**CONDITIONS**

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

**FOR THE NEEDS OF BULGARGAZ PLC FOR THE PERIOD 2024**

1. **Subject of the procedure:** supply of liquefied natural gas (LNG) for the needs of Bulgargaz PLC for 2024
2. **TERMS OF DELIVERY:**
3. **Total annual quantity:** 4 000 000 MWh ≈ 13 600 000 MMBtu
   1. **Delivery Profile:**

|  |  |  |
| --- | --- | --- |
| **Month** | **MWh** | **Operational tolerance** |
| January 2024 | 1,000,000 | +/- 5 % |
| February 2024 | 1,000,000 | +/- 5 % |
| July 2024 | 1,000,000 | +/- 5 % |
| August 2024 | 1,000,000 | +/- 5 % |

* 1. **Minimum/maximum deviation of the delivered quantity from the requested quantity -** to be declared but not more than +/- 5%;

**1.3. Delivery Window**

1. For each LNG Cargo, the Seller will nominate a 10-day Delivery Window by notice to Bulgargaz sent no later than 95 days prior to the first day of the 15-day Delivery Window. In the event Seller fails to make such nomination within the time period, then Bulgargaz shall have the right to nominate the 10-day Delivery Window.
2. For each LNG Cargo, Bulgargaz will nominate a 5-day Delivery Window by notice to the Seller sent no later than 50 days prior to the first day of the 5-day Delivery Window.
3. For each LNG Cargo, Bulgargaz will nominate a 2-day Delivery Window by notification to the Seller sent no later than 25 days before the first day of the 2-day Delivery Window.
4. **LNG Quality:**

The peak calorific value of each standard cubic metre of gas (on a dry gas basis) shall be not less than 8750 kcal (eight thousand seven hundred and fifty kcal) and not more than 10 427 kcal (ten thousand four hundred and twenty-seven kcal).

The components should be between the following lower and upper limits (as mole percentages) [Reference conditions: 15 °C /15 °C /ideal gas]:

|  |  |  |
| --- | --- | --- |
| **Chemical** composition | **Min.** % | **Max.** % |
| Methane CH 4 | 84.79 % | 100.00 % |
| Ethan C H 26 | 0.00 % | 10.00 % |
| Propane C H 38 | 0.00 % | 4.00 % |
| iC H 410 | 0.00 % | 1.00 % |
| nC H 410 | 0.00 % | 1.50 % |
| C H 512 | 0.00 % | 0.23 % |
| N 2 | 0.00 % | 1.40 % |
| Gross calorific value | 8,900 Kcal/Sm 3 | 10,427 Kcal/Sm 3 |
| Wobbe index | 47,30 Mj/m 3 | 53.95 Mj/m 3 |
| H S 2 | - | 5.0 mg/Nm 3 |
| Mercaptan Sulphur | - | 5.0 mg/Nm 3 |
| Total sulphur, including mercaptans | - | 50 mg/Nm 3 |

Hydrocarbon dew point: should not be higher than -5°C in the range of 1 to 80 barg.;

Water dew point: must not be higher than -80 C at 80 barg pressure;

LNG shall not cover particles of a size that does not pass through a 0.0098 inch sieve;

LNG does not include water, oxygen and carbon dioxide;

There shall be no active bacteria or bacteria coating materials in the LNG, including but not limited to bacteria that reduce sulphate or produce acid;

LNG should be free of poisonous and hazardous materials.

1. **Delivery Period**: 1 January 2024 - 31 August 2024
2. **Place of delivery (unloading)**: LNG terminal in Turkey (with the option of delivery to a terminal in Greece)
3. **Delivery Terms** - DES (Delivery Ex-Ship)
4. ***Seller's liability***

In the event Seller fails to deliver the quantity or any portion thereof, unless due to Force Majeure, it shall pay Buyer an amount equal to (i) if Buyer fails to purchase replacement gas, Buyer's cost, associated with the failure or termination of the Resale Arrangements with respect to Seller's undelivered quantity, including Buyer's respective facility costs, capacity reservations, transportation, reasonable marketing costs and other costs incurred by Buyer, if any, as a result of Seller's failure to provide; or (ii) if Buyer purchases replacement LNG or gas to replace Seller's undelivered quantity, the amount by which the price paid by Buyer for the replacement gas exceeds the Contract Sales Price multiplied by Seller's undelivered quantity, plus additional transportation and logistics costs, if any, plus other reasonable costs incurred by Buyer, if any, less any cost savings (including transportation costs) realized by Buyer.

1. **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 applicable to the scheduled delivery date. Seller shall have the obligation to provide evidence of the calculated demurrage rate.
2. **REQUIREMENTS FOR PARTICIPANTS:**
3. Sources of LNG supply - the source must be from countries without sanctions, embargoes or any trade restrictions;
4. 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;
5. Credibility with banks and reputation - the supplier company must be acceptable to banks and credible for financing the agreed supplies;
6. Have experience in LNG supply - total LNG supply of at least the equivalent of 2 000 000 MWh ≈ 6 800 000 MMBtu over the last three years;
7. Not be in liquidation or bankruptcy proceedings and not be declared bankrupt under the national law of registration.
8. **STAGES OF THE PROCEDURE**

**Stage I. Pre-selection of candidates**

By 22:00, Central European Time (CET), on 15 October 2023, all interested persons who wish to participate in the present tender procedure shall submit to Bulgargaz PLC by e-mail to the following address: [tenders@bulgargaz.bg](mailto:tenders@bulgargaz.bg) ***a letter of intent***, indicating their interest in further participation in the procedure and ***attaching a*** completed *Bulgargaz PLC Questionnaire for getting to know a potential partner company, as per the template* - *Annex No. 1* to these Terms and Conditions, as well as a standard MSPA;

In case the applicant has participated in previous tender procedures of Bulgargaz PLC for the supply of LNG, has been admitted to the stage of submission of a binding offer, and there is no change in the circumstances declared in the *Questionnaire*, it is not necessary to submit a completed *Questionnaire.*

A committee appointed by order of the Executive Director of Bulgargaz PLC will verify the compliance of the applicants with the requirements for participation in the procedure, based on the submitted documents, and will notify the applicants admitted to the next stage of the tender procedure by e-mail to the e-mail addresses they have provided by 16 October 2023.

**No applicant will be admitted to Stage II of the tender procedure:**

* who submitted a letter of intent after the specified deadline;
* who has not submitted a completed survey to Bulgargaz PLC 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 16:00, Central European Time (CET) on 16 October 2023 Bulgargaz PLC will inform the candidates not admitted to participate in Stage II of the tender procedure with an individual motivated letter by e-mail to the e-mail addresses they have indicated.

**Stage II. Submission of binding offers**

**1. Deadline for submission: 22:00** CET **on 19 October 2023.**

Candidates admitted to participate in Stage II of the Tender Procedure shall submit *an electronically signed tender form - Annex 2* to these Terms and Conditions, together with the annexes thereto, by e-mail to the following address: [tenders@bulgargaz.bg](mailto:tenders@bulgargaz.bg) in an archived format with a password, by 22:00 CET on 19 October 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 **20 October 2023.**

**2. Mandatory content requirements**:

* 1. **LNG quantity**
* The quantity offered shall be not less than 1,000,000 MWh/year or 3,400,000 MMBtu/year;
* minimum/maximum deviation of the delivered quantity from the requested quantity - not more than +/- 5%;

* 1. **Quality of LNG**

The peak calorific value of each standard cubic metre of gas (on a dry gas basis) shall be not less than 8750 kcal (eight thousand seven hundred and fifty kcal) and not more than 10 427 kcal (ten thousand four hundred and twenty-seven kcal).

The components should be between the following lower and upper limits (as mole percentages) [Reference conditions: 15 °C/15 °C /ideal gas]:

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| **Chemical composition** | **Min.** % | **Max.** % |
| Methane CH 4 | 84.79 % | 100.00 % |
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| Gross calorific value | 8,900 Kcal/Sm 3 | 10,427 Kcal/Sm 3 |
| Wobbe number | 47,30 Mj/m 3 | 53.95 Mj/m 3 |
| H S 2 | - | 5.0 mg/Nm 3 |
| Mercaptane sulphur | - | 5.0 mg/Nm 3 |
| Total sulphur, including mercaptans | - | 50 mg/Nm 3 |

Hydrocarbon dew point: should not be higher than -5°C in the range of 1 to 80 barg.;

Water dew point: must not be higher than -80 C at 80 barg. pressure;

LNG shall not cover particles of a size that does not pass through a 0.0098 inch sieve;

LNG does not include water, oxygen and carbon dioxide;

There shall be no active bacteria or bacteria coating materials in the LNG, including but not limited to bacteria that reduce sulphate or produce acid;

LNG should be free of poisonous and hazardous materials.

* 1. **Terms of delivery:** DES (Delivery Ex-Ship) LNG terminals in Turkey (option for delivery to terminal in Greece)
  2. **Price**:

the offered price should reference the TTF front month for the month in which the delivery window falls with a discount in Euro per MWh indicated and include all costs for delivery to LNG terminals in Turkey (or Greece)

*TTFfm = the value of the TTF Front Month Index published in Argus European Natural Gas - Daily Natural Gas Market Prices, in the column headed "Price", for the TTF (Title Transfer Facility) for the last business day of the month preceding the month of delivery. The TTF fm is the arithmetic mean between the 'Buy' and 'Sell' values for each day of the month for which the corresponding month is the following month.*

* 1. **Delivery window**

a) For each LNG Cargo, the Seller will nominate a 10-day Delivery Window by notice to Bulgargaz sent no later than 95 days prior to the first day of the 15-day Delivery Window. In the event Seller fails to make such nomination in a timely manner, Bulgargaz shall have the right to nominate the 10-day Delivery Window.

b) For each LNG Cargo, Bulgargaz will nominate a 5-day Delivery Window by notice to the Seller sent no later than 50 days prior to the first day of the 5-day Delivery Window.

c) For each LNG Cargo, Bulgargaz will nominate a 2-day Delivery Window by notice to the Seller sent no later than 25 days prior to the first day of the 2-day Delivery Window.

* 1. **Method and terms of payment upon conclusion of a contract:**
* the amount of the advance payment: may not exceed 50%;
* advance payment deadline: not earlier than 15 days before the delivery date;
* number of days for payment after last day of delivery: not less than 10 days.
  1. **Additional costs that may** arise for Bulgargaz PLC during delivery (assumed boil-off - no more than 0.15% per day, other);
  2. **Delivery period** - January - August 2024.
  3. **Declaration of absence of circumstances, in the form -** *Annex № 3 to these conditions;*
  4. **Power of attorney** - to be attached if the tender is signed by an attorney;

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

* submitted an offer and/or password outside the time limit;
* submitted an offer the content of which does not comply with the above-mentioned mandatory requirements or a password that does not open the offer submitted.

**Stage III. Evaluation and ranking of offers**

The offers of the participants will be opened by the committee appointed by the order of the Executive Director of Bulgargaz PLC at 12:00 CET on **20 October 2023.**

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

* submitted an offer and/or password outside the time limit;
* submitted an offer the content of which does not comply with the above-mentioned mandatory requirements or a password that does not open the offer submitted.

The offers will be evaluated and ranked by the Commission according to the *Methodology for Determining the Overall Evaluation of Tenders referenced to the TTF Index* - *Annex 4* to these Conditions.

By 17:00, Central European Time (CET), on 20 October 2023 Bulgargaz PLC will notify by e-mail, to the e-mail addresses they have specified, the qualified participants with whom it will conclude contracts, up to the amount of the announced quantity for delivery for January and February 2024.

By 17:00, Central European Time (CET), on 30 November 2023 Bulgargaz PLC will notify by e-mail, to the e-mail addresses they have specified, the qualified participants with whom it will conclude contracts, up to the amount of the announced quantity for delivery for July-August 2024.

Within the same period Bulgargaz PLC will inform the participants not admitted to evaluation and ranking by individual e-mail to their e-mail addresses.