Early Warning System

IFC-37872

Karaca Hydro

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Quick Facts

Countries	Turkiye
Financial Institutions	International Finance Corporation (IFC)
Status	Approved
Bank Risk Rating	B
Voting Date	2016-05-27
Borrower	KREMNA ENERJI URETIM VE TICARET A.S.
Sectors	Hydropower
Investment Amount (USD)	$ 47.00 million
Project Cost (USD)	$ 199.90 million

Project Description

Kremna Elektrik Uretim A.S., a special-purpose vehicle incorporated in Turkey and owned by Gama Enerji Anonim Sirketi ("Gama" or the "sponsor"), is acquiring operational rights of the electricity generation assets of Karacaoren I and Karacaoren II hydropower projects on the Aksu River in southwestern Turkey, about 100 kilometers north of Antalya (the "project"). Gama was the winning bidder at a privatization tender held in November 2015 for the two projects, which have a total generation capacity of 78.4 megawatts (MW), 32MW for Karacaoren I and 46.4MW for Karacaoren II.

Gama is a Turkish company active in the water and power sectors in Turkey and the Middle East since the early 2000s. IFC and the IFC Asset Management Company's Global Infrastructure Fund, have a 27 percent equity stake in Gama (project #32258 disclosed on September 15, 2014). Gama approached IFC for a $47 million A-loan for the Karacaoren project.Karacaoren I and II are currently owned and operated by the Turkish Electricity Generation Corporation (EUAS).

The acquisition and project turnover are expected to be complete by mid- to late 2016, with generation to continue without interruption. The acquisition will include the intakes, powerhouses, and tailraces of both Karacaoren I and II. The acquisition also will include about 100-200 meters of access roads that lead from public roads to the powerhouses. Water flows for power generation will continue to be dispatched by the General Directorate of State Hydraulic Works (DSI). DSI will retain control and ownership of the dams and reservoirs, spillways and floodgates, although the company will be responsible for operating the gates under DSI direction if necessary.The Karacaoren I dam is a clay-core earthfill structure 93 meters high. The dam impounds a reservoir of about 45.5 square kilometers. The reservoir holds up to about 1.2 billion cubic meters of water, enough for about six months' electricity generation.

Investment Description

- International Finance Corporation (IFC)

Gama Enerji is founded in 2002 and operates as an energy and water infrastructure development and investment platform incorporating an in-house project development and construction management capabilities. Gama Enerji developed and operates assets in Turkey and Jordan. In addition to its power generation business (main), Gama Enerji is also active in operations and maintenance of power plants, and power trading businesses.

Gama Enerji controls a portfolio composed of net 260MW of operational power generation assets in Turkey. Furthermore, Gama Enerji has a 45MW wind farm and an 840MW gas fired plant under construction.

Gama Enerji’s shareholders consist of Gama Holding with 50.5% stake, Tenaga Nasional with 30% stake, and IFC and AMC Global Infrastructure Fund with 19.5% stake.

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ACCOUNTABILITY MECHANISM OF IFC

The Compliance Advisor Ombudsman (CAO) is the independent complaint mechanism and fact-finding body for people who believe they are likely to be, or have been, adversely affected by an IFC or MIGA- financed project. If you submit a complaint to the CAO, they may assist you in resolving a dispute with the company and/or investigate to assess whether the IFC is following its own policies and procedures for preventing harm to people or the environment. If you want to submit a complaint electronically, you can email the CAO at CAO@worldbankgroup.org. You can learn more about the CAO and how to file a complaint at http://www.cao-ombudsman.org/