

Prerequisites for Liquid Gas Trade



Physical Infrastructure

- Very well developed and maintained physical infrastructure
- No restrictions and congestions to meet peak demand
- Cross border capacity development with minimum congestion
- New storage and LNG facilities for supporting supply security to seasonal and peak demands

Regulatory Framework

- Policy drafting regulatory body should understand the real Dynamics of the Energy, TPA, Network Code, Independent TSO etc.
- Implementation of policies via EU directives.
- Monitoring of wholesale market integrity, competition (antitrust) and effective consumer interest protection is needed for competition
- Unbundling of transmission and counteraction of incumbents' vertical dominance

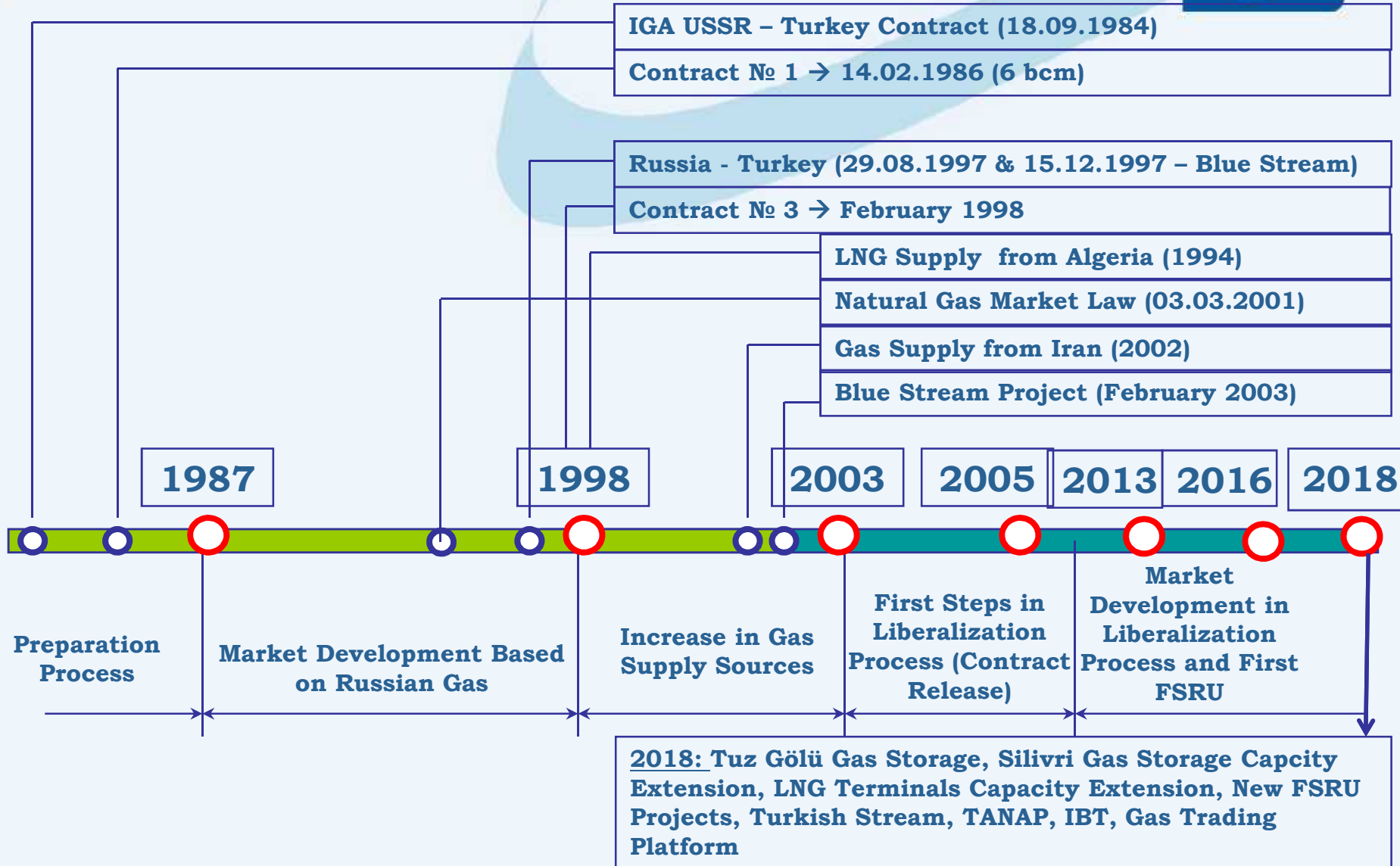
Independence of Transmission System Operator

- Appropriate capacity-booking model (entry/exit model, use it or lose it principle)
- Effective balancing mechanism
- Effective nomination processes
- Publicized imbalance charging structures (not overly punitive)
- Very well integrated storage injection and withdrawal processes to the transmission system
- Transparent tariffs for system entry and exit

Commercial and Market Conditions

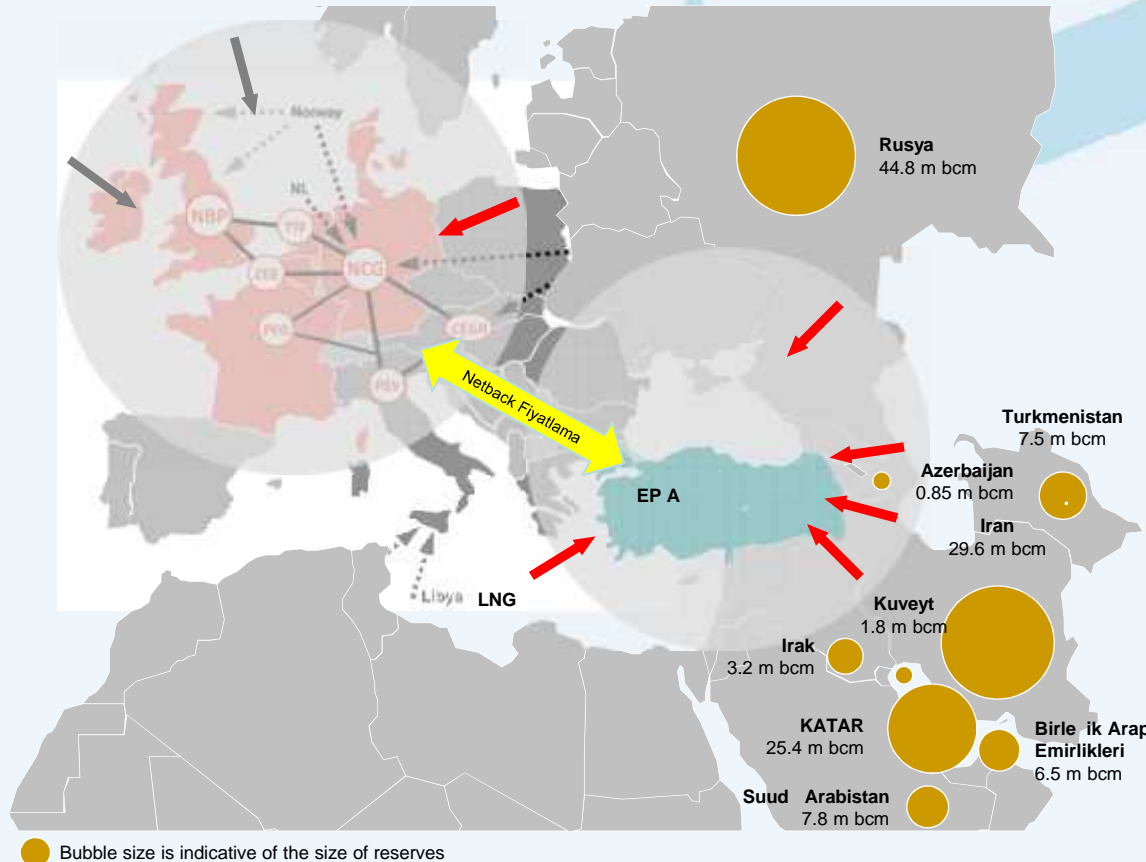
- Formation and active promotion of common pricing reference
- Free day ahead and intraday price assessment mechanism
- Standard and commonly expected physical contracts
- No barrier for new entries
- No destination clauses
- Transparent price-discovery mechanisms / platforms, functioning forward market
- Good synchronization between balancing, nearby and forward markets
- Stable financial and credit environment and mechanisms

Development Process of Turkish Natural Gas Market



Source: PETFORM

Integration of Turkey with European Hubs



- 8 Major European Trading Hub
- Trading on OTC's via Brokers
- Trading on Energy Exchanges

When Turkey will be completed necessary structural reforms, Turkish natural gas market will be integrated with European trading hubs and generate reference price for natural gas trade in the region.

Domestic Gas Infrastructure Map

