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Official Gazette dated 31/03/2017, numbered 30024

ORGANIZED WHOLESALE NATURAL GAS MARKET REGULATION

CHAPTER ONE

Purpose, Scope, Legal Basis and Definitions

Purpose and scope

ARTICLE 1 - (1) The purpose of this Regulation is to ensure that natural gas is priced under objective and transparent conditions in the market.

(2) This Regulation covers the procedures and principles regarding the organized natural gas wholesale market that allows market participants to trade and/or eliminate the imbalances in the transmission system.

Legal basis

ARTICLE 2 - (1) This Regulation has been prepared pursuant to Additional Article 2 of the Law on the Organization and Duties of the Energy Market Regulatory Authority dated 20/02/2001 and numbered 4628, Article 4 of the Natural Gas Market Law (Law on Amendment of the Electricity Market Law and the Natural Gas Market) dated 18/4/2001 and numbered 4646 and Article 11 of the Electricity Market Law dated 14/03/2013 and numbered 6446.

Definitions

ARTICLE 3 - (1)¹ The following definitions shall apply in the implementation of this Regulation:

- a) Exit point: The point where natural gas exits the transmission network and is received from the transmission company;
- b) Balancing gas purchase price (DGAF): Balancing gas purchase price determined in accordance with the ŞİD;
- c) Balancing gas sale price (DGSF): Balancing gas sale price determined in accordance with the ŞİD;
- ç) 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;
- d) 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;
- e) Match: Matching of congruent purchase and sell side offers made in the organized natural gas wholesale market;
- f) Gas day (G): 24-hour time period that starts at 08:00 and ends at 08:00 the following day;
- g) 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;

¹ Amended pursuant to the Regulation published in the Official Gazette dated 12 January 2021 and numbered 31362.

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

h) Daily Indicative Price (GGF): The price determined within the framework of the principles set forth under the VGPUE for each contract opened to transaction by the market operator;

ı) Daily reference price (GRF): Daily natural gas price(s) calculated within the framework of the principles set forth under the PUE, based on the prices of the finalized matches and the delivery date;

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

j) Additional balancer: The 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 the ŞİD;

k) Additional balancer price (İDF): The price formed in accordance with the rules set forth under the ŞİD when the transmission company conducts a transaction in the STP as an additional balancer;

l) Principles regarding the Operating Regulations of the Transmission Network (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;

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

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

o) Transmission company: the legal entity performing transmission activity through pipelines;

ö) 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;

p) Law: The Natural Gas Market Law dated 18/4/2001 and numbered 4646 (Law on Amendment of the Electricity Market Law and the Natural Gas Market);

r) Finalized match: The qualification of offers made in the organized natural gas wholesale market when they are approved by the market operator within the framework of this Regulation, the PUE and the VGPUE;

s) 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;

ş) Contract: A contract that imposes an obligation to purchase or sell natural gas in a certain delivery period within the scope of the PUE and the VGPUE;

t) Board: Energy Market Regulatory Board;

u) Authority: Energy Market Regulatory Authority;

ü) 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;

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

y) Central settlement institution-participant agreement: The agreement executed between the market participants and the central settlement institution regarding collateral management and cash clearing services that is prepared by the central settlement institution and approved by the market operator;

z) Extraordinary situation: Extraordinary situations that adversely affect the operation of the organized natural gas wholesale market;

aa) Organized natural gas wholesale market (OTSP): The markets where natural gas purchase, sale and balancing transactions are carried out by license holders benefiting from the natural gas system, natural gas markets requiring future physical delivery and the market regulated by the Board where other natural gas market transactions, which are designated by the Board are carried out;

bb) Market transaction: Commercial transactions carried out in the organized natural gas wholesale market;

cc) Settlement of market transactions: Determination of the receivables and debts accrued on account of each market participant as a result of the transactions conducted with respect to each gas day in the STP, calculation of the related receivables and debts, and preparation of the relevant notifications;

çç) Market Operating Procedures and Principles (PUE): Principles and procedures regarding the operation of the organized natural gas wholesale market in accordance with this Regulation and the applicable legislation;

dd) Market operator: Energy Markets Operator Company of Turkey that established the STP and operates the same as a central counterparty and holds a market operating license;

ee) Market operator contribution for default management: The amount that the market operator undertakes to pay at the market operating income ceiling in case of default of the participants in the natural gas futures market, which the market operator operates or conducts the financial settlement transactions thereof, and where it serves as a central counterparty;

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

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

ğğ) Market delivery agreement: The agreement executed between the transmission company and the market operator;

hh) Session: The time period during which contracts are open for purchase and sale transactions in the VGP;

ıı) System: The facilities and equipment established to fulfill natural gas production, transmission, storage and distribution functions;

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

jj) Spot Natural Gas Market (SGP): The natural gas market operated by the market operator within the scope of this Regulation and the PUE that imposes a physical delivery obligation on market participants;

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

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

mm) Continuous trade: A trading method in which offers that are congruent in terms of price and quantity are immediately matched with one another;

nn) Continuous trade platform (STP): An electronically operated trading platform established by the market operator for the organized natural gas wholesale market within the framework of this Regulation;

oo) Demand-side participation: Transactions for submission of offers for transmission network exit points to reduce/increase natural gas withdrawal through licensed market participants that are entitled to engage in natural gas wholesale activities within the framework of this Regulation;

öö) Shipper: Supplier and export company that has executed an STS with the transmission company;

pp) Supplier: Import companies, wholesale companies and production companies that sell natural gas to eligible consumers, wholesale companies, import companies, export companies, CNG distribution, transmission and sales companies and distribution companies;

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

ss) Order point: The physical or virtual entry point subject to the orders submitted by market participants on the STP in accordance with the PUE;

şş) Default: Failure to fulfill in due time obligations arising out of the transactions performed in the markets operated by the market operator or in the markets where financial settlement and other financial transactions are carried out by the market operator;

tt) Default collateral account: The account held with the central settlement institution and the market operator, apart from collaterals and comprises contributions of market participants, aimed to be used if and when the market participants do not fulfill their obligations arising under the natural gas futures market with physical delivery;

uu) Delivery point: The point where natural gas is delivered;

üü) Delivery period: The period in which the required natural gas delivery under STP transactions is performed within the framework of the principles set forth under the PUE and VGPUE;

vv) Trade opening time: The time set forth under the PUE when submission of offers for the relevant gas day begin;

yy) Trading timeframe: The timeframe set forth under the PUE that starts from the trade opening time and ends at the trade closing time, during which market participants can perform market transactions;

zz) Trade closing time: The time set forth under the PUE when the submission of offers for the relevant gas day end;

aaa) Product: Types of transactions that include the contract types set forth under the VGPUE, that are developed by the market operator within the framework of the principles set forth under the PUE and the VGPUE;

bbb) Natural Gas Futures Market (VGP): The natural gas futures market that imposes a physical delivery obligation on market participants and is operated by the market operator within the scope of this Regulation and the VGPUE;

ccc) Natural Gas Futures Market Operating Procedures and Principles (VGPUE): The procedures and principles regarding the operating of the natural gas futures market with physical delivery in accordance with this Regulation and the applicable legislation;

ççç) VGP participation agreement: The agreement executed between the license holders who participate in the STP to perform transactions in the VGP and the market operator, which is prepared within the framework of the principles set forth under this Regulation;

(2) Concepts and abbreviations that are not defined but mentioned under this Regulation, shall have the meaning and scope attributed to them under the applicable legislation.

CHAPTER TWO

General Principles, Parties, Duties, Powers and Obligations of the Parties

General principles regarding the organized wholesale natural gas market

ARTICLE 4 – (1) The organized natural gas wholesale market operated by the market operator authorized by the Board in accordance with the eighth paragraph of Article 11 of the Electricity Market Law numbered 6446, allows market participants to trade within the framework of the terms set forth in this Regulation.

(2) Organized natural gas wholesale market transactions shall be carried out through the STP and on a continuous trading basis.

(3) The market operator shall carry out organized wholesale natural gas market activities by ensuring all coordination and communication with the transmission company.

(4) Organized wholesale natural gas market shall be operated in accordance with the following general principles in order to ensure supply-demand balance and/or to be able to trade natural gas:

a) Offers submitted through the STP shall be evaluated without discrimination among market participants.

b) Organized natural gas wholesale market activities shall be carried out in accordance with the principles of transparency and responsibility.

c) In the STP, market participants shall be obliged to meet the quantity and price terms set forth under their purchase and/or sell side orders.

(5)² The organized natural gas wholesale market mainly fulfills the following functions:

a) Providing market participants with the opportunity to manage their contractual obligations within the timeframes set forth under the PUE and the VGPUE.

b) Helping reduce the daily amount of imbalance in the transmission system and providing the transmission company with a balanced system in the day ahead insofar as possible.

c) Providing an opportunity to protect against the risk of price fluctuations and to enable monitoring of price forecasts through the natural gas futures market.

ç) Providing market participants with the opportunity to purchase and sell natural gas in addition to their bilateral agreements.

General principles regarding the transmission system

ARTICLE 5 - (1) The transmission company shall be responsible for ensuring the physical balance in the transmission system, within the framework of its rights and obligations set forth under the ŞİD.

² Amended pursuant to the Regulation published in the Official Gazette dated 12 January 2021 and numbered 31362.

(2) Market transactions performed by market participants through the STP shall not remove their liabilities arising out of the ŞİD and the applicable legislation.

(3) The finalized transactions in the STP shall create a physical delivery obligation in the transmission system and/or an obligation to transfer ownership of natural gas on the part of the market participants.

(4) Settlement of imbalances shall be conducted by the market operator on behalf of the transmission company in line with the allocation data transferred to the market operator by the transmission company.

General principles regarding market transactions, settlement of market transactions and imbalances

ARTICLE 6³ – (1) Matches resulting from the offers submitted by market participants through the STP shall qualify as a finalized match when approved by the market operator within the framework of this Regulation, the PUE and the VGPUE.

(2) Finalized set-off amounts shall be formed after the amounts subject to finalized matches are off-set in respect of the relevant transactions,

(3) The finalized set-off amounts shall be conveyed to the transmission company by the market operator, on behalf and account of market participants that act in the capacity of shipper, in the form of a notification on shipment volume or notification on amendment of shipment volume, in accordance with the time periods and terms set forth under the ŞİD.

(4) Settlement of market transactions shall be conducted by the market operator monthly, on a gas day basis and in consideration of the finalized set-off amounts.

(5) Procedures as to settlement of market transactions shall be carried out by the market operator in the capacity of central counter-party, whereby it acts as the seller against a buyer and acts as the buyer against a seller, in a quick, reliable and transparent manner and in accordance with the following general principles:

a) Market transactions carried out for a gas day within the trading timeframe in accordance with this Regulation shall be settled on the basis of the said gas day. The market operator shall carry out the procedures as to preparation of invoices and conduct of the necessary collection and payment transactions.

b) The market operator shall carry out the calculation, implementation and custody of collaterals in order to manage the risks of the participants of the organized wholesale natural gas market, where it conducts the settlement of market transactions, within the framework of the terms set forth under this Regulation, the PUE and the VGPUE.

c) The match price under the finalized market transaction shall be taken as the basis for settlement of each natural gas purchase and sale carried out through the STP. Natural gas purchases and sales carried out through the STP shall be binding on the parties.

ç) As for calculations pertaining to settlement of market transactions carried out for a gas day, only the values pertaining to the transactions carried out within the trading timeframe for the said gas day shall be taken into consideration, whereby the values pertaining to a given trading timeframe cannot be transferred to a different trading timeframe.

(6) The market operator shall carry out the settlement of imbalances in the transmission system of the shippers on behalf of the transmission company at the end of month, on a daily basis, within the framework of the terms set forth under the ŞİD, the PUE and the VGPUE.

³ Amended pursuant to the Regulation published in the Official Gazette dated 12 January 2021 and numbered 31362.

(7) The settlement of imbalances shall be carried out by the market operator on behalf of the transmission company in a quick, reliable and transparent manner and in accordance with the following general principles:

a) The settlement of imbalances shall be carried out by the market operator on a gas day basis, based on the allocation amounts of all system users for one gas day, as designated by the transmission company. The market operator shall carry out on behalf of the transmission company the procedures regarding the preparation of invoices and conduct of the necessary collection and payment transactions, as well as calculation, implementation and custody of collaterals pertaining to said transactions in order to ensure management of the risks of the shippers, within the framework of the terms set forth under this Regulation, the ŞİD, the PUE and the VGPUE, by performing the settlement of imbalances.

b) The accounts for settlement of imbalances and the accounts for settlement of market transactions shall be kept separately by the market operator.

c) Excluding cases of erroneous reading or where no data is received as set forth under the ŞİD, as for calculations pertaining to settlement of imbalances for a gas day, only the values pertaining to the said gas day shall be taken into consideration, whereby the values pertaining to a given gas day cannot be transferred to a different gas day.

(8) The natural gas futures market shall be operated by the market operator in accordance with the following general principles and within the scope of the provisions of this Regulation, the VGPUE and other applicable legislation:

a) Offers submitted through VGP shall be evaluated without discrimination among market participants.

b) Market transactions shall be carried out through the STP and on a continuous trading basis throughout the session.

c) The match price formed after each finalized match shall be used for settlement of market transactions.

ç) Activities shall be carried out in accordance with the principles of transparency and responsibility.

(9) Invoicing of transactions conducted through the STP, imbalances and other items subject to invoice, as well as notification of invoices to relevant parties shall be carried out by the market operator within the framework of the relevant provisions of the PUE and the VGPUE.

Market participants

ARTICLE 7 – (1) Market participants shall comprise of:

- a) Wholesale license holder,
- b) Import license holder,
- c) Export license holder

legal entities that have executed an STS and an STP participation agreement for the gas year during which they intend to operate in the organized natural gas wholesale market. A transmission license holder shall act in the capacity of a market participant within the framework of the principles set forth under this Regulation and the ŞİD, only as an additional balancer and subject to other conditions set forth under ŞİD.

(2)⁴ Market participants intending to operate in the natural gas futures market shall execute a VGP participation agreement in addition to STS and STP participation agreements. VGP participation agreement shall be valid for the term of the STP participation agreement.

⁴ Inserted pursuant to the Regulation published in the Official Gazette dated 12 January 2021 and numbered 31362.

Obligations of market participants

ARTICLE 8 – (1)⁵ In STP and VGP participation agreements, the market participants shall allow the market operator to submit a notification on transport amount or notification on amendment of transport amount in the transmission network on behalf and account of the relevant market participant as described under the ŞİD, with respect to the finalized set-off amount resulting from the transactions they carried out through the STP.

(2)⁶ Each market participant shall appoint the market operator as an intermediary in accordance with the STP and VGP participation agreement in order to ensure settlement of market transactions.

(3) Market participants are obliged to make capacity reservations within the scope of ŞİD at the entry and exit points of the transmission system that are subject to the offers they submitted through the STP.

(4) Market participants agree that they shall bear the costs accruing due to exceeding of capacity at the entry and exit points in which they have capacity, in accordance with the ŞİD.

(5) Market participants shall be obliged to carry out their activities within the framework of the provisions of this Regulation and the applicable legislation in a way that does not harm the organized natural gas wholesale market and/or system operation, and does not remove their obligations arising under the applicable legislation.

(6) Market participants shall be obliged to ensure equilibrium, by taking into consideration the STP transactions for the total amount of natural gas they will deliver at the entry points of the transmission system and the total amount of natural gas they will draw from the exit points of the transmission system for each gas day defined under the ŞİD.

(7) Market participants undertake to bear the financial liabilities arising out of the relevant market transactions towards the market operator.

(8) Market participants shall deliver or receive the finalized set-off amounts resulting from the offers they submitted through the STP in accordance with the provisions set forth under the delivery terms of the offer.

(9) Market participants shall make the necessary payments arising out of all payment notices and invoices received from the market operator fully and in due time.

(10) Market participants shall provide the necessary information to the transmission company for it to notify the Authority of deviations relating to the balance obligation.

Obligations of the market operator

ARTICLE 9 – (1) The market operator shall operate the organized natural gas wholesale market and publish data in accordance with the principles of transparency and responsibility, without discrimination among equal parties.

(2) The market operator shall assume against market participants, the financial liabilities arising out of relevant market transactions.

(3)⁷ The market operator shall carry out the following activities with respect to operation of the organized natural gas wholesale market:

a) Establish and operate the STP in accordance with the provisions of this Regulation and the applicable legislation.

⁵ Amended pursuant to the Regulation published in the Official Gazette dated 12 January 2021 and numbered 31362.

⁶ Amended pursuant to the Regulation published in the Official Gazette dated 12 January 2021 and numbered 31362.

⁷ Amended pursuant to the Regulation published in the Official Gazette dated 12 January 2021 and numbered 31362.

b) Prepare and submit the PUE and the VGPUE to the Board for approval, which includes detailed regulations on the implementation of the general principles set forth under this Regulation with respect to the organized natural gas wholesale market.

c) Develop products to be traded in the STP in accordance with the needs of the market and the system.

ç) Cooperate with the transmission company to ensure coordinated and efficient use of the transmission system and the STP.

d) Adopt decisions and submit suggestions and/or proposals to relevant institutions and organizations with respect to the operation of the organized natural gas wholesale market within the framework of the powers and responsibilities set forth under the PUE and the VGPUE.

e) Establish and manage a default collateral account for the natural gas futures market.

f) Fulfill other duties set forth under the applicable legislation.

(4)⁸ As for publication and reporting of data, the market operator shall prepare and publish the information, documents, reports and statistics designated under the PUE and the VGPUE, as well as any information and reports requested by the Authority.

(5) With the exception of the transmission company entering the STP as an additional balancer, the identity of market participants shall not be disclosed to other market participants at any time before or after the acceptance of their anonymous offers. However, once the transactions are finalized, the identities of transacting market participants shall be shared with the transmission company along with the relevant transaction information.

(6) Except for matters that are required to be published as per the applicable legislation to ensure transparency of market operating activities, the market operator shall be responsible for ensuring the confidentiality of the information and documents provided by market participants and/or information and documents it retains within the framework of its market operating activities, as well as for taking the necessary measures in this respect.

(7)⁹ The market operator shall execute a market delivery agreement with the transmission company that regulates the rights and obligations set forth under this Regulation, the PUE and the VGPUE. In the said agreement, other matters set forth under the applicable legislation shall also be taken into consideration and any provision that prevents or disrupts the functioning of the system and STP shall be excluded.

Obligations of the transmission company

ARTICLE 10¹⁰ – (1) The transmission company shall carry out the activities outlined below within the framework of the principles of transparency and responsibility, and without discrimination among equal parties.

a) Make and publish on the EBT daily demand and transmission network stock estimations within the framework of the programs delivered to it prior to the gas day, and submit the same to the market operator in order to be announced on the STP.

b) Prepare and publish a 10 (ten) year natural gas transmission capacity projection report on an annual basis until the end of June of each year.

c) Ensure that the transmission network stock is maintained at the required level to procure safe, efficient and economical transmission of natural gas.

⁸ Amended pursuant to the Regulation published in the Official Gazette dated 12 January 2021 and numbered 31362.

⁹ Amended pursuant to the Regulation published in the Official Gazette dated 12 January 2021 and numbered 31362.

¹⁰ Amended pursuant to the Regulation published in the Official Gazette dated 12 January 2021 and numbered 31362.

ç) Ensure the physical balance of the transmission system through transactions carried out within the framework of the provisions of this Regulation, the Natural Gas Market Transmission Network Operation Regulation and the ŞİD.

d) Carry out market transactions to ensure the physical balance of the transmission network by entering the organized natural gas wholesale market as an additional balancer within the framework of provisions of the ŞİD.

e) Enter the STP due to other circumstances set forth under the ŞİD, other than entering the STP as an additional balancer.

f) Notify the market operator of the information required for the settlement of market transactions and imbalances at the time and in the manner set forth under the PUE and the VGPE.

g) Publish on the EBT the pressure and quantity values based on the designated regions in the transmission system and to submit the same to the market operator in order to be announced on the STP.

ğ) Instantly notify the market operator of any issues that may affect the natural gas flow in the transmission system, which it is obliged to notify system users within the scope of the ŞİD.

h) Cooperate with the market operator to ensure coordinated and efficient use of the STP within the transmission network operation.

ı) Take the necessary measures to ensure confidentiality of the information and documents provided by market participants and/or information and documents it retains within the framework of its transmission activities, except for matters required to be published per the applicable legislation to ensure transparency of the transmission activities.

i) Fulfill other duties set forth under the applicable legislation.

(2) The transmission company shall execute a market delivery agreement with the market operator that regulates its rights and obligations within the scope of this Regulation, the PUE and the VGPE.

Conditions regarding the entry of the transmission company to the STP

ARTICLE 11 – (1) The transmission company may purchase and sell natural gas through the STP as an additional balancer only and in accordance with the other conditions set forth under the ŞİD, in case events subject to the justification codes set forth under the ŞİD occur.

(2) The transmission company shall enter the STP firstly to ensure the physical balance of the transmission network in accordance with the ŞİD. However, the transmission company may opt to use non-market-based methods, taking into consideration the transmission network stock, imbalance of the shippers and the volume level at the STP.

(3) In the event that the transmission company enters the STP as an additional balancer subject to the conditions on entry to the STP, regulations regarding the calculation of İDF and non-market-based methods that the transmission company may adopt to ensure the physical balance of the transmission network shall be set forth under the ŞİD.

(4) When the transmission company uses the STP as an additional balancer, it shall have the same rights and obligations as other market participants, except for the cases set forth under the PUE and the ŞİD.

CHAPTER THREE

Market Transactions, Collaterals, Default Collateral Account, Invoice and Payments, Extraordinary Situations, Market Operating Procedures and Principles¹¹

¹¹ Amended pursuant to the Regulation published in the Official Gazette dated 12 January 2021 and numbered 31362.

Conditions for joining the organized natural gas wholesale market

ARTICLE 12 – (1) System users shall qualify as market participants, provided that they meet all of the following conditions:

- a) Having an STS in place with the transmission company for the relevant gas year,
 - b) Executing an STP participation agreement with the market operator,
 - c) Having executed a central settlement institution-participant agreement with the central settlement institution,
 - ç) Fulfilling the collateral conditions envisaged by the market operator and central settlement institution,
 - d) Certifying that it and/or its direct or indirect shareholders have performed their obligations towards the market operator, the transmission company and the central settlement institution arising out of the applicable legislation and agreements with respect to the previous gas year in full,
 - e) Having appointed the market operator as intermediary in order for the settlement procedures as to the EBT and market transactions to be conducted following the acceptance of offers submitted through the STP as a result of matching,
 - f) Having fulfilled the software requirements set forth under PUE,
 - g) Fulfilling other conditions set forth under this Regulation and the PUE.
- (2)¹² System users who earn market participant status upon fulfilling the conditions set forth under the first paragraph, shall be entitled to operate in the VGP, provided that they execute a VGP participation agreement and fulfill other conditions set forth under VGPUE.

Suspension of access to the market

ARTICLE 13¹³ – (1) In the following events, the market operator may suspend the relevant market participant's access to the STP and/or its transactions that may create rights and obligations within this scope, in accordance with the STP participation agreement and/or the VGP participation agreement:

- a) Failure to remedy the transactions performed in breach of the PUE and the VGPUE within the specified period, despite written notice,
- b) Failure to pay the amounts and fees and/or fulfill the obligations related to market operating,
- c) Failure to fulfill the collateral obligations set forth under PUE and VGPUE,
- ç) Loss of any of the market participation conditions,
- d) Existence of any legal requirement, judicial order, governmental decree, measures or restrictions implemented by a decision of a competent institution or authority that may affect the functioning of the organized natural gas wholesale market.

(2) In the following events, the market operator may fully or partially suspend all market participants' access to the STP within the framework of the terms set forth under the PUE and the VGPUE:

- a) Extraordinary situations.
- b) Force majeure.
- c) Planned maintenance related to the STP.

¹² Inserted pursuant to the Regulation published in the Official Gazette dated 12 January 2021 and numbered 31362.

¹³ Amended pursuant to the Regulation published in the Official Gazette dated 12 January 2021 and numbered 31362.

ç) Any legal requirement, judicial order, governmental decree, measures or restrictions implemented by a decision of a competent institution or authority that may affect the functioning of the organized natural gas wholesale market.

(3) The PUE and the VGPUE shall specify the procedure to be followed, following the elimination of the cause of suspension in accordance with the first and/or second paragraphs within the framework of the PUE, the VGPUE or the relevant contract terms.

Termination of the market participant status

ARTICLE 14 - (1) The market participant status shall terminate if the STS and/or STP participation agreement executed with the transmission company terminates for any reason, pursuant to the relevant provisions of the PUE.

(2) In case market participants whose access to the system are suspended fail to fulfill their obligations within the framework of the time period and terms set forth under the PUE, their market participant status shall be terminated.

Submission of offers and formation of prices within the STP

ARTICLE 15¹⁴ – (1) Purchase or sell side orders subject to matches in STP shall be submitted for physical or virtual delivery points.

(2) A market participant may submit orders only at the points in the transmission network where it has capacity reservation. The terms of the orders shall be set forth under the PUE and the VGPUE, provided that they comply with the provisions of the ŞİD and the applicable legislation.

(3) The market operator shall sort the sales offers submitted for the relevant gas day increasing in price, and the purchase bids submitted for the relevant gas day decreasing in price. The offer with a better price among the offers submitted in the same direction shall have priority. The bid with the highest price for purchase orders, and the offer with the lowest price for sales orders shall be considered the best order. The offer that is recorded earlier shall have priority among equally priced orders that are submitted in the same direction and that are of the same type.

(4) While evaluating the orders submitted through the STP, the rules regarding the collateral to be kept by the market operator within the framework of the terms set forth under the PUE and the VGPUE shall be taken into consideration.

(5) As for settlement of market transactions, the matching prices for the finalized market transaction shall be taken as the basis. Natural gas purchases and sales carried out within the scope of the STP shall be binding on the parties. Market participants shall perform the prices and terms set forth under their purchase or sell side orders.

(6) The prices to be announced by the market operator, including the daily reference price and the daily indicative price, shall be calculated within the framework of the provisions of the PUE and the VGPUE, by taking into consideration the prices for the finalized matches and the delivery date.

(7) Principles regarding the measures to be implemented to ensure that the prices are formed as per supply and demand within the organized natural gas wholesale market shall be regulated by the Board.

(8) If it is determined that the market participants and system users act in breach of the Law and other applicable legislation or it is determined that the information requested by the Board is not correctly provided, is incomplete or misleading, the relevant sanctions prescribed under Article 9 of the Law shall apply.

¹⁴ Amended pursuant to the Regulation published in the Official Gazette dated 12 January 2021 and numbered 31362.

(9) The market operator shall monitor, analyze and report the prices formed in the market and submit said reports to the Authority every three months.

Minimum requirements for orders to be submitted through the STP

ARTICLE 16¹⁵ – (1) Orders to be submitted by market participants through the STP shall include at least the following:

- a) The gas day subject to the offer.
- b) The direction of the order (purchase or sale).
- c) Order type (validity term of the offer, information as to whether the order may be accepted partially or in full, etc.).
- ç) The amount subject to the order.
- d) Order price.
- e) Delivery period and other matters set forth under the PUE regarding delivery.
- f) If it is a point-based/regional offer, the point/region of the order.
- g) Information as to whether the order is a demand side order.
- ğ) Justification code, if applicable.

(2) Further details regarding orders meeting the minimum requirements within the scope of this article shall be set forth under the PUE and the VGPUE.

Collaterals regarding market participation

ARTICLE 17¹⁶ – (1) The market operator shall request from the market participant a collateral in the amount and subject to the conditions set forth under the ŞİD, the PUE and/or the VGPUE regarding participation in the organized natural gas wholesale market and settlement of market transactions and imbalances.

(2) Issues regarding the collateral obligation, types of collateral, assets to be accepted as collateral, collateral processes and calculation of collateral amounts and the use of the amounts exceeding the collateral required to be provided in accordance with the applicable legislation shall be regulated by the PUE and the VGPUE.

(3) The market operator shall execute the central settlement institution agreement in order to fulfill the duties of the central settlement institution set forth under this Regulation, operate the collateral mechanism and ensure the continuity of the cash flow in the market via timely and accurate payments.

(4) The central settlement institution authorized by the market operator under the central settlement agreement shall fulfill its duties under the PUE and the VGPUE in accordance with the provisions of the central settlement institution-participant agreement.

(5) The central settlement institution shall block the amount of collateral provided to it for market activities on a participant basis, on behalf and for the benefit of the market operator.

Default Collateral Account¹⁷

Article 17/A¹⁸ – (1) The market operator shall establish a default collateral account in the natural gas futures market, with respect to the portion exceeding the collaterals provided by the

¹⁵ Amended pursuant to the Regulation published in the Official Gazette dated 12 January 2021 and numbered 31362.

¹⁶ Amended pursuant to the Regulation published in the Official Gazette dated 12 January 2021 and numbered 31362.

¹⁷ Inserted pursuant to the Regulation published in the Official Gazette dated 12 January 2021 and numbered 31362.

¹⁸ Inserted pursuant to the Regulation published in the Official Gazette dated 12 January 2021 and numbered 31362.

relevant market participants against losses that may arise due to default of one or more of the market participants.

(2) The default collateral account shall be represented and managed by the market operator. Assets in the default collateral account cannot be used for other purposes, seized or pledged, and the said assets shall not be affected by the liquidation decisions of administrative authorities, or be included in the bankruptcy estate, or be subject to injunctive relief.

(3) The default collateral account shall be created with the contributions of the relevant market participants. The market operator undertakes to contribute to the default management resources to be paid in case of default. The amount and utilization method of the default management contribution of the market operator shall be regulated by the VGPUE.

(4) In case the current accounts, collaterals, default collateral account contributions of the defaulting market participants and the amount of the default management contribution of the market operator are sufficient, the default collateral account contributions of other market participants cannot be pursued.

(5) The VGPUE shall regulate matters regarding determination of the size of the default collateral account and the contribution amounts, determination of the types of assets that can be accepted as contribution, collection of same from market participants, cases where additional contribution shall be requested, yields of cash contributions provided in Turkish lira currency deposited in the default collateral account, utilization of the said assets in case of default and their return to market participants.

Invoice and Payments¹⁹

Article 17/B²⁰ – (1) As for invoices issued in accordance with the provisions of the PUE and the VGPUE under which a market participant cannot fulfill its payment obligation within the time periods set forth under the PUE and the VGPUE, the PUE and the VGPUE shall regulate matters concerning the default of said market participant, collection of invoice amounts from the collateral and current accounts and/or the default collateral account contribution amount, application of a default interest rate for unpaid amounts, collateral call to be made to market participants that do not fulfill the collateral obligation to top up the collateral, and the measures to be carried out against market participants that do not top up their collateral.

(2) Payment of invoices made to current accounts held at the central settlement institution of all market participants operating in the organized natural gas wholesale markets operated by the market operator shall be off-set against their net debts in the following order:

- a) Market operating fees and other fees payable to the market operator.
- b) Invoice transaction fee payable.
- c) VGP amounts and VAT payable.
- ç) Invoice imbalance amounts payable.

Extraordinary Situations

ARTICLE 18 – (1) Situations that result in inability to submit sufficient purchase and sale offers through the STP shall be considered as extraordinary situations within the scope of this Regulation. Cases that may fall within the scope of extraordinary situations and matters relating to communication in these cases shall be set forth under the PUE. The transmission company shall notify the system users that it will not use the STP as an additional balancer in case extraordinary

¹⁹ Inserted pursuant to the Regulation published in the Official Gazette dated 12 January 2021 and numbered 31362.

²⁰ Inserted pursuant to the Regulation published in the Official Gazette dated 12 January 2021 and numbered 31362.

situations occur in the STP, and matters regarding the measures to be implemented in this case shall be regulated under the ŞİD.

(2) The transmission company shall update the announcement regarding when it will reuse the STP as an additional balancer at the beginning of each gas day by re-evaluating system conditions. The transmission company shall notify the system users of the decision to re-initiate STP transactions on the previous day, which will only be effective for the following gas day.

(3)²¹ In case of issues with the computer, software or other technological infrastructure used by the market operator whilst conducting market activities that may prevent proper conduct of transactions through said tools, or the STP undergoing maintenance, or the communication lines used by the market operator being interrupted, the STP failure and maintenance processes set forth under the PUE and the VGPUE shall apply.

Market Operating Procedures and Principles

ARTICLE 19²² - (1) The PUE and the VGPUE shall be prepared by the market operator and take effect upon Board approval. The Board may, at its own discretion amend the PUE and the VGPUE by obtaining the opinion of relevant persons operating in the market or *ex officio*.

(2) The principles of non-discrimination among equal parties as well as economical, efficient and safe management shall be observed in the PUE and the VGPUE.

CHAPTER FOUR

Miscellaneous and Final Provisions

Agreement terms and demand-side participation

ARTICLE 20 - (1)²³ The agreements executed in accordance with this Regulation cannot contain any provision contrary to the provisions of this Regulation, the PUE and the VGPUE.

(2) The procedures and principles regarding demand-side participation shall be designated by the Board.

Opening the VGP to transactions²⁴

PROVISIONAL ARTICLE 1²⁵ - (1) Matters regarding instalment and testing of the software and system to be created for the VGP within the STP, and opening the same for market transactions after testing shall be set forth under the VGPUE.

(2) Until the natural gas futures market enters into operation, a virtual application shall be implemented in the STP where no delivery, invoicing and payment obligation arise. Matters regarding the said virtual application process shall be set forth under the VGPUE.

Establishment and testing of the STP

PROVISIONAL ARTICLE 2²⁶ - (Repealed:12/01/2021-31362/art. 18)

ŞİD amendments

²¹ Inserted pursuant to the Regulation published in the Official Gazette dated 12 January 2021 and numbered 31362.

²² Amended pursuant to the Regulation published in the Official Gazette dated 12 January 2021 and numbered 31362.

²³ Amended pursuant to the Regulation published in the Official Gazette dated 12 January 2021 and numbered 31362.

²⁴ Amended pursuant to the Regulation published in the Official Gazette dated 12 January 2021 and numbered 31362.

²⁵ Amended pursuant to the Regulation published in the Official Gazette dated 12 January 2021 and numbered 31362.

²⁶ Repealed pursuant to the Regulation published in the Official Gazette dated 12 January 2021 and numbered 31362.

PROVISIONAL ARTICLE 3²⁷ - (Repealed:12/01/2021-31362/art. 18)

The date when the organized natural gas wholesale market will enter into operation

PROVISIONAL ARTICLE 4²⁸ - (Repealed:12/01/2021-31362/art. 18)

Enforcement

ARTICLE 21 - (1) This Regulation shall enter into force on the date of its publication.

Execution

ARTICLE 22 - (1) The provisions of this Regulation shall be executed by the Chairman of the Energy Market Regulatory Board.

	Regulation Published in the Official Gazette	
	Dated	Numbered
	31/3/2017	30024
	Regulations Amending the Regulation Published in the Official Gazette	
	Dated	Numbered
	12/1/2021	31362

²⁷ Repealed pursuant to the Regulation published in the Official Gazette dated 12 January 2021 and numbered 31362.

²⁸ Repealed pursuant to the Regulation published in the Official Gazette dated 12 January 2021 and numbered 31362.