

OPEN CONTEST REGULATIONS

**“For providing Services of technological supervision
of Incukalns Underground Gas Storage operation in 2019”**

Riga 2018

CONTENTS:

| | |
|---|-----------|
| 1. GENERAL TERMS | 3 |
| 1.1. Purpose..... | 3 |
| 1.2. Organiser of the Contest | 3 |
| 1.3. Type of the Contest..... | 3 |
| 1.4. Instructions for Tenderers | 3 |
| 2. INFORMATION ON THE SUBJECT OF THE CONTEST | 4 |
| 2.1. Subject of the Contest, its Quantitative and Qualitative Characteristics | 4 |
| 2.2. Contract Place and Time of Completion..... | 5 |
| 2.3. Price of Tender..... | 5 |
| 3. TENDERER'S QUALIFICATION REQUIREMENTS AND QUALIFICATION DOCUMENTS..... | 6 |
| 3.1. Requirements to Tenderer's Qualification and Documents Establishing the Tenderer's Qualification | 6 |
| 4. ADDITIONAL INFORMATION REGARDING THE CONTEST | 7 |
| 5. PREPARATIONS AND PROCESSING OF TENDER..... | 7 |
| 5.1. Preparation of Tender | 7 |
| 5.2. Content of Tender | 7 |
| 5.3. Form of Tender | 8 |
| 6. SUBMISSION OF TENDER | 8 |
| 6.1. Place and Time for Submission of Tenders | 8 |
| 6.2. Tender Validity | 8 |
| 6.3. Amendment and Withdrawal of Tenders | 9 |
| 6.4. Opening of Tenders..... | 9 |
| 7. TENDER SELECTION CRITERIA AND PROCEDURE | 10 |
| 7.1. Procedure for the Selection of Tenders..... | 10 |
| 7.2. Examination of the Tenderers' Qualification and Conformity of the Tender | 10 |
| 7.3. Evaluation Criteria | 10 |
| 8. EVALUATION OF TENDERS | 10 |
| 8.1. Evaluation of Tender Price | 10 |
| 8.2. Final Evaluation | 11 |
| 9. CONTRACT NEGOTIATIONS AND SIGNING OF CONTRACT..... | 11 |
| 10. CONFIDENTIALITY..... | 12 |
| <u>Appendix No.1.....</u> | <u>13</u> |
| Appendix No.2 | 19 |
| FORM OF TENDER LETTER..... | 19 |
| Appendix No.3 | 21 |
| Form of Financial Bid | 21 |

1. GENERAL TERMS

1.1. Purpose

- 1.1.1. The purpose of this Open contest (hereinafter – the Contest) is to openly and publicly select a contractor company (hereinafter – the Tenderer) for the qualitative and economically advantageous works for providing Services of technological supervision of Incukalns Underground Gas Storage operation in 2019 of JSC “Conexus Baltic Grid” (hereinafter – the Supervision Works) with competition ensured.
- 1.1.2. The Joint Stock Company “Conexus Baltic Grid” (registered as “Akciju sabiedrība „Conexus Baltic Grid””), hereinafter – the Contracting Authority, calls for tenders for providing Services of technological supervision of Incukalns Underground Gas Storage operation in 2019 in accordance with the Technical Requirements (Appendix No. 1 in English).

1.2. Organiser of the Contest

- 1.2.1. The Organiser of the Contest is:
Joint Stock Company “Conexus Baltic Grid”
Unified Reg. No. 40203041605,
Aristida Briana iela 6, LV-1001, Riga, Latvia
Incukalns Underground Gas Storage,
Ragana, Krimulda parish, Krimulda district, LV-2144, Latvia
- 1.2.2. The authorized representatives of the Contracting Authority who will provide information with regard to the procedure of the Open contest Head of the Procurement Division of the Legal Department of JSC “Conexus Baltic Grid” – Sandris Strazdiņš, phone: +(371)29511577, email: sandris.strazdins@conexus.lv and with regard the technical requirements in the Contest Documents is Head of Geological Survey of Incukalns Gas Storage: Inta Karvonena, phone: +(371) 26950538, e-mail: inta.karvonena@conexus.lv.

1.3. Type of the Contest

- 1.3.1. The Contest is organised as an open procurement procedure in accordance with the requirements of Interior procurement order of JSC “Conexus Baltic Grid”, with the Contracting Authority organising open calls for the Tenderers to submit their Tenders.
- 1.3.2. Participation in the Contest is open to any person or a group of persons registered in any country who meets the required qualifying criteria.
- 1.3.3. Participation in the Contest is a demonstration of the free volition of Tenderers, based on equal terms and conditions for all Tenderers.

1.4. Instructions for Tenderers

- 1.4.1. Each Tenderer may submit only one Tender for the whole scope of Supervision Works. The Tenderers who submit more than one Tender or the Tender is submitted not in a whole scope of Supervision Works will be disqualified.
- 1.4.2. The Tenderer may submit the Tender in compliance with Clause 5 of the Contest Regulations (hereinafter – Contest Regulations) and the requirements of Technical Requirements (Appendix No.1).
- 1.4.3. The Tenderer shall carefully examine the Contest Regulations and shall assume all responsibility for the Tender’s compliance with the requirements of the Contest Regulations and its Appendixes.

- 1.4.4. The submission of the Tender implies a clear and outright intention to participate in the Contest and acceptance of terms and conditions of the Contest Regulations. The above-mentioned Tender is legally binding for the Tenderer who submitted it.
- 1.4.5. The submission of the Tender implies the Tenderer's acceptance of all terms and conditions of the Contest Regulations. Any condition in the Tender contrary to the terms set by Contest Regulations may result in rejection of the Tender.
- 1.4.6. The Tenderer shall bear all costs associated with the preparation and submission of its Tender. The Contracting Authority will in no case be responsible or liable for those costs, regardless of the outcome of the tendering process.
- 1.4.7. In case the Tender is submitted by an unregistered group of persons (association of subcontractors), it shall be clearly stated in the Tender letter and register as a general partnership in accordance with the procedure provided by the law of Latvia no later than before signing the Contract.
- 1.4.8. In case when the Tender is submitted by a group of persons, requirements applicable to the Tenderer, shall refer to the group of persons together except for the requirements stated in Clause 3 refer to each member of the group of persons individually.
- 1.4.9. Subcontracting is permitted providing that the whole contractual liability remains with the Tenderer. An intention by the Tenderer to sign subcontract with regard to a certain part of the Contest shall be clearly stated in the Tender, and documents confirming the Subcontractor(s) qualification, in accordance with Clause 3 shall to be provided.
- 1.4.10. The Contracting Authority will exclude the Tenderer from further participation if the Tenderer:
 - 1.4.10.1. has tax or social security contributions' debts in accordance with the legal provisions of his country of registration exceeding in total the amount of 150 eur (one hundred fifty *euro*);
 - 1.4.10.2. is declared insolvent or wound up, has suspended or ceased his business activities or is the subject of proceedings with regard to termination of the Tenderer's activities, insolvency or bankruptcy;
- 1.4.11. Tenders shall be submitted for the full scope of works specified in Clause 2.1 of Contest Regulations in accordance with the requirements of Technical Requirements (Appendix No.1) filling data in the Tender Letter Form (Appendix No.2) and the prices of Tenders indicated in the Forms of the Financial Bid – (Appendix No.3).
- 1.4.12. The Contest Regulations are prepared in English. The Technical Requirements are made in English languages.

2. INFORMATION ON THE SUBJECT OF THE CONTEST

2.1. Subject of the Contest, its Quantitative and Qualitative Characteristics

- 2.1.1. The Subject of the Contest and the subsequent Contract is for providing Services of technological supervision of Incukalns Underground Gas Storage operation in 2019 at Incukalns Underground Gas Storage.
- 2.1.2. The Supervision Works start form January 10, 2019 and shall be completed till December 30, 2019. The place of the Supervision Works: JSC "Conexus Baltic Grid", Incukalns Underground Gas Storage, Ragana, Krimulda district, Krimulda region, Latvia.
- 2.1.3. The scope of Supervision Works includes the following main activities:

- forecasting calculations and draw the graphs of maximum capacities (productivity) of Incukalns UGS;
- calculations and analysis of possible gas injection (gas withdrawal) scenarios;
- maintenance of the 3D Permanent Geological and Technological Model (PGTM);
- estimation of reservoir losses and technological gas consumption (best performance of GPA regimes) under conditions of IUGS operation;
- benchmark analysis and evaluation of IUGS development scenarios;
- analysis of productivity the fund of production wells;
- performance of gas dynamic research (GDR) of wells in gas injection mode (20 wells) and in gas withdrawal mode (10 wells);
- analysis of the tightness of the gas storage object (reservoir) based on the results of object monitoring at the end of the gas injection season;
- evaluation of the implementation of object monitoring program.

2.2. Price of Tender

- 2.2.1. The price shall be quoted in EUR. The total price of Tender and all unit prices shall be quoted in the same currency.
- 2.2.2. Taxes and duties shall be included in the price of Tender in accordance with the following procedure:
- a) All taxes and duties payable in Latvia and abroad with regard to the performance of the Contract shall be included in the price of the Tender, except for the 21% VAT of the Republic of Latvia, except in the event of Sub-clauses 2.2.2. b);
 - b) If the Tenderer is not a company registered in the Latvia or the other EU country, but intends to invite a company registered in Latvia or other EU country as subcontractor, all taxes and duties payable in Latvia and abroad with regard to the performance of the Contract shall be included in the price of the Tender, including the 21% VAT of the Republic of Latvia, which shall be payable to the subcontractor.
- 2.2.3. Prices of Tenders shall be indicated in the Tender Letter (the Form of Tender Letter – Appendix No.2) and in accordance with the Financial Bid (the Form of the Financial Bid – Appendix No.3) completing the forms enclosed herewith. The Tenderer shall propose a full scope of the Supervision Works. Tenderers for part of the required scopes shall not be considered.
- 2.2.4. The Tender price shall be fixed during the period of Tender validity and any extension thereof if such is requested and agreed upon in accordance with Clause 6.2 of the Contest Regulations. (Tender validity).
- 2.2.5. The Contracting Authority may, upon signing of the Contract with the successful Tenderer, decrease or increase the scope of Works by up to 20% of the price of the Tender without changes in unit prices.
- 2.2.6. The Contest Committee shall evaluate the Tender price without the Latvian Republic VAT except for the case referred to in Sub-clause 2.2.2.b).

3. TENDERER'S QUALIFICATION REQUIREMENTS AND QUALIFICATION DOCUMENTS

3.1. Requirements to Tenderer's Qualification and Documents Establishing the Tenderer's Qualification

Tenderers shall comply with the following qualification requirements and shall submit documents establishing that the selection and qualification criteria are met:

| No | Qualification requirements | Document | | | | | | |
|--|--|---|--|--|---------------------|--|--|--|
| 1) | The Tenderer is registered in the Commercial Register or Company Register in accordance with the requirements of regulatory enactments of his home country | A copy of the company registration certificate or an extract from the Commercial Register of the Tenderer's home country, or from equalled registers, in accordance with the regulation of the state where the Tenderer is registered | | | | | | |
| 2) | The Tenderer is registered as a tax payer in accordance with the legislation of the Tenderer's home country | A copy of the Tenderer's tax payer's registration certificate | | | | | | |
| 3) | The Tenderer has no taxes or social security contributions' debts in the total amount exceeding 150 <i>euro</i> (EUR) | A statement issued by the State Revenue Service (for foreign Tenderer – a statement issued by the respective state revenue authority) confirming that the Tenderer has fulfilled obligations relating to the payment of taxes or social security contributions in the Republic of Latvia or in any other country of his registration. A statement and other documents issued by the competent authorities of the Republic of Latvia are accepted and recognized by the procurement commission, if they are issued maximum 1 (one) month prior to the day of submission, but statement and other documents issued by foreign competent authorities are accepted and recognized by the contracting authority if they are issued maximum six months before the day of submission unless the issuer of a notice or document has stated a shorter validity period. | | | | | | |
| 4) | The Tenderer has not been declared insolvent or wound up and its business activities have not been suspended or ceased | A statement issued by the Enterprise Register (Commercial Register) (for foreign Tenderer – a statement issued by the respective state institution) not earlier than 30 days before the deadline for the submission of Tenders confirming that The Tenderer has not been declared insolvent or wound up and its business activities have not been suspended or ceased | | | | | | |
| 5) | The Tenderer has at least 3 years (2015, 2016, 2017) experience in similar Supervision works at underground gas storages. | <p>1) Information prepared in acc. with the following table:</p> <table border="1" data-bbox="735 1641 1366 1899"> <thead> <tr> <th data-bbox="743 1641 967 1865">The Contracting Authority, contact person, name, position, phone</th> <th data-bbox="975 1641 1174 1865">Description of similar Supervision works performed by the Tenderer</th> <th data-bbox="1182 1641 1358 1865">Year/month of works</th> </tr> </thead> <tbody> <tr> <td data-bbox="743 1877 967 1899"></td> <td data-bbox="975 1877 1174 1899"></td> <td data-bbox="1182 1877 1358 1899"></td> </tr> </tbody> </table> <p>The information shall cover a period of the last 3 years.</p> <p>2) At least 2 positive references from the former Contracting Authority about finished Supervision</p> | The Contracting Authority, contact person, name, position, phone | Description of similar Supervision works performed by the Tenderer | Year/month of works | | | |
| The Contracting Authority, contact person, name, position, phone | Description of similar Supervision works performed by the Tenderer | Year/month of works | | | | | | |
| | | | | | | | | |

| | | works | | | | |
|------------------------------|--|--|------------------------------|---|--|--|
| 7) | For partners and sub-contractors the following requirements have been fulfilled (if applicable): 1. Statements of participation in the performance of the Contract signed by the subcontractors. 2. Partners' consents for participation in the performance of the Contract. Compliance of each Tenderer's partner and sub-contractor with the requirements of the Sub-clauses 3.1. 1) - 4) | <p>The subcontractors documents (if applicable):</p> <p>1. The list of subcontractors in the following table:</p> <table border="1"> <tr> <th>Name and registration number</th> <th>Scope performed by the subcontractor, amount of supplies in EUR without VAT</th> </tr> <tr> <td></td> <td></td> </tr> </table> <p>2. Statements of participation in the performance of the Contract signed by the subcontractors;</p> <p>3. Partners' consents for participation in the performance of the Contract</p> <p>4. The documents listed in Sub-Clauses 3.1. 1) - 4)</p> | Name and registration number | Scope performed by the subcontractor, amount of supplies in EUR without VAT | | |
| Name and registration number | Scope performed by the subcontractor, amount of supplies in EUR without VAT | | | | | |
| | | | | | | |
| 8) | The Tenderer and its subcontractors have the appropriate qualified, educated and experienced personnel. | A list of proposed main personnel, copies of CV and valid certificates or licenses for the performance of the works. | | | | |

4. ADDITIONAL INFORMATION REGARDING THE CONTEST

- 4.1. A Tenderer requiring any clarification of the Contest Regulations may send the questions to the Contracting Authority's contact person specified in Sub-Clause 1.2.2 by mail at any time, but not later than 10 (ten) days prior to the deadline for the submission of Tenders. The Contracting Authority shall respond in writing to such requests for clarification no later than 6 (six) days prior to the deadline for the submission of Tenders by sending the responses to all Tenderers (without identifying the questioner) by mail. The Tenderer shall, within 1 (one) business day from receipt of each clarification, confirm the receipt by sending a notice by mail to the Contracting Authority's contact person specified in Sub-Clause 1.2.2.

5. PREPARATIONS AND PROCESSING OF TENDER

5.1. Preparation of Tender

- 5.1.1. The Tenderer shall prepare and submit its Tender in accordance with the requirements of the Contest Regulations and Clause 5.3. of the Contest Regulations. Failure to provide all information required by the Contest Regulations or submission of a Tender that, in any respect, does not comply with the requirements of the Contest Regulations shall be at the Tenderer's risk and may result in rejection of its Tender.
- 5.1.2. The Tender Letter and table of the Financial Bid shall be signed by the duly authorised person or persons on behalf of the Tenderer. The full name and position of each of such persons having signed the Tender shall be indicated below the signature. In case of the Tender being submitted by a group of persons, all persons shall sign it.
- 5.1.3. The Tender shall be submitted in Latvian, Russian or English. The documents with the original language other than Latvian, Russian or English shall be submitted in the original language accompanied by a translation attested by the Tenderer in any of the languages of the Tender.

5.2. Content of Tender

A Tender shall contain the following documents and information:

- 5.2.1. **Tender Letter and a document certifying signature.** The Tender Letter shall be in the form attached to the Contest Regulations (Appendix No.2) and signed in accordance with Sub-Clause 5.1.2. of the Contest Regulations. The Tender Letter shall be accompanied by a document certifying signature – an extract from the Company Register, the company’s statutes or the original power of attorney.
- 5.2.2. **Qualification documents** listed under Clause 3 establishing the Tenderer's and subcontractor's qualification and eligibility.
- 5.2.3. **Financial Bid** – Financial bid in accordance with Appendix No.3 (Form of Financial Bid).

5.3. Form of Tender

- 5.3.1. Tender must be put in an envelope, which must be closed, sealed and must bear the following:

***JSC “Conexus Baltic Grid”
Incukalns Underground Gas Storage
Ragana, Krimulda parish, Krimulda district, LV-2144, Latvia,
Tender for the Contest of JSC “Conexus Baltic Grid”
“For providing Services of technological supervision
of Incukalns Underground Gas Storage operation in 2019”
Not to be opened before December 20, 2018, 14:00
To be opened only in the presence of the Contest Committee.***

- 5.3.2. The envelope shall contain one original of the Tender marked respectively as “**Original**” and one copy marked respectively as “**Copy**”.
- 5.3.3. The Original and Copy of the Tender shall be printed; pages shall be numbered and bound together, indicating the quantity of numbered and bound pages.
- 5.3.4. If the Tender is not sealed and marked as required above in these Contest Regulations, the Contracting Authority will assume no responsibility for a premature opening of the Tender, but such event will not constitute grounds for rejection of the Tender.
- 5.3.5. The Tenderer shall undertake the risk for delivery of the Tender.
- 5.3.6. For avoidance of any doubt or misunderstanding, all words and figures in the Tender must be clearly legible, without any insertions or erasures.

6. SUBMISSION OF TENDER

6.1. Place and Time for Submission of Tenders

- 6.1.1. The Tenderer shall submit for incorporation the Tender and documents attached to it to ***JSC “Conexus Baltic Grid” Incukalns Underground Gas Storage, Ragana, Krimulda parish, Krimulda district, LV-2144, Latvia***, to the secretary (tel. Nr. +371 67048000) or send by registered mail to be received till ***December 20, 2018, 14:00 (Latvian time)***.
- 6.1.2. The Tender has to be submitted to the Contract Authority within the term set by the Contest Regulations. The Tender may be delivered by courier or personally to the secretary at business days starting from 8:00 a.m. till 15:00 p.m. The Tenders received after the prescribed time deadline shall be rejected regardless of the reasons.

6.2. Tender Validity

- 6.2.1. Tenders shall remain valid for 90 days after the deadline for the submission of Tenders specified in Sub-clause 6.1.1. Tenders with a shorter period of validity shall be rejected.

The Tender shall remain binding upon the Tenderer during the entire validity period of the Tender.

- 6.2.2. In exceptional circumstances, the Contracting Authority may request the Tenderers to extend the validity period of the Tender by a specified period of time. The Tenderer vested by such extension will not be permitted to modify his Tender, Tender prices or content. If the Tenderer agrees to extend the validity period of the Tender, the validity period of the Tender Security shall be extended accordingly, otherwise the Tender will be rejected.

6.3. Amendment and Withdrawal of Tenders

- 6.3.1. The Tenderer may, without forfeiture of the Tender Security, modify or withdraw his Tender, provided that a written notice of the amendment and withdrawal is received by the Contracting Authority prior to the deadline for submission of Tenders. Any amendments to the Tender or notices of withdrawal received after the deadline for the submission of Tenders or any extension thereof will not be taken into account.
- 6.3.2. The Tender's modification or withdrawal notice shall be prepared, sealed, marked and submitted in the same way as the Tender marked respectively as **"Tender Amendment"** or **"Tender Withdrawal"**.

6.4. Opening of Tenders

- 6.4.1. Tender documents, including Tender Amendments and Tender Withdrawals, shall be opened by the Contest Committee, consisting of at least three members, in the conference room of the Incukalns underground gas storage, JSC "Conexus Baltic Grid", Ragana, Krimulda parish, Krimulda district, Latvia on ***December 20, 2018, 14:30*** (Latvian time).
- 6.4.2. Opening of Tenders before the due time is not permitted.
- 6.4.3. Only those Tenders received by the Contracting Authority on or before the date and time specified in the Contest Regulations will be opened by the Contest Committee. For late Tenders and the Tenders the withdrawal of which is accepted, the Tender will be returned unopened to the address specified on the envelope.
- 6.4.4. Envelopes bearing the inscription "Tender Withdrawal" shall be opened first. Tender documents, in respect of which a notice of withdrawal is submitted, shall not be opened.
- 6.4.5. Members of the Contest Committee shall put their signatures on the Tenders and Amendments submitted by the Tenderers.
- 6.4.6. Envelopes bearing the inscription "Tender Amendment" shall be opened consecutively with the opening of the respective Tenderer's envelope with Tender documents.
- 6.4.7. During the Tender opening procedure the names of the Tenderers and the Prices of the Tender shall be stated in the record of the Contest Committee.
- 6.4.8. Representatives of the Tenderers **are allowed to participate in the opening of Tenders**. During the Tender opening procedure the Tenderers' representatives present with an identity document shall submit a power of attorney that authorises them to present the company, announce the name and address of the Tenderer they represent, as well as their name, surname, position, phone number and e-mail.
- 6.4.9. The Chairman of the Contest Committee or another member of the Contest Committee shall open the Tenders in the order of their submission and naming the tenderer, the time of the submission of the tender, the price tendered and other information, which characterises the tender, indicating them in the record of the Contest Committee.

6.4.10. Tenderers' representatives do not participate in further process of the Contest.

7. TENDER SELECTION CRITERIA AND PROCEDURE

7.1. Procedure for the Selection of Tenders

- 7.1.1. The content and evaluation of Tenders is confidential and only members of the Contest Committee, as well as experts invited, are permitted to take part in the Tender evaluation.
- 7.1.2. The Contest Committee shall carry out the evaluation of Tenders in the following procedure:
- a) examination of the Tenderer's qualification and conformity of the Tenders in accordance with Clause 7.2;
 - b) financial evaluation of the Tenders in accordance with Clause 8.1;
 - c) final evaluation of the Tenders in accordance with Clause 8.2.
- 7.1.3. During the Tender evaluation, the Contest Committee has the right to ask any Tenderer:
- a) to provide a written clarification of his Tender. The Tenderer shall send replies to such requests to the Contracting Authority by e-mail by the date and time specified in the request;

7.2. Examination of the Tenderers' Qualification and Conformity of the Tender

- 7.2.1. Prior to the Tender evaluation the Contest Committee shall assess the Tenderers' qualification and the Tenderers' compliance by examining the documents submitted in accordance with Clause 3. The Contest Committee shall reject any Tenderer without further evaluation of its Tender if the Tenderer is acknowledged as noncompliant or not sufficiently qualified for performance of the Contract.
- 7.2.2. Prior to the Tender evaluation the Contest Committee shall also check whether each Tender complies with the requirements of the Contest Regulations. The Tender shall be considered substantially responsive, if it complies, without essential deviation, with the terms and conditions of the Contest Regulations. The Tenders acknowledged by the Contest Committee as non-compliant in accordance with the Contest Regulations or lacking other required documents or information shall be rejected without further evaluation.
- 7.2.3. The Contest Committee will evaluate each Tender, except for those rejected under Sub-Clauses 7.2.1 and 7.2.2 on the basis of criteria specified in Clause 7.3 of the Contest Regulations.

7.3. Evaluation Criteria

The Contract shall be awarded to the most economically advantageous Tender – lowest price, in accordance with the following evaluation criteria:

| Evaluation criteria | Weight, % |
|---|------------------|
| Financial criteria | 100 |
| <i>Lowest Tender price (without Latvian Republic VAT)</i> | 100 |

8. EVALUATION OF TENDERS

8.1. Evaluation of Tender Price

- 8.1.1. The Contest Committee will increase or decrease the Tender price by the following amounts:

- a) corrections of arithmetic errors as described below;
 - b) the scope of Works included in the Tender price in order to compare, during the Tender evaluation, the Contracting Authority's expenses for the whole scope of Works.
- 8.1.2. The Contest Committee will check the Tenders for arithmetic errors and correct them as follows:
- a) if the total price of the cost item will differ from the unit price multiplied with the quantity of units, the total price of the cost item will be corrected;
 - b) if the total price will differ from the sum of cost items, the total price will be corrected.
- 8.1.3. The Tenderer shall confirm in writing the corrections of arithmetic errors made by the Contest Committee and the new prices will be regarded as binding on the Tenderer. If the Tenderer does not accept the correction of errors pursuant to the procedure above, the respective Tender will be rejected.
- 8.1.4. When evaluating the Tender price, the price exclusive of the 21% VAT payable in the Republic of Latvia will be considered. The Tender price will be evaluated as follows: the Tender with the lowest price will be awarded the maximum score (equal to the weight of criterion), but the score of the other Tenders will be determined as a proportion in relation to the lowest cost:

$$\text{Lowest price} / \text{price of Tender "N"} \times 100$$

8.2. Final Evaluation

- 8.2.1. Total score will be calculated as follows:

$$\text{Total score} = \text{Total score of financial criteria}$$

- 8.2.2. The Contest Committee shall award the Contract to the Tenderer whose Tender is determined as the most advantageous and having obtained the highest total score.
- 8.2.3. The Contest Committee reserves the right to cancel the Contesting process at any time prior to the deadline for submission of Tenders, or terminate the Contest without awarding the Contract prior to the signing of the foreseen Contract with the successful Tenderer, without thereby incurring any liability to the Tenderers.
- 8.2.4. If only one Tender is submitted, the Contest Committee shall decide whether it is responsive and advantageous and whether it is possible to award the contract to the sole Tenderer.
- 8.2.5. If none of the Tenders submitted complies with the requirements of the Contest Regulations, the Contest Committee reserves the rights to reject all Tenders and close the Contest without awarding the Contract.
- 8.2.6. All Tenderers shall be notified in writing of the Contest results.

9. CONTRACT NEGOTIATIONS AND SIGNING OF CONTRACT

- 9.1. The Contracting Authority shall invite the successful Tenderer to the Contract negotiations. Shall the Contract negotiations prove unsatisfactory, the Contracting Authority reserves the rights to invite the next highest ranked Tenderer to the Contract negotiations or decide to close the Contest without awarding the Contract.

- 9.2. The successful Tenderer shall, within the period of 30 days after receiving by e-mail an official letter from the Contracting Authority of the results of the Contest, sign the Contract with the Contracting Authority.
- 9.3. If the successful Tenderer fails to sign the Contract in accordance with Sub-Clause 9.2 of the Contest Regulations, the Contracting Authority reserves the right to annul the results of the Contest and withhold the Tender Security.
- 9.4. In cases mentioned in Sub-Clause 9.3 of the Contest Regulations, the Contracting Authority reserves the rights to award the Contract to the next highest ranked Tenderer or decide to close the Contest without awarding the Contract.

10. CONFIDENTIALITY

- 10.1. Information related to the number and names of the Tenderers is confidential and shall not be disclosed until the Tender opening. Contents of the Tenders and meetings of the Contest Committee's are confidential and shall not be disclosed to other Tenderers or third parties.

Head of Contest Committee,
Head of Procurement Division
of JSC "Conexus Baltic Grid"

S. Strazdins

TECHNICAL REQUIREMENTS

for providing Services of technological supervision
of Incukalns Underground Gas Storage operation in 2019.

1. Overview of the Object

Services of technological supervision are performed on the operation of Incukalns Underground Gas Storage (IUGS)), located 40 km north-east from Riga (Latvia), its operation started in 1968 year.

Process Design of the storage was developed by Gazprom VNIIGAZ, LLC (Russia) in 1968, and the last change to the Design was made in 2 000 year.

The maximum total storage volume is 4,445 billion m³, 2,145 billion m³ is the cushion gas. The maximum daily rate of gas injection into IUGS is 17 million m³ and gas withdrawing daily rate - 30 million m³. The total production capacity of two compressor stations is 33.5 MW (45 600 hp). 93 production wells are used for gas injection and withdrawal. The monitoring of IUGS operation is carried out using 47 observation and 23 control wells.

Cambrian aquifer reservoir is the object of storing gas, represented by medium-poorly cemented medium-fine-grained quartz sandstones with interlayers of siltstones, with an average thickness of 60m. The reservoir has a depth of 700-800m with good reservoir properties (permeability up to 4 Darcy, porosity up to 32%, piezoconductivity averaged 15 000 cm²/sec).

The reservoir pressure during storage operation varies from 35 bar (min) in March (after gas withdrawal) to 105 bar (max) in October (after gas injection), hydrostatic pressure is of 70 bar. The period of minimum reservoir pressures (below hydrostatic) is from March to June. The reservoir contains sodium chloride waters with a mineralization of 106 g/l, the reservoir temperature is about 22°C.

Object monitoring program, developed by Gazprom VNIIGAZ, LLC is operated at IUGS, in accordance with the standards (LVS 364, LVS EN 1918-1) and it includes the following three directions:

1. Gas field monitoring - measurements of reservoir pressure/water level in production, observation and control wells;
2. hydro-geochemical monitoring - control of gas field saturation , tectonic fault and cap rock formation tightness (47 observation and 23 control wells);

3. well logging monitoring - control of the gas saturated volume in 55 wells (25 wells after gas withdrawal season and 30 wells after gas injection).

2. Scope of Services performed by the CONTRACTOR

In general, Services for the technological supervision of the operation of IUGS include the analysis of IUGS operation in the current season of gas withdrawal (injection), the monthly forecasting calculation of IUGS maximum production rate in the withdrawal and injection season and making recommendations for their corrections, performance of calculations and conclusions on the written request of the CUSTOMER.

2.1. Forecasting calculations of maximum capacities (productivity) of Incukalns UGS in GW/day and m³/day:

2.1.1. performed every end of a month (till the finish of gas withdrawal season) for the next month;

2.1.2. performed every end of a month (till the finish of gas injection season) for the next month, taking into account the available capacities and power saving operation modes of the compressors (according to the loading charts);

2.2. to draw the graphs of dependencies of maximum capacity (productivity) of Incukalns UGS in GW/day and m³/day of the volume of gas injected and reservoir pressure for next gas withdrawing/injection season - one week after the end of the withdrawing/injection season (for approval on the Board of JSC "Conexus Baltic Grid"). At the end of the year (final report) recommendations on the "presentability" of the results of calculations of the maximum capacity (productivity) of the Incukalns UGS for the market conditions have to be provided;

2.3. calculations of possible gas injection (gas withdrawal) scenarios on the material balance model and/or 3D Permanent Geological and Technological Model (PGTM) at the Customer's written request.

2.4. Analysis of IUGS operation in the current season of gas withdrawal (injection):

2.4.1. Analysis of the dynamics of changes of the maximum daily storage productivity, reservoir pressure, pattern of changes in the gas-saturated pore volume (GSPV), the numbers of production wells involved in operation;

2.4.2. Analysis of the technology of operation of the wells fund, changes in productivity (filtration resistance in the bottom hole zone and tubing), actual repressions (depressions) of the reservoir, production of formation water (water factor) and hydrate formation;

2.4.3. Construction and design of an isobar and gas-water contact map (GWC) on a scale of 1: 25 000;

- 2.4.4. Estimation of gas volumes in the IUGS storage facility at the end of gas withdrawal (injection) mode using a Permanently Operating 3D Geological and Technological Model (POGTM);
- 2.4.5. Calculation and adjustment of the IUGS operation mode for the next gas withdrawal (injection) period, following the results of the previous one.
- 2.5. Maintenance of the 3D Permanent Geological and Technological Model (PGTM) with the presentation of adaptation results from the updated operating data at the end of the gas withdrawal/injection season.
- 2.6. Evaluation of the implementation of object monitoring program and issue of recommendations for its adjustment (corrections) at the end of the gas injection season.
- 2.7. Analysis of the tightness of the gas storage object (reservoir) based on the results of object monitoring at the end of the gas injection season.
- 2.8. Performance of gas dynamic research (GDR) of wells in gas injection mode (20 wells) and in gas withdrawal mode (10 wells).
- 2.9. Analysis of productivity the fund of production wells.
- 2.10. Benchmark analysis and evaluation of IUGS development scenarios:
- 2.10.1. evaluation of the dynamics of changes in the actual specification figures of the gas storage: the volume of gas injected (withdrawn), reservoir pressure, maximum daily production, of the existing well stock for the last 5 years in comparison with similar storage facilities in Europe and Russia;
- 2.10.2. to justify the backgrounds for the development of adjustments (corrections) to the Incukalns UGS Process Design of operation and to develop a Technical Task for the Project DESIGN, taking into account the current state of the gas transmission system in the region of the impact of the gas storage and the expected volumetric indicators.
- 2.11. Estimation of reservoir losses and technological gas consumption (best performance of GPA regimes) under conditions of IUGS operation.

3. Terms of execution

3.1. The CONTRACTOR provides the Services, guided by the European standards EN 1918: 1 "Gas supply systems -Underground gas storage. Part 1: Functional recommendations for storage in aquifers", EN 1918:5 "Gas supply systems. Underground gas storage. Part 5: Functional recommendations for surface facilities", LR standard LVS 364: 2011 "Operation, maintenance and repair of natural gas storage in aquifer and transmission pipelines systems", LVS NS GS-09: 2009 "Pazemes gāzes krātuves sistēmas ekspluatācijas drošības noteikumi", as well as "Object Monitoring Program at Incukalns UGS in 2018-2022".

3.2. The CUSTOMER provides the CONTRACTOR with the current data of object monitoring, not later than on the fifth day of each month. The results of monitoring works (geophysical, gas

hydro geochemical, field monitoring) performed by the CUSTOMER's subcontractor are handed over to the CONTRACTOR ten days after being received by the CUSTOMER.

3.3. If it is necessary to translate (from Latvian or Russian languages) the documents provided by the CUSTOMER, the CONTRACTOR has to make the translation independently and at his own expense. List of guidance documents is in Annex No.1.

3.4. Services of technological supervision are carried out in two stages. The first stage is dated for IUGS gas withdrawal season and ends with an Information Report. The second stage, mainly (with the exception of Clause 2.8.), is dated for IUGS gas injection season, the results of the Services (Clause 2) are provided in the Final Report (at the end of the calendar year).

3.5. Services of technological supervision propose every quarter of a year Contractor representatives' arrival to solve current gas field tasks, including the performance of the gas-dynamic research (GDR), working together with IUGS geological survey in accordance with the approved program.

3.5.1. I quarter. To be acquainted with the current IUGS operational situation and field data for the last five years (2014-2018).

3.5.2. II quarter. Presentation and discussions of the Information Report for the first half-a year (Analysis of IUGS operation in gas withdrawal season). Coordination of conducting gas-dynamic tests (GDT) of wells in the mode of injection (20 wells) and withdrawal (10 wells) of gas.

3.5.3. III quarter. Performance of the GDR of wells in the gas injection season (20 wells).

3.5.4. IV quarter. Performance of the GDR of wells in the gas withdrawal season (10 wells). Handling over of the Final Report (Analysis of IUGS operation in the gas injection season).

4. Expected results

The results of the performed works should be reflected in accordance with the scope of works given in Item. 2 in the form of a paper report and on CD. The report should contain an introduction with a summary of the performed works, the results of the analysis of IUGS operation during the reporting period, forecast calculations of the modes of withdrawal and injection of gas, analysis of the fulfillment of the requirements of the Monitoring and recommendations for its improvement, analysis of gas field's research, including GDR.

A Conclusion of the work with recommendations on the achievement of approved or agreed indicators of IUGS and the list of used literature is obligatory.

The Contractor submits to the Customer the Information Report of the 1st stage of the Services, the Final Report of the 2nd stage of Services in 2 printed copies and on the CD.

5. Time of execution

Services are provided during 2019 year (from January 10, 2019 to December 30, 2019), in two stages (in accordance with withdrawal/injection cycles).

On the 1st stage, an Information Report is provided no later than one month after the end of the gas withdrawal season.

On the 2 stage, the Final Report for the year is provided no later than one month before the completion of performance of Services of technological supervision.

Head of Incukalns UGS

Rinalds Diminsh

APPENDIX NO.1 OF TECHNICAL REQUIREMENTS

List of guidance documents

1. Addition to "Design of IUGS " 2000, Gazprom VNIIGAZ, LLC. 170 pages. (RU);
2. EN 1918:1 «Gas supply systems – Underground gas storage – Part 1: Functional recommendations for storage in aquifers». (RU, ENG, LV);
3. EN 1918:5 «Gas supply systems – Underground gas storage – Part 5: Functional recommendations for surface facilities» (RU, ENG, LV);
4. LVS 364:2011 «Operation, maintenance and repair of natural gas storage in aquafier and transmission pipelines system»,(RU, ENG, LV);
5. LVS NS GS-09:2009 «The underground gas storage system operation safety rules», 36 pages (LV)
6. "Object Monitoring Program at Incukalns UGS in 2018-2022" 14 pages. (RU, LV)
7. Report on the Author's supervision of the operation of Incukalns UGS for 2014. 106 pages. (RU);
8. Report on the Author's supervision of the operation of Incukalns UGS for 2015. 197 pages. (RU);
9. Report on the Author's supervision of the operation of Incukalns UGS for 2016. 372 pages. (RU);
10. Report on the Author's supervision of the operation of Incukalns UGS for 2017. 139 pages. (RU);
11. Report on the Author's supervision of the operation of Incukalns UGS for 2018. (RU);
12. The report on geophysics of Incukalns UGS for 2014 year. 70 pages (RU);
13. The report on geophysics of Incukalns UGS for 2015 year. 83 pages (RU);
14. The report on geophysics of Incukalns UGS for 2016 year. 65 pages (RU);
15. The report on geophysics of Incukalns UGS for 2017 year. 79 pages (RU);
16. The report on geophysics of Incukalns UGS for 2018 year. (RU);
17. Gas-hydro chemical analysis report of IUGS for 2014 year. 40 pages (LV);
18. Gas-hydro chemical analysis report of IUGS for 2015 year. 126 pages (LV);
19. Gas-hydro chemical analysis report of IUGS for 2016 year. 135 pages. (LV);
20. Gas-hydro chemical analysis report of IUGS for 2017 year.69 pages (LV);
21. Gas-hydro chemical analysis report of IUGS for 2

FORM OF TENDER LETTER

_____, 2018

_____ *place*

To: Joint Stock Company “Conexus Baltic Grid”
Incukalns Underground Gas Storage
Ragana, Krimulda parish, Krimulda district, LV-2144, Latvia

Project: For providing Services of technological supervision of Incukalns Underground Gas Storage operation in 2019

Having examined the Contest Regulations, we, the undersigned, undertake to perform the Services of technological supervision of Incukalns Underground Gas Storage for the Joint Stock Company „ Conexus Baltic Grid” for the amount of

Price of the Tender _____

VAT (21%) _____

Price of the Tender with VAT (in figures and words) _____

1. Hereby we certify that:
 - we are not in any respect interested in any other Tender and are not participating in any other Tender submitted for this Contest;
 - our Tender is valid for a period of 90 days after the date for the submission of Tenders and can be accepted at any time prior to the expiry of its validity;
 - information and documents included in our Tender are complete and true;
 - we have examined all the documents of the Contest Regulations, their clarifications, amendments and modifications (if any) and fully understand the requirements and conditions of the Contest;
 - our Tender is in compliance with the regulations of safety, employment and labour protection effective in the Republic of Latvia;
 - we have carefully examined the scope of Works and found the Technical Requirements, and our Tender includes all costs associated with full performance of the scope of works and supplies until the completion of the works, including personnel, material, transport, travel and other costs. And we understand that the Contracting Authority will not accept any additional costs apart from those related to unforeseen works.
2. We hereby agree that the Contracting Authority has the right to decrease or increase the scope of the Contract by up to 20% of the Tender price without changes in unit prices, when signing the Contract with the successful Tenderer.
3. We understand that you are not bound to accept the lowest or any Tender you may receive.

4. Dates

If our Tender is accepted, we undertake to perform Supervision works from January 10, 2019 and shall be completed till December 30, 2019.

5. Information about the contact person

Our contact person authorized to make decisions with regard to our Tender and the subsequent Contract:

Full name: _____
 Name of the company: _____
 Position: _____
 Address for correspondence: _____
 Telephone: _____
 Fax: _____
 E-mail: _____

6. Terms of payment

Advance payment ___% of the contract amount. After the Works ___% of the Contract amount.

7. Partners and subcontractors (delete one or both of them, where applicable)

7.1. The Tender was submitted by a group of partners consisting of:

Leader _____
 Partners _____

If our Tender is accepted, we undertake, at the Contracting Authority’s request, to set up a partnership or any other legal form for the performance of the Contract in accordance with the procedure established by the law.

An undertaking signed by all partners of the group to participate in the Contest and subsequent performance of the Contract is enclosed.

7.2. We intend to subcontract the following part of the Contract to the following subcontractors (value of the works to be performed or of the services to be provided by whom shall be at least 10 per cent of the total contractual value of the construction works, service or supply):

| Name of the subcontractor | Part of the Contract to be performed |
|---------------------------|--------------------------------------|
| | |

A statement signed by the subcontractors confirming their participation in the performance of the Contract is enclosed.

Hereby we submit our Tender consisting of Tenderers’ qualification documents in accordance with Clause 3 of the Contest Regulations and Financial proposal.

Name of the Tenderer:
 Name and position of the authorized person:
 Signature of the authorized person:

Form of Financial Bid
**For providing Services of technological supervision of Incukalns Underground Gas Storage
operation in 2019**

_____, 2018

_____ place

To: Joint Stock Company “Conexus Baltic Grid”
Incukalns Underground Gas Storage
Ragana, Krimulda parish, Krimulda district, LV-2144, Latvia

Project: For providing Services of technological supervision of Incukalns Underground Gas Storage operation in 2019

Table No.1

SUMMARY

| Nº | Cost Item | Quantity | Sum | Currency |
|-----------|---|--|------------|-----------------|
| <i>1</i> | <i>2</i> | <i>3</i> | <i>4</i> | <i>5</i> |
| 1. | For providing Services of technological supervision of Incukalns Underground Gas Storage operation in 2019* | In accordance with Appendix No. 1 | | |
| 2. | Performance of gas dynamic research (GDR) of wells in gas injection mode | 20 wells In accordance with Appendix No. 1 | | |
| 3. | Performance of gas dynamic research (GDR) of wells in gas withdrawal mode | 10 wells In accordance with Appendix No. 1 | | |
| | <i>TOTAL AMOUNT</i> | | | |
| | <i>TOTAL with reserve (to be included in the Tender Letter (without VAT 21% of Latvian Republic)</i> | | | |
| | <i>VAT 21%)</i> | | | |

*It is acceptable to split this position in tasks (according to technical requirements point 2).

Name, family name, position of authorized person:
Signature of the Tenderer _____