

Turkey Announces Procedures and Principles for Natural Gas Distribution Investments

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Turkey's Energy Market Regulatory Authority has introduced principles for natural gas distribution license holders to determine tariffs, identify investments deemed to be network building expenditures, as well as upper limits for these investments. The principles are intended to increase competition and economic, which will in turn improve efficiency, quality and reliability, while reducing supply costs.

Decision number 6914 was issued on 9 February 2017, with the Principles and Procedures on Natural Gas Distribution Investments ("**Principles and Procedures**") published in Official Gazette number 29983 on 18 February 2017, entering into effect on the same date.

Notable points of the Principles and Procedures include:

- Network investment expenditures include:
 - Pipeline investments.
 - Network valve investments.
 - Station investments.
 - Urban feed line investments.
 - Urban line investments.
 - Individual line investments.
 - Meter Investments.
 - CNG and LNG plant investments.
 - Other investments deemed to be investment expenditures.
- Investment expenditures by natural gas distribution companies must be recorded in accordance with the account plan and calculated investments for CNG and LNG facilities are included in "Other Investments" and deemed to be an Investment Expenditure item.
- In addition to taxation, foreign exchange rate, interest expense, financing costs and VAT.
- If meters are removed from the system, the new meter costs will be excluded from consideration in determining the tariff rates. Meter removals due to technical malfunctions or natural gas leaks are excluded from this provision.
- Distribution companies must submit proposals for investment upper limits for each tariff period. The Authority provides written notice to the distribution company and sets a deadline for such proposals.
- CNG and LNG plant investments can only be made in distribution areas where legislation deems such facilities suitable.

Please see this [link](#) for the full text of the Procedures and Principles (only available in Turkish).

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