

**TO
ALL INTERESTED PARTIES**

**INVITATION
TO TENDER FOR NATURAL GAS SUPPLY FOR
BULGARTRANGAZ EAD TECHNOLOGICAL NEEDS
OF NATURAL GAS TRANSMISSION AND STORAGE FOR 2016**

DEAR SIRs,

Please be advised that pursuant to the requirements of Art. 186, para 2 of the Energy Act Bulgartransgaz EAD invites all interested parties to tender for concluding a contract for natural gas supply for technological needs of natural gas transmission and storage.

Your tender must be prepared in compliance with the following conditions:

1. Invitation subject:

Natural gas supply for Bulgartransgaz EAD technological needs of natural gas transmission and storage.

2. Natural gas quantity for supply:

2.1 Natural gas quantity for supply: **20 mcm**

3. Supply period: 01.10.2015 – 30.11.2015

4. Place of supply (entry points):

- Negru Voda 1/Kardam and/or
- GMS Galata and/or
- Chiren UGS

5. Requirements for the quality of the natural gas for supply:

According to Appendix 1 hereto.

6. Supply programme:

6.1 The supply program at entry point shall be according to Appendix 2;

6.2. Bulgartransgaz EAD shall have the right to amend the nomination for supply for the next month no later than three working days before the beginning of the month of nomination.

6.3 Supply for the month shall be performed by days at the entry point/s specified in the contract.

Bulgartransgaz EAD

1336 Sofia, post box 3 Phone: 02/ 939 63 00
66 Pancho Vladigerov Blvd. Fax: 02/ 925 00 63
VAT ID № 175203478
VAT ID № BG 175203478

e: info@bulgartransgaz.bg
w: www.bulgartransgaz.bg

Corporate Commercial Bank AD
BIC: KORP BGSF
IBAN: BG11 KORP 9220 1009 1988 01 - BGN
IBAN: BG90 KORP 9220 1409 1988 01 - EUR

7. Requirements for the tenderer:

7.1 Not be in winding-up proceedings, not have gone bankrupt or not be in proceedings determining the bankruptcy, and if foreign entity – not be in similar proceedings in line with their national legislation

7.2 To have experience in natural gas supply, provable by presenting at least one executed contract for supply to the amount minimum the total volume under item 2. The contract must have been executed in a Member State of the European Union in the last two calendar years (2013 and/or 2014);

7.3 To have available natural gas quantities at one or several entry points specified in item 4 based on concluded contracts for supply thereto;

8. Price and method of payment:

8.1 Price:

The proposed supply price shall be determined as follows:

8.1.1 By specifying fixed discount in % of the price approved by the Energy and Water Regulatory Commission (EWRC) in pursuance of Art. 30, para 1, item 7 of the Energy Act (excluding the price of access and transmission) in force as at the supply period. The discount shall be specified in % - (0 , 1, 2 , n%).

8.2.2 The discount under item 8.1.1 shall be applied to the price approved by the EWRC in pursuance of Art. 30, para 1, item 7 of the Energy Act (excluding the price of access and transmission) in force as at the supply period.

8.2. Method of payment:

100% of the value of the supplied natural gas by the 10th day of the month following the month of supply.

9. Criteria for offers' evaluation:

9.1 The evaluation is made by means of the method **"lowest price" ("highest offered discount")**;

9.2. If the offer does not comprise of the documents specified in item 11 below or if the same have not been submitted in accordance with the requirements hereof, the operator can require the tenderer to submit them within a specified for the purpose deadline. If after expiry of that deadline the participant has failed to submit the missing documents, his price offer shall not be considered and he will not participate in the offers' evaluation.

9.3 In the event that two or more participants offer the same discount, these participants shall be invited to submit improved price offers within a deadline set by Bulgartransgaz EAD. The improved price offers cannot provide for less than the originally submitted discounts in %.

9.4 Bulgartransgaz EAD shall reserve the right to terminate the tender procedure any time at its discretion. The termination decision will be announced on the website of the operator and the tenderers will be notified in writing.

In any event, Bulgartransgaz EAD shall not be obliged to accept any offer submitted by a

tenderer.

10. Time and place for tenders' submission:

10.1 Deadline for submission: by 5 p.m. local time on 17.09.2015.

10.2. Place of submission: The offer should be in the form of a written proposal submitted at the following address:

the city of Sofia, 1336,
Residential area Lyulin 2
66 Pancho Vladigerov Blvd.
Bulgartransgaz EAD Headquarters

in a sealed opaque envelope in person, by registered mail with acknowledgement of receipt or by courier, whereas the sender should bear in mind that the offer must be filed at the registry office of Bulgartransgaz EAD within the period specified above. The participant shall state the following indications on the envelope: "Tender for natural gas supply", participant's name, address and contact person for correspondence, phone number, and where appropriate, fax and e-mail. The filled in form of the price offer shall be submitted in a sealed opaque envelope marked: "Price offer" and shall be put in the main envelope.

For any further information contact + 359 2/ 939 6192.

Contact person: Mr. Ivaylo Moynov

11. Content of the offer:

11.1 Each offer must contain the following documents:

11.1.1 Excerpt from the commercial register in the country of the participant certifying his current legal status - as of the date of submitting the offer. If the participant submits a copy of the document, it must be initialled on each page by the representative of the participant's company according to the excerpt from the Commercial Register;

11.1.2 A Declaration written in free text stating absence of the circumstances under item 7.1 hereof - in the original, signed by the representative of the participant's company according to the excerpt from the Commercial Register;

11.1.3 A copy of at least one executed contract for natural gas supply according to item 7.2 of this invitation, deleting any information considered by the participant a trade secret. The submitted copy should clearly indicate:

- The name of the customer to whom the participant has supplied natural gas;
- Contract duration and natural gas quantity for supply.

The copy of the contract must be initialled on each page by the representative of the participant's company according to the excerpt from the Commercial register.

11.1.4. A sealed opaque envelope marked „Price quotation” containing the original copy of the filled in form of the price quotation signed by a representative of the company of the participant according to the excerpt from the Commercial Register.

11.2. Evidence under item 7.3:

- Copies of concluded contracts for natural gas supply with place of supply one or more of the entry points specified in item 4 and/or
- Copies of transport contracts concluded with the neighbouring transmission operator

for secured transmission of natural gas quantities to the cross-border entry point as laid down in item 4, and/or

- A declaration from a neighbouring operator stating that the participant has concluded a transport contract through the network of the neighbouring operator for natural gas quantities corresponding to those specified in item 2.1.
- Other evidence, at the discretion of the tenderer, showing the secured transmission of natural gas quantities to the cross-border entry point as laid down in item 4 .

In the submitted copies the participant must delete any information they consider to be trade secret. The submitted copies should make clear:

- The name of the contractor under the contract;
- Contract duration and natural gas quantity for supply/transmission as set out in item 2.1.

The copy of the contract/s should be initialled on each page by the representative of the participant's company according to the excerpt from the Commercial register.

12. Information on the selection procedure for supplier:

12.1 A committee of at least five members shall be appointed by the Executive Director for selection of a supplier;

12.2 The committee shall determine the participants meeting the requirements of the invitation and invite them to the public opening of the price quotations;

12.3 The committee shall propose ranking of the participants by the criterion for „**lowest price**“ („**highest proposed discount**“);

12.4 That ranking shall be presented to Bulgartransgaz EAD Management Board for approval and decision on concluding a contract with the participant ranked first;

12.5 Announcing the ranking decision and entering into contract with the participant ranked first;

12.6 If the ranked participant refuses to sign a contract, a contract is presented to the next participant in the ranking of the committee.

14. Deadline for selection of a supplier and signing of a Supply contract:

30.09.2015.

- Appendices:**
1. Quality certificate;
 2. Supply programme at an entry point;
 3. Draft of a Supply contract;
 4. Standard form of a price quotation;

We are looking forward to your offers.

Appendix no. 1NATURAL GAS
QUALITY INDICATORS

Symbol	Description	Units	No less than	No more than	Remarks
GCV	Gross calorific value	kWh/m ³	10,0	12,7	At reference conditions (25°C,20°C).
WI	Wobbe index	MJ/m ³	45,0	55,0	At reference conditions (25°C,20°C).
D _r	Relative density	-	0,50	0,72	
CH ₄	Methane	% mole	70,0		
CO ₂	Carbon dioxide	% mole		5,0	
N ₂	Nitrogen	% mole		10,0	
O ₂	Oxygen	% mole		0,2	
H ₂ S	Hydrogen sulfide	mg/m ³		6,5	
S + X _n S _m	Total sulfide	mg/m ³		30,0	In exceptional cases up to 100 mg/m ³ is allowed, for time period no longer than 48 hours.
H ₂ O DP	Water dew point	° C		-8,0	At pressure of 39,2 barg.
C _n H _m DP	Hydrocarbon dew point	° C		0,0	At pressure of 54 barg.

Remarks:

1. The conditions for metering natural gas quantities are pressure 1,01325 bara and temperature 20°C.
2. The conditions for determining the Gross calorific value and the Wobbe index are 25°C and the conditions under item 1.

**to Invitation to tender for natural gas supply for technological needs
of natural gas transmission and storage**

PROGRAM FOR NATURAL GAS SUPPLY FOR TECHNOLOGICAL NEEDS

No.	INDICATOR	QUANTITIES				
		20115	including by quarters			
			Q I	Q II	Q III	Q IV
1.	Natural gas /total/ - thousand of nm³	20 000	0			20 000
	including by months	I month	0			10 000
		II month	0			10 000
		III month	0			0

C O N T R A C T

No

FOR NATURAL GAS SUPPLY

FOR THE TECHNOLOGICAL NEEDS OF NATURAL GAS TRANSMISSION AND STORAGE

Today..... 2015 in Sofia, by and between:

Bulgartransgaz EAD,with UIC 175203478, having its seat and registered address at the city of Sofia, 66 Pancho Vladigerov Blvd., represented by Georgi Gegov – Executive Director, hereinafter referred to as Transmission operator,

and

....., registered in the Commercial Register with UIC by BULSTAT, having its seat and registered address at , hereinafter referred to as Supplier,

hereinafter referred to individually "a Party/the Party" and collectively "Parties/the Parties",

and after conduct of a procedure on selection of natural gas supplier for technological needs, in compliance with the requirement of Art.186, para 2 of the Energy Act to conduct a transparent, non-discriminatory and market based procedure,

was concluded this Contract for natural gas supply (hereinafter referred to as the "Supply contract") as follows:

I. DEFINITIONS

The definitions below shall have the following meaning under this Contract:

Bar- unit of pressure out of the system SI, equal to 100,000 Pa.

Gross Calorific Value - the quantity of heat released at the complete combustion at constant temperature 298.15 K (**25°C**) of one cubic meter of natural gas under standard conditions 293.15 K (**20°C**), whereas all of the water formed during the combustion condensates at reference temperature. Expressed in MWh (25°C /20°C)/m³ or MWh(s)/m³

Gas transmission network - a system of high pressure gas pipelines (over 16 bar) and equipment thereto with uniform technological work regime intended to transport natural gas

Gas Metering Station (GMS) - – installation equipped with natural gas commercial metering devices;

Month- a period of time starting at 8.00 a.m. on the first day of a given calendar month and ending at 08⁰⁰ a.m. on the first day of the next calendar month;

Gas pressure - is the difference between the absolute pressure of the gas pipeline and the atmospheric pressure. Gas pressure is expressed in bar;

Normal cubic meter or **Nm³** - means dry gas quantity, which at 20° C and absolute pressure of 1.01325 bar occupies a volume of 1 m³ (one cubic meter).

Natural gas or **gas** - multicomponent mixture that contains mainly methane and hydrocarbons from its homologues **C_nH_{2n+2}**;

II. SUBJECT MATTER OF THE CONTRACT AND PLACE OF SUPPLY

2.1 The Supplier shall supply the Transmission operator with 20 mcm natural gas in quantities by quarters and months and by entry points according to the Program for natural gas supply for technological needs - Annex No. 2 to the contract and the Transmission operator shall be obliged to accept and pay for the natural gas under the terms and conditions of the Contract.

2.2 Natural gas shall be supplied at the following entry points:
(*indicate one or several entry points - Negru Voda 1/Kardam and/or GMS Galata and/or UGS Chiren*).

III. TERM OF THE CONTRACT

3.1 This Contract shall enter into force on the date of its signing and will be effective by 8.00 a.m. on 01.12.2015.

IV. SUPPLY PROGRAM. IMPLEMENTATION OF THE SUPPLY PROGRAM

4.1 The supply for the month shall be performed evenly by days at the entry points specified in item 2.2. and Annex No. 2.

4.2 Bulgartransgaz EAD shall have the right to amend the Supply program for the next calendar month no later than three working days before the beginning of the month of nomination.

4.3 The information under item 4.2 shall be sent by the Transmission operator to the Supplier by e-mail (to the e-mail address listed in Annex No. 5)).

4.4 The amendments under item 4.2 shall be binding for the Supplier.

V. GAS QUALITY

5.1 Natural gas delivered by the Supplier shall comply with the quality indicators under the Certificate of natural gas quality indicators (Annex No.1).

5.2 If the natural gas quality indicators do not comply with the Certificate, the Supplier, after finding out the circumstances for deterioration of the quality indicators, shall notify the Transmission operator of that discrepancy. The notification shall include the reasons for the discrepancy, the estimated duration thereof and the measures taken for its termination.

5.3 When the natural gas quantity intended for the Transmission operator is of deteriorated average daily hydrogen sulfide contents, mercaptane sulfur and/or total sulphur and/or water dew point and/or mechanic debris at the entry point, the Transmission operator having been notified of that discrepancy can:

- a) refuse to accept the natural gas with deteriorated quality indicators or
- b) accept part or all of the gas with deteriorated quality indicators.

5.4 In the cases referred to in item 5.3, a) the Supplier shall owe to the Transmission operator compensation to the amount of all proven costs incurred to him, which are in direct causal relationship with the non-acceptance of gas with deteriorated quality indicators.

5.5 In the cases referred to in item 5.3, b) the Supplier shall reimburse the costs of the Transmission operator for cleaning operations performed by the latter due to the supply of gas with deteriorated quality indicators.

5.6 In the event that the Transmission operator had accepted gas with deteriorated quality indicators under item 5.3., without having been notified thereof, the Supplier shall owe the Transmission operator compensation to the amount of all proven damages incurred by him, which are in direct causal relationship with the acceptance of gas with deteriorated quality indicators.

5.7 The Supplier shall provide the Transmission operator with daily quality certificates of the natural gas supplied.

VI. HANDOVER AND ACCEPTANCE. RISK. GAS READING

6.1 Handover of natural gas by the Supplier and the acceptance thereof by the Transmission operator shall be made at entry points set out in items 2.2.

6.2 It shall be deemed that natural gas is accepted by the Transmission operator and natural gas ownership and risk of fortuitous perishing shall pass from the Supplier to the Transmission operator with the natural gas crossing the entry points.

6.3 In the event that the entry point is a cross-border entry point - natural gas ownership and risk of fortuitous perishing shall pass from the Supplier to the Transmission operator with the natural gas crossing the state border regardless of whether the metering point is located upstream or downstream the border.

6.4 Metering of the supplied natural gas shall be made by using commercial metering devices installed at the respective entry points. Readings of natural gas quantities supplied over the month shall be made at 08⁰⁰ hrs on the first day of the next calendar month.

6.5 Natural gas quantity supplied to the Transmission operator over the relevant month shall be indicated in the Monthly act (according to Standard Form 4). The Monthly act shall contain information on quantities agreed to be supplied and on gas quantities not supplied.

6.6 The Supplier shall prepare the Monthly act and shall send it via e-mail or fax to the Transmission operator within 2 (two) days after the end of the reporting month. By the end of the working day after its receipt, the Transmission operator shall confirm or reject the Monthly act via e-mail or fax to the Supplier.

VII. PRICE, TERM AND MODE OF PAYMENT

7.1 Natural gas price shall be determined **whereas** discount shall be applied in the amount of% on the price approved by EWRC, determined in line with article 30, paragraph 1, item 7 of the Energy Act (the access and transmission price excluded) for each quarter of Contract validity term.

7.2 The price determined in line with item 7.1 is in BGN for 1000 cu m, VAT excluded. Discount is fixed and covers the entire Contract validity term.

7.3 The Transmission operator shall pay the value of the supplied natural gas quantities in line with the Monthly act under item 6.5 within up to five working days as of the receipt of the invoice issued by the Supplier.

7.4 Payment shall be by bank transfer to Supplier's bank account in BGN.

7.5 The date of crediting the Supplier's bank account shall be considered to be the date of payments.

7.6 If payment shall not be made within the term in line with item 7.3 in connection with item 7.5, the Transmission operator shall owe to the Supplier a penalty to the amount of the Base Interest Rate (BIR), determined by Bulgarian National Bank plus 10 points, calculated on 360 days on the outstanding amount for each day of delay. Penalty shall be charged as of the day following the day of payment delay and shall be charged up to the day of final payment, including.

VIII. FORCE MAJEURE

8.1 The Parties shall bear no responsibility for the complete or partial failure to implement their contractual obligations except for the payment obligations of amounts whose due date had already taken place when such failure to implement is due to a force majeure (a force majeure).

8.1.1 The force majeure is unforeseeable or unavoidable event of extraordinary nature that had occurred after Contract signing, for instance such as: fire, explosion, natural calamities such as flooding, earthquakes, storms, hurricanes and other similar, production accident, civil disturbances, riots, war, terrorist actions, blockades, embargo, uprisings, strikes, etc., which cause complete or partial failure to implement the contractual obligations of either Party. For the avoidance of doubts, the non-availability of funds shall not constitute an event of Force Majeure.

8.2 As long as the force majeure is in place, the performance of the obligations and the relevant counter obligations shall cease. The respective terms for execution shall be prolonged with the time during which the force majeure was in place.

8.3 The Party for which the impossibility to implement its obligations under the contract exists due to force majeure must within the shortest possible time inform the other Party in writing on the onset and expected end of the respective event of force majeure that causes the non-performance of the relevant contractual obligations. In case of failure to notify, an indemnity for damages resulting thereof shall be due.

8.4 The event of force majeure nature indicated in the notification under item 8.3 shall be also confirmed within a reasonable term by the Bulgarian Chamber of Commerce and Industry or other organisation competent to do so depending on the specific case

8.5 If the force majeure lasts for more than 30 days, the Parties shall hold negotiations to define the conditions at which the validity term of the Contract shall be extended.

IX. CONTRACT TERMINATION PENALTIES.

9.1 The Contract shall be terminated:

- a)** upon the expiry of its validity;
- b)** by mutual consent of both Parties;
- c)** due to culpable non-performance of the obligations of either Party. In this case the non-default Party shall send a written invitation to the default Party urging them to implement their obligations within an appropriate term and warning them that if such term is not met, the non-default Party shall consider the Contract terminated. Termination shall be with prospective effect.

9.3 If the Supplier fails to perform its obligations arising out of this Contract for reasons for which he is responsible, the Transmission operator shall be entitled to charge the Supplier all of his expenses associated with gas procuring from any other supplier.

9.4 The Transmission operator shall have the right to terminate the Contract unilaterally with a three-week written notice if he changes his natural gas supplier.

9.5 The Supplier shall have the right to terminate the Contract with a one-month written notice provided that the Transmission operator delayed any outstanding amount payment with more than 30 days.

9.6 The Transmission operator shall have the right to immediately terminate the Natural Gas Supply Contract in case of an opening of insolvency proceedings, its announcement in insolvency or Supplier's liquidation.

9.7 After the termination of the Contract, its clauses shall apply by the final implementation of all obligations of the Parties hereto that took place prior to the termination and by the final settlement of all disputes and differences between the Parties that took place during its validity term.

X. GENERAL PROVISIONS.

10.1 The Parties must resolve through negotiations any disputes during Contract implementation, including those arising from or related to its interpretation, invalidity, performance or termination, as well as the disputes about filling gaps in the Contract or its adaptation to newly arisen circumstances. Upon failure of dispute resolution through negotiation, the disputes shall be dealt with and resolved by the competent Bulgarian court according to the rules for local jurisdiction and the jurisdiction of the subject matter.

10.2 The Parties shall be obliged within three (3) days of data amendment, as described in Annex No. 5, to notify each other in writing.

For any outstanding issues not specified in this Contract, the provisions of the effective legislation of the Republic of Bulgaria shall apply.

10.3 The following annexes will constitute an integral part of this Contract:

Appendix No. 1 – Certificate of natural gas quality indicators;

Appendix No. 2 – Program for natural gas supply for technological needs by quarters and months and by entry points;

Appendix No. 3 – Standard form of amended monthly nomination for natural gas supply;

Appendix No. 4 – Standard form of Monthly act;

Appendix No. 5 – Data about the contact persons and for correspondence between Parties.

Transmission operator:

Supplier:

Appendix no. 1NATURAL GAS
QUALITY INDICATORS

Symbol	Description	Units	No less than	No more than	Remarks
GCV	Gross calorific value	kWh/m ³	10,0	12,7	At reference conditions (25°C,20°C).
WI	Wobbe index	MJ/m ³	45,0	55,0	At reference conditions (25°C,20°C).
D _r	Relative density	-	0,50	0,72	
CH ₄	Methane	% mole	70,0		
CO ₂	Carbon dioxide	% mole		5,0	
N ₂	Nitrogen	% mole		10,0	
O ₂	Oxygen	% mole		0,2	
H ₂ S	Hydrogen sulfide	mg/m ³		6,5	
S + X _n S _m	Total sulfide	mg/m ³		30,0	In exceptional cases up to 100 mg/m ³ is allowed, for time period no longer than 48 hours.
H ₂ O DP	Water dew point	° C		-8,0	At pressure of 39,2 barg.
C _n H _m DP	Hydrocarbon dew point	° C		0,0	At pressure of 54 barg.

Remarks:

1. The conditions for metering natural gas quantities are pressure 1,01325 bara and temperature 20°C.
2. The conditions for determining the Gross calorific value and the Wobbe index are 25°C and the conditions under item 1.

to Supply Contract No.

entry point

PROGRAM FOR NATURAL GAS SUPPLY FOR TECHNOLOGICAL NEEDS

No.	INDICATOR	QUANTITIES				
		2015	including by quarters			
			Q I	Q II	Q III	Q IV
1.	Natural gas /total/ - thousand of nm³	20 000	0	0	0	20 000
	including by months	I month	0	0	0	10 000
		II month	0	0	0	10 000
		III month	0	0	0	0

Appendix no. 3

to Supply Contract No.

**Amended monthly nomination
for natural gas supply**

Month	Contracted monthly quantity	Amended monthly quantity
	thousand of nm³	thousand of nm³

For Bulgartransgaz EAD:

/name, job position, signature/

BULGARTRANGAZ EAD

SUPPLIER

MONTHLY REPORT

01 – 31 2015

Today, 2015, according to Art. of Contract for natural gas supply for technological needs, this report was prepared and signed between Bulgartransgaz EAD and Supplier:

№	INDICATOR	Natural gas quantity thousand m ³
I.	Nominated quantity at entry point	
II.	Handed over natural gas quantities from Supplier to Bulgartransgaz EAD at an entry point for the period:	
III.	Not accepted natural gas quantities	
IV.	Not handed over natural gas quantities	

For Bulgartransgaz EAD:

For Supplier:

Contacts for correspondence between the parties

For the Transmission operator:

Lyulin 2 Residential Area

66 Pancho Vladigerov Blvd.

1336 Sofia, PoB 3

Tel.: + 359 2 939 63 00

Fax: + 359 2 925 00 63

e-mail for receiving data about natural gas quantities:

Contact person:

For the Supplier:

Address:

Tel.:

Fax:

e-mail for receiving data about natural gas quantities:

Contact person:

Price Quotation

We, submit the following legally binding offer in line with the terms and conditions laid down in the Invitation to tender in the tender procedure for selection of a supplier of natural gas for Bulgartransgaz EAD technological needs of natural gas transmission and storage.

Fixed discount in % on the price approved by the State Energy and Water Regulatory Commission (SEWRC), set out in line with Art. 30, para 1, item 7 of the Energy Act (access and transmission price not included)%
Supply period	01.10.2015 – 30.11.2015
Natural gas quantities	20 mcm
Place of supply

We acknowledge that the above offer is a legally binding offer to sign a Natural Gas Supply Contract, Appendix 3 to the Invitation.

Place, Date, Signature, Stamp and full name of the person representing the company of the Participant – in writing under hand.
