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## **REGULATION DESIGNATING THE BASIC PROCEDURES AND PRINCIPLES OF USE FOR UNDERGROUND NATURAL GAS STORAGE FACILITIES**

### **CHAPTER ONE**

#### **Purpose, Scope, Legal Basis and Definitions**

##### **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 underground natural gas storage facilities, to be prepared by storage companies.

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

##### **Legal basis**

**ARTICLE 2** – (1) This Regulation has been prepared on the basis of 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: Storage of natural gas in gaseous form in order to meet the daily and seasonal changes and to rectify the natural gas deficit caused by the decrease or cessation of natural gas supply;

b) Storage Service: The service or services defined in the Basic Procedures and Principles of Use for Underground Natural Gas Storage Facilities;

c) Storage Company: A legal entity authorized to perform the natural gas storage activity,

ç) Storage Year: Each successive 12-month period, the schedule of which is determined in the basic procedures and principles of use;

d) Stored Volume: The amount of natural gas kept in the storage facilities by the storage company on the account of the service recipient;

e) Electronic Bulletin Table (EBT): An electronic notice board operated by the storage company, which enables service recipients to follow the storage facility movements;

f) Service Recipient: A supplier that has concluded a service agreement with a storage company, or a storage company itself in its capacity as a supplier;

g) Service agreement: The contract concluded between a storage company and a service recipient regarding storage services;

ğ) Applicable legislation: The Natural Gas Market Law, related regulations, communiqués, circulars, Board decisions, and the license(s) held by the relevant legal entity;

h) Law: The Natural Gas Market Law No. 4646 dated 18/4/2001;

- 1) Board: Energy Market Regulatory Board;
- i) Authority: Energy Market Regulatory Authority;
- j) System: The facilities and equipment established to fulfill natural gas generation, transmission, storage and distribution functions;
- k) System Day: The 24-hour time period starting at 08:00 am and ending at 08:00 am on the following day;
- l) Supplier: Import companies and wholesale companies that sell natural gas to eligible consumers, wholesale companies, import companies, export companies, distribution companies, and CNG sales companies;
- m) Basic Usage Procedures and Principles (PPU): The procedures and principles prepared by the storage company and submitted to the Board for approval in order to determine the rights and obligations of the parties related to the storage service;
- n) Underground Natural Gas Storage Facility: A facility under the ownership or operation of a legal entity, which is used for the underground storage of the natural gas.

## **CHAPTER TWO**

### **Basic Procedures and Principles of Use**

#### **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) 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.
- c) 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.
- ç) 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, 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.
- d) 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.

#### **Basic procedures and principles of use**

**ARTICLE 5** – (1) Storage companies shall prepare PPUs 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 prior to the commencement date of the activities subject to their license, together with the opinions and suggestions received. The Board shall approve the PPU submitted for approval by the storage

companies, either exactly or by making amendments within the framework of the applicable legislation. The PPU shall enter into force upon the approval of the Board.

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

(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. The Board shall approve the submitted amendment proposals, either exactly or by making amendments within the framework of the submitted opinions and applicable legislation.

(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 the Article 8 of the Law and Article 33 of the Natural Gas Market Licensing Regulation shall be applicable.

### **Capacity**

**ARTICLE 7** – (1) Regarding the underground natural gas storage service, 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:

- a) Procedures and principles regarding the reservation, allocation and transfer of capacities;
- b) Applicable reservation method in cases where the demand exceeds capacity;
- c) Applicable procedures and principles in cases where the reserved capacity is not used;
- ç) Reservation method for idle capacities;
- d) Procedures and principles regarding the transfer of the stored volume.

### **Programs**

**ARTICLE 8** – (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, and the confirmation amount to be provided to the transmission company shall be included in the PPU in detail.

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

### **Restrictions and disruptions**

**ARTICLE 9** – (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 cases where the safety of the storage facility or the transmission network is under serious risk, 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 and 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 10** – (1) The storage company shall specify the definitions of storage service fees and 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 in line with the reservation and allocation method regarding the capacities prescribed in its PPU.

(2) The fees in cases where the storage company and the service recipient are unable to fulfill their obligations 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.

### **Notices, dissemination and retention of information**

**ARTICLE 11** – (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, capacities, realization amounts etc. as well as the PPU, service agreements and related documents on its website, and to keep an electronic bulletin table for this purpose.

(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 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 12** – (1) Rules on how and by which calculation manner, standard and method the natural gas received from or delivered to the service recipient will be measured shall be determined in the PPU.

(2) Rules on how, under which conditions, and with which precision the measurement values 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 will 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.

#### **Quality and designation of amounts**

**ARTICLE 13** – (1) The applicable procedures and principles in cases where the quality of the natural gas to be delivered and received by the storage company does not comply with the Quality Specification specified in the network operation regulations of the connected transmission company, shall be specified in the PPU.

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

#### **Maintenance and repair**

**ARTICLE 14** – (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 15** – (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.

### **CHAPTER THREE**

#### **Provisional Articles and Final Provisions**

##### **Submission of procedures and principles of use for existing storage companies**

**PROVISIONAL ARTICLE 1** – (1) Existing storage companies shall submit their PPU to the Board for approval, by taking the opinions of the relevant parties, within 45 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.

**Compliance of existing storage companies**

**PROVISIONAL ARTICLE 3** – (1) Before the existing storage companies begin entering the system within the framework of the PPU, they shall comply with the conditions prescribed in this Regulation and their PPU, and establish the EBT by 31/12/2011.

**Enforcement**

**ARTICLE 16** – (1) This Regulation shall enter into force on the date of its publication.

**Execution**

**ARTICLE 17** – (1) The provisions of this Regulation shall be enforced by the President of the Energy Market Regulatory Board.