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*Official Gazette dated 23/09/2017, numbered 30189*

## **7293/7 ORGANIZED NATURAL GAS WHOLESALE MARKET OPERATING PROCEDURES AND PRINCIPLES (PUE)**

It was resolved at the meeting of the Energy Market Regulatory Board dated 21/09/2017 that the "Organized Natural Gas Wholesale Market Operating Procedures and Principles (PUE)" prepared based on the first paragraph of the Provisional Article 1 entitled "Submission of Market Operating Procedures and Principles to the Board for approval" of the Organized Natural Gas Wholesale Market Regulation, which was adopted under Decision No. 6957-1 at the the Energy Market Regulatory Board meeting dated 09/03/2017 and entered into force by publication in the Official Gazette dated 31/03/2017 and numbered 30024, and annexed hereunder, is adopted to be effective as of the date of its publication.

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## **ORGANIZED NATURAL GAS WHOLESALE MARKET OPERATING PROCEDURES AND PRINCIPLES (PUE)**

### **1. Objective and Scope**

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<sup>1</sup> Amended pursuant to the Decision of the Energy Market Regulatory Board dated 12/07/2018 and numbered 7954 published in the Official Gazette dated 17 July 2018 and numbered 30481.

**1.1.** The objective of these Procedures and Principles is to regulate the matters deferred to these procedures and Principles in the Organized Natural Gas Wholesale Market Regulation published in the Official Gazette dated 31/3/2017 and numbered 30024.

**1.2.** These Procedures and Principles addresses the rights and obligations regarding the organized natural gas wholesale market of the market operator authorized by the Board within the scope of the eighth paragraph of Article 11 of the Electricity Market Law No. 6446 dated 14/03/2013, transmission company and market participants, and the procedures and principles regarding the settlement of receivables and debts resulting from the transactions carried out in the organized natural gas wholesale market and the imbalances they create in the transmission system and the cash clearing and collateral management of the central settlement institution.

## **2.2 Definitions**

the following definitions shall apply in the implementation of these Procedures and Principles:

a) Advance: Payment made as a result of off-set of finalized matches of market transactions performed in the trading timeframe within a gas day, excluding taxes;

b) Exit point: The point where the natural gas exits the transmission network and is received from the transmission company;

c) Balancing gas purchase price (DGAF): Balancing gas purchase price determined in accordance with ŞİD;

ç) Balancing gas sale price (DGSF): Balancing gas sale price determined in accordance with ŞİD;

d) Imbalance collateral: The collateral required to be deposited within the scope of these Procedures and Principles, based on the accounts regarding the settlement of imbalances of system users in the transmission system;

e) Settlement of imbalances: Calculation of accounts receivable and debt regarding the imbalance associated with each shipper based on the imbalance amounts and prices determined in accordance with the ŞİD for each gas day, and preparation of the relevant notifications;

f)<sup>3</sup> Settlement of Imbalances Operating Fee (DİÜ): The fee that the Market Operator charges the system users in exchange for the services it operates for the settlement of imbalances;

g)<sup>4</sup> Settlement of Imbalances Protocol (DUP): The protocol signed between the Shipper, the Transporter and the Market Operator in triplicate, addressing the issues related to the settlement of imbalances, management of collaterals regarding the imbalances, payment and follow-up of payments regarding settlement of imbalances, and other financial issues;

ğ) Electronic bulletin table (EBT): Electronic notice board operated by the transmission company that is established for the parties operating in the market to follow the market movements;

h) Match: Matching of congruent purchase and sell side orders made in the organized natural gas wholesale market;

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<sup>2</sup> As a result of the paragraphs added with article 1 of the Decision of the Energy Market Regulatory Board dated 23/01/2020 and numbered 9138, published in the Official Gazette dated 29/01/2020 and numbered 31023, the present paragraphs have been aligned accordingly.

<sup>3</sup> Inserted pursuant to the Decision of the Energy Market Regulatory Board dated 12/07/2018 and numbered 7954 published in the Official Gazette dated 17 July 2018 and numbered 30481.

<sup>4</sup> Inserted pursuant to the Decision of the Energy Market Regulatory Board dated 12/07/2018 and numbered 7954 published in the Official Gazette dated 17 July 2018 and numbered 30481.

1)<sup>5</sup> Invoicing period: The period that starts at 08:00 on the first day of a calendar month and ends at 08:00 on the first day of the next month;

i) Invoice transaction collateral: The collateral required to be deposited by market participants regarding the VAT and PİÜ payments arising from the transactions made in the STP within the relevant invoicing period;

j) Gas day (G): 24-hour time period that starts at 08:00 and ends at 08:00 the following day;

k) Justification code: The reference number indicating the reason for entry into the market in case the transmission company enters the organized natural gas wholesale market as an additional balancer or due to other conditions specified under the ŞİD;

l) Entry point: The delivery point where the natural gas enters the transmission network and is delivered to the transmission company;

m) Daily transaction collateral: The collateral required to be deposited by market participants in order to place purchase bids in the STP;

n) Daily reference price (GRF): The daily natural gas price calculated within the framework of the principles determined in these Procedures and Principles, based on the prices of the finalized matches and the delivery date;

o)<sup>6</sup> Daily product: The product that can be subject to a transaction for a certain gas day within the trading timeframe determined within the framework of these Procedures and Principles;

ö)<sup>7</sup> Week: The time period that starts at 08:00 on Monday and ends 08:00 on the next Monday;

p)<sup>8</sup> Weekday product: The product that can be delivered in the time period that starts at 08:00 on Monday morning and ends at 08:00 on Saturday of a given week within the trading timeframes determined under these Procedures and Principles;

r)<sup>9</sup> Weekly reference price (HRF): The weighted average of the prices of all weekly products (weekday product, weekend product and weekly product) for a certain week, based on the prices of finalized matches and delivery date;

s)<sup>10</sup> Weekly product: The product that can be delivered in the time period that starts 08:00 on Monday morning and ends at 08:00 on the next Monday of a certain week within the trading timeframes determined within the framework of these Procedures and Principles;

ş)<sup>11</sup> Weekend product: The product that can be delivered in the time period that starts 08:00 on Saturday morning and ends at 08:00 on the Monday of a given week within the trading timeframes determined within the framework of these Procedures and Principles;

t) Bilateral agreement: Commercial agreements regarding the purchase and sale of natural gas subject to private law provisions, without prejudice to the provisions of applicable legislation;

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<sup>5</sup> Inserted pursuant to the Decision of the Energy Market Regulatory Board dated 12/07/2018 and numbered 7954 published in the Official Gazette dated 17 July 2018 and numbered 30481.

<sup>6</sup> Inserted pursuant to the Decision of the Energy Market Regulatory Board dated 23/01/2020 and numbered 9138 published in the Official Gazette dated 29 January 2020 and numbered 31023.

<sup>7</sup> Inserted pursuant to the Decision of the Energy Market Regulatory Board dated 23/01/2020 and numbered 9138 published in the Official Gazette dated 29 January 2020 and numbered 31023.

<sup>8</sup> Inserted pursuant to the Decision of the Energy Market Regulatory Board dated 23/01/2020 and numbered 9138 published in the Official Gazette dated 29 January 2020 and numbered 31023.

<sup>9</sup> Inserted pursuant to the Decision of the Energy Market Regulatory Board dated 23/01/2020 and numbered 9138 published in the Official Gazette dated 29 January 2020 and numbered 31023.

<sup>10</sup> Inserted pursuant to the Decision of the Energy Market Regulatory Board dated 23/01/2020 and numbered 9138 published in the Official Gazette dated 29 January 2020 and numbered 31023.

<sup>11</sup> Inserted pursuant to the Decision of the Energy Market Regulatory Board dated 23/01/2020 and numbered 9138 published in the Official Gazette dated 29 January 2020 and numbered 31023.

u) Additional balancer: Transmission company acting as a market participant in the event it enters the organized natural gas wholesale market and conducts a market transaction in order to ensure the physical balance of the transmission network in accordance with ŞİD;

ü)<sup>12</sup> Additional Balancer Purchase Price (İDAF): The weighted average price of the purchase side finalized matches in the STP of the transporter acting as Additional Balancer for the relevant G day;

v)<sup>13</sup> Additional Balancer Sale Price (İDSF): The weighted average price of the sales side finalized matches in the STP of the transporter acting as the Additional Balancer for the relevant G day;

y) Transmission Network Operation Principles (ŞİD): The implementation principles prepared by the transmission company in accordance with the Natural Gas Market Transmission Network Operating Regulation published in the Official Gazette dated 26/10/2002 and numbered 24918, to regulate the relations between the transmission company and the shippers with respect to the transmission service;

z) Transmission network: Natural gas pipeline network and related facilities used for the transportation of natural gas, other than the natural gas distribution network;

aa) Transmission network stock: The amount determined within the framework of the ŞİD to represent the natural gas present in the transmission network;

bb) Transmission company: License holder legal entity performing transmission activity through pipelines;

cc) Applicable legislation: Laws, regulations, communiqués, circulars, Board decisions regarding the natural gas market as well as the license or licenses held by the relevant legal entity;

çç)<sup>14</sup> Transaction limit: The limit of the purchase bids that market participants who will carry out transactions in the STP can place in each trading timeframe;

dd) Finalized match: The qualification of orders placed in the organized natural gas wholesale market when they are approved by the market operator within the framework of the Regulation and these Procedures and Principles;

ee) Finalized set-off amount: Net amount of natural gas subject to delivery, which is derived once the finalized matches of a market participant are off-set;

ff) Board: Energy Market Regulatory Board;

gg) Authority: Energy Market Regulatory Authority;

ğğ) Central settlement institution: The institution from which services regarding the performance of the financial transactions between the market participants regulated through this Regulation are procured from, and that acts as a central clearing house in accordance with the Capital Market Law dated 6/12/2012 and numbered 6362;

hh) Central settlement institution agreement: The agreement executed between the market operator and the central settlement institution, which determines the duties and obligations of the parties regarding collateral management and payments;

ıı) Central settlement institution-participant agreement: The agreement executed between the market participants and the central settlement institution regarding collateral management and cash

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<sup>12</sup> Amended pursuant to the Decision of the Energy Market Regulatory Board dated 12/07/2018 and numbered 7954 published in the Official Gazette dated 17 July 2018 and numbered 30481.

<sup>13</sup> Inserted pursuant to the Decision of the Energy Market Regulatory Board dated 12/07/2018 and numbered 7954 published in the Official Gazette dated 17 July 2018 and numbered 30481.

<sup>14</sup> Inserted pursuant to the Decision of the Energy Market Regulatory Board dated 12/07/2018 and numbered 7954 published in the Official Gazette dated 17 July 2018 and numbered 30481.

clearing services, which is prepared by the central settlement institution and approved by the market operator;

ii)<sup>15</sup> Exemption: The situation where any shipper is held exempt from its imbalances by the transporter in cases specified in Article 3.3.1.1 of ŞİD;

jj)<sup>16</sup> Exemption Amount: Exemption of any shipper from its imbalances by the transporter in cases specified in Article 3.3.1.1 of ŞİD and the amount accrued by the Market Operator as receivable to the shipper and debt to the transporter, calculated according to the formulas specified in the same article;

kk) Point-based/regional product: The product created for the needs of the transmission system, subject to market transactions in STP;

ll) Extraordinary situations: Extraordinary situations that adversely affect the operation of OTSP;

mm) Organized natural gas wholesale market (OTSP): The market to be operated by the market operator within the scope of the Regulation;

nn) Market transaction: Commercial transactions carried out in OTSP;

oo) Settlement of market transactions: Determination of the receivables and debts arising in relation to each market participant resulting from transactions conducted with respect to each gas day in the STP, calculation of the related receivables and debts, and preparation of the relevant notices;

öö) Market Operating Procedures and Principles (PUE): Procedures and principles regarding the operating of the OTSP in line with the Regulation and applicable legislation;

pp) Market operating fee (PİÜ): The fee collected from market participants in consideration of the services carried out by the market operator;

rr) Market operator: Energy Markets Operator Company of Turkey (EPIAŞ), which established the STP and operates it as a central counterparty, and holds a market operating license;

ss) Market participant: System users that are entitled to perform transactions in the STP;

şş) Non-market-based methods: Mechanisms regulated under ŞİD, that the transmission company can apply to maintain the physical balance of the system without using the organized natural gas wholesale market;

tt) Market delivery agreement: Agreement executed between the transmission company and the market operator;

uu) System: Facility and equipment established to perform natural gas production, transmission, storage and distribution functions;

üü) System user: Individual or legal entity that purchases gas from or supplies gas to the system or transits gas through the system;

vv) Standard transportation agreement (STS): Transportation agreement executed between the transmission company and the shipper in order to provide the standard service;

yy) STP participation agreement: The agreement made between the market operator and the license holders participating in the STP and prepared within the framework of the principles set forth in the Regulation;

zz) Continuous trade: A trading method in which orders that are congruent in terms of price and volume are immediately matched with one another;

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<sup>15</sup> Inserted pursuant to the Decision of the Energy Market Regulatory Board dated 23/01/2020 and numbered 9138 published in the Official Gazette dated 29 January 2020 and numbered 31023.

<sup>16</sup> Inserted pursuant to the Decision of the Energy Market Regulatory Board dated 23/01/2020 and numbered 9138 published in the Official Gazette dated 29 January 2020 and numbered 31023.

aaa) Continuous trade platform (STP): An electronically operated trading platform established by the market operator for the OTSP within the framework of the Regulation;

bbb) Volume nomination notice (TMB): The notice made by a shipper to the transmission company, defined in accordance with the provisions of ŞİD;

ccc) Notice on amendment of nominated volume (TMDB): Notice regarding amendments in the TMB made by a shipper to the transmission company, defined in accordance with the provisions of ŞİD;

ççç) Shipper: Supplier and exporting company that has executed an STS with the transmission company;

ddd) Supplier: Import companies, wholesale companies and manufacturing companies that sell natural gas to eligible consumers, wholesale companies, importing companies, exporting companies, CNG distribution, transmission and sales companies and distribution companies;

eee) Order region: The region designated by the transmission company as the basis for orders;

fff) Order book: The part of the STP that has a result for a gas day and remains open throughout the relevant trading timeframe, where orders are submitted and can be followed by market participants;

ggg) Order point: The physical or virtual entry point subject to the orders submitted by market participants in the STP in accordance with these Procedures and Principles;

ğğğ) Delivery point: The point where the natural gas is delivered;

hhh) Delivery period: The period in which the required natural gas delivery under STP transactions is performed within the framework of the principles specified in these Procedures and Principles;

ııı) Trade opening time: 08:00 a.m. on the previous gas day, when submission of orders for the relevant gas day begin;

ııı) Trading timeframe: The timeframe of 54 (fifty-four) hours, that starts from the trade opening time and ends at the trade closing time, during which market participants can perform market transactions;

jjj) Trade closing time: 14:00 p.m. on the next gas day, when the submission of orders for the relevant gas day end;

kkk) National balancing point (UDN): The virtual point where natural gas is assumed to be delivered to or received from the transmission network;

lll) National balancing exit point: The virtual point where a shipper is assumed to receive natural gas from the transmission network;

mmm) National balancing entry point: The virtual point where a shipper is assumed to deliver natural gas to the transmission network;

nnn) Product: Types of transactions that are developed by the market operator within the framework of these Procedures and Principles;

ooo) Regulation: Organized Natural Gas Wholesale Market Regulation published in the Official Gazette dated 31/3/2017 and numbered 30024.

Concepts and abbreviations that are not defined but mentioned in these Procedures and Principles shall have the meaning and scope attributed to them in the applicable legislation.

### **3. General Provisions**

#### **3.1. General principles regarding OTSP**

**3.1.1.** OTSP shall be operated by the market operator in compliance with the Regulation and the provisions of these Procedures and Principles.

**3.1.2.** OTSP shall be operated under the following general principles:

a) The orders submitted in the OTSP shall be evaluated without any discrimination among market participants;

b) Market transactions shall be based on continuous trade basis and carried out on STP;

c) Prices resulting from each finalized match shall be used in the settlement of market transactions;

ç) Operations shall be carried out in accordance with transparency and responsibility principles;

d) Market operator shall carry out OTSP activities by ensuring complete coordination and communication with the transmission company. Provisions regarding coordination and communication shall be included in the market delivery agreement.

**3.1.3.** OTSP shall be operated with the following purposes as well as others specified in the Regulation:

a) Providing market participants with the opportunity to balance their contractual obligations within the trading timeframe;

b) Determining reference price/prices for natural gas trade;

c) Helping to reduce the daily imbalance amounts in the transmission system and providing the transmission company with a balanced system from the day ahead to the extent possible;

ç) Creating opportunities for market participants to purchase/sell natural gas for the relevant gas day in addition to their bilateral agreements;

d) Providing the transmission company with the opportunity to carry out transactions in the STP, subject to the limitations specified in the ŞİD.

#### **4. Parties, Duties, Powers and Responsibilities of the Parties**

The parties have the following duties, powers and responsibilities in addition to the duties, powers and responsibilities specified in the applicable legislation and other articles of these Procedures and Principles.

##### **4.1. Market participants and their responsibilities**

**4.1.1.**<sup>17</sup> Market participants consist of the following legal entities that have signed an STS and STP participation agreement regarding the gas year they want to carry out transactions in the OTSP:

a) Import license holder;

b) Wholesale license holder;

c) Export license holder.

The transmission license holder becomes a market participant within the framework of these Procedures and Principles and the applicable legislation only as an additional balancer and in accordance with other conditions specified in the ŞİD. The provisions of Article 24.1.2 of the ŞİD are reserved.

**4.1.2.** Each market participant is obliged to appoint the market operator as an intermediary in accordance with the STP participation agreement to ensure settlement of market transactions.

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<sup>17</sup> Amended pursuant to the Decision of the Energy Market Regulatory Board dated 10/09/2020 and numbered 9537 published in the Official Gazette dated 17 September 2020 and numbered 31247.

**4.1.3.** Market participants are obliged to have made a capacity reservation within the scope of ŞİD at the entry and exit points of the transmission system subject to their orders in the STP.

**4.1.4.** Market participants are obliged to deliver or receive the finalized set-off amounts resulting from their orders in the STP in accordance with the points specified in the delivery terms of the order.

**4.1.5.** Market participants are obliged to carry out their activities within the framework of the Regulation and the provisions of the applicable legislation in a way that does not harm the operating of the OTSP and/or system and does not remove their obligations arising from the applicable legislation.

**4.1.6.** Market participants shall assume the financial liabilities against the market operator as required by the relevant market transactions, and shall make the necessary payments regarding all payment notices and invoices delivered to them by the market operator in a timely and complete manner.

## **4.2. Responsibilities of the market operator**

**4.2.1.** The market operator is EPIAŞ. Market operator shall operate the OTSP, settlement transactions and data publication activities without discrimination between equal parties, within the framework of transparency and responsibility principles.

**4.2.2.** Market operator shall carry out the following activities regarding the operating of the OTSP:

a) Operating the OTSP in accordance with these Procedures and Principles and applicable legislation;

b) Keeping the STP functional and accessible by performing all maintenance and updates in order to fulfill the obligations under applicable legislation;

c) Taking decisions for implementation in accordance with the applicable legislation in matters related to operating of the OTSP, fulfilling other duties assigned to it by the legislation;

ç) Publishing and reporting of data in accordance with the provisions of these Procedures and Principles;

d) Developing new products and services projected to be offered in the STP, creating point-based/regional products in coordination with the transmission company, and obtaining approval from the Board in order to provide all these products to market participants in the STP.

**4.2.3.<sup>18</sup>** The market operator, acting as central counterparty and as buyer against a seller and seller against a buyer, shall carry out the activities of settlement of market transactions made during the trading timeframes for the relevant gas day product and/or weekly products (weekday product, weekend product, and weekly product) on the basis of the relevant gas day, and preparing invoices, and making the necessary collection and payment transactions through the central settlement institution.

**4.2.4.<sup>19</sup>** Market operator, acting on behalf of the transmission company, within the framework of the conditions specified in the Regulation, ŞİD and these Procedures and Principles, shall carry out the activities of calculating the receivable and debt amounts to be accrued as a result of the settlement of imbalances in the transmission system on account of the shippers, preparation of the relevant receivable and debt notices, making the necessary collection and payment

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<sup>18</sup> Amended pursuant to the Decision of the Energy Market Regulatory Board dated 23/01/2020 and numbered 9138 published in the Official Gazette dated 29 January 2020 and numbered 31023.

<sup>19</sup> Amended pursuant to the Decision of the Energy Market Regulatory Board dated 12/07/2018 and numbered 7954 published in the Official Gazette dated 17 July 2018 and numbered 30481.



transactions through the central settlement institution, and collateral management for these transactions.

**4.2.5.** The rights and obligations of the market operator and transmission company regarding OTSP shall be addressed in the market delivery agreement.

### **4.3. Responsibilities of transmission company**

**4.3.1.** The transmission company shall carry out its activities in OTSP within the framework of these Procedure and Principles and the provisions of the applicable legislation.

**4.3.2.** The transmission company can enter the OTSP as an additional balancer within the framework of the provisions of ŞİD and carry out market transactions in order to ensure the physical balance of the transmission network. The transmission company may enter the STP in accordance with other conditions specified in the ŞİD, other than as an additional balancer.

**4.3.3.** If the transmission company purchases balancing gas using non-market-based methods within the framework of ŞİD provisions, it shall notify the price and volume information to the market operator.

**4.3.4.** The transmission company shall execute the transactions that it will carry out in the STP as an additional balancer, without discrimination between equal parties and subject to principles of transparency and responsibility.

**4.3.5.** The transmission company shall immediately inform the market operator about the STSs it has signed with the market participants and the capacities subject to the registration documents/records received by the shippers within this scope and other capacities received by the shippers in the gas year and deliver the required documents to the market operator.

**4.3.6.** The transmission company shall share the data required by each market participant in writing and/or electronically at the time when the allocation data for the relevant gas day is announced, so that the market operator can settle the imbalances of the market participants and manage and monitor their collateral obligations as defined in these Procedures and Principles.

**4.3.7.** The transmission company shall make daily demand estimation and transmission network stock estimation within the framework of the programs delivered to it before the gas day, and publish them in the EBT at the times specified in the ŞİD and deliver them to the market operator to be announced in the STP.

**4.3.8.** The transmission company shall publish the pressure and volume values on the basis of the regions determined in the transmission system in the EBT at the times specified in the ŞİD and deliver them to the market operator to be announced in the STP.

**4.3.9.** The transmission company shall take the necessary measures regarding the confidentiality of information and documents that it retains within the framework of the transmission activities it carries out and/or provided by market participants, without prejudice to items prescribed to be published by applicable legislation regarding the transparency of the transmission activity.

**4.3.10.** The rights and obligations of the transmission company and the market operator regarding OTSP shall be included in the market delivery agreement.

## **5. Provisions Regarding the Registration Procedures of Market Participants**

### **5.1. Registration obligation of market participants**

**5.1.1.** Market participants are obliged to register with the market operator. System users who have not signed an STP participation agreement yet who have registered with the market operator for the settlement of balancing transactions cannot become market participants.

**5.1.2.** Market participants can make registration applications at any time during the year for the relevant gas year.

## **5.2. Registration application and evaluation of the application**

**5.2.1.** Applicants must fulfill the following obligations in order to register with the market operator:

a) Filling out the registration form on the website of the market operator, so as to declare the purpose of registration (only for settlement of imbalances or to perform market transaction as well);

b) Filling out the legal entity information form published on the website of the market operator and submitting it to the market operator;

c) Submitting to the market operator the original or notarized copies of the authorization certificates and signatory circulars of the persons who have signed the documents;

c)<sup>2021</sup> Informing of the Market Operator electronically by the relevant institutions that the applicant itself and/or its direct or indirect partners holding 10% or more shares have fulfilled their obligations against the market operator, transmission company and central settlement institution arising from the applicable legislation and agreements in the preceding gas year;

d)<sup>2223</sup> Delivery by the newly registered shippers to the market operator of a copy of the DUP signed by all parties;

e)<sup>2425</sup> Signing the central settlement institution-participant agreements.

**5.2.2.** The documents requested above shall be completed within 10 (ten) business days following the filling out of the registration form and its submission to the market operator.

**5.2.3.** Market operator shall examine whether the information and documents in the application file are compatible with the information in the STP within 5 (five) business days after all documents are delivered. If a deficiency is detected as a result of the examination, the applicant is given 10 (ten) business days to correct the relevant deficiencies.

**5.2.4.** Applicants who do not complete their deficiencies on time are not registered as legal entities.

**5.2.5.** The applicant will be informed that its application has been accepted, if the application files are approved or the deficiencies notified to it are completed within 10 (ten) business days. An STP participation agreement shall be signed between the market operator and the applicant, whose registration application to become a market participant is accepted.

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<sup>20</sup> Amended pursuant to the Decision of the Energy Market Regulatory Board dated 27/12/2018 and numbered 8294 published in the Official Gazette dated 29 December 2018 and numbered 30640.

<sup>21</sup> Effective date of this provision: 01/01/2019

<sup>22</sup> Amended pursuant to the Decision of the Energy Market Regulatory Board dated 27/12/2018 and numbered 8294 published in the Official Gazette dated 29 December 2018 and numbered 30640.

<sup>23</sup> Effective date of this provision: 01/01/2019

<sup>24</sup> Amended pursuant to the Decision of the Energy Market Regulatory Board dated 27/12/2018 and numbered 8294 published in the Official Gazette dated 29 December 2018 and numbered 30640.

<sup>25</sup> Effective date of this provision: 01/01/2019

**5.2.6.**<sup>2627</sup> The effective date of the STP participation agreement cannot exceed the expiry date of the relevant STS. If the transmission company confirms that the STS is renewed for the next gas year, the STP participation agreement shall be valid for the duration of the STS, and a relevant provision shall be included in the STP participation agreement.

**5.2.7.** The transmission company is exempt from the process prescribed in this article. Relevant provisions shall be included in the market delivery agreement.

**5.2.8.** Parties that have been granted access to the STP within the framework of these Procedures and Principles must have internet access in order to use the STP. Changes that may occur in the access conditions or channels shall be announced by the market operator before they are put into effect.

**5.2.9.**<sup>28</sup> Organized Natural Gas Wholesale Market annual participation fee to be paid by each market participant shall be deposited in the accounts of the market operator at the central settlement institution following the approval of the registration procedures of the applicants. This deposited amount shall be included in the first invoice to be issued by the market operator to the market participant.

### **5.3. Suspension of market participant's access to the market**

**5.3.1.** In case of the following conditions, the market operator can suspend the relevant market participant's access to the market, or suspend the relevant market participant from performing transactions that will create rights and debts in this context, pursuant to the STP participation agreement:

- a) Failure to pay the fees and charges related to the operating of the market or failure to fulfill the obligations thereof;
- b) Failure to fulfill the collateral obligations specified in these Procedures and Principles;
- c) Loss of any of the market participation conditions;
- ç) Failure to correct the transactions contrary to these Procedures and Principles within the specified period despite being issued warning in this respect;
- d) Detection of abuse by the market participant within the framework of the principles specified in these Procedures and Principles;
- e) Existence of any legal condition, ruling, administrative decision, measure or restriction taken by the decision of competent authorities concerning the market participant that may affect the operation of the OTSP.

**5.3.1.1.** In the event that the relevant market participant's access to the STP is suspended, the reason(s) for the suspension and the obligation(s) to be fulfilled by the relevant market participant for removal of the suspension shall be notified to the relevant market participant before suspension.

**5.3.2.** In case of the following conditions, the market operator can suspend the access of all market participants to the STP, in whole or in part, within the framework of the conditions specified in these Procedures and Principles:

- a) Extraordinary situations;
- b) Planned maintenance related to STP;
- c) Force majeure events;

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<sup>26</sup> Amended pursuant to the Decision of the Energy Market Regulatory Board dated 27/12/2018 and numbered 8294 published in the Official Gazette dated 29 December 2018 and numbered 30640.

<sup>27</sup> Effective date of this provision: 01/01/2019

<sup>28</sup> Inserted pursuant to the Decision of the Energy Market Regulatory Board dated 12/07/2018 and numbered 7954 published in the Official Gazette dated 17 July 2018 and numbered 30481.

ç) Any legal condition, ruling, government decisions, decisions, measures or restrictions of competent authorities that may affect operation of the OTSP.

**5.3.2.1.** All market participants' access to STP shall be suspended, in cases specified in clauses (a), (c) and (ç) of Article 5.3.2, immediately after notice through the communication channels in these Procedures and Principles; and in the case specified in clause (b), on condition that it will be notified at least 10 (ten) business days in advance.

**5.3.2.2.** Depending on the nature of the situation regarding the suspension of access to the STP, the suspension can be partial in terms of duration or scope of access. Whether the suspension is partial or not shall be included in the notice to be issued pursuant to Article 5.3.2.1.

**5.3.3.** Once the suspension of access to the STP is removed, the market operator shall inform the relevant market participants through the same channel of notice specified in these Procedures and Principles.

#### **5.4.<sup>2930</sup> Termination of market participant/system user status**

**5.4.1.** The status of market participant shall terminate if the STS or STP participation agreement signed by the market participants expires or the conditions for becoming a party to these agreements cease for any reason.

**5.4.2.<sup>31</sup>** When the market participants whose access to the market is suspended do not fulfill their obligations within 30 (thirty) days, and it becomes impossible to accrue any debt to the market operator, their market participant status shall be terminated without any warning. The termination of the market participant status does not prejudice the rights and obligations arising from private law and from being a system user, such as settlement of imbalances of system users and retroactive correction item calculations.

**5.4.3.<sup>3233</sup>** In case the market operator is notified by the transmission company that the STS is not renewed for the next gas year or is terminated for any reason within the year, the market participant status of the relevant shipper shall terminate.

**5.4.4.<sup>3435</sup>** Imbalance collateral amounts of the Market Participants/System Users shall be returned to them by the Market Operator, if they do not renew their STSs as of January every year, terminate their STSs at will during the year, or lose this status for other reasons; provided that that they request refund in writing and have fulfilled their financial obligations arising from the applicable legislation regarding imbalance on the request date.

## **6. Market Transactions**

### **6.1. General principles regarding the operation of OTSP**

**6.1.1.** Market transactions shall be carried out within the framework of the following principles:

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<sup>29</sup> Amended pursuant to the Decision of the Energy Market Regulatory Board dated 27/12/2018 and numbered 8294 published in the Official Gazette dated 29 December 2018 and numbered 30640.

<sup>30</sup> Effective date of the amendment: 01/01/2019

<sup>31</sup> Amended pursuant to the Decision of the Energy Market Regulatory Board dated 12/07/2018 and numbered 7954 published in the Official Gazette dated 17 July 2018 and numbered 30481.

<sup>32</sup> Inserted pursuant to the Decision of the Energy Market Regulatory Board dated 27/12/2018 and numbered 8294 published in the Official Gazette dated 29 December 2018 and numbered 30640.

<sup>33</sup> Effective date of this provision: 01/01/2019

<sup>34</sup> Inserted pursuant to the Decision of the Energy Market Regulatory Board dated 27/12/2018 and numbered 8294 published in the Official Gazette dated 29 December 2018 and numbered 30640.

<sup>35</sup> Effective date of this provision: 01/01/2019

- a) Transactions in STP shall be carried out by continuous trade method;
- b) Market operator shall be in the position of central counterparty in terms of market transactions made in STP;
- c) Matching orders in the STP shall create an obligation for the relevant market participant to perform physical delivery and/or transfer of ownership of the natural gas;
- ç) Finalized off-set amounts shall be derived as a result of setting off the amounts subject to finalized matches with respect to the relevant transactions. These amounts shall be delivered on behalf and account of the market participant as TMB or TMDB in accordance with the periods and conditions specified in the ŞİD.

## **6.2. Daily reference price calculation**

**6.2.1.** After each finalized match in an order book, the market operator shall update the weighted average price of completed transactions and instantly publish them in the STP.

**6.2.2.**<sup>36</sup> The gas day GRF of the daily products to which the order book is related shall be calculated as the weighted average price of all transactions that take place between 08:00 on G-1 and 08:00 on G+1, including the additional balancer transactions, and shall be announced at 08.30 on G+1. Point-based/regional transactions to be opened in a separate order book and transactions made after 08:00 on G+1 until the trade closing time shall not be included in the GRF calculation.

**6.2.3.** If there is no finalized match for any gas day in the STP, the arithmetic average of the last 7 (seven) GRF published shall be accepted as the GRF of the relevant day. In cases where price formation in STP is not possible due to extraordinary situations, the GRF shall be determined by the Board Decision.

**6.2.4.**<sup>37</sup> HRF shall be announced at 17:30 on Friday of the relevant week. HRF shall not be published unless there is transactional activity that will provide the price for all days of a week.

## **6.3. Principles regarding STP process and operation**

**6.3.1.**<sup>38</sup> Trade opening and closing hours for products traded in STP are as follows:

a) For daily products, the trade opening time is 08:00 on G-1, and the trade closing time is 14:00 on G+1;

b) For weekly products (weekday product, weekend product, and weekly product), the trading timeframe is between 08:00 on Monday and 16:00 on Friday, at the week before the week that the delivery of weekly products will begin. Market participants can submit their orders regarding weekly product to the market operator only on full business days between 08:00 - 16:00 via STP. Weekly products are open only on full business days. If Monday is a public holiday, the next business day, and if Friday is a public holiday, first business day before Friday is accepted as trade opening and closing days for weekly products.

**6.3.2.**<sup>39</sup> The operating process of STP consists of the following steps:

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<sup>36</sup> Amended pursuant to the Decision of the Energy Market Regulatory Board dated 23/01/2020 and numbered 9138 published in the Official Gazette dated 29 January 2020 and numbered 31023.

<sup>37</sup> Inserted pursuant to the Decision of the Energy Market Regulatory Board dated 23/01/2020 and numbered 9138 published in the Official Gazette dated 29 January 2020 and numbered 31023.

<sup>38</sup> Inserted pursuant to the Decision of the Energy Market Regulatory Board dated 23/01/2020 and numbered 9138 published in the Official Gazette dated 29 January 2020 and numbered 31023.

<sup>39</sup> Amended pursuant to the Decision of the Energy Market Regulatory Board dated 23/01/2020 and numbered 9138 published in the Official Gazette dated 29 January 2020 and numbered 31023.

a)<sup>40</sup> Market participants shall submit their orders that will be included in the order book for the relevant gas day product and/or weekly products (weekday product, weekend product and weekly product) to the market operator via STP from the trade opening time to the trade closing time;

b) The registration of orders to the STP shall be completed as a minimum by giving a registration number to the order and recording the entry time of the order in hour, minute, second, and milliseconds. The orders whose registration is completed can be viewed by market participants via STP;

c) Orders in the STP can be updated or canceled by the relevant market participant during the trading timeframe as long as they do not match. STP shall take into account the last update to the order, considering the time information. Decreasing the amount of existing orders shall not be considered as an update and the record regarding entry time to STP of the order shall not be changed;

ç) The sales offers entered in the relevant order book shall be sorted by order of increasing prices, and the purchase bids shall be sorted by order of decreasing prices. In case there are multiple orders with the same price, the orders shall be sorted by order-time record;

d) Without prejudice to other matters regarding the additional balancer transactions set out in these Procedures and Principles, all orders submitted by market participants can be viewed anonymously by market participants.

#### **6.4. Structure and content of orders and order types**

**6.4.1.**<sup>41</sup> Orders shall include at least the following information:

a) Gas day or days subject to the order: STP associates the order with the gas day or days, on which screen the order is entered during the transaction;

b) Order type (under the conditions specified in these Procedures and Principles);

c) The direction of the order (purchase or sale);

ç) Price and volume information;

d) Delivery period: The period defined within the framework of these Procedures and Principles according to the type of product;

e) As for point-based/regional orders, the point/region of the order;

f) Information as to whether the order is a demand side order: This information is automatically assigned by the market operator until commencement of demand-side participation practice;

g) Justification code, if applicable.

**6.4.2.** The prices are 0.25 TL and its multiples in orders placed in the STP and the unit is denominated in TL/1,000 Sm<sup>3</sup>.

**6.4.3.** The best price refers to the lowest price in sales offers and the highest price in purchase bids.

**6.4.4.** The price in the purchase bid is the maximum price offered by the market participant to purchase natural gas in an amount not exceeding the amount specified in the bid.

**6.4.5.** The price in the sales offer is the minimum price offered by the market participant to sell natural gas in an amount that does not exceed the amount specified in the offer.

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<sup>40</sup> Amended pursuant to the Decision of the Energy Market Regulatory Board dated 23/01/2020 and numbered 9138 published in the Official Gazette dated 29 January 2020 and numbered 31023.

<sup>41</sup> Amended pursuant to the Decision of the Energy Market Regulatory Board dated 23/01/2020 and numbered 9138 published in the Official Gazette dated 29 January 2020 and numbered 31023.

**6.4.6.** The minimum and maximum limits of order prices that can be placed in the STP shall be determined by Board Decision.

**6.4.7.** The order types that can be placed in the STP are as follows:

a) Valid until trade closing time: Orders shall be matched completely or partially in line with the volume and price specified by the market participant. For the unmatched part, the order shall remain valid until the trade closing time;

b) Valid until expiry: Orders shall be matched completely or partially in line with the volume and price specified by the market participant, within the time period determined by the market participant. For the unmatched part, the order shall remain valid until it expires;

c) Match what is available and remove: Orders shall match with the congruent orders that are available at the time they are submitted, without being included in the order book, in line with the volume and price specified by the market participant, and the remainder shall be removed.

### **6.5. Matching of orders in STP**

**6.5.1.** The price of the completed transaction is the price of the matching order that is entered in the order book earlier than other matching orders.

**6.5.2.** Matched orders shall be removed from the best-priced order list and the market operator shall notify the relevant market participants instantly through STP that their orders are matched and approved. With this notice, market participants can view the finalized match on the STP without any information regarding the identity of the counterparty.

**6.5.3.**<sup>42</sup> Matches that took place in weekly products (weekday product, weekend product and weekly product) give rise to the obligation to deliver or receive the matching amount of natural gas for each gas day within the delivery period of the relevant product.

**6.5.4.**<sup>43,44</sup> Market operator shall take necessary measures to prevent market participants from matching with their own orders.

### **6.6.<sup>45</sup> Notification of finalized set-off amounts to transmission company, integration of STP and EBT, and other issues regarding finalized set-off amount**

**6.6.1.**<sup>46</sup> Market operator shall calculate the finalized set-off amount of matches that took place on the day of the transaction for each market participant, between 08:00-16:00 on G-1, between 16:01 on G-1 and 16:45 on G, and between 16:46 on G and 14:00 on G+1 for daily products, as from 16:00 on Fridays for weekly products (weekday product, weekend product, and weekly product), and then shall report these amounts to the transmission company on behalf and account of the market participant as TMB or TMDB regarding G day.

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<sup>42</sup> Inserted pursuant to the Decision of the Energy Market Regulatory Board dated 23/01/2020 and numbered 9138 published in the Official Gazette dated 29 January 2020 and numbered 31023.

<sup>43</sup> Inserted pursuant to the Decision of the Energy Market Regulatory Board dated 12/07/2018 and numbered 7954 published in the Official Gazette dated 17 July 2018 and numbered 30481.

<sup>44</sup> As a result of the paragraph added with article 8 of the Decision of the Energy Market Regulatory Board dated 23/01/2020 and numbered 9138, published in the Official Gazette dated 29/01/2020 and numbered 31023, the present paragraph has been aligned accordingly.

<sup>45</sup> As a result of the paragraph added with article 11 of the Decision of the Energy Market Regulatory Board dated 23/01/2020 and numbered 9138, published in the Official Gazette dated 29/01/2020 and numbered 31023, the present paragraphs have been aligned accordingly.

<sup>46</sup> Amended pursuant to the Decision of the Energy Market Regulatory Board dated 23/01/2020 and numbered 9138 published in the Official Gazette dated 29 January 2020 and numbered 31023.

**6.6.2.**<sup>47</sup> The market operator shall calculate the finalized set-off amount of the matches for transactions regarding weekly products (weekday product, weekend product and weekly product) after the trade closing time of the relevant product, and notify this amount as TMB to the transmission company on behalf and account of the market participant separately for each gas day within the relevant delivery period. The amount of matches that took place shall be calculated by netting for each delivery period. Delivery periods for weekly products (weekday product, weekend product and weekly product) are as follows:

a) Delivery period for the weekly product is the first Monday, Tuesday, Wednesday, Thursday, Friday, Saturday and Sunday gas days following the trade closing time;

b) Delivery period for weekend products is the first Saturday and Sunday gas days following the trade closing time;

c) The delivery period for the weekday product is the first Monday, Tuesday, Wednesday, Thursday and Friday gas days following the trade closing time.

**6.6.3.**<sup>48</sup> The finalized set-off amount for each market participant shall be calculated by subtracting the relevant participant's approved purchase bids from sales orders. Considering the day of the transaction within the relevant trading timeframe, if the result is positive, the result value shall be recorded to the EBT as TMB / TMDB at the EPIAŞ UDN Exit point of the participant, and if the result is negative, the absolute value of the result shall be recorded to the EBT as TMB / TMDB at the EPIAŞ UDN Entry point of the participant. In this direction, the finalized set-off amounts within a trading timeframe shall be sent by EPIAŞ to EBT on a per day basis, for daily products on G-1, G and G-1, and for weekly products (weekday product, weekend product and weekly product) on every Friday, after four separate time slots specified in Article 6.6.1.

**6.6.4.** For the finalized set-off amounts registered with EBT, the market operator becomes a counterparty to the market participant.

**6.6.5.** After the finalized matches are registered with the EBT, obligations specified in the ŞİD become binding on market participants.

**6.6.6.** No changes can be made in the said time periods without the approval of the Authority. The projected changes shall be announced to market participants/system users through STP and EBT at least 10 (ten) days before their implementation.

## **6.7. Entry of transmission company to OTSP as additional balancer**

**6.7.1.** The transmission company shall carry out its transactions in the STP as an additional balancer in accordance with the provisions of the ŞİD and market delivery agreement.

**6.7.2.** The transmission company shall enter the system, considering the transmission network stock in every gas day, within the scope of the justification codes specified in the ŞİD as the additional balancer in order to carry out gas purchase or sale transaction through STP at times specified in the ŞİD. In transactions to be carried out in the STP, the transmission company shall purchase or sell the required amount over the best-priced orders in the order book within the framework of the transmission network's need stated above. Issues related to point-based/regional products shall be regulated separately in these Procedures and Principles and ŞİD.

**6.7.3.** The transmission company shall use match what is available and remove order type for the transactions that it will carry out in STP.

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<sup>47</sup> Inserted pursuant to the Decision of the Energy Market Regulatory Board dated 23/01/2020 and numbered 9138 published in the Official Gazette dated 29 January 2020 and numbered 31023.

<sup>48</sup> Amended pursuant to the Decision of the Energy Market Regulatory Board dated 10/09/2020 and numbered 9537 published in the Official Gazette dated 17 September 2020 and numbered 31247.



**6.7.4.** The maximum price for purchase side bids and minimum price for the sell side offers that transmission company can place in the STP as additional balancer shall be determined in the ŞİD, provided that they are within the order limits of the STP. Except for the point-based/regional orders, sell side offers of market participants can match with the additional balancer, if the offer is priced no more than 4% (four percent) higher than the price of the highest priced market transaction made by that particular market participant in the previous trading timeframe or the relevant trading timeframe.

**6.7.5.<sup>49</sup>** Each finalized match of the transmission company in point-based/regional product at the STP is instantly recorded to the EBT in the form of TMB/TMDB, at the EPİAŞ UDN Exit point of the transmission company for the sell side finalized match, and at the EPİAŞ UDN Entry point of the transmission company for the purchase side finalized match.

**6.7.6.<sup>50</sup>** Each finalized match of the transmission company in point-based/regional product at the STP is instantly recorded to the EBT in the form of TMB/TMDB, at the EPİAŞ UDN Entry point of the relevant shipper for the sell side finalized match, and at the EPİAŞ UDN Exit point of the relevant shipper for the purchase side finalized match.

**6.7.7.** In the additional balancer transactions performed by the transmission company under the justification code, the orders shall be coded with a code system specific to these transactions. When it enters the STP as additional balancer in accordance with the other conditions specified in the ŞİD, it shall perform market transactions like any shipper, and the orders that it will submit in this capacity shall be determined according to the same code system as the orders of other shippers.

## **7. Settlement of Market Transactions and Imbalances**

**7.1.** The market operator shall perform the settlement of transactions of market participants in the STP and the daily imbalances created in the transmission system by shippers.

**7.1.1.<sup>51</sup>** Settlement of market transactions shall be made monthly on a gas day basis, taking into account the finalized matches within the trading timeframes for one gas day. Daily advance payments shall be made based on the settlement of these market transactions.

**7.1.2.** The settlement of imbalances in the transmission system of shippers shall be carried out on a daily basis at the end of the month on behalf of the transmission company within the framework of the ŞİD and the conditions specified in these Procedures and Principles.

**7.1.3.** As a result of the settlement of imbalances and market transactions performed within an invoicing period, the relevant market participants shall be invoiced by taking into account the elements contained in these Procedures and Principles. Invoicing period refers to the period that starts at 08:00 on the first day of a calendar month and ends at 08:00 on the first day of the next month.

### **7.2.<sup>52</sup> Settlement of market transactions**

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<sup>49</sup> Amended pursuant to the Decision of the Energy Market Regulatory Board dated 12/07/2018 and numbered 7954 published in the Official Gazette dated 17 July 2018 and numbered 30481.

<sup>50</sup> Amended pursuant to the Decision of the Energy Market Regulatory Board dated 12/07/2018 and numbered 7954 published in the Official Gazette dated 17 July 2018 and numbered 30481.

<sup>51</sup> Amended pursuant to the Decision of the Energy Market Regulatory Board dated 23/01/2020 and numbered 9138 published in the Official Gazette dated 29 January 2020 and numbered 31023.

<sup>52</sup> As a result of the paragraph added with article 13 of the Decision of the Energy Market Regulatory Board dated 23/01/2020 and numbered 9138, published in the Official Gazette dated 29/01/2020 and numbered 31023, the present paragraphs have been aligned accordingly.

**7.2.1.**<sup>53</sup> Advance payments made with respect to transactions performed by a market participant in the STP shall be calculated on an advance period basis. Matches that have been delivered for each product regarding a gas day belong to an advance period.

**7.2.2.** The amount of receivable to be accrued to the relevant participant for an advance period regarding the sales of a market participant in the STP is determined according to the following formula:

$$ST_{p,s} = \sum_{e=1}^n (STF_{p,s,e} \times STM_{p,s,e})$$

The following definitions shall apply in the implementation of this formula:

$ST_{p,s}$ : The amount of receivable (TL) to be accrued to the relevant market participant due to the sales of the “p” market participant in the “s” advance period;

$STF_{p,s,e}$ : The sales price (TL/1,000 Sm<sup>3</sup>) to be applied for the valid “e” match of the “p” market participant for the “s” advance period;

$STM_{p,s,e}$ : The sales amount (1,000 Sm<sup>3</sup>) due to the “e” match of the “p” market participant for the “s” advance period;

n: The number of sell side finalized matches of the “p” market participant in the STP for the “s” advance period.

**7.2.3.** The amount of receivable to be accrued to the relevant participant for an invoicing period regarding the sales of a market participant in the STP is determined according to the following formula:

$$ST_{p,i} = \sum_{s=1}^n ST_{p,i,s}$$

The following definitions shall apply in the implementation of this formula:

$ST_{p,i}$ : The amount of receivables to be accrued to the relevant market participant due to the sales of the “p” market participant in the “i” invoicing period;

$ST_{p,i,s}$ : The amount of receivables to be accrued to the relevant market participant due to the sales of the “p” market participant in the “s” advance period within the “i” invoicing period;

n: The number of advance periods in the relevant invoicing period.

**7.2.4.** The amount of debt to be accrued to the relevant participant for an advance period regarding the purchases of a market participant in the STP is determined according to the following formula:

$$AT_{p,s} = \sum_{e=1}^n (ALF_{p,s,e} \times ALM_{p,s,e})$$

The following definitions shall apply in the implementation of this formula:

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<sup>53</sup> Inserted pursuant to the Decision of the Energy Market Regulatory Board dated 23/01/2020 and numbered 9138 published in the Official Gazette dated 29 January 2020 and numbered 31023.

$AT_{p,s}$ : The amount of debt (TL) to be accrued to the relevant market participant due to the purchases of the “p” market participant in the “s” advance period;

$ALF_{p,s,e}$ : The purchase price (TL/1,000 Sm<sup>3</sup>) to be applied for the valid “e” match of the “p” market participant for the “s” advance period;

$ALM_{p,s,e}$ : The purchase amount (1,000 Sm<sup>3</sup>) due to the “e” match of the “p” market participant for the “s” advance period;

n: The number of purchase side finalized matches of the “p” market participant in the STP for the “s” advance period.

**7.2.5.** The amount of debt to be accrued to the relevant participant for an invoicing period regarding the purchases of a market participant in the STP is determined according to the following formula:

$$AT_{p,i} = \sum_{s=1}^n AT_{p,i,s}$$

The following definitions shall apply in the implementation of this formula:

$AT_{p,i}$ : The amount of debt to be accrued to the relevant market participant due to the purchases of the “p” market participant in the “i” invoicing period;

$AT_{p,i,s}$ : The amount of debt to be accrued to the relevant market participant due to the purchases of the “p” market participant in the “s” advance period within the “i” invoicing period;

n: The number of advance periods regarding the relevant invoicing period.

**7.2.6.** The amount of advances to be paid or received by market participants for each advance period in the STP is calculated according to the following formula:

$$STPAT_{p,s} = STA_{p,s} - ATB_{p,s}$$

The following definitions shall apply in the implementation of this formula:

$STPAT_{p,s}$ : The advance payment amount of the “p” market participant in the STP for the “s” advance period;

$STA_{p,s}$ : The amount of receivable to be accrued to the relevant market participant due to the sales of the “p” market participant in the “s” advance period;

$ATB_{p,s}$ : The amount of debt to be accrued to the relevant market participant due to the purchases of the “p” market participant in the “s” advance period.

### **7.3. Settlement of imbalances occurring in the transmission system**

**7.3.1.**<sup>54</sup> The transmission company is obliged to appoint the market operator as an intermediary in accordance with the ŞİD and DUP in order to ensure the settlement of the imbalances of the system users in the transmission system.

**7.3.2.** The market operator shall use the daily imbalance amount for each gas day of each shipper at the end of the month for the settlement of imbalances in line with the data shared within the framework of the provisions of the market delivery agreement, including the allocation

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<sup>54</sup> Amended pursuant to the Decision of the Energy Market Regulatory Board dated 12/07/2018 and numbered 7954 published in the Official Gazette dated 17 July 2018 and numbered 30481.

information of the transmission company regarding the imbalances of the system users calculated regarding a gas day within the scope of ŞİD.

**7.3.3.** The market operator shall use the following formula in the Negative Imbalance Payment (NDÖ) calculated as a result of the negative imbalances reported by the transmission company for each shipper on gas day basis at the end of the month:

$$ND\ddot{O}_{t,i} = \sum_{g=1}^n (NDM_{t,g} \times DGAF_g)$$

The following definitions shall apply in the implementation of this formula:

NDÖ<sub>t,i</sub>: The amount of debt to be accrued due to the negative imbalances of the "t" shipper in the "i" invoicing period;

NDM<sub>t,g</sub>: The amount of negative imbalance of the "t" shipper on the "g" gas day;

DGAF<sub>g</sub>: Balancing gas purchase price on "g" day;

n: The number of gas days in the relevant invoicing period.

**7.3.4.** The market operator shall use the following formula in the Positive Imbalance Payment (PDÖ) calculated as a result of the positive imbalances reported by the transmission company for each shipper on gas day basis at the end of the month:

$$PD\ddot{O}_{t,i} = \sum_{g=1}^n (PDM_{t,g} \times DGSF_g)$$

The following definitions shall apply in the implementation of this formula:

PDÖ<sub>t,i</sub>: The amount of receivable to be accrued due to the positive imbalances of the "t" shipper in the "i" invoicing period;

PDM<sub>t,g</sub>: The amount of positive imbalance of the "t" shipper on the "g" gas day;

DGSF<sub>g</sub>: Balancing gas sale price on "g" day;

n: The number of gas days in the relevant invoicing period.

**7.3.5.** ŞİD provisions shall apply to issues regarding the change of daily allocation data subject to an invoicing period.

#### **7.4. Reset of the balance resulting from settlement of imbalances**

**7.4.1.** The balance resulting from the settlement of imbalances shall be allocated on a daily basis by the market operator using the Balance Reset Amount (BAST) at the end of the month after deducting the receivables and debts of the transmission company, pursuant to the principle of not making profit / loss due to the balancing gas pricing as a product of transactions carried out by the transmission company to ensure the balance of the transmission system as an additional balancer.

**7.4.2.**<sup>55</sup> The market operator shall make the valuation by multiplying the difference between the amount of negative imbalance and the amount of positive imbalance that occurs on the relevant day, based on the balancing gas purchase and balancing gas sales transactions made by the transmission company during the month, in accordance with the direction of the system on the day, by DGSG if the system is positive, and by DGAF if the system is negative, and this amount shall be allocated in the transmission company invoice at the end of the month as an additional balancer invoice item of the transmission company. If the resulting amount is positive, transmission company's additional balancer receivable accrues, and if the amount is negative, the transmission company incurs additional balancer debt.

**7.4.3.**<sup>56</sup> Debt and receivable amounts accrued due to the imbalances of the shippers shall be calculated. If the balance is positive, 10% (ten percent) of the said balance shall be left to the transmission company as the additional balancer for it to manage the risks arising from the transactions it has made for balancing purposes by the market operator. The remaining amount shall be distributed to the system users by the method determined in accordance with the provisions of this article.

**7.4.4.**<sup>57</sup> The BAST regarding a gas day shall be calculated by the market operator on a daily basis and allocated to the system users as the net sum of the gas days regarding the relevant month for each month. When calculating BAST on a daily basis, DGSG shall be used if the balance of the transmission system is positive and DGAF shall be used if it is negative.

If the system balance is positive, BAST is calculated according to the following formula:

$$\text{BAST} = (\text{NDÖ} - \text{PDÖ}) - (\text{NDM} - \text{PDM}) \times \text{DGSG}$$

If the system balance is negative, BAST is calculated according to the following formula:

$$\text{BAST} = (\text{NDÖ} - \text{PDÖ}) - (\text{NDM} - \text{PDM}) \times \text{DGAF}$$

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

BAST: The total amount to be allocated after the settlement of imbalances regarding the "G" gas day;

NDÖ: Amount of debt consisting of negative imbalances regarding "G" gas day;

PDÖ: Amount of receivable consisting of positive imbalances regarding "G" gas day;

NDM: The amount of negative imbalance regarding "G" gas day;

PDM: The amount of positive imbalance regarding "G" gas day;

DGAF: Balancing gas purchase price on "G" day;

DGSG: Balancing gas sale price on "G" day.

If the BAST is positive, the accrued balance shall be paid to the relevant system users and the transmission company within the framework of the provisions of this article, and if it is negative, it shall be collected from the relevant system users on behalf and account of the transmission company pursuant to the following provisions.

**7.4.4.1.**<sup>58</sup> In the event that the BAST for a gas day is positive; 10% (ten percent) of this amount is allocated to the transmission company, 60% (sixty percent) to the relevant system users in proportion to the output volume on the relevant gas day, including transactions with additional

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<sup>55</sup> Amended pursuant to the Decision of the Energy Market Regulatory Board dated 12/07/2018 and numbered 7954 published in the Official Gazette dated 17 July 2018 and numbered 30481.

<sup>56</sup> Amended pursuant to the Decision of the Energy Market Regulatory Board dated 12/07/2018 and numbered 7954 published in the Official Gazette dated 17 July 2018 and numbered 30481.

<sup>57</sup> Amended pursuant to the Decision of the Energy Market Regulatory Board dated 12/07/2018 and numbered 7954 published in the Official Gazette dated 17 July 2018 and numbered 30481.

<sup>58</sup> Amended pursuant to the Decision of the Energy Market Regulatory Board dated 23/01/2020 and numbered 9138 published in the Official Gazette dated 29 January 2020 and numbered 31023.

balancer and excluding transactions performed between 08:00 and 14:00 hours at G+1 30% (thirty percent) to the participants who have registered as market participants in proportion to the amount of market transactions made in the relevant trading timeframe pursuant to Article 7.4.3.

The additional balancer amount allocated to the transmission company is calculated according to the following formula:



$IDT_i$ : refers to the balance to be paid after the settlement of imbalances to the transmission company regarding the invoice period "i";

n: refers to the number of gas days for the relevant invoice period.

The amount up to 60% (sixty percent) of the BAST to be allocated to the relevant system users in proportion to the output amounts is calculated according to the following formula:



In this formula:


$BAST_t$ : refers to the balance to be paid to the shipper "t" after the settlement of imbalances in relation to the gas day "G";

Çıkış<sub>t</sub>: refers to the the natural gas allocation amount of the shipper "t" at the physical exit points on the gas day "G";

n: refers to the number of shippers in the relevant month.

**7.4.4.2.<sup>59</sup>** While calculating the amount to be allocated to market participants in proportion to market transactions; the maximum amount of the purchase-side transactions of the relevant market participant that made physical exit from the transmission system, and the maximum amount of the sell-side transactions that made physical entry to the transmission system are taken into account. In the event where there is no match for the relevant day or the numerator or denominator is calculated as zero in the  $BAST_p$  calculation according to the following formula, the BAST amount is allocated to the system users by using the coefficient 0.9 instead of the 0.6 coefficient used in the calculation of the BAST to be distributed set forth in the formula in Article 7.4.4.1.

The amount to be allocated to market participants according to the transaction rate in the market, is calculated according to the following formula:



In this formula:

$BAST_p$ : refers to the balance to be allocated to the market participant "p" after the settlement of imbalances in the trading timeframe for the gas day "G";

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<sup>59</sup> Amended pursuant to the Decision of the Energy Market Regulatory Board dated 10/09/2020 and numbered 9537 published in the Official Gazette dated 17 September 2020 and numbered 31247.

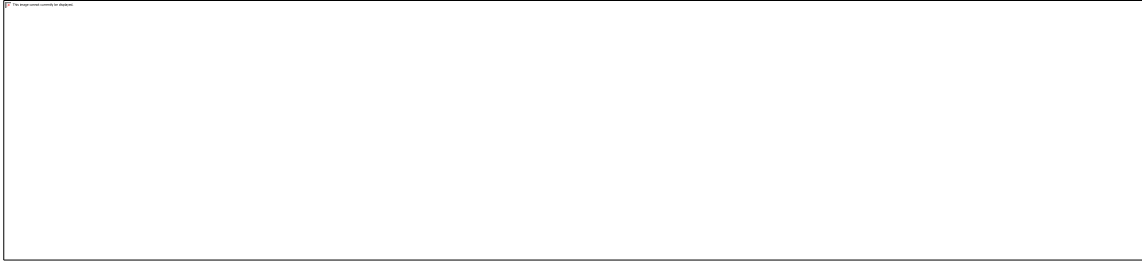
PiAp: refers to the total purchase amount, excluding purchases performed between 08:00 and 14:00 hours at G+1, including purchases from additional balancer made by the market participant in the market within the trading timeframe of gas day "G";

PiSAp: refers to the total sales amount, excluding sales made between 08:00 and 14:00 hours at G+1, including sales made to additional balancer by the market participant in the market within the trading timeframe of gas day "G";

Girişp: refers to the difference between the natural gas allocation amount at the physical entry and transfer entry points on the gas day "G" and the natural gas allocation amount at the exit point of the market participant "p";

Çıkışp: refers to the natural gas allocation amount of the market participant "p" at the physical exit points on the gas day "G".

**7.4.4.3.<sup>60</sup>** In the event that the BAST is negative, this amount is allocated to the relevant system users according to the following formula:



In this formula:

BAST<sub>t</sub>: refers to the balance to be paid to the shipper "t" after the settlement of imbalances regarding the gas day "G";

Giriş<sub>t</sub>: refers to the difference between the natural gas allocation amount at the physical entry and transfer entry points on the gas day "G" and the natural gas allocation amount at the exit point of the shipper "t";

Çıkış<sub>t</sub>: refers to the natural gas allocation amount at the physical exit points on the gas day "G" of the shipper "t";

n: refers to the number of shippers.

**7.4.4.4.** In the event that the difference between the total amount of BAST calculated on the basis of gas days and paid to system users or collected from the system users on a monthly basis and the total net payments and revenues arising from the operations performed by the transmission company as an additional balancer defined in the ŞİD in the relevant month is accepted as BAST for any gas day and is positive, it is paid to the system users in accordance with the provisions of 7.4.4.1 and 7.4.4.2; and in the event that the relevant amount is negative, it is collected from the system users in accordance with the provisions of 7.4.4.3.

**7.4.5.** Amendments can be made regarding the calculation and distribution of BAST within the gas year by a Board Decision.

## **7.5. Financial strength evaluation regarding collaterals**

**7.5.1.** The market operator can carry out continuous monitoring activities within the framework of the financial risk evaluation of participants by working with relevant institutions to evaluate the financial strength of the parties that are obliged to meet the guarantees regulated in these Procedures and Principles. As a result of this evaluation, in addition to the issues stipulated

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<sup>60</sup> Amended pursuant to the Decision of the Energy Market Regulatory Board dated 12/07/2018 and numbered 7954 published in the Official Gazette dated 17 July 2018 and numbered 30481.

in the collateral mechanism, it can increase and decrease the collateral to be implemented to the relevant participants within the framework of the additional risk factor procedure to be implemented to all market participants in equal and impartial conditions. The said procedure is published on the website of the market operator, by obtaining the opinion of the Authority.

## **7.6. Non-collectible receivable item**

**7.6.1.**<sup>61</sup> Market participants that do not pay the debt amounts accrued within the advance period for the transactions they have carried out in the STP or the VAT amounts or PIÜ amounts arising from the debt amounts within the invoice period despite the market operator implementing an additional risk factor procedure for collaterals, and in the event that all of these debts cannot be collected from the participant's transaction collateral and invoice transaction collateral, the non-collectible amount is allocated to each market participant in proportion of the market participant's purchase and sales transaction volume at the STP to the total purchase and sales transactions carried out in the STP.

**7.6.2.**<sup>62</sup> In the event that the market operator can collect the debt amounts from the market participant who has not paid the debt amount of the fees allocated to other market participants within the framework of this article; the amount collected, including interest, is repaid to the other market participants.

**7.6.3.**<sup>63</sup> In the event that shippers do not pay the debt amounts accrued as a result of imbalance settlements within an invoice period and these debt amounts cannot be collected from the imbalance collateral of the shipper in full, the uncollected amount is allocated to the transmission company by the market operator. The market operator shall apply to judicial debt recovery procedures against the shipper within 30 (thirty) days from the date of default. When these fees allocated to the transmission company are collected from the Shipper within the framework of private law provisions, they are immediately remitted back to the transmission company with the interest.

## **8.<sup>64</sup> Financial Provisions**

### **8.1. <sup>65</sup> Responsibilities of parties regarding collaterals and payments**

#### **8.1.1. Market Operator is responsible for the following:**

a) To determine the central settlement institution in order to carry out collateral and payment transactions, to make an agreement with the central settlement institution and to announce it to the participants through STP;

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<sup>61</sup> Amended pursuant to the Decision of the Energy Market Regulatory Board dated 12/07/2018 and numbered 7954 published in the Official Gazette dated 17 July 2018 and numbered 30481.

<sup>62</sup> Amended pursuant to the Decision of the Energy Market Regulatory Board dated 10/09/2020 and numbered 9537 published in the Official Gazette dated 17 September 2020 and numbered 31247.

<sup>63</sup> Amended pursuant to the Decision of the Energy Market Regulatory Board dated 12/07/2018 and numbered 7954 published in the Official Gazette dated 17 July 2018 and numbered 30481.

<sup>64</sup> Inserted pursuant to the Decision of the Energy Market Regulatory Board dated 12/07/2018 and numbered 7954 published in the Official Gazette dated 17 July 2018 and numbered 30481.

<sup>65</sup> Inserted pursuant to the Decision of the Energy Market Regulatory Board dated 12/07/2018 and numbered 7954 published in the Official Gazette dated 17 July 2018 and numbered 30481.



b) To calculate the amount of collateral that market participants/system users should submit and to inform the market participants/system users about the collateral amounts, and to make the invoice transaction and imbalance collateral completion call via STP or through the central settlement institution in the event that the invoice transaction and imbalance collateral to be provided falls below the desired amount;

c) To inform the central settlement institution of the invoice transaction and imbalance collateral amounts and receivables and debts that the market participants/system users are obliged to submit;

d) To keep the letters of guarantee in custody and informing the central settlement institution of the letters of guarantee;

e) To announce the rates of collateral management and cash clearing service fee offered by the central settlement institution and the rate of yield commission to be collected in return for the yield on cash collateral in TL service to market participants/system users via STP;

f) To open the required accounts in the central settlement institution on its name and account;

g) To inform the central settlement institution in a timely and accurate manner regarding the payments to be made within the scope of assignment of receivables;

h) To collect the current information as to the value of collateral balance of the participants from the central settlement institution and to determine the market transaction limits of the participants.

**8.1.2.** Market Participants/System Users are responsible for the following:

a) To open a collateral and cash account for the carrying out of transactions regarding collateral and payments on their behalf in the central settlement institution;

b) To open a cash account on their behalf in intermediary banks in order to carry out the advance and invoice payment transactions and to report the opened intermediary bank account to the central settlement institution in a timely and accurate manner;

c) To make payments timely and accurate manner regarding advances and invoices reported by the market operator;

d) To sign the central settlement institution-participant agreement regarding the cash clearing and collateral management service to be provided by the central settlement institution;

e) To fulfill the collateral obligations determined by the market operator in a timely manner.

**8.1.3.** Central Settlement Institution is responsible for the following:

a) To carry out transactions of advance, invoice and conveyance payments and collateral in a timely and accurate manner and to establish and develop the infrastructure that will enable communication with the market operator, market participants/system users and intermediary banks regarding these transactions;

b) To sign the central settlement institution-participant agreement with the market participants/system users regarding cash clearing services and to keep the collaterals other than the letters of guarantee in custody;

c) To sign the agreement between the market operator and the central settlement institution for the purpose of carrying out the collateral and payment transactions;

d) To inform the market operator of the transactions regarding collateral management, advance and invoice payments;

e) To maintain cash collaterals offered in TL by market participants/system users in a yield/interest bearing account;

f) To calculate the default amount and to inform the market operator regarding an event of default of market participants/system users;

- g) Not to share with third parties the information and data that qualifies as confidential business secrets regarding market operator and market participants/system users;
- h) To keep in custody all collaterals except the letter of guarantee submitted on behalf of the market operator;
- i) To inform the market operator, market participants/system users, of the transactions carried out in the collateral accounts and of the current collateral level;
- j) To inform the participants of the service fees to be paid by market participants/system users.

**8.1.4.** The procedures and principles regarding yields/interest are under the legal responsibility of the central settlement institution and is to be carried out by the central settlement institution on a best effort basis according to prevailing market conditions, and the amount of yield/interest accrued is to be transferred to the account of the relevant market participant on the next business day.

## **9.<sup>66</sup> Collateral Mechanism**

### **9.1.<sup>67</sup> General principles regarding collaterals**

**9.1.1.<sup>68</sup>** Market operator receives daily transaction collateral from market participants regarding the financial risks that may arise regarding the advance payments of their transactions in OTSP. In the event that the market participant fails to make the said advance payments within the period specified in these Procedures and Principles, the daily transaction collateral of the relevant market participant is applied to the said advance payments.

**9.1.2.<sup>69</sup>** Market operator receives invoice transaction collateral from market participants regarding the financial risks that may arise regarding the VAT and PĪŪ payments of the transactions they carry out at the OTSP.

**9.1.3.<sup>70</sup>** On behalf of the transmission company, the market operator receives an imbalance collateral from the shippers regarding the financial risks that may arise in the event that they fail to fulfill their financial obligations arising from imbalances in the transmission system. The imbalance collateral amounts of system users are calculated by taking into account the imbalances they have caused in the transmission system in the past period, and other risks in the natural gas market.

### **9.2.<sup>71</sup> Daily transaction and invoice transaction collaterals**

**9.2.1.<sup>72</sup>** Market participants deposit cash collateral to the daily transaction collateral account at the central settlement institution in order to make purchase transactions in the STP. Market

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<sup>66</sup> Amended pursuant to the Decision of the Energy Market Regulatory Board dated 12/07/2018 and numbered 7954 published in the Official Gazette dated 17 July 2018 and numbered 30481.

<sup>67</sup> Amended pursuant to the Decision of the Energy Market Regulatory Board dated 12/07/2018 and numbered 7954 published in the Official Gazette dated 17 July 2018 and numbered 30481.

<sup>68</sup> Amended pursuant to the Decision of the Energy Market Regulatory Board dated 12/07/2018 and numbered 7954 published in the Official Gazette dated 17 July 2018 and numbered 30481.

<sup>69</sup> Amended pursuant to the Decision of the Energy Market Regulatory Board dated 12/07/2018 and numbered 7954 published in the Official Gazette dated 17 July 2018 and numbered 30481.

<sup>70</sup> Amended pursuant to the Decision of the Energy Market Regulatory Board dated 12/07/2018 and numbered 7954 published in the Official Gazette dated 17 July 2018 and numbered 30481.

<sup>71</sup> Amended pursuant to the Decision of the Energy Market Regulatory Board dated 12/07/2018 and numbered 7954 published in the Official Gazette dated 17 July 2018 and numbered 30481.

<sup>72</sup> Amended pursuant to the Decision of the Energy Market Regulatory Board dated 12/07/2018 and numbered 7954 published in the Official Gazette dated 17 July 2018 and numbered 30481.

participants can make a purchase bid in STP up to the amount of cash in the central settlement institution's daily transaction collateral account.

**9.2.2.**<sup>73</sup> The cash amount in the daily transaction collateral account of the market participants is blocked to the level of the purchase bid and the purchase match of the relevant participant, and the transaction limit is reduced at this rate.

**9.2.3.**<sup>747576</sup> In the event that the sales offers match for a gas day, the changes in the daily transaction collateral and transaction limit are as follows:

a) In case the participant has a pre-blocked collateral together with each sale offer of the market participant, the block on the collateral is reduced by the amount of the sale;

b) The amounts arising from the sales made by the market participants are added to the transaction limit of the relevant gas day and the total amount formed constitutes the purchase transaction limit of the relevant gas day;

c) In case the blocked collateral amount is less than the sale amount, the block on the collateral is removed and the relevant gas day's transaction limit is increased by the difference between the sales amount and the blocked collateral amount;

ç) In case there is no blocked collateral, the transaction limit of the relevant gas day is increased by the amount of the sale;

d) Current receivables of the market participant are taken into account in the transaction limit calculation;

e) A single transaction limit is used for gas days with the same advance payment, based on the amount with the highest transaction limit.

**9.2.4.**<sup>77</sup> Market operator receives invoice transaction collateral of 18% (eighteen percent) of the advance debt regarding the VAT risk that will occur after each advance debt notice within each invoice period from the market participants. In the event that the market participant is an advance creditor within the relevant invoice period, the invoice transaction collateral liability is reduced by 18% (eighteen percent) of the advance receivable. The values specified in Article 9.7.1 are accepted for this collateral to be received.

**9.2.5.**<sup>78</sup> Blockage in daily transaction collateral of market participants is increased by the following amounts:

a) After the closing of the relevant trade range, it is increased by the amount of unmatched purchase bids;

b) Following the advance payment of the market participant, it is removed by the amount of the advance payment made and the transaction limits are increased by the amount of the blocked amount removed.

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<sup>73</sup> Amended pursuant to the Decision of the Energy Market Regulatory Board dated 12/07/2018 and numbered 7954 published in the Official Gazette dated 17 July 2018 and numbered 30481.

<sup>74</sup> Amended pursuant to the Decision of the Energy Market Regulatory Board dated 10/09/2020 and numbered 9537 published in the Official Gazette dated 17 September 2020 and numbered 31247.

<sup>75</sup> Effective date of this provision: 01/01/2021

<sup>76</sup> Pursuant to 11th article of the Decision of the Energy Market Regulatory Board dated 10/09/2020 and numbered 9537, the 16th article of the Board Decision dated 23/01/2020 and numbered 9138 amending the article numbered 9.2.3 and the Board Decision dated 27/02/2020 and numbered 9212, which changed the effective date of this article to 30.9.2020, were revoked.

<sup>77</sup> Amended pursuant to the Decision of the Energy Market Regulatory Board dated 12/07/2018 and numbered 7954 published in the Official Gazette dated 17 July 2018 and numbered 30481.

<sup>78</sup> Amended pursuant to the Decision of the Energy Market Regulatory Board dated 12/07/2018 and numbered 7954 published in the Official Gazette dated 17 July 2018 and numbered 30481.

**9.2.6.**<sup>79</sup> The invoice is deducted from the transaction collateral account for the amount of invoice payment made by the market participants.

### **9.3.**<sup>80</sup> **Imbalance collateral**

**9.3.1.**<sup>81</sup> Imbalance collaterals are received from the shippers on behalf of the transmission company against financial risks that may arise from imbalances of the shippers. Imbalance collateral requested from system users is calculated according to the following formula:

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$$Dengesizlik\ Teminatı = ((ODM) \times DGAF_{maks} \times m \times r) + NDB$$

In this formula<sup>83</sup>:

ODM<sup>84</sup>: refers to the highest daily negative imbalance amount of the shipper in the past 10 (ten) days;

DGAF<sub>maks</sub><sup>85</sup>: refers to the highest DGAF in the past 10 (ten) days;

m<sup>86</sup>: refers to the coefficient representing more than the number of public holidays for long-term public holidays, provided that they are at least 3 (three) days;

r<sup>87</sup>: refers to the multiplier r calculated by adding 1 (one) to the rate of change between the first allocations of the relevant shipper recorded in the EBT system in the month before the relevant month and the corrected last allocations at the end of the month, however in the event that this ratio does not exceed 5% (five percent), it is to be accepted as 1 (one) and no more than 3 (three);

NDB<sup>88</sup>: The net imbalance refers to the cumulative balance of the positive imbalance amounts calculated by taking into account the DGSF on the relevant days and the negative imbalance amounts calculated by taking into account the DGAF on the relevant days, for the day the imbalance collateral is calculated, until the time the relevant shipper pays the bill of the relevant month and refers to the balance which is deemed as zero in the event that the total balance is greater than zero.

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<sup>79</sup> Amended pursuant to the Decision of the Energy Market Regulatory Board dated 12/07/2018 and numbered 7954 published in the Official Gazette dated 17 July 2018 and numbered 30481.

<sup>80</sup> Amended pursuant to the Decision of the Energy Market Regulatory Board dated 12/07/2018 and numbered 7954 published in the Official Gazette dated 17 July 2018 and numbered 30481.

<sup>81</sup> Amended pursuant to the Decision of the Energy Market Regulatory Board dated 12/07/2018 and numbered 7954 published in the Official Gazette dated 17 July 2018 and numbered 30481.

<sup>82</sup> Amended pursuant to the Decision of the Energy Market Regulatory Board dated 12/07/2018 and numbered 7954 published in the Official Gazette dated 17 July 2018 and numbered 30481.

<sup>83</sup> Amended pursuant to the Decision of the Energy Market Regulatory Board dated 12/07/2018 and numbered 7954 published in the Official Gazette dated 17 July 2018 and numbered 30481.

<sup>84</sup> Amended pursuant to the Decision of the Energy Market Regulatory Board dated 12/07/2018 and numbered 7954 published in the Official Gazette dated 17 July 2018 and numbered 30481.

<sup>85</sup> Amended pursuant to the Decision of the Energy Market Regulatory Board dated 12/07/2018 and numbered 7954 published in the Official Gazette dated 17 July 2018 and numbered 30481.

<sup>86</sup> Amended pursuant to the Decision of the Energy Market Regulatory Board dated 12/07/2018 and numbered 7954 published in the Official Gazette dated 17 July 2018 and numbered 30481.

<sup>87</sup> Amended pursuant to the Decision of the Energy Market Regulatory Board dated 12/07/2018 and numbered 7954 published in the Official Gazette dated 17 July 2018 and numbered 30481.

<sup>88</sup> Amended pursuant to the Decision of the Energy Market Regulatory Board dated 12/07/2018 and numbered 7954 published in the Official Gazette dated 17 July 2018 and numbered 30481.

**9.3.2.**<sup>89</sup> In the event that the shippers do not have negative imbalances in the past 10 (ten) days or the imbalance collateral amount calculated for the shippers is less than 300,000 TL, the imbalance collateral amount of the shippers is 300,000 TL.

#### **9.4.<sup>90</sup> Processes regarding collaterals**

**9.4.1.**<sup>91</sup> It is essential that market participants/system users work on the basis of agreement to be executed with the central settlement institution regarding the conduct of collateral transactions. Market participants/system users shall open a collateral account with the central settlement institution in order to carry out transactions regarding their collateral. The central settlement institution shall be authorized by the market operator for all transactions related to this account. The interest accrued from these accounts shall be allocated to the relevant market participant after deducting the legal obligations and service fee.

**9.4.2.**<sup>92</sup> Market participants / system users can send the amounts to be sent as collateral to the central settlement institution using more than one intermediary bank. However, they can work with a single intermediary bank for the payments to be made to them arising from collateral withdrawals.

**9.4.3.**<sup>93</sup> Market participants/system users shall submit all their collaterals consisting of assets that can be accepted as collateral to the central settlement institution except letters of guarantee, and submit letters of guarantee to the market operator.

**9.4.4.**<sup>94</sup> Market participants/system users can deposit money to the central settlement institution as collateral in full business days.

**9.4.5.**<sup>95</sup><sup>96</sup> The central settlement institution shall send the file containing the daily transaction collateral information of market participants to the market operator every hour between 09:00 and 17:00 on every full business day.

**9.4.6.** The market operator shall set the transaction limits of market participants as per the daily transaction collateral amount received from the central settlement institution. These limits shall be updated with each incoming file.

**9.4.7.**<sup>97</sup> The market operator shall notify the relevant market participant and the central settlement institution at 15:45 about the amounts of invoiced transactions and imbalance collateral calculated based on market participant/system user basis.

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<sup>89</sup> Amended pursuant to the Decision of the Energy Market Regulatory Board dated 12/07/2018 and numbered 7954 published in the Official Gazette dated 17 July 2018 and numbered 30481.

<sup>90</sup> Amended pursuant to the Decision of the Energy Market Regulatory Board dated 12/07/2018 and numbered 7954 published in the Official Gazette dated 17 July 2018 and numbered 30481.

<sup>91</sup> Amended pursuant to the Decision of the Energy Market Regulatory Board dated 12/07/2018 and numbered 7954 published in the Official Gazette dated 17 July 2018 and numbered 30481.

<sup>92</sup> Amended pursuant to the Decision of the Energy Market Regulatory Board dated 12/07/2018 and numbered 7954 published in the Official Gazette dated 17 July 2018 and numbered 30481.

<sup>93</sup> Amended pursuant to the Decision of the Energy Market Regulatory Board dated 12/07/2018 and numbered 7954 published in the Official Gazette dated 17 July 2018 and numbered 30481.

<sup>94</sup> Amended pursuant to the Decision of the Energy Market Regulatory Board dated 12/07/2018 and numbered 7954 published in the Official Gazette dated 17 July 2018 and numbered 30481.

<sup>95</sup> Amended pursuant to the Decision of the Energy Market Regulatory Board dated 27/12/2018 and numbered 8294 published in the Official Gazette dated 29 December 2018 and numbered 30640.

<sup>96</sup> Effective date of this provision: 01/01/2019

<sup>97</sup> Amended pursuant to the Decision of the Energy Market Regulatory Board dated 12/07/2018 and numbered 7954 published in the Official Gazette dated 17 July 2018 and numbered 30481.

**9.4.8.<sup>98</sup>** Market participants / system users shall complete the amounts of invoiced transactions and imbalance collateral stated in the notice made by the market operator until 15:00 on the first business day following the notice. Half business days shall be deemed as weekend and public holidays and no deposit shall be made. The market operator shall recalculate the amounts of invoice transaction and imbalance collateral on market participant/system user basis at 08:30, specifically for the next business day following the last business day, when the invoice payment can be made within the business day after the last business day; and shall notify the market participants/system users and the central settlement institution. The collateral notice made specifically for this day shall be valid for the review to be made at 15:00 on the relevant day.

**9.4.9.<sup>99</sup>** The central settlement institution shall send the file containing the total appraised amounts of invoice transaction and imbalance collateral in the central settlement institution of the market participants/system users to the market operator at 15:00. The market operator shall check the total appraised amount of invoiced transactions and imbalance collateral of the market participants/system users at the central settlement institution at 15:00 every business day on basis of the file submitted. The central settlement institution shall send the file containing the total appraised amounts of invoiced transactions and imbalance collateral of the market participants/system users at the central settlement institution to the market operator at 09:30 on the relevant day specifically the last business day when the invoice can be paid.

**9.4.10.<sup>100</sup>** The market operator shall notify the amount of letters of guarantee to the central settlement institution on a participant basis within half an hour at the latest after the letters of guarantee are submitted to it. The market operator shall notify the central settlement institution of the letters of guarantee delivered to it after 16:00 on the next business day at the latest.

**9.4.11.<sup>101</sup>** All collaterals other than letters of guarantee shall be submitted by the market participants/system users through the system of the central settlement institution as long as the central settlement institution's system is open. No deposit can be made on half business days, weekends and public holidays.

**9.4.12.<sup>102</sup>** Market participants shall apply to the central settlement institution for withdrawals of daily transaction collateral until 11:00, 13:00 and 15:00 on any full business day. The central settlement institution shall send the file containing the amount of cash that the market participants want to withdraw from the daily transaction collateral to the market operator within 15 minutes following the hour during which, the participants applied. If the amount that the market participants want to withdraw is less than the unblocked daily transaction collateral, the transaction limit is reduced by this amount and approval shall be given to the central settlement institution by the market operator to withdraw money; if it is in excess, the application of market participants to withdraw shall be rejected.

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<sup>98</sup> Amended pursuant to the Decision of the Energy Market Regulatory Board dated 23/01/2020 and numbered 9138 published in the Official Gazette dated 29 January 2020 and numbered 31023.

<sup>99</sup> Amended pursuant to the Decision of the Energy Market Regulatory Board dated 23/01/2020 and numbered 9138 published in the Official Gazette dated 29 January 2020 and numbered 31023.

<sup>100</sup> Amended pursuant to the Decision of the Energy Market Regulatory Board dated 12/07/2018 and numbered 7954 published in the Official Gazette dated 17 July 2018 and numbered 30481.

<sup>101</sup> Amended pursuant to the Decision of the Energy Market Regulatory Board dated 12/07/2018 and numbered 7954 published in the Official Gazette dated 17 July 2018 and numbered 30481.

<sup>102</sup> Amended pursuant to the Decision of the Energy Market Regulatory Board dated 23/01/2020 and numbered 9138 published in the Official Gazette dated 29 January 2020 and numbered 31023.

**9.4.13.**<sup>103</sup> Market participants/system users can request the refund of the difference in the event that the invoiced transaction and imbalance collateral they have deposited with the central settlement institution exceeds the amount of collateral they have to submit. The central settlement institution shall accept this refund request upon approval of the market operator.

**9.4.14.**<sup>104</sup> Market participants/system users can withdraw letters of guarantee from the market operator during business hours. Guarantee letters cannot be withdrawn on half-business days, weekends and public holidays.

**9.4.15.**<sup>105</sup> Market participants/system users can perform cash collateral withdrawals in TL from the central settlement institution until 15:40 on any business day, and non-cash collateral withdrawals until 17:00. No deposit can be withdrawn on half business days, weekends and public holidays.

**9.4.16.** No changes can be made in the expressions regarding the time in this Article 9.4 without the approval of the Authority. The anticipated amendments are announced to market participants/system users through STP and EBT at least 10 (ten) days before implementation.

### **9.5.<sup>106</sup> Failure to comply with the collateral notice**

**9.5.1.**<sup>107</sup> A market participant who fails to deposit the amount requested to be deposited in notices of invoiced transactions and imbalance collaterals, the receivables arising from the transactions made in STP by the market participant shall be transferred to the collateral account. The remaining part of the receivables arising from the transactions made in the STP, if any, shall be paid to the participant.

**9.5.2.**<sup>108</sup> A market participant who fails to deposit the amount requested to be deposited in notices of invoiced transactions and imbalance collaterals shall be barred from making a transaction in the STP. As of the collateral review, any unmatched orders shall be deleted and new orders shall not be allowed to be placed.

**9.5.3.**<sup>109</sup> The scope and method of the measures to be applied, including the prevention of TMB registration of a market participant/system user who does not deposit the amount requested to be deposited in notices of invoiced transactions and imbalance collaterals are determined in the ŞİD.

**9.5.4.**<sup>110</sup> A market participant who fails to perform notices of invoiced transactions and imbalance collaterals for 4 (four) business days shall be sanctioned by the transmission company in accordance with the provisions of ŞİD and other relevant legislation.

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<sup>103</sup> Amended pursuant to the Decision of the Energy Market Regulatory Board dated 12/07/2018 and numbered 7954 published in the Official Gazette dated 17 July 2018 and numbered 30481.

<sup>104</sup> Amended pursuant to the Decision of the Energy Market Regulatory Board dated 12/07/2018 and numbered 7954 published in the Official Gazette dated 17 July 2018 and numbered 30481.

<sup>105</sup> Amended pursuant to the Decision of the Energy Market Regulatory Board dated 12/07/2018 and numbered 7954 published in the Official Gazette dated 17 July 2018 and numbered 30481.

<sup>106</sup> Amended pursuant to the Decision of the Energy Market Regulatory Board dated 12/07/2018 and numbered 7954 published in the Official Gazette dated 17 July 2018 and numbered 30481.

<sup>107</sup> Amended pursuant to the Decision of the Energy Market Regulatory Board dated 12/07/2018 and numbered 7954 published in the Official Gazette dated 17 July 2018 and numbered 30481.

<sup>108</sup> Amended pursuant to the Decision of the Energy Market Regulatory Board dated 12/07/2018 and numbered 7954 published in the Official Gazette dated 17 July 2018 and numbered 30481.

<sup>109</sup> Amended pursuant to the Decision of the Energy Market Regulatory Board dated 12/07/2018 and numbered 7954 published in the Official Gazette dated 17 July 2018 and numbered 30481.

<sup>110</sup> Amended pursuant to the Decision of the Energy Market Regulatory Board dated 12/07/2018 and numbered 7954 published in the Official Gazette dated 17 July 2018 and numbered 30481.

**9.5.5.**<sup>111</sup> The issues regarding non-market participant system users that fail to perform their imbalance collateral obligations are regulated in ŞİD, DUP and / or STS, depending on their relevance.

## **8.6.**<sup>112</sup> (...)

### **9.6.**<sup>113</sup> Assets that can be accepted as collateral

**9.6.1.** Assets that can be accepted as collateral are as follows:

- a) Turkish Lira;
- b) Foreign currency (USD or EUR);
- c) Performance letters of guarantee issued for an indefinite term by banks operating in Turkey in TL or in foreign currency (US Dollars or EUR) and subject to banking regulations;
- ç) Performance letters of guarantee that are irrevocable and issued for an indefinite term in TL or foreign currency (USD or EUR) by banks subject to banking regulations on counter guarantee of foreign banks that are permitted to operate in Turkey according to banking regulations or by a bank or similar credit institutions that operates outside Turkey;
- d) Bearer government debt securities issued by the Undersecretariat of Treasury;
- e) Republic of Turkey Eurobonds issued by the Ministry of Treasury and Finance.

**9.6.2.**<sup>114</sup> For foreign currency cash collaterals and foreign exchange letters of guarantee, the Central Bank of the Republic of Turkey buying rate, for government bonds and treasury bills, indicative prices published by the Central Bank of the Republic of Turkey in the Official Gazette shall be taken as basis In the process of calculating TL equivalent of collaterals.

**9.6.3.**<sup>115</sup> The valuation coefficient shall be applied to securities accepted as collateral other than letters of guarantee and letters of guarantee in foreign currency. The valuation coefficient to be applied within the scope of this regulation shall be determined by the market operator upon recommendation of the central settlement institution, taking into account the valuation coefficients applied in similar markets, and shall be announced to the market participants via the STP.

**9.6.4.**<sup>116</sup> All costs related to the collaterals shall be borne by the relevant market participant.

## **10.**<sup>117</sup> Notices on Financial Matters, Invoicing and Default

### **10.1.**<sup>118</sup> Advance payment notices

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<sup>111</sup> Amended pursuant to the Decision of the Energy Market Regulatory Board dated 12/07/2018 and numbered 7954 published in the Official Gazette dated 17 July 2018 and numbered 30481.

<sup>112</sup> Repealed pursuant to the Decision of the Energy Market Regulatory Board dated 12/07/2018 and numbered 7954 published in the Official Gazette dated 17 July 2018 and numbered 30481.

<sup>113</sup> Amended pursuant to the Decision of the Energy Market Regulatory Board dated 12/07/2018 and numbered 7954 published in the Official Gazette dated 17 July 2018 and numbered 30481.

<sup>114</sup> Amended pursuant to the Decision of the Energy Market Regulatory Board dated 12/07/2018 and numbered 7954 published in the Official Gazette dated 17 July 2018 and numbered 30481.

<sup>115</sup> Amended pursuant to the Decision of the Energy Market Regulatory Board dated 12/07/2018 and numbered 7954 published in the Official Gazette dated 17 July 2018 and numbered 30481.

<sup>116</sup> Amended pursuant to the Decision of the Energy Market Regulatory Board dated 12/07/2018 and numbered 7954 published in the Official Gazette dated 17 July 2018 and numbered 30481.

<sup>117</sup> Inserted pursuant to the Decision of the Energy Market Regulatory Board dated 12/07/2018 and numbered 7954 published in the Official Gazette dated 17 July 2018 and numbered 30481.

<sup>118</sup> Inserted pursuant to the Decision of the Energy Market Regulatory Board dated 12/07/2018 and numbered 7954 published in the Official Gazette dated 17 July 2018 and numbered 30481.



**10.1.1.**<sup>119</sup> As a result of the settlement calculations, a daily advance payment notice of amounts to be paid to the Market Operator for each day of an invoice period or to be paid by the Market Operator to market participants regarding transactions carried out by market participants in each of daily and weekly products (weekday product, weekend product and weekly product) in the STP, shall be announced by the market operator to the central settlement institution and to the relevant market participants via the STP on a daily basis, within 1 (one) hour at the latest following the trading closing time of the daily product for the relevant gas day.

**10.1.2.** The advance payment notice announced by the Market Operator to the market participants and the central settlement institution shall include the following items:

a) Natural gas amount and receivable breakdown regarding the sales of the market participant in the STP;

b) Natural gas amount and debt breakdown regarding the purchases made by the market participant in the STP.

**10.2.1.**<sup>120121</sup> As a result of the settlement calculations, pre-settlement notice containing the amounts to be paid by the market participants/system users to the market operator for each invoice period or to the market participants/system users by the market operator, shall be announced to the relevant market participants/system users via STP on the 10th (tenth) day of the month following the billing period, if this day coincides with a public holiday, the first business day following the official holiday.

**10.2.2.**<sup>122</sup> The settlement notice which forms the basis of the invoice announced by the market operator to market participants/system users shall include the following items:

a) Natural gas amount and receivable breakdown regarding the sales of market participants in STP corresponding to the invoice period;

b) Natural gas amount and debt breakdown regarding the purchases made by the market participants in the STP corresponding to the invoice period;

c) The amount of debt to be accrued to the relevant shipper regarding the negative imbalances of a shipper for an invoice period;

d) The amount of receivables to be accrued to the relevant shipper regarding the positive imbalances of a shipper for an invoice period;

e) Transmission company additional balancer item;

f) The balance (BAST) item resulting from the settlement of imbalances;

g) Market operating fee to be accrued to the shippers regarding the organized wholesale natural gas sales market activities;

h) Amount of debt to be accrued to the relevant shipper for an invoice period regarding negative and positive imbalances in the point/regional product;

i) Exemption amount;

j) Uncollectible debt item;

k) Retrospective correction item;

l) Default fee items for advance and invoice payments;

m) Taxes and charges;

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<sup>119</sup> Amended pursuant to the Decision of the Energy Market Regulatory Board dated 23/01/2020 and numbered 9138 published in the Official Gazette dated 29 January 2020 and numbered 31023.

<sup>120</sup> Amended pursuant to the Decision of the Energy Market Regulatory Board dated 27/12/2018 and numbered 8294 published in the Official Gazette dated 29 December 2018 and numbered 30640.

<sup>121</sup> Effective date of this provision: 01/01/2019

<sup>122</sup> Amended pursuant to the Decision of the Energy Market Regulatory Board dated 23/01/2020 and numbered 9138 published in the Official Gazette dated 29 January 2020 and numbered 31023.

n) The amount of the Instruction issued within the scope of ŞİD.

**10.2.3.**<sup>123</sup> Invoice items in paragraphs a, b specified in Article 10.2.2 are calculated by the market operator within the scope of settlement of market transactions; and invoice items in paragraphs c, d, e, f, h, i, n within the scope of settlement of imbalances. On the other hand, the quantities and amounts of the items in paragraphs g, k, l, m are considered within the scope of market transactions settlement, and the volumes and amounts resulting from imbalance calculations within the scope of settlement of imbalances.

**10.2.4.**<sup>124125</sup> In order for the objections to material errors detected by the market participants/system users in the pre-settlement notices to be evaluated within the scope of the relevant invoice period, the objection to the pre-settlement notices must be made until 16:00 on the first business day following the publication of the notices. On the first business day following the day when the objections are made, the market operator shall evaluate the relevant objections until 16:00, and the settlement notice, which forms the basis of the invoice shall be published. If the objections cannot be resolved until 16:00, the process described in the Invoice Objection and Correction Procedures section is implemented. In the event that the objection is not found appropriate, the market participant/system user shall be informed within this period.

**10.3.1.** Market operator shall issue invoices in 7 (seven) days from the 12th (twelfth) day of the month in which the notices are made, according to the amounts included in the settlement notice, which forms the basis of the invoice. The publication date of the settlement, which forms the basis of the invoice shall be accepted as the invoice notice date for the invoice issued by the market operator.

**10.3.2.**<sup>126127</sup> On the day of the main settlement notice, the Market Operator shall notify the central settlement institution of the debt/receivable information based on the invoices issued for the relevant market activities of the participant.

**10.3.3.** The invoice regarding the transactions and imbalances of the market participants/system users in the STP shall be issued within 7 (seven) days from the date of publication of the settlement notice which forms the basis of the invoice and shall be sent by the market operator to the market participants/system users engaged in the relevant market activity. The publication date of the settlement which forms the basis of the invoice shall be accepted as the invoice notice date for the invoice issued by the market operator.

**10.3.4.** Market participants/system users to be paid shall send the invoice to the market operator, within seven days from the day of notice, comprising the amounts included in the settlement notice which forms the basis of the invoice.

**10.4.1.** Market participants/system users can object to invoices for the invoice period. Objections shall be made to the market operator in writing within 8 (eight) days from the date of notice of the invoice. It is mandatory to state the grounds for objection in objection applications.

**10.4.2.** The objection of market participants/system users to settlement notices or invoices does not eliminate their payment obligations.

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<sup>123</sup> Amended pursuant to the Decision of the Energy Market Regulatory Board dated 23/01/2020 and numbered 9138 published in the Official Gazette dated 29 January 2020 and numbered 31023.

<sup>124</sup> Amended pursuant to the Decision of the Energy Market Regulatory Board dated 27/12/2018 and numbered 8294 published in the Official Gazette dated 29 December 2018 and numbered 30640.

<sup>125</sup> Effective date of this provision: 01/01/2019

<sup>126</sup> Amended pursuant to the Decision of the Energy Market Regulatory Board dated 27/12/2018 and numbered 8294 published in the Official Gazette dated 29 December 2018 and numbered 30640.

<sup>127</sup> Effective date of this provision: 01/01/2019

**10.4.3.**<sup>128</sup> Errors shall be finalized by the market operator within 10 (ten) business days following the objection, and the results of the objection shall be notified to the market participant in writing or through the STP together with its reasons. If the objection is accepted or the market operator identifies a mistake made without an objection, the necessary correction shall be made.

**10.4.4.** A dispute regarding the result reached by the market operator shall be resolved within the framework of the STP Participation Agreement, if it relates to the market transactions of market participants; and within the framework of the DUP, if it is a dispute arising from the balancing transactions of system users.

**10.4.5.**<sup>129</sup> In the event that the objections made by market participants/system users to the settlement notices or invoices which form the basis of the invoice are accepted as a result of the evaluation made, the necessary corrections shall be made by the market operator. Following the conclusion of the objection, a notice containing the corrected values shall be served to the relevant market participants/system users by the market operator. As a result of the correction, the payment to be made to market participants/system users or to be made by market participants/system users shall be included under the retrospective correction item in the invoice notice for the third invoice period following the notice date of the invoice subject to objection at the latest.

**10.4.6.** Market participants/system users shall arrange their invoices according to the finalized settlement notice issued by the market operator. Invoices not issued according to this notice shall be returned to the relevant party and the invoice reissued by the market participant/system user shall be sent to the market operator.

## **10.5. Payments and collection**

**10.5.1.** Amounts included in the daily advance payment notices submitted to market participants by the market operator regarding market transactions shall be paid by the market participants to the account of the market operator at the central settlement institution via intermediary banks until 14:00 on the first business day after the notice.

**10.5.2.** Amounts included in the daily advance payment notice regarding market transactions shall be paid to the market participants by the market operator from the account of the market operator at the central settlement institution, via intermediary banks, until 17:00 at the latest on the first working day after the notice.

**10.5.3.** In the event that the advance payment notice and invoice payment days specified in the above articles and paragraphs coincide with weekends or public holidays, the notices shall be made on the first business day following these days. Payments shall be made on the first business day after the notice is made.

**10.5.4.** Receipts received electronically from the central settlement institution regarding advance payments made by the market operator and market participants shall serve as payment receipt and the portion of payment documented thereof shall be deemed in the relevant monthly invoice sent to the market participants or the market operator to have been paid in advance in relation to the settlement which forms the basis of the invoice. The receipt of the uncollected debts from other market participants/system users and paid by the market operator on behalf of the relevant market participant/system user shall not replace the payment receipt.

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<sup>128</sup> Amended pursuant to the Decision of the Energy Market Regulatory Board dated 10/09/2020 and numbered 9537 published in the Official Gazette dated 17 September 2020 and numbered 31247.

<sup>129</sup> Amended pursuant to the Decision of the Energy Market Regulatory Board dated 10/09/2020 and numbered 9537 published in the Official Gazette dated 17 September 2020 and numbered 31247.

**10.5.5.** The amount of invoices sent to market participants regarding the settlement which forms the basis of the invoice shall be paid to the account of the market operator at the central settlement institution by debtor market participants through intermediary banks on 4th (fourth) business day following the invoice notice date at the latest, after deducting advance payments related to market activities and any invoiced credit accrued on account of the same market participant.

**10.5.6.** The amount of invoices sent to the market operator by market participants/system users, the invoice amount issued to the market participants/system users by the market operator and the advances paid within the relevant settlement period shall be set off, and the amount remaining after deducting the advance default and invoice default amounts, are paid by the market operator to the creditor market participants/system users within the 5th (fifth) business day following the invoice notice date at the latest, according to the invoice notice date and order, from the account of the market operator in the central settlement bank via intermediary banks.

**10.5.7.** Market participants/system users shall work with a single intermediary bank for the advance and invoice payments to be made by the central settlement institution, and they can work with more than one bank regarding the payments to be made to the central settlement institution. Market participants/system users shall notify in writing to the central settlement institution the intermediary bank they will work with regarding the advance and invoice payments to be made by the central settlement institution. In the event that the market participants/system users change the bank in question, they shall again notify the central settlement institution.

**10.5.8.** In the event of unexpected malfunction of computer, software or technological infrastructure utilized by the central settlement institution and intermediary banks for collaterals and advance/invoice payments and it is understood that the processes to be completed in accordance with the PUE provisions cannot be completed within the specified period, the intermediary bank shall immediately inform the central settlement institution and the central settlement institution informs market operator. In this case, the Market Operator determines a new timeframe for the processes to be completed and shall inform the shippers about these changes via STP. The sanctions to be imposed on the parties in case the central settlement institution, intermediary banks and the market operator fail to fulfill their obligations regarding collateral and payment transactions shall be included in the agreements made between the related parties.

**10.5.9.** For both the creditor and the debtor market participants/system users regarding the relevant invoice period, the offsetting process between receivables and payables shall be automatically made following the publication of the settlement notice which forms the basis of the invoice and the notice of the receivable invoice to the market operator.

**10.5.10.** The central settlement institution shall notify the market participants/system users on a monthly basis about the service fees that the participants are required to pay regarding the collateral management and cash clearing services it offers. The service fees notified to the market participants/system users by the central settlement institution shall be paid to the central settlement institution within 4 (four) business days following the date of notice of this fee.

## **10.6. Failure to make advance payments**

**10.6.1.** In the event that the market participant fails to make the daily advance payment until 14:00 at the latest on the first business day following the day of the advance notice, the market participant shall be deemed to be in default.

**10.6.2.** In the event that the market participant has a cash collateral in TL that exceeds the transaction collateral amount to be submitted and the collateral amount exceeding the total amount

to be submitted and/or the money in the free current account of the market participant is adequate to cover the debt of the participant for the relevant advance payment notice, the debt of the participant shall be covered automatically from the cash collateral exceeding the transaction collateral amount required and the participant shall not default.

**10.6.3.** In the event that the market participant does not make the said advance payment until 14:00 at the latest and the relevant amount cannot be recovered from the cash collateral of the participant over the transaction collateral, the participant's collateral shall be off-set against its indebtedness without notice.

**10.6.4.** In the event that the market participant does not make the said advance payment within the mentioned time period and the relevant amount cannot be covered by the cash collateral over the transaction collateral of the participant, default interest shall accrue on the shortfall amount. The default interest rate applied to the participant is 50% (fifty percent) of the interest rate determined in accordance with Article 51 of the Law No. 6183 on Procedures for Collection of Public Receivables, for payments made after 14:00 on the business day following the day of the advance notice; and for payments made after 17:00, it is the interest rate determined according to the same article. The fees related to the default interest are specified as the late payment increase item in the related month's settlement notice and reflected on the invoice of the relevant market participant at the end of each month.

### **10.7. Failure to pay invoice**

**10.7.1.** If the market participants/system users do not pay their net debt arising from the invoice within four business days following the invoice notice date, a default interest shall apply to the amount payable. The default interest rate is the interest rate determined in accordance with Article 51 of the Law No. 6183 on Procedures for Collection of Public Receivables. The monthly totals of the default interest amounts calculated daily by the central settlement institution shall be accepted as the basis for the invoice. The fees related to the default interest shall be specified in the settlement notice of the relevant month as a late payment increase item and shall be reflected on the relevant market participant/system user's invoice at the end of each month.

**10.7.2.** In the event that there is a cash collateral in TL exceeding the invoiced transaction and imbalance collateral amount that the market participants/system users should offer and the amount of the collateral exceeding the total amount to be submitted or the money in the free current account of the market participants/system users is adequate to cover the debt of the market participants/system users regarding the relevant invoice notice, the debts of market participants/system users shall be covered automatically from the cash collateral exceeding the invoiced transaction and imbalance collateral amount they have to submit, and market participants/system users shall not default.

**10.7.3.** If the market operator does not pay the net receivable arising from the invoice within five business days following the invoice notice date, default interest shall apply to the amount payable. The default interest rate is the interest rate determined in accordance with Article 51 of the Law No. 6183 on Procedures for Collection of Public Receivables. The fees related to the default interest shall be specified in the settlement notice of the relevant month as a late payment increase item and shall be allocated on the invoice issued to the market operator at the end of each month.

**10.7.4.** The following actions are taken with respect to the market participant/system user who is in default, without prejudice to legal remedies:

a) The invoice transaction collateral submitted by the market participant shall be off-set against its indebtedness by the central settlement institution or the Market Operator for the amount of the defaulted debt regarding the VAT and PIÜ payments arising from the transactions carried out by the market participant in the STP within the relevant invoice period;

b) The imbalance collateral submitted by the market participant/system user shall be off-set against its indebtedness by the central settlement institution or the market operator for the amount of the defaulted debt regarding the payments arising from the imbalances of the market participants/system users within the relevant invoice period;

c) The participant shall be requested by the market operator to complete the invoice transaction and imbalance collateral amounts until 15:00 on the next business day by issuing a warning to the market participant/system user to complete the collateral used by the central settlement institution up to the up-to-date notice level of invoiced transaction and imbalance collateral amount until 15:45 on the fifth business day following the invoice notice date.

**10.7.5.** Despite the warning made under paragraph (c) of 10.7.4, in the event that the market participant/system user has not completed the invoice transaction and imbalance collateral until 15:00 on the 4th (fourth) business day after the default, the default interest for receivables that cannot be collected from the collateral amount shall continue to accrue for the said market participant / system user, and legal remedies shall be implemented for collection.

**10.7.6.** In the event that the market participant/system user has not completed the invoiced transaction and imbalance collateral until 15:00 on the 4th (fourth) business day after the default, the following measures shall apply in relation to the said shipper:

a) The transmission company shall be notified by the market operator in order to sanction the relevant market participants/system users in line with the provisions of ŞİD;

b) The Authority shall be promptly informed about the relevant shipper;

c) If requested, as of the last payment date of the following third invoice period, the part of the collateral amount exceeding all due debts shall be returned to market participants/system users. Subsequent objections of market participants/system users whose collateral has been returned shall not be evaluated;

d) As a result of the settlement of imbalances, the part of the accrued debt amount shall be allocated to the transmission company as an item of uncollected receivables;

e) Default interest shall continue to accrue for receivables that cannot be recovered from the collateral amount and legal remedies shall be implemented for collection.

**10.7.7.** Default interest shall not be applied to the market operator and market participant/system user, in the event of unexpected malfunction of computer, software or technological infrastructure used by the market operator and the central settlement institution within the specified timeframes of obligations regarding payments and collaterals, and the malfunctions related to the central settlement institution are reported to the market operator together with their valid reasons.

**10.7.8.** The minimum default base and default interest to be applied to market participants/system users shall be announced by the market operator via STP. No default penalty shall be applied to the amounts below the minimum default base.

## **10.8. Failure to make service commission payments to the central settlement institution**

**10.8.1.** The provisions to be applied in the event that the market participants/system users do not pay the monthly service commission within four business days following the date of notice,

shall be included in the central settlement institution-participant agreement to be made between the market participants/system users and the central settlement institution.

## **11.<sup>130</sup> Extraordinary Situations and Planned Maintenance**

### **11.1.<sup>131</sup> Extraordinary situations**

**11.1.1.** Situations that may result in an inability to place sufficient purchase and sale orders in the STP shall be considered as extraordinary situations.

**11.1.2.** In the event of extraordinary situations in the STP, the provisions of the Regulation and ŞİD shall be applied in respect of the use of the STP by the transmission company.

**11.1.3.** Without limitation, situations such as the following are considered unusual for purposes of this article:

- a) Occurrence of problems in the computer, software or other technological infrastructure used by the market operator in carrying out market activities, which would prevent the operations to be carried out in a healthy manner;
- b) Interruption of communication lines used by the market operator;
- c) Failure to access STP for any reason such as cyber attacks, technical malfunction;
- ç) Inability to use banking systems in the whole or a part of the country;
- d) Maintenance (excluding planned maintenance) in STP.

In these cases, access to STP is suspended within the framework of the provisions of the Regulation and these Procedures and Principles and the provisions of Article 5.3.2 are implemented.

**11.1.4.** The market operator and each market participant shall determine at least one person who can be contacted immediately in case of extraordinary situations within the scope of the provisions of this article, and the contact information of this person is shared at the STP participation agreement stage.

### **11.2.<sup>132</sup> Planned maintenance**

**11.2.1.** In the event that the STP cannot be used as a result of the planned maintenance and update process to be carried out in the electronic systems of the central settlement institution, which will affect the STP and/or the STP's operation, the market operator shall notify the market participants about the planned maintenance period at least 7 (seven) days before the start of the planned maintenance through the communication channels specified in these Procedures and Principles.

**11.2.2.** The market operator shall make all reasonable efforts to make the planned maintenance and updates of the STP at times when it anticipates that the effect on the OTSP will be negligible and shall ensure that the central settlement institution acts in the same manner.

**11.2.3.** These issues shall also be included in the central settlement institution agreement.

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<sup>130</sup> Amended pursuant to the Decision of the Energy Market Regulatory Board dated 12/07/2018 and numbered 7954 published in the Official Gazette dated 17 July 2018 and numbered 30481.

<sup>131</sup> Amended pursuant to the Decision of the Energy Market Regulatory Board dated 12/07/2018 and numbered 7954 published in the Official Gazette dated 17 July 2018 and numbered 30481.

<sup>132</sup> Amended pursuant to the Decision of the Energy Market Regulatory Board dated 12/07/2018 and numbered 7954 published in the Official Gazette dated 17 July 2018 and numbered 30481.

## **12.<sup>133</sup> Transparency, Information, Documents, Reports and Statistics to be Published**

**12.1.** Without limitation, the market operator shall carry out the following activities regarding data publishing, reporting and information sharing:

- a) Preparing and publishing the reports to be requested by the Authority regarding the OTSP;
- b) Forwarding to the transmission company the information required within the framework of the provisions of the market delivery agreement and ŞİD regarding the OTSP;
- c) Instantly announcing the information on OTSP and market prices;
- ç) Publishing the GRF in the STP on a daily basis;
- d) Publishing of the information, documents and reports sent by the transmission company to be announced to market participants within the scope of the Regulation;
- e) Publishing statistics regarding transactions performed in OTSP;
- f) Sharing the volume and price information of finalized matches with all market participants, provided that participant identities are kept confidential;
- g) The publication of DGAF and DGSE, which will be reflected to the shippers who are notified by the transmission company and cause imbalance in the transmission system.

**12.2.** The market operator is responsible for ensuring the confidentiality of the information and documents provided by market participants and/or within the framework of the market operation activities it carries out, except for the issues stipulated in the relevant legislation regarding the transparency of market operation activities, and is obliged to take the required measures.

## **13.<sup>134</sup> Dispute Resolution**

### **13.1.<sup>135</sup> Disputes regarding market transactions**

**13.1.1.** Provisions regarding settlement of disputes that may arise between market participants and the market operator shall be included in the STP participation agreement.

**13.1.2.** The Board is authorized to settle the disputes between the applicants whose demand for access to the market is rejected and the market operator or market participants whose access to the market is suspended and the market operator and disputes arising from other practices of the market operator regarding the partial or complete suspension of market access. Judicial remedy is available against Board Decisions.

### **13.2.<sup>136</sup> Other disputes**

**13.2.1.** Disputes that may arise between the transmission company and the market operator, including actions to be carried out by the market operator regarding the settlement of imbalances in the transmission network on behalf of the transmission company, shall be resolved within the framework of the provisions of the market delivery agreement.

**13.2.2.** ŞİD and STS provisions are reserved in terms of disputes that may arise between system users and the transmission company.

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<sup>133</sup> Amended pursuant to the Decision of the Energy Market Regulatory Board dated 12/07/2018 and numbered 7954 published in the Official Gazette dated 17 July 2018 and numbered 30481.

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<sup>135</sup> Amended pursuant to the Decision of the Energy Market Regulatory Board dated 12/07/2018 and numbered 7954 published in the Official Gazette dated 17 July 2018 and numbered 30481.

<sup>136</sup> Amended pursuant to the Decision of the Energy Market Regulatory Board dated 12/07/2018 and numbered 7954 published in the Official Gazette dated 17 July 2018 and numbered 30481.



**13.2.3.** In cases where the objections of system users regarding the settlement of imbalances cannot be resolved by the market operator, the resolution procedure to be applied for the settlement of the disputes shall be included in the DUP.

## **14.<sup>137</sup> Amendments**

**14.1.** Except for issues stated to be determined by individual Board Decision within the these Procedures and Principles, amendments shall be made within the framework of the following procedures and principles.

**14.1.1.** The market operator, market participants and other interested parties can propose amendments to these Principles and Procedures until August 15<sup>th</sup> of each year.

**14.1.2.** In the event that the market operator requests an amendment in these Principles and Procedures, the market operator shall submit the amendment proposals to the Authority through announcement to be made on the website together with opinions of the relevant parties on the amendments requested.

**14.1.3.** In the event that third parties request changes in these Principles and Procedures, the opinion of the market operator shall be taken regarding the amendment proposals received by the Authority.

**14.1.4.** The Authority, if deemed necessary, can amend the regulations by obtaining the opinion of the relevant persons operating in the market.

**14.1.5.** These Procedures and Principles cannot be amended without a Board Decision.

## **15.<sup>138</sup> Communication and Notices**

**15.1.** The notices to be made by the market operator within the scope of these Procedures and Principles will be made through the STP and notices shall be made via e-mail and/or SMS on the subjects specified in the relevant agreements. In cases where the STP cannot be used due to maintenance, malfunction and other reasons, required notices can be made by using at least one of the means of e-mail, fax, telephone or SMS.

**15.2.** Any communication, claim, request, notice or invoice that is not envisaged to be made through STP in these Procedures and Principles and in the mentioned agreements shall be in writing. As soon as it is sent via e-mail to the KEP address of the other party specified in the agreement, it shall be deemed to have been duly notified.

**15.3.<sup>139</sup>** The contact information of the market operator is as follows:

Energy Markets Operator Company of Turkey (EPİAŞ)

Address: Maslak Mahallesi Taşyoncası Sokak No:1 /F F2 Blok 34485  
Sarıyer/İstanbul/Türkiye

Phone: 0 (212) 264 15 70-71

Fax: 0 (212) 269 01 12-13

KEP address: [enerjipiyasalari@hs01.kep.tr](mailto:enerjipiyasalari@hs01.kep.tr)

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<sup>137</sup> Amended pursuant to the Decision of the Energy Market Regulatory Board dated 12/07/2018 and numbered 7954 published in the Official Gazette dated 17 July 2018 and numbered 30481.

<sup>138</sup> Amended pursuant to the Decision of the Energy Market Regulatory Board dated 12/07/2018 and numbered 7954 published in the Official Gazette dated 17 July 2018 and numbered 30481.

<sup>139</sup> Amended pursuant to the Decision of the Energy Market Regulatory Board dated 10/09/2020 and numbered 9537 published in the Official Gazette dated 17 September 2020 and numbered 31247.

**15.4.** All records (including corrected ones) in the STP and information regarding all transactions made by the parties shall be kept by the market operator for at least 10 (ten) years.

## **16.<sup>140</sup> Other Provisions and Provisional Clauses**

### **16.1.<sup>141</sup> Contractual issues**

**16.1.1.** Without prejudice to the provisions of the Regulation and these Procedures and Principles; in addition to the issues stipulated to be included in the STP participation agreement in these regulations, the provisions regarding other rights and obligations of the parties, invoices, payments, non-payment, objections shall be also included in the STP participation agreement. The STP participation agreement that all market participants are obliged to sign shall be published on the website of the market operator.

**16.1.2.** Without prejudice to the provisions of the Regulation and these Procedures and Principles; in these regulations, in addition to the issues stipulated to be included in the central settlement institution-participation agreement, the provisions regarding collateral management, cash clearing service, service fee shall be also included in the central settlement institution-participation agreement. The central settlement institution-participation agreement that all market participants are obliged to sign shall be published on the website of the market operator.

**16.1.3.** Without prejudice to the provisions of the Regulation and these Procedures and Principles; in these regulations, in addition to the issues stipulated to be included in the central settlement institution agreement, the provisions regarding the duties and responsibilities regarding collateral management and payments of the parties shall be also included in the central settlement institution agreement.

**16.1.4.** Without prejudice to the provisions of the Regulation, these Procedures and Principles, ŞİD and applicable law; in these regulations in addition to the issues stipulated to be included in the market delivery contract, the rights and obligations of the parties regarding the OTSP, provisions regarding data sharing, coordination and communication shall be included in the market delivery contract.

**16.2.** Procedures and principles regarding the determination of PİÜ and DİÜ and collection from Market Participants/System Users shall be regulated by Board Decision.

**16.3.** The transfer of receivables and rights arising within the scope of these Procedures and Principles can be carried out under the conditions previously determined and announced by the market operator within the current legislation.

### **16.4. Testing the STP, virtual implementation and OTSP's start of operation**

16.4.1. OTSP shall go into operation at 08:00 on 1/4/2018.

16.4.2. After the completion of the STP's test works, a virtual implementation shall be carried out in the STP for at least 4 (four) months before the OTSP starts its operation, without any obligation to pay the market participants, including any delivery, invoicing and PİÜ. The functioning of the OTSP in the virtual application shall be analyzed in terms of seasonality and openness to manipulation based on the scenarios to be created.

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<sup>140</sup> Amended pursuant to the Decision of the Energy Market Regulatory Board dated 12/07/2018 and numbered 7954 published in the Official Gazette dated 17 July 2018 and numbered 30481.

<sup>141</sup> Amended pursuant to the Decision of the Energy Market Regulatory Board dated 12/07/2018 and numbered 7954 published in the Official Gazette dated 17 July 2018 and numbered 30481.

16.5. An amendment can be made *ex officio*, if deemed necessary by the Board regarding the periods specified in Chapters 8, 9 and 10 of these Procedures and Principles.

**Provisional Article 1<sup>142</sup> – (...)**

**Provisional Article 2<sup>143</sup> – (...)**

## **17.<sup>144</sup> Enforcement and Execution**

The provisions regarding weekday products, weekend products and weekly products of the amendments made by the Decision dated 23/01/2020 and numbered 9138 of of the Energy Market Regulatory Board dated 29.01.2020 and numbered 31023, enter into force on 1/6/2020.

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<sup>142</sup> Repealed pursuant to the Decision of the Energy Market Regulatory Board dated 10/09/2020 and numbered 9537 published in the Official Gazette dated 17 September 2020 and numbered 31247.

<sup>143</sup> Repealed pursuant to the Decision of the Energy Market Regulatory Board dated 23/01/2020 and numbered 9138 published in the Official Gazette dated 29 January 2020 and numbered 31023.

<sup>144</sup> Amended pursuant to the Decision of the Energy Market Regulatory Board dated 12/07/2018 and numbered 7954 published in the Official Gazette dated 17 July 2018 and numbered 30481.