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REGULATION DESIGNATING THE BASIC PROCEDURES AND PRINCIPLES OF USE FOR LIQUEFIED NATURAL GAS STORAGE FACILITIES

Purpose and scope

ARTICLE 1 - (1) The purpose of this Regulation is to designate the matters that must be included in the basic procedures and principles of use for liquefied natural gas storage facilities, to be prepared by storage companies.

(2) This Regulation covers the matters to be included in the basic procedures and principles of use for liquefied natural gas storage facilities, to be prepared by storage companies.

Legal basis

ARTICLE 2 – (1) This Regulation has been prepared based on Additional Article 2 of the Electricity Market Law No. 4628 dated 20/2/2001 and Article 4 of the Natural Gas Market Law No. 4646 dated 18/4/2001.

Definitions

ARTICLE 3 – (1) In the implementation of this Regulation, the following definitions shall apply:

- a) Storage company: A legal entity authorized to perform the natural gas storage activity;
- b) Additional services: Provision of the services of docking the LNG carrier to the port, unloading the LNG carrier, storing the LNG in tanks, gasifying and feeding the LNG to the national transmission network, loading the LNG to road tankers or to carriers, and other similar services independently from each other;
- c) Gasified LNG quality specifications: The quality specifications showing the properties of the gasified LNG to be delivered by the storage company to the service recipient;
- d) Service recipient: A supplier and/or export company that has concluded a service contract with a storage company, or a supplier or export company itself in its capacity of a supplier and/or exporter;
- e) Service agreement: The agreement concluded between a storage company and a service recipient to provide standard and/or additional services;
- f) Export company: A legal entity who marketing abroad the gas it has purchased from the production companies, wholesale companies or import companies;
- g) Law: The Natural Gas Market Law No. 4646 dated 18/4/2001;
- h) Boiling gas: Low-pressure liquid gas that vaporizes during the provision of standard and additional services;
- i) Board: Energy Market Regulatory Board;
- j) Authority: Energy Market Regulatory Authority;
- k) LNG quality specifications: The quality specifications setting out the properties of LNG in gaseous form, which shall be delivered by the supplier at the acceptance point and received by the service recipient, in order to enable the LNG to be received by the storage company;

- l) Liquefied natural gas storage facility: A facility under the ownership or operation of a legal entity, used for LNG storage;
- m) System: The facilities and equipment established to fulfill natural gas production, transmission, storage, and distribution functions;
- n) System day: The 24-hour time period starting at 08:00 am and ending at 08:00 am on the following day;
- o) Standard service: Provision of the services of unloading the LNG carrier, storing the LNG for a period to be determined in the basic procedures and principles of use, gasifying the LNG within the framework of the gasification capacity allocated within this scope and providing it to the national transmission network as a whole;
- p) Supplier: Import companies, wholesale companies and production companies that sell natural gas to eligible consumers, wholesale companies, import companies, export companies, distribution companies, and CNG sales companies;
- r) Basic procedures and principles of use (PPU): The procedures and principles prepared by a storage company and submitted to the Board for approval for the designation of the rights and obligations of the parties related to the standard service and additional services;
- s) Terminal operating Gas: The gas used as fuel by the terminal equipment for standard and additional services, the gas burnt in the chimney, the gas used for heating, the gas required for minimum stock, and the gas that cannot be taken into account, resulting from measurement differences due to the gas leaks that may occur in the process installation and sensitivity limits of the measuring equipment at the terminal and on the carrier.

General principles

ARTICLE 4 – (1) The following general principles shall be fundamental in the preparation of the PPU:

- a) The PPU cannot contain any provisions contrary to the applicable legislation;
- b) Every service to be provided by the storage company shall be clearly defined in the PPU;
- c) The storage company shall manage all of the storage capacity in its disposal in a manner that helps the coordinated and safe operation of the system, and shall provide services impartially and equally, provided that the system enables for it to do so;
- d) Storage activities shall be carried out without discrimination and independently from the other market activities of the storage company, if any. The storage company shall charge the same applicable fees to service recipients, including its own legal entity. The storage company shall accept its own legal entity as any other service recipient;
- e) The storage company shall provide services in coordination with the transmission company. For this purpose, it is essential that the basic elements regarding the services provided by the storage company, such as capacity reservation, capacity reservation calendar, capacity reservation period, gasified LNG quality specification, notices, programs and allocations of the service recipient and processes and approvals in relation thereto, are in compliance with the regulations of the transmission company regarding the operation of the network;
- f) The storage company shall provide solutions to malfunctions related to the services it provides without discriminating among service recipients and notify the service recipients simultaneously;
- g) The storage company shall provide additional services without disrupting the standard services and without interfering with the efficient usage of the storage facility.

Basic procedures and principles of use

ARTICLE 5 – (1) Storage companies shall prepare the basic procedures and principles of use for each storage facility they own and shall make them available to the commentary of the relevant parties on their websites. Storage companies shall submit the basic procedures and principles of use they have prepared by with regard to the opinions and suggestions they have received to the Board for approval sixty days before the implementation period, together with the opinions and suggestions received. These procedures and principles shall enter into force upon the approval of the Board. The basic procedures and principles of use shall include general, technical, and commercial rules in compliance with the principles of non-discrimination among equal service recipients for the usage of the storage and cost-effective, efficient, and safe operation.

(2) Storage companies shall provide services in accordance with the applicable legislation and the provisions of their respective PPU.

(3) The amendments to be made in the basic procedures and principles of use shall be created by taking the opinions of the market within the framework of the amendment procedure included in the basic procedures and principles of use, and shall be submitted for Board approval. Amendments shall enter into force upon the approval of the Board.

(4) The Authority, when deemed necessary, can change the regulations by taking the opinion of the relevant persons operating in the market.

Entry into the system

ARTICLE 6 – (1) The information to be requested in the applications made to the storage company for entry into the system, application procedures, and principles and the processes for these applications shall be set out in the PPU. The information to be requested in the applications shall be limited to those required to ensure the safe and efficient operation of the system.

(2) In cases where a system entry request is rejected and disputes in relation thereto, the provisions of Article 8 of the Law and Article 33 of the Natural Gas Market Licensing Regulation shall be applicable.

Operating conditions

ARTICLE 7 – (1) The procedures for unloading, storing, and gasifying LNG, the properties for carriers and road tankers permitted to dock at the facility, and the procedures for the docking and undocking of carriers and road tankers shall be set out in the PPU, in line with the principle of non-discrimination between equal parties.

Capacity

ARTICLE 8 – (1) Regarding standard and additional services, in line with the basic principles of non-discrimination and ensuring competition between equal parties, the storage company shall be obliged to clearly designate the following matters in the PPU and to provide the requested information on these matters to suppliers and export companies:

- a) Capacity reservation method;
- b) Capacity allocation process;
- c) Applicable reservation method for cases where demand exceeds the storage capacity;
- d) Applicable procedures and principles if the reserved capacity is not used;
- e) Procedures and principles regarding capacity transfers;
- f) Idle capacity reservation method.

Programs

ARTICLE 9 – (1) The procedures and principles regarding issues such as the acceptance and delivery notices and approvals of the storage company and the service recipients, the period included therein, the time of notice, the notice submission methods, the procedures regarding the notice variations, the practices in case of failure to make notice or notice conflicts, shall be included in the PPU in detail.

(2) In case of an amendment in the program amounts, all affected service recipients shall be notified about the amendment simultaneously by the storage company.

Designation of amounts

ARTICLE 10 – (1) The storage company shall regulate the methods of designating the amounts regarding the provided standard and additional services in the PPU.

Restrictions and disruptions

ARTICLE 11 – (1) The storage company has the right to make restrictions, disruptions, and/or increases at the acceptance and delivery points, in coordination with the transmission company in the following cases and manners:

a) In case of an emergency in the transmission network, if necessary, in cases where there is a natural gas leakage in the storage facility, or the safety of the storage facility is under serious risk or, where the LNG is delivered after being gasified or the LNG is accepted to the terminal, if the pressure and quality of this gas pose a danger to safety of life and property, immediately;

b) In case of maintenance, repair, control, renewal work etc. in the storage facility, within the framework of the principles to be designated in the PPU.

(2) In these cases, the service recipients shall comply with the requests of the storage company. The service recipient shall assist in taking the necessary measures in cooperation with the storage company.

(3) The storage company shall regulate the applicable restriction, disruption, and/or increase methods in these and similar cases in the PPU without any discrimination among the service recipients.

Fees

ARTICLE 12 – (1) The storage company shall specify the definitions of the fees for standard and additional services, the criteria on which the calculation method of the fees shall be based, the payment dates and invoice content subject to the fees, the manner and method of payment, and the practices in case of non-payment in the PPU.

(2) The fees in cases where the storage company and the service recipient are unable to fulfill their obligations regarding standard and additional services shall be designated in the PPU, based on objective criteria and within the framework of proportional, non-discriminatory, transparent and cost-efficient principles encouraging appropriate capacity usage.

(3) Provisions regarding the terminal operating gas shall be included in the PPU in detail.

Notices, dissemination, and retention of information

ARTICLE 13 – (1) The storage company shall be obliged to provide impartial and equal services and provide adequate and accurate information to service recipients and the transmission company in order to ensure the safe and efficient operation of the natural gas system.

(2) It is essential that all the information to be published on the website of the storage company shall be comprehensible, clear, in a standard format, and easily accessible. The storage company shall be obliged to publish the necessary information regarding the use of the storage facility, such as notices, programs, storage capacities, gasification capacities, idle capacities, realization amounts etc. as well as the PPU, service agreements and related documents on its website.

(3) All notices shall be retained by the storage company. All of the test data regarding the measuring equipment, graphics and similar records shall be retained for at least 5 (five) years. The storage company shall be obliged to retain all of the notices regarding the restrictions and disruptions it has administered on a system day basis, and to record and retain the restriction and disruption amounts imposed onto service recipients.

Measurement

ARTICLE 14 – (1) Rules on how and by which calculation manner, standard and method the LNG received from or loaded on the carrier of the service recipient will be measured shall be determined in the PPU.

(2) Rules on how, under which conditions, and with which precision the values required for the calculation of LNG measurement should be taken, testing and calibration of measuring equipment, service recipient's right to be present during testing and calibration and the applicable rules in case of the service recipient's absence, rules regarding the conditions under which measuring equipment shall be considered defective and the correction of measuring equipment defects, and the applicable methods in case the measuring equipment is out of service or shows incorrect values, shall be determined in the PPU.

(3) Matters such as the technical properties and operating activities of the stations at the entry point to the transmission network where the natural gas is measured, the entry conditions for the delivered natural gas, and the designation of the delivery properties shall be regulated in the agreement to be made between the storage company and the transmission company.

(4) The rules regarding the measurement of the LNG delivered to the road tankers, the measurement of the boiling gas returned to the LNG carrier, and the designation of the terminal operating gas amounts shall be regulated in the PPU.

Maintenance and repair

ARTICLE 15 – (1) It is essential for the storage company to carry out maintenance and repair works without causing any restrictions or disruptions in terminal services. However, if the maintenance and repair require a restriction or disruption in the terminal service, the restriction and disruption shall be reflected to the directly affected service recipients fairly, openly and without discrimination.

(2) The storage company, with regard to the efficient operation of the system, shall regulate all kinds of system planning, maintenance and repair activities in the PPU, in coordination with the transmission network, taking into account the interests of all service recipients and the security of supply.

(3) The storage company shall publish the calendar indicating the maintenance and repair activities and their effects on its website and notify these to service recipients in writing.

Force majeure

ARTICLE 16 – (1) Storage companies shall specify the definition of force majeure, the force majeure events, the obligations of the parties and practices in case of force majeure, the regulations regarding the beginning and ending times of force majeure, and the rules regarding the disputes related to force majeure in their PPU.

Quality

ARTICLE 17 – (1) The storage company shall include its LNG quality specifications and gasified LNG quality specifications in the PPU.

(2) The applicable procedures and principles in cases where the quality of the LNG delivered to the storage company and the quality of the natural gas and LNG delivered by the storage company fail to comply with the quality specifications shall be set forth in the PPU.

Submission of basic procedures and principles of use for existing storage companies

PROVISIONAL ARTICLE 1 – (1) Existing storage companies shall submit their PPUs to the Board for approval, by taking the opinions of the relevant parties, within 60 days at the latest from the publication date of this Regulation, together with the opinions and suggestions received.

Submission of tariffs of existing storage companies

PROVISIONAL ARTICLE 2 – (1) Existing storage companies shall submit their tariffs to the Authority within 30 days at the latest from the approval of their PPUs by the Board.

Enforcement

ARTICLE 18 – (1) This Regulation shall enter into force on the date of its publication.

Execution

ARTICLE 19 – (1) The provisions of this Regulation shall be enforced by the President.