

Turkey Updates Tariff Regulations for Natural Gas Sector

20 Dec 2016

Turkey's energy regulator has updated the natural gas regulatory regime. The updated regulations include general tariff principles, as well as procedures and principles for preparing, inspecting, approving, publishing and revising natural gas tariffs.

The Energy Market Regulatory Authority ("**EMRA**") published the Regulation on Natural Gas Market Tariffs ("**Regulation**"), in Official Gazette number 29856 on 13 October 2016, entering into effect on 1 January 2017.

Key arrangements updated under the Regulation include:

- Provisions categorizing natural gas tariff categories as:
 - Connection.
 - Transmission and delivery.
 - Storage.
 - Wholesale.
 - Retail sale.
- EMRA will issue further regulations regarding principles and procedures for applying each type of tariff.
- General principles which apply when preparing tariffs include:
 - Providing confidential, sufficient, quality, continuing and low-cost natural gas to clients.
 - Providing financial sustainability and reasonable profitability.
 - Encouraging competition and economic efficiency.
 - Preventing cross-subsidization.
 - Equality between equal parties.
 - Transparency.
- Tariffs should not include administrative fines which are applied to legal entities whose tariffs are determined by EMRA.
- Legal entities whose tariffs are determined by EMRA will not be required to pay any other costs, except those outlined in the legislation.
- EMRA will determine tariffs in the event of a force majeure, until the force majeure ends and new tariffs are approved.
- Transmission companies and consumers can freely determine natural gas connection costs, subject to the equality principle under the Regulation on Operation of Natural Gas Market Network.
- Transmission cost within the transmission and delivery tariffs will be determined by considering principles of financial sustainability and reasonable profitability.
- Wholesale tariffs must be determined subject to principles addressing abuse of dominance, confidentiality and ensuring secure supply.
- The retail sale cost applied by distribution companies includes the unit purchase price of natural gas, tax, and similar financial obligations. It becomes the upper limit for a distribution company's retail cost. Distribution companies cannot demand any other costs under the name of retail sale, except those determined by legislation.
- The inflation rate for tariffs will be determined by taking into account the consumer price index or domestic producer price index.

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

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