Monthly Energy Bulletin

TSKB Economic Research

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Geopolitical tensions shaping the energy agenda

The energy agenda in March was very much impacted by the war between the USA, Israel and Iran that broke out at the end of February. The closure of the Strait of Hormuz created a supply shock, leading to a rise in global energy prices, while damage to energy facilities caused by attacks also amplified worries over energy supply.

The International Energy Agency (IEA) pointed out that the near total halt of tanker traffic through the Strait of Hormuz disrupted the daily export of about 20 million barrels of oil, adding that the disruption was not limited to production and exports, with many refineries and natural gas processing plants also being shut down because of attacks and security concerns.

Accordingly, IEA members agreed to release 400 million barrels of crude oil from emergency reserves to address the market disruptions. In terms of regional allocation, 411.9 million barrels is planned to be released, of which 72% consists of crude oil with 28% being petroleum products. The share drawn from member states' strategic stocks amounts to 65.9% with the largest single component of the strategic inventory being the 172.2 million barrels held in the USA's strategic petroleum reserves. Supporting the IEA's decision, Türkiye announced that it would free up 11.6 million barrels from its national reserves.

A presidential decree introducing a mobile "equal fuel" system for petroleum products was highlighted in the energy sector in Türkiye. The Minister for Energy and Natural Resources, Alparslan Bayraktar, stressed that Türkiye had no dependence on the Strait of Hormuz and that there was no shortage of natural gas or oil. He noted that Türkiye's natural gas storage facilities are 71% full, meaning roughly 5 billion cubic metres (bcm) of natural gas is stored in the country.

High output hydroelectric power plants stand out in the Turkish electricity market while upcoming agenda items include the geopolitical tensions and the decision taken in April to raise tariffs.

29.4 TWh	1,620.3 TL/MWh
March Gross Generation	Average MCP

6.0%

Daily average licensed electricity generation decreased by 6.0% MoM and by 2.4% YoY in March.

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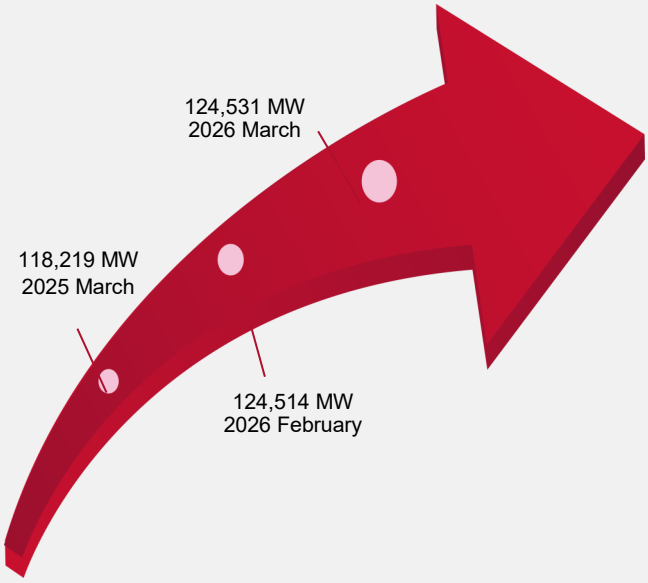
22.0%

Market Clearing Price (MCP) decreased by 22.0% MoM and by 25.8% YoY in March.

Click for details.

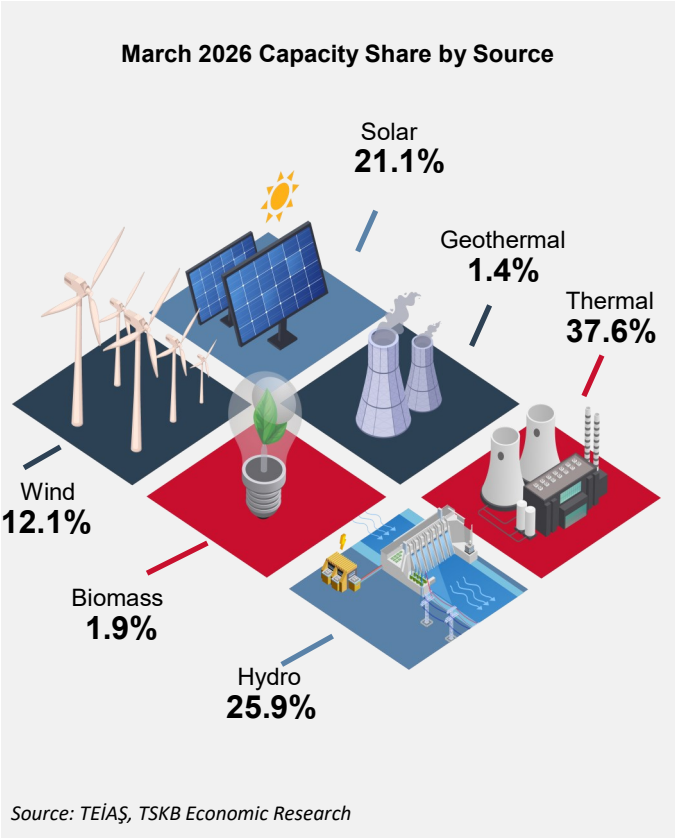
Installed Capacity Analysis

Türkiye's total installed capacity rose from 124,514 MW at the end of February 2026 to 124,531 MW in March 2026. A net of 17.7 MW of additional capacity was brought online in March when compared to February, with all the newly commissioned plants being wind power facilities.



Source: TEİAŞ, TSKB Economic Research

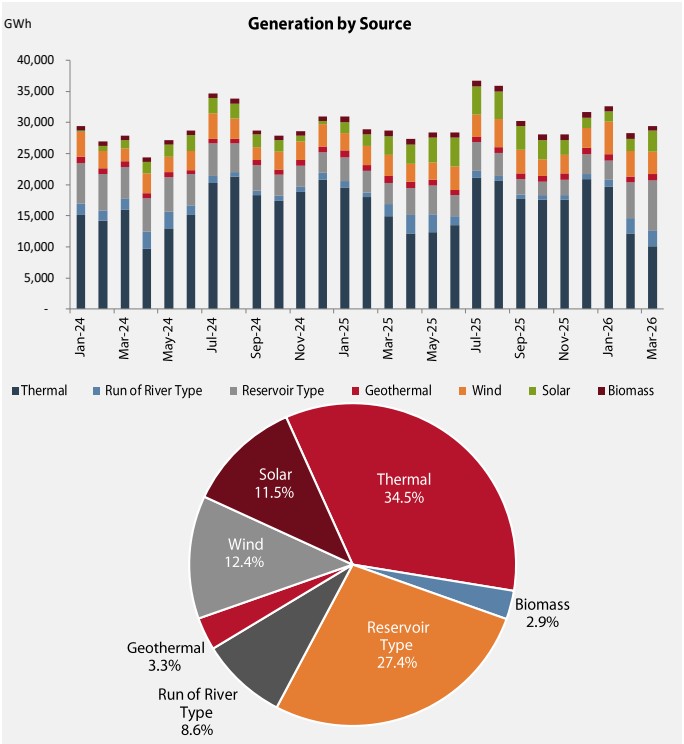
Renewable energy plants accounted for 62.4 % of the capacity in operation in March with hydroelectric plants representing 25.9 % of Türkiye's total installed capacity. The combined share of wind and solar power plants in the overall capacity mix stood at 33.2%, exceeding the share of hydroelectric plants.



Source: TEİAŞ, TSKB Economic Research

Generation-Consumption Analysis

Total electricity generation rose from 28.2 TWh in February to 29.4 TWh in March. Nevertheless, the average daily generation in March fell by 6.0% compared with the previous month, while being 2.4% higher than in the same period of the previous year.

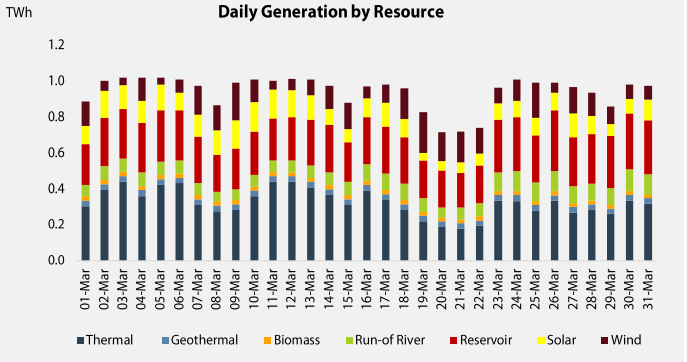


Source: TEİAŞ, YTBS Daily Reports, TSKB Economic Research

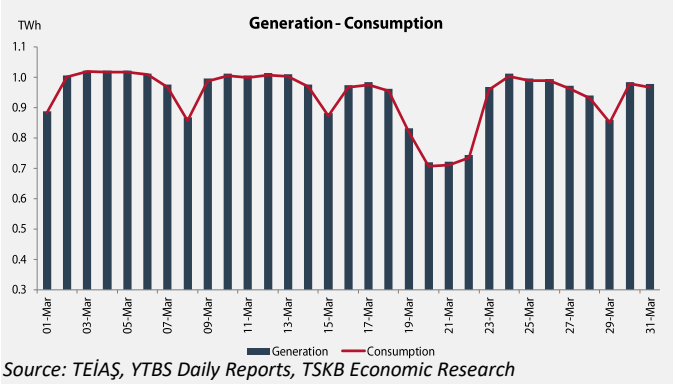
Thermal power plants supplied 42.9% of the electricity produced in February, while their share dropped to 34.5% in March. The decline was largely due to the high output of hydroelectric plants.

In a breakdown of generation by source, hydroelectric plants, which accounted for 29.2% of total generation in the previous month, produced 36% of total electricity in March. During the same period, electricity from solar power plants represented 11.5% of the total, while geothermal plants contributed 3.3% to electricity generation.

The share of renewable energy plants in total electricity generation increased from 57.6% in February 2026 to 66.1% in March 2026. In that period, reservoir-type hydroelectric plants accounted for 27.4% of total generation, with wind farms supplying 12.4% of total generation, placing them as the second largest source of renewable energy. The combined contribution of wind and solar power plants to total electricity



Source: TEİAŞ, YTBS Daily Reports, TSKB Economic Research



Source: TEİAŞ, YTBS Daily Reports, TSKB Economic Research

Daily electricity generation averaged 0.94 TWh in March. The highest generation recorded during the month was recorded on Tuesday, March 3, at 1.02 TWh, while the lowest generation was logged on Friday, March 20, at 0.71 TWh.

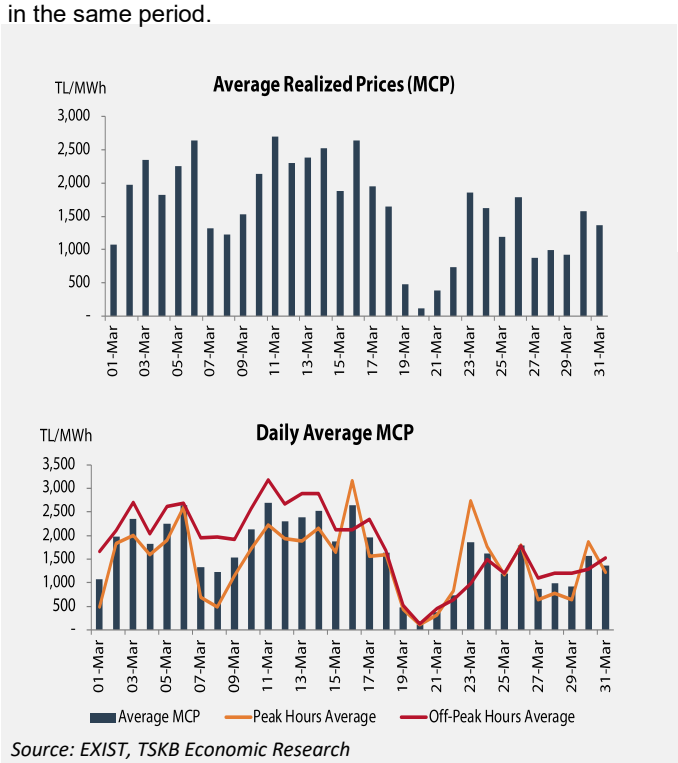
During the same period, daily electricity consumption averaged 0.93 TWh. The highest daily consumption in March was recorded on Tuesday, March 3, at 1.01 TWh, with lowest on Friday, March 20, at 0.70 TWh.

Electricity Price Analysis

In March, the average daily market clearing price (MCP) ranged from TL 116.4 /MWh to TL 2,702.3 /MWh, with a monthly average of TL 1,620.3 /MWh. The highest daily average MCP of TL 2,702.3 /MWh was recorded on Wednesday, March 11, while the lowest daily average MCP of TL 116.4 /MWh occurred on Friday, March 20.

When hourly data is examined, the MCP hit the prescribed maximum price cap of TL 3,400 /MWh for a total of 35 hours during March. The hourly minimum price of TL 0 /MWh was observed for 22 hours in the same month.

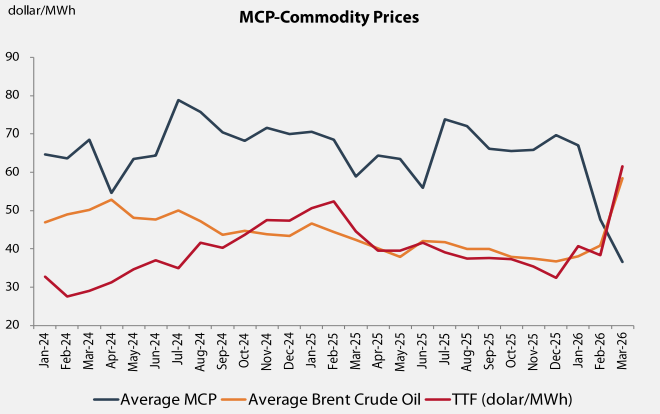
When the daily market clearing price (MCP) for March was analyzed, the average during peak hours (8AM-8PM) was 10.7 % lower than the average across all hours, at TL 1,447 /MWh. The statutory maximum price of TL 3,400 /MWh was recorded 20 times during peak hours, while the minimum price of TL 0 /MWh occurred for 19 hours in the same period.



Source: EXIST, TSKB Economic Research

During the same month, the off-peak average (8PM-8AM) rate was TL 1,793.2 /MWh. The TL 3,400 /MWh ceiling was triggered 15 times in off peak hours, and the off-peak floor price of TL 0 /MWh was recorded three times.

In dollar terms, the average MCP fell from USD 47.6 /MWh in February to USD 36.6 /MWh in March. Compared with the same month a year earlier, the dollar-based MCP was 37.9% lower.



Source: EPİAŞ, TCMB, EIA, TSKB Economic Research

Average Commodity Prices

The Brent crude oil price, which averaged USD 40.8 /MWh in February, increased by 43.1% month-on- month to USD 58.4 /MWh in March, still 37.8% lower than the same period of the previous year.

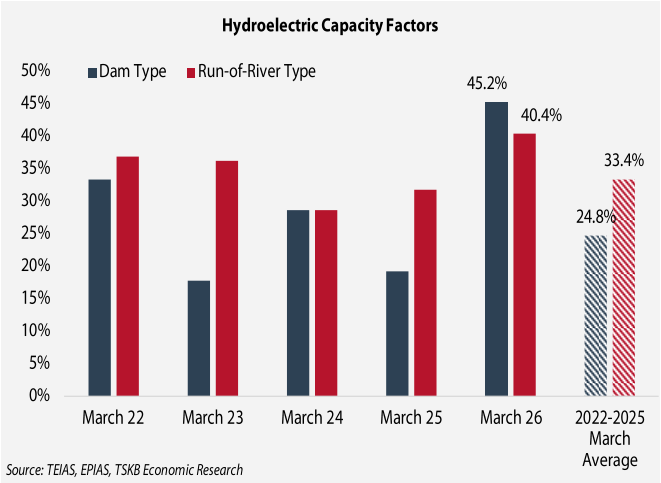
The TTF natural gas contract price averaged USD 38.3 /MWh in February and rose 60.7% month-over-month to USD 61.6 /MWh in March. Compared with the same period of the previous year, the TTF price was 38% higher.

Hydroelectric Capacity Factors

The capacity factors of dam type and run-of-river type hydroelectric power plants in March 2026 were 45.2% and 40.4%, respectively.

Compared with March 2025, the March 2026 capacity factor rose by 25.9 percentage points for dam-type plants and by 8.7 percentage points for run-of-river-type plants.

A comparison of the March figures of the last five years finds these to be the highest values for both run-of-river-type and dam-type plants.



Source: TEIAS, EPIAS, TSKB Economic Research

Development of Clean Energy Technologies

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The global market value of clean energy technologies grew at an average rate of 20% per year over the past decade, reaching USD 1.2 trillion in 2025. According to the IEA's "Energy Technology Perspectives 2026" report, if current policies remain in place, the value is projected to reach USD 2 trillion by 2035; under a scenario in which the planned policies are fully implemented, it would climb to USD 3 trillion.

The report highlights that among clean energy technologies, electric vehicles (EVs) will exhibit the fastest growth, accounting for three quarters of the total market value by 2035.

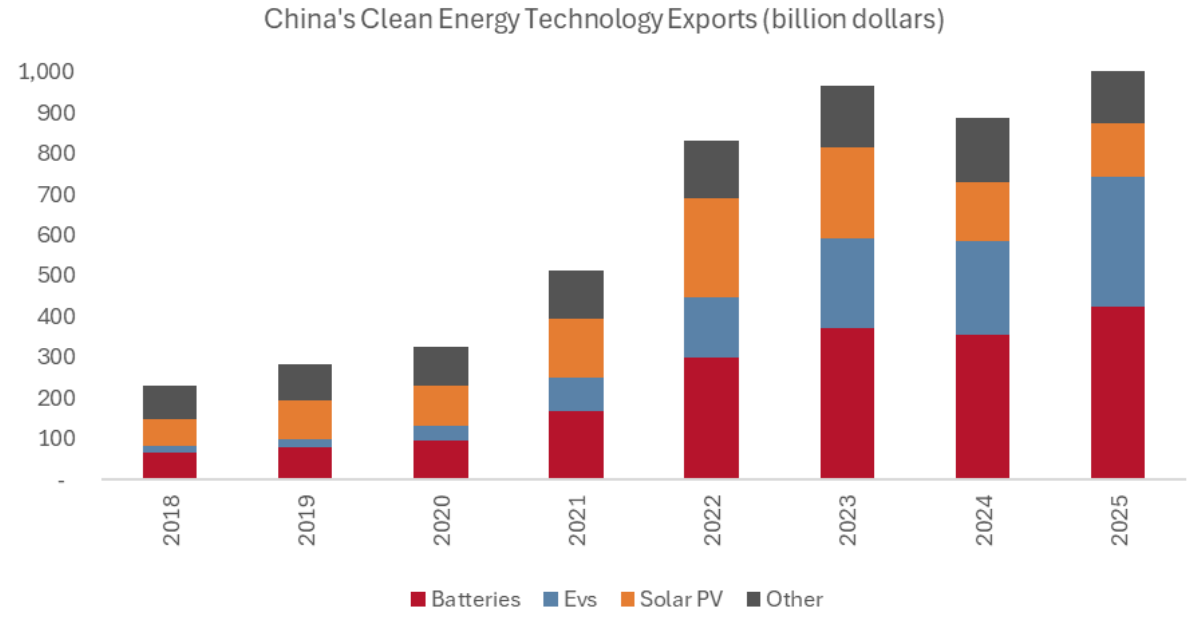
The IEA points to declining costs and rising competition as key drivers of the progress in clean energy technologies. The fall in cost has been especially pronounced for photovoltaic solar, storage technologies, EVs and heat pumps. Advances are also occurring in clean hydrogen and carbon capture, utilization and storage (CCUS), although these technologies are still not yet cost competitive with fossil fuels.

According to the report, the concentration in supply chains continues to pose a source of fragility for the sector. Geopolitical tensions have led many countries to adopt protective stances in their energy technology policies. Nevertheless, despite global uncertainties and geopolitical strains, the institutional adoption and usage of clean energy technologies continues to rise.

In the "planned-policy" scenario, the net trade value of clean energy technologies is expected to grow from USD 290 billion in 2025 to USD 620 billion by 2035.

China's leadership in the concentration of clean energy technology supply chains stands out in this respect. According to data provided by Ember Energy, China's clean energy exports grew from USD 229.7 billion in 2018 to over USD 1 trillion in 2025, marking a compounded annual growth rate (CAGR) of 27%. By technology, battery technologies held the largest share in 2025 (40%), followed by EVs (30%). In year-on-year terms, the export growth of battery technologies, EVs, and photovoltaic solar has been particularly notable.

The IEA emphasizes that China's industrial competitive edge in clean energy technologies stems from low costs, innovation, large-scale production and integrated supply chains, advantages that have been further reinforced by policy and financial support.



Source: Ember Energy, TSKB Economic Research
Other includes wind, grid heating, heating and cooling systems

Sector News

Local News

- Türkiye's new energy targets to be announced at the COP31. The Minister for Energy and Natural Resources, Alparslan Bayraktar, said that the goals set in the National Energy Plan would be updated at COP31.

- Memorandum of Understanding (MoU) signed between Türkiye's Nuclear Energy Corporation (TÜNAŞ) and Canadian nuclear energy company, Atkins Realis. The MoU sets out the cooperation on the development of nuclear power plants in Türkiye and includes an assessment of the applicability of Canada's CANDU reactor technology in the country. CANDU reactors, developed in Canada, use heavy water as both a moderator and coolant and natural uranium as fuel.

- "Equal Mobile" fuel tax mechanism introduced by Presidential Decree published in the Official Gazette. According to the decree, if international oil prices or exchange rate movements cause an increase in fuel sale prices, the special consumption tax (SCT) applied to those fuels will be reduced by 75% of the incurred price increase. Conversely, when the price impact falls, the SCT will be increased by 75% of the reduction. The tax rates stipulated in the decree will cease to apply once the SCT for each fuel product returns to the level that was in force on February 2, 2026.

- Joint nuclear financing declaration issued by 27 countries, including Türkiye, at the Nuclear Energy Summit in France. The declaration states that, when used responsibly, nuclear energy can contribute to energy security and economic development and stresses the need for sufficient, predictable and diversified financing for nuclear projects. At the summit, European Commission President Ursula von der Leyen described Europe's declining share of nuclear power in electricity generation as a "strategic mistake." She noted that Europe's domestic energy mix consists of renewables and nuclear power, and that together they can keep electricity affordable for households and industry. To support this, a EUR 200 million guarantee will be allocated for investments in innovative nuclear technologies. Türkiye's Energy and Natural Resources Minister Alparslan Bayraktar added that, while the share of renewable energy in Türkiye's power generation is rising rapidly, nuclear power will play a balancing role for a safe and resilient grid, adding that the first nuclear power plant is expected to be operational by the end of this year and that COP31 will be an important platform for advancing international cooperation on energy transition, climate and clean energy technologies.

- Renewable energy reduces household electricity bills by about 9% in 2025. According to an analysis by Ember Energy, the saving corresponds to a typical household paying for 11 months instead of 12 months of electricity over a year. In months when there is a higher share of renewable energy in generation, the reduction can reach as much as 17%. Ember Energy notes that thanks to hourly resolution meters and modest behavioral changes, the cumulative savings for a home could amount to the value of two months' electricity bills.

- Türkiye to release 11.6 million barrels of oil from its national oil reserves to support the decision by IEA members to release strategic oil inventories. The Minister of Energy and Natural Resources, Alparslan Bayraktar, stated that the volume would be made available within 90 days and would correspond to 2.9% of the 400 million barrel oil inventory that the IEA plans to release.

- Iraq reaches agreement to resume oil exports to the Port of Ceyhan through the pipeline that runs through the semi-autonomous Kurdish Region. Press reports indicate that the amount of oil to be shipped from Kirkuk is expected to reach 250,000 barrels per day within the next two days.

- Energy Markets Regulatory Authority (EMRA) publishes "Electricity Market Sector Report" and "Natural Gas Market Sector Report" for January 2026. According to reports, electricity consumption in January increased by 6.1% year-on-year to 31.3 TWh (electricity consumption in December had been 31.1 TWh). Billed electricity consumption rose 5.7 % on an annual basis to 26.1 TWh. At the same time, natural gas consumption grew by 10.2% compared to January 2025, to reach 8.4 bcm, with 19.8% of the natural gas used by the conversion and industrial sector. Natural gas imports increased by 18.5% year-on-year to 7.7 bcm.

- Review of natural gas and electricity prices to be carried out in April. In his statements, the Minister of Energy and Natural Resources, Alparslan Bayraktar, said that a gradual, consumption based tariff system for natural gas, which is intended to align subsidies with actual use, is also on the agenda. He emphasized that 2026 was a "COP year", adding that Türkiye has both renewable energy targets and investment plans for the electricity transmission infrastructure.

International News

- Qatar Energy has halted production of certain chemicals and metals after producing liquefied natural gas (LNG) and related products. According to the company's statement, these products include some by products such as urea, polymers, methanol and aluminium.

- USA Treasury Secretary Scott Bessent announced that Indian refineries have been issued with a 30-day temporary exemption allowing the purchase of Russian oil. In a social media statement, Secretary Bessent said the exemption was aimed at keeping global oil flows moving.

- G7 countries ready to support provision of energy supplies. In a statement, the EU High Representative for Foreign Affairs and Security Policy Kaja Kallas said the G7 was prepared to take all necessary steps to ensure global energy supply.

Electrification Potential in the Transport Sector

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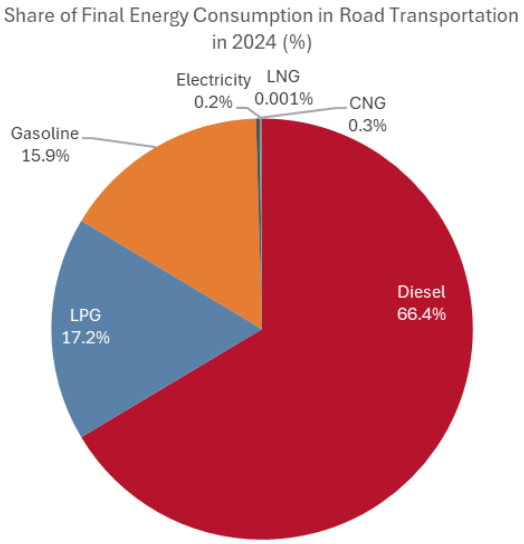
The final energy consumption in the transport sector showed an annual increase of 6% in 2024 and rose to 1,411,763 terajoules (TJ). According to the "Statistics on Final Energy Consumption in Transport, 2024" published by TÜİK, final energy consumption of air transportation stood out within this 6% increase, with a rise of 8.9%. In marine transportation, however, a 2.2% decline in final energy consumption was recorded. The data indicates a 5.3% increase in the final energy consumption of road transportation and a 2.2% increase in energy consumption of rail transportation.

In the breakdown of final energy consumption by transport modes, road transport is found to be responsible for 1,103,279 TJ of energy consumption, representing a 78.1% share. This is followed by air transportation with a 20.3% share (287,106 TJ), marine transportation (0.8%) and rail transportation (0.7%).

The transport sector stands out as a sector where fossil fuels play a prominent role in final energy consumption. However, we find that electricity consumption also has a share in road and rail transport among the four transport modes in the transport sector. Road transport holds the largest share of total consumption, with petroleum products responsible for a very significant proportion of this consumption. Analyzed by fuel type, during 2024, the breakdown of fuels used in road transport were 66.4% diesel, 17.2% LPG, 15.9% gasoline, 0.3% compressed natural gas-liquefied natural gas (CNG-LNG) and 0.2% electricity.



Source: TÜİK, TSKB Economic Research

Looking at data from previous years, the decline in the share of diesel consumption in 2024 stands out. Diesel had a 68.7% share in 2023 with its share decreasing by 2.3 percentage points in 2024. In addition, the 2.9 percentage point increase in the share of gasoline stands out, as well as the 213% rise in electricity consumption in road transportation, which is attributable to the increase in the number of electric vehicles on the roads.

The second transport mode with significant electricity consumption is rail transport. According to the disclosed data, total final energy consumption in rail transport stood at 10,358 TJ, with the share of electricity in this segment rising from 55.1% in 2023 to 57.3% in 2024 (5,936 TJ). Trams and metros account for more than 55% of the electricity consumption in rail transportation.

In the consumption of energy in marine transportation, diesel accounts for a share of more than 95%, with fuel oil as the second most used fuel. In addition, air transportation uses jet fuel (kerosene) and aviation gasoline.

As mentioned at the beginning of the text, a fossil fuel weight exists in the transport sector. This situation is valid both globally and in Türkiye. The two modes of the transport sector—road and rail transport—are the modes in which electrification opportunities stand out. The widespread adoption of EVs, the rollout of charging infrastructure and the acceleration of railway investments could present an opportunity to increase the electrification rate of the transport sector both worldwide and in Türkiye.

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