**TERMS AND CONDITIONS**

**FOR HOLDING A TENDER FOR THE SUPPLY OF LIQUEFIED NATURAL GAS (LNG)**

**FOR THE NEEDS OF BULGARGAZ EAD FOR THE PERIOD 2024-2034**

1. **SUBJECT OF THE TENDER:** supply of liquefied natural gas (LNG) for the needs of Bulgargaz EAD for the period 2024-2034.
2. **TERMS OF DELIVERY:**
3. **Annual quantity required:** 10 600 000 MWh/y. ≈ 36 168 705 MMBtu/y.

*Note: Bulgargaz will allocate the quantity to more than one supplier at its own discretion if the company deems this is appropriate for the purpose of diversifying price risk.*

1. **Flexibility in terms of the requested size of cargoes**:
* **Minimum Cargo Size** – 500 000 MWh/ ≈ 1 700 000 MMbtu;
* **Maximum Cargo Size** – 1 000 000 MWh/ ≈ 3 400 000 MMbtu;
* **Minimum/maximum deviation of the delivered quantity from the requested quantity** - to be declared, but not more than +/- 5%;
* **Delivery Schedule Request Deadline/ Delivery Deadline Change** - to be announced, but no more than 60 days prior to the start of the relevant period;
* **Proportion of the fixed annual quantity that may be taken in the following year(s) -** to bedeclared, but not less than **10%.**
1. **LNG quality:** in full compliance with DESFA and Alexandroupolis INGS's general gas specifications at the entry;
2. **Delivery period**: 1 January 2024\* - 1 January 2034.

\* *Note*: *not later than the Commercial Operation Date of INGS Alexandroupolis.*

1. **Delivery Point (unloading):** INGS Alexandroupolis;
2. **Delivery Terms** - DES (Delivery Ex-Ship)
3. **Demurrage** - The Demurrage rate on a daily and pro rata basis is the rate published under the heading Atlantic "Shipping Rate" in Platts LNG Daily, on the relevant scheduled delivery date. If the Platts rate is not published on the applicable scheduled delivery date, then the Demurrage rate shall be the last published Platts Atlantic Rate, immediately prior to the scheduled delivery date.
4. **REQUIREMENTS FOR PARTICIPANTS:**
5. Sources of LNG supply - the source must be from countries without sanctions, embargoes or any trade restrictions;
6. Ownership of the company - the ownership (ultimate beneficiary) must be clear, reputable and free of ties to countries subject to sanctions, embargoes or any trade restrictions;
7. Credibility with banks and reputation - the supplier company must be acceptable to banks and credible for financing the agreed supplies;
8. Has experience in LNG supply - total LNG supply of at least the equivalent of 5 000 000 MWh ≈ 17 060 708 MMBtu for each of the last 3 (three) years.
9. Not be in liquidation or bankruptcy proceedings and not be declared bankrupt under the national law of registration.
10. **STAGES OF THE PROCEDURE**

**Stage I Online Event**

**Registration for the online event on 20 October 2022**

Interested parties wishing to participate in the event should send the following information to tenders@bulgargaz.bg by 14 October 2022:

1. Name of the person who will participate;
2. Name of the company they represent;
3. Position they hold in the company they represent;
4. Email address to which the conference call invitation will be sent.
5. Contact phone number.

**Online event and presentation**

On 20 October 2022 an online event will be held by Bulgargaz EAD through Microsoft Teams, where a summary presentation of the company's needs will be made and presented to all interested parties who have registered to participate.

**Stage II Pre-selection of candidates**

By 10:00 p.m., Central European Time (CET), on 24 November 2022, all interested persons who wish to participate in this tender procedure shall submit to Bulgargaz EAD by e-mail to the following address: tenders@bulgargaz.bg ***a letter of intent***, indicating their interest in further participation in the procedure and ***attaching a*** completed *Bulgargaz EAD Questionnaire for getting to know a potential partner company, in accordance with the template* - *Annex 1* to these Terms and Conditions;

A committee appointed by order of the Executive Director of Bulgargaz EAD will verify the compliance of the participants with the requirements for participation in the tender procedure on the basis of the submitted documents and will notify the applicants admitted participating in the next stage of the tender procedure by 4:00 p.m. CET on 25 November 2022 by e-mail to the e-mail addresses indicated by them.

**No applicant will be admitted to Phase III of the tender procedure:**

* who submitted a letter of intent after the deadline;
* who has not submitted a completed survey to Bulgargaz EAD to get to know a potential partner company according to the template - *Annex 1*;
* in the questionnaire of which there is insufficient information or the information indicates that he does not meet the requirements for participation in the procedure.

By 4:00 p.m., Central European Time (CET) on 25 November 2022 Bulgargaz EAD will inform the candidates not admitted participating in Stage III of the tender procedure with an individually motivated e-mail to the e-mail addresses they have indicated.

**Stage IV Submission of initial binding bids**

**1. Deadline for submission: 10:00 p.m.** CET **on 08 December 2022.**

Candidates admitted to participate in Stage II of the Tender Procedure shall submit *an electronically signed bid form - Annex 2* to these Terms and Conditions, together with the annexes thereto, by e-mail to the following address: tenders@bulgargaz.bg, in an archived format with a password by 10:00 p.m., Central European Time (CET), on 08 December 2022.

The password must be sent by a separate e-mail to the same e-mail address no earlier than 9:00 a.m. and no later than 11:00 a.m., CET, on 09 December 2022.

**2. Mandatory content requirements of the bid**:

* 1. **Quantity:**
* the bid quantity shall not be less than 5 100 000 MWh/y. or 17 401 922 MMBtu/y.;
* minimum/maximum deviation of the delivered quantity from the requested quantity - not more than +/- 5%;
* share of the fixed annual quantity that may be taken in the following year(s) **-** notless than 10 %.
	1. **LNG quality:** in full compliance with DESFA and Alexandroupolis INGS's general gas specifications at the entry;
	2. **Delivery Terms:** DES (Delivery Ex-Ship)
	3. **Delivery Point (unloading):** Alexandroupolis INGS;
	4. **Price:** Bid price should reference TTF front month with discount in EUR per MWh, or Henry Hub (HH), or a hybrid formula. In the hybrid formula, the portion of the relevant index should not exceed 60% of the bid quantity for delivery. The price shall include all costs of delivery to Alexandroupolis INGS, excluding storage and regasification costs;
	5. **Delivery Schedule Request Deadline/ Delivery Schedule Change** - not more than 60 days before the relevant period.
	6. **Method and terms of payment upon conclusion of contract:** advance payment on monthly basis not more than 50%, advance payment deadline on monthly basis: not earlier than 15 days before delivery date, number of days for payment after last day of delivery - not earlier than 10 days.
	7. **Additional costs that may** arise for Bulgargaz EAD during delivery (assumed Boil Off - no more than 0.15% per day, other);
	8. **Delivery period** - the proposed delivery period should be 3, 5 or 10 years.
	9. **Declaration of absence of circumstances, in the form -** *Annex № 3 to these terms and conditions;*
	10. **Power of Attorney** - to be attached if the tender is signed by a proxy;
	11. Draft LNG Purchase and Sale Agreement.

**No participant will be admitted for evaluation and ranking who:**

* has submitted a bid and/or password outside the time limit;
* has submitted a tender whose content does not comply with the above-mentioned mandatory requirements or a password that does not open the tender submitted;

**Stage V Evaluation and ranking of initial binding bids**

The bids received will be opened by the Committee appointed by order of the Executive Director of Bulgargaz EAD at 12:00 noon CET on 09 December 2022.

The tenders will be evaluated and ranked by the Committee according to the *Methodology for Determining the Complex Evaluation of Bids Referring to the TTF Index* - *Annex No. 4 and the Methodology for Determining the Complex Evaluation of Bids Referring to the HH Index* - *Annex No. 5* to these Conditions.

By 4:00 p.m., Central European Time (CET) on 14 December 2022 Bulgargaz EAD will inform the candidates not admitted participating in Stage VII of the tender procedure with an individually motivated e-mail to the e-mail addresses they have indicated.

Within the same period Bulgargaz EAD will notify by e-mail, to the e-mail addresses indicated by them, the qualified participants who are admitted participating in the next stage of the procedure.

**Stage VI Negotiations with the ranked participants**

Ranked participants will be invited to negotiate the draft Framework Agreement, which will take place between 15 December 2022 and 16 January 2023.

**Stage VII Submission of final bids**

Ranked participants may submit final bids by 10:00 p.m. CET on 24 January 2023. In their final bid, participants may propose parameters different from those proposed in the initial binding bid or confirm the parameters initially proposed. If no final bid is submitted, the initial binding bid submitted will be considered final.

The Participants shall submit *an electronically signed final Bid in accordance with the template - Annex No. 2* to these Terms and Conditions, together with its annexes, by e-mail to the following address: tenders@bulgargaz.bg, in a password-protected archived format, by 10:00 p.m. CET on 24 January 2023.

The password must be sent by a separate e-mail to the same e-mail address no earlier than 9:00 a.m. and no later than 11:00 a.m., CET, on 25 January 2023.

**Stage VIII Evaluation and final ranking of bids**

The final bids of the Participants will be opened by the Committee appointed by the order of the Executive Director of Bulgargaz EAD at 12:00 noon CET on 25 January 2023.

**No participant will be admitted for evaluation and ranking who:**

* has submitted a bid and/or password outside the time limit;
* has submitted a bid whose content does not comply with the above-mentioned mandatory requirements or a password that does not open the tender submitted.

The final bids will be evaluated by the Commission according to the *Methodology for determining the complex evaluation of the bids referring to the TTF index* - *Annex No. 4 and the Methodology for determining the complex evaluation of the bids referring to the HH index - Annex No. 5* to these Terms and Conditions.

Once the evaluation of the bids under each of the two methodologies has been completed, the Committee will carry out the ranking. For this purpose, the prices obtained will be compared for the period for which the futures indices are published at the date of the ranking, respectively for TTF in the Argus European Natural Gas, for NH in https://www.cmegroup.com/markets/energy/natural-gas/natural-gas.settlements.html. The price formulae proposed by the Participants will be applied for the purpose of calculating the price for the period. The calculated price based on the averaged prices for the period for which futures values are published in both of these sources will be used to determine the evaluation for indicator K1.

The final ranking will be made by applying the formula for the complex evaluation of the bids, specified in the evaluation methodologies - Annex 4 and Annex 5 (CE=K1+K2+K3+K4+K5).

By 5:00 p.m., Central European Time (CET), on 02 February 2022 Bulgargaz EAD will notify by e-mail, to the e-mail addresses they have indicated, the ranked Participants with whom it will conclude contracts, up to the amount of the quantity announced for supply for the period 2024-2034, **after receiving approval from the National Regulatory Authority - the Energy and Water Regulatory Commission (EWRC)\*.**

Within the same period Bulgargaz EAD will inform the Participants not admitted to evaluation and ranking with an individually motivated e-mail to the e-mail addresses indicated by them.

\* *In accordance with Art. 21, par. 23 of the Energy Act and Art. 92 para. 1, item 2, sentence 3 of Ordinance No 3 of 21 March 2013 on licensing of activities in the energy sector, issued by the Chairman of the State Energy and Water Regulatory Commission (State Gazette issue* *33* *of 5 April 2013, amended and supplemented, issue 25 of 29 March 2022), the long-term energy purchase contracts, as well as their amendments, shall be subject to approval by the EWRC within 30 days prior to their conclusion by the energy undertakings licensed under the Energy Act. This statutory power is essential as it ensures security of supply. The final version of the Master Sale Purchase Agreement is submitted to the Regulatory Authority for approval prior to signature.*