

Turkish Natural Gas Market

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Gökhan Soruş / Senior Specialist

**4th SOCAR International Caspian and
Central Asia Downstream Forum**

Baku

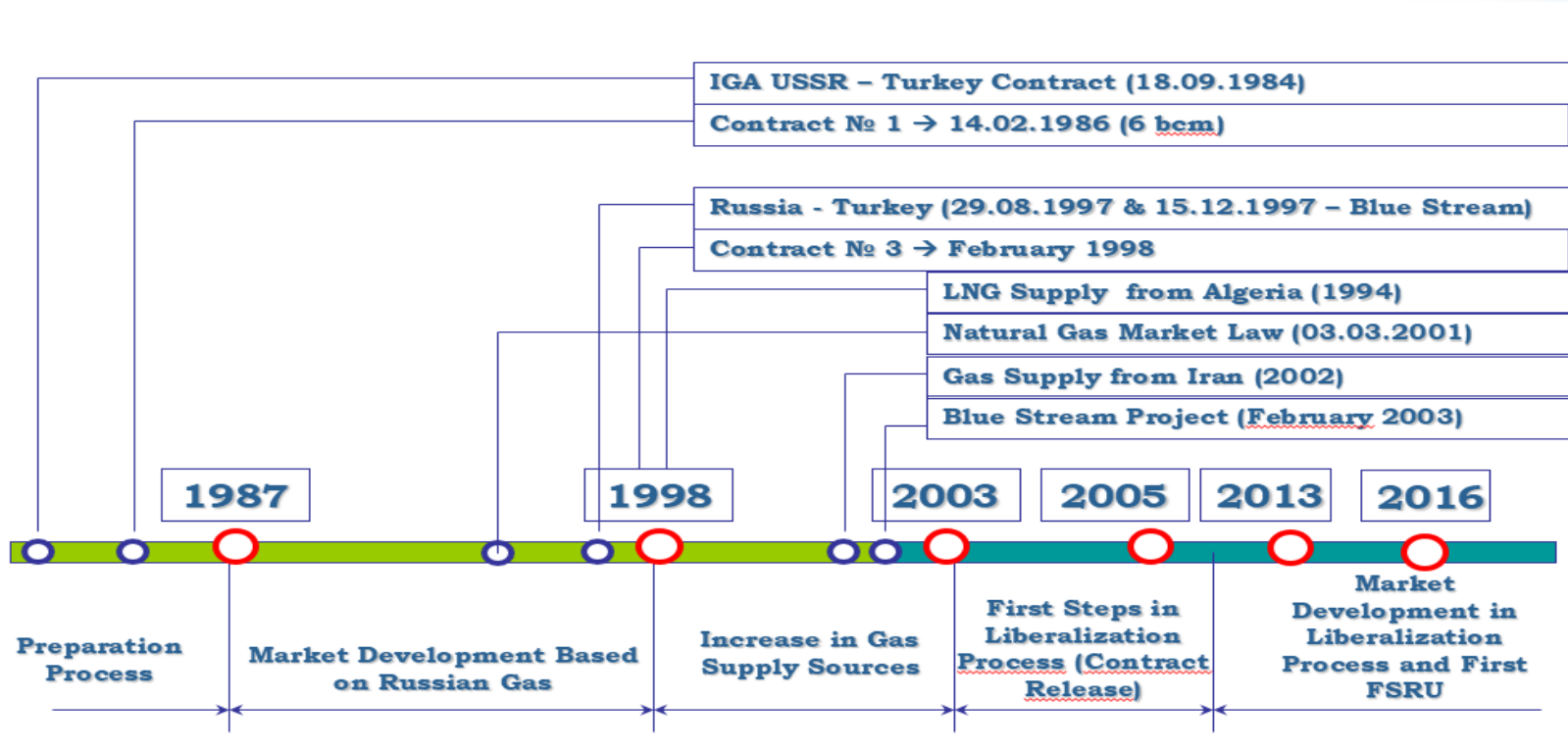


About **PETFORM**

Established in 2000, PETFORM has played a crucial role in the transfer of private sector views to the public authorities regarding to Turkish energy legislation amendments. Member companies mainly have activities in 2 sectors:

- Exploration & Production Sector
- Natural Gas Market

Development Process of Turkish Natural Gas Market – 1



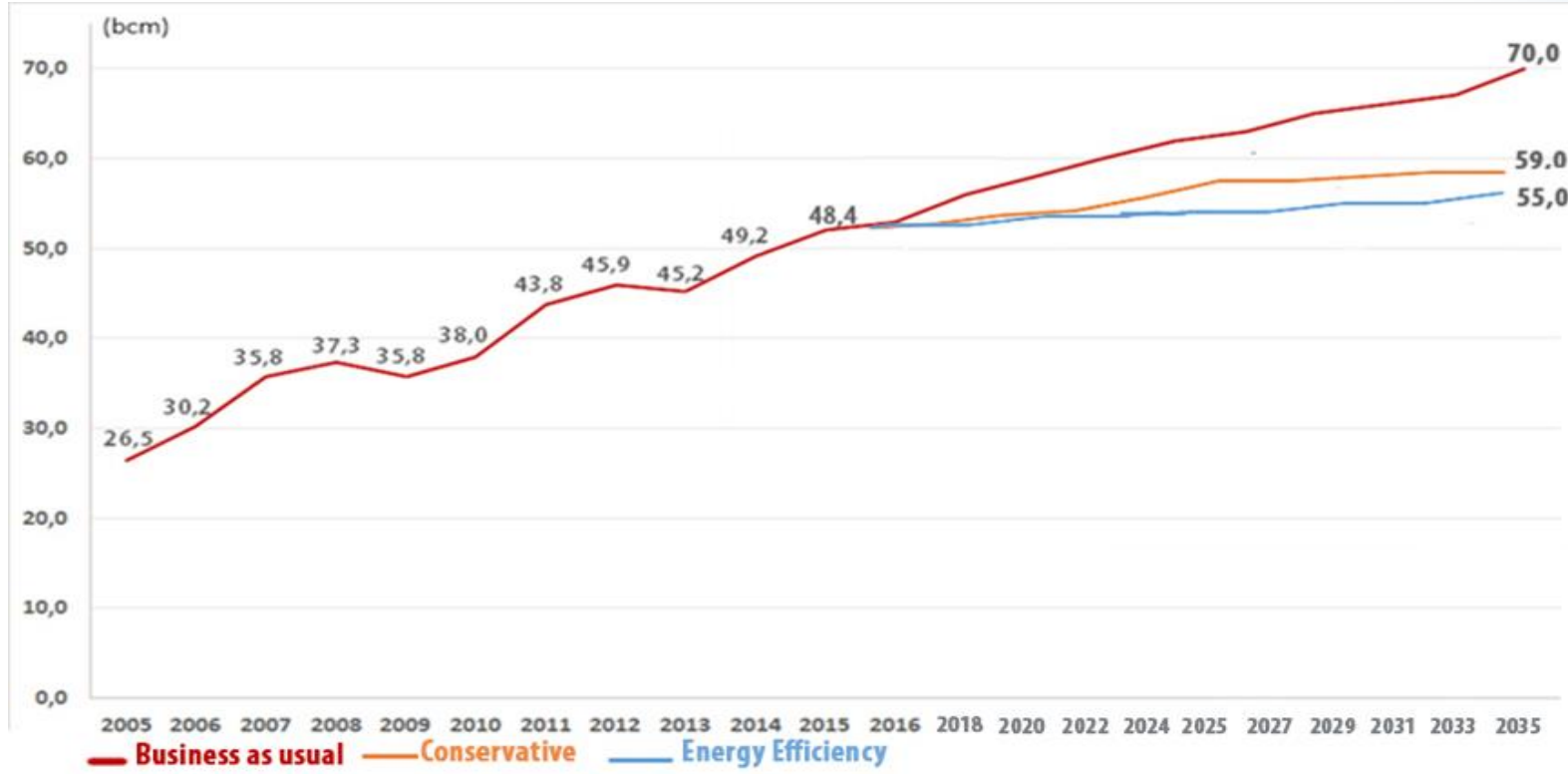
Development Process of Turkish Natural Gas Market – 2



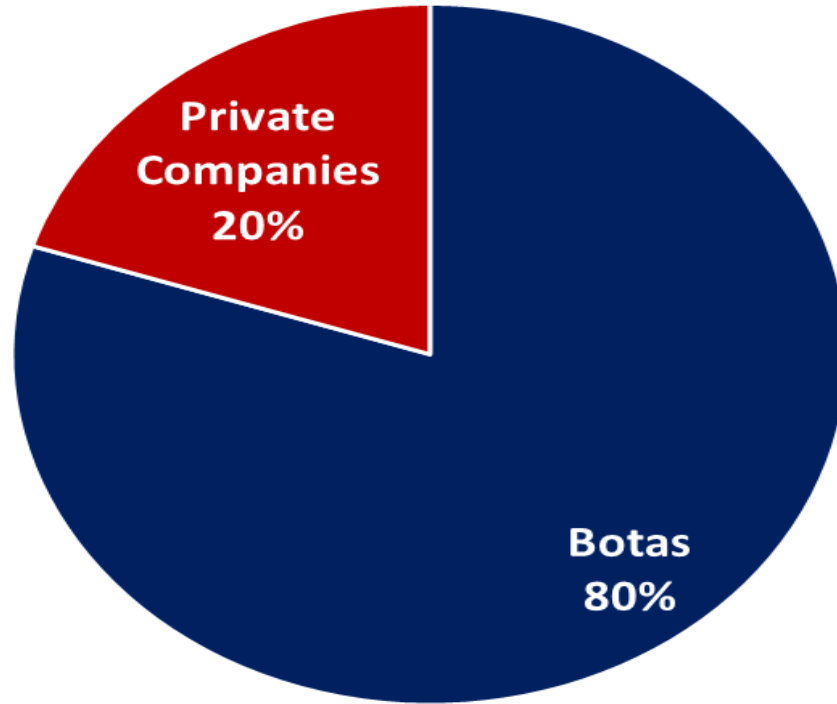
Gas Import Agreements

Contract	Date of Signature	Date of Operation	Duration (Years)	Volume (Plateau bcma)	Date of Expiration
Algeria (LNG)	Apr 1988	Aug 1994	20	4	2024 (extended)
Nigeria (LNG)	Nov 1995	Nov 1999	22	1.2	2021
Iran	Aug 1996	Dec 2001	25	10	2026
Russia (B.Stream)	Dec 1997	Feb 2003	25	16	2028
Russia (West)	Feb 1998	Mar 1998	23	4	2021
Azerbaijan	Mar 2001	Jul 2007	15	6.6	2022

Natural Gas Demand Projection



Market Shares



Private Players' Entrance into the Market

Contract Release (2007)

Enerco Enerji 2.50

BosphorusGaz 0.75

AvrasyaGaz 0.50

Shell Enerji 0.25

+

4 bcm

Contract Renewal (2013)

Akfel Gaz 2.25

BosphorusGaz 1.75

Kibar Enerji 1.00

Batı Hattı 1.00

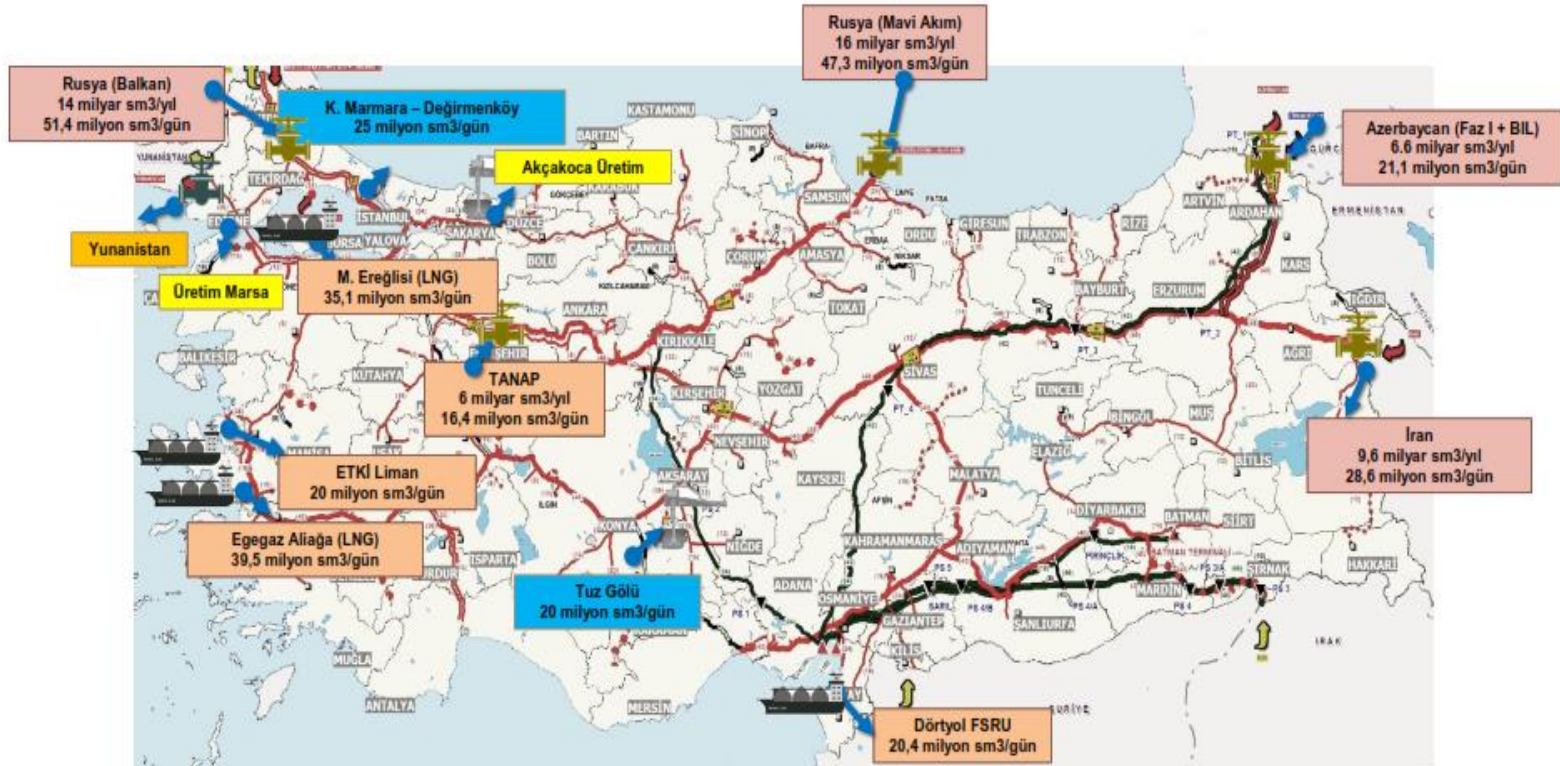
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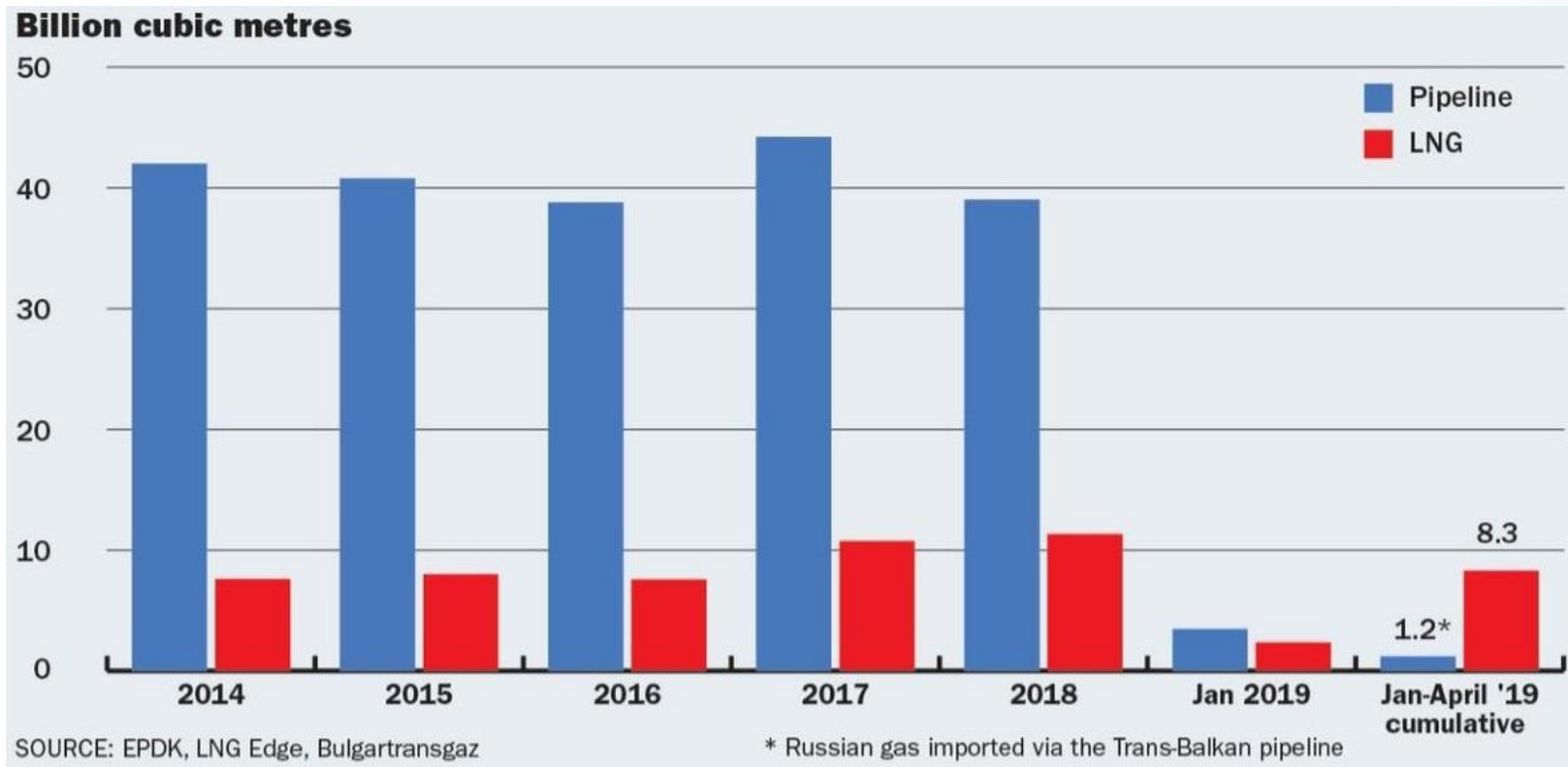
TR – AZ Agreement (2013)

SOCAR 1.20

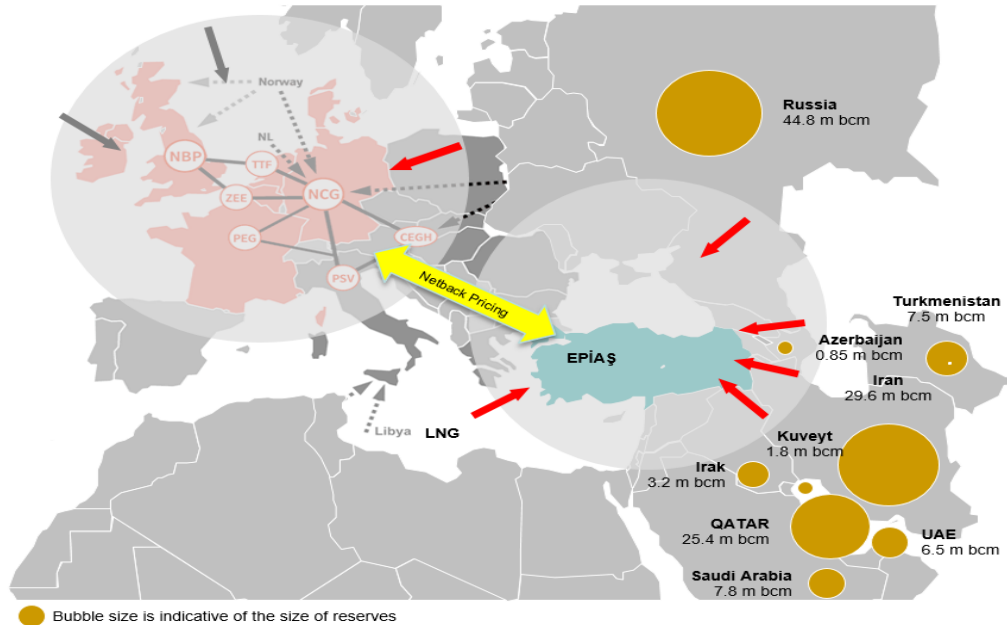
Transmission System



Comparison of Pipeline and LNG Imports into Turkey



Integration of Turkey with European Gas Hubs



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

If Turkey can make 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.

New Supply Opportunities



Potential New Gas Suppliers

- Shah Deniz II & New Fields in Azerbaijan
- Northern Iraq / Iraq
- Iran
- Eastern Mediterranean Offshore
- Turk Stream
- Black Sea Offshore
- Shale Gas / Oil

Steps Should be Taken

- Harmonisation of EU & Turkish legislation
- Active role for Regulatory Authorities
- More detailed Network Code
- Unbundling of BOTAS
- No barrier to new imports
- Easing licensing regime
- More transparency
- Open balancing regime and easing trading procedures
- Implementation of volume release programme
- Full opening of market

Thank you...



Contact Us

ADDRESS: Kızılırmak Mah. 1450.Sok. No:1 Ankara Ticaret Merkezi B Blok K:1 D:5
Çukurambar Çankaya / Ankara

TEL: +90 (312) 428 24 71

E-MAIL: gokhan.sorus@petform.org.tr