



Country Updates

**Roundtable Discussion input by *TÜRKİYE*
ENERGY MARKET REGULATORY AUTHORITY**



ERRA Gaseous Fuels Markets and Economic Regulation Committee (GF COM) Meeting

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Recent Gas Sector Updates



❖ *Please provide information on the ongoing updates in the Gas Sector in your country / Domestic Gas News.*

-Some changes were made to the Natural Gas Market Law No. 4646 in 2024.

- These changes are;

- Firstly, the introduction of the definition of liquefaction of natural gas into the Law,
- Changes in the country declaration submitted in the export license application
- Changes regarding the operation of FSRU's and,
- Finally, exemptions regarding storage facilities.

Country context



❖ *Please provide brief background information on the country context and the topic chosen.*

- If we look at the content of the changes;

- Liquefaction of natural gas: Refers to the liquefaction of natural gas produced and/or imported domestically for export abroad or resale domestically.
- Legal entities that will operate liquefaction facilities to be established for the purpose of liquefying natural gas produced and/or imported domestically and exporting abroad or reselling it domestically are required to obtain a license from the Board.

- Liquefaction facility is newly defined in the Law and is added to define and execute an operational process that is the exact opposite of LNG terminals.
- Activities carried out in liquefaction facilities are not considered as storage activities.
- Liquefaction facility operators are responsible for the construction and operation of the facilities they operate in accordance with the relevant standards and technical criteria.

- The second change is; "License holders are required to declare to which countries and by which means of transport they will export natural gas."
- Thus, the phrase "to the country" in the previous version of the Law has been changed to "to countries".
- This change enables licensee company the authority to export to multiple countries with a single license.

- The third amendment is the addition of the provision;
“The exceptions to be provided by obtaining the opinion of the Ministry within the scope of the operation and location change of FSRU’s are regulated by the Board in the procedures and principles published in accordance with this article.”

- The last amendment is the addition of the provision;
 - Existing storage facilities, capacity increases in existing facilities or newly constructed facilities may be exempted from the provisions of this Law regarding access to the system for a certain period of time by the Board decision, by obtaining the opinion of the Ministry, taking into account the usage rates and/or competition conditions.
 - Storage companies must publish the unit prices and facility capacities for the services they will provide.

- ❖ *Please provide information on the key development such as: when it happened, why it happened, what are their effects to the gas sector.*
- The law changes were made in May 2024.
- It is technically possible to store natural gas in liquid form in storage facilities within the scope of storage activities in our country. However, the LNG to be stored in these facilities arrives in liquid form by tankers; in other words, there is no scenario such as liquefying natural gas in gaseous form and storing it in these facilities or subjecting it to trade. In order to carry out this process, the existence of independent liquefaction terminals with technical equipment is required.

- Within this framework, with the amendment in issue, liquefaction activity is considered as a separate activity in Law No. 4646 and is subject to a license to be issued by the Institution, liquefaction terminals are constructed where liquefaction activities can be carried out, both our domestically produced natural gas and natural gas imported/to be imported to our country from different sources are liquefied through liquefaction facilities in our country and exported to world markets in the form of LNG, thanks to liquefaction terminals, cheap gas is supplied when gas prices are low and liquefied and offered as an alternative to world markets, lastly, by directly trading natural gas to be marketed as LNG, it is aimed to increase the volume of international gas trade and strengthen our country's place in natural gas trade.

- Legal entities applying for a natural gas export license declare the information to which country they will export to in their application documents to EMRA, and if their applications are approved by EMRA, the export license they receive is granted in a manner limited to the country specified in their applications.
- Because, since the Law entered into force with the provisions in question in 2001, approximately 99% of the natural gas offered for use in our country has been imported, a very large portion of this gas is consumed within the country and a very small portion is exported, it has been implemented without the need for a change until recently.

- However, with this provision, it is not possible to evaluate export opportunities that may arise in different countries quickly. By implementing a single export license for more than one country, it is aimed to further liberalize the natural gas market, evaluate export opportunities in a timely manner and facilitate market entry.
- It has become inevitable to make regulations urgently in order to ensure commercial connections in a shorter period. Therefore, the aim of the said legislative amendment is to facilitate market entry and licensing stages.

- FSRU's in our country currently operate under a storage license. In order for storage facilities to provide uninterrupted service, they must be in operation at a fixed location at all times.
- However, since FRSU's are mobile and may need to provide service at other locations and/or leave their locations when needed, they may need to be exempted from certain requirements such as service continuity at the same location.
- For this reason, it is intended that the Board will allow exceptional arrangements different from storage facilities for Floating LNG terminals, which play an important role in ensuring supply security and system flexibility.

- According to the regulations, a storage facility does not have the opportunity to defend that the facility is its own property and keep the facility solely for its own use and/or to set the rules regarding who will use it. It is obliged to provide equal treatment to all licensees who want to receive service from it and allow them to use its facility.
- In other words, according to this principle, storage facility owners are obliged to provide services to all licensees who meet the necessary conditions of the facilities in question without discrimination between equal parties.
- Currently, all storage facilities are open to third-party access.

- Ultimately, the existence of such a regulation encourages new investments, contributes to the increase of storage capacity in the country, and the establishment of a competitive environment and security of supply. With these exemption models, the determination of the parties who will use the investment before new investments are made and the collection of their demands in a binding manner make it easier for financial institutions to make investment decisions.
- As a result, it is envisaged that storage facilities, which are indispensable for ensuring our natural gas supply security, will be used more effectively and efficiently by implementing a mechanism that will benefit the incentives for capacity increases in existing facilities and new storage facility investments, in addition to existing facilities.

Lessons learned

❖ *Please provide brief lessons learned (issues, solutions).*

- To summarize everything explained; First, liquefaction activity was defined as an activity subject to a license and the scope of the activity was specified.
- The practice of granting an export license to a single country was abandoned and the way was opened for export activities to be carried out to more than one country with a single license.
- Later, due to the mobile nature of LNG terminals, it was possible to make changes in the legislation that would allow them to provide services in other locations and/or to leave their locations if necessary.

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- Finally, it was stated that in addition to existing storage facilities, exemptions could be introduced to increase the incentives for capacity increases in existing facilities and new storage facility investments.
 - It should also be stated that studies on secondary legislation provisions are ongoing for the implementation of the changes in the Law.



**THANK YOU
FOR YOUR ATTENTION!**

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