

TRIPARTITE IMBALANCE SETTLEMENT PROTOCOL SIGNED BY PETROLEUM PIPELINE COMPANY, ENERGY EXCHANGE ISTANBUL AND THE SHIPPER COMPANY

(This document is translated into English for informative purposes. Turkish version will be signed and used by participants.)

1. PARTIES

1.1 This Protocol was signed by;

Energy Exchange İstanbul, operating at the address Maslak Mahallesi Taşyoncası Sokak No:1/F F2 Blok 34485 Sarıyer/İstanbul/Türkiye (hereinafter referred to as EXIST in this Protocol), **Petroleum Pipeline Company** operating at the address Bilkent Plaza A - II Blok, 06800 Bilkent/ANKARA (hereinafter referred to as BOTAŞ in this Protocol) and (hereinafter referred to as the Shipper in this Protocol).

2. PURPOSE AND SCOPE

2.1 The purpose of this protocol is to regulate and determine the matters related to the Imbalance Settlement Protocol specified in the Board Resolution no. 7727, dated 08.03.218 on Botaş Transmission Network Operation Principles (ŞİD).

2.2 This protocol aims to regulate and determine matters related to the settlement of imbalances, management of collateral related to imbalances, making of and monitoring payments related to the settlement of imbalances and other financial matters between the Shipper, the Transmission Company and the Market Operator.

3. DEFINITIONS

3.1. In this Protocol;

The term **Imbalance Settlement Protocol (DUP)** refers to the protocol that was signed by the Shipper, Transporter and the Market Operator as a tripartite agreement, covering matters regarding the settlement of imbalances, management of collateral related to imbalances, making of and monitoring payments related to the settlement of imbalances and other financial matters,

The term **Network Botaş Transmission Network Operation Principles (ŞİD)** refers to the guidelines prepared by BOTAŞ, governing the relationship between BOTAŞ and the Shippers with regards to the transmission service (including any amendments and supplements thereof), pursuant to the "Natural Gas Market Regulation on Transmission Network Operation".

The term **Transmission Company** refers to the license holder legal entity who performs the transmission activity,

The term **Relevant Legislation** refers to the regulations including the Natural Gas Market Law no. 4646 dated 18.04.2001, Organized Natural Gas Wholesale Market Regulation (Regulation) dated 31 March 2017 prepared on the basis of article 4 of the Natural Gas Market Law no. 4646 and article 11 of the

Electricity Market Law no. 6446, Organized Natural Gas Wholesale Market Operation Principles and Procedures (PUE) and the Principles on Operation Arrangements for the BOTAŞ Transmission Network (ŞİD), the processes and procedures under this Protocol along with all the relevant legislation to which the Parties are subject,

The term **Central Clearing Bank** refers to the Institution defined in PUE,

The term **Central Clearing Bank-Participant Agreement** refers to the definition specified in PUE,

The term **Organized Natural Gas Wholesale Market (OTSP)** refers to the market to be operated by the Market Operator within the framework of the Regulation,

The term **Market Operation Principles and Procedures (PUE)** refers to the principles and procedures related to the operation of the OTSP in accordance with the Organized Natural Gas Wholesale Market Regulation and the Relevant Legislation,

The term **Market Operator** refers to Energy Exchange Istanbul (EXIST), who has founded and is operating the STP as the central counterparty, and who holds the market operating license,

The term **Market Participant** refers to the System Users who have the right to carry out transactions on the STP,

The term **System User** refers to the natural or legal entity who purchases gas from the System, who supplies gas to the System or who transports gas through the system,

The term **Standard Transportation Agreement (STS)** refers to the transportation agreement signed between the Shipper and the Transporter,

The term **Continuous Trading Platform (STP)** refers to the trading platform founded and operated electronically by the Market Operator for the OTSP within the framework of the Regulation,

The term **Shipper** refers to the Supplier and Exporter Company who signed a STS with the Transporter.

3.2. For definitions not included in this Protocol, the definitions in the Relevant Legislation will apply.

4. RIGHTS AND OBLIGATIONS OF THE PARTIES

The Parties have the following duties, authorities and responsibilities in addition to the duties, authorities and responsibilities specified in the Relevant Legislation and in other articles of this Protocol.

4.1. Rights and Obligations of the Market Operator

a) The Market Operator engages in activities related to the settlement of imbalances caused by the Shipper on the transmission system within the framework of the conditions specified in PUE and ŞİD.

b) The Market Operator signs this Protocol with the Shippers who have signed the STS and this Protocol with the Transmission Company, the Central Clearing Bank-Participant Agreement with the Central

Clearing Bank; and the STP Participation Agreement with the Shipper who wishes to carry out transactions on the Market. Carries out the OTSP registration of the Shipper by supervising the system access process on ŞİD. Notifies the Transmission Company through web service on the day of the registration. Before the capacity announcement dates specified in ŞİD, the transporter allocates capacity to Shippers who have filed an application for capacity at the physical points, the registration of which was notified to the Transmission Company by the market operator. For Shippers whose registration was notified after these dates, no further capacity is allocated at the physical points in the relevant month, they are only allowed to carry out transactions at virtual points.

c) The Market Operator calculates the receivables and debts to be accrued as a result of the settlement of imbalances, prepares the notifications for the relevant receivables and debts, conducts the procedures related to making the necessary collections and payments, and collateral management procedures for these transactions.

d) If the Market Operator is unable to carry out the necessary collections as a result of the settlement of imbalances for the Shippers, it resorts to the collateral of the Shippers, and if the amount of securities is not sufficient to offset the amounts to be collected, it carries out the necessary procedures as per the relevant provisions of PUE and ŞİD.

e) The Market Operator accepts and retains the letters of guarantee furnished by the Shippers as collateral for imbalances, and registers them in the Shipper's account in the Central Clearing Bank.

f) The Market Operator establishes the infrastructure and operates the established system to ensure communications between the Transmission Company, the Central Clearing Bank and the Shippers in order to carry out the imbalance settlement procedures in an accurate manner.

g) The Market Operator takes the necessary precautions for the confidentiality and security of the information related to the transactions carried out.

h) The Market Operator conducts the market operation, settlement, data publication activities in an unbiased manner, within the framework of transparency and accountability.

i) The Market Operator carries out the imbalance settlement procedures and calculates the receivables and debts to be accrued as a result, prepares the notifications for the relevant receivables and debts, conducts the procedures related to making the necessary collections and payments on behalf of the Transmission Company in accordance with the provisions of the Relevant Legislation.

4.2. Rights and Obligations of the Transmission Company

a) The Transmission Company signs this Protocol with the Shippers who have signed the STS with the Transmission Company, signs the Market Handover Agreement with the Market Operator, and the Central Clearing Bank-Participant Agreement with the Central Clearing Bank.

b) The Transmission Company shares the data specified on PUE and ŞİD, required by the Market Operator to manage and monitor the collateral obligations defined in PUE, with the Market Operator through web service.

c) The Transmission Company cooperates with the Market Operator so that the Market Operator may manage the imbalance settlement procedures to be carried out, and shares the information and data specified on PUE and ŞİD with the Market Operator for this purpose.

d) The Transmission Company shares the allocations created based on the flow data owned by them and sent to EBT with the Market Operator within the framework of ŞİD.

4.3. Rights and Obligations of the Shipper

a) If the Shipper wishes to request a capacity reservation before or during the Gas Year, the Shipper first signs a STS with the Transmission Company in accordance with the procedure defined in ŞİD.

b) The Shipper signs a Central Clearing Bank-Participant Agreement with the Central Clearing Bank.

c) If the Shipper wishes to carry out transactions on the OTSP as a Market Participant, it signs a STP Participation Agreement with the Market Operator.

d) The Shipper registers to the Market Operator to allow the management of imbalance settlement procedures and/or conduct transactions on the STP.

e) The STS of the Shipper enters into force following the notification of the Market Operator to the Transmission Company regarding the Market Operator or System User information of the Shipper who was registered on the OTSP on the same day.

f) The Shipper agrees and represents that the provisions of ŞİD, PUE and this Protocol will apply with regards to the settlement of imbalances, and that the Market Operator will carry out the imbalance settlement procedures within the framework of the Relevant Legislation.

g) The Shipper is obligated to fulfill its financial responsibilities and collateral obligations so that the Market Operator may conduct its operations within the framework of the Relevant Legislation.

h) The Shipper agrees and represents that it is responsible for fulfilling all of its obligations under this Protocol and the Relevant Legislation, in addition to being responsible for the transactions carried out through authorized user accounts.

i) The Shipper agrees and represents; that its representatives who are authorized to carry out transactions on the Central Clearing Bank's system will have unlimited liability in terms of the obligations arising from any type of transaction, that the transactions carried out will be binding if the changes regarding the authority to represent are not reported to the Central Clearing Bank in writing, that the responsibility to protect the user code and password used by the representatives to access the system belongs to the Shipper, and that it is liable for any damages that may arise from the use of the user code and password by unauthorized third parties without the consent or approval of the representative.

j) The Shipper pays the fees to be charged by the Market Operator in relation to the services provided under the Relevant Legislation and this Protocol, within the timeframes prescribed in the Relevant Legislation.

k) The Shipper is responsible for signing the Central Clearing Bank-Participant Agreement with the Central Clearing Bank for the financial transactions carried out by the Market Operator and opening the necessary accounts in the Central Clearing Bank in its own name and on its own behalf.

l) The Shipper is obligated to conduct the activities within the framework of the provisions of the Regulation and the Relevant Legislation in a way that will not cause any harm to the OTSP and/or system operation and cancel its obligations arising from the Relevant Legislation.

5. Notifications and Data Transfer

5.1. The parties of this Protocol are obligated to send their notifications to other parties according to the methods stipulated in ŞİD and PUE.

5.2. Without prejudice to the provisions of ŞİD and PUE, if any changes occur to its notification address, the Shipper updates its new address on the STP and EXIST ID Management System (EKYS) 3 (three) business days in advance of the actual change and notifies the Market Operator in writing. If this notification is not made within the specified timeframe, notifications made to the latest address are considered valid.

5.3. The Market Operator may not be held responsible for any errors preventing the delivery of the electronic mails sent to the registered e-mail addresses specified by the Shipper during registration or notified in writing by the Shipper, provided that such errors are not caused by a reason on the Market Operator's part. In case of a dispute, the Market Operator's records are considered to be correct. In regards to KEP disputes, the provisions of the Relevant Legislation apply.

5.4. Any address change for the Market Operator and the Transmission Company is published and notified on the corporate web pages.

5.5. Settlement notifications to be made to the Shipper are made by the Market Operator through the STP.

5.6. The Transporter notifies the Market Operator with regards to the allocations through web service within 15 minutes following the time of announcement of the allocation on ŞİD.

5.7. The relevant parties are responsible for any errors that may occur in relation to data transfer.

5.8. If the web service is down or in cases of emergency, the Transmission Company or the Market Operator sends the necessary notifications and data to the other party as soon as possible by using at least one of the following methods: registered electronic mail, fax, SMS or phone.

6. Objections to Invoice and Adjustment Procedures Arising From the STP

6.1. The provisions of the Relevant Legislation apply in financial matters related to advance payment, collateral, invoicing etc. between the Market Operator and the Shippers.

6.2. The Shipper may object to the invoices or the settlement notifications that form the basis of the invoice for the relevant invoicing period within the timeframes prescribed in PUE. The objections

are made in writing and it is mandatory that the reasons for the objection are included in the objection letter.

6.3. If it is declared that the reasons for the objection made to the invoice based on the market arise from the flow/allocation data used in imbalance settlement calculations and/or it is determined by the Market Operator that they arise from the flow/allocation data, the Market Operator relays such invoice objection to the Transmission Company as per the provisions of PUE. Other causes for the objection are resolved by the Market Operator.

6.4. If the Transmission Company evaluates the objection regarding the flow/allocation data within the scope of ŞİD and finds the objection justified, it sends the difference amount determined to the Market Operator as soon as possible as per the provisions of PUE. The Market Operator makes the necessary adjustments under PUE.

6.5. In case of incorrect measurements or no measurement, ŞİD provisions apply.

6.6. If the Transmission Company evaluates the objection regarding the flow/allocation data within the scope of ŞİD and finds the objection unjustified, it notifies the relevant Shipper using the methods specified in ŞİD. As a result of this notification, the procedure set forth in STS for the settlement of disputes will apply as per article 16.2 of ŞİD.

6.7. Following the completion of the dispute resolution procedure, if the Transmission Company detects a difference amount with regards to the flow/allocation data, it submits this amount to the Market Operator with an official letter for further action within the scope of PUE.

7. Miscellaneous Provisions

7.1 Provisions of ŞİD apply in matters with respect to actions such as preventing TMB registration, suspension or cancellation of the STS for Shippers who fail to comply with the margin call in relation to the imbalance collaterals.

7.2 This protocol is an integral part of the STS and each Shipper who signs the STS with a Transporter is obligated to also sign this Protocol with the Market Operator and the Transmission Company so that the STS may enter into force.

7.3 In case of any discrepancy between this Protocol and the terms and conditions of the Relevant Legislation, the terms and conditions of the Relevant Legislation will take precedence.

8. Termination of the Protocol

8.1 If the STS of the Shipper is terminated for whichever reason, this Protocol will also be terminated.

8.2 The termination of this Protocol will not cancel the debts and receivables of the Parties that have accrued or will accrue as of the date of termination.

9. Settlement of Disputes

9.1 With the exception of disputes related to financial obligations, in case of disputes arising from the failure of Parties to fulfill the duties and obligations set forth in the OTSP Regulation and the Relevant Legislation, the Parties will refer to EMRA. ŞİD and STS provisions regarding the disputes that may arise between the Transmission Company and the Shipper will apply. Disputes arising between the parties in relation to the financial obligations of the Parties under this Protocol are settled in court according to private law sanctions.

9.2 Istanbul courts and enforcement offices will have competent jurisdiction on all disputes that may arise from this Protocol.

10. Assignment

10.1 The Shipper may not transfer its obligations to another party under any condition.

10.2 The transfer or mortgaging of the rights and receivables of the Shipper against the Market Operator may be allowed under the terms and conditions determined by the Market Operator according to the legislation in force subject to a written approval by the Market Operator.

11. Confidentiality

11.1 The Market Operator is obligated to take the necessary measures to ensure that the commercially important information they have received as a result of the Relevant Legislation, market activities or otherwise is kept confidential; and not to disclose the same to third party legal entities including its own affiliates and/or shareholders.

11.2 Confidentiality obligations set forth in ŞİD will apply to the Shipper and the Transporter.

11.3 The exception to article 11.1 is the obligation to disclose the aforementioned information pursuant to an order by a judicial authority or the relevant legislation.

12. Amendments and Waivers

12.1 This Protocol may not be amended without a written agreement signed by the Parties.

12.2 If EMRA makes a board resolution that may affect the matters stipulated under this Protocol, the Parties agree to be bound by such board resolution and that this Protocol may be amended as per such board resolution where necessary.

12.3 If one of the Parties waive the performance of the obligations of the other Party under this Protocol, this will not constitute a waiver towards different or further cases of non-performance that are similar or different in nature, and will not be construed as such.

13. Entry Into Force

13.1 This Protocol enters into force as of the date of its signing by the Parties and has been thoroughly read and understood by the authorized signatory/signatories of the Parties and executed in three copies to be retained on .../.../.....