



**DEVELOPMENT  
INVESTMENT  
BANK OF TÜRKİYE**



# **GEOHERMAL DEVELOPMENT PROJECT- RISK SHARING MECHANISM THIRD ROUND CONSULTATION WORKSHOP**

**DEVELOPMENT INVESTMENT BANK ENGINEERING DEPARTMENT  
RSM PROJECT IMPLEMENTATION UNIT**

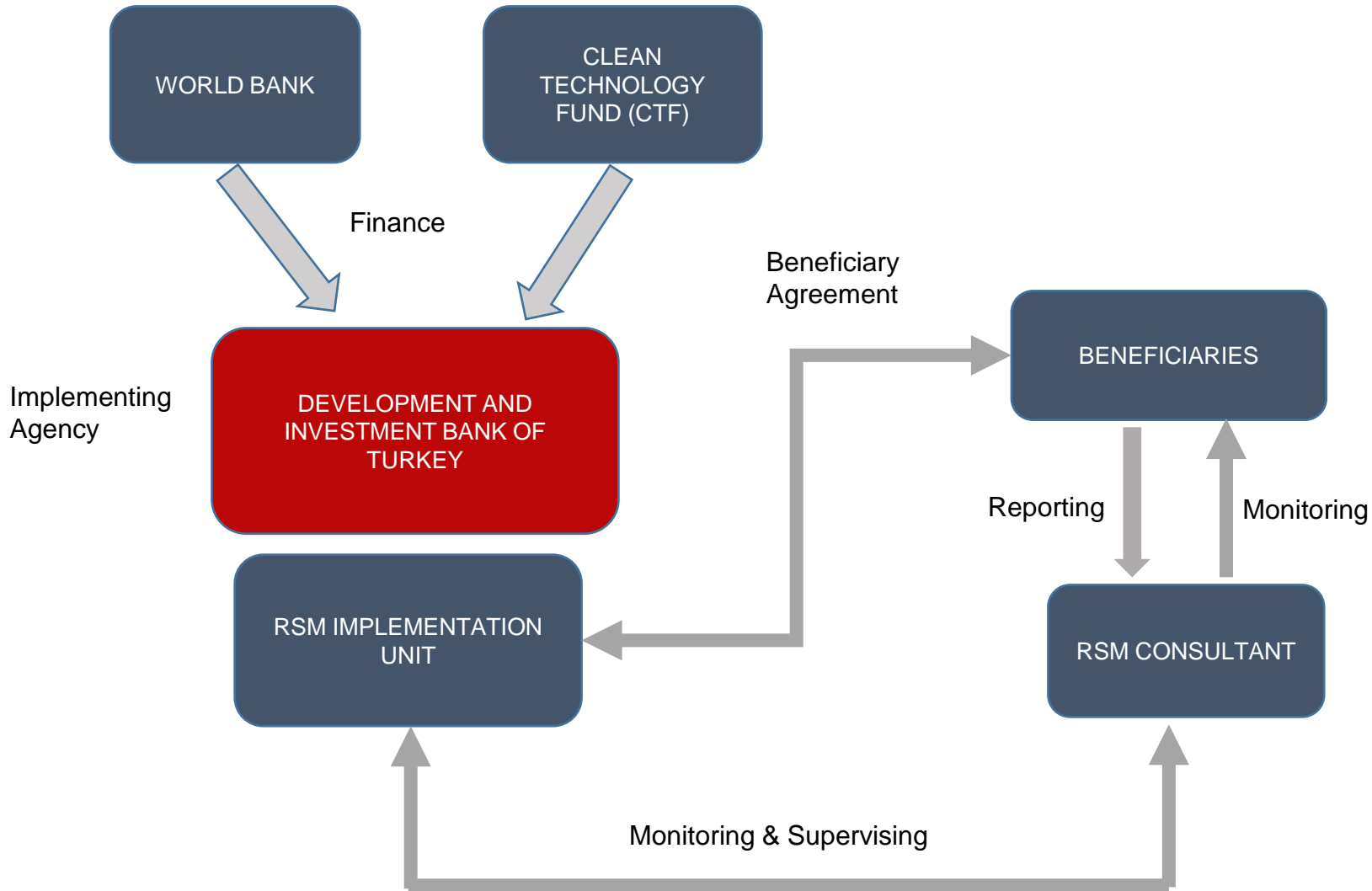
**11 April 2023/ İstanbul**

## Geothermal Risk Sharing Mechanism

- Türkiye Geothermal Development Project was signed between the World Bank and Development and Investment Bank of Türkiye (TKYB) on October, 30 2016. This Project has two components; one is a credit facility for private sector geothermal energy investments, the other is the Risk Sharing Mechanism (RSM) for resource validation in geothermal energy sector.
- The RSM has been capitalized with a contingent grant as 37 mio USD from the Clean Technology Fund (CTF) by World Bank to the Government of Türkiye. TKYB is responsible for implementing the Project. The program consists of a mechanism through which the developer's exploratory drilling cost will be covered in a pre-defined percentage of actual acceptable well cost (i.e. Eligible drilling expenditures) incurred by the license holder in the case of an unsuccessful well.

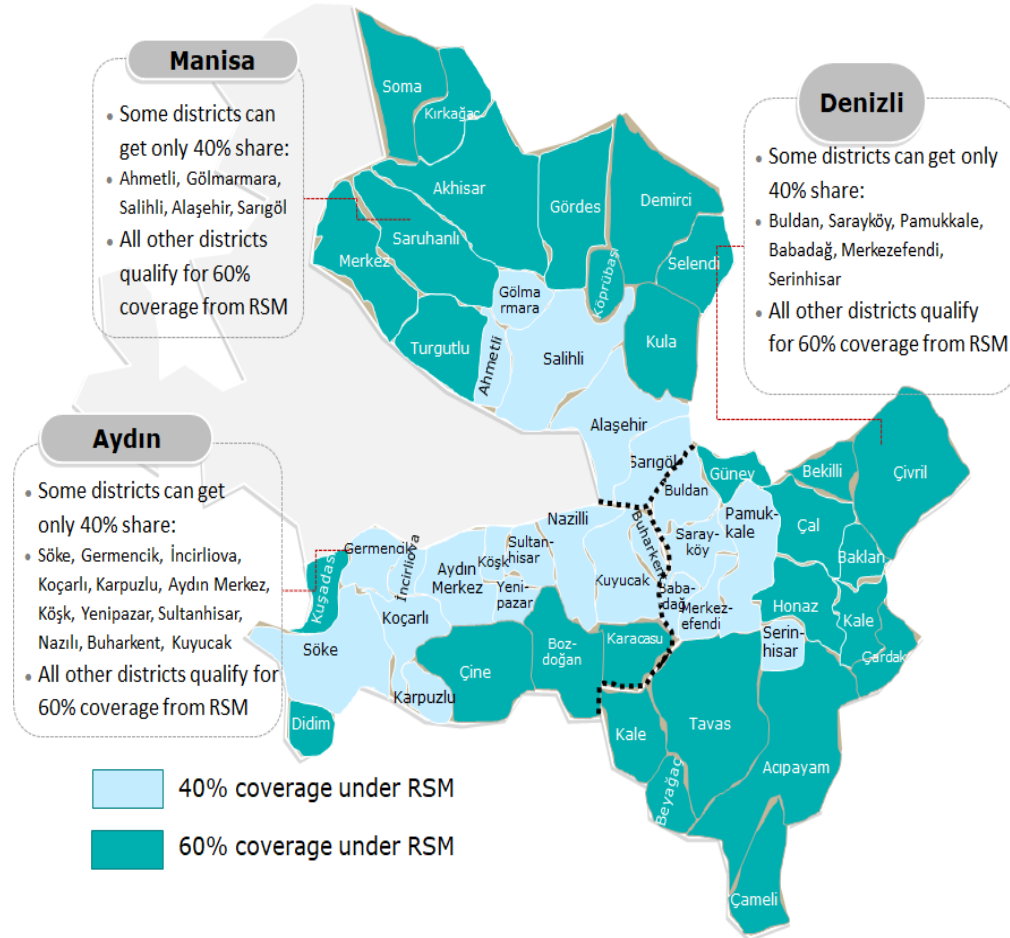


# Risk Sharing Mechanism



# RSM Implementation Terms and Conditions

- The percentage of actual Acceptable Well Costs (AWC) that will be reimbursed to the Beneficiary for an unsuccessful well depends on the location.
- The RSM program is based on a standard three well exploration program with an option to drill a 4th and a 5th well upon the RSM Unit's approval.
- The RSM pay-out in the event of an unsuccessful 4th or 5th well is 40% of the actual AWCs, regardless of where the wells are in the country.
- The success fee for the first three well is 5% of the actual AWCs and for the 4th and 5th wells, the success fee is calculated as 10% of the actual AWCs if the wells are successful based on its success criteria (SC) determined in the Beneficiary Agreement.
- Reimbursement of actual AWCs for unsuccessful wells in any given drilling program will be capped at USD 4 million.
- If flow testing leads to CO2 emission higher than national grid emission factor, then the success fee is waived, and the program terminates
- If drilling of two unsuccessful wells, the program is terminated



# RSM Implementation Phases

Phase-  
1

- **Preparation Period:** Documentation, prepare template
- Consultation Workshop to start the RSM Rounds
- Receiving EoI
- Evaluation of EoI and prepare short listed projects

Phase-  
2A

- **Project Application Period:**
- Technical and financial evaluation of applicants
- E&S evaluation
- Scoring and Ranking (>70)
- Informing the applicants on the second round scoring results

Phase-  
2B

- **Negotiation Period:**
- Determination of success criteria
- Revised Business Plan and Environmental-Social documents
- Signing Beneficiary Agreement between TKYB and Beneficiaries

Phase-  
3

- **Drilling and Monitoring:**
- Drilling plans and well testing protocols implemented
- Well testing protocols implemented
- Site visits, monitoring and data collection

Phase-  
4

- **Reporting:** Preparing the Evaluation Report for each phases
- Preparing monthly, quarterly and annual reports

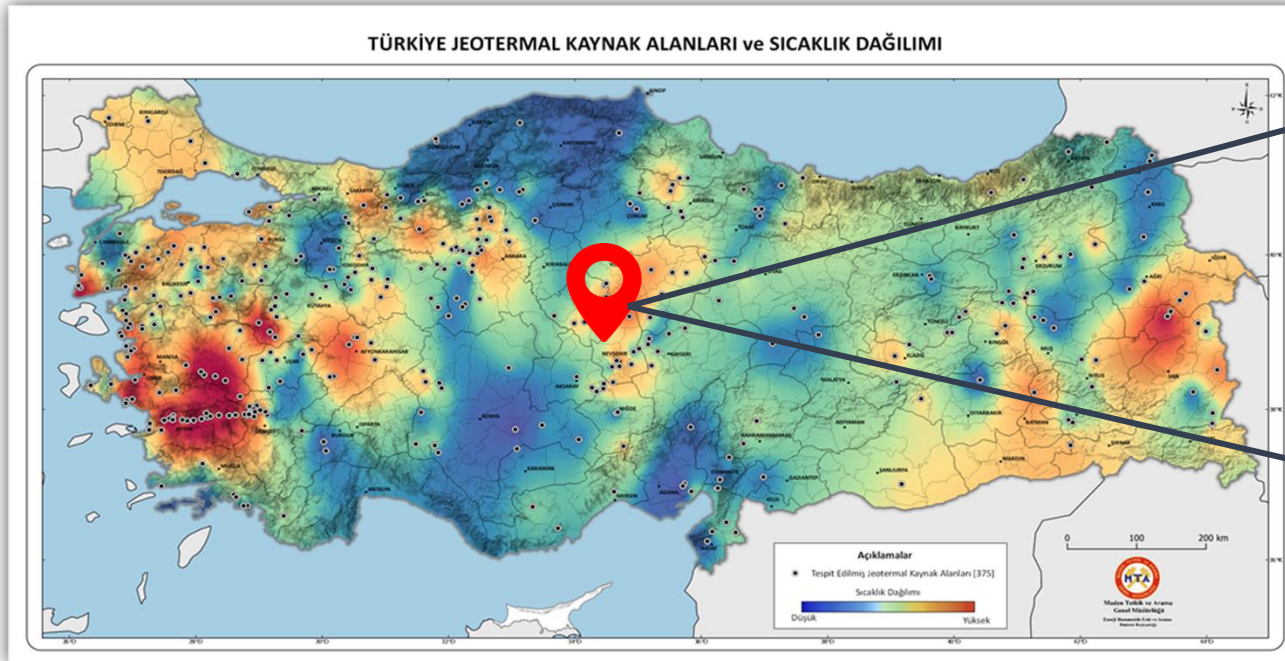
## Improving the Implementation of Risk Sharing Mechanism

- Prior the Expression of Interest (EoI) applications, a *Consultation Workshop* will be held and start to EoI phases
- Develop Request for Expressions of Interest (EoI) in order to prepare a shortlist of interested developers for the RSM round
- A two-day *Application Workshop and Training* will be held. One day will focus on the technical and financial application requirements, while the second day will focus strictly on E&S requirements
- RSM coverage included drilling related costs and surface exploration costs (just for 60% coverage regions)
- The success fee rate was decreased from 10% to 5% for the first three well, for 4th and 5th wells, the success fee rate was decreased from 25% to 10%, accordingly.
- The standard business plan template is applied and revised for both usage as direct use and power plant projects
- Regular monitoring and close consulting services to all Beneficiaries is provided by the RSM Consultant and RSM Unit (PIU).
- Dynamic Project Management for implementation of the RSM Program with supporting by the regular feedbacks from the Beneficiaries provides by RSM Unit (PIU).
- Depends on the ongoing projects under the RSM program, the closing date of the RSM Program has been extended by 2 years until December 30, 2024.



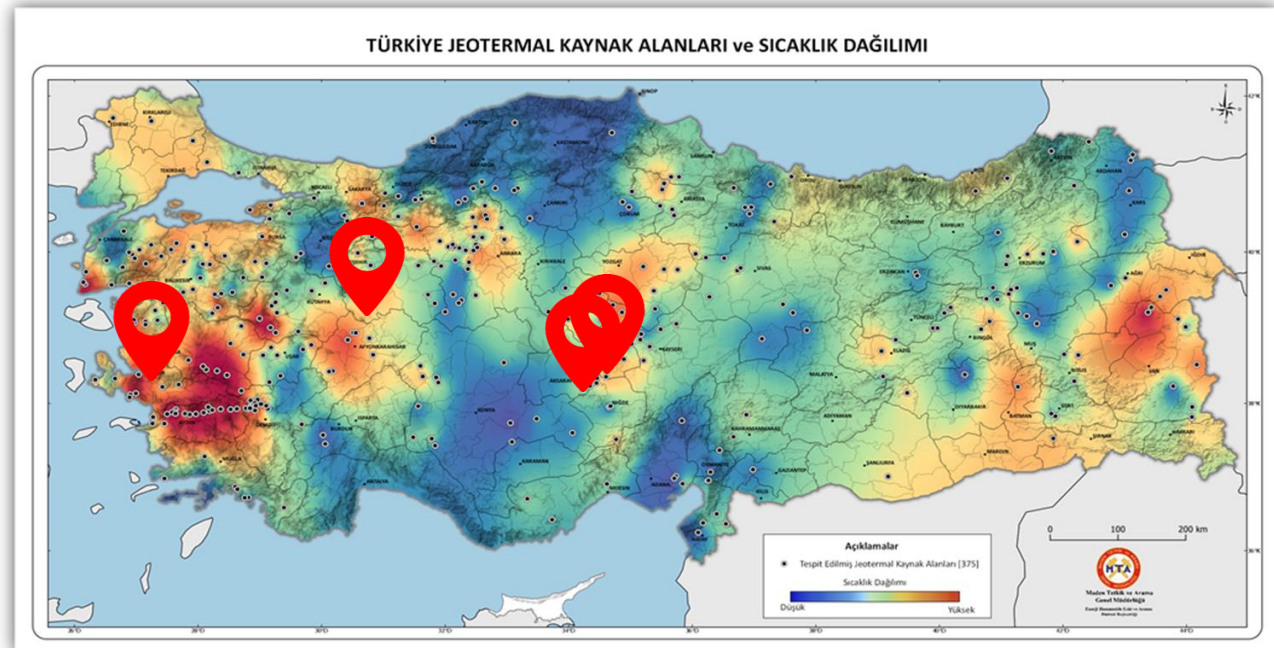
## The Projects under the Risk Sharing Mechanism

- In the first round, 2 projects with 3 exploration drillings have been completed. Total drilling meters were reached to 8.170 m for 3 exploration drillings under the RSM program.
- The hottest geothermal well in Türkiye was discovered under the one of the RSM first round Project where is located in Niğde province; 341°C @3.930 m (bottom hole temperature).
- Total 5 mio USD pay-out was reimbursed for the 2 unsuccessful projects under the RSM first round.
- The RSM first round was closed as of December 31, 2022 and ongoing projects were transferred from the first round to the second round.
- A Beneficiary Agreement was signed and 4 projects are ongoing actively under the RSM second round.



## The Projects under the Risk Sharing Mechanism

- Total 10 subprojects, actively 4 projects are ongoing actively under the RSM second round.
- The negotiations period for all projects have been completed and World Bank no-objection processes completed for 2 subprojects under the RSM second round. Stakeholder engagement meetings have already been completed for these 2 approved projects.
- A Beneficiary Agreement has been signed for one of the direct use project in Eskişehir province and site preparation is ongoing prior to drilling under the RSM second round.
- The second Beneficiary Agreement will be signed for another direct use Project in İzmir province soon.
- The license and permits' issues of all other projects are ongoing under the RSM second round.





## RSM- 3. Round Implementation Timeline

### Hold Consultation Workshop

- 1 day (calender days)
- TUE 11/4/2023

### Expression of Interest period

- 31 days
- Fri 12/5/2023

### EoI Evaluation and shortlisting

- 14 days
- Wed 26/5/2023

### Hold Application Workshop and Safeguard Training

- 2 days (calender days)
- Fri 29/5/2023

### Application period

- 42 days
- Fri 7/7/2023

### Evaluation process and drafting of RSM agreements

- 21 days
- Fri 28/7/2023

### Approval of selected beneficiaries and agreements

- 7 days
- Fri 4/8/2023

### World Bank no-objection and Notification

- 28 days
- Fri 1/9/2023

### Negotiations

- 28 days
- Fri 29/09/2023

### Approval and Signing

- 28 days
- Fri 27/10/2023

### Drill & test wells + submit reports & claims

- 371 days
- Fri 1/11/2024

### Settlement and Closure

- 28 days
- Fri 29/11/2024

THANKS..



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