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LAW ON THE ORGANIZATION AND DUTIES OF THE ENERGY MARKET REGULATORY AUTHORITY¹

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PART ONE General Provisions CHAPTER ONE Objective, Scope, Definitions

Objective and definitions²

ARTICLE 1³ – The objective of this Law is to regulate the organization, duties, powers and responsibilities of the Energy Market Regulatory Authority and the principles regarding the personnel affairs of its staff.

In the implementation of this Law, the following definitions shall apply:

- a) Minister: The Minister of Energy and Natural Resources,
- b) Ministry: The Ministry of Energy and Natural Resources,
- c) Board: The Energy Market Regulatory Board,
- ç) Authority: The Energy Market Regulatory Authority.

CHAPTER TWO Electricity Market Activities and Licenses

Electricity market activities

ARTICLE 2⁴

General license principles and license types

ARTICLE 3⁵

PART TWO Energy Market Regulatory Authority, Energy Market Regulatory Board and Miscellaneous Provisions⁶ CHAPTER ONE

¹ Amended pursuant to Article 30 of the Law No. 6446, dated 14 March 2013.

² Amended pursuant to Article 30 of the Law No. 6446, dated 14 March 2013.

³ Amended pursuant to Article 30 of the Law No. 6446, dated 14 March 2013.

⁴ Repealed pursuant to Article 30 of the Law No. 6446, dated 14 March 2013.

⁵ Repealed pursuant to Article 30 of the Law No. 6446, dated 14 March 2013.

⁶ Amended pursuant to Article 14 of the Law No. 4646, dated 18 April 2001.

Duties and Powers of the Energy Market Regulatory Authority and the Energy Market Regulatory Board⁷

Energy Market Regulatory Authority⁸

ARTICLE 4 - The Energy Market Regulatory Authority, a public legal entity with administrative and financial autonomy, is hereby established to fulfill the duties conferred to it by this Law.⁹

The Authority shall be responsible for granting Board-approved licenses specifying the authorized activities of legal entities and their rights and obligations arising out of these activities, organizing existing contracts within the scope of transfer of operating rights in accordance with the provisions of this Law, monitoring market performance, issuing, amending and inspecting performance standards and distribution and customer service regulations and ensuring their enforcement, determining the pricing principles set out in this Law, determining the pricing principles applicable to electricity sales to non-eligible consumers by taking into account the market needs, applying and monitoring the formulas for price adjustments that may be required due to inflation, and ensuring compliance with this Law in the market.

The Authority, upon the resolution by the Board, shall draft the regulations to be issued pursuant to the provisions of this Law, by taking into consideration the opinions of legal entities operating in the market and the relevant authorities and institutions.

The headquarters of the Authority is in Ankara. The Ministry that the Authority is affiliated with is the Ministry of Energy and Natural Resources. The Authority may establish liaison offices in distribution zones to maintain customer relations.

The organization of the Authority shall consist of the Energy Market Regulatory Board, the chairmanship and service units.¹⁰

The Authority shall exercise its powers through the Energy Market Regulatory Board while performing its duties arising from this Law. The representative and decision-making body of the Authority is the Board.

Energy Market Regulatory Board and Chairmanship¹¹

ARTICLE 5 – The Board shall consist of seven members appointed by the President among candidates who have received at least four years of university education, one of whom being the Chairman and the other being the Vice Chairman.¹²

The President shall assign the Chairman and Vice Chairman of the Board while making the appointment.¹³

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⁷ Amended pursuant to Article 14 of the Law No. 4646, dated 18 April 2001.

⁸ Amended pursuant to Article 14 of the Law No. 4646, dated 18 April 2001.

⁹ Amended pursuant to Article 14 of the Law No. 4646, dated 18 April 2001.

¹⁰ Amended pursuant to Article 14 of the Law No. 4646, dated 18 April 2001.

¹¹ Amended pursuant to Article 14 of the Law No. 4646, dated 18 April 2001.

¹² Amended pursuant to Article 168 of the Decree No. 703, dated 2 July 2018.

¹³ Repealed pursuant to Article 168 of the Decree No. 703, dated 2 July 2018.

¹⁴ Amended pursuant to Article 168 of the Decree No. 703, dated 2 July 2018.

¹⁵ Repealed pursuant to Article 168 of the Decree No. 703, dated 2 July 2018.

If the Chairmanship or the memberships become vacant for any reason before the expiry of their term, a new appointment shall be made for the vacant position within one month.

In addition to its duties specified by other articles of this Law, the Board shall also perform the following duties:

- a) To enforce the provisions of this Law.
- b) To determine the discounts to be applicable to the limits set forth under the eligible consumer definition, and to publish the new limits until the end of January of each year.
- c) To make the necessary regulations to provide reliable, good quality, uninterrupted and low cost electricity service to consumers.
- d) To determine financial reporting standards in accordance with the accepted accounting procedures and management information systems for license holders and to ensure their enforcement.
- e) To determine safety standards and conditions for generation, transmission and distribution companies, and for auto-producer and auto-producer group facilities, and to ensure their enforcement.
- f) To ensure development and implementation of the infrastructure required for new trading methods and sales channels, pursuant to the development of the market.
- g) To create model agreements, if necessary, in line with the objectives of this Law.
- h) To determine and implement procedures and principles preventing disclosure of any commercially sensitive information, including trade secrets and confidential competition information.
- i) To inspect activities and the practices of legal entities operating in the market and their compliance with the relevant license terms and conditions, in order to ensure their adherence to equality and transparency standards.
- j) To establish and implement standards and rules regarding inter-affiliate relations in order to enable competition, and to determine restrictions on reciprocal shareholding, business and accounting matters regarding market activities, if these standards must contain such restrictions.
- k) To prepare the annual report and other reports on market development, and submit them to the Ministry.
- l) To establish and implement personnel policy of the Authority, including personnel appointments.
- m) To decide on purchase, sale and lease of movable and immovable goods, and services for the Authority.
- n) To make the arrangements it deems necessary by monitoring the market-related legislation and practices of international organizations and agencies, and if there is a need for legislation to be adopted, to make the necessary preparations and submit them to the Ministry.
- o) To decide on all kinds of transactions regarding the receivables, rights, and debts of the Authority to and from third parties.
- p) To take the necessary precautions in order to encourage the use of renewable energy resources and local energy resources in electricity production in consideration of environmental impact, and to take initiatives before the relevant institutions and organizations for incentive practices in this regard.

In addition to the powers set out under other articles of this Law, the Board shall have the following powers:

a) To approve the instructions and communiqués that are necessary for the enforcement of the provisions of this Law and the fulfillment of the duties assigned to the Authority through this Law, and which must be followed by individuals and legal entities in order to improve competition in the market, the network regulation, the distribution regulation, the customer services regulation and the balancing and settlement regulation.

b) To grant approvals in relation to licenses and other approvals specified in this Law.

c) To approve the demand forecasts prepared by the distribution companies and concluded by Türkiye Elektrik İletim Anonim Şirketi, to have them revised if necessary.

d) To approve the generation capacity projection and transmission investment plan prepared by Türkiye Elektrik İletim Anonim Şirketi based on the estimated demand approved by the Board and the distribution investment plans prepared by the distribution companies operating publicly owned distribution facilities in accordance therewith, to ensure they are revised as necessary, and to supervise the implementation of the approved investment plans.

e) To inspect and approve the wholesale price tariffs, transmission tariffs, distribution tariffs and retail sale tariffs of Türkiye Elektrik Ticaret ve Taahhüt Anonim Şirketi, which shall be prepared in accordance with the relevant license provisions.

f) To determine the main pricing principles for transmission, distribution, wholesale and retail sale, and to revise them if necessary, in line with the relevant license provisions.

g) To publish the percentages of the amount of electricity offered for sale by auto-producers and auto-producer groups, apart from their own or their partners' needs, and revise them if necessary.

h) To determine the transmission surcharge rate, and to make arrangements for collection of the transmission surcharge amount by Türkiye Elektrik İletim Anonim Şirketi, and the payment thereof to the Authority.

i) To determine the fees to be paid to the Authority by legal entities for transactions related to licenses and other transactions.

j) To inspect the audited financial statements of legal entities operating in the market or have them inspected.

k) To determine the scope of the reports on service reliability, outages and other performance criteria, which shall be requested from legal entities, and ensure their regular submission to the Board.

l) To impose administrative fines and cancel the licenses, in case of violation of the provisions of this Law, the provisions of the regulations issued, tariffs and regulations approved by the Board, terms and conditions of licenses and Board decisions.

m) To inspect situations that pose or may pose a threat to the public interest and security during the construction and operation of generation, transmission and distribution facilities in collaboration with other public institutions, for the purpose of protecting public interest, preserving hydraulic resources, the ecosystem and property rights in general; and subject to prior notice, to take necessary precautions in these facilities to eliminate these situations in accordance with the provisions of the Law no. 3082 dated 20/11/1984.

n) To approve the budget, annual business plan, final income-expenditure accounts, annual report and other reports on market development of the Authority prepared by the Chairmanship and, if deemed necessary, to decide on transfers between budget items.

o) If license holder parties are unable to agree on the terms of contracts for connection to the transmission system or a distribution system, and the use of such system, to settle the dispute in accordance with the provisions of this Law and the respective licenses of the parties.

p) To carry out the expenditures of the Authority within the framework of its approved budget and in accordance with the regulation it shall issue to determine its expenditure principles and procedures.

r) In relation to existing contracts; to attend meetings between parties of these contracts, if it deems necessary, the date and time of which shall be notified to the Board five business days in advance.

s) In relation to existing contracts; to propose changes to facilitate the transition to the competitive market pursuant to the provisions of this Law for the consideration of the parties, and to mediate on the settlement of disputes in relation to existing contracts before any formal dispute settlement process is initiated for these contracts, provided that the provisions of the existing contracts regarding settlement of disputes are not violated.

t) To request from all public and private organizations and individuals and/or to inspect on-site any information or document it deems necessary relating to its scope of authority, while carrying out the duties conferred to it by this Law.

u) To assign or authorize the Chairmanship in matters that it deems appropriate.

The Chairman of the Board is also the head of the Authority. The Chairman is responsible for the implementation and enforcement of the Board decisions, and the Board's representation. This responsibility also includes the duty to inform the public about the activities conducted by the Board. The Vice Chairman assumes all duties and powers of the Chairman in the absence of the Chairman.

All decisions of the Authority are adopted by the Board, except for the powers delegated to the staff of the Authority by the Chairmanship.

The duties and powers of the Chairmanship are as follows:

a) To establish the service units that it deems necessary, based on Board decisions.

b) To employ sufficient number of personnel to enable the Authority to carry out its functions in line with Board decisions.

c) To ensure that the service units work in a harmonious, efficient, disciplined and orderly manner, to enable organization and coordination between the service units and the Board, and to resolve disputes regarding duties and powers that may arise between service units.

d) To determine the agenda, day and time of the Board meetings, and manage the meetings.

e) To ensure that decisions of the Board are carried out, and to monitor the implementation of these decisions.

f) To represent the Board before official and private institutions.

g) To prepare and to submit to the Board the annual budget of the Authority, its final account of income and expenditure and the annual report of the Authority, and to ensure that the budget of the Authority is implemented, revenues are collected, and expenditures are made.

The Board may delegate some or all of the powers conferred to it by the relevant laws regarding the issuance, amendment, suspension and cancellation of pre-licenses, licenses and certificates set out in the relevant market laws and conduct of preliminary

research and investigation procedures to the Chairmanship and/or the relevant service unit.¹⁶

Duties of the Board in relation to the natural gas market¹⁷

ARTICLE 5/A¹⁸ –The Energy Market Regulatory Board shall also fulfill the following duties in relation to the natural gas market:

a) To determine the opinion and suggestions of the Authority regarding the plans, policies and practices in relation to natural gas market activities.

b) To ensure the fulfillment of the duties of the Authority regarding performance of its rights and obligations arising out of international agreements to which we are a direct party to, in relation to natural gas market activities.

c) To approve all kinds of regulations in relation to natural gas market activities on subjects for which the Authority is authorized by the Natural Gas Market Law, and to ensure their enforcement.

d) To adopt and implement all kinds of decisions on the issuance, enforcement and cancellation of licenses and certificates under the Natural Gas Market Law.

e) To adopt decisions regarding limitations and obligations that may be enforced in special cases within the scope of the provisions of the Natural Gas Market Law, and determination of prices.

f) To regulate the principles and procedures regarding price and tariff formation in areas where there is no or insufficient competition in the natural gas market.

g) To approve the tariffs for activities specified in the Natural Gas Market Law or to adopt decisions on tariff revisions.

h) To conduct audit, preliminary research and investigation procedures in relation to natural gas market activities, to enforce penalties and sanctions within its powers and to adopt decisions to defer to all judicial and administrative authorities, including filing lawsuits.

i) To resolve disputes that may arise among legal entities or between legal entities and consumers regarding enforcement of the Natural Gas Market Law.

i) To carry out other duties and exercise the powers specified in the Natural Gas Market Law.

Duties of the Board in relation to the petroleum market¹⁹

ARTICLE 5/B²⁰ – The Energy Market Regulatory Board shall also fulfill the following duties in relation to the petroleum market:

a) To enforce provisions of the Petroleum Market Law, make all kinds of regulations in relation to Market activities and ensure their enforcement.

b) To determine the opinion and suggestions of the Authority regarding the plans, policies and practices in relation to petroleum market activities.

c) To conduct audit, preliminary research and investigation procedures in relation to petroleum market activities, to enforce penalties and sanctions within its powers and to

¹⁶ Inserted pursuant to Article 7 of the Law No. 6719, dated 4 June 2016.

¹⁷ Inserted pursuant to Article 15 of the Law No. 4646, dated 18 April 2001.

¹⁸ Inserted pursuant to Article 15 of the Law No. 4646, dated 18 April 2001.

¹⁹ Inserted pursuant to Article 25 of the Law No. 5015, dated 4 December 2003.

²⁰ Inserted pursuant to Article 25 of the Law No. 5015, dated 4 December 2003.

adopt decisions to defer to all judicial and administrative authorities, including filing lawsuits.

d) To monitor petroleum market-related practices of international organizations and agencies.

e) To determine the licenses and transaction fees in relation to licenses in the petroleum market.

f) To inspect the audited financial statements of entities operating in the petroleum market or have them inspected.

g) To determine the scope of the reports on service reliability, outages and other performance criteria, which shall be requested from the entities operating in the petroleum market, and ensure their regular submission to the Board.

h) To impose administrative fines and cancel the licenses, in case of violation of the provisions of the Petroleum Market Law, the provisions of the regulations issued, tariffs and regulations approved by the Board, terms and conditions of licenses, and Board decisions.

Duties of the Board in relation to the liquefied petroleum gas (LPG) market²¹

ARTICLE 5/C²² – The Energy Market Regulatory Board shall also fulfill the following duties in relation to the LPG market:

a) To enforce the provisions of the Liquefied Petroleum Gas (LPG) Market Law and the Law Amending the Electricity Market Law, make all kinds of regulations in relation to market activities and ensure their enforcement.

b) To determine the opinion and suggestions of the Authority regarding the plans, policies and practices in relation to LPG market activities.

c) To conduct audit, preliminary research and investigation procedures in relation to LPG market activities, to enforce penalties and sanctions within its powers and to make decisions to defer to all judicial and administrative authorities, including filing lawsuits

d) To monitor the LPG market-related practices of international organizations and agencies.

e) To determine the licenses and transaction fees in relation to licenses in the LPG market.

f) To inspect the audited financial statements of entities operating in the LPG market or have them inspected.

g) To determine the scope of the reports on service reliability, outages and other performance criteria, which shall be requested from the entities operating in the LPG market, and ensure their regular submission to the Board.

h) To impose administrative fines and cancel the licenses, in case of violation of the provisions of the Liquefied Petroleum Gas (LPG) Market Law and the Law Amending the Electricity Market Law, the provisions of the regulations issued, tariffs and regulations approved by the Board, terms and conditions of licenses and Board decisions.

Prohibitions and dismissals

²¹ Inserted pursuant to Article 20 of the Law No. 5307, dated 2 March 2005.

²² Inserted pursuant to Article 20 of the Law No. 5307, dated 2 March 2005.

ARTICLE 6²³ –The members of the Board may not hold any positions in public or private organizations during their membership unless permitted by special laws. The members of the Board may not hold any positions in or become shareholders of legal entities subject to private laws that are operating in the electricity, natural gas, petroleum and LPG markets, or their affiliates, or enter into any direct or indirect relationships which shall or may generate income from these legal entities or affiliates, or engage in electricity energy trade and natural gas trade, and petroleum and LPG trade for two years following the termination of their membership.²⁴

Within thirty days from the commencement of their terms, members of the Board shall be obliged to dispose of any and all of their shares or securities belonging to legal entities operating in the electricity and natural gas markets or their affiliates by selling or transferring them to persons other than blood relatives up to the third degree and relatives by marriage up to the second degree, except for debt securities issued by the Undersecretariat of Treasury they have acquired prior to taking office.

Spouses and blood relatives of the members of the Board up to first degree may not hold any positions in or become shareholders of legal entities operating in the electricity and natural gas, petroleum and LPG markets, or their affiliates; with the exception of assignments in public authorities and institutions or their affiliates; or enter into any direct or indirect relationships which shall or may generate income from these legal entities or affiliates, or engage in electricity energy trade and natural gas trade, petroleum and LPG trade following the appointment of the members of the Board, and for the duration of their membership.²⁵

The members of the Board and the personnel of the Authority may not disclose information about the Authority that is of a confidential nature, or any secrets belonging to individuals and legal entities active in the electricity and natural gas, petroleum, and LPG markets even after they leave their duties, and may not use them for their own interests or the interests of others.²⁶

The members of the Board may not be dismissed before their term expires. However, the Chairman and the members of the Board with final convictions for the violation of the prohibitions in this article or for crimes committed in relation to the duties assigned to them by this Law, and the members of the Board who are determined to no longer hold the conditions required of civil servants pursuant to the Civil Servants Law no. 657 or who are unable to perform their duties due to illness, accident or any other reason for a period exceeding three months, or whose inability to continue their duties for the remainder of their term of office is certified by a committee report obtained from a full service hospital prior to the expiry of the three-month period shall be dismissed by the President before their term expires²⁷

Oath and declaration of wealth

ARTICLE 7 – Members of the Board shall swear before the First Presidency Board of the Court of Appeals that they shall carry out the works of the Board with complete care

²³ Amended pursuant to Article 16 of the Law No. 4646, dated 18 April 2001.

²⁴ Amended pursuant to Article 21 of the Law No. 5307, dated 2 March 2005.

²⁵ Amended pursuant to Article 21 of the Law No. 5307, dated 2 March 2005.

²⁶ Amended pursuant to Article 21 of the Law No. 5307, dated 2 March 2005.

²⁷ Amended pursuant to Article 168 of the Decree No. 703, dated 2 July 2018.

and honesty, and shall not act or shall not enable others to act in violation of the provisions of this Law and the relevant legislation.

The application made for an oath shall be classified as an urgent matter by the Court of Appeals.

Members of the Board may not commence their term without taking an oath.

Members of the Board shall be required to make a declaration of wealth within one month from the commencement and termination of their terms of office, and every two years for the duration of their term in office.

Board works and meetings, Board approvals, annual report and audit

ARTICLE 8 – The working procedures and principles of the Board and procedures to be followed by the Board regarding applications shall be determined by regulations.

a) The Board shall convene as often as it deems necessary, and at least once a week. The meetings shall be chaired by the Chairman of the Board or in his absence, by the Vice Chairman. The agenda of each meeting shall be prepared by the Chairman or, in his absence, the Vice Chairman and notified to the members of the Board prior to the meeting.

The Board shall convene with simple majority and decisions shall be made by the majority of the members in attendance.

The members of the Board may not participate in discussions and vote in cases concerning themselves and their blood relatives up to the third degree and their relatives by marriage up to the second degree.

b) Legal entities shall apply for approvals and licenses of any kind in the manner specified in the regulations.

Board approval must be obtained for changes of ten percent or more in the shareholding structure of legal entities operating in the market, and changes of five percent or more in the shareholding structure of legal entities whose shares are publicly traded, the merger of these legal entities, their consolidation, change of control, sale, transfer or any other arrangement that changes the legal entity structure, or a significant change in the generation, transmission or distribution facilities owned by a legal entity as a result of a sale, transfer or any other arrangement. The procedures and principles for obtaining Board approval shall be determined by regulations. The matters regarding partnership interest in legal entities operating in the electricity market shall not be applicable to facilities engaged in generation for the natural gas market with the exception of natural gas storage facilities.²⁸

The authority of the Competition Board to grant approval for mergers and acquisitions which shall take place in the market and which are within the scope of Article 7 of the Law no. 4054 on the Protection of Competition is reserved.

c) The Board shall send an annual report in writing for the preceding financial year to the Ministry for information purposes until the end of April of the following year at the latest. The report shall include consolidated income statements, balance sheets and comprehensive financial statements based on annual activities.

d)²⁹ The Authority shall be audited by the Supreme Auditing Board of the Prime Ministry.

²⁸ Amended pursuant to Article 17 of the Law No. 4646, dated 18 April 2001.

²⁹ Amended pursuant to Article 17 of the Law No. 4646, dated 18 April 2001.

Chairmanship, staff, status of authority personnel, method of appointment and personnel rights³⁰

ARTICLE 9³¹ – The Chairmanship shall consist of the Chairman, Vice Chairmen and service units. Two Vice Chairmen may be appointed through a Board decision in order to assist the Chairman in his duties regarding the Chairmanship of the Authority. Vice Chairmen shall be responsible for carrying out the duties and instructions given by the Chairman and ensuring coordination between the relevant service units. In addition, advisors to the Chairman may be appointed by the Chairman, provided that the number of staff does not exceed the number set out in the table (I) attached hereto.

The service units of the Authority and their duties and powers are as follows:

a) Electricity Market Department: To carry out the works of regulating the electricity market, establishing competitive conditions, protecting consumer rights and evaluating consumer complaints assigned to the Authority through this Law and other legislation and to perform all kinds of actions and transactions pertaining to licenses, certificates, permits and certifications.

b) Natural Gas Market Department: To carry out the works of regulating the natural gas market, establishing competitive conditions, protecting consumer rights and evaluating consumer complaints assigned to the Authority through this Law, the Natural Gas Market Law no. 4646 dated 18/4/2001 and other legislation and to perform all kinds of actions and transactions pertaining to licenses, certificates, permits and certifications.

c) Petroleum Market Department: To carry out the works of regulating the petroleum market, establishing competitive conditions, protecting consumer rights and evaluating consumer complaints assigned to the Authority through this Law, the Petroleum Market Law no. 5015 dated 4/12/2003 and other legislation and to perform all kinds of actions and transactions pertaining to licenses, certificates, permits and certifications, conduct national marker operations.

ç) Liquefied Petroleum Gas Market Department: To carry out the works of regulating the liquefied petroleum gas market, establishing competitive conditions, protecting consumer rights and evaluating consumer complaints assigned to the Authority through this Law, the Liquefied Petroleum Gas (LPG) Market Law no. 5307 dated 2/3/2005 and the Law on the Amendment of the Electricity Market Law and other laws and to perform all kinds of actions and transactions pertaining to licenses, certificates, permits and certifications.

d) Tariffs Department: To carry out the works of determining tariffs, approving the investment plans on which the electricity and natural gas tariffs are based, determining investment ceilings and approving demand forecasts, assigned to the Authority through this Law and other legislation.

e) Audit Department: To conduct the required inspections and audits in accordance with the relevant laws and secondary legislation in the markets in which the Authority operates, or have them conducted, to cooperate with authorized public institutions and organizations on these matters, to offer solutions for problems encountered in the markets.

f) Expropriation Department: To conduct or enable the conduct of the works related to the expropriation duties of the Authority specified in this Law and other laws in the markets within the scope of the duties of the Authority.

³⁰ Amended pursuant to Article 30 of the Law No. 6446, dated 14 March 2013.

³¹ Amended pursuant to Article 30 of the Law No. 6446, dated 14 March 2013.

g) Legal Department: To represent the Authority in order to follow up and resolve any dispute in relation to the Authority and to apply for legal remedies when necessary, to provide legal consultancy services to the Chairman and other service units with respect to legal matters.

ğ) Strategy Development Department: To determine the strategies and policies of the Authority and to monitor practices, to maintain international relations of the Authority, to follow the sectoral developments and trends, to compile market data, to prepare the market development reports, to perform works related to consumer rights, to perform the duties assigned to the strategy development and financial services units through the Public Financial Management and Control Law no. 5018 and other legislation.³²

h) Department of Human Resources and Support Services: To carry out all kinds of works and procedures regarding the development of management, workforce planning, personnel affairs and financial and social rights of the Authority personnel, and administrative services.

ı) Information Technologies Department: To prepare and implement the corporate information technologies strategy, to carry out all works related to information technologies, including software and hardware infrastructure.³³³⁴

ı) Department of Press and Public Relations: To monitor written and visual media on the issues related to the field of activity of the Authority and provide necessary documentation, to plan the relations of the Authority with the press and the broadcasting organizations, and to manage the broadcasts and activities related to its public promotion.

j) Board Services Directorate: To carry out the secretariat services of the Board and the Board members and to organize protocol related works.

k) Private Secretariat of the Chairmanship: To carry out the secretariat services of the Chairman and to organize protocol related works.

The scope of activity, duties, powers and responsibilities of the service units are determined in accordance with the abovementioned duties and functions by regulations to be put into effect by the President.³⁵

The titles and numbers of the personnel to be employed in the Authority are shown in the table (I) attached hereto. Changes to titles and ranks, insertion of new titles and cancellation of vacant positions, which shall not exceed the total number of personnel allowance, shall be made pursuant to Board decisions, provided that such actions are limited to the personnel titles in the tables annexed to the Legislative Decree no. 190 on General Personnel and Procedure.

Duties required by the services of the Authority shall be carried out by contracted staff, employed via administrative service contracts. Other than, the matters provided for in this Law, the personnel of the Authority are subject to the Civil Servants Law no. 657.

The members of the Board and the personnel of the Authority are also obliged to meet the conditions specified in paragraphs (1), (4), (5), (6) and (7) of section (A) of Article 48 of the Civil Servants Law no. 657.

The principal duties and services required by the duties assigned to the Authority shall be carried out by professional staff consisting of energy specialists and assistant

³² Amended pursuant to Article 29 of the Law No. 7164, dated 14 February 2019.

³³ Inserted pursuant to Article 29 of the Law No. 7164, dated 14 February 2019.

³⁴ Sub-clause (i) has been added following sub-clause (h) of paragraph 2 of Article 9 of the Law, and existing sub-clauses have been supplemented accordingly.

³⁵ Amended pursuant to Article 168 of the Decree No. 703, dated 2 July 2018.

energy specialists, and the personnel employed in other positions set out in the table (I) attached hereto. Recruitment of assistant energy specialists, their competitive examinations, thesis preparations and qualification examinations and their appointment as energy specialists are determined through regulations to be issued by the Board within the framework of the additional article 41 of the Civil Servants Law no. 657.

The Chairman and the members of the Board as well as the personnel of the Authority employed under an administrative labor contract for positions annexed to this Law shall be deemed insured under the scope of paragraph (c) of the first section of Article 4 of the Social Security and General Health Insurance Law no. 5510, dated 31/5/2006. Social security rights and obligations of the Chairman and the members of the Board as well as the personnel employed under administrative labor contracts for positions annexed to this Law shall be determined in accordance with the provisions of the Law no. 5510, save for the provision made under provisional Article 4 of the aforementioned law. When the terms of office of the persons who were appointed as the Chairman or a member of the Board insured under paragraph (c) of the first section of Article 4 of the Law no. 5510 expire or when they wish to resign, their term of service shall be taken into consideration in the determination of their vested rights, ranks and seniority. Among the persons in question, the service periods of those who fall under the scope of the provisional Article 4 of the Law no. 5510 shall be deemed to be periods for which executive compensation and representation compensation must be paid. No obligation for severance payment or termination payment shall arise with respect to the termination of employment of persons who are appointed as the Chairman or a member of the Board when they are insured by other public institutions or organizations under the scope of paragraph (c) of the first section of Article 4 of the Law no. 5510. The service periods requiring severance payment or termination payment for such persons shall be merged with their terms as Chairman or member of the Board and shall be taken into account in the calculation of their retirement bonus.

Persons who are appointed as the Chairman or members of the Board shall be dismissed from their previous duties as long as they serve in the Board. However, in the event that the persons who are appointed as members while they are public officials apply to their former institutions within thirty days of the expiry of their term or their request for dismissal, they shall be appointed to a position in accordance with their vested rights by the authorized appointment authority within one month, provided that they still meet the conditions for entering civil service. Until such appointment is made, the Board shall continue to make any and all payments to these individuals. The Board shall continue to fund any and all payments to be received by individuals appointed as the Chairman or as members of the Board, who are not employed at public institutions or organizations and whose terms have ended in the manner specified above, until they take another office or job up for up to two years.

The Chairman and members of the Board, personnel of the Authority and peer personnel determined pursuant to supplemental Article 11 of the Decree Law no. 375, dated 27/6/1989 shall be provided with all payments made pursuant to financial and social benefits, under the same principles and procedures, including taxes and any other legal deductions.

Income, property and assets of the Authority

ARTICLE 10 – The income of the Authority shall form the budget of the Authority and shall consist of the following items:

A)³⁶ Income of the Authority in relation to the electricity market shall consist of the following items:

a) Granting of licenses, license renewals, license amendments, issuance of license copies and annual license fees.

b) Publication revenues and other revenues.

c) Grants received from international institutions and organizations for use in the financing of studies and projects in relation to the development of the market, provided that their details are announced to the public.

d) Twenty-five percent of the administrative fines imposed by the Board.

e) Transmission surcharges up to one percent of the transmission tariff.

B)³⁷ The Income of the Authority in relation to the natural gas market shall consist of the following items:

a) Contribution fees.

b) Fees to be charged for the licenses, certificates, approvals and visa procedures.

c) Publication revenues and other revenues.

d) Grants given by international institutions and organizations for use in the financing of studies and projects in relation to the development of the market, provided that their details are announced to the public.

The payers of the contribution fee are the license and certificate holder legal entities. The contribution fee shall be calculated by multiplying the net sales revenue amount specified in the income statements pertaining to the annual operating period issued by the payers in question by the contribution fee rate determined by the Board so as to not exceed 0,2% (two per thousand). The applicable contribution fee rate for each year shall be announced within December of the preceding year.

C) Income of the Authority in relation to the petroleum market shall consist of the following items:

a) Contribution fees.

b) Fees to be charged for the licenses, approvals, permits and visa procedures.

c) Publication revenues and other revenues.

d) Grants given by international institutions and organizations for use in the financing of studies and projects in relation to the development of the market, provided that their details are announced to the public.

The payers of the contribution fee specified in paragraph (a) are the individuals and legal entities holding refinery, processing, distributorship, transmission, transportation, bunker fuel delivery, storage, dealership and mineral oil production licenses. Joint license holders shall be obliged to make contribution fee payments based on their total net sales. The contribution fees shall be determined by the Board so as not to exceed one thousandth of the net sales amount specified in the annual income statements issued by the license holders and USD two million. The applicable contribution fee rate for a year shall be announced within December of the preceding year.

³⁶ Inserted pursuant to Article 19 of the Law No. 4646, dated 18 April 2001.

³⁷ Inserted pursuant to Article 19 of the Law No. 4646, dated 18 April 2001.

If included in the net sales revenue, the sum of the customs taxes, duties and charges and Special Consumption Tax paid for petroleum during a year shall be deducted from the sum of net sales.

License holders who are obliged to make contribution fee payments must submit their balance sheets and income statements pertaining to the previous year to the Authority by the end of May of every year without waiting for any notice, and pay half of their contribution fee by the end of June, and the remaining half by the end of November.

Penal and administrative procedures shall be completed by the Authority for contribution fees that are not timely declared or declared incorrectly and judicial and administrative procedures shall be initiated before the relevant bodies. The provisions of the Law no. 6183 on the Procedure for the Collection of Public Receivables on overdue financial liabilities and delay penalties shall be applicable and the collection of these amounts shall be made through the relevant tax offices.³⁸

D) ³⁹ Income of the Authority in relation to the LPG market shall consist of the following items:

a) Contribution fees.

b) Fees to be charged for the licenses, approvals, permits and visa procedures.

c) Publication revenues and other revenues.

d) Grants given by international institutions and organizations for the financing of studies and projects in relation to the development of the market, provided that their details are announced to the public.

The payers of the contribution fee specified in paragraph (a) are the individuals and legal entities holding production, distribution, filling and autogas dealer licenses in accordance with the Liquefied Petroleum Gas (LPG) Market Law and the Law Amending the Electricity Market Law. License or joint license holders who operate by obtaining licenses in accordance with the Liquefied Petroleum Gas (LPG) Market Law and the Law Amending the Electricity Market Law shall be obliged to make contribution fee payments based on their net fuel and LPG sales. The contribution fees shall be determined by the Board so as not to exceed one thousandth of the net sales amount specified in the annual income statements issued by the license holders and USD two million. The applicable contribution fee rate for a year shall be announced within December of the preceding year.⁴⁰

If included in the net sales revenue, the sum of the customs taxes, duties and charges and Special Consumption Tax paid for LPG during a year shall be deducted from the sum of net sales.⁴¹

License holders who are obliged to make contribution fee payments must submit their balance sheets and income statements pertaining to the previous year to the Authority by the end of May every year without waiting for any notification, and pay half of their contribution fee by the end of June, and the remaining half by the end of November.⁴²

Penal and administrative procedures shall be completed by the Authority for contribution fees that are not timely declared or declared incorrectly and judicial and

³⁸ Inserted pursuant to Article 27 of the Law No. 5015, dated 4 December 2003.

³⁹ Inserted pursuant to Article 22 of the Law No. 5307, dated 2 March 2005.

⁴⁰ Inserted pursuant to Article 22 of the Law No. 5307, dated 2 March 2005.

⁴¹ Inserted pursuant to Article 22 of the Law No. 5307, dated 2 March 2005.

⁴² Inserted pursuant to Article 22 of the Law No. 5307, dated 2 March 2005.

administrative procedures shall be initiated before the relevant bodies. The provisions of the Law no. 6183 on the Procedure for the Collection of Public Receivables on overdue financial liabilities and delay penalties shall be applicable and their collection shall be made through the relevant tax offices.⁴³

In principle, the revenues of the Authority must meet its expenses. The income surplus of the Authority shall be transferred to the general budget until the end of March of the following year. The revenues of the Authority shall be kept in accounts opened in banks approved by the Board. The necessary financial resources shall be covered from the general budget until the income of the Authority reaches the level sufficient to fulfill its duties specified in this Law.

The properties and assets of the Authority are considered as the property of the State and cannot be seized or pledged.

CHAPTER TWO

Sanctions and Right of Litigation

Sanctions and their enforcement procedure

ARTICLE 11⁴⁴

Right of Litigation

ARTICLE 12⁴⁵

(Amendment: 02/07/2012-6352 /art.64) Lawsuits may be filed against administrative sanction decisions before the competent administrative courts. All lawsuits filed against the decisions of the Board shall be adjudicated as a matter of priority.

CHAPTER THREE

Tariffs, Consumer Support, Privatization and Miscellaneous Provisions

Tariffs and consumer support

ARTICLE 13⁴⁶

Privatization

ARTICLE 14⁴⁷

Miscellaneous provisions

ARTICLE 15⁴⁸

Non-applicable Provisions

ARTICLE 16 – The Authority is not subject to the General Accounting Law No. 1050, the State Tender Law No. 2886 and the Travel Expense Law No. 6245. The Authority

⁴³ Inserted pursuant to Article 22 of the Law No. 5307, dated 2 March 2005.

⁴⁴ Repealed pursuant to Article 30 of the Law No. 6446, dated 14 March 2013.

⁴⁵ Amended pursuant to Article 64 of the Law No. 6352, dated 2 July 2012.

⁴⁶ Repealed pursuant to Article 30 of the Law No. 6446, dated 14 March 2013.

⁴⁷ Repealed pursuant to Article 30 of the Law No. 6446, dated 14 March 2013.

⁴⁸ Repealed pursuant to Article 30 of the Law No. 6446, dated 14 March 2013.

and its revenues are exempt from all kinds of taxes, duties and charges. There shall be no guarantee requirements for lawsuits filed by the Authority.

Amended and repealed provisions

ARTICLE 17 –

a) (As it is related to Article 64 of the State Procurement Law No. 2886, it has been annotated thereto.)

b) (As it is related to Article 2 and 10 of the Law on the Organization and Duties of the Ministry of Energy and Natural Resources No. 3154, it has been annotated thereto.)

c) (As it is related to additional articles 1,2 and 3 of the Law No. 3291 dated 28/5/1986 on the Central Bank of the Republic of Turkey Law No. 1211, Banks Law No. 3182, Law on the Encouragement of Savings and Acceleration of Public Investments No. 2983, Mass Housing Law No. 2985, Law No. 3238 dated 7/11/1985 and the Law No. 2499 Amending the Capital Markets Law and the Law No. 117 Repealing Certain Provisions of the Tobacco and Tobacco Monopoly Law and the Privatization of the Public Economic Enterprises, it has been annotated thereto.)

ARTICLE 18 – The following additional article has been inserted to the Law on the Organization and Duties of the General Directorate of State Hydraulic Works dated 18/12/1953 and No. 6200.

ADDITIONAL ARTICLE 1⁴⁹ – The Energy Market Regulatory Authority is authorized to and responsible for the enforcement of the Natural Gas Market Law, as well as the enforcement of this Law. Since the natural gas sector and the electricity sector are different markets, the Energy Market Regulatory Authority and the Energy Market Regulatory Board shall carry out duties, exercise its powers, and enforce regulations regarding these markets separately and in accordance with their own laws.

ADDITIONAL ARTICLE 2⁵⁰ – The Energy Market Regulatory Authority shall be authorized and responsible for issuing licenses and certificates specifying the import, transmission, distribution, storage, trade and export of natural gas and the rights and obligations of all individuals and legal entities in relation thereto, examining the market and system operations, issuing, amending and inspecting the distribution and customer service regulations and ensuring their enforcement, examining that the prices are reflecting the cost, and ensuring that the market is in compliance with the Natural Gas Market Law.

In the execution of the Natural Gas Market Law, the auditing, supervision and directing of the activities carried out by individuals and legal entities under the licenses or certificates to be obtained from the Authority, the procedures and principles to be followed and the scope of these licenses and certificates, the criteria for the granting thereof, their duration, the method used to determine their cost and their compliance with the environmental legislation, the procedure of keeping registry records and the rights and obligations of license and certificate holders and other issues deemed necessary for the regulation of the market shall be specified in regulations.

⁴⁹ Inserted pursuant to Article 20 of the Law No. 4646, dated 18 April 2001.

⁵⁰ Inserted pursuant to Article 20 of the Law No. 4646, dated 18 April 2001.

The Authority shall prepare regulations and long-term programs it shall issue pursuant to the provisions of the Natural Gas Market Law with input from the legal entities operating in the market and the relevant institutions and organizations.

Supply security

ADDITIONAL ARTICLE 3⁵¹

**CHAPTER FOUR
Provisional Articles**

PROVISIONAL ARTICLE 1⁵²

PROVISIONAL ARTICLE 2⁵³

PROVISIONAL ARTICLE 3⁵⁴

PROVISIONAL ARTICLE 4⁵⁵

PROVISIONAL ARTICLE 5⁵⁶

PROVISIONAL ARTICLE 6⁵⁷

PROVISIONAL ARTICLE 7⁵⁸

PROVISIONAL ARTICLE 8⁵⁹

PROVISIONAL ARTICLE 9⁶⁰

PROVISIONAL ARTICLE 10⁶¹

PROVISIONAL ARTICLE 11⁶²

PROVISIONAL ARTICLE 12⁶³

PROVISIONAL ARTICLE 13⁶⁴

⁵¹ Repealed pursuant to Article 30 of the Law No. 6446, dated 14 March 2013.

⁵² Repealed pursuant to Article 30 of the Law No. 6446, dated 14 March 2013.

⁵³ Repealed pursuant to Article 30 of the Law No. 6446, dated 14 March 2013.

⁵⁴ Repealed pursuant to Article 30 of the Law No. 6446, dated 14 March 2013.

⁵⁵ Repealed pursuant to Article 30 of the Law No. 6446, dated 14 March 2013.

⁵⁶ Repealed pursuant to Article 30 of the Law No. 6446, dated 14 March 2013.

⁵⁷ Repealed pursuant to Article 30 of the Law No. 6446, dated 14 March 2013.

⁵⁸ Repealed pursuant to Article 30 of the Law No. 6446, dated 14 March 2013.

⁵⁹ Repealed pursuant to Article 30 of the Law No. 6446, dated 14 March 2013.

⁶⁰ Repealed pursuant to Article 30 of the Law No. 6446, dated 14 March 2013.

⁶¹ Repealed pursuant to Article 30 of the Law No. 6446, dated 14 March 2013.

⁶² Repealed pursuant to Article 30 of the Law No. 6446, dated 14 March 2013.

⁶³ Repealed pursuant to Article 30 of the Law No. 6446, dated 14 March 2013.

⁶⁴ Repealed pursuant to Article 30 of the Law No. 6446, dated 14 March 2013.

PROVISIONAL ARTICLE 14⁶⁵

PROVISIONAL ARTICLE 15⁶⁶

PROVISIONAL ARTICLE 16⁶⁷

PROVISIONAL ARTICLE 17⁶⁸

PROVISIONAL ARTICLE 18⁶⁹

PROVISIONAL ARTICLE 19⁷⁰ – The current service unit heads are deemed to have been appointed as the heads of the relevant service units established by this Law, and the personnel whose titles remain unchanged are deemed to have been appointed to the newly-created positions with the same titles, without the requirement for any other action.

Personnel whose position and titles are changed or cancelled shall be appointed to positions conforming their status within a period of six months as of the effective date of this article. Until the appointment is made, they may be assigned to works as may be required by the Authority. Until they are appointed to a new position, they shall continue to receive payments corresponding to their former titles. Following their appointments to new positions, if the net monthly salary they receive for their former positions is greater than their monthly net salary for their new positions, the difference shall be paid thereto as monthly compensation without being subject to any tax or deduction so long as they hold their appointed position and until their remuneration for their new position equals thereto. The compensation received by those whose positions are subjected to any change and those who are transferred to other institutions upon their own will shall cease to be paid.

Regarding the personnel employed at the Authority as of 15/1/2012, the provisions of the legislation in force before the aforementioned date, including retirement, shall remain applicable with regard to the provisions of the provisional article 10 of the Legislative Decree No. 375.

Enforcement

ARTICLE 19 – This Law shall take effect on the date of its publication.

Implementation

ARTICLE 20 – The provisions of this Law shall be implemented by the Council of Ministers.

⁶⁵ Repealed pursuant to Article 30 of the Law No. 6446, dated 14 March 2013.

⁶⁶ Repealed pursuant to Article 30 of the Law No. 6446, dated 14 March 2013.

⁶⁷ Repealed pursuant to Article 30 of the Law No. 6446, dated 14 March 2013.

⁶⁸ Repealed pursuant to Article 30 of the Law No. 6446, dated 14 March 2013.

⁶⁹ Repealed pursuant to Article 30 of the Law No. 6446, dated 14 March 2013.

⁷⁰ Inserted pursuant to Article 30 of the Law No. 6446, dated 14 March 2013.

**PROVISIONS THAT CANNOT BE ANNOTATED TO THE LAW NO. 4628
DATED 20/2/2001:**

1-Provisional Article 2 of the Law No. 5398 dated 3/7/2005:

PROVISIONAL ARTICLE 2 - A portion of all kinds of income of the Istanbul Stock Exchange, the Radio and Television Supreme Council, the Competition Authority, the Capital Markets Board, the Banking Regulation and Supervision Agency, the Telecommunications Authority, the Energy Market Regulatory Authority, the Public Procurement Authority and the Tobacco, Tobacco Products and Alcoholic Beverages Market Regulatory Authority accumulated until 30.6.2005 to be calculated for each institution and organization separately based on rates to be determined pursuant to the proposal of the Minister of Finance and approval of the Prime Minister shall be deposited to the bank account of the Ministry of Finance Central Accounting Directorate at the Central Bank of the Republic of Turkey within the period determined by the Minister of Finance, to be recorded as revenue on the chart (B) of the budget. In addition, cash surplus of the aforementioned institutions and organizations until 31.12.2005 shall be deducted from and transferred to the relevant account according to the principles specified in this paragraph, after taking their opinions.

The aforementioned institutions and organizations shall notify their income, and cash and bank assets accumulated until 30.6.2005 to the Ministry of Finance until 15.7.2005; and each month they shall notify the financial information showing their income and expenses and cash and bank assets on a monthly basis to the Ministry of Finance until the end of the seventh day of the following month. In the event that the amounts specified in this article are not paid in due time, the unpaid amounts will be followed up and collected by applying delay penalties in accordance with the provisions of the Law No. 6183 on the Procedure for the Collection of Public Receivables.

2 - Provisional Articles of Law No. 5784 dated 9/7/2008:

PROVISIONAL ARTICLE 1 –The amendments required to be made in the regulations and communiqués issued based on the Electricity Market Law No. 4628 pursuant to this Law shall be made within sixty days following the entry into force of this Law.

PROVISIONAL ARTICLE 2 – If those who are working as local and foreign experts at the Energy Market Regulatory Authority on the date this Law came into force, and who meet the conditions specified in sub-clause (A) of Article 48 of the Public Servants Law No. 657, apply within one month from the effective date of this Law, they shall be appointed to vacant positions in the Energy Market Regulatory Authority in accordance with their situation, without being subject to the exam and candidacy provisions of Law No. 657.

The service periods of those appointed pursuant to the first paragraph, which were not subject to the Public Servants Law No. 657, are considered in the determination of vested right monthly degrees and levels. Domestic and foreign expert positions that will become vacant due to appointment are automatically considered to be cancelled.

ANNEX - Table (I) ⁷¹

<u>PERSONNEL TITLE</u>	<u>NUMBER</u>
Vice Chairman	2
Electricity Market Department Head	1
Natural Gas Market Department Head	1
Petroleum Market Department Head	1
Liquefied Petroleum Gas Market Department Head	1
Tariffs Department Head	1
Audit Department Head	1
Expropriation Department Head	1
Legal Department Head	1
Strategy Development Department Head	1
Department of Human Resources and Support Services Head	1
Information Technology Department Head	1
Chairman Advisor	19
Head of Group	45
Press and Public Relations Advisor	1
Board Services Director	1
Director of Private Secretariat of the Chairmanship	1
Energy Specialist	300
Assistant Energy Specialist	100
Attorney	25
Liaison Office Director	1
Management Services Specialist	60
Medical Doctor	1
Analyst	8
Programmer	6
Assistant Board Services Director	1
Assistant Director of Private Secretariat of the Chairmanship	1
Defense Specialist	1
Librarian	1
Nurse	1
Technician	1
Mechanic	4
Management Officer	115
Communication Officer	30

⁷¹ Amended pursuant to Article 29 of the Law No. 7164, dated 14 February 2019.

Driver	12
Distributor	3
Total	751