



SCREENING CHAPTER 15 ENERGY

AGENDA ITEM : HYDROCARBONS-OIL

Law No. 5015 on Petroleum Market

Country Session: The Republic of TURKEY
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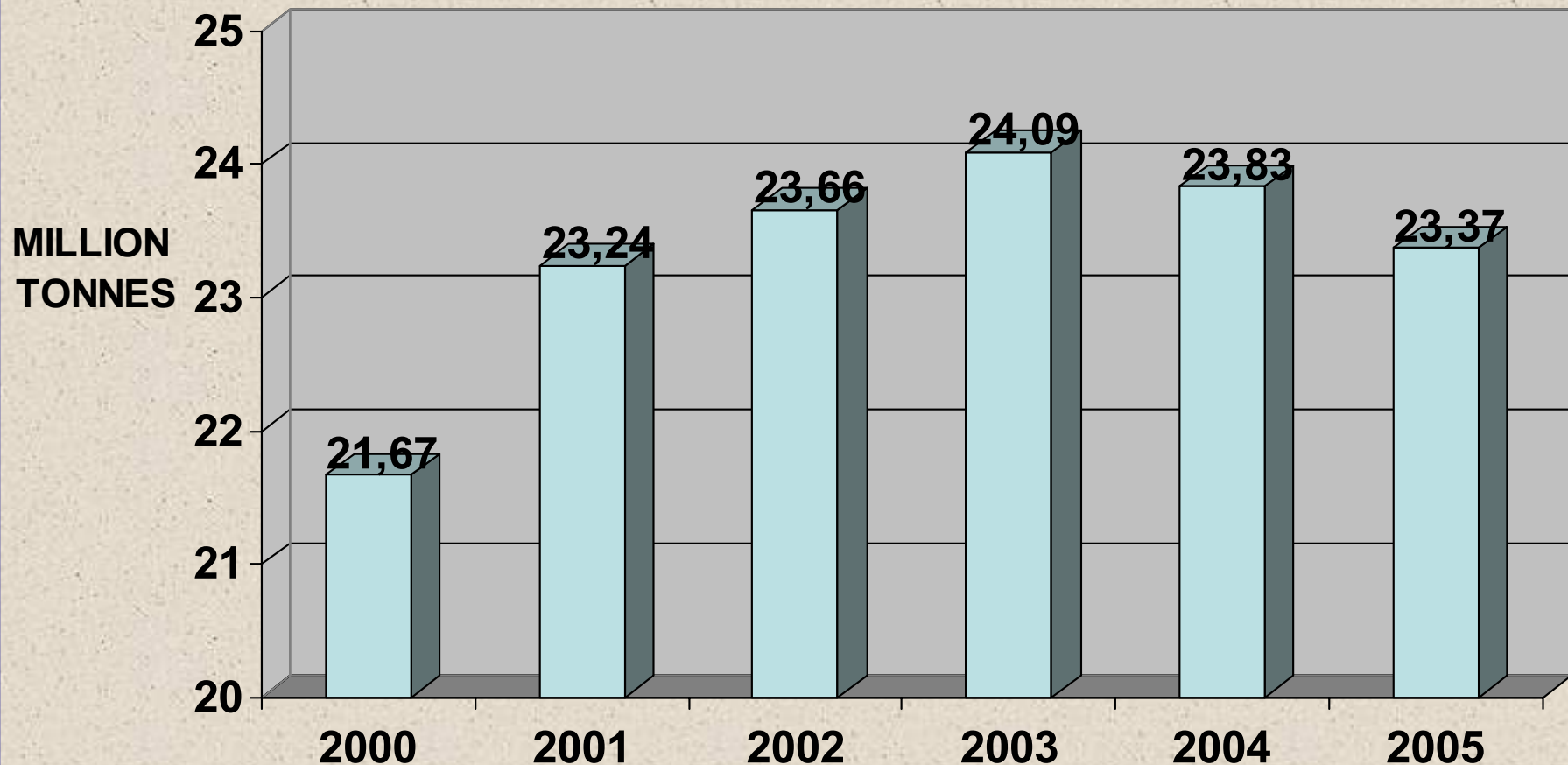


CONTENT

- Overview of Petroleum Market
- Legal framework



OVERVIEW OF PETROLEUM MARKET IMPORTED CRUDE OIL BY YEARS



OVERVIEW OF PETROLEUM MARKET (CONT'D) IMPORTED LIQUID FUEL FOR 2005

Diesel Oil*	4.351.421	72,74%
Petrol Types**	761.818	12,73%
Fuel Oil***	868.883	14,52%
Total	5.982.122	100%

* **Total Diesel Oil:** For the purposes of transportation + Heating

** **Total Petrol Types:** Unleaded + Leaded

*****Total Fuel Oil:** Low sulphured and high sulphured Fuel Oil



LEGAL FRAMEWORK

- **Law No. 5015 on Petroleum Market**

(Official Gazette : 20 December 2003, no. 25322)

- By law on Petroleum Market Licenses,
- By-law on Technical Criteria to be Implemented at Petroleum Market,
- By-Law on Petroleum Market Tariffs,
- By-Law on Petroleum Market Information System,
- By-law on Principles and Procedures of Implementation of National Market System in Petroleum Market,
- By-law on Principles And Procedures of Surveillance and Supervision and Pre-Inquisition and Investigation Applied in Petroleum Market

Several Communiqués stipulating

- technical regulations of liquid fuels,
- import regimes of petroleum products excluding liquid fuels,
- procedures of administrative sanctions



Law No. 5015 on Petroleum Market (Cont'd)

Objective and Scope (Article 1)

- **Independent regulation for;**
 - Guidance, supervision and surveillance
- **Liberal market activities;**
 - Non-discrimination, transparent
 - Stable, competitive
- **Petroleum supply;**
 - Good quality
 - Economical
 - Reliable
 - Environment friendly

Definitions (Article 2)



Law No. 5015 on Petroleum Market (Cont'd)

Licenses (Article 3)

- Licenses, to be granted to real or legal persons by EMRA, shall convey rights to holder to,
 - perform activities attributed to licenses,
 - enter into commitments.
- Licenses for establishing facilities and carrying activities of
 - refining,
 - transmission,
 - processing,
 - storage,
 - lube oil production,
 - bunker delivery,
 - eligible consumption
- For carrying activities of
 - distribution,
 - transportation
 - retail.

Law No. 5015 on Petroleum Market (Cont'd)

Rights and Duties of Licensees (Article 4)

- Duties of licensees such as
 - acting in accordance with the commercial and technical legislation,
 - avoiding activities resulting in malicious intent or unsafe activities,
 - taking necessary measures to prevent environmental risks,
 - notifying public authorities and related parties of occurrence, possibly affect security of life, property and environment,
 - insuring facilities and/or activities,
 - submitting the copies of standard contracts,
 - submit the required information, documents and samples, sign the minutes,
 - allow officials to conduct on-site investigation,
 - supply liquid fuel in compliant with technical regulations.



Law No. 5015 on Petroleum Market (Cont'd)

Licenses (Article 5 and 6)

- Refinery licensees are entitled to
 - purchase and process crude oil,
 - import finished products,
 - deliver to
 - its fuel distribution undertakings,
 - distribution companies,
 - bunker delivery undertakings,
 - deliver bunker fuels,
 - carry activities of transformation storage and/or transmission with the registration to its license.



Law No. 5015 on Petroleum Market (Cont'd)

Licenses (Article 5 and 6) (Cont'd)

- Bunker delivery licensees are entitled to,
 - to obtain liquid fuels from refineries,
 - import liquid fuels,
 - deliver to contracted bunker users.
- Transmission licensees are entitled to,
 - transport petroleum through pipelines.



Law No. 5015 on Petroleum Market (Cont'd)

Licenses (Article 6)

- Processing licensees are entitled to, produce new products from petroleum and other chemical materials, excluding lube oil and/or alteration of the quality or quantity of products.
- Storage licensees are entitled to,
 - store petroleum under the ownership of third parties to meet
 - the stock requirements,
 - operational requirementsof those performing market activities



Law No. 5015 on Petroleum Market (Cont'd)

Licenses (Article 6) (Cont'd)

- Lube Oil Production licensees are entitled to,
 - produce lube oils,
 - import lube oils.

- Transportation licensees are entitled to,
 - Transport crude oil from delivery point to refinery,
 - transport of all petroleum products though road, rail or sea.



Law No. 5015 on Petroleum Market (Cont'd)

Licenses (Article 7 and 9, Provisional Article 3)

- Distribution licensees are entitled to,
 - obtain liquid fuels from refineries,
 - import liquid fuels,
 - supply liquid fuels to its contracted retailers,
 - deliver liquid fuels to eligible consumers,
 - deliver bunker fuels to authorized users
 - trade of liquid fuels with other distribution undertakings with the permission of EMRA,
 - perform activities of storage, transportation and/or lube oil production if registered.



Law No. 5015 on Petroleum Market (Cont'd)

Licenses (Article 8 and 9)

- Retailer licensees are entitled to
 - meet the liquid fuel, lube oil, LPG needs of vehicles,
 - commence service stations and offer cleaning, facultative maintenance and other basic needs of customers,
 - service liquid fuels to industrial or large combustions plants,
 - service liquid fuels for agricultural use purposes,
 - carry activity of transportation of liquid fuels, of subject of its activities.



Law No. 5015 on Petroleum Market (Cont'd)

Licenses (Article 9)

Export and Import

- Export of petroleum products is not regulated.
- **Import of Liquid fuels,**
 - Refinery,
 - distribution,
 - bunker delivery licenseesare entitled to import liquid fuels, subject to their licenses.
- **Crude oil,**
 - Refineries are entitled to import crude oil,
 - Crude oil producers are entitled to import to add its own production.



Law No. 5015 on Petroleum Market (Cont'd)

Export and import (Article 9) (Cont'd)

- **Import of Lube Oils,**

- Lube oil producer,
- distributor,
- refinery,
- bunker delivery licensees, are entitled to import lube oil.

- **Petroleum products excluding liquid fuels,**

- EMRA issues conformity assessment documents to
 - industrial,
 - commercial users
- to import products.



Law No. 5015 on Petroleum Market (Cont'd)

Pricing and Tariffs (Article 10)

Pricing;

- Pricing for the purchase and sales of petroleum shall take place under free market conditions.
- Law, empowers EMRA to settle disputes arising between refineries and domestic crude oil producers.
- Law, empowers EMRA to
 - declare emergency situations and
 - determine base and/or ceiling price thereof for two months term.



Law No. 5015 on Petroleum Market (Cont'd)

Pricing and Tariffs (Article 10) (Cont'd)

Tariffs

- **Tariffs approved by EMRA**
 - transmission,
 - storage (connected to transmission facilities),
- **Tariffs notified to EMRA,**
 - refineries,
 - distributors,
 - processors,
 - storage.
- Prices announced by retailers



Law No. 5015 on Petroleum Market (Cont'd)

Duties and Responsibilities of the Board (Article 11 and 25)

- regulate market activities,
- state its views and comments about plans or programs,
- carry out audits, to implement surveillance and supervision mechanism,
- determine the fees for licenses and actions for licenses
- examine the audited financial tables of market participants,
- determine the scope of the reports regarding service reliability, service outages and other performance criteria for market participants,
- impose administrative sanctions and fines and cancel licenses,
- expropriation of lands, establishing right of usufruct, servitude, right of construction or long-term leasing,
- Establish limitations on constructions and agricultural activities ensuring protection of transmission, storage or refinery facilities.



Law No. 5015 on Petroleum Market (Cont'd)

Third Party Access (Article 12)

TPA to transmission and storage facilities is compulsory by Law.

Coordination And Technical Regulations (Article 4 and 13)

EMRA shall participate in preparatory studies (except for regulations regarding taxes, duties and levies) related directly or indirectly with the petroleum market to be performed by other authorized competent authorities.

- EMRA is empowered to:
 - define technical regulations of fuel quality,
 - declare standards as obligatory for use in market activities,



Law No. 5015 on Petroleum Market (Cont'd)

Coordination And Technical Regulations (Article 4,13) (Cont'd)

- technical regulation covering
 - diesel oils types,
 - petrol types,
 - bio-diesels (automotive fuel – heating fuel)
- carrying technical studies on
 - marine diesels,
 - fuel oils,
 - naphtha
 - kerosene.



Law No. 5015 on Petroleum Market (Cont'd)

Information System (Article 14)

Periodic Notifications,

- Refineries,
- distributors,
- eligible consumers,
- lube oil producers and
- bunker delivery licensees

are obliged to notify EMRA, about their activities via

- monthly,
- quarterly,
- annual reports.



Law No. 5015 on Petroleum Market (Cont'd)

Information System (Article 14)

Accrual Notifications,

- Licensees and related parties are obliged to notify EMRA from,
 - start-up of an activity,
 - closure of an activity,
 - standard contracts,
 - serious fact occurrence,
 - import-export of liquid fuels,
 - tariff amendments,
 - marking and adding,
 - inward processing of liquid fuels and lube oils.



Law No. 5015 on Petroleum Market (Cont'd)

Insurance (Article 15)

Insurance Obligation

- All licensees are obliged to insure all corporeal and pecuniary damages to third persons.

All Risks Insurance Obligation

- Licensees of refinery, transmission, storage are obliged to insure facilities and petroleum, under their ownership or possession, to all risks.



Law No. 5015 on Petroleum Market (Cont'd)

Oil Stocks (Article 16)

- Law, envisages oil stock of at least 90 days' amount of the net import in the previous year's average daily consumption. Stock obligation is to be performed as industrial stock, obligatory duty for stated licensees, and complimentary portion, stocked by refineries as a public asset.

Eligible Consumption (Article 17)

- Persons, consuming more than 5000 tones of a year of diesel oil, fuel oil, heating fuel, are eligible to obtain license and those fuels from distribution undertakings.



Law No. 5015 on Petroleum Market (Cont'd)

National Marker (Article 18)

- National marker, a chemical additive, enables authorities certified from uncertified fuels in the market.
- National marker will be added to the liquid fuels at the customs' entry points and/or refinery exits.
- EMRA, shall determine,
 - conditions and quality of national marker,
 - procedures and principles for addition of national marker,
 - submission of projections by distributors and refineries.
- EMRA shall establish,
 - an audit system,
 - a supervision and surveillance system,
 - based on national marker using.



Law No. 5015 on Petroleum Market (Cont'd)

Surveillance and Supervision System (Article 14 and 19-21)

- **Surveillance and supervision mechanism**
- Law envisages power to EMRA to inspect market activities via
 - its own personnel or
 - by way of service procurement from public/private institutions.
- Inspections are to be made,
 - executive,
 - fiscal,
 - technical stages.
- Law envisages
 - fines
 - administrative sanctions,
 - cancellation of licenses,
 - for breaches.

Law No. 5015 on Petroleum Market (Cont'd) Cont'd (Articles 14 and 19-21)

- EMRA, for establishing supervision and surveillance mechanism, completed
 - regulatory phase and participation of public institutions,
 - complimentary works and instruments,
 - an information system,
- Following establishment of mechanism, EMRA, by way of site inspection, supervised,
 - licensees,
 - facilities,
 - liquid fuel quality,
 - market participants and activities.
- EMRA, by way of gathering data from site inspection, sampling and testing activities is applying administrative sanctions and fines.



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Regulation and Exceptional Circumstances (Article 22)

- EMRA is empowered to regulate market activities via regulations referred to in the relevant articles of Law and issues needed during the operation of the market and both be issued by the Authority in Official Gazette.
- According to the Article 22 of PML, EMRA has authority to take specific decisions on exceptional circumstances. Specific decisions concerning the public shall be announced via media and bulletins.
- EMRA is competent authority to assess each case, and the Board of EMRA may consider crude oil supply crisis as exceptional circumstances.



Thank you for your attention