

Turkey's Enerjisa, a joint venture between Sabancı Holding and Germany's E.ON, plans to sell three hydroelectric power plants to rationalize its portfolio and cut debt, and has appointed bankers to manage the sale, three banking sources said.

Enerjisa has put up for sale the 400 megawatt (MW) Pervari, 280 MW Alpaslan and 168.4 MW İncir plants, all of which are still under construction, the sources said.

The three plants are expected to be operational by the first quarter of 2018, according to the company's website.

"The sale represents an optimization of Enerjisa's portfolio. It also wants to cut its indebtedness," one of the sources said.

Enerjisa declined to comment.

Helped by government incentives, the Turkish power industry has expanded its generating capacity to 70,000 MW (70 gigawatts), which far outstrips demand and is driving down prices. That has prompted some companies to reconsider their holdings in the industry.

The head of Sabancı's energy business, Mehmet Göçmen, said this month the conglomerate wanted to reduce debt levels at Enerjisa to prepare it for an eventual initial public offering. Over the last decade Turkey's energy industry attracted \$64 billion in investment, with more than 60 percent of that through borrowing. Enerjisa invested about \$11 billion in the same period, Göçmen said.

"The high indebtedness of energy companies is pushing them to diversify their portfolios and sell inefficient assets. Yet, the problem is there are very few buyers outside," one of the sources said.

Enerjisa had previously appointed Goldman Sachs to look for a financial investor in Başkent Elektrik, its electricity distribution grid in Ankara, but there were no interested parties, two of the sources said.

Turkish electricity demand is expected to grow 2.5 percent in 2015, lower than the expected 3 percent growth for the whole economy, continuing to put downward pressure on prices, Göçmen has said.

Enerjisa aims to have an installed capacity of 3.5 GW by April 2016 under its current investment plan reports HUrriyet Daily

source: energia.gr