**Comparative Evaluation of the Turkish and European Legislation on**

**Natural Gas Markets and Implications for Investors**

Energy Supply Security provides the foundation and driver of investment and tradeinenergy markets.

Keeping in mind the need for all parties to be on the same boat, the European Union (EU)acknowledges that the sustainability of energy supply security is empowered by the presence of a competitive energy market, and therefore requires competitionpolicyas a pre-condition to provide energy supply security for all member states. The EU aims to find the balance between energy supply security and the sustainability of competitive energy markets through so-called “Separation Policies”. Accordingly, I will defineSeparation Policies as “energy separation equilibrium in natural gas markets”.

Separation Policies play an important role both for the European Union and the

balance of the world energy markets. The EU laid the foundation for a

transparent, liberal and competitive natural gas market with the “First Gas Directive” itreleased in 1998. Thatdirective commands natural gas distribution operations to be separated from commercial interests, therefore requiring natural gas companies to use account separation, transmission companies to allow for third-party access to the network for companies wishing to use the services of natural gas transportation, and these transportationservices to be provided to all interested parties on equal terms without discrimination within the framework of a natural gas rate regulation.

The second Directive on this topic released by the  EU is numbered 2003-55-EC. Since natural gas operations are regarded as public, this Directive imposes obligations of security, sustainability, quality and price of supply, energy efficiency and climate safeguards on natural gas ventures in the member states, besides requiring general economic utilization and supply security. The common characteristics of these obligations are that they are defined transparent and non-discriminatory towards all natural gas ventures and are certifiable. The aforementioned 2003-55-EC Directive required natural gas distributing companies of the member states to complete legal unbundling processes by July 1st 2004, and all legal framework was established that allowed for industrial consumers to use the supplier of their choice.

After assessing the natural gas markets within the framework of Competition Law, one of the purposes of this study is to assess separation policies in the Natural Gas Legislation numbered 4646 from the perspective of foreign and local investors interested in investing in the Turkish natural gas market, where the state-owned pipeline corporation BOTAŞ retains the natural gas pipeline, commanding an %88 share of the market.

Another aim of this study is to asses the viability of the following goals set forth in  the 2015-2019 Strategic Plan released by the Ministry of Energy and Natural Resources within the frame of current market conditions and legislation.

*“Initiate investments to increase natural gas storage capacity in orderto meet %20 of annual consumption in the long term,and to meet %10 of annual consumption by the end of 2019”*

*“In line with supply-demand balance in the near and mid term, and production-development plan in the long term, establish and operate electrical energy and natural gas transmission systems according to the (n-1) criteria that define a crucial part being out of service.”*

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