

'PETFORM believes in the necessity of creating a competitive gas market'



Murat Yazıcı

PETFORM (Petroleum Platform Association) was established in September 2000 in order to transmit the views and proposals of sector representatives concerning legal arrangements about the reconstruction occurred in energy sector during the beginnings of 2000s. Under the Board of Directors, two working groups were formed in parallel with the structures of our members investing in various areas of energy sector: The E&P group consists of local and foreign firm representatives active in oil and gas exploration - production in and out of Turkey; the Gas Group consists of companies working in areas of natural gas import, transmission, storage and wholesale.

"We are primarily trying to reconcile the ideas of all members"

We, as PETFORM members, are aware of the key role of our energy investments in Turkey's future and in this conscious we are not only putting forth the problems and waiting resolution from the state, but beyond that, we consider that a responsibility to put forward solution offerings. In that context, we are primarily trying to reconcile the ideas of all members under working groups. We are putting forward the ideas of all shareholders of the sector to the concerning public authorities by turning them into a unique common view in frame of collective mind. As a matter of fact, our Association has gained a very important role in the transmission of private sector sensitivities to public authorities in all arrangements from Natural Gas Market Law to Petroleum Market Law, from Turkish Petroleum Law to secondary legislation. I want to

PETFORM is one of the most effective NGOs in Turkey regarding the progress in petroleum and natural gas markets. According to Murat Yazıcı, the Secretary General of the Association, there are two important steps to be taken immediately: Adopting measures cleaning up the hesitation in liberalization process of natural gas market and the enactment of the new Petroleum Law to contribute Turkish E&P sector.

underline that we are so proud of contributing to the works of public authorities especially Ministry of Energy and Natural Resources, EMRA and GDPA for their important arrangements in energy sector in last 8 years.

"Turkish Petroleum Law is the bleeding wound of our sector for years"

Along with appreciating this great transform in the energy sector, I want to underline two important points that we believe they are going to carry far the development our country has shown. First is the enactment of a new Petroleum Law immediately which we consider as the bleeding wound of Turkish E&P sector. I can certainly say that the Petroleum Law that came into force in 1954, prepared according to the conditions of half century ago, is accepted as insufficient by everyone in the sector in seizing the opportunities of today's technological possibilities and

trigger the domestic production in great amounts especially for small production areas and exploration investments to be carried out on the sea areas which are believed to have great potentials, could not come into force unluckily because of the arguments carried out among some perceptions of public opinion apart from the transparent and encouraging essence it includes. As PETFORM, we believe in the necessity of Turkish Petroleum Law to be developed by the views and proposals of all parties of the E&P sector and to enact immediately.

"We believe in the necessity of creating a multi-layered competitive gas market"

The second matter we demand to be reconsidered by the public authorities is the difficulties occurring during the natural gas market liberalization. As we all know, The Natural Gas Market Law numbered 4646 came into force in 2001 aimed at the reformation of

gas markets are successfully realized in the EU countries in the light of the EU Directives and also the supply security of the countries are provided in this structure.

"Cost Based Pricing Mechanism is a reform"

We believe in the pursuance of liberalization process in great stability and the necessity of creating a multi-layered competitive gas market by the means of contract release or volume release tenders. I think that 4 bcm contract releases achieved in the end of the first contract release tender and 250 million cubic meters gas trades processing for ten months at present is an important data relating to working process of the system. Furthermore I can say that Turkey has taken the greatest step in the way of reaching transparent and competitive natural gas market by the ensuring of Cost Based Pricing Mechanism. We, as PETFORM, describe this step as a 'reform'. We faithfully believe that this mechanism will trigger the investments by constituting the milestone of free market if it is applied 'correctly' and uninterrupted.

As PETFORM members, we believe the most important matter in the liberalization period is not only the 'separation of accounts', but also 'reconstruction of BOTAS into a horizontally integrated legal entity' as described in the Law. In addition to this, by supporting the full liberalization in natural gas imports in the long term, we believe the primarily aim must be the formation of a competitive market and the joint of new players into the market.

Finally I want to stress upon the importance of sectoral conferences and exhibitions for the acquisition of the culture of 'argumentation and reaching solutions in the frame of collective mind' by the all shareholders of the sector. I, on behalf of PETFORM, thank to all foundations and institutions supporting the NAPOGS 2008 that brings together Turkey's and world's forthcoming sector representatives in manner of supporting the creation of this culture.



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international investment stage. As a matter of fact, the data of E&P sector are showing this insufficiency. In 17 years from 1991 until today, the exploration ratio has reduced by 75% and the production ratio has reduced 50%. The coverage of domestic production to total consumption dramatically declined to 7%.

Turkish Petroleum Law numbered 5574 has been prepared in the consequence of the great studies carried out by our members, the sector representatives who believe that our country's hydrocarbon potential does not deserve this tragic tableau. The Law, in which we believe that it will

the gas market activities into transparent and competitive structure which were run by BOTAS monopoly until that day. New players joining to the market by the means of gas release, reducing BOTAS' market share to 20% until 2009 and the reconstruction of BOTAS into a horizontally integrated legal entity were envisioned as the means of this aim. However, we see most liberalization precautions, envisioned in the Law, are not realized in the last 7 years. I have to express that it gives so sadness to lose time in our country still with the arguments of 'Go on with liberalization, or not?' while free, transparent and competitive

