

Monthly Energy Bulletin

TSKB Economic Research

July 2026 #98

Ezgi İpek Koçlu ipeke@tskb.com.tr

Can Hakyemez hakyemez@tskb.com.tr

13 August 2026

Share of renewable energy sources in global electricity capacity reaches 49.5% in 2025

According to the latest figures released by the International Renewable Energy Agency (IRENA) for 2025, global renewable energy capacity increased by 15.5% YoY to reach 5,155 gigawatts (GW). This figure indicates an increase of 6 GW compared to the data IRENA published in April 2025, with upward revisions in the capacity of solar and biomass power plants playing a role.

With the increase, the share of renewable energy sources in global electricity capacity reached 49.5% in 2025, with solar energy standing out. Share of solar in total renewable energy capacity standing at 46.5%, followed by hydro (25.1%) and wind (25%). IRENA emphasized that the annual increase in renewable energy capacity (15.1%) exceeded the average growth rate recorded between 2019 and 2024 (11.9%), while also noting that fossil fuel capacity increased in 2025, with China's 83 GW increase in coal capacity standing out.

The COP28 target aims to raise renewable energy capacity from 3,379 GW in 2022 to 11,000 GW by 2030 with an average annual increase of 586 GW. There was a total increase of 1,776 GW in capacity between 2023 and 2025, indicating a need for step up momentum to meet the target.

Capacity Additions Required for COP28 Target (MW)

■ 2022 ■ 2022-2025 ▨ 2026-2035



Source: IRENA, TSKB Economic Research

The upcoming COP31 in Türkiye, which will place the clean energy transition on the agenda and set a global electrification target, offers an opportunity to achieve the renewable energy goals.

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.

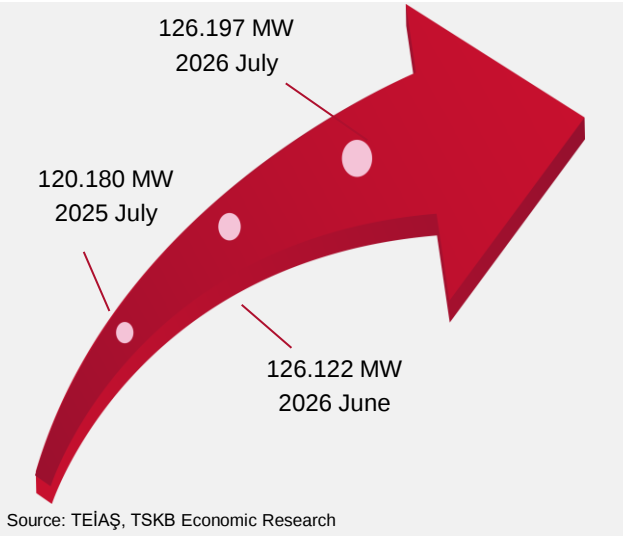
117.7%

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

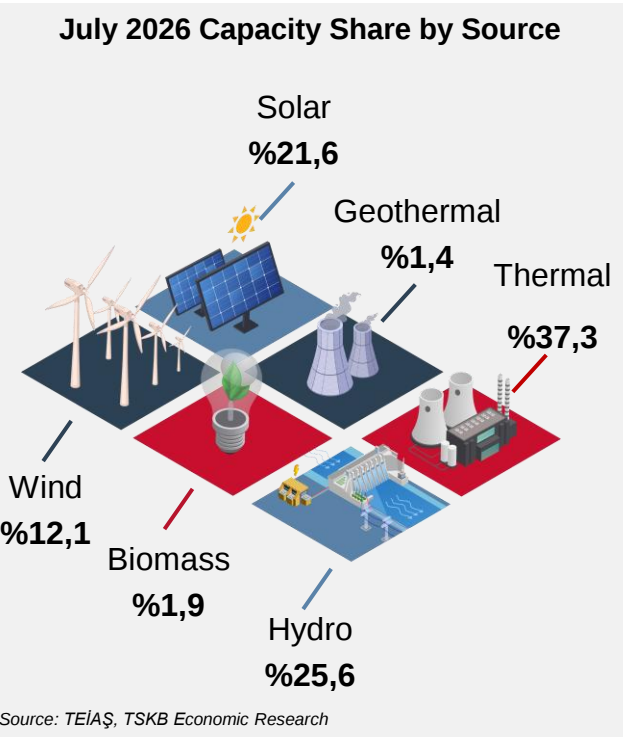
[Click](#) for details.

Installed Capacity Analysis

Türkiye's total installed capacity increased from 126,122 megawatts (MW) at the end of June 2026 to 126,197 MW by the end of July, with a net of 75.4 MW of additional capacity commissioned in July when compared with June. Of the commissioned plants, 78 MW were solar power plants, 5.6 MW being wind power plants and 5 MW being domestic coal-fired power plants. The capacity of natural-gas and multi-fuel plants fell by 13.2 MW, while no change was observed in the capacity of other power plants.

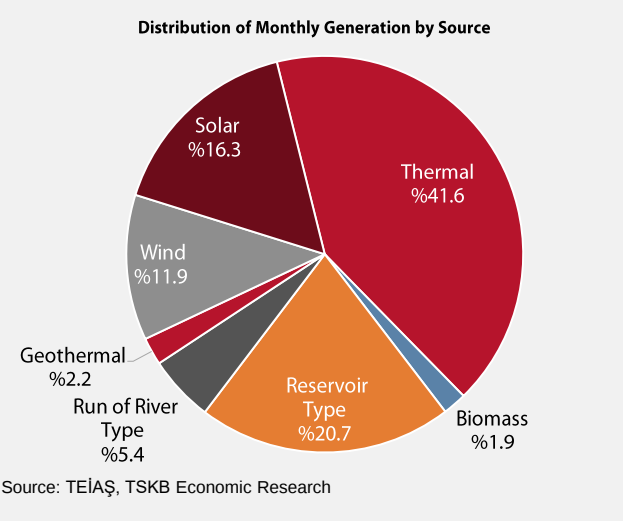


In July, plants generating electricity from renewable sources accounted for 62.7% of the total capacity of the power plants in operation. Hydroelectric power plants constituted 25.6% of Türkiye's total installed capacity, while solar power plants held a 21.6% share of total installed capacity, continuing to approach the share of hydroelectric power plants.

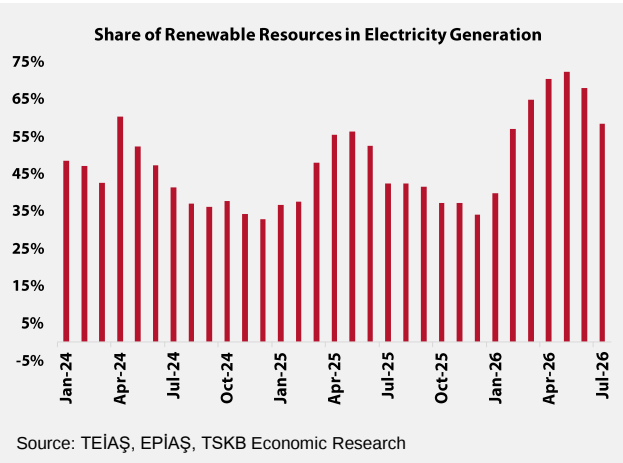


Generation-Consumption Analysis

Total electricity generation rose from 30.4 TWh in June 2026 to 34.7 TWh in July 2026 with average daily electricity generation in July being up by 10.7% compared with the previous month, but down 5.3% compared with the same period of the previous year.



In a breakdown of the generation mix is examined, hydroelectric plants provided 26.1% of the total electricity generation in July, compared to their 34.7% share in the previous month. In the same period, river-type hydroelectric power plants accounted for 5.4% of total generation, with wind power plants providing an 11.9% contribution. Geothermal power plants accounted for 2.2% of total electricity generation.



During the period, dam-type hydroelectric power plants contributed 20.7% of total generation with a 16.3% share from solar power plants, which were the second-largest renewable source of electricity.

The share of renewable-energy plants in electricity generation decreased from 68% in June 2026 to 58.4% in July 2026.

Thermal power plants increased their share in total electricity generation from 32% in June to 41.6% in July.

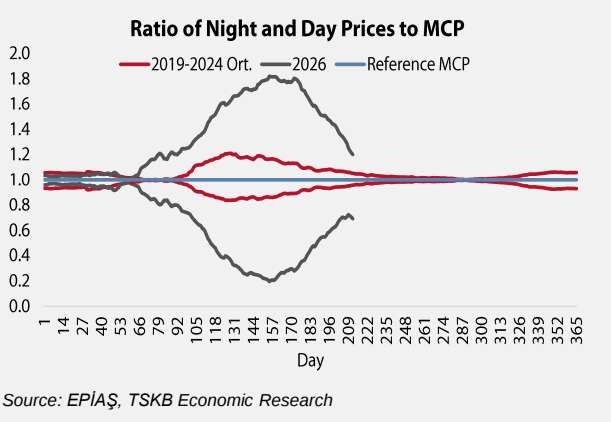
Daily electricity generation averaged 1.1 TWh in July with the highest generation in the month recorded on Wednesday, 22 July at 1.14 TWh and the lowest on Sunday, 26 July at 0.94 TWh.

In the same period, daily electricity consumption averaged 1.1 TWh with the highest consumption of 1.22 TWh recorded on Wednesday, 22 July and the lowest of 0.93 TWh on Sunday, 26 July.

Electricity Price Analysis

The daily average MCP ranged between TL 1,430.9 /MWh and TL 3,607.7 /MWh during July with an average daily MCP of TL 2,699.6 /MWh for the month. The highest daily average MCP of TL 3,607.7 /MWh was recorded on Wednesday, 22 July with the lowest daily average MCP of TL 1,430.9 /MWh recorded on Sunday, 5 July.

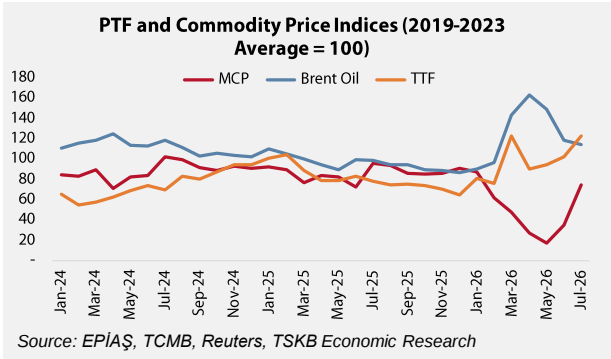
According to the hourly data, the MCP reached its maximum price cap of TL 4,500 /MWh for a total of 12 hours in July with the hourly minimum price of TL 170 /MWh recorded for 1 hour in the same period.



Average Commodity Prices

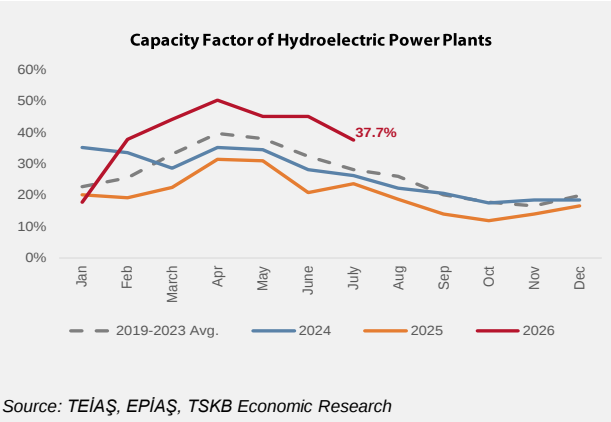
Brent crude oil, which averaged USD 85.4 /barrel in June, fell by 3.8% month-on-month to USD 82.1 /barrel in July. The TTF natural-gas contract price, which averaged USD 51.5 /MWh in June, rose by 19.7% month-on-month to USD 61.6 /MWh in July.

When the MCP, Brent crude and TTF are indexed to 100 based on their 2019-2023 averages, we note that oil and natural-gas prices have converged, although the MCP remains below these two values despite the recent increase.



Hydroelectric Capacity Factors

After the persistently high levels of hydroelectric power generation since February 2026, the capacity factors of hydroelectric power plants dropped to 37.7% in July 2026, although this value remains above the 2019-2023 averages and also the same period in 2024 and 2025. Compared with the drier year of 2025, the continued capacity factors in 2026 are noteworthy.



Cost Trajectory of Energy Sources

Ezgi İpek Koçlu

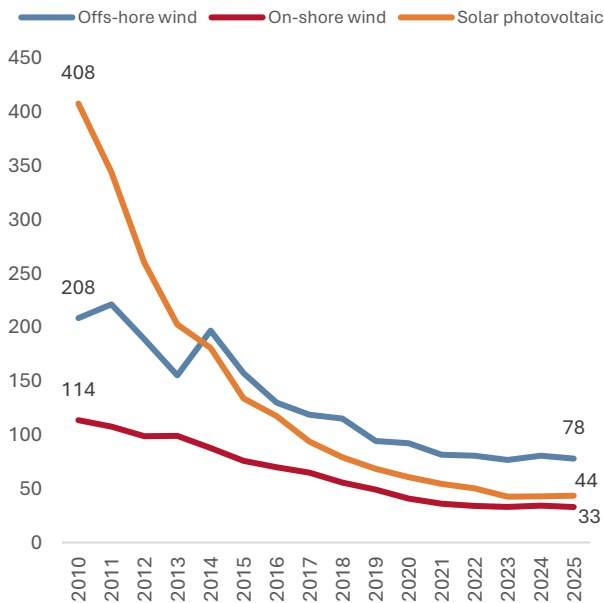
ipeke@tskb.com.tr



According to IRENA's "2025 Renewable Energy Generation Costs" [report](#), after a decade of steep cost declines, the levelized cost of electricity (LCOE) from renewable sources began to stabilize in 2025.

Accordingly, the LCOE for photovoltaic solar remained at about USD 44 /MWh, similar to the previous year, reflecting an 89% decline since 2010. For on-shore and off-shore wind, a modest improvement was recorded, with LCOE decreasing by 3.7% on average to USD 33 /MWh for on-shore wind generation and 78 USD /MWh for off-shore wind generation. Between 2010 2025, LCOE for these sources fell by 71% and 63%, respectively.

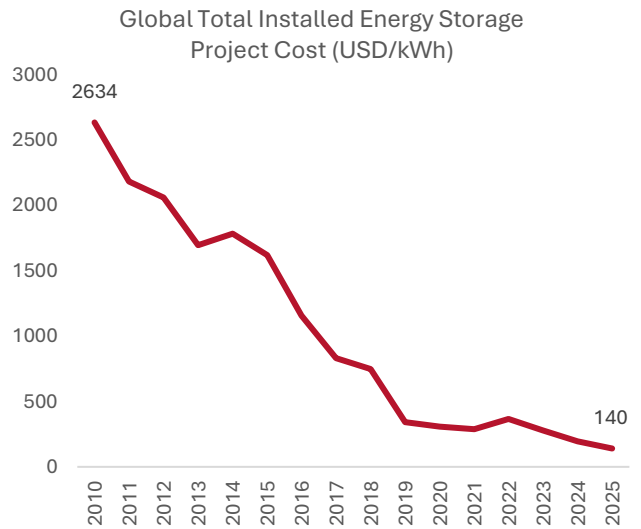
LCOE of Selected Resources (USD/MWh)



Source: IRENA, TSKB Economic Research

According to IRENA, these LCOE reductions place renewable energy as the cheapest source of electricity generation in most regions. Consequently, more than 90% of newly commissioned grid scale renewable electricity capacity in 2025 will generate electricity at a lower cost than fossil fuel alternatives.

Lower costs for storage technologies are also highlighted, with storage costs decreasing more rapidly than all other energy technologies in 2025. In 2025, the global cost of energy storage projects was USD 140 /kWh, a 95% reduction since 2010.



Source: IRENA, TSKB Economic Research

IRENA notes that increasingly affordable storage technologies improve grid utilization when combined with solar and wind projects. Moreover, storage technologies enables generation to be shifted to peak demand periods while reducing exposure to low and volatile electricity prices.

Storage technologies are expected to be critical for Türkiye's electricity market as well. In the first half of 2026, high hydroelectric generation, supported by solar and wind, allowed generation from renewable sources to exceed their seasonal averages, driving the MCP to below USD 20/MWh and [signaling](#) a structural change in the electricity market.

This structural shift, shaped by a renewable focused electricity market, will pave the way for storage technologies to play a key role in maintaining system balance.



Sector News

Local News

-Turkish Petroleum Corporation (TPAO) purchases 15% stake in the BP Energy Company of Kirkuk Limited. According to statements by the Minister for Energy and Natural Resources Alparslan Bayraktar, TPAO, together with a consortium formed by BP and ConocoPhillips, aims to develop and produce a reserve estimated at 3 billion barrels.

- Natural gas pipeline system to be built between Türkiye and the Turkish Republic of Northern Cyprus (KKTC). According to Minister Bayraktar, the signed project will involve the construction of a natural gas transmission line approximately 101 km long.

- Construction of an additional liquefied natural gas (LNG) tanker for expanding storage capacity at the Marmara Ereğlisi LNG terminal gets underway. Minister Bayraktar announced that the project, with a storage capacity of 160,000 tankers, will strengthen natural gas infrastructure and raise the total LNG storage capacity of the facility to 415,000 cubic meters. He also noted that renewable energy, strengthening electricity infrastructure and nuclear energy investments had been discussed in a meeting with Jean Christophe Carret, the Country Director for the World Bank Türkiye.

- Renewable Energy Resources Support Mechanism (YEKDEM) unit costs for july-december period revised upward. According to the decision taken by the Energy Market Regulatory Authority (EMRA) published in the Official Gazette, YEKDEM costs for July December are expected to range between TL 393.75-581.14/MWh. Consequently, the unit cost, previously projected at an average of TL 265.5 /MWh for the same period, was increased by 79.8% to TL 477.4 /MWh. The YEKDEM unit cost reflects the incentive cost paid to plants covered by YEKDEM and is taken into account when determining electricity tariffs. Changes in the unit cost are driven by market conditions, expected generation from renewable energy plants, climate conditions, electricity demand and shifts in the distribution of YEKDEM plants.

- Competition announcements for the allocation of Renewable Energy Resource Area (YEKA) and grid connection capacities published in the Official Gazette. Accordingly, 14 solar competitions (900 MW total) and 7 wind competitions (1,500 MW total) will be held. Solar YEKA locations include Ankara, Batman, Denizli, Konya, Malatya, Mardin, Diyarbakır, Elazığ and Kahramanmaraş; wind YEKA locations include Sivas, Balıkesir, Manisa and Kütahya. Applications for the 2026 YEKA competitions will be accepted on 13 October. Also, Ministry of Energy and Natural Resources identifies new candidate YEKA for solar energy in Kayseri.

- **EMRA publishes “Electricity Market Sector Report” and “Natural Gas Market Sector Report” for May 2026.** Billed electricity consumption in May reportedly fell by 7.8% YoY to 20.9 TWh (April's consumption stood at 23.2 TWh). Natural gas consumption increased slightly by 0.1% YoY to 4.1 bcm, with households accounting for 43.4% of consumption, the industrial sector 26.3% and the transformation/conversion sector accounting for 15.1%. Natural gas imports rose by 3% YoY to 3.7 bcm.

- **Tosyalı Holding signs 187 million euros export finance loan agreement with BBVA to fund first phase of a 1,200 MW solar power plant investment.** The loan agreement covers projects to be implemented in Osmaniye and Niğde.

- **Tax support introduced for nuclear investments.** A package of corporate income tax, value added tax (VAT) and stamp tax incentives for nuclear power plant investments was approved by the Grand National Assembly's Budget Committee. The support, which will remain in place until December 31, 2045, aims to facilitate financing that may be brought to Türkiye.

- **Turkish nuclear technology company Nuclear signs goodwill agreement with Canada based Portland Holdings to support the nuclear energy ecosystem.** According to the announcement, the agreement focuses on new small modular reactors (SMR) and establishes a strategic framework for long term collaboration to strengthen Türkiye's nuclear energy ecosystem.

International News

- **Organization of the Petroleum Exporting Countries and Allies (OPEC+) announce increase of 188,000 barrels per day in August.** The joint statement from seven countries - Saudi Arabia, Russia, Iraq, Kuwait, Kazakhstan, Algeria and Oman- aims to support stability in the oil market.

- **Global oil demand expected to grow by 0.8 million barrels per day in 2026.** In its monthly report, OPEC revised down its 2026 global oil demand growth estimate slightly. OPEC forecasts daily global oil demand growth of 1.9 million barrels in 2027.

- **Crisis in Middle East causes major supply shock in global natural gas markets.** According to IEA's third quarter 2026 natural gas report, 20% of global LNG supply was disrupted by the closure of the Strait of Hormuz. Although a temporary agreement signed in June between the United States and Iran increased LNG transits through the Strait, uncertainties remain over the resumption of normal trade flows. The IEA predicts that despite a decline in LNG exports from

Gulf countries and strong supply from other producing regions will keep global LNG supply largely stable in 2026, while global natural gas demand is expected to fall by 0.5% YoY. The report notes that that in spite of the uncertainties, natural gas prices in Asia and Europe have retreated from the peak levels recorded in March, but remain above 2025 levels.

- **NATO to invest 27 billion euros in infrastructure to improve the fuel supply chain.** After the NATO summit in Ankara NATO Secretary General Mark Rutte stated that the investment would modernize existing fuel storage and distribution infrastructure and support new facilities, including pipelines, for NATO member states in the eastern region.

- **European Union (EU) aiming to raise the share of electricity in total energy consumption from the current 23% to 46% by 2040.** The electrification plan indicates that achieving this target could reduce the EU's fossil fuel imports by 260 billion euros by 2040.



- According to a blog post published by the International Monetary Fund (IMF), three main factors are preventing further oil price spikes resulting from US Iran tensions. These include reduced Asian demand, production outside the Gulf and high inventory levels. However, the IMF notes that a ceasefire and uncertainties surrounding the Strait of Hormuz could bring oil flows back to normalized levels for the next 2-3 months. Additionally, prolonged shutdowns at some facilities and insufficient financing to restart production at some wells pose a risk of permanent production losses. Accordingly, the IMF warns that if stocks are not replenished and tensions persist, the energy market's ability to absorb new shocks will be compromised.

- **IEA reports a recovery in global oil demand.** According to the "Oil Market Report" for July, global oil demand fell by 1 million barrels per day in 2026, but is expected to increase by 2 million barrels per day in 2027. The IEA expects the market balance to shift back to a surplus towards the end of 2026, assuming a gradual recovery of tanker traffic through the Strait of Hormuz, the re activation of fields by producers and continued refinery product shipments. Nonetheless, ongoing US Iran tensions remain a risk to any market normalization.

- **Continued strong demand for critical minerals in 2025.** According to the IEA's "Global Critical Minerals Outlook 2026", the the upward trend has been supported by the growing use of electric vehicles, batteries for energy storage, grids, wind turbines and solar panels with supply concentration highlighted alongside demand growth, with the IEA stating that 2025 was a year in which highly concentrated supply chains posed significant economic risks. Meanwhile, Indonesia and China together supplied more than three quarters of total global nickel production between 2023 2025. Investment in critical minerals fell by 9% in 2025, while public financing increasingly supported a ramping up of investments. Public finance commitments in advanced economies rose to USD 65 billion in 2025, quadruple the 2023 level.



The Story of Electricity in 2026

Can Hakyemez hakyemez@tskb.com.tr



IEA released its “Mid Year Electricity Update 2026” [report](#) in July. The report points to both the rise of renewable sources of energy and an acceleration of electrification.

The IEA forecasts that after a 3% increase in global electricity demand in 2025, demand will rise by 3.6% in 2026 and 3.8% in 2027. The report attributes this growth to a structural transformation, noting that industrial electricity demand is driven by rising electric vehicle sales, a surge in data center investments, increased heat pump usage and higher cooling needs, placing electricity at the heart of the energy system.

Growth forecasts vary regionally. China, which recorded a 5.2% increase in 2025, is expected to grow by 5.5% in 2026, driven by electrification and electricity intensive activities. India, which saw a 6% annual increase in electricity consumption in the first half of 2026, is projected to realize 7% growth in 2026 due to hotter weather boosting consumption in the second half of the year.

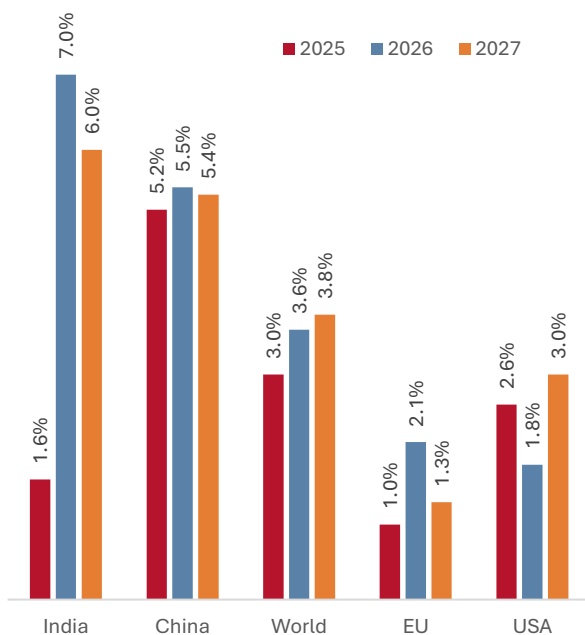
In the United States and the EU growth is more modest. The United States, which recorded a 2.6% increase in 2025, is forecast to record 1.8% growth in electricity consumption in 2026, with data center demand and electrification of transport and heating noted as contributing factors.

The EU recorded a 1% annual increase in electricity consumption in 2025. The report indicates that rising electric vehicle sales were the main driver of electricity demand in the EU, forecasting a 2.1% increase in 2026.

Looking ahead, electricity demand is expected to continue rising, driven by electrification, sales of electric vehicles, cooling and data center investments. How this electricity will be supplied becomes increasingly important. The report also highlights the growing share of renewable energy in electricity generation. In 2026, electricity generated from renewable sources is expected to overtake coal, and the transition will require reinforced grid infrastructure, accelerated storage investments and widespread adoption of digital grid applications.

From this comprehensive perspective, accelerating the pace of electrification—one of the COP31’s focal points—requires addressing all of these elements in parallel with each other. In summary, IEA’s report reinforces that “electrification” is the new keyword of the energy transition.

Electricity Consumption Change



Source: IEA, TSKB Economic Research



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

2026 Türkiye Sınai Kalkınma Bankası A.Ş. All rights reserved.

This document has been prepared for informational purposes within the scope of the activities of Türkiye Sınai Kalkınma Bankası A.Ş. (Hereinafter referred to as "TSKB"). Any transaction based on this document has not been foreseen by TSKB and the stated opinions solely reflect TSKB's current views. While updating the information contained in this report on a reasonable basis, accuracy with the purpose may not be fully achieved due to legislation, compliance, or other reasons.

In the report, generative AI tools may have been used only for literature review, preliminary research related to the subject, language and writing review, translation, improving writing style, or increasing readability. Generative AI outputs are controlled and reviewed by human reviewers. The said generative AI tools have not been used to replace critical thinking or expert opinion and evaluation.

Türkiye Sınai Kalkınma Bankası A.Ş. and/or its affiliated companies or employees may have taken or may take a position regarding securities belonging to issuers of the notes specified herein; may have options over securities or may enter another related investment; may have provided consultancy to the companies issuing these securities or may have acted as an intermediary or underwriter for the public offering of their shares.

Türkiye Sınai Kalkınma Bankası A.Ş. and/or its affiliated companies are providing or have provided significant advice or investment services including investment banking for any company mentioned in this report.

The investment price or value relevant to this report may adversely affect investors' interests directly or indirectly. Any change in exchange rates may have an adverse effect on the value or price of the investment or the income generated from this investment. Past performance may not constitute guidance for the future performance. Investment income may fluctuate.

This report is based on publicly available information. No incorrect or incomplete statements have been made. This report is not an offer, comment, or investment advice for the purchase or sale of the said securities, nor a request or coercion for such an offer. Türkiye Sınai Kalkınma Bankası A.Ş. and others affiliated with it may take positions regarding the securities of the mentioned companies or may engage in transactions regarding these securities and may also provide investment banking services for these companies.

Any investment decision should be based entirely on the investor's own personal choice. The information in this report does not constitute any investment advice and Türkiye Sınai Kalkınma Bankası A.Ş. accepts no liability for investments made in the companies included in the report.