

From the Energy Market Regulatory Authority:

BOARD DECISION

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Decision No: 8828

Decision Date: 12/09/2019

It has been resolved in the Energy Market Regulatory Board meeting dated 12/09/2019, to approve the attached "Procedures and Principles on the Designation of the Spot Pipe Gas Import Volume and Application Procedure", prepared pursuant to Additional Article 2 of the Law on the Organization and Duties of the Energy Market Regulatory Authority numbered 4628 dated 20/02/2001 and Provisional Article 2 of the Natural Gas Market Law numbered 4646 and dated 18/04/2001, which shall enter into force on the date of its publication.

ANNEX

PROCEDURES AND PRINCIPLES ON THE DESIGNATION OF THE SPOT PIPE GAS IMPORT VOLUME AND APPLICATION PROCEDURE

1. Purpose and Scope

1.1 The purpose of these Procedures and Principles is to designate the application procedures and principles for the capacity reservation of the spot natural gas volume permitted to be imported through the pipeline within one calendar year at entry points in a transparent manner, without discrimination between equal parties, and in a way that ensures the efficient use of the system.

1.2 These Procedures and Principles cover the application procedures for the designation of the permitted spot natural gas import volume through the pipeline within one calendar year and the capacity reservations of such volumes at entry points. Entry points for liquefied natural gas (LNG) terminals in the transmission network are excluded from the regulations within the scope of these Procedures and Principles.

2. Legal Basis

These Procedures and Principles have been prepared on the basis of Provisional Article 2 of the Natural Gas Market Law No. 4646 and Article 5/A of the Law No. 4628 on the Organization and Duties of the Energy Market Regulatory Authority.

3. Definitions

3.1. In the implementation of these Procedures and Principles, the following definitions shall apply:

a) Monthly capacity products: The capacity subject to applications for the volume designated for monthly spot pipe gas imports, for all gas days within a month from the first gas day of each month to the first gas day of the following month;

- b) Unit capacity: The minimum volume to be announced by the Authority in the call for demand and for which a capacity application can be made in order to import spot pipe gas;
- c) Quarterly capacity products: The capacity subject to applications for the volume designated for quarterly spot pipe gas imports, for all gas days starting from 1 January, 1 April, 1 July, 1 October until the beginning date of the next quarter;
- ç) Intraday capacity products: The capacity subject to applications for the volume designated for spot pipe gas imports within a day, for a gas day, within the relevant gas day;
- d) Daily capacity products: The capacity subject to applications for the volume designated for daily spot pipe gas imports, for a single gas day, prior to the relevant gas day;
- e) Electronic platform: The software installed and operated to ensure that the capacity of the import entry point is allocated among the bidders under equal and objective conditions for the spot pipe gas import activity in accordance with the method specified in these Procedures and Principles;
- f) Elektronik Bulletin Table (EBT): The electronic notice board established to enable the parties operating in the natural gas market to follow the market movements, operated by the transmission company and published on <https://ebt.botas.gov.tr>;
- g) Transmission Network Operation Principles (NOP): The codes of practice prepared by the transmission company, which regulate the relations between the transmission company and the shippers regarding the transmission service, in accordance with the Natural Gas Market Transmission Network Operation Regulation published in the Official Gazette dated 26/10/2002 and numbered 24918;
- ğ) Transmission company: A legal entity carrying out transmission activities through pipelines within the scope of the Law;
- h) Applicable legislation: Laws, regulations, communiqués, circulars, board decisions regarding the natural gas market and the license(s) held by the relevant legal entity;
- ı) Bidder: An Import (Spot) license holder making an application within the scope of these Procedures and Principles in order to acquire the right to reserve some or all of the spot pipe gas import activity capacity;
- i) Law: The Natural Gas Market Law No. 4646;
- j) Capacity products: The reservable capacity used for spot pipe gas import activity in a certain period within a calendar year, including yearly, quarterly, monthly, daily and intraday;
- k) Board: Energy Market Regulatory Board;
- l) Authority: Energy Market Regulatory Authority;
- m) Maximum Allocatable Capacity (MAC): The maximum total capacity that the transmission company can reserve on a daily basis at any entry point within the scope of the NOP, with regard to the technical capabilities of the transmission network;
- n) Organized Wholesale Natural Gas Sales Market (OWSM): The market operated by the market operator within the scope of the applicable legislation;
- o) Spot pipe gas import: Import activity that can be carried out within a calendar year, for a period of one year or less, within the framework of the application procedures specified in these Procedures and Principles;
- ö) Bid: The notification of the capacity volume for which bidders wish to acquire spot pipe gas import reservation rights with respect to each import entry point;
- p) Call for bids: The announcement made by the Authority including the capacity allocated for spot pipe gas import and other information;
- r) Bid collection: Collection of the capacity volume notifications for which bidders who wish to acquire spot pipe gas import reservation rights made by bidders participating in the call for bids via the electronic platform;

- s) Bid collection participation fee: The fee designated by the Board to be paid by the license holders responding to the call for bids in order to make a bid collection application;
- ş) Proposal: The data set of the bidders for unit capacity, which includes the price the bidders are ready to pay in addition to the transmission and shipment control tariff designated/to be designated by the Authority regarding the year the spot pipe gas shall be imported and the total capacity they have requested, in the event that a competition is held to qualify for capacity reservation for spot pipe gas import activity at each import entry point;
- t) Competition: In the event that the total bid volume submitted during the bid collection exceeds the volume of the relevant capacity product, the competition to be held on the electronic platform, starting with the bidder who offered the highest price for the unit capacity, in order to allocate the spot pipe gas import capacity;
- u) Yearly capacity products: The capacity subject to applications for the volume designated for yearly spot pipe gas imports, for all gas days within the relevant gas year starting from 1 January.

3.2 Other terms and abbreviations used but not defined in these Procedures and Principles shall bear the meanings and scope ascribed to them in the applicable legislation.

4. Designation of the allowed spot pipe gas import volume

4.1 The spot pipe gas volume allowed to be imported from the relevant import entry point within a calendar year shall be determined on a day-by-day basis, by setting aside a rate that allows holders of import licenses based on long-term purchase and sale agreements to manage their contract flexibility and with regard to the technical capability of the transmission network, in accordance with the following formula:

$$MAK_x - \frac{UDYİM_x}{365 \times 0,90} = GÜSİM_x$$

x : The relevant import entry point

MAK_x : Daily MAC volume for the relevant import entry point

$UDYİM_x$: The maximum allowed yearly natural gas import volume for the relevant import entry point specified in the import licenses based on long-term purchase and sale agreements.

$UDGİM_x$: Daily volume allocated to holders of import licenses based on long-term purchase and sale agreements under their respective licenses for the relevant import entry point

$GÜSİM_x$: The daily allowed spot pipe gas import volume for the relevant import entry point.

4.2 In case any unreserved capacity remains within the total capacity to be reserved for holders of licenses based on a long-term purchase and sale agreements in accordance with the procedure specified in this article, this volume shall be subject to the call for bids for the next available capacity product.

4.3 The maximum volume of natural gas that can be subject to spot pipe gas imports within a calendar year is the total found by converting the daily volume calculated in article 4.1 to the yearly volume for the relevant entry points.

4.4 Yearly maximum volume applicable for license holders with import rights based on long-term agreements at the same point shall be evaluated separately for each license. License

holders shall make their supply planning and programs so as not to exceed the yearly volume specified in their licenses. The transmission company shall take the necessary measures to ensure that the yearly volume specified in the licenses are not exceeded.

4.5 The transmission company shall notify the Authority of the applicable MSC values for each import entry point 60 (sixty) days prior to the capacity reservation application deadline before the gas year. If a need to change the MSC values arises within the gas year, the transmission company shall notify the Authority 30 (thirty) days before the announcement of this change, together with its justifications. Except for force majeure and Section 14 of the NOP, the transmission company cannot reduce the applicable MSC values within a gas year.

5. General principles of capacity product volume designation and use

5.1 The daily spot pipe gas import volume calculated within the framework of Article 4 of these Procedures and Principles shall be reserved as follows:

- a) 30% (thirty percent) shall be reserved yearly for the relevant gas year;
- b) 40% (forty percent) and the volume allocated but not reserved for yearly capacity shall be reserved quarterly;
- c) 30% (thirty percent) and the volume allocated but not reserved for quarterly capacity shall be reserved monthly.

5.2 License holders wishing to acquire spot pipe gas import capacity reservation rights shall separately apply for each of their preferred capacities from the capacity products listed above.

5.3 The daily spot pipe gas import volume at an import entry point shall be subject to capacity reservation for all days in the relevant capacity product.

5.4 Reservation of the allocated capacity shall be carried out in accordance with the NOP, the applicable legislation and the provisions set out in these Procedures and Principles.

5.5 The applicable rules for natural gas allocation at the relevant import entry point within the scope of these Procedures and Principles shall be set forth in the NOP. If there is a connected system delivery agreement or an allocation protocol in force between the transmission system operators, the provisions of the said provisions shall be taken into account. Otherwise, the provisions of the allocation protocol concluded between the system users shall be considered. In cases where there is no written document executed between the parties, allocations shall be made in proportion to the program amounts. The principle of giving priority to allocations made to long-term import license holders and the relevant license holders in proportion to their obligations specified in the legislation regarding the supply of last resort shall govern the allocation process.

6. Provisions regarding the call for bids

6.1 The call for bids, which shall be determined through a Board Decision and include information on the applicable procedures for the relevant capacity product(s), shall be announced on the website of the Authority at least 15 (fifteen) days prior to the bid collection date.

6.2 The call for bids shall include the following matters as a minimum for each import entry point subject to spot pipe gas import capacity reservation within the scope of the volumes designated under Article 5 of these Procedures and Principles:

- Entry point(s) for spot pipe gas import;
- Capacity volume(s) for spot pipe gas imports (yearly/quarterly/monthly);
- The minimum capacity volume accepted for bid collection;
- Bid collection schedule and application procedure;
- Bid collection participation fee;
- Documents that must be submitted in order to participate in bid collection.

6.3 The first call for bids for a gas year shall be announced by 1 November at the latest prior to the relevant gas year. In the call for bids to be made during the year, the call for bids shall be announced at least 5 (five) days before the beginning date of the relevant capacity product.

6.4 In cases where the capacity calculated under Article 4 for spot pipe gas import at an entry point is below 1000 Sm³ per day, the Board shall decide whether to make a call for bids for the relevant entry point.

7. Bid collection application process

7.1¹ Import (Spot) license holders wishing to participate in bid collection in order to import spot pipe gas from any import entry point shall submit the following documents to the Authority within the period specified in the bid collection calendar:

- a) Bank receipt evidencing that the participation fee for the bid collection determined by the Board has been deposited in cash to the account of the Authority;
- b) The undertaking set out in Annex-1 and the the original or certified copy of the trade registry certificate and/or power of attorney demonstrating the authority of the authorized person(s) who have signed this undertaking;
- c) The declaration set out in Annex-2 and the the original or certified copy of the trade registry certificate and/or power of attorney demonstrating the authority of the authorized person(s) who have signed this declaration (optional);
- d) A copy of the Market Participation Agreement executed with the Market Operator,
- e) Other information and documents specified in the call for bids.

7.2 The applications made to participate in the bid collection shall be reviewed by the Authority and the results of the review shall be announced on the website of the Authority within 3 (three) business days.

7.3 Those who do not hold a valid Import (Spot) license at the time of the call for bids cannot apply to participate in the bid collection.

7.4 Holders of licenses based on long-term purchase and sales agreements may apply for the capacity reserved for spot pipe gas imports, provided that they have an Import (Spot) license under these Procedures and Principles. In that case, the license holders in question shall have equal rights and obligations with all license holders who bid for capacity at the relevant entry point in terms of the capacity allocated to spot pipe gas imports.

7.5²

8. Provisions regarding bid collections

8.1 Daily volume demands to be made in order to acquire the right to reserve the capacity reserved for spot pipe gas imports shall be transmitted on the electronic platform according to the calendar and procedure in the call for bids announced by the Authority. The bid collection, which shall begin on the electronic platform at the time specified in the call for bids, shall be completed within 30 minutes for each capacity product.

8.2 The volume notifications submitted by the bidders via the electronic platform within the day and time period stipulated in the bid collection schedule cannot be changed, withdrawn or transferred for any reason.

¹ Amended pursuant to the Board Decision dated 02 December 2021 and numbered 10591 published in the Official Gazette dated 03 December 2021 and numbered 31678.

² Repealed pursuant to the Board Decision dated 02 December 2021 and numbered 10591 published in the Official Gazette dated 03 December 2021 and numbered 31678.

8.3 In cases where volume of the bids submitted is less than the volume announced for the relevant capacity product, all bidders shall be entitled to reserve the capacity in their bids in exchange for the capacity fee designated by the Authority for the relevant entry point.

8.4 The capacity volume granted to all bidders who acquire capacity reservation rights as a result of the bid collection shall be announced on the electronic platform and on the website of the Authority at the end of the time interval in which the bid notification is made.

8.5 The bidders and the transmission company who become entitled to capacity reservation as a result of the bid collection may be notified in writing or via the electronic platform.

8.6 In cases where volume of the bids submitted exceeds than the volume declared in the call for bids for any capacity product, the competition method shall be used in order to allocate the capacity reserved for spot pipe gas imports.

9. Provisions regarding competitions

9.1 In the event that the total capacity bids of the license holders, who have made volume notifications for capacity reservation rights at the relevant entry points by participating in the bid collection, exceeds the volume allocated to the relevant capacity product, these license holders shall participate in the competition to be held on the electronic platform to submit their bids. The competition shall be held on the same day as the bid collection and within the time interval specified in the call for bids.

9.2 The competition, which shall begin on the electronic platform at the time specified in the call for bids, is completed within 15 minutes for each capacity product. Within this period, the bidders shall notify their bid price and the capacity volume they wish to reserve on the electronic platform. The capacity volume to be bid on during the competition cannot be different from the volume declared in the bid collection.

9.3 The bids for the capacity product shall be made over the unit capacities and its multiples determined by the Authority in the call for bids.

9.4 Bids submitted on the electronic platform shall be ranked from the highest price offered for the unit capacity volume to the lowest price. If multiple bidders bid the same price, the bids shall be ordered starting from the bidder with the highest bid volume, and if the bid volumes are also equal, the bids shall be ordered starting from the first bid according to the system time.

9.5 The capacity shall be allocated so as to end in the last offer corresponding to the capacity announced according to the order in paragraph 4 of this Article and the bidders shall be granted capacity reservation rights for their bid volume. Those who are entitled to reserve a capacity shall be charged the price they have bid in the competition.

9.6 The bid corresponding to the last capacity unit shall provide the bidder with the reservation right in the extent permitted by the declared capacity. In cases where the declared capacity is not suitable, the bidder who submitted the bid corresponding to the last capacity unit cannot claim for the right to reserve the entirety of their bid.

9.7 The license holder entitled to make a capacity reservation for a partial amount of their bid due to having submitted the bid corresponding to the last capacity unit, may make a capacity transfer with respect to the partial capacity volume they have reserved.

9.8 The capacity volume and prices granted to all bidders who become entitled to capacity reservation as a result of the competition shall be announced on the electronic platform and the website of the Authority at the end of the competition.

9.9 The Authority may notify the bidders who are granted capacity reservation rights as a result of the competition and the transmission company in writing or via the electronic platform.

9.10 Bidders who fail to qualify for capacity reservation as a result of the competition shall not be refunded the bid collection participation fee they have paid.

10. Schedule and applicable principles of the applications prior to gas year

10.1 For the volumes determined in accordance with the method specified in Articles 4 and 5 of these Procedures and Principles, bid collection and/or competitions for the allocation of yearly, first quarterly (Q1) and first monthly (M1) capacity products subject to spot pipe import shall be carried out in accordance with the schedule referred to in the call for bids before the gas year.

10.2 License holders with spot pipe gas import capacity reservation rights for an import entry point within the framework of these Procedures and Principles shall make capacity reservations in accordance with the provisions of the NOP and other applicable legislation.

10.3 Being entitled to capacity reservation as a result of the bid collection and/or competition within the framework of these Procedures and Principles shall not grant any rights to the relevant license holders if the conditions set forth in the applicable legislation are not duly fulfilled.

11. Schedule and applicable principles of the applications within the gas year

11.1 For the volumes determined in accordance with the procedure specified in Articles 4 and 5 of these Procedures and Principles, the quarterly capacity products in the gas year, except the first quarter, shall be subject to a call for bids for each quarter and the monthly capacity products in the gas year, except January, shall be subject to a call for bids for each month.

11.2 Quarterly periods

11.2.1 With respect to an import entry point, the following shall apply:

- a) The capacity volume that can be subject to a call for bids for the second quarter (Q2) covering April-May-June shall be announced on the 5th day of March at the latest within the scope of provisions of Article 6;
- b) The capacity volume that can be subject to a call for bids for the third quarter (Q3) covering July-August-September shall be announced on the 5th day of June at the latest within the scope of provisions of Article 6;
- c) The capacity volume that can be subject to a call for bids for the fourth quarter (Q4) covering October-November-December shall be announced on the 5th day of March at the latest within the scope of provisions of Article 6.

11.2.2 Bidders wishing to participate in a bid collection that shall take place in the gas year for quarterly capacity products shall make an application in accordance with the procedures and schedule included in the calls for bids.

11.2.3 All calls for bids/competitions for each quarterly capacity product shall be carried out in accordance with the procedures set out in Articles 8 and 9 of these Procedures and Principles and shall be concluded at the latest five business days in advance from the date of application to monthly disused capacity determined within the scope of the NOP.

11.2.4 Reservation of the allocated capacity shall be carried out in accordance with the NOP, applicable legislation and rules referred to in these Procedures and Principles.

11.3 Monthly Periods

11.3.1 Monthly capacity volumes at an import entry point subject to spot pipe gas import for each month, except January (M2-M12), shall be announced on the 5th day of the previous month at the latest in accordance with Article 6 of these Procedures and Principles.

11.3.2 Bidders wishing to attend bid collections that shall take place in the gas year relating to monthly capacity products shall make an application in accordance with the procedures and schedule to be included in the calls for bid collection.

11.3.3 Reservation of the allocated capacity shall be carried out in accordance with the NOP, applicable legislation and rules referred to in these Procedures and Principles.

11.4 Being entitled to capacity reservation as a result of a bid collection and/or competition within the framework of these Procedures and Principles shall not grant any right to the relevant license holders if conditions set out in the second paragraph of Article 10 of these Procedures and Principles are not duly fulfilled.

12. Disuse of the entitled capacity

12.1 In the event that capacities, the reservation rights for which have been granted within the scope of these Procedures and Principles, are not used within the following periods, the entitled license holder shall lose the right to use the capacity product for its entire duration and ancillary rights thereof:

- a) 30 days for yearly capacity reservations;
- b) 15 days for quarterly capacity reservations;
- c) 10 days for monthly capacity reservations.

Disuse of the capacity within the scope of these Procedures and Principles shall mean the failure to allocate the relevant capacity product at the relevant entry point by the relevant license holder. The transmission company shall detect that the disuse of capacity within such periods or the rate at which it has been used and notify the Authority accordingly.

12.1.1 If the right to use a yearly capacity is lost within the scope of this Article, this yearly capacity shall be subject to a call for bids to be held for March, Q2, Q3 and Q4.

12.1.2 If the right to use a quarterly capacity is lost within the scope of this Article, this quarterly capacity shall be subject to a call for bids to be held for the third month of the relevant quarter within the scope of these Procedures and Principles.

12.1.3 In the event a license holder loses its capacity use rights within the scope of this article and such capacity cannot be subject to a call for bids or a competition due to technical matters or the schedule set out in the NOP or these Procedures and Principles, such capacity shall be distributed by the transmission company to the license holders who have consented to additional reservation for themselves in their signed declaration in proportion to their existing/future capacities at the relevant import entry point.

12.2 In the event that the daily average of capacity usage rate within the periods referred to in Article 12.1 is below 50%, the right to use the volume over the average daily usage rate shall be lost for the remaining duration of the capacity product and such amount shall be subject to provisions in article 12.1.1, 12.1.2 and 12.1.3, depending on the type of the capacity product.

12.3 In the event that license holder who has failed to use the capacity it has the right to use within the scope of first and second paragraph wishes to participate in other bid collections to be held for the relevant gas year, it shall pay twice the amount of the participation fee for bid collection specified in the call for bids.

12.4 Provisions of this Article shall not apply during gas days when the matters regulated under Section 14 of the NOP and/or instructions due to force majeure and/or scheduled maintenance that may affect supply sources take place.

12.5 Accrued capacity fees under Articles 12.1.1, 12.1.2 and 12.1.3 shall continue to be paid by the license holder who has lost the right to use the capacity during periods referred to in the relevant articles. License holders who obtain right to use the lost capacity shall not pay any fees for such granted capacity.

13. Special Provisions

13.1 In the event that the capacity volume granted within the scope of these Procedures and Principles is below the minimum measured value of the relevant entry point, the transmission company shall be authorized to adopt all measures within the scope of the provisions of the

NOP. In such cases, the relevant license holder cannot claim any rights due to the disuse of the reserved capacity.

13.2 License holders with capacity reservation rights at an import entry point within the scope of these Procedures and Principles who have made reservations pursuant to the provisions of the NOP cannot exit from the transfer exit point in relation to the relevant capacity product. The capacity subject to reservation rights and which is reserved within the scope of these Procedures and Principles cannot be transferred or transmitted.

13.3 Within the scope of these Procedures and Principles, the capacity which has been reserved pursuant to the provisions of the NOP by being granted capacity reservation rights at an import entry point must not be exceeded. In the event that a Transmission Volume Notification is not made to the transmission company prior to the gas day regarding the capacity reserved for long-term natural gas imports and/or spot pipe gas imports, other shippers with a capacity at the same point may submit a Transmission Volume Notification corresponding to such amount. The relevant matters and the applicable coefficients of overcapacity in such cases shall be regulated in the NOP.

13.4 In the event that the volume of spot pipe gas imported within a gas year within the scope of the Import (Spot) License is sold through the continuous trading platform, the relevant license holders can benefit from the incentives within the scope of the principles specified in the PUE. When the regulations on future-dated physical delivery products in the OWSM enter into force, at least twenty percent of the imported spot pipe gas volume shall be sold on the continuous trading platform.

13.5³ As for the obligation to sell the natural gas imported within the scope of these Procedures and Principles on the continuous trading platform, the provisions of the Organized Wholesale Natural Gas Market Regulation published in the Official Gazette dated 31/3/2017 and numbered 30024 shall apply and the relevant license holder is obliged to obtain market participant status. The timetable to be applied and the collaterals that may be requested for the license holder to be deemed to have fulfilled its obligation to sell on the continuous trading platform shall be announced in the call for bid regarding the relevant entry point. The market operator is obliged to keep such collaterals on behalf of the transmission company in order to be cashed against the payments to be made in relation to the buy-side transactions of the transmission company in its capacity as the additional balancer, in case the license holder fails to fulfill its obligations arising under these Procedures and Principles.

13.6⁴ The market operator shall determine whether the obligation to sell on the continuous trading platform within the period of the relevant capacity product has been fulfilled or the rate at which it has been fulfilled and notify the Authority accordingly. The transmission company and the market operator shall ensure the necessary cooperation and coordination for data exchange within the scope of the obligation to sell the natural gas imported pursuant to these Procedures and Principles on the continuous trading platform. Further implementation details regarding the obligation to sell on the continuous trading platform may be designated by the Board.

13.7⁵ The Board is authorized to enact additional regulations and take necessary measures on other matters deemed necessary for implementation, provided that these are included in the call for bids.

³ Inserted pursuant to the Board Decision dated 02 December 2021 and numbered 10591 published in the Official Gazette dated 03 December 2021 and numbered 31678.

⁴ Inserted pursuant to the Board Decision dated 02 December 2021 and numbered 10591 published in the Official Gazette dated 03 December 2021 and numbered 31678.

⁵ Inserted pursuant to the Board Decision dated 02 December 2021 and numbered 10591 published in the Official Gazette dated 03 December 2021 and numbered 31678.

14. Provisions regarding the Electronic Platform

14.1 If deemed necessary by the Authority, bid collection and/or competitions may take place in writing.

15. Protection of competition and confidentiality

15.1 Exchange of information and other concerted practices between the license holders regarding the bids to be submitted during the bid collection and/or competition stages shall be deemed to be in violation of the legislation and in the event that such a situation is detected, the license holders shall be prevented from participating in the relevant bid collection and/or the competition for a period to be determined by the Authority, and their bids shall be deemed void. In this case, license holders cannot make any claims regarding their bids. The Authority shall be authorized to take the necessary measures regarding this matter.

16. Provisions regarding tariffs and fees

16.1 The revenues generated as a result of the capacity allocated within the scope of these Procedures and Principles shall be taken into account in the calculations regarding the transmission and delivery control tariffs of the relevant entry points for the following year. These revenues shall be taken into consideration for future investments regarding the relevant entry points.

16.2 The participation fee for bid collection, which shall be paid by the license holders who have responded to the call for bids in order to make a bid collection application, and which shall be calculated on a monthly basis according to the relevant capacity product shall be determined by the Board.

17. Other Provisions

17.1 Within the framework of these Procedures and Principles, it is essential the capacity that is allocated to the spot pipe gas import shall be kept ready by the transmission company on the relevant maturity date for the use of license holder, except for the cases regulated under Section 14 of the NOP, instructions due to force majeure and/or gas days in which scheduled maintenance that shall affect the supply sources takes place. Other than the abovementioned cases, in the event that the capacity is not used, spot import license holder's rights against transmission companies arising from private law are reserved.

17.2 Within the scope of the granting of capacity reservation rights at an import entry point within the framework of these Procedures and Principles, matters such as transportation and delivery of the gas, allocation, imbalance, save for matters regulated under this regulation, shall be governed by the NOP, PUE and other provisions of the applicable legislation.

17.3 Where there is no relevant provision in these Procedures and Principles, other provisions of the applicable legislation shall apply.

17.4 Capacity reservation rights granted within the scope of these Procedures and Principles shall not affect the obligations of the license holder arising from other legislation.

17.5 Where it is necessary to amend the terms and the schedule set forth in these Procedures and Principles, such amendments shall be announced on the website of the Authority at least 15 (fifteen days) in advance.

17.6⁶ The Board shall be authorized to change the distribution of the duration and rates of the capacity products specified in these Procedures and Principles, and to develop new products other than the capacity products specified herein, within the framework of the justifications

⁶ Inserted pursuant to the Board Decision dated 08 July 2021 and numbered 10308 published in the Official Gazette dated 9 July 2021 and numbered 31536.

provided by the Transmission Company with respect to supply security and safe operation of the transmission system, provided that the acquired rights of the license holders are taken into account.

17.7⁷ The Board may introduce capacity products that would cover multiple consecutive calendar years for entry points deemed necessary by obtaining the opinion of the Ministry. In such case, the Board may separately designate the announcement periods, application timeline, capacity rate and distributions specified under these Procedures and Principles as well as other matters regarding implementation for the relevant entry points.

18. Provisional Articles⁸

18.1 The transmission company shall ensure its electronic platform and its daily and intraday capacity products are available for spot pipe gas imports by 01/07/2022.

18.2 The obligation to sell on the continuous trading platform set forth under Article 13.4 of these Procedures and Principles shall not apply until 01/07/2022; from this date onwards, at least five percent of the volume of spot pipe gas to be imported for the 2022 Gas Year shall be sold on the continuous trading platform.

19. Enforcement and Execution

19.1 These Procedures and Principles shall enter into force on the date of their publication.

19.2 These Procedures and Principles shall be enforced by the President of the Energy Market Regulatory Authority.

Annex-1: Undertaking

Annex 2: Declaration

⁷ Inserted pursuant to the Board Decision dated 12 August 2021 and numbered 10367 published in the Official Gazette dated 13 August 2021 and numbered 31567.

⁸ Amended pursuant to the Board Decision dated 02 December 2021 and numbered 10591 published in the Official Gazette dated 03 December 2021 and numbered 31678.

ANNEX-1 Undertaking (*)

TO THE PRESIDENCY OF TURKISH REPUBLIC ENERGY MARKET REGULATORY AUTHORITY

Our Company has reviewed the Procedures And Principles on the Designation of The Spot Pipe Gas Import Volume and Application Procedure (Procedures and Principles) and applicable legislation and understood all details therein and thus prepared its daily volume bid in order to participate in the bid collection that shall be organized to acquire the capacity reservation right allocated for spot pipe gas import on the entry point. Within this context, we hereby irrevocably accept, declare and undertake the following:

1) We are in possession of the legal, commercial and technical documents regarding the transport of the natural gas subject to our requested capacity to the delivery point by being imported from the upstream operator;

2) In the event that the total bid volume in the bid collection phase exceeds the announced capacity, we shall participate the competition to be held and we shall not change in such competition the amount we had declared in the bid collection phase;

3) In the event that we are granted capacity reservation rights as a result of the bid collection or the competition, we shall reserve the entitled capacity in the transmission company and we shall not claim any rights if we do not use the capacity to be reserved within the framework of the Procedures and Principles. In the event that the capacity is not used, the unused capacity shall be cancelled if we cannot prove that unused capacity has resulted from matters regulated under Section 14 of the NOP and/or instructions due to force majeure and/or scheduled maintenance, and we shall continue paying the capacity fee even in such a case;

4)⁹ We shall reserve the entitled capacity within the scope of our Import (Spot) License, as a result of bid collection and/or the competition, utilize such capacity that we have reserved, sell the natural gas on the continuous trading platform corresponding to the percentage of spot pipe gas that we import as specified under the Procedures and Principles, and in the event that we fail to fulfill these obligations, the entire collateral that we provide within the scope of the Call for Bid shall be forfeited and/or liquidated by the market operator;

5) In the event that the bid we have submitted in the competition corresponds to the last capacity unit, we shall be entitled to the right to reserve as much as the declared capacity allows, and we shall not claim that we have the right to reserve our entire bid in case where we are not granted the right to reserve for the entire capacity we have requested;

6) We shall not conduct information exchange and concerted practice in relation to the bids to be made during the competition and/or competition phases with other bidders, or otherwise this matter shall be regarded as the violation of the applicable legislation.

Authorized Representative(s) of the Legal Entity

Name-Surname :

Signature :

Stamp/seal :

Date :

(*) The license holder cannot in any way make any changes to the content of this undertaking.

⁹ Amended pursuant to the Board Decision dated 02 December 2021 and numbered 10591 published in the Official Gazette dated 03 December 2021 and numbered 31678.

Annex-2 Declaration (*)

**TO THE PRESIDENCY OF TURKISH REPUBLIC ENERGY MARKET
REGULATORY AUTHORITY**

We hereby declare and accept the following:

In the event that the capacity usage right acquired by a license holder within the scope of the Procedures and Principles on the Designation of the Spot Pipe Gas Import Volume and Application Procedure is lost, we request to use this lost capacity provided that we have a capacity usage right at the relevant entry point.

Authorized Representative(s) of the Legal Entity

Name-Surname :

Signature :

Stamp/seal :

Date :

(*) This Declaration is optional and the submission thereof is not compulsory for the application.