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NATURAL GAS MARKET DISTRIBUTION AND CUSTOMER SERVICES REGULATION

PART ONE General Provisions

SECTION ONE

Objective, Scope, Legal Basis, Definitions and Abbreviations

Objective

Article 1- The objective of this Regulation is to set forth the principles and procedures pertaining to the selection of the companies to be issued a natural gas city distribution licenses, and natural gas distribution activity to be conducted and customer services to be provided by the distribution licensees.

Scope

Article 2- This Regulation cover the principles and procedures pertaining to natural gas city distribution tender; construction, operation, expansion, improvement of distribution network; delivery of natural gas and monitoring and auditing of such activities; distribution license and the rights and obligations of the distribution licensees and the customers.

Legal basis

Article 3- This Regulation is issued as per the provisions of Electricity Market Law no. 4628 and Natural Gas Market Law no. 4646.

Definitions and abbreviations

Article 4- For the purposes of interpretation and implementation of this Regulation, the following terms and abbreviations shall bear the following meanings;

- 1) **Law:** Natural Gas Market Law No. 4646, dated 18/4/2001.
- 2) **Authority:** Energy Market Regulatory Authority.
- 3) **Board:** Energy Market Regulatory Board.
- 4) **President:** President of the Energy Market Regulatory Board.
- 5) **Non-eligible consumer connection charge:** Fixed charge, to be collected from each customer, corresponding to the share per customer of expenses associated with design, labor, material, control and approval required

in relation to the connection of the distribution network, including the meters, to non-eligible consumers' internal installations.

6) Low pressure distribution line: Pipelines of various diameters, starting from the outlet of district regulators, which transport natural gas at low pressure.

7) Connection line: Pipeline and the relevant equipment including the service box or pressure reducing and metering station, connecting the national transmission network or a distribution network to an eligible consumer's service box or pressure reducing and metering station.

8) Pressure reducing and metering stations: station where the pressure of natural gas is reduced and adjusted and where the amount of natural gas is metered.

9) Unit service and depreciation charge: Total charge, including depreciation and return, required by the distribution company for delivering one kWh of natural gas to a customer.

10) Quarter: Each of the following three-month periods: January-February-March, April-May-June, July-August-September, October-November-December.

11) Distribution: Retail sale of natural gas and transportation of the same through the local gas pipeline network for the purpose of delivering to the customers.

12) Distribution line: Distribution lines of low and/or medium pressure.

13) Distribution license tender: Tender to be conducted in order to determine the company authorized to acquire the ownership of the natural gas distribution network and perform distribution activities in the city in question throughout the license term to be determined by the Authority.

14) Distribution license: Authorization granted by the Board to legal entities in accordance with the Law to enable such legal entities to carry out natural gas city distribution activity.

15) Distribution company: Any legal entity authorized to carry out natural gas distribution and transportation activities through local gas pipeline network within a specified city.

16) Distribution network: Natural gas distribution facilities and pipelines operated by any distribution company in its respective specified region.

17) Natural gas: Natural hydro-carbons in the gas form that has been extracted or that can be extracted from the ground and the other forms of it that have been liquefied, compressed or physically processed (except for Liquefied Petroleum Gas – LPG) by certain methods to be presented to the market.

18) As-built design: Final version of the implementation design, as revised at the end of the construction phase, with any amendment made during implementation incorporated.

19) Internal installations: Customer owned and customer constructed pipeline and equipment starting from the outlet of the pressure reducing and metering station or the service box, excluding meters, and equipment such as natural gas consumption equipment, exhausted gas outlet pipe, chimney and ventilation system.

20) Relevant legislation: Laws, regulations, communiqués, circulars and Board decisions pertaining to the Natural Gas Market, and the license or licenses of the legal entity in question.

21) ISO: International Organization for Standardization.

22) Local gas pipeline: All distribution lines to be constructed and operated by any distribution company which shall engage in city distribution of natural gas.

23) Customer: Eligible and non-eligible consumers.

24) Medium pressure distribution line: Pipelines, carrying natural gas at medium pressure, which connect city-gate stations with one another and/or with district regulators.

25) Automatic corrector: Metering device which adjusts the volume of natural gas metered at the meter to standard conditions with respect to pressure, temperature and other characteristics of natural gas and displays the same.

26) Metering and Metering Equipment Testing Regulation: Regulation issued by the Ministry of Industry and Trade based on Metering and Calibration Law no. 3516.

27) Prepaid meter: Meter with a special card, compatible with the system of the distribution company and subject to the Metering and Metering Equipment Testing Regulation, which allows for the consumption of the amount of natural gas, the price of which has been paid by the non-eligible consumers in advance.

28) Meter: Equipment, subject to the Metering and Metering Equipment Testing Regulation, for metering the natural gas consumption of customers.

29) Eligible Consumer: Any real person or legal entity who has right to enter into a natural gas sale and purchase contract with any production, import, distribution or wholesale company within the country.

30) Non-eligible consumer: Any real person or legal entity which purchases gas for own use and which is obligated to make such purchase from distribution companies.

31) Certificate holder: Any real person or legal entity which has obtained a certificate as per Natural Gas Market Certificate Regulation.

32) Service line: Pipeline and the relevant equipment including the service box or pressure reducing and metering station, connecting the distribution network to the non-eligible consumer's service box or pressure reducing and metering station.

33) Service box: Box containing the service regulator or the service regulator–meter set and/or the valve, or the main valve itself, installed at the end of a service line or a connection line.

34) Service regulator: Equipment which reduces the pressure of the service line to any pressure required.

35) City: All of developed areas in the territory of Municipality or Metropolitan Municipality.

36) City feeding line: High pressure pipeline connecting the city-gate station to the national transmission line.

37) City-gate station: Entire facility comprising equipment and buildings where the pressure of the natural gas coming from the city feeding line is reduced to the required high or medium pressure level and the amount is metered and also where the other required operations are performed on natural gas, such as heating, mixing, filtering and odorizing.

38) District regulators: Stations where the pressure in the medium pressure distribution lines is reduced to low pressure distribution network pressure and where metering is done, if required, for the purpose of feeding a certain region.

39) Transportation service contract: Contract entered into by and between an eligible consumer or a supplier and a distribution company for the purposes of transportation of natural gas.

40) Supplier: Import companies, wholesale companies and production companies which sell natural gas to eligible consumers, wholesale companies, import companies, export companies, CNG distribution, transmission and sales companies and distribution companies.

41) Delivery service contract: Contract entered into by and between an eligible consumer or a supplier and a distribution company for the purpose of natural gas delivery.

42) Legal Entity (company): Any private or public legal entity established to conduct the functions of production, transmission, distribution, wholesale, export, import, trading and storage of natural gas in accordance with the provisions of the Law.

43) National Transmission Network: High-pressure pipelines which constitute a part of the National Transmission System.

SECTION TWO

Distribution License Tender

Decision to conduct a tender and tender announcement

Article 5- Distribution license tender shall be conducted upon a Board Decision. The city subject to the tender, license term, eligible consumer threshold, non-eligible consumer connection charge applicable throughout the license period, bid bond and performance bond amounts and other tender related issues pertaining to the city in question shall be stated in the relevant Board Decision. The tender to be opened by the Authority shall be announced in the Official Gazette. The tender announcement shall state the application period, application place, question-answer method and duration, which information and documents are required and other issues.

Distribution license shall be issued and the ownership of the distribution network shall be transferred to the company which wins in the tender, taking into account issues such as the level of development and consumption capacity of and the number of users in the city, for the duration of the license term determined by the Authority in the tender announcement. The Board may break the city into more than one distribution regions with defined boundaries, depending on the density of population, and tender each region separately.

Tender commission

Article 6- For the purposes of evaluating the companies which will apply for a distribution license and the bids to be submitted, a commission or commissions comprising adequate number of members shall be established by a Board Decision upon the proposal of the President. Working principles and procedures of the commissions shall be determined by the Board.

Exclusion from the tender process

Article 7- Those applicants who are understood to have provided to the Authority, on purpose, misleading information, documents or fraud documents, during any stage of the tender, shall be excluded from the tender process without being subject to any evaluation.

Persons who shall not be allowed to bid

Article 8- The following companies shall not be allowed to bid in the tenders:

a) Companies whose participation to public tenders has been prohibited as at the date of the tender announcement,

b) Companies where real persons, who hold shares equal to or above ten percent in the capital of the legal entity, have been sentenced to heavy

imprisonment or imprisonment longer than five years for infamous crimes such as simple or aggravated embezzlement; forming an organization in order to commit a crime; extortion; bribery; robbery; fraud; falsification; breach of trust; fraudulent bankruptcy or for smuggling other than smuggling of goods; manipulation of public biddings and procurements; money laundering or disclosure of State secrets or fiscal evasion,

c) Companies where relatives, up to first level, of president or members of the Board, chairman or members of the tender commission hold shares, directly or indirectly, other than those shares acquired through the stock markets.

In case of detection of any one of the cases stated above, during any stage of the tender, such company shall be excluded from the tender process and its guarantee shall be registered as revenue in favor of the Authority.

Prequalification evaluation

Article 9- Companies who wish to apply for the prequalification shall apply to the Authority in accordance with the principles and procedures and within the period specified in the tender announcement. Tender commission shall evaluate the prequalification applications based on the adequacy of the applicants. The adequacy of the companies shall be evaluated taking into consideration their financial status and experience of the company and/or its shareholders, with respect to the network investment and performance of the operation activity required in the city subject to the tender. Prequalification applications shall be evaluated, based on the following:

a) With respect to financial viability; equity, balance sheets and income statements and documents and letters of intent showing how the investment shall be financed,

b) With respect to experience; experience of the bidder or the firms which will provide design, construction and operation services to the bidder, in the natural gas sector and other sectors.

The report to be prepared by the tender commission at the end of the evaluation shall be submitted to the Board. Those companies which are not deemed adequate by the Board shall be informed thereof and such companies shall not be allowed to bid in the tender. Those companies which are deemed adequate shall be invited to obtain the tender documents from the Authority, prepare their bids in accordance with the terms set forth in the tender documents and submit the same to the Authority in the time specified.

Content of the tender documents

Article 10- Tender file shall include the terms of reference setting forth the principles and procedures applicable at all stages of the tender process,

including the preparation, submission, opening, evaluation, finalization of the bids, the currency unit in which the bidders shall bid, eligible consumer threshold in the city subject to the tender, license term, non-eligible consumer connection charge to be applied throughout the license term, bid bond and performance bond amounts, the period during which unit service and depreciation charge shall be applied as a fixed amount, commencement date of the investment, principles and procedures pertaining to issuing a distribution license to the company which wins in the tender, all principles and procedures applicable to the design, construction and material required for the construction of the distribution network, and commissioning of the completed network and the basic technical criteria. Terms of reference shall be prepared in accordance with the characteristics of the city subject to the tender.

Relevant legislation is an integral part of the tender documents.

Amendments to the tender documents

Article 11- The Board may, at any time before the deadline for submission of proposals, amend the tender, either on its own discretion or as a result of a request for further clarification by any one of the companies. All companies who have obtained the tender documents shall be informed, in writing, of such amendments and such amendments shall be binding on all bidders.

Evaluation of the bids

Article 12- The bids shall be evaluated based on the unit service and depreciation charge, which shall be proposed as a single charge for supplying one kWh natural gas to consumers. The bids shall be ranked based on the unit service and depreciation charges offered, the three lowest bids shall be determined and the relevant bidders shall make discounts off their bids. The Board shall either determine, as a result of the discount process, the bidder with the lowest bid, who shall be the company which acquires the right to be granted a distribution license and the companies ranking in second and third places; or cancel the tender if it does not deem the bids appropriate.

The unit service and depreciation charge, which shall be set in the tendering process, shall be in effect throughout the period set forth in the relevant tender documents. Following the completion of such period, the unit service and depreciation charge to be determined by the Board in accordance with the price cap method shall be used.

Invitation notification

Article 13- The Bidders shall be informed of the Board Decision in compliance with the terms and conditions of the Law on Notifications and the

company who ranks first shall be invited to obtain the distribution license. In the invitation notification, the company shall be required to apply to the Authority and submit the performance bond, upon completing the actions to be performed prior to obtaining a license, within the period stated in the notification. Should the relevant company apply for extension of time for application and should such request be accepted by the Authority, the time for application may be extended.

Assets to be accepted as guarantee

Article 14- The following may be submitted as bid bond to be submitted together with the proposal and as performance bond to be submitted in case of acquiring the right to be issued a license:

- a) Blocked check issued in the name of the Authority in US Dollars,
- b) US Dollars deposits or US Dollars in cash blocked with the bank in favor of the Authority,
- c) Letters of guarantee (issued from bank) issued in US Dollars.

Counter guarantee of Turkish banks shall be required for guarantees obtained from foreign banks. Performance bonds shall be obtained from Turkish banks ranking in the first ten with respect to magnitude of actives in the list announced by the Union of Turkish Banks for the past year. With respect to letters of guarantee obtained from foreign banks, counter guarantee of one or more of these banks in question shall be required. The Authority shall have the power to increase or decrease the number of these banks in question. All cost associated with guarantees shall be borne by the bidders. Guarantees submitted to the Authority shall be non-attachable and exempt from temporary injunction.

Changing of guarantees

Article 15- The Authority, if deems necessary, may require a change in the currency, source and type of guarantees. The Authority, if deems necessary, may also require the submission of one or more of the assets considered as guarantee. Cost associated with changing the guarantee upon the request of the Authority shall be borne by the bidders.

Bid bond and performance bond

Article 16- Bid bond shall be determined as a fixed amount, separately for each tender to be conducted and it shall be stated in the tender announcement. Amount of the performance bond shall be stated in the terms of reference.

Submission of the performance bond and returning of the bid bond

Article 17- Following the final determination of the first three bids by the Board, bid bonds of the other bidders shall be returned. The company which

acquires the right to obtain a distribution license upon the approval of the Board shall submit the Authority a performance bond at the amount stated in the terms of reference and such company's bid bond shall be returned. The bid bonds of the other two companies shall be returned following the issuance of the distribution license.

Control, commissioning and acceptance of the investment

Article 18- Control of the design, construction and testing of the distribution network, commissioning and acceptance of the completed portions shall be performed by certificate holders who have not been engaged in any of the above mentioned activities with respect to the network in question. All these activities shall be registered in minutes.

Returning of the performance bond

Article 19- Parts of the performance bond associated with the appropriately completed and accepted portions of the distribution network shall be returned in accordance with the principles and procedures set forth in the terms of reference.

Cases where bid bonds or performance bonds shall be registered as revenue

Article 20- In the following cases, bid bond or performance bond submitted by the company shall not be returned; it shall be registered as revenue in favor of the Authority:

- a) Withdrawal of the company from the tender after submitting a bid but prior to announcement of the company which has acquired the right to obtain a distribution license.
- b) Failure to timely complete the necessary procedure for obtaining a license upon acquiring the right to do so or refraining from obtaining the license or returning of the license upon the approval of the Board.
- c) Bankruptcy of the distribution licensee.
- d) Cancellation of the license upon implementation of sanctions set forth in Article 9 of the Law.

Partnership of the municipality

Article 21- The company, which acquires the right to be issued a distribution license shall first invite the municipality or the municipal company of the city in question to become a shareholder of the company, at the ratio set forth in the Law, without requiring it to deposit any capital. The company shall inform the municipality in question of its invitation for it to become a shareholder and shall request the municipality or the municipal company to

complete the procedure to obtain shares within fifteen days as of the date of notice. In cases where the municipality or the municipal company does not obtain shares or does not obtain sufficient number of shares to acquire the right to have one representative in the board of directors, the company shall inform the Authority. The Authority may request from the company to put in place arrangements to enable the municipality to be represented in the board of directors and board of auditors of the company, in conformity with Article 275 of Turkish Commercial Law.

Procedure prior to license issuance

Article 22- The company which acquires the right to obtain a distribution license shall be obligated to make the following amendments in its articles of association in accordance with the relevant legislation, in order to be issued the distribution license.

a) The company shall finalize the procedure associated with the municipality or the municipal company in the city in question, in accordance with Article 21 hereof and Article 4-4-g of the Law.

b) In cases where the company is a joint stock company established under the provisions of Turkish Commercial Law, all shares shall be registered to name if not already so.

c) Since the distribution licensee shall not be able to engage in any activity other than in city distribution of natural gas, the relevant part of the articles of association of the company shall be amended accordingly.

d) Provisions stating acceptance that the Authority shall have the right to temporarily replace some or all of the members of the board of directors or those in charge of the management of the legal entity; in cases where the legal entity is a joint stock company, some or all of the members of the shareholders general assembly or those in charge of management of the company by making new appointments to replace them, in cases where it becomes necessary to cancel a license, in order to protect the consumers and not to cause interruption in services and to ensure performance of activities within the scope of the license and operation of the distribution network, in line with the Board decision to be issued prior to such cancellation.

License issuance

Article 23- The company shall complete the actions set forth in Article 22, within the period stated in Article 13, and request to be issued a distribution license, submitting the Authority its articles of association, if amended, licensing fee receipt and any other information and documents to be requested.

Distribution license shall be prepared in accordance with the provisions of Natural Gas Market License Regulation and taking into account the proposal and it shall be collected by the company on the date to be determined.

Shall the company refrain from collecting the distribution license; its current guarantee shall be registered as revenue in favor of the Authority and the distribution license in question shall be offered to the companies ranking second and third places, respectively, in the tender; the license being subject to the same terms and conditions and at the same price as offered to the company ranking in first place. Shall both bidders refuse to be issued the license, their bid bonds shall be returned and a new tender process shall be conducted.

Right of the Authority to reject bids and cancel the tender

Article 24- The Authority is not subject to State Tender Law no. 2886 and the distribution license tenders conducted by the Authority are not subject to Public Tender Law no. 4734 and Public Tender Contracts Law no. 4735. The Authority shall have the power to reject any or all of the bids or cancel the tender completely at any stage of the tender, in cases stated in Articles 7 and 8 or in any case it deems necessary. The Authority shall not be held liable for any such decision or action.

The municipality of the city for which the distribution license tender is conducted shall show its best endeavors to help the bidders with respect to the tender and the investment, prior to and at all stages of the tender. In cases where it is understood, at any stage of the tender, that the municipality in question is discriminating among bidders, the Authority may cancel the tender and postpone the new tender to be conducted for the city in question. The Authority shall have the power to take any other measure it deems necessary.

The contracts to be entered into by and between the distribution company and third persons

Article 25- Distribution company shall hire construction and service certificate holding third persons to perform construction works associated with the distribution network, under contracts to be entered into with such persons, if it does not perform such work itself. In the contracts to be entered into by and between the distribution company and third persons in relation with activities within the scope of the license of the distribution company, there shall be no provisions in contradiction with the relevant legislation and no provisions that may have adverse effects on system security or system operation. Distribution company shall be responsible for proper and timely completion of the works and shall be liable for any default or negligence of the design or construction contractors in relation with the works. Distribution company shall take all measures to prevent any harm or disturbance to the environment and people and

shall adhere to the provisions of legislation related to environment and other legislation during the investment related activities.

Time extension

Article 26- The time periods stated in the Terms of Reference shall not be extended except due to force majeure conditions set forth in Article 46 of the Natural Gas Market License Regulation.

Insurance obligation

Article 27- Distribution companies are obligated to provide insurance coverage for their assets associated with the activities they perform in order to protect them against possible risks. In this framework, distribution companies shall provide “all risk insurance” coverage for their distribution networks against risks such as natural disasters, fire or accidents.

Progress reports

Article 28- Distribution company shall submit brief information about the progress achieved in the construction of the distribution network to the Authority in the form of regular reports to be prepared every six months. Such reports shall be submitted by the fifteenth day of the following month.

Additionally, the distribution company shall maintain certificates obtained from Turkish Standards Institution, certifying that the equipment and material used in the infrastructure are in compliance with the relevant legislation, test and control records, incident reports, expropriation, establishment of real rights other than ownership and leasing records and other information, documentation, records and reports to be required by the Authority, in order to submit to the Authority upon request.

Balance sheet, income statement and other additional financial statements

Article 29- Every year, distribution companies shall, by the end of the month of March of the succeeding year, submit the Authority their annual balance sheets, income statements and other additional financial statements deemed necessary, prepared in accordance with the relevant legislation during their investment processes.

Authority’s right to examine

Article 30- The Authority shall guide, audit, monitor the activities of the distribution company and, when necessary, may procure these services from certificate holders, at the cost of the distribution company. Distribution company shall do all that is required to facilitate the audit and monitoring activities of the Authority.

Extension of license term

Article 31- If the distribution company, the license term of which expires, requests from the Authority the extension of its city distribution license in question one year prior to expiry thereof, the Board may issue a distribution license for the second time, taking into account the economic and technical status of the company, the quality of service, consumer satisfaction and the other issues set forth in the relevant legislation. The unit service and depreciation charge and non-eligible consumer connection charge to be determined by the Board shall be applicable throughout the new license term.

Sale and transfer of network

Article 32- Distribution company may sell the distribution network under its ownership to another legal entity prior to expiration of its license term, upon the approval of the Board. The Board shall approve such sale provided that the network is sold as a whole, the legal entity buying the network conforms to all conditions required for obtaining a distribution license, if a distribution license application of the entity in question has been rejected before, the reasons for rejection are removed, the sale in question does not result in implementations that are not in favor of the customers and the unit service and depreciation charge is not exceeded. The legal entity which buys the distribution network shall apply to the Authority to obtain a distribution license in accordance with the relevant legislation.

In cases where it becomes obligatory to cancel a license, or where the licensee returns the license upon the relevant Board decision, before it expires, sale of the network shall be possible through a tender to be conducted by the Board. License shall be issued to the legal entity offering the highest price for the transfer of ownership and possessing the qualifications required for obtaining a distribution license, for a period to be determined by the Board, provided that the new unit service and depreciation charge and non-eligible consumer connection charge do not exceed those applied by the previous licensee and the rest of the terms and conditions remain unchanged. The price for the network shall be collected from the new licensee and paid to the previous.

In cases where the term of the distribution license is not extended, a tender shall be conducted for the operation and ownership of the distribution network. Distribution license shall be issued to the legal entity offering the highest price for the transfer of operation and ownership of the network and possessing the qualifications required for obtaining a distribution license, on the condition that the new licensee applies the unit service and depreciation charge and non-eligible consumer connection charge determined by the Board,

throughout the term of the license. The price for the network shall be collected from the new licensee and paid to the previous.

In the cases set out in this article, distribution licensee transfers to the new licensee the existing network and all of the related facilities, all mobile and immobile assets together with any rights associated with them, all liabilities and obligations being removed, well maintained apart from normal wear, as a whole and in working condition. Distribution licensee shall continue to provide service, subject to the same terms and conditions, until the new licensee takes over the operation and ownership of the network.

SECTION THREE **Other Provisions**

Sanctions

Article 33- In case any situation in contradiction with the relevant legislation is observed during the inspection carried out by or on behalf of the Authority, provisions of Article 9 of the Law shall be applied, based on the nature of the action.

In cases where it is understood that the prerequisites required for obtaining a distribution license ceased to exist during the performance of the activities or it is observed that such prerequisite conditions never existed, performance bond, if any, shall be registered as revenue in favor of the Authority and necessary action shall be taken in accordance with Article 9 of the Law and the Board shall cancel the license after taking the necessary measures listed in Article 34, in advance, in order to prevent any interruption in services.

Measures to be taken by the Authority

Article 34- In cases where it becomes obligatory to cancel a distribution license, Board may make new appointments to replace some or all of the members of the board of directors or those in charge of the management of the licensee, or, if the licensee is not a joint stock company, members of the board of shareholders and/or those in charge of the management of the legal entity, through a Board decision to be issued prior to cancellation, for the purpose of protecting the consumers and preventing any interruption in services, and in order to ensure performance of activities within the scope of the license and operation of the distribution network. Provisions pertaining to the acceptance of such appointments shall be set forth in the distribution license and articles of association of the distribution company.

In case of bankruptcy of a distribution licensee, the licensee shall expire automatically, the Authority shall take the necessary measures and the performance bond and other assets representing guarantees, if any, shall be registered as revenue in favor of the Authority.

Legal obligations and other expenses

Article 35- All tax, duty, fee and approval expenditures and similar legal liabilities, and all other expenditures undertaken by the bidders, including those associated with bid bond and performance bond issuance shall be borne by themselves. No claim whatsoever can be made from the Authority for this matter.

PART TWO Customer Services

SECTION ONE

Connection, Customer Contracts, Deposit and Approval of Internal Installations

Connection

Article 36- Distribution company shall be obligated to connect all consumers within the region under its responsibility, to the distribution network, upon their request. However, connection obligation shall depend on whether the capacity of the system under the responsibility of the distribution company allows for the connection, whether the connection is feasible in technical and economic sense and completion of the transactions set out in the relevant legislation, by the party requesting the connection.

Connection applications to the distribution company shall be made by residents of independent sections, owner of the building or the facility or authorized representatives of the same. Distribution company shall assess the connection application within fifteen days, and if deems appropriate, shall perform the transactions to realize the connection; if deems inappropriate, shall inform the applicant in writing of the reasons.

The applicant, whose connection request is rejected, shall have the right to apply to the Authority, in writing, within sixty days as of receipt of the decision of the distribution company, and request the determination of whether the connection is feasible in technical and economic sense. Should it be understood that the principles set out in this article are violated, after the Board takes the

justification of the distribution company, the distribution company shall be obligated to act in accordance with the decision of the Board on the matter.

Distribution company shall complete and commission the service line of the non-eligible consumer, whose connection request is deemed appropriate, within thirty days. Distribution company shall also be responsible for maintenance and repair of the service lines.

Connection line of eligible consumers shall be constructed in accordance with principles and procedures set out in the relevant legislation, in the way to connect to the network at a point deemed appropriate by the distribution company and to be at their expense. Testing and control of the connection line shall be completed by the distribution company and it shall be commissioned. Eligible consumers shall be responsible for the maintenance, repair and improvement of the connection lines and facilities.

Customer Contracts

Article 37 – Following the approval of the design of the internal installations, contract shall be signed and non-eligible consumer procedure shall be completed after the submission of the required documents by the customer to the distribution company and payment of the non-eligible consumer connection charge.

If non-eligible consumer connection charge is previously collected from the non-eligible consumer previously occupying the same address, this charge shall not be collected again. However, any possible extra service line cost which may arise from expansion of the structure or the facility shall be borne by the customers. Distribution company shall be obligated to provide correct and complete information to the applicant about the pricing principles to be implemented and the provisions of the contract prior to signing the contract.

Distribution company shall categorize the non-eligible consumers as residential, commercial and industrial, for informative purposes. Standard contracts shall be signed with non-eligible consumers; and with eligible consumers and suppliers, connection and delivery and/or transportation service contracts comprising provisions to be specified by the parties upon negotiations, to remain within the framework of relevant legislation, shall be signed. No provision in contradiction with relevant legislation may be included in the contracts to be entered into by and between the distribution company and the customers.

Deposit

Article 38- Distribution company may, only once and upon signing of the contract, collect deposits from customers other than those using prepaid meters, in order to provide a guarantee for its receivables.

Principles and procedures pertaining to the deposits and their calculation, shall be proposed to the Authority by the distribution company, together with its tariff proposal every year and they shall be determined by the Board.

In case of expiry of the customer contract or in relation with the customers who replace their mechanic meters with prepaid meters, the amount of the deposit retained by the distribution company shall be updated in line with the rate of increase in the Consumers' Price Index announced by the State Statistics Institute and the updated amount shall be paid to the customer within five days as of the date of request, provided that all debts are settled by the customer.

Approval of internal installations

Article 39- Applicant installing connection lines or service lines shall have certificate holders construct their internal installations in accordance with the provisions of relevant legislation and the distribution company approved design. Distribution company shall, within five days as of the relevant application, have its own technical staff or the certificate holder working on its behalf, control and test the internal installations in accordance with the provisions of relevant legislation, and shall approve them if deems appropriate. Should the distribution company deem the internal installations inappropriate, controls and tests shall be repeated after the defects observed are remedied. Natural gas shall be supplied within two days following the approval of internal installations.

SECTION TWO

Meters, Metering and Customer Complaints

Meters

Article 40- Meters shall be under the ownership of the distribution company and they shall be provided and included in the system by the distribution company without collecting any charge other than the non-eligible consumer connection charge. Calibration and control of the meters shall be performed within the framework of the provisions of the Meters and Calibration Law no. 3516.

Installation, dismantling, replacement, control of meters and all similar actions shall be taken by the distribution company. Customers may not, in any

way, intervene with the meters. Any damage occurring in the meters due to intervention shall be compensated by the customer.

Metering

Article 41- In determination of the amounts of natural gas consumption, figures read from the meters shall be adjusted using automatic correctors and the adjusted values shall be taken as basis. The amounts of consumption of customers using above 100 mbar of natural gas and who do not have automatic correctors shall be determined taking as basis the volume as adjusted in accordance with the principles and procedures set forth in the relevant legislation.

Malfunctioning of meters

Article 42- If it is understood that a meter is not properly functioning due to any reason other than the fault of the customer, the amounts of natural gas consumption shall be determined as follows:

a) With respect to customers using natural gas for production purposes, the deviation ratio exceeding acceptable limits determined as a result of the tests and controls performed on the meter, or the average of consumption during the current quarter, metered before the meter started malfunctioning shall be taken as basis.

b) With respect to other customers, the average of the natural gas consumptions during the same quarters of the two preceding years shall be taken as basis. This average shall be compared with the average to be calculated using the consumption amounts of customers with similar consumption tendencies during the same periods as samples. If the average consumption of the customer is higher than the average consumption of the customers taken as samples, the average consumption of the customers taken as samples shall be taken as basis; if the average consumption of the customer is lower than that of the customers taken as samples, the customer's average consumption shall be taken as basis in calculation of the consumption during the period during which the meter was not functioning properly and the corresponding amounts shall be accrued. If there is no historical data associated with the customer, calculations in question shall be performed taking as basis the data pertaining to customers with similar consumption tendencies.

Differences occurring in metering, arising from the malfunctioning of the meter, shall be calculated taking as basis the retail sale prices of the relevant period and the distribution company shall take action in accordance with the provisions of Article 51.

Controlling of meters

Article 43- Distribution company shall control the meters at least once a year in order to ensure proper functioning thereof. Meters shall be periodically controlled by the distribution company in accordance with the Meters and Calibration Law no. 3516, for every kind of calibration and maintenance.

In case of malfunctioning of the meters or in case there are doubts about their accuracy, the customer may request the meter to be controlled. Such request shall be met by the distribution company, within the framework of the Meters and Calibration Law no. 3516. In cases where the customer is right, control cost shall be borne by the distribution company.

Distribution company may control the meters, whether in the presence of the customer or not, at any time it deems necessary. In cases where, as a result of the control, it is understood that the meter in question is not properly functioning, the meter shall be replaced with a functioning one after taking a record including also the index value.

Should any action be taken by the distribution company regarding a meter without the relevant customer being present, a notice shall be left at the customer's address. The customer, if necessary, shall apply to the distribution company together with the notice.

In cases where there are concerns about security issues, distribution company may control the natural gas installations that come after the meter, upon consent of the customer or the resident of the place under inspection. If such consent is not granted, distribution company shall stop providing natural gas to such customer until such concerns are removed.

Disconnection of service

Article 44- Natural gas supply shall be stopped and service shall be disconnected by the distribution company

a) within three days if the customer does not want to use natural gas for a certain period, on the condition that the customer pays the charges pertaining to its consumption up to such period.

b) on three days notice if the customer fails to pay the bill within the period set forth in Article 49.

c) upon a court resolution or a Board decision or in case it is understood that there is unauthorized or inappropriate use of natural gas.

Such issues shall be set forth in the customer contract.

Paragraph (c) of this article being an exception, natural gas service shall be disconnected during working hours and on days other than official holidays.

Additionally, the notice to be served regarding the disconnection of service shall be prepared in a clear and easily understandable manner and it shall include the date of disconnection of service, the reasons for doing so, and the telephone number of the distribution company for obtaining further information.

Resumption of provision of natural gas to the customer

Article 45- Upon application to the distribution company of any customer, provision of natural gas to whom has been disconnected, after such customer fulfills his obligations, provision of natural gas to such customer shall be resumed within two days. However, if necessary, control and testing of internal installations shall be performed again within this period. Meter re-commissioning charge shall be collected from customers, provision of natural gas to whom has been disconnected in accordance with the provisions of article 44. Meter re-commissioning charges shall be submitted to the Authority, together with the tariff proposals every year by the distribution companies and shall be determined by the Board.

Cancellation of the status of being a customer

Article 46- Upon the application of the customer, or the authorized representative of the customer on behalf of the customer, who wishes to cancel his status of being a customer, to the distribution company, the closing valve of the customer shall be sealed and natural gas provision to such customer shall be disconnected within three days. The last reading of the customer's meter at the time of sealing shall be recorded and accrual shall be done based on the last index of the meter and the customer's account shall be closed. Any receivables of the customer shall be paid within ten days and the contract shall be terminated. Customer receivables which are not collected within five years following the closing of the relevant customer account shall be transferred to the Treasury to be registered as revenue.

Customer complaints

Article 47- Customers shall forward all kinds of complaints related to the utilization of natural gas to the customer services department of the distribution company. Complaints may be made in person, in writing, over the phone, via facsimile or internet. The issues, complaints regarding which shall be made in writing shall be set out in the customer contract. Depending on the nature of the complaint, distribution company shall respond to the complaint in writing and/or take necessary action within fifteen days. Customer complaints and actions taken shall be recorded by the distribution company and such records shall be submitted to the Authority upon request.

SECTION THREE

Accrual and Billing

Determination of consumption, accrual and billing

Article 48- Distribution company shall determine the consumption amount to be taken as basis for billing based on the index read from the customer's meter; non-eligible consumers using pre-paid meters being an exception. Meters shall be read once a month and indices shall be recorded. Distribution company shall calculate the amount of natural gas sold, based on the difference between the index on the day the meter is read and the index on the previous time the meter had been read, and in accordance with Article 41. Accrual shall be made based on the kWh energy amount derived from such calculation and the retail sale price valid on the day the meter is read last.

Distribution company shall leave the bill and/or invoice at the non-eligible consumer's address or contact address at least fifteen days before the payment deadline. Customers shall be obligated to inform the distribution company of the change in their contact addresses within seven days.

If any meter cannot be read for any reason whatsoever, the distribution company shall divide the amount to be billed into a number of installments corresponding to the number of months during which the relevant meter could not be read. If it is possible to determine the amount of natural gas consumption during the months during which the meter could not be read, on monthly basis, charge shall be calculated by using the retail sale prices valid in the relevant months. If not, the total charge pertaining to the months in question shall be calculated taking the retail price of the first month and then shall be divided into installments.

Distribution company shall be obligated to open sufficient number of natural gas pre-paid meter card loading centers for customers using pre-paid meters, at easily accessible locations in those parts of town where settlement is dense.

Pre-paid meter card loading centers shall be open from 08:00 to 18:00 hrs. It shall be ensured that some of these centers provide service twenty four hours a day, to be available in case of emergencies.

Payment

Article 49- Natural gas consumption charges stated on the bills shall be payable at the places and by the due date stated on the bill. Bills which are not paid by the due date shall be paid together with the interest to be applied for late payments. Regarding payments made after due date, the interest for late

payments that shall be stated in the contract shall be applied on daily basis. For eligible consumers, payment deadline and the interest for late payments shall be determined by the parties, in the contract. Interest for late payments shall not exceed the relevant rate set as per Article 51 of the Law No. 6183 on Collection of Public Receivables.

Customer, the service to whom is disconnected due to failure in timely payment of the bill, may request the resumption of service from the distribution company after paying the bill in question, interest for late payment and meter re-commissioning charge. In such a case, distribution company shall respond to the request of the customer as per the provisions of article 45.

Objection to the bill

Article 50- Customers shall have the right to object to the bills. Customers shall make such objections to the customer services department of the distribution company by the payment deadline of the bill. Distribution company shall assess the objection and come to a conclusion within ten days as of the date such objection is filed.

Filing an objection shall not discharge the payment obligation of the customer. Until a conclusion is reached in relation to the objection, if the consumption subject to objection is above that in the same period of the preceding year, the amount consumed in the same period of the preceding year shall be taken into account. Payable amount shall be calculated based on the retail price valid during the period subject to objection and shall be paid by the customer by the deadline. In cases where there is no historical data in relation with the customer in question, calculations shall be performed based on the data pertaining to other customers with similar consumption trends.

If the objection is accepted by the distribution company, the over-collected consumption charge subject to objection shall be returned to the customer, in cash and together with the interest for late payments that is applicable to the customer, within five working days as of the date when a conclusion is reached in relation with the objection; or the amount in question shall be deducted from the customer's next bill, if the customer agrees. If the objection is not accepted by the distribution company, the under-collected part of the consumption charge that is subject to the objection shall be paid by the customer, together with the interest for late payments to be calculated as of the payment deadline, within five working days as of the date when a conclusion is reached in relation with the objection.

Under or over-billing

Article 51- In case of under-billing due to any error committed by the distribution company, the distribution company shall give the customer time corresponding to the number of months for which the under-billing is done, for payment of the under-billed amount and no interest for late payment shall be applied to such amount.

In case of over-billing, the excessive amount collected shall either be paid to the customer together with the interest for late payment to be calculated in accordance with the ratio set out in Article 49, in cash, within five working days as of the date such over-billing is realized or, subject to the consent of the customer, be deducted from the next bill.

SECTION FOUR

Unauthorized and Inappropriate Use of Natural Gas

Unauthorized use of natural gas

Article 52- Consumption of natural gas based on under or incorrect metering or without taking it through the legally installed meter, in a manner that is not in conformity with the legislation, through preventing correct metering of the consumption by interfering with either the distribution system, the meter or installations, shall be considered as unauthorized use of natural gas. In determination of whether there is unauthorized use of natural gas or not, distribution company shall support such determination with justifiable observations and documents and consumers' rights shall not be violated.

In cases where unauthorized use of natural gas is detected, the situation shall be recorded and necessary measures to prevent such use shall be taken by the distribution company.

Distribution company may disconnect service to those committing unauthorized use of natural gas and start legal proceedings, including filing of complaints with the public prosecutor regarding such persons.

Price for unauthorized use of natural gas shall be calculated within the framework of the observations, based on the documents prepared in accordance with the results of metering and control. Such price shall be charged to the customer by the distribution company by taking into account the duration of usage and the amount of natural gas consumed during such period.

Inappropriate use of natural gas

Article 53- In cases where the customer

a) starts using natural gas without the written approval of the distribution company for initial use;

b) installs another meter to replace the meter that is uninstalled by the distribution company or persons authorized by the distribution company to do so;

c) connects a separate independent unit via his meter to provide with natural gas without the written approval of the distribution company;

d) uses natural gas by paying the bills issued in the name of the previous resident of the same address, without making a contract for himself;

e) performs non-approved modifications in his internal installations and uses natural gas in this condition;

distribution company shall perform the procedures pertaining to inappropriate use of natural gas and disconnect service to such customer.

In the case explained in paragraph (d) above, if an application is made to the distribution company before the inappropriate use of natural gas is observed and if this can be proven by documents, procedure pertaining to inappropriate use of natural gas shall not be applied.

In cases where inappropriate use of natural gas is detected, the situation shall be recorded and necessary measures to prevent such use shall be taken by the distribution company. In cases where the situation resulting in inappropriate use of natural gas and causing the service to be disconnected is remedied, action shall be taken as per the provisions of Article 45.

Common provisions related to unauthorized and inappropriate use of natural gas

Article 54- In relation with unauthorized and inappropriate use of natural gas;

- a)** Determination,
- b)** Duration,
- c)** Consumption amount calculation,
- d)** Charging,
- e)** Payment,

Methods and other principles and procedures shall be determined by the distribution company and proposed to the Authority, and all shall become applicable upon the approval of the Board. No amendment shall be made in these methods without the approval of the Board.

PART THREE
Operational and Service Obligations

SECTION ONE
**Principles and Procedures applicable for Distribution Companies,
Expansion Investments,
Maintenance and Repair, Odorization and Detection of Leakages**

Principles and Procedures applicable for Distribution Companies

Article 55- Distribution company shall

- a) Establish and make functional the ISO 9001 quality management system and the ISO 14001 environmental management system within eighteen months as of the date its license is issued;
- b) Provide sufficient capacity to meet the demand in the area under its responsibility, expand or improve the existing network or make new network investment plans and implement them as per the changes in natural gas demand and the density of population required by the settlement plans of the city;
- c) Train the local fire fighting and security institutions about natural gas and related applications and work in cooperation with these institutions;
- d) Establish a customer service department for the purposes of receiving customer applications and complaints and assessing them in the shortest time practicable;
- e) Ensure that as-built designs are registered in the settlement plans, cadastral maps and in the title-deed registry;
- f) Ensure that natural gas is delivered to the customers at appropriate pressure;
- g) Provide service to the customers in a transparent, non-discriminatory and objective manner;
- h) Keep confidential the information about its customers and not disclose such to third persons, other than cases of legal obligation or written consent of the customer to disclose such information;
- i) Not influence its customers to select a specific trademark or to work with a specific company;
- k) Perform necessary tasks to create customer awareness, using press and visual media, and provide information to the customers regarding security and other issues in relation to efficient use of natural gas;
- l) Perform natural gas delivery programming in order to accommodate fluctuations in demand, ensure the reliability of service in case of demand imbalances or operational constraints;
- m) Take the necessary measures related to service interruptions, natural gas leakages and security related issues;
- n) Issue internal installations and service lines certificates in line with the provisions of Natural Gas Market Certificate Regulation.

Expansion Investments

Article 56- Distribution company shall prepare network expansion feasibility studies based on annual demand forecasts, completion rates of construction in compliance with settlement plan and connection requests from customers located in places where the network does not yet reach, and design the network expansion investment in compliance with the principles and procedures set forth in the relevant legislation and perform construction works. Distribution company is obligated to ensure adequacy of capacity according to the demand in the area under its responsibility. Additionally, if there is any change in the settlement plan related to increase in the number of floors in buildings in places where network exists, distribution company shall take measures required to provide for capacity increase in accordance with such change.

Maintenance and repair activities

Article 57- Distribution company shall

- a) Take all measures required to maximize and maintain service quality; make available at least two fully equipped maintenance-repair vehicles for up to fifty thousand non-eligible consumers and an additional vehicle per every additional fifty thousand non-eligible consumers;
- b) Clear the place off natural gas and take necessary measures in accordance with the relevant legislation and applicable standards to ensure security during maintenance and repair activities;
- c) Prepare repair and maintenance rules taking into account the physical and technical characteristics of the distribution network, recommendations of manufacturing firms and the relevant legislation and applicable standards and maintain the same in all of its relevant units;
- d) Prepare six-month, one-year and five-year maintenance programs and plan regular maintenance and spare part replacement; perform maintenance in accordance with such plans, prepare reports on the same and submit them to the Authority if requested;
- e) Keep available sufficient amount of spare parts and repair material for construction, maintenance, repair and emergency intervention, taking into account also the recommendations of the manufacturing firms.

Natural gas outage during maintenance and repair

Article 58- Distribution company may suspend service upon at least three days notice to the customers by local or other press or media, informing them about measures to be taken, duration of the outage and the time when service will be resumed, related to the programmed outages due to reasons such as

expansion, renewal, improvement or repair of the natural gas network. Distribution company shall complete such maintenance and repair in the shortest time applicable.

Additionally, distribution company may suspend service due to a problem in the internal installations of a customer. Distribution company shall be liable for any damages resulting from disconnection of service without previously notifying the customers, except in cases of emergency.

Odorization

Article 59- For the purpose of ensuring detection of natural gas leakage, distribution company shall odorize natural gas. Odorization shall be performed in accordance with the relevant legislation and applicable standards and shall be tested at least once a month.

Leakage detection and control

Article 60- Distribution company shall carry out leakage detection inspections regularly, each interval being less than six months, in accordance with the relevant legislation and applicable standards, in order to ensure security with respect to natural gas leakages, to detect any possible leakage and to take the necessary measures and shall keep a record of the results.

Leakage detection inspections shall be carried out on the entire network, including especially locations where low pressure distribution line is close to any infrastructure, railway, canal, etc. using appropriate natural gas detectors. Maps to appropriate scales and as-built designs shall be used in the inspections in question and leakage inspection records shall be kept based on the as-built design.

In cases where work lasting longer than six hours is required to repair any gas leakage, distribution company shall take necessary measures to meet the natural gas demand of customers which are public service providers such as hospitals and schools.

SECTION TWO

Emergency, Registration and Documentation

Emergency

Article 61- Distribution company is obligated to form an emergency organization which shall take timely action and provide effective solutions in case of system faults, taking into account the characteristics of the network. Telephone lines shall be available at the emergency unit. Such telephone lines shall be at a number sufficient to reply the person calling the special number for

notifying emergencies to notify any emergency at maximum three rings without the use of an automatic switchboard. Additionally, sufficient number of fully equipped emergency intervention vehicles and sufficient number of trained staff to operate those vehicles and equipment shall be available at the emergency units.

Distribution company shall place warning signs, showing also the special telephone number for notifying emergencies, on all natural gas related plant and equipment.

Distribution company shall make available the staff to record the emergency notifications, at least one of the emergency intervention vehicles and the staff to operate this vehicle, twenty four hours a day. Distribution company shall make the necessary organization to ensure the emergency intervention staff's access to the location of the emergency within fifteen minutes. Distribution company shall ensure that sufficient number of maintenance and repair personnel is available, based on the number and frequency of system faults.

Distribution company shall train the emergency intervention staff about detection and repairing of system faults, utilization of equipment and vehicles, protective measures against accidents and labor security measures and the procedures to be followed in case of system faults which cannot be detected or repaired within a certain amount of time, or shall ensure that such training is delivered to such staff.

Emergency unit shall provide information to the persons calling to notify emergencies about issues such as the actions they shall take in the case in question and how long the emergency intervention team shall take to be there. Emergency unit shall contact security, fire fighting and emergency health units when required.

Distribution company shall include, inter alia, the following issues related to the notification of emergencies and complaints in relation to natural gas and shall maintain such records.

- a) Name of the person notifying the emergency, date and time the emergency is notified,
- b) Address where the system fault has occurred,
- c) Name of the person who recorded the notification and the names and titles of people in the emergency intervention team that took action,
- d) Information given to the person making the notification, measures and actions taken.

In case of emergencies, customers shall advise the emergency unit and ask for help. Customers shall comply with the relevant legislation and adhere to the rules of the distribution company in relation to the measures to be taken in case of natural gas leakages and accidents.

Emergency intervention services shall be provided free off charge. However, any repair of and modification to the internal installations that may be required as a result of such intervention shall be the responsibility of the customer.

Emergency Action Plan

Article 62- Distribution company shall prepare a Natural Gas Emergency Action Plan including methods to be implemented in case of extraordinary situations. The Plan shall cover, inter alia, the following issues:

- a) Informing the management of the distribution company,
- b) Informing the local administration,
- c) Formation of a crisis management center,
- d) Organization of emergency action plan,
- e) Emergency action plan implementation procedure,
- f) Informing the consumers, staff and public,
- g) Scheduling and implementation of the intervention,
- h) Ensuring system security,
- i) Re-commissioning of the system.

Natural gas outage during emergency cases

Article 63- Distribution company may suspend service only if; there is natural gas leakage, security of the network is subject to a severe risk, natural gas is a danger to people and goods with respect to its quality, pressure and other characteristics.

City geographic information system

Article 64- City geographic information system is a system which is formed by recording electronically all kinds of information about the distribution network, by means of using a computer program and where all kinds of queries may be performed related to such data, either one by one or jointly. Distribution company shall update the maps during the engineering and design studies required for network construction and expansion and electronically register all measurements in compliance with the national coordinate system. Following implementation, as-built design of and data pertaining to the network shall be entered into the city geographic information system to be put in place by the distribution company. Distribution network data on the city geographic

information system shall be updated at least every three months and backups shall be taken and maintained.

SECTION THREE
Dispatch Center, Communication Systems,
Flow Control,
Calibration and Settings,
Training and Labor Security

Distribution Dispatch Center

Article 65- Distribution dispatch center shall include hardware and software capable of remote reading, recording and decoding of metering data, detecting extraordinary increases or decreases in consumption and any intervention to the meters and determining locations where on-site inspection would be required. It shall be designed to allow for remote control of locations deemed critical in accordance with the city network plan.

Distribution company shall perform natural gas scheduling and system balancing in accordance with the seasonal changes based on the data acquired at distribution dispatch center.

Communication systems

Article 66- The communication systems of the non-eligible consumers shall be installed by the distribution company, under the non-eligible consumer connection charge. If requested by the distribution company, eligible consumers shall install facilities for communication with the distribution dispatch center. Such installation shall be in compliance with the principles and procedures determined by the distribution company and shall be at the eligible consumer's cost. Distribution company shall be in charge regarding the operation of such systems and all maintenance and repair costs shall be borne by the customers.

Flow control

Article 67- Distribution company shall perform pressure checks at pipelines, regional regulators and valve rooms at maximum fifteen-day intervals for the purpose of ensuring balanced and secure natural gas flow, prepare reports and maintain the same.

Distribution company shall make regular inspections of networks with distribution dispatch center and prepare the arrangements to enable intervention from the headquarters in case of emergencies.

Calibration and settings

Article 68 - For the purposes of performing calibration and repairing of the meters, distribution companies shall establish repair and calibration stations as per the Metering and Metering Equipment Testing Regulation issued by the Ministry of Industry and Trade based on Meters and Calibration Law No. 3516 or has the calibration and repair of the same performed in places qualified to do so as per the relevant legislation. Distribution company shall regularly make calibration of the meters in accordance the intervals set forth in the legislation and the recommendations of the manufacturing firms, prepare reports and maintain the same. Distribution company shall ensure that calibration of the natural gas detectors is performed in accordance with the recommendations of the manufacturing firms in relation to calibration intervals.

Training and labor security

Article 69- Distribution company shall be obligated to ensure provision of vocational training to staff to be assigned with duties related to the distribution network, appoint specialized staff to critical regions, roll out regular in-house training programs suitable with the working conditions of the personnel, at least twice a year, and ensure labor security.

SECTION FOUR General Provisions

Implementation of the provisions of the Regulation

Article 70- In relation with issues which are not covered in this Regulation, distribution company may, subject to the approval of the Board, issue explanatory circulars to serve as informative announcements for the customers, regarding the distribution service it is to provide, provided that such documents are not in contradiction with the relevant legislation.

Issues not addressed in the Regulation

Article 71- With respect to issues not covered in this Regulation, action shall be taken within the framework of the Board decision on the issue in question.

SECTION FIVE Temporary Articles and Final Provisions

Temporary Article 1- Natural gas city distribution companies engaged in natural gas distribution activity under any right acquired or any document, permit or authorization issued prior to the enactment of Law no. 4646, shall bring their current status and implementations in conformity with the provisions

of section two and section three of this Regulation, by 31/12/2002. If necessary, the Board may extend this period by maximum four months.

Temporary Article 2- Existing natural gas city distribution companies which do not currently have City Geographic Information System and/or ISO 9001 Quality Management System and/or ISO 14001 Environmental Management System in place shall be obligated to establish these systems and ensure that they are functional within eighteen months as of the dates their respective licenses are issued.

Temporary Article 3- Mechanical meters used by public institutions for purposes of natural gas consumption shall be replaced with prepaid meters within one year as of the issuance of this Regulation.

Temporary Article 4- The existing in city distribution companies shall prepare and submit to the Authority their methods of determining, calculating the duration of and consumption amount in relation with and charging for unauthorized or inappropriate use of natural gas, regulated under Article 54 of this Regulation; meter re-commissioning charge proposals, regulated under Article 45 of this Regulation; deposit amount proposals regulated under Article 38 of this Regulation and the principles and procedures related to calculation of deposits, by 31/12/2002.

Effectiveness

Article 72- This Regulation shall come into effect as of the date it is issued.

Enforcement

Article 73- This Regulation shall be enforced by the President.