capacity building for involved public administrations
  - Excessive number of authorities involved in the process
    - **Remedy:** One-stop shop licensing regime (e.g. as in Denmark, Finland, Germany and Sweden) without reducing the number of requested permits and involved authorities
  - Unclear administrative framework and inconsistent application of laws
    - **Remedy:** Adoption of detailed legal provisions or issuing interpretation guidelines (proper implementation and transparency in licensing)

# Suggestions for Monitoring

- Building up monitoring capabilities with regard to RES-E market
- Proper data collection, analysis, evaluation, reporting and publication for improving the regulatory scheme and market development
- Establishing a monitoring regime to identifying the most pressing non-cost barriers (e.g. administrative procedures) to support policy development
- Outsourcing RES-E monitoring (also others) to independent monitoring companies (as in US) can be considered



- RES-E licensing is not a common practice unless licensing is a precondition to enter the market and plant sizes are large
- Objective of licensing is to monitor the market towards ensuring proper implementations and making necessary improvements
- RES-E licensing should be simple to avoid deterring penetration
- Establishing proper monitoring mechanisms is essential to maintain development in RES-E market

# Thank you for your attention.

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