

Law

Law Regarding the Amendment to the Natural Gas Market Law

Law No. 5367

Enactment Date: 16.6.2005

ARTICLE 1. — Item (5) of Sub-clause (g) of Clause 4 of Article 4 of the Natural Gas Market Law no 4646 dated 18.04.2001 has been amended as follows.

5) The distribution companies are able to hold licenses only for two cities within the country. However, the number of the licenses can be increased by the Board's decree by taking into consideration the issues such as the development level, consumption capacities and the number of users of the related cities. The scope of the determined distribution zones of the distribution companies may be re-determined by the Board by taking into account the technical and economic requirements, provided that it does not exceed the provincial borders. The Board shall be able to divide the city in more than one distribution zone of which the borders are pre-determined and tender out each zone separately.

ARTICLE 2. — Clause 1 of Temporary Article 2 of Law No. 4646 has been amended as follows.

BOTAS, starting from the end of the preparation period, cannot execute a new natural gas purchase contract until its import amount falls down to the twenty percent of national consumption. Until the aggregate of annual its import amount falls down to the twenty percent of annual national consumption until the year 2009, BOTAS shall execute tender for the partial or full transfer of the existing natural gas purchase or sale contracts together with all their rights and obligations, with the participation of the interested companies that have both been pre-qualified to get import license and obtained prior consent from the seller company regarding contract transfer. Beginning from the first winner of the tender, BOTAS shall give consent to legal entities sequentially to negotiate with the seller party and to obtain seller's consent for signing a new contract. The release becomes effective after the related legal entity executes a new contract with the seller party for the amount to be transferred. In the event that no such legal entity executes a contract with the seller party, another tender that allows volume release shall be done with the participation of the companies that are pre-qualified to get import license and provided that the winning import company shall agree to perform all cross border liabilities of BOTAS and that the natural gas price shall not be less than the natural gas price determined by bilateral agreements. The Built- Operate and Built-Operate- Transfer model power plants which executed contracts with respect to which a Treasury guarantee has been issued, must prove to the Board that they, acting as a prudent operator, purchase the natural gas from the most economical source and reflect the decrease in the purchase cost of natural gas, in a manner to provide a decrease in the electricity sale price provided that a waiver from the Treasury guarantees shall be given by applying to the Under Secretariat of Treasury.

ARTICLE 3. — This Law shall be effective on the date of its publication.

ARTICLE 4. — The provisions of this Law shall be executed by the Council of Ministers.