

**TO
ALL INTERESTED PARTIES**

**INVITATION
TO TENDER FOR NATURAL GAS SUPPLY**

DEAR SIRs,

Please be advised that in compliance with Order № ПД-16-675/21.05.2014 of the Minister of Economy and Energy and under Art. 71 of the Energy Act, Bulgartransgaz EAD invites all interested parties to tender for concluding a contract for natural gas supply. Your offer must be prepared in compliance with the following conditions:

1. Subject-matter of the invitation:

Natural gas supply

2. Natural gas quantity for supply:

2.1 Natural gas quantity for supply: **140 mcm**

3. Supply period: as of the date of signing the Natural gas supply contract until acceptance of the quantities listed in the schedule provided by Bulgartransgaz EAD, at maximum monthly quantity of 90 mcm and maximum daily quantity of 3 mcm, and a deadline by 30.07.2014.

4. Place of supply (entry points):

- Negru Voda 1/Kardam and/or
- GMS Provardia

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

According to Appendix 1 to the Invitation.

6. Supply program:

6.1 The supply program at entry point shall be according to the schedule provided by Bulgartransgaz EAD;

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

7. Requirements for the participant:

7.1. Not to have incurred any pecuniary obligations to the State or to a municipality within

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

the meaning of Art. 162, para 2 of the Tax and Social-Insurance Procedure Code, established by an enforceable act of a competent authority, or any pecuniary obligations related to the payment of social insurance contributions or taxes according to the legislation of the State in which the candidate or participant is established; For foreign persons with registered place of business in the Republic of Bulgaria, the above requirement shall apply not only to the country of establishment but also to the Republic of Bulgaria.

7.2. Not to be in liquidation proceedings, declared bankruptcy or subject to pending proceedings for a declaration of bankruptcy, or if the participant is a foreign person - not to be in similar proceedings under his national legislation.

7.3. 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 (2012 and/or 2013);

7.4. To have available natural gas quantities at one or several entry points specified in item 4 based on concluded contracts for supply and transmission to them;

8. Price and method of payment:

8.1 Price:

The proposed supply price shall be determined as follows:

8.1.1. Fixed price in BGN, VAT excluded for 1,000 cubic meters for the contract duration.

8.2. Method of payment:

Advance payment proposed by the participant against submitted guarantee and collateral for the amount paid. The rest of the natural gas value supplied during the month shall be paid by the 10th day of the month following the month of supply.

9. Criterion for offers' evaluation: "the most economically advantageous offer"

9.1 The offers shall be evaluated as follows:

1. Proposed advance payment amount - 5% weight.

Calculated by using the following formula:

$$\frac{Amin}{Aresp} \times 5$$

where:

Amin is the lowest proposed amount of advance payment, in percentage of the Contract value;

Aresp is the proposed amount of the advance payment of the respective participant, in percentage of the Contract value;

2. Proposed price - 95% weight.

Calculated by using the following formula:

$$\frac{C_{min}}{C_{resp}} \times 95$$

where:

S_{min} is the minimum price proposed;

S_{resp} is the price proposed by the respective participant;

9.2. The comprehensive evaluation of the offers shall be derived from the sum of the evaluations under the indicators "*Proposed amount of advance payment*" and "*Proposed price*". The offer with the highest comprehensive evaluation shall be ranked first.

9.3. 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 of this invitation, the operator can require the participant to submit them within a specified by him 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.

9.4. In the event that two or more participants have the same evaluation, these participants shall be invited to submit improved price offers within a deadline set by Bulgartransgaz EAD. The improved price offers cannot provide for a higher price than the initially submitted ones.

9.5. 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 participants will be notified in writing.

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

10. Time and place for offers' submission:

10.1 Deadline for submission: by 2 p.m. local time on 26.05.2014

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: "Offer for natural gas supply", participant's name, address and contact person for correspondence, phone number, 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. and item 7.2. of this invitation - 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 7.3. 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.
- Place of 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 7.4:

- 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 neighboring transmission operators for ensured transmission of natural gas quantities to one or more of the entry points specified in item 4 and/or
- A declaration from a neighbouring operator stating that the participant has concluded a transport contract for transmission through the network of the neighbouring operator for natural gas quantities corresponding to those specified in item 2.1.

In the submitted copies the participant can delete any information considered a 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.

13. Information about the selection procedure for a supplier:

13.1. A committee of at least five members will be appointed by the Executive Director for selection of a supplier;

13.2. The committee shall determine the participants **by the criterion "most economically**

advantageous offer”;

13.3. The ranking shall be presented to Bulgartransgaz EAD Management Board for approval and decision on concluding a contract with the first-ranked participant;

13.4. Announcing the decision about the ranked participants and contracting the first-ranked one;

13.5. If the best-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:

until 30.05.2014

- Appendices:**
1. Quality certificate;
 2. Draft of a Supply contract;
 3. Standard form of a price quotation;

We expect your offers.

KIRIL TEMELKOV

*Executive Director
Bulgartransgaz EAD*

Annex 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 allowed up to 100 mg/m ³ allowed, for a 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 GCV and Wobbe index are 25°C and the conditions under item 1.

C O N T R A C T

No

FOR NATURAL GAS SUPPLY

Today..... 2014 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 Kiril Temelkov – 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 a procedure on the selection of natural gas supplier

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

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 140 mcm natural gas in quantities by entry points according to the Natural Gas Supply Program - 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 more entry points - Negru Voda 1/Kardam or GMS Provadia*).

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 01.08.2014.

IV. SUPPLY PROGRAM. IMPLEMENTATION OF THE SUPPLY PROGRAM

4.1 The supply for the month shall be performed in accordance with the Natural Gas Supply Program in Annex 2.

4.2 Bulgartransgaz EAD shall have the right to amend the Supply Program under Annex 2 for the next calendar month by the last working day before the beginning of the month of nomination at the latest in accordance with the following conditions:

- Maximum monthly quantities – 90 mcm
- Maximum daily quantities – 3 mcm

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 addresses 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 quality indicators deterioration, 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 in Annex 2.

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 in BGN, VAT excluded, for 1000 cu m.

7.2 The price is fixed and covers the entire Contract validity term.

7.3 The Transmission operator shall pay the value of the supplied natural gas quantities as follows:

7.3.1 BGN advance payment within 3 days after submission of pro forma invoice and a bank guarantee or security to that value.

7.3.2 The remaining part in line with the Monthly act under item 6.5 within 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 and/or US dollars according to BNB exchange rate in force for the date of the transfer.

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 7.3.2 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 and in this case he shall be liable to pay for the quantities nominated and received in the respective month.

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 – Natural Gas Supply Program by months and 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:

Annex 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 allowed up to 100 mg/m ³ allowed, for a 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 GCV and Wobbe index are 25°C and the conditions under item 1.

**Annex no.2
to Supply Contract No.**

entry point.....

NATURAL GAS SUPPLY PROGRAM

Period	quantities
2014	mcm
Total	140
May
June
July

For Bulgartransgaz EAD

For the Supplier

Annex 3

to Supply Contract No.....

**Corrected monthly nomination
for natural gas supply**

Date	Contracted quantity	Amended daily quantity
	thousand normal cu m	thousand normal cu m
1		
2		
3		
4		
5		
6		
7		
8		
9		
10		
11		
12		
13		
14		
15		
16		
17		
18		
19		
20		
21		
22		
23		
24		
25		
26		
27		
28		
29		
30		
31		
Total		

For Bulgartransgaz EAD:

/name, position, signature/

Date:

BULGARTRANGAZ EAD

SUPPLIER

MONTHLY ACT

01 – 312014

Today, 2014, according to item of Natural Gas Supply Contract, the present Act was prepared and signed between Bulgartransgaz EAD and the Supplier:

№	INDICATORS	Natural gas quantity, thousand m³
I.	Nominated quantity at entry point	
II.	Handed over natural gas quantities from Supplier of Bulgartransgaz EAD at entry point for the period:	
III.	Natural gas quantities not accepted	
IV.	Natural gas quantities not handed over	

For Bulgartransgaz EAD

For the Supplier

Contacts for correspondence between the parties

For the Transmission operator:

Lyulin 2 Residential Area

66 Pancho Vladigerov Blvd.

1336 Sofia, PoB 3

Phone: + 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:

Phone:

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 indicated in the Invitation to tender in the tender procedure for the selection of natural gas supplier announced on 21.05.2014.

Fixed price in BGN, VAT excluded, for 1000 cu m covering the Contract term of validity	BGN, VAT excluded, for 1000 cu m covering the Contract term of validity.
Advance payment offered by the participant against submitted guarantee and security for the paid amount% of Contract value, in BGN, VAT excluded.
Supply period	As of the date of Natural Gas Supply Contract signing by the receipt of quantities provided for in a schedule, submitted by Bulgartransgaz EAD at a maximum monthly quantity of 90 mcm and maximum daily quantity of 3 mcm with a deadline by 30.07.2014
Natural gas quantities	140 mcm
Place of supply

We acknowledge that the above offer is a legally binding offer to sign a Natural Gas Supply Contract, Annex 2 to the Invitation.

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