

## **ANNOUNCEMENT ON FLOATING STORAGE AND REGASIFICATION UNIT (FSRU) INVESTMENTS**

On the 10<sup>th</sup> March of 2016 the Energy Market Regulatory Board issued a decree No. 6145-4 to allow for Floating Storage and Regasification Unit (FSRU) investments. The decree defined the FSRU as a storing operation “*to store the natural gas in gaseous or liquidated natural gas (LNG) in order to meet daily or seasonal fluctuations, and to cover any natural gas shortage in case of insufficiency or absence of supply*”, further noting that FSRUs are regarded as “*facilities used for liquidation for the purpose of transporting and storing in liquid state, for discharge storage and re-gasification of natural gas.*”

The Decree added that those willing to apply for FSRU license (in fact a storage license) needs to submit, in addition to other documents, a commitment that guarantees “*coordinated operation of the floating liquefied natural gas storage facility with the Transmission Company in order not to violate the operation of the transmission system as well as full-time presence and operation of the relevant facility in the location specified in the storage license throughout the license period except for conditions or force majeure agreed on by the Energy Market Regulatory Board*”.

The documents to be submitted to EMRA for storage license application (except for other general documents required for all types of licenses)

1. The abovementioned storage-specific commitment letter,
2. The coordinates and surface area for the location of the planned LNG facility,
3. Storage capacity (m<sup>3</sup>)
4. Number and capacity of tanks (m<sup>3</sup>/)
5. Discharge capacity (m<sup>3</sup>/h)
6. Settlement plan of the storage facility with the scales of 1/5000 or 1/25000
7. A commitment letter that guarantees safe operation of all the storage capacities in coordination with whole system and providing services impartially and equally

### **Natural Gas and LNG Market Overview**

In 2014, 49.262 million Sm<sup>3</sup> natural gas was imported by 9 long term and 2 spot (LNG) import licenced entities. Natural gas import increased by %8,82 compared to 2013. In 2014, the biggest share of import is % 54,76 from Russia with 26.975 million Sm<sup>3</sup>. **In the same year, 7.280,87 Sm<sup>3</sup> LNG was imported accounting for %14,78 of total imports; and spot LNG was % 23,19 of total LNG imports.**

Petroleum Pipeline Corporation (BOTAS) Turkey’s state-owned gas trade and transmission company, traditionally makes most of its gas imports via its long-term contracts with Russia, Iran, Azerbaijan, Algeria and Nigeria. While the imports from Azerbaijan and the liberalisation of the spot LNG import regime have slightly reduced Turkey’s dependency on Russian gas, the share of Russian gas exports in the Turkish supply mix is still very high at 54.76%. Private players are also buying gas from Russia now following the transfer of 10-bcm worth of contracts from BOTAS to the private players.

### Amount of imported natural gas by countries of origins (million Sm<sup>3</sup>)

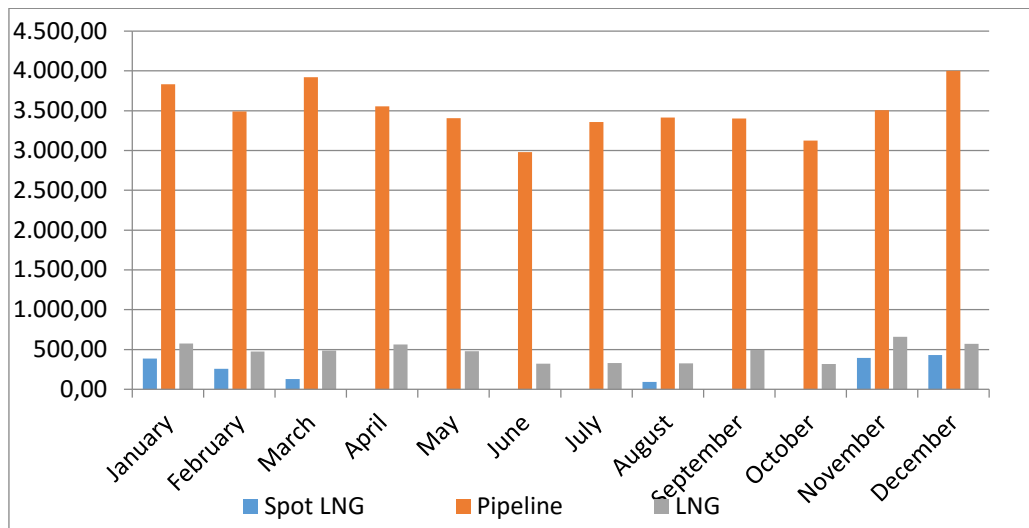
Russia	Iran	Azarbaijan	Algeria	Nigeria	Others*	Total
26.975	8.932	6.074	4.179	1.414	1.689	<b>49.262</b>

\* Others represent the countries of imported spot LNG.

### Amount of exported natural gas (million Sm<sup>3</sup>)

Exporting companies	Country	Amounts
BOTAS	Greece	632,6

### Comparison of long term import and spot LNG import in 2014 (Million Sm<sup>3</sup>)



### LNG Storage

Turkey has two operational onshore LNG terminals - in Marmara Ereğlisi and in Aliaga. Aliaga is located in Izmir, in western part of Anatolia and Marmara Ereğlisi is located in the west of Istanbul. The Marmara Ereğlisi LNG Terminal of BOTAS and Ege Gaz LNG Terminal started to operate in 1994 and 2006 respectively. The two terminals have a total storage capacity of 535.000 m<sup>3</sup> of LNG.

A subsidiary of Kolin Construction, Etki Liman İşletmeleri A.Ş. is building a third LNG terminal in Aliaga, Izmir which is expected to be operational in the first phase with a storage capacity of 280.000 m<sup>3</sup> and an annual regasification capacity of 6.3 billion m<sup>3</sup>; and in the second phase the total storage capacity will increase to more than 500.000 m<sup>3</sup>.

### LNG Storage Facilities

Company	Storage Facility	Storage Capacity	Regasification Capacity/year
BOTAŞ (LNG)	Marmara Ereğlisi/Tekirdağ	255.000 m <sup>3</sup> LNG	8.1 billion m <sup>3</sup>
Egegaz A.Ş (LNG)	Aliaga/İzmir	280.000 m <sup>3</sup> LNG	6 billion m <sup>3</sup>

**Gas Deliveries from LNG terminals in 2014 (Million Sm<sup>3</sup>)**

	<b>Jan.</b>	<b>Feb.</b>	<b>March</b>	<b>April</b>	<b>May</b>	<b>June</b>	<b>July</b>	<b>August</b>	<b>Sep.</b>	<b>Oct.</b>	<b>Nov.</b>	<b>Dec.</b>	<b>Total</b>
Sent to main transmission lines	977,53	586,09	541,30	539,01	414,46	395,24	336,87	347,57	399,18	376,13	860,95	1.106,74	<b>6.881,07</b>
Delivered to road tankers	41,69	36,49	40,73	39,23	44,32	43,75	44,68	50,82	52,86	48,97	49,82	40,18	<b>533,52</b>
<b>Total</b>	<b>1019,22</b>	<b>622,58</b>	<b>582,03</b>	<b>578,23</b>	<b>458,78</b>	<b>438,99</b>	<b>381,55</b>	<b>398,39</b>	<b>452,04</b>	<b>425,10</b>	<b>910,76</b>	<b>1146,91</b>	<b>7414,59</b>