

Monthly Energy Bulletin

TSKB Economic Research

August 2026 #98

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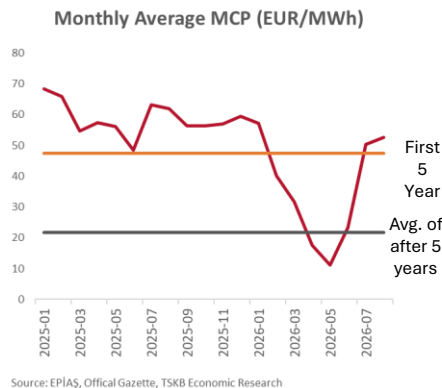
Renewable energy agreement signed between Türkiye and Saudi Arabia enters force with publication in the Official Gazette

The 5,000 megawatt (MW) renewable energy agreement signed between Türkiye and Saudi Arabia consists of two phases. While details of Phase 1, which includes a 2,000 MW solar energy project, were published in the Official Gazette, details of the 3,000 MW Phase 2 of the agreement are set to be announced during COP31.

Phase 1 covers the construction of two solar power plants, each with a generation capacity of 1,000 MW, in Sivas and Taşeli. Customs duties, value added tax and special consumption tax exemptions have been offered with the agreement to be valid for 30 years from the date commercial operations get underway. According to statements from the Minister of Energy and Natural Resources, Alparslan Bayraktar, the foundations of the project will be laid in 2027, targeting a ratio for at least 50% of the components in the project to be procured locally. The electricity purchase prices set for Phase 1 are divided into two periods - the first 5 year period, and thereafter. The initially determined 5-year price for both projects is EUR 47.5/MWh, with the price after 5 years to decrease to EUR 23.5 /MWh for the plant in Sivas and to EUR 21.7 /MWh for the plant in Taşeli.

The prices set for the first 5-year period are consistent with the monthly MCP values of 2025. The average price set for the subsequent period is higher than for the February–June 2026 period, when the share of renewable energy in generation was high.

Considering Türkiye's renewable energy targets for the coming period, it should also be noted that there is a possibility that the purchase prices stipulated by the agreement will remain above the market levels.



34.7
TWh

July Gross
Generation

2,699.6
TL/MWh

Average MCP

10.7%

Daily average electricity generation increased by 10.7% MoM and decreased by 5.3% YoY in July.

[Click](#) for details.

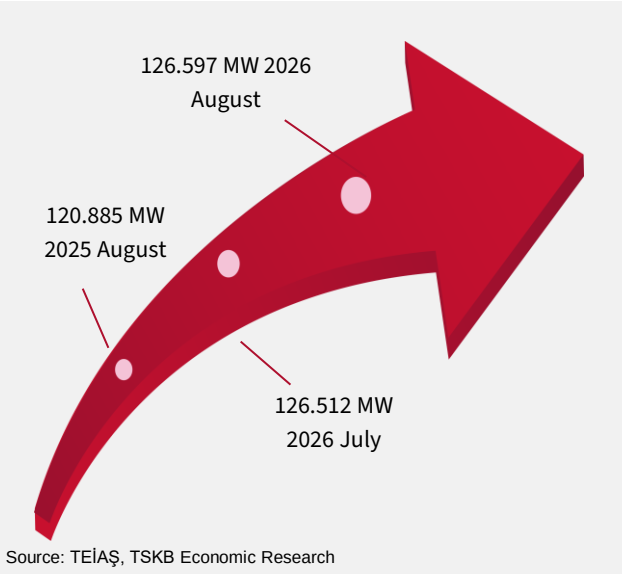
117.7%

Market Clearing Price (MCP) increased by 117.7% MoM and decreased by 22.2% YoY in July.

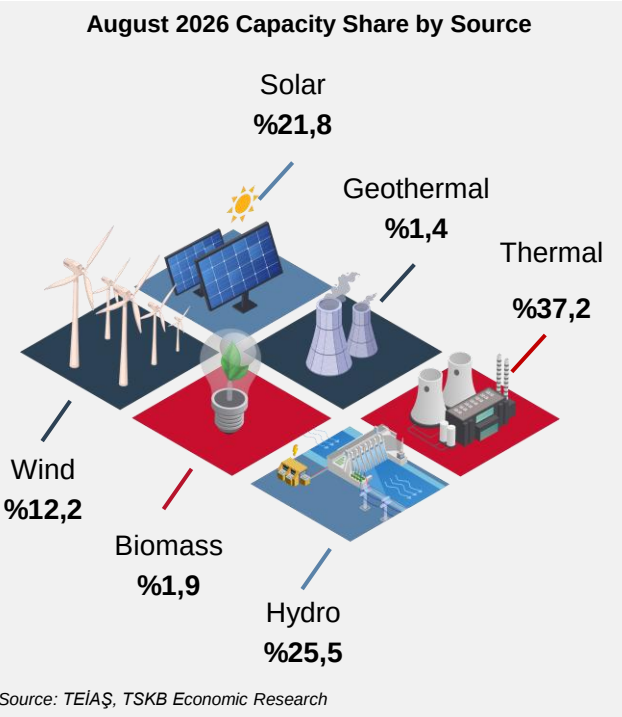
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Installed Capacity Analysis

Türkiye's total capacity, 126,512 MW at the end of July 2026, stood at 126,597 MW at the end of August 2026. A total of 85.3 MW in net additional capacity was commissioned during the month. Of the commissioned plants, 94.9 MW were solar power plants, 98.9 MW were natural-gas and multi-fuel plants, and 4.2 MW were wind power plants. The capacity of plants using fuel oil and diesel fell by 83.9 MW, the capacity of plants using renewable waste fell by 15 MW, and the capacity of hydroelectric plants fell by 13.8 MW. No change was observed in the capacity of other plants.

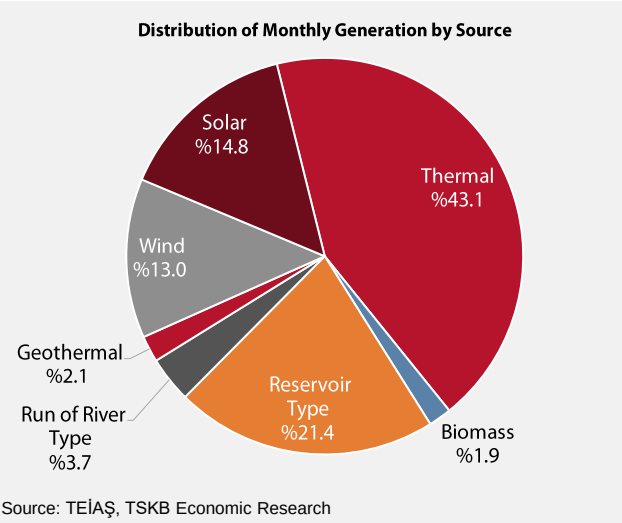


In August, plants generating electricity from renewable resources accounted for 62.8 % of the installed capacity in operation. Hydroelectric plants accounted for 25.5% of Türkiye's total capacity, with solar power plants accounting for 21.8% of total capacity, continuing to approach the share of hydroelectric plants.

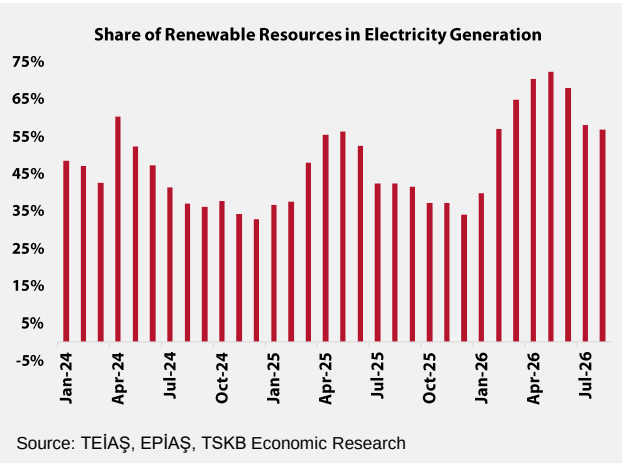


Generation-Consumption Analysis

Electricity generation increased from 34.6 terawatthours (TWh) in July 2026 to 36.1 TWh in August 2026. The average daily electricity generation for August increased by 4.3% compared to the previous month and by 0.7% compared to the same period of the previous year.



According to the source-based breakdown of electricity generation, the share of hydroelectric plants, in total generation decreased from 26.2% in July to 25.1% in August while the share of run-of-river type hydroelectric plants in total generation stood at 3.7%, while the share of electricity generated from wind energy power plants was 13%. Geothermal power plants accounted for 2.1% of total electricity generation.



During the period, reservoir-type hydroelectric plants contributed 21.4% to total generation, while solar power plants accounted for a 14.8% share, becoming the second largest renewable source of electricity.

The share of renewable energy plants in electricity generation decreased from 58.2% in July 2026 to 53.2% in August 2026.

Thermal plants, which provided 41.8% of the electricity generated in July, accounted for 43.1% of total electricity generation in August.

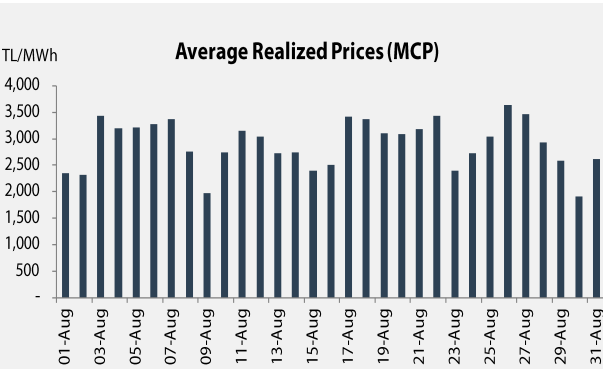
Daily electricity generation averaged 1.16 TWh in August with the highest generation during the month recorded on Thursday, 13 August, at 1.25 TWh and the lowest, of 0.94 TWh, on Sunday, 30 August.

The average daily electricity consumption for the same period was 1.14 TWh with the highest consumption in August realized on Thursday, 13 August at 1.22 TWh, and the lowest consumption was 0.92 TWh on Sunday, 30 August.

Electricity Price Analysis

During August, the daily average Market Clearing Price (MCP) ranged between TL 1,905.9 /MWh and TL 3,635 /MWh. The daily average MCP for August was TL 2,907.8 /MWh. The highest daily average MCP, of TL 3,635 /MWh was recorded on Wednesday, 26 August, while the lowest daily average MCP value of TL 1,905.9 /MWh occurred on Sunday, 30 August.

According to hourly data, in August the MCP was realized at the maximum limit of TL 4,500 /MWh for a total of 11 hours and at the minimum of TL 175 /MWh for 2 hours.

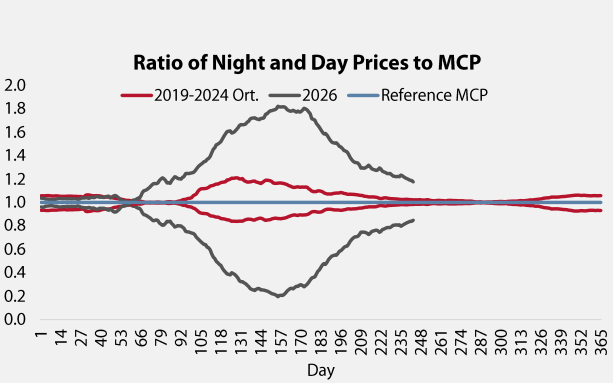


Source: EPIAŞ, TSKB Economic Research

Dividing the daily average MCP values recorded during daytime (6AM-6PM) and night time (7PM-5AM) separately by the daily MCP provides an insight into how price formation diverges during the two parts of the day.

Accordingly, in the February-May period the difference between daytime and night-time MCPs widened progressively and remained wider than the 2019-2024 averages. Since June, the gap has narrowed and got closer to the historical averages.

The MCP, which averaged USD 57.4 /MWh in July, returned to its normal level of USD 60.25 /MWh in August.

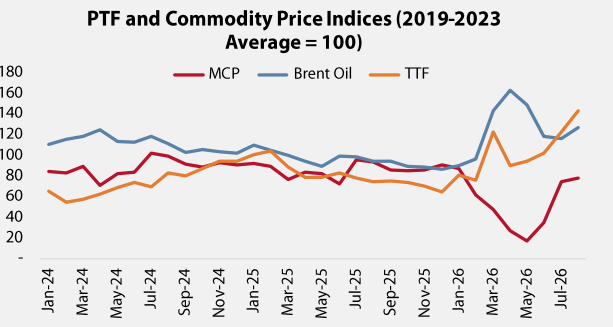


Source: EPIAŞ, TSKB Economic Research

Average Commodity Prices

The Brent crude oil price increased by 9.1% from an average of USD 83.8 per barrel in July to USD 91.4 per barrel in August. The TTF natural-gas contract price, which averaged USD 61.6 /MWh in July, increased by 16.9% month-on-month to USD 7 /MWh in August.

When the MCP, Brent oil and TTF prices in dollar terms are indexed to 100 for their 2019-2023 averages, we notice that oil and gas prices have tended to converge. Despite the recent rise, the MCP remains below both of these values.

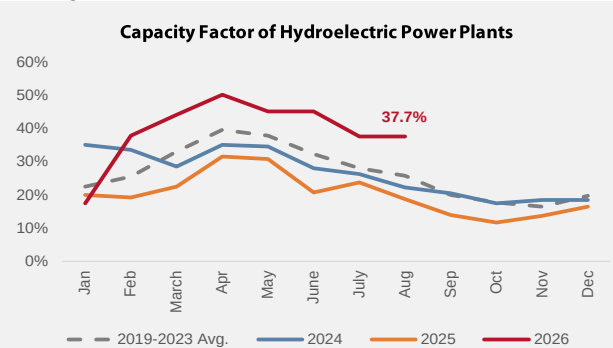


Source: EPIAŞ, TCMB, Reuters, TSKB Economic Research

Hydroelectric Capacity Factors

After the unusually high hydroelectric capacity utilization rates since February, capacity utilization rates of hydroelectric plants fell to 37.7% in August 2026.

This figure—and the corresponding capacity utilization rates—remain above the 2019-2023 averages as well as above the same period in 2024 and 2025. In particular, when compared with the drier year of 2025, the persistently high capacity utilization rates levels in 2026 have been striking.



Source: TEİAŞ, EPIAŞ, TSKB Economic Research

Energy-Supply Risk Created by Extreme Heat

Ezgi İpek Koçlu

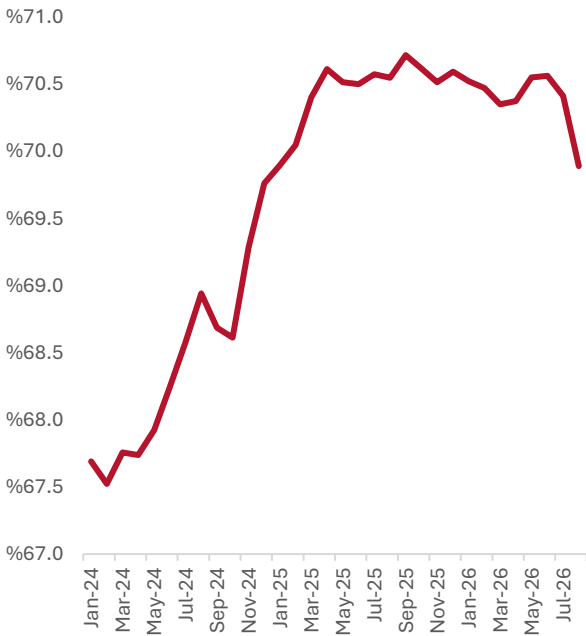
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In the European Union (EU), the unusually high temperatures have been put pressure on electricity supplies. During July and August, drought-induced drops in river water levels hampered the cooling-water supply for nuclear power plants, leading to reactor and plant shutdowns in France and Romania.

About 70% of France's electricity is generated from nuclear power stations; on an annualized basis, we see a decline in the share of nuclear generation in August 2026. The shutdown of reactors caused interruptions of up to 15% in the daily generation capacity of nuclear plants, resulting in a 12.4% monthly drop in France's nuclear electricity generation in August 2026.

Annualized Share of Nuclear Power Plants in Electricity Generation in France



Source: Ember Energy, RTE France, TSKB Economic Research

In Romania, an extreme fall in water levels in the Danube forced the country's sole nuclear plant to shut down. Nuclear power normally accounts for approximately 20% of Romania's total electricity generation, but the prolonged heatwave prevented sufficient cooling for the reactor.

Similar water-related interruptions were reported in Bulgaria, Hungary and other countries, while Switzerland, although experiencing normal water levels, closed a reactor as rising river temperatures threatened wildlife.

The reduction in the amount of electricity generated by nuclear power, as a result of extreme heat and drought, creates a risk to national energy security. Besides the supply shortfall, hourly generation fluctuations have placed strain on the system balance and the transmission grid. Consequently, diversifying electricity systems and ensuring grid reliability have become increasingly vital.



The EU estimates that EUR 584 billion will be needed for investments in distribution networks by 2030 and aims to raise the share of renewable energy in electricity generation to 42.5% within the same period.

The ecosystem crisis exacerbates the impacts of heatwaves and drought, while the rising share of intermittent energy sources renders grid flexibility and security ever more critical.

Grid infrastructure and energy-supply security are among the main agenda items for COP31, which will be held in Antalya from 9 to 20 November.



Sector News

Local News

- One-year agreement reached to ensure the effective utilization of the Iraq-Türkiye crude-oil pipeline.

According to the Minister for Energy and Natural Resources, Alparslan Bayraktar, the deal will enable a daily flow of 750,000 barrels of crude oil to Ceyhan. At the same time, Turkey Petroleum Corporation (TPAO) has acquired a 33% stake in the “Khan Tervel Block 1-26” offshore exploration licence located in Bulgaria’s Black-Sea sector, which covers both oil and natural-gas resources.

- Daily capacity of Iraq-Türkiye crude oil pipeline could reach 2-2.5 million barrels, up from current 1.5 million barrels. The newly signed one-year agreement enables an additional 750,000 barrels per day to flow to Ceyhan. Alparslan Bayraktar emphasized that the line could be extended as far as Basra, offering a strategic alternative to the Strait of Hormuz. He also announced that ahead of COP31, auctions would be held for 2,400 MW of wind- and solar- energy projects under the Renewable Energy Resource Area (YEKA) programme, while the offshore-wind YEKA tender is scheduled to take place in the first quarter of 2027.

- Output at Gabar oil field reaches 83,300 barrels per day according to the Ministry of Energy and Natural Resources, with more than 50 million barrels having been extracted there since 2021. The government’s next target is to lift daily production to 100 000 barrels.

- Türkiye and Syria sign memorandum of understanding to create a strategic partnership in the mining sector. The agreement foresees the exploitation of phosphate deposits, the construction of an industrial processing plant and the building of a rail link to transport the product to seaports, thereby establishing a full-value-chain project for phosphate on both sides of the border.

- Alparslan Bayraktar reiterates Türkiye’s ambition to become a net exporter of energy, minerals and technology. Renewable energy sources are viewed as the main lever for cutting import dependence, with off-shore wind expected to play a leading role in 2026-2027. In the mining sector, the government has set a gold-production target of 100 tonnes per year. At the inauguration of the new Ağrı gold mine, Vice-President Cevdet Yılmaz announced that the mine would produce 3 tonnes in 2027, raising Türkiye’s total gold output by roughly 10% to 33 tonnes.

- First off-shore wind YEKA (Renewable Energy Resource Area) tender scheduled for first quarter of 2027. Four off-shore sites – Saros Bay, Gökçeada, Bozcaada and the Edremit offshore zone – will be announced in September, and the competition will select projects that will contribute to the nation’s long-term goal of reaching 5,000 MW of off-shore wind capacity by 2035.

- **Ministry of Energy and Natural Resources announce new candidate YEKA.** The candidate YEKA for solar energy is located in Malatya.

- **Energy Market Regulatory Authority (EMRA) publishes “Electricity Market Sector Report” and the “Natural Gas Market Sector Report” for June 2026.** Billed electricity consumption in June reportedly increased by 7.1% compared with the same month of last year, reaching 24.1 TWh (May’s consumption was 20.9 TWh). Natural gas consumption rose by 4.6 % year-on-year to reach 2.8 billion cubic metres (bcm), with 38.5 % of the gas used by the industry sector. Natural-gas imports fell by 3.4 % relative to June 2025, to 3.0 bcm.

- **A total of 3.4 million “PRO-type” smart meters to be installed during the 2026-2028 period.** According to Deniz Daştan, the Head of the Electricity Market Division at EMRA, these meters, which communicate remotely and feed data to the electricity system, form an important part of smart grids.

- **EMRA set Türkiye’s average wholesale electricity sale price for 2025 (TORETOSAF) at TL 2,660.5 /MWh, according to decision published in the Official Gazette.** The TORETOSAF is used by EMRA as a fixed base price in calculations required by legislation.

- **Nordex Group receives new order from Türkerler Holding for total capacity of 525.6 MW.** The order covers 72 wind turbines for YEKA-5 project in Sivas, with the first turbine installation scheduled to get underway in the third quarter of 2027.

International News

- **Organization of the Petroleum Exporting Countries and Allies (OPEC+) announces that it will raise daily production by 188,000 barrels in September.** The announcement will involve seven OPEC+ members – Saudi Arabia, Russia, Iraq, Kuwait, Kazakhstan, Algeria and Oman – and it marks the sixth consecutive monthly increase decision.

- **Shell signs agreement to sell its on-shore renewable-energy portfolio in Europe to TotalEnergies.** Under the deal, TotalEnergies will purchase a total of 4,000 MW of renewable assets from Shell, comprising 500 MW of solar- and wind-energy assets that are either operating or under construction in Italy and the Netherlands, as well as 3.5 GW of solar, wind and battery-storage projects located in Italy, the United Kingdom and Spain.

- **Global oil demand projected to fall by 1.6 million barrels per day in 2026.** According to the International Energy Agency’s (IEA) oil-market report for August, this is 510,000 barrels per day lower than the forecast made the month before. The IEA pointed to continued uncertainty around the Hormuz Strait and high fuel prices as key

factors pressuring consumption. The agency expects annual demand to rise to 2.4 million barrels per day in 2027. In contrast, OPEC’s monthly oil-market report forecasts a 0.6 million-barrel-per-day increase in 2026 and a rise to 2.2 million barrels per day in 2027.

- **USA extends exemption allowing foreign vessels to transport oil and other commodities between ports of USA by 90 days.** The exemption is intended to guarantee uninterrupted access to essential resources for critical sectors and to ease disruptions in the energy market. However, the scope of the exemption has been narrowed: instead of a blanket waiver for foreign-flagged ships, each voyage will now be examined individually.

- **USA President Donald Trump announces signing of an oil agreement between the United States and Venezuela.** In a social-media post, Trump said the deal gives the United States control over Venezuela’s 65 billion-barrel proven oil reserves and will double oil reserves of USA. According to interim Venezuelan President Delcy Rodríguez, the 25-year agreement aims to raise daily oil production to over 1.5 million barrels.



Is the Investment Route for Solar Energy Changing?

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A new era is beginning for solar power, which continues to be one of the strongest investment areas in the global energy transition. BloombergNEF’s “2026 Second-Half Renewable Energy Investment Tracker,” released in August 2026, indicates that renewable-energy investment is shifting not only in volume but also in direction.

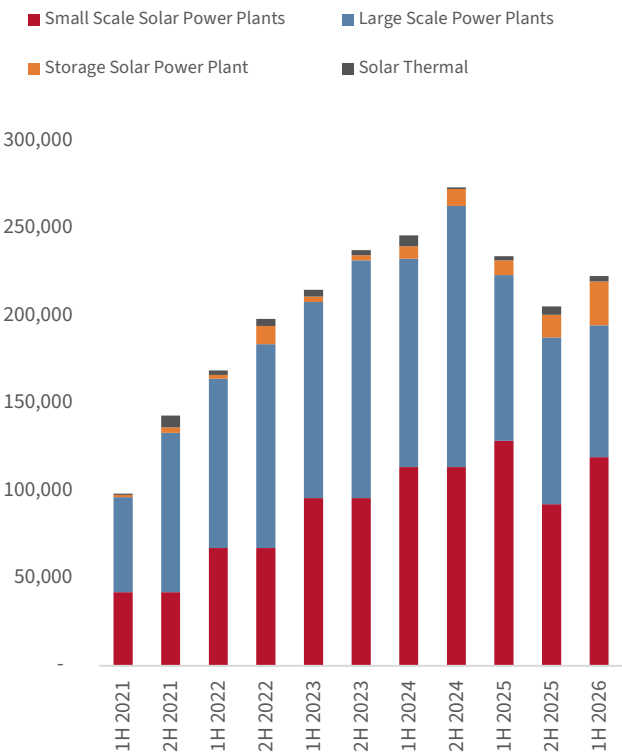
In the first half of 2026, global renewable-energy investment fell 11.1 % year-on-year to USD 327.5 billion. More than 60 % of that total was allocated to solar-energy projects, while a more significant development is underway within the solar sector. Investment in large-scale solar projects which feed electricity to the grid alone declined 20.4 % year-on-year to USD 75.4 billion, whereas investment in projects that pair solar generation with battery storage surged by 196 % year-on-year, reaching a record USD 25 billion.

Thus, the focus is shifting from “more sun” to managing when and how the generated electricity is used. Three core drivers underpin this transformation: lower electricity prices during the hours when solar output peaks, grid constraints and an increasing risk of outages.

Consequently, storage is no longer merely a technical add-on for solar plants; it becomes a component that strengthens the project’s revenue model.



Solar Energy Investments (billion dollars)



Source: BNEF, TSKB Economic Research

This picture also sends an important signal for Turkey. Solar-energy investment opportunities are no longer limited to increasing capacity. Projects that combine storage, grid upgrades, flexible demand and digital energy management are likely to become the most competitive investment areas in the coming period.

In short, the global investment story for solar power is entering a new phase. The solar plant of the future will be defined not just as an asset that generates electricity, but as a flexible energy infrastructure that can deliver power to the system at the right time.



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