**CONDITIONS FOR CONDUCTING A TENDER FOR THE PURCHASE AND SALE OF NATURAL GAS BY BULGARGAZ EAD**

 **GENERAL**

1. The conditions of the tender for the purchase and sale of natural gas are set by Bulgargaz EAD and are agreed by the operator of the organized exchange market for natural gas " BALKAN GAS HUB " EAD in order to confirm technical feasibility.

2. The terms and conditions contain the procedure under which Bulgargaz EAD will purchase natural gas quantities on the organized exchange market operated by BALKAN GAS HUB EAD.

3. These conditions shall also specify the procedure for conducting the tender for purchase, the pricing mechanisms, the determination of the starting price of the tender, the type of product offered and the period of its offering.

 **QUANTITIES TO BE PURCHASED BY BULGARGAZ EAD ON THE ORGANISED GAS EXCHANGE MARKET**

4. Bulgargaz EAD announces the following quantities of natural gas for purchase from the organised exchange market:

4.1 December 2022 - 13 540 MWh/day for the period from 07:00 on 01 December 2022 to 07:00 on 01 January 2023.

5. Bulgargaz EAD will purchase the specified quantities by tender. The product offered within the tender does not constitute a short-term standardised product within the meaning of Regulation 312/2014 on a Network Code for balancing gas transmission networks. As a consequence of the tender, purchase contracts will be signed between the parties under the following parameters:

5.1. Delivery period: month of December 2022.

5.2. Delivery dates: from 07:00 on 01 December 2022 to 07:00 on 01 January 2023.

5.3. Delivery profile: flat, physical delivery of gas amounting to 100% of the contracted quantities, evenly by days;

5.4. Delivery Point: VTP Bulgaria

5.5. Delivery Price: determined by tender and subsequent update in accordance with these Conditions.

 **PRODUCTS AUCTIONING**

6. The natural gas will be purchased subject to the following conditions:

6.1. The starting price of the tender includes all costs for access and transmission of the natural gas to the Virtual Trading Point Bulgaria.

6.2. The required quantities may be offered by traders of natural gas registered on the organised exchange market, who hold a valid licence for the activity "trading in natural gas" issued by the Energy and Water Regulatory Commission. Quantities of gas purchased by traders and end customers under the Release Programme for delivery in December 2022 may not be offered in the tender.

7. The product is offered on the platform of Balkan Gas Hub EAD through a tender procedure.

7.1. For the conduct of the auction an electronic environment is used, part of the trading platform of Balkan Gas Hub EAD. The platform uses the English language and provides all the necessary information for the conduct of the tender and updating the information about the tender, as well as informs by e-mail the ranked participants about the results of the auction.

7.2. The costs for the development and technical maintenance of the product formed for this purpose on the trading platform shall be borne by Balkan Gas Hub EAD.

7.3. No products representing financial instruments and derivatives within the meaning of Directive 2014/65/EU of 15 May 2014 on markets in financial instruments and amending Directive 2002/92/EC and Directive 2011/61/EU are offered in the Auction.

8. The tender will take place on 07 November 2022.

8.1. Each Bidder is entitled to submit only one Bid, subject to updating during the Tender.

8.2. Any updated bid by a bidder/trader shall replace the previous bid in its entirety.

9. The minimum quantity that may be offered for sale by one bidder is 1 000 MWh/day.

10.The maximum amount is up to 13 540 MWh/day.

11. The bidding period in the tender is from 9:00 a.m. to 12:00 p.m. on 07 November 2022 (Sofia time).

**METHOD OF DETERMINING THE PRICE OF NATURAL GAS**

12. The starting price of the auction is indicative and is determined by the following formula:

TTF Front Month December index, published in the Argus European Natural Gas on the last business day preceding the tedner date, minus 23 (twenty-three) euro/MWh.

12.1. The price at which the invoicing and payment will be made shall be the price determined in the tender, the price being determined by a minimum discount of 23 EUR/MWh to the TTF Front Month December 2022 Index and any additional discount achieved in the auction (if applicable). The TTF Front Month December Index shall be as published in the Argus European Natural Gas on the last business day of November 2022.

**A TENDER MECHANISM FOR THE ALLOCATION OF THE PROPOSED QUANTITIES OF NATURAL GAS**

13.A minimum price step of BGN 0.01 per MWh is used within the tender, by which the initial price is reduced, as the participant offers a price per MWh.

14.The platform of Balkan Gas Hub EAD automatically ranks the bids according to the lowest bid price, with the ranking and allocation being done according to the following algorithm:

14.1. The bids with the lowest tendered prices shall be ranked first until the maximum quantity is reached.

14.2 In the event of two or more equal bids, the bid submitted at an earlier time shall be ranked first.

14.3 The quantities of the ranked bids shall be supplemented up to the total quantity announced for purchase by Bulgargaz EAD, and it is possible to purchase partial quantities of the last ranked offer.

14.4. Within 30 (thirty) minutes after the end of the auction, Balkan Gas Hub shall provide Bulgargaz EAD with the results of the auction and the ranking.

**RIGHT OF PARTICIPATION**

15.All natural gas traders who meet the conditions of clause 6.2 may participate in the auction for the purchase and sale of natural gas. By submitting a bid, the bidder declares that it fulfils the conditions of point 6.2.

15.1. Prior to the tender, Bulgargaz EAD shall publish the terms and conditions of the tender on its website.

**THE RIGHT TO CANCEL A TENDER**

16. Balkan Gas Hub EAD may cancel the auction in case of technical and/or human error and schedule a new date within 24 hours after the tender.

16.1. In the event that the errors under item 16 do not negatively affect the price offered and/or the quantity sold by the participants, Balkan Gas Hub EAD shall not cancel the auction, but in case of necessity update the ranking of the bids within 24 hours after the auction and/or disqualifies the participant who committed the error.

 **CONDITIONS FOR CONCLUDING A CONTRACT FOR THE PURCHASE AND SALE OF NATURAL GAS**

17. Upon completion of the tender, Bulgargaz EAD shall conclude a contract for the purchase and sale of natural gas with the participants ranked according to the tender mechanism under items 13 and 14 for the quantities and at the price in accordance with the conducted and completed auction procedure.

18. Bulgargaz EAD shall publish the contract for the purchase and sale of natural gas on its website prior to the auction.

**PARTICIPATION FEES**

19. Participants with whom Bulgargaz EAD concludes a supply contract, in accordance with the automatic ranking performed by the platform, shall pay to Balkan Gas Hub EAD a transaction fee of BGN 0.04 per MWh by the 10th day of the month following the month of the tender, to the bank account specified by Balkan Gas Hub EAD.

20. The Buyer shall pay Balkan Gas Hub EAD as follows:

* Monthly fee in the amount of BGN 1400 /excluding VAT/ for the month in which the tender is held;
* Tender initiation fee - "auction" (non-standard product) in the amount of BGN 1200 /excluding VAT/
* Transaction fee of BGN 0.04/MWh /excluding VAT/, in case of concluded contract.

The fees are payable by the 10th day of the month following the month of the tender to the bank account specified by Balkan Gas Hub EAD, according to the tenders results submitted by the platform.

**REPORTING UNDER REGULATION 1227/2011 OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL OF 25 OCTOBER 2011 ON WHOLESALE ENERGY MARKET INTEGRITY AND TRANSPARENCY**

**(REGULATION NO 1227/2011)**

21. Balkan Gas Hub EAD may perform the obligations for reporting the auction transactions in accordance with Regulation No 1227/2011 upon request of the bidder.