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Letter from the Editor

Our Dear readers,

From the beginning of our activity, we had planned to reach 11 number of our issue admitting that as psychological barrier, in hindsight, to evaluate what has been done till now. And, as time has shown, our issue has established own place under the sun and has proved its right to exist. In the words of the poet: `if the skies lit stars, so it's needed to someone`. And as time has shown our review is needed. We have received positive feedback, new writers send own articles, and still and lately we are and will open to all proposals that will come from you.

This week Ahmet Turker provides very interesting statistics in compare of oil prices in Turkey with some product.

You are able to read information about 10 major Thermal Plants in Turkey in Haluk Direskeneli's comment.

Rovshan Ibrahimov wrote article about fruits of benefits of Azerbaijan from alternative oil export routes.

Mehmet Seyfettin Erol is continue with the topic about Trans-Afghan gas pipeline, evaluating of possibility of the project realization.

Nuclear Energy Possibilities in Turkey is this week topic of Fevzi Saffet Bora, who analyzed agenda.

Rovshan Ibrahimov ,
Editor of USAK Energy Review

**Mehmet Seyfettin EROL,
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*The two neighbours of
Afghanistan, namely Iran
and Pakistan's role will be
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*Russia with the support of
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What is the biggest obstacle in front of Trans-Afghan Project?*

These days there are discussions going around about US's withdrawal from Iraq. The discussions are not merely limited to Iraq but also includes Afghanistan. The future of Afghanistan and the scenarios are subject to growing interests.

In this regard, as the US pulls its troops, the chances for a long term Karzai led Afghan government is bleak and Taliban's return to power is an elevated possibility. In such a situation, it can be argued contend that the two neighbours of Afghanistan, namely Iran and Pakistan's role will be the main determining factors and these two countries will use their elements in Afghanistan in the most effective way. In this context, Hazaras and a number of Tacik groups are expected to align with Iran whereas Pakistan will try to win the support of wider Peshtun groups over Taliban. As a matter of fact, current developments and the intensified activities by Iran and Pakistan are an important indicator of this theory.

In this new equation, India's, the late comer of the global power struggle, chances are not strong. India can only mimic the US's pre-Afghan invasion strategy by supporting Northern alliance and Tajikistan and retain its position in the Eurasia centered second grand game or "New Grand Game"

The power to increase anxiety of this new game is ,without a doubt, Russia. Russia with the support of groups once related to Northern Alliance, General Dostum and Fahim, may try to regain the previous chances she lost. Therefore, a success achieved in Afghanistan, from a Russian perspective, means an important blow to the US's Central Asia adventure and an competitive advantage in the energy wars. This is, once more, brings the projects like "Trans Afghan Pipeline Project" which is also known as "Centgaz Natural Gas Pipeline" and other "not realised" projects in to attention.

About the importance of the pipeline project the issues emphasized by UNOCAL's vice president John J. Maresca's speech before the US committee in 1998, is still viable and explains the "justifiability" of the project. These are:

1. Project route is the most logical and shortest path
2. Its convenience from an engineering perspective and the minimality of risks and obstacles expected during its construction
3. Therefore its cost is lower than other routes(for example, compared to a Trans Hazar Project)
4. This project is an important chance to decrease the influence of Russia and China on Central Asian oil and energy sources. (or vice versa, a blow to the US's energy centered global power struggle and a dawn for regional cooperation based on energy that can harm US interests. In fact, Pakistan and India has given signals for such a cooperation just before 9/11. Afterwards, as India participated in this project in 2006, these signals have been repeated.)

Therefore Russia can bring up the north-south route into attention with this project, and can start a process in which Uzbekistan can involve. As a result, the new project may headstart ne projects involving Tashkent and Tehran. This may look like a challenge to current situation for Russia, but this is an important milestone for Russian aims to be an "energy emperor" in the region.

Without a doubt, US is clearly reading this process/opportunism and therefore heading the region in to new instabilities. US has enough materials to achieve

Beyond Afghan problem which was once regarded as the biggest obstacle for the project, the regimes/governments of Turkmenistan and Pakistan are risky countries for US from an energy security view.

such a goal. Among them, the disputes between Afghanistan-Pakistan, Pakistan-Iran and Pakistan-Iran are the foremost ones. Consequently by stirring up “controlled crises”, US is continuing its existence in the region and showing her intention of taking initiatives in the regional sense. So, with in the current framework, under the US initiative, realisation of a Trans-Afghan Project is less probable, even some experts claimed that the whole project is “dead”. Interesting point is that, one of the key countries for finishing the project is Pakistan. But the problems between Pakistan and US is increasing day by day and even worse than this is the US’s provocation of such problems. US is almost trying to freeze the project for some time and to achieve such a goal US is seeming as if she is helping the inflation of problems between Pakistan and Afghanistan. In a sense, it can be regarded that, this project which is one of the invasion reasons of Afghanistan has been accelerated a bit after 9/11, has been suspended by US. The possible reasons for US’s wish to suspend the project are given as follows:

1. Beyond Afghan problem which was once regarded as the biggest obstacle for the project, the regimes/governments of Turkmenistan and Pakistan are risky countries for US from an energy security view.
2. As the Afghan problem approaches a solution, the “justification” of US existence in the region is expected to be an important discussion material and this may stamp the US as an “unwanted invader” among the Afghanian people and internal dynamics.
3. As the Afghan problem is solved, the process to start new regional cooperation projects increases their chances and hence the region gets stronger.
4. Iran problem has not been solved yet
5. The intention to continue supplying the regional energy demand from sources outside the region, hence to sustain the high costs for energy and slow down the fast growth in the region
6. To continue region’s especially India’s “energy security” problems for sometime, and in this regard increase the Indian and region’s dependence on US and US presence in the region in terms of energy security

The future of Afghan problem and Trans-Afghan Pipeline Project will not be in a better situation than it is now.

The number of these reasons can be inflated. But, the primary issues are these. By considering these reasons and the new developments in the region, the answers for questions such as “why Trans-Afghan project has not been realized yet”, “Why Afghanistan’s security and stability have not been sustained?” and “How long this situation will last” are not far away.

As a result, the future of Afghan problem and Trans-Afghan Pipeline Project will not be in a better situation than it is now, until US realizes her plans to change the political and geographical framework in the region. The participating countries for the project and Afghan problem are well aware of this situation and everyone is playing the part they should be playing or acting the way they should act.

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*(This is the second part of the article titled “Afghanistan toward a new age and the future of Trans-afghan Pipeline (I)” from the USAK Energy Review’s 10th edition)

The best 10 Thermal Plant Plans in Turkey 2007



Haluk Direskeneli,
Energy Analyst

In Energy Commission of Chamber of Mechanical engineers in Ankara Branch, we meet every two weeks on Monday evening in our Ankara office in order to review current energy issues, and try to make appropriate programs/ panels/ technical excursions.

Earlier we had following conversation at the end of our regular agenda. In our country we are just pointing the negative issues. We need to point out the positive developments. We should be more proactive.

There are good developments. There are good power plants/organizations, running smoothly, generating power with high efficiency, at high availability rates. We need to review them and appreciate their performance and advise them to be good examples to continue.

There are good power plants/organizations, running smoothly, generating power with high efficiency, at high availability rates

In our draft 2007 technical excursion program, we decided to list them and invite our colleagues as well as students to visit these selected sites, review the operations, write down reports

Here are our best 10 successful thermal power plants we planned to visit in 2007

Baymina-Temelli,

BAYMINA- Temelli, Thermal/ Combined cycle power plant/ Natural gas/ Private ownership, 55km west of Ankara. 770 Mwe, 2 each GE Frame 9F gas turbine, CMI licensed Gulermak fabricated 2 each Forced Circulation HRSG with supplementary firing, 1 each 300 Mwe Alstom steam turbine. High efficiency latest technology turbines, high availability, further water treatment on downstream of Ankara Creek. Plant is visited on 22nd February 2007.

Ayen Enerji-Ostim,

AYEN Enerji- OSTIM Ankara, Thermal/ Combined cycle power plant/ Natural gas/ Private ownership, 41 Mwe, 1 each GE LM2500 gas turbine, Allborg licensed Enka/Cimtas fabricated, 1 each Forced circulation HRSG with supplementary firing. Further utilization of municipality refuse land. Plant is visited on 3rd March 2007

Zorlu Enerji-Sincan,

ZORLU Enerji- Sincan OSB Ankara, Thermal/ Combined cycle power plant/ Natural gas/ Private ownership, 60 Mwe, 1 each GE LM6000 gas turbine, Allborg licensed Enka/Cimtas, fabricated 1 each Forced circulation HRSG with supplementary firing . Plant tour is scheduled on 15th March 2007.

Seyit Omer Thermal Power Plant,

SeyitOmer Thermal Power Plant- 4th Unit, Thermal/ Lignite firing/ Public (EUAS) Ownership, 165 MWe Owned by EUAS. High efficiency and high availability reported. Excellent utilization of local mine mouth lignite. We planned the plant visit on 14/15 April 2007.

Cayirhan Thermal Power Plant

Cayirhan Thermal Power Plant- Thermal/ Lignite firing/ Private Ownership. 4x165 Mwe. High efficiency and high availability reported. Excellent utilization of local mine mouth lignite. We applied for management permission for plant visit. We applied for management permission for plant visit in May 2007.

EnerjiSA KentSA-Izmit

EnerjiSA KentSA IZMIT. Thermal/ Combined cycle power plant/ Natural gas/ Private ownership, 120 Mwe, 2 each GE Fr.6B gas turbine, DESA and BWG locally fabricated 2 each Natural circulation unfired HRSGs, plus steam Turbine. Izmit MMO Plant visit will be scheduled. Permission will be requested soon.

KOC Entek Bursa. Thermal/ Combined cycle power plant/ Natural gas/ Private

Koc Entek- Bursa,

ownership, 50 Mwe, 1 each GE LM6000 plus 1 each GE LM2500 gas turbines, locally fabricated (1+1) each Natural circulation unfired HRSGs, plus steam Turbine.

Eregli & Steel Mills,

Eregli Iron & Steel Mills. 5th Steam Generation unit, Thermal/ low LHV Blast Furnace gas firing/ Private Ownership. High efficiency and high availability reported. Excellent utilization of BFG and CO gas.

Adapazari-Gebze ENKA,

Adapazari- Gebze ENKA. 770+1540 Mwe Thermal/ Combined cycle power plant/ Natural gas/ Private ownership, Plant visit is scheduled. Permission from management will be requested soon.

AkEnerji-Bozuyuk,

AkEnerji Bozuyuk Thermal/ Combined cycle power plant/ Natural gas/ Private ownership, 120 Mwe, 2 each GE Fr.6B plus locally fabricated 2 each Natural circulation unfired HRSGs, plus steam Turbine. Plant visit is scheduled. Permission from management will be requested soon.

Above specs are tentative and could be revised with your assistance in time.

We would like to visit our selection of the best 10 thermal power plants of Turkey in year 2007 and further plan to write technical articles to explain these excellent thermal power plants in our month bulletin.

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We have lignite coal as our biggest fuel source and we all agree that we should use that coal

with maximum efficiency and availability,
with minimum harm to the mother nature,
with minimum impact on global warming.

The world has a lot of coal, but right now carbon capture and sequestration is not commercially viable, and no guarantee it will be in the future.

Solar and wind plants have long term availability problem.

Natural gas has national security implications and does emit CO2 which creates global warming.

Natural gas has national security implications and does emit CO2 which creates global warming.

The primary energy sources for new capacity and energy efficiency measures need to be chosen using some kind of quantitative risk-assessment scheme that most likely will result in a diverse energy mix that includes nuclear.

We are really not sure how to get around/adapt to the global climate change problem without some drastic changes, even if nuclear energy is implemented.

Hopefully someone will win Sir Richard Branson's \$25 million prize for developing a technology to cost effectively remove CO2 from the atmosphere.

Join me in a toast to the Turkish Thermal Power Plant industry as we sing a couple of lines of that Sinatra classic:

"...You think you've seen the sun, but you ain't seen it shine; You ain't seen nothing yet, the best is yet to come, and babe, it'll be fine..."

Your comments are always welcome.

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Nuclear Energy Possibilities In Turkey

Fevzi Saffet Bora
USAK's Energy Review

It is estimated that oil price would surpass USD 200 per barrel by the year 2015. Oil constitutes 38pct of all energy imports of Turkey, and for every 1 USD increase per barrel the cost for Turkey becomes USD 175 million. The total cost of oil to Turkey as USD 8.6 bln in 2005, 5.5 bln USD for natural gas, and 20 bln USD for the overall energy imports. 6 bln USD of the foreign trade deficit rise in 2005 stemmed from the oil price surges. 5 billion USD of annual investments are needed in the energy sector in order to cut the foreign energy dependence level of 71pct to 50pct in the long term. Making these investments in the generation side and especially in nuclear energy seems like to be a good option. In order to make this possible the government formed "The Draft Law on the Construction and Running of the Nuclear Power Plants and Their Sales of Energy"

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"The Draft Law on the Construction and Running of the Nuclear Power Plants and Their Sales of Energy" has been accepted principally by the Parliament's Energy Commission.

Nuclear is a must and the public must get used to the reactors and the nuclear energy.

"The Draft Law on the Construction and Running of the Nuclear Power Plants and Their Sales of Energy" has been accepted principally by the Parliament's Energy Commission. According to the text the Ministry of Energy and Natural Resources (MENR) will choose the firm which will undertake the investment for the nuclear power plant among the bidders which have fulfilled the criteria of TAEK (Turkish Atomic Energy Agency) through competitive bidding. The draft law foresees the winning of the bid by the bidder who provides the lowest price for the government to buy the electricity generated from the nuclear reactor on a continuum of 15 years. The prices offered by the bidders on unit energy will not exceed the national average wholesale price as has been set by the Energy Market Regulatory Authority. Funds are foreseen to be established which will be active during the course of the active operation of the power plant which will be used to transport, dispose and get rid of the nuclear waste and to take care of the financial burden of decommissioning after active operation. There will be a cost ingredient engrained in the electricity generated and sold from the nuclear reactors. The firms will also have to contribute to the fund from their revenues as well. The MENR will have the power to give incentives to the winning firms in order to acquire new technology, to train it staff on these issues and also for the investment which they are going to make in order to extract nuclear raw materials. It is also foreseen by the draft law that the nuclear projects will have to have complete insurance coverage in all phases of construction and running. The State Economic Enterprises are foreseen to be able to get in ownership stakes in these projects. State land will be provided free of charge to the Project developers but with the responsibility of full decommissioning after the ending of the contract. The D. law brings in purchase guarantees not only for the prospective nuclear power stations but also for the prospective lignite based power plants which have an installed capacity of 1000MW (they all have to be completed before 2014 in order to gain the right of purchase guarantees). Finally the D. Law paves the pave for the public sector to get in the business of constructing these plants in case the private sector does not want to get involved only as a security of supply precaution.

1973-1974 oil crises and the cost of bulk energy, the need to reduce CO2 emissions, the competence in creating commercially viable nuclear energy stemming from its uses in other areas such as medicine and the relatively miniscule cost of nuclear fuel have all contributed to the popularization of nuclear power plants since the 1970s.

Nuclear is a must and the public must get used to the reactors and the nuclear energy. And the third generation reactors are quite safe even in the face of severe earthquakes. 1000 MWs of new nuclear capacity will set the investors back from 1,9 billion to 3 billion dollars but the reliability of these generators are immense at about 7200 hours of running per year. They serve the baseload very well in case they are associated with sound transmission investment. The raw materials such as uranium and thorium which are used as reactor fuels can very

well be found in Turkey otherwise you will have to resort to countries such as Canada.

Currently there are 441 nuclear power plants in 31 countries.

Currently there are 441 nuclear power plants in 31 countries. They generate 17% of the world's electricity demand. 27 new nuclear power plants are being constructed right now in 12 countries. 21 new license applications are being evaluated in the US for nuclear power plants after the EPACT of 2005. The Turkish government plans to create three nuclear power plants of 5,000-MW by 2020 through the enforcement of this D. law. The method is criticized as it cannot even be called a bid in its current form. But nevertheless positive responses have started to come out to the public as in the case of the Ciner Group's application to EMRA for a new NPP without the purchase guarantees.

After assessing the application, EPDK will release a statement in the coming days.

Park Holding has applied to the Energy Market Regulatory Authority for construction of a nuclear power plant in Akkuyu bay in southern city of Mersin. Ciner Group applied to receive a "generation license" to establish a nuclear power plant which will generate 7.5 billion kWh of electricity a year in Akkuyu. Turkey's Atomic Energy Authority (TAEK) earlier granted a site license for the bay. After assessing the application, EPDK will release a statement in the coming days. No purchase guarantees are demanded Park Holding included a self-declared statement in its application that says the company does not need a power purchase guarantee for the 1600 MW installed capacity nuclear plant. The company also made a commitment for the completion of the plant by 2015. The President of the Energy Market Regulatory Authority Yusuf Gunay commented on the Ciner Group's application to build a nuclear power plant by saying that today's energy sector was working according to free market procedures in terms of not including procurement guarantees.

He indicated that this is the method that they are analyzing the application made by Park Holding. It is an application made completely within the conditions that guide the free market, in other words, without any guarantee of purchase later. He expressed that investors have so much faith in the market that they are willing to build a nuclear power plant without receiving a guarantee.

Gunay highlighted that the nuclear power plant in question would include both "reactor and electricity production" capabilities, and that while the reactor would be followed up on by the Turkey Atomic Energy Agency (TAEK), the electricity production element would be the area of EMRA

EMRA is going to enter into talks with TAEK, and they will be working on structuring the business from the point of view of national and constitutional rules. After that, they will start the period of licensing.

We shall hope that the number of similar applications will increase in the very near future.

Fevzi Saffet Bora, USAK Energy Review

Azerbaijan: Happiness is the Availability of Export Corridors



Rovshan Ibrahimov,

Editor, USAK Energy Review

The major topic in the contemporary world is how to provide alternative energy supply routes in terms of national security

It should be noted that in the western direction only Azerbaijani high-qualified 'Azeri light' brand oil has been exported.

The Baku-Novorossiysk pipeline is not economically advantageous transit route for Azerbaijan, and the exports of the Azerbaijani oil from this pipeline rather a political decision

The major topic in the contemporary world is how to provide alternative energy supply routes in terms of national security, no matter whether these states producers or consumers. In itself, this idea has been developed in the late 1990s, when some countries and groups of countries have their own energy programs. USA referred to the importance of having alternative ways of imports of oil and gas. EU also focused in its program about importance of increasing the supply routes of energy to the markets of the members of this organization. The first among suppliers of oil and gas states who referred to guaranteed alternative energy routes was Azerbaijan. The former Soviet republic after its independence, first tried to solve the problem of the use of their own resources and output them to be sold in the western markets. Since the signing Deal of the Century in 1994 to develop oil fields Azeri-Chiragly-Guneschli, for Azerbaijan as a country with no direct access to the open sea appeared problem of constructing the necessary infrastructure to pump oil for export.

Thus at the time when decision-makers selected variant of pipeline to export 'early oil' from contracted oil fields, the Azerbaijani government and shareholders agreed on two directions: via Russia, Baku-Novorossiysk pipeline, from which oil with tankers will be transported from the Black Sea through the Turkish Straits to the ports of the Mediterranean Sea and via Georgia, Baku-Supsa, the Georgian port on the Black Sea from where oil tankers will transported to the ports of the Mediterranean Sea.

With the construction of the Baku-Supsa, the first time, one of the countries of the former Soviet Union would have access to the European markets through the channel without passing through Russia. This would bring an end to the monopoly Russia in the pipeline transportation of oil to the world markets. As show time, the decision was strategically correct.

It should be noted that in the western direction only Azerbaijani high-qualified 'Azeri light' brand oil has been exported. While in Novorossiysk pipeline Azerbaijani oil is mixed with 'Ural light' brand Russian oil with much lower quality and hence Azerbaijani oil is losing in price. Oil pipeline Baku-Novorossiysk and will be referred to as well as the Northern Corridor was opened to pump oil Baku in 1997. With a length of more than 1,000 km, of which 233 km are in the territory of Azerbaijan, the pipeline has a capacity of up to 5 million tons of oil per annum. The length of the West Corridor pipeline or Baku-Supsa pipeline is 920 km of which some 600 km passes through the territory of Azerbaijan. The capacity of the pipeline is about 5.5-6 million tons of oil a year.

In the case of the design of one of the two pipelines Azerbaijan could see a situation in which the transit country would dictate own terms. In such a situation, Azerbaijan has faced to an agreement with Georgia during the negotiation on construction of the Baku-Tbilisi-Ceyhan pipeline. Then Azerbaijan had to give Georgia own income from the transit of oil through own territory.

In addition, the Baku-Novorossiysk pipeline is not economically advantageous transit route for Azerbaijan, and the exports of the Azerbaijani oil from this pipeline rather a political decision. First, as noted earlier, the export of oil through the corridor was necessary to maintain the availability of alternative corridor. In addition to that, transportation oil from the port of Novorossiysk to provide extra charge. Only in the winter season of 2004 the expenditure for

departure from the port tankers with oil from the port and insurance costs amounted to \$ 100,000. The tariffs for transporting oil through the Northern corridor are significantly higher than those in the West. The price of one barrel of oil which is pumped through this pipeline is 2.57 billion dollars, while the price for transporting through Baku-Supsa consists just 3 dollar per ton.

As the growth of oil production from the Azeri-Chiragly-Guneschli became necessary in the installation of a new main pipeline. Limited capacity of the two existed pipelines through both of which possibly to carry no more than 11 million tons per year, is not responsive to the needs of Azerbaijan, starting from 2006, when production was estimated at more than 20 million tons of oil a year. Initially, for the transfer of the oil Russia proposed to increase the capacity of the pipeline Baku-Novorossiysk.

The tariffs for transporting oil through the Northern corridor are significantly higher than those in the West.

However, this corridor has many negative elements. First of all, oil from Novorossiysk as well as from Supsa tankers transported through the Turkish Straits passage through which restricted for security reasons more than 10 million populated metropolis Istanbul, located on the Straits. However, through the port of Novorossiysk besides the Azerbaijani oil also exported the Russian and Kazakhstan oil. It could therefore be faced with a situation where the export of such quantities of oil through the straits would be simply impossible. In this case, there is a need to establish a pipeline to bypass the Turkish straits, and this pipeline is the Baku-Tbilisi-Ceyhan.

BTC, constructed in 2005, this pipeline has a length of more than 1,730 km, 468 km of which is in the territory of Azerbaijan, 225 km in Georgia and 1037 km in Turkey with a capacity of up to 50 million tons of oil a year



Constructed in 2005, this pipeline has a length of more than 1,730 km, 468 km of which is in the territory of Azerbaijan, 225 km in Georgia and 1037 km in Turkey with a capacity of up to 50 million tons of oil a year. It is expected that in the near future through the Baku-Tbilisi-Ceyhan pipeline also oil from Kazakhstan will be exported. The Baku-Tbilisi-Ceyhan pipeline has enabled countries in the Caspian region to find alternative ways to pump oil to Europe, and for EU countries to import alternative to Russia and

the Middle East sources oil.

Thanks to the realization of this transit route project Azerbaijan consolidated its independence and has been able to implement more independent energy and foreign policy.

In December 2006, Azerbaijan has been able to eliminate the use of gas pipeline when the Russian side demanded by Azerbaijan oil through this pipeline full, or to pay for the transit of 5 million tons of oil, even with a partial implementation. Azerbaijan is one of the first countries of the former Soviet Union that has been able to reap the benefits of alternative oil routes. Perhaps Azerbaijan will seek alternative ways also for the Baku-Tbilisi-Ceyhan pipeline, one of which can be Odessa-Brody pipeline, also held outside the Turkish Straits and having access to the markets of Central Europe. As can be seen, official Baku whose motto is, 'Happiness is an availability of alternative routes', will continue its policy of providing safe and reliable energy exports to the world markets.

Ahmet Türker
USAK's Energy Review

Peak Oil? Turkish Diesel is close to 300\$ a barrel

Turkey is not a G8 country, not it has any significant oil and gas reserves. The country is still struggling to decide whether to reform its system for EU membership or continue with the current establishment and seek other alternatives.

The population of Turkey is more than 72 million and has one of the biggest metropolitans in the world; Istanbul. In the Wikipedia's GDP(nominal) list Turkey is the 19th just after Switzerland and before Sweden. However, this rather high ranking dips down to 64th position when it comes to GDP per person (5,062 USD).

So what is the point? In Turkey, there is a popular protest against high oil prices. Some drivers stick print outs like : "Warning! This car uses the most expensive gasoline on earth". It is not a fantasy or exaggerated protest. Turkish unleaded gasoline is around 328 USD per barrel. Have a look at the table below:

Turkey is not a G8 country, not it has any significant oil and gas reserves.

	YTL / litre	USD / Litre	USD / Gallon	USD/Barrel
Unleaded 95 Octane	2.89	2.06	7.81	328.18
Kerosene	2.13	1.52	5.76	241.88
Diesel 50	2.38	1.70	6.44	270.27
Diesel 2000	2.26	1.61	6.11	256.64
Unleaded 95 Octane*	2.82	2.01	7.62	320.23
Diesel 7000	2.26	1.61	6.11	256.64

Turkish Diesel is close to 300\$ a barrel.

1 USD=1.40 YTL , 1 Gallon = 3.7854 Litre , 1 Barrel = 158.98 Litre

The conversions are done using the following equalities from Wikipedia and prices are gathered from EPDK (Turkish Energy Market Regulator) website. Prices are for capital city Ankara.

To give an understanding of the oil prices with comparison to Cola, bottled water and vegetable oils, the table below can be helpfull.

The population of Turkey is more than 72 million and has one of the biggest metropolitans in the world; Istanbul.

	YTL / litre	USD / Litre	USD / Gallon	USD/Barrel
Cola	0.9	0.64	2.43	102.20
Bottled Water	0.7	0.50	1.89	79.49
Sunflower oil	2.3	1.64	6.22	261.18
Corn oil	3.65	2.61	9.87	414.48

The high prices in Turkey are not due to geopolitical problems but due to high taxation policy of the state. Nearly 1/4th of the final price is the refinery output price. The rest is taxes and distribution company shares.

So what does it like to live with the peak oil prices? For most of the Turks, complaining does not work. They just accept it as a reality. In the eastern provinces like Van however, the high prices become an opportunity for smuggling.

In Iran, the gasoline is around 40 cents a gallon or around 10 cents per liter.

When you compare the 2 dollars in Turkey, the smuggling is an excellent opportunity for high profits.

To stop smuggled gasoline, Turkish authorities headed by EPDK has started a national chemical marker called ISARETR which is a liquid added to the final products. If marker is less than the required level, the gas station will be punished.

In Iran, the gasoline is around 40 cents a gallon or around 10 cents per liter.

But what are the impacts of the high prices?

For the statistical results, Organization for Petroleum Industry (Petder.org.tr)'s 2006 annual report is consulted. Some highlights from the report are as follows:

- In 2006, diesel consumption has increased around 8.4% to 14.2 million meters when compared to 2005
- But between 2005 and 2006, gasoline consumption is decreased 3.4%, 3.4 million cubic meters.
- The total increase of white products(diesel & gasoline) consumption has increased 6% from 2005 to 2006.
- The LPG used for cars has increased 7%.
- Total amount of products used for transportation (diesel, gasoline and LPG) has increased 6.3%.

Turkish thirst for oil has not been decreased but the consumers are shifting to diesel from gasoline. In reality, the diesel cars' popularity is increasing day by day.

As seen from the numbers, Turkish thirst for oil has not been decreased but the consumers are shifting to diesel from gasoline. In reality, the diesel cars' popularity are increasing day by day.

Conclusion

The Turkish transportation sector has grown despite high prices in 2006. The number of diesel cars on the roads has increased and smaller cars have become more popular than before.

But there is another factor, which is the subject of another article: LPG usage in the transport sector. There is no government support for using LPG but due to high prices number of people modifying their cars to run on LPG is increasing day by day.

There is no government support for using LPG but due to high prices number of people modifying their cars to run on LPG is increasing day by day.

All these may not be reflecting the real environment of "peak oil", because substitution is readily available. But the Turkish market and Turkish consumer behaviors includes clues for peak oil plateau. If the economic growth is strong, the consumption may not be decreasing. There is a growing dominance of small and diesel cars. LPG modification and factory made modifications for LPG usage are quite common.

Looking from the positive side, Turks are less vulnerable to high price increases when compared with the countries implementing lower taxes. So the sudden jump of prices may have a damaging effect on the economy, but for ordinary consumers, oil is not a very big problem as long as their incomes are at satisfactory levels. After all, gasoline prices remain a fraction of the whole "owning a car" cost.

Ahmet Türker, USAK Energy Review

Oil Markets - This Week

Hasan Selim Ozertem

USAK's Energy Expert

Oil Markets: OPEC Meeting in Vienna and Sanctions against Iran

Producing for about 40 percent of the world's oil, this week OPEC members made their ordinary meeting in Vienna on Thursday. As expected no new decisions were taken to cut oil supply. On the press release it was stated that the volatility for the oil markets continues and for this reason the Conference decided to monitor closely the market developments "to ascertain that oil market stability is achieved and that global economic growth is sustained."

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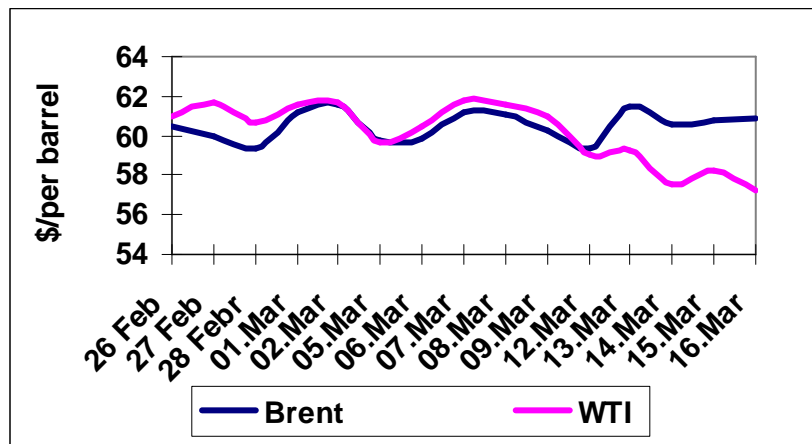


meetings in Doha and Abuja.

This was an expected outcome since before the Conference to convene many of the member states of OPEC said that they were happy with oil prices and there was no need for further production cuts. This decision perceived positively by the markets and crude oil prices slightly decreased in future markets.

For the market stability OPEC decided to cut their daily output in total 1.7 million barrels after their two previous

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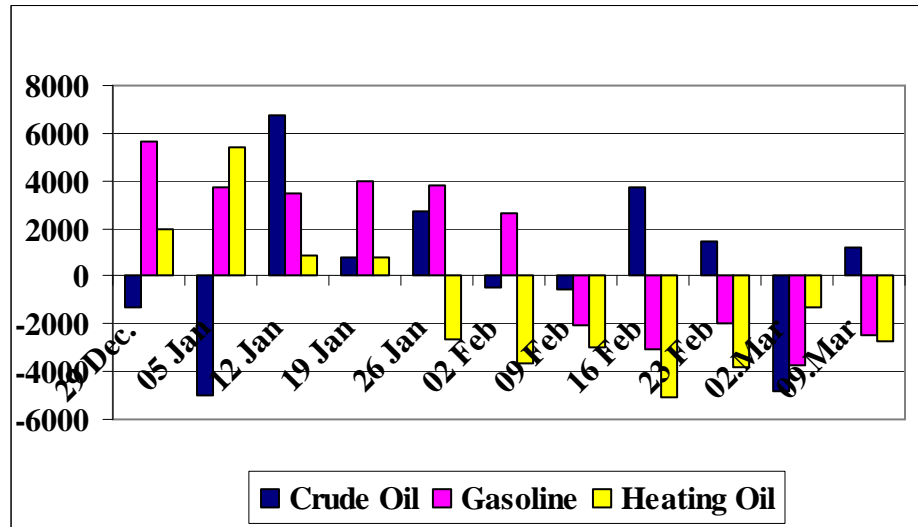
Oil Prices

Source: Financial Times

According to analysts the reason of the weakness in WTI is that there is so much crude oil in the Cushing region

On the other hand the oil prices did not change so much in the spot markets. However, when analyzed closely it can be seen that WTI oil lost its superiority over Brent oil and became \$57.24 on Friday. On the other had the closure price for Brent was \$60.88. According to analysts the reason of the weakness in WTI is that there is so much crude oil in the Cushing region.

Oil stocks in the US (except crude oil) continued to decline in the second week of March too.

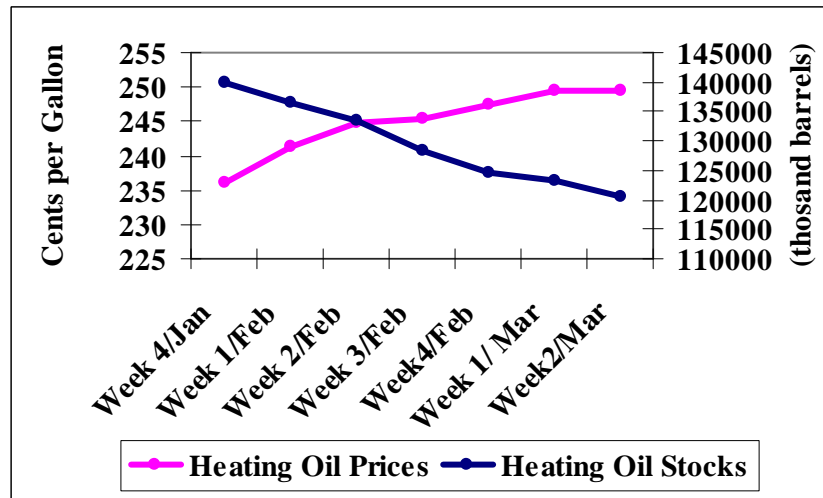


Stocks in the US

Source: Energy Information Administration

Oil stocks in the US (except crude oil) continued to decline in the second week of March too. While gasoline stocks decreasing by 2.4 million barrels, distillate oil stocks declined 2.7 million barrels in total. It was the seventh week of decrease for heating oil. On the other hand crude oil stocks increased 1.2 million barrels.

This week members of the Security Council continued to seek for a compromising point for the sanctions that would be imposed to Iran



Heating Oil Prices and Stocks

Source: Energy Information Administration

The negative relation between heating oil stocks and heating oil prices seems broken for this week. Even though the stocks decreased 2.7 million barrels the prices decreased 0,1 cents. It should be recalled that we are living the last phase of winter and this indicator would not be as much important as it was for this season of the year.

Moreover, this week members of the Security Council continued to seek for a compromising point for the sanctions that would be imposed to Iran. Finally a new draft has been agreed by the 5 permanent members of the Council and Germany. The new draft was sent to other 10 non-permanent members by the British ambassador (BBC). Last December the Council unanimously voted to impose a limited sanctions package to Iran. However, the new package includes a more comprehensive economic penalties and arms embargo.



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<http://www.turkishweekly.net>

These developments should be monitored closely. Since as known geopolitical disputes negatively affects oil prices.

After this development Iran's President Ahmedinejad has requested to address to UN council in Washington. Iran still claims that the uranium enrichment programme is only for peaceful means.

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Moreover, Bloomberg's analyst Mark Shenk claims that crude oil may rise next week due to increasing demand and decline in gasoline stocks due to problems in refineries in the US. According to a Bloomberg's Survey this week 21 of the 43 analysts expect prices to increase and 13 of them expects oil prices to decrease.

For your comments;
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References:

- Shenk, M. *Crude Oil May Rise as U.S. Gasoline Supplies Decline. Retrieved*

from:

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[k](#) on 18 March 2007

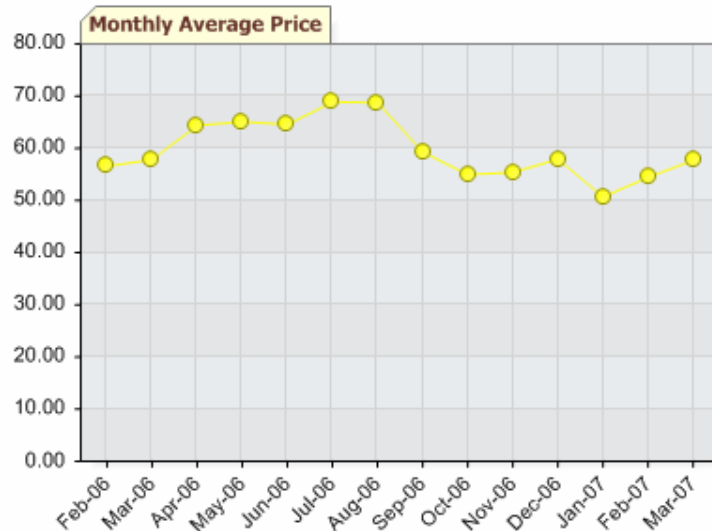
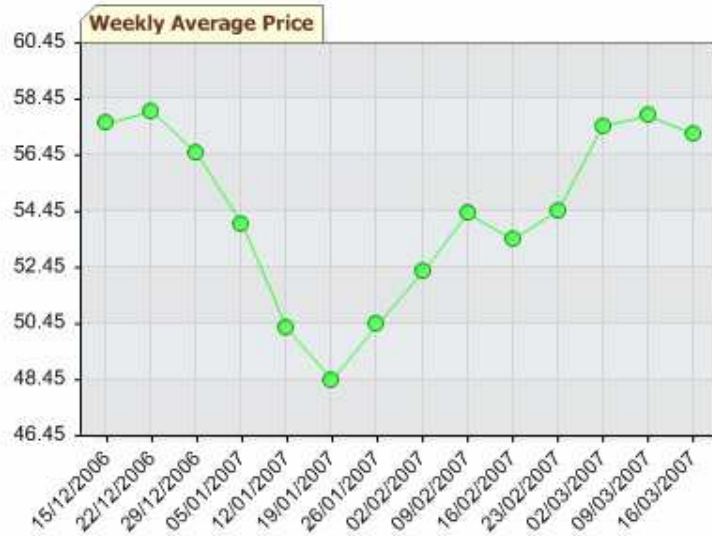
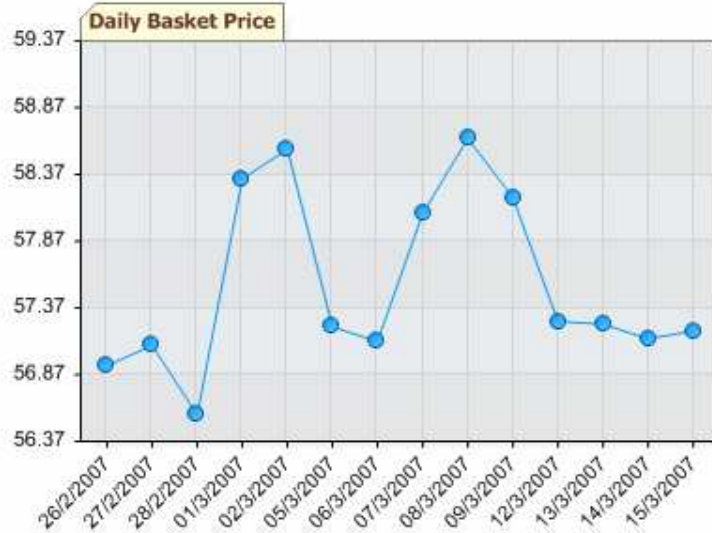
Map – Trans Afghan Pipeline



Source : www.squiggler.com , http://static.flickr.com/119/254314102_bf7629334c.jpg

Indicators

OPEC's Basket Price



Indicators

Indicative Exchange Rates Announced at 15:30 on 16/03/2007 by the Central Bank of Turkey

CURRENCY		EXCHANGE RATES		EXC.RATES ON BANKNOTES	
		Buying	Selling	Buying	Selling
USD/TRY	1 US Dollar	1.4008	1.4076	1.3998	1.4097
EUR/TRY	1 EURO	1.8663	1.8753	1.8650	1.8781
GBP/TRY	1 British Pound	2.7253	2.7395	2.7234	2.7436

Turkish Refinery Output Price

Product Name	YTL/TON	YTL/M3	Special Concise Tax	Dividend	Exclusive of VAT	VAT	VAT included price	Validity Date
Unleaded Petrol 95 OCTANE			YTL/M3	YTL/M3	YTL/M3	YTL/M3	YTL/M3	
İzmit	912,71	693,66	1.362,50	1,32	2.057,48	370,35	2.427,83	03/03/2007
İzmir	912,71	693,66	1.362,50	1,32	2.057,48	370,35	2.427,83	03/03/2007
Kırıkkale	916,96	696,89	1.362,50	1,32	2.060,71	370,93	2.431,64	03/03/2007
Batman	946,74	719,52	1.362,50	1,32	2.083,34	375,00	2.458,34	03/03/2007
Jet Fuel			YTL/M3	YTL/M3	YTL/M3	YTL/M3	YTL/M3	
İzmit	894,72	715,78	0,00	1,29	717,07	129,07	846,14	03/03/2007
İzmir	894,72	715,78	0,00	1,29	717,07	129,07	846,14	03/03/2007
Kırıkkale	907,42	725,94	0,00	1,29	727,23	130,90	858,13	03/03/2007
Kerosene			YTL/M3	YTL/M3	YTL/M3	YTL/M3	YTL/M3	
İzmit	894,72	715,78	760,50	1,29	1.477,57	265,96	1.743,53	03/03/2007
İzmir	894,72	715,78	760,50	1,29	1.477,57	265,96	1.743,53	03/03/2007
Kırıkkale	915,89	732,71	760,50	1,29	1.494,50	269,01	1.763,51	03/03/2007
Batman	922,95	738,36	760,50	1,29	1.500,15	270,03	1.770,18	03/03/2007
Diesel 7000			YTL/M3	YTL/M3	YTL/M3	YTL/M3	YTL/M3	
İzmit	840,40	710,14	834,50	1,27	1.545,91	278,26	1.824,17	09/03/2007
İzmir	840,40	710,14	834,50	1,27	1.545,91	278,26	1.824,17	09/03/2007
Kırıkkale	883,67	746,70	834,50	1,27	1.582,47	284,84	1.867,31	09/03/2007
Batman	883,67	746,70	834,50	1,27	1.582,47	284,84	1.867,31	09/03/2007
Diesel 50			YTL/M3	YTL/M3	YTL/M3	YTL/M3	YTL/M3	
İzmit	842,26	711,71	927,00	1,27	1.639,98	295,20	1.935,18	09/03/2007
İzmir	842,26	711,71	927,00	1,27	1.639,98	295,20	1.935,18	09/03/2007
Kırıkkale	885,53	748,27	927,00	1,27	1.676,54	301,78	1.978,32	09/03/2007
Fuel Oil 4			YTL/TON	YTL/TON	YTL/TON	YTL/TON	YTL/TON	
İzmit	531,76		476,00	1,42	1.009,18	181,65	1.190,83	03/03/2007
İzmir	531,76		476,00	1,42	1.009,18	181,65	1.190,83	03/03/2007
Fuel Oil 6			YTL/TON	YTL/TON	YTL/TON	YTL/TON	YTL/TON	
İzmit	407,27		204,00	1,42	612,69	110,28	722,97	10/03/2007
İzmir	407,27		204,00	1,42	612,69	110,28	722,97	10/03/2007
Kırıkkale	414,42		204,00	1,42	619,84	111,57	731,41	10/03/2007
Batman	414,42		204,00	1,42	619,84	111,57	731,41	10/03/2007

Source : www.tupras.com.tr