

PROJECT

UNOFFICIAL TRANSLATION

**REGULATIONS
of negotiations procedure not publishing the invitation to participate
“Auction regarding the storage of active natural gas volume and provision of availability in
the storage in 2020-2021”**

Procurement identification number – Conexus Baltic Grid

Main CPV code - 76000000-3 (Services related to the oil and gas industry)

Riga, 2020

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1. AIM, GENERAL INFORMATION

1.1. The aim of the negotiation procedure is to choose Candidates who store the definite volume of natural gas (in the total amount of 2 845 000 MWh) and provide the availability in Inčukalns underground storage to provide the required removal capacity from the storage during the energy crisis announced by the Cabinet of Ministers by ensuring free competition, transparency and efficient application of Contracting Authority's resources (hereinafter – the Auction).

1.2. The joint-stock company “Conexus Baltic Grid” (hereinafter – the Contracting Authority) announces registration to the Auction regarding the storage of natural gas and provision of availability in the storage, considering the obligation of the combined natural gas transmission and storage system operator to ensure a definite volume of natural gas in Inčukalns underground gas storage (hereinafter – storage) referred to in article 12.¹ of Cabinet Regulations No. 312 “Procedures for the Supply of Energy Users and Sale of Heating Fuel During Declared Energy Crisis and in Case of Endangerment to the State” as of 19 April 2011 to ensure consecutively the required removal capacity of natural gas from the storage during the energy crisis to ensure the security of supply in the Republic of Latvia.

1.3. The subject of the auction is the storage of natural gas of market participants and provision of availability in storage to provide the required removal capacity from storage during the energy crisis declared by the Cabinet of Ministers ensuring the market participants that natural gas amounting to 2 845 000 MWh is stored in the storage from the beginning of removal season to the start of gas day 1 March 2020 (hereinafter – the Provision liabilities) by entering in a contractual agreement with the Contracting Authority.

1.4. The contractual arrangements for the fulfilment of the security obligations shall be considered as a commercial agreement within the meaning of article 10 of Regulation (EU) 2017/198 of the European Parliament and of the Council of 25 October 2017 on security of gas supply measures and repealing Regulation (EU) No. 994/2010.

1.5. All existing natural gas transmission and storage system users (person with whom a transmission system services contract, balancing contract and natural gas storage service contract is concluded) can participate in the Auction.

2. ORGANIZER OF THE AUCTION, RECEIPT OF REGULATIONS AND ADDITIONAL INFORMATION

2.1. The organizer of the Auction is the joint-stock company “Conexus Baltic Grid”, unified registration No. 40203041605, Stigu Str. 14, Riga, LV-1021.

2.2. The Candidate can download the regulations of the Auction (hereinafter – Regulations) from Contracting Authority's website www.conexus.lv section “Tenders and Offers” subsection “Auction”, <http://www.conexus.lv/auction>.

2.3. The Contracting Authority has authorized Sandris Strazdiņš, Head of the Procurement Division of the Legal Department of the Contracting Authority to provide the information about the Auction as to the procedure of Auction and the requirements included in the Regulations, phone +371 67087972, e-mail: Sandris.Strazdins@conexus.lv.

2.4. The Candidates can present their questions about the explanation of Regulations or additional information about the requirements included in the procurement procedure documents to the Contracting Authority electronically to the contact person of the Contracting Authority (article 2.3). The Contracting Authority shall give answers to the presented requests for explanations at latest 1 (one) workday before the deadline for submission of tenders.

3. PROCUREMENT METHOD

The Auction is organized as a negotiations procedure, not publishing the invitation to participate, in accordance with the Law on the Procurements of the Public Services Providers to

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present tenders (hereinafter – the Tender). Participation in the Auction is expression of free will of Candidates with equal provisions for all Candidates.

4. THE EXPECTED CONTRACT PERFORMANCE PLACE AND PERIOD

- 4.1. The expected place of contract performance – Republic of Latvia.
- 4.2. The expected contract performance period – 1 March 2021, the start of the gas day.

5. INSTRUCTIONS TO CANDIDATES

- 5.1. A Candidate who offers to provide the services according to the procurement subject and complying with the requirements set in the Regulation can participate in the Auction.
- 5.2. A Candidate shall execute the Tender in accordance with the requirements of Regulations. The Tender shall be presented regarding the provision of a service in accordance with the requirements of article 7 of Regulations.
- 5.3. A Candidate shall familiarize carefully with the Regulations, comply with all requirements referred to in the Regulations and annexes thereto, and shall assume full responsibility for the conformity of Tender to the requirements of Regulations.
- 5.4. Submission of a Tender means a clear and final intent of a Candidate to participate in the Auction and accepting of provisions included in the Regulations, certifying the understanding about the requirements included in the Regulations. Tender is legally binding upon the Candidate who has submitted it. Faults in Tender or misstatements in the Regulations that are discovered later shall not be cause for the Candidate to increase the Tender price or extend the service provision period.
- 5.5. The Contracting Authority is entitled to reject all Tenders not complying with the requirements set in the Regulations.
- 5.6. A Candidate shall cover all costs it has incurred due to preparation and submission of a Tender. The Contracting Authority shall not assume any liability or risks for these costs irrespective of the results of Auction.
- 5.7. A Candidate is allowed to submit several price tenders for a volume freely chosen by a Candidate.
- 5.8. Tender shall be assessed in accordance with the Regulations. When submitting several price tenders, a Candidate assumes responsibility that a Tender structured in this way can be rejected in accordance with article 12.4 of Regulations.
- 5.9. A Candidate is not allowed to enter into a contract with subcontractors to provide the service.
- 5.10. Notices 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 notices 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.
- 5.11. The Contracting Authority shall exclude a Candidate from further participation in the Auction if there exists at least one of the following circumstances:
 - 5.11.1. Candidate fails to meet any of the qualification requirements referred to in article 6.1 of Regulations or Candidate has failed to submit the documents referred to in article 7.2 of Regulations,
 - 5.11.2. Candidate has failed to attach a filled in Tender letter (hereinafter – Tender letter) to the Tender or has not filled appropriately in accordance with the template (template in Annex 1 to the Regulations),

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5.11.3. Candidate has provided untrue or misleading information in the Tender for assessment of its qualification or has failed to provide the required information at all,

5.11.4. The contracting authority has established that the Candidate has failed to elaborate its tender independently.

6. PROVISIONS FOR SELECTION OF A CANDIDATE

6.1. A Candidate has the right to participate in the Auction if following circumstances exist:

6.1.1. Candidate is registered as a commercial company in the Commercial Register of the Republic of Latvia or in the Enterprise Register or similar register of its home country;

6.1.2. None of the conditions referred to in [article 48 of Law on the Procurements of the Public Services Providers](#) exist in relations to the Candidate;

6.1.3. If the Tender and the attached documents give clear and true representation to the Contracting Authority about Candidate's ability to implement the prospective contract during the whole contract period;

6.1.4. Candidate has concluded a natural gas storage service contract, natural gas transmission system services (about the use of transmission system) and balancing contract with a natural gas transmission system operator, and it has received the balancing portfolio identifier granted by the natural gas transmission system operator and the applicant can ensure the balancing services provided by the natural gas transmission system operator for a period not shorter than to 1 March 2021.

6.2. When examining the right of a Candidate to participate in the Auction or its sufficient qualification, the Contracting Authority acts in accordance with [sections 7-13, 15 and 16 of article 48 of the Law on the Procurements of the Public Services Providers](#).

7. PREPARATION AND EXECUTION OF TENDERS, TENDER PRICE

7.1. Tender prepared by the Candidate, the annexed documents and all correspondence as to the Auction which is exchanged between the Candidate and Contracting Authority shall be in Latvian or in English.

7.2. The following documents shall be attached to the Tender:

7.2.1. Tender letter (template in Annex 1 to Regulations) shall be attached to the Tender signed by a person who has the representation right or who is authorized to do it on behalf of a Candidate. Name, surname and position of a person who has signed the Tender letter shall be stated next to the signature;

7.2.2. Statement or reference of Candidate registered in the Republic of Latvia that The Candidate is not subject to any circumstances referred the exclusion provisions referred in article 6.1.2 of Regulations;

7.2.3. A candidate who is registered outside Latvia must submit Statements issued not earlier than 6 (six) months prior to the submission date of the tender and shall be drawn up in accordance with the regulatory enactments of the Candidate's country of registration, and confirm that the Candidate is not covered by any exclusion provisions referred in article 6.1.2.of Regulations. If such documents are not issued or these documents are insufficient to certify that the Candidate is not subject to the provisions of article 6.1.2 of Regulations the sworn notary or the competent organization of the relevant sector in the country of their registration (permanent residence) may be replaced by an oath or, if the law does not provide for the swearing of the oath, by the Certification of the Applicant to the competent executive or judicial authority.

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- 7.3. In case correction of mistakes or changes or supplementations are made in the Tender documents before submission of the Tender, it shall be noted at the end of the Tender document and certified with a signature of a person who signs the Tender and the attached documents.
- 7.4. If the Candidate is a merchant registered abroad, it shall state in the Tender whether:
- 7.4.1. it is/isn't regarded as a company related with the Contracting Authority in terms of the Law on Enterprise Income Tax,
- 7.4.2. it is/isn't registered in a country with that Republic of Latvia has concluded a Convention for the avoidance of double taxation and the prevention of fiscal evasion (hereinafter – Tax convention).
- 7.5. Tender shall be placed in an envelope, the enveloped shall be sealed and the following shall be written on the envelope:

Joint-stock company “Conexus Baltic Grid”
Stigu Street 14, Riga, LV-1021, Latvia
Tender for negotiations procedure not publishing the invitation to participate
“Auction regarding the storage of active natural gas volume and provision of availability in
the storage in 2020-2021”
Do not open before 1 April 2020 16.30!
Open only in presence of Procurement Commission!

- 7.6. Name and address of the Candidate shall be stated on the envelope. Original and copy of Tender shall be placed in the envelope which are marked accordingly as “Original” and “Copy”.
- 7.7. Pages of Tender original and copy shall be numerated and sewn together, stating the number of numerated and sewn together pages.
- 7.8. In case of discrepancies between Tender original and copies, the Tender original shall prevail.
- 7.9. Numbers in tender documents shall be clearly readable, without inserts or erasures to avoid any doubts and misunderstandings. In case of discrepancies between words and numbers the formulation in words shall be regarded as prevailing.
- 7.10. To prove the implementation of qualification requirements, a Candidate can submit European Single Procurement Document (hereinafter – ESPD), filling in only those section in ESPD document that refer to the certification of implementation of requirements set in the Regulations (the form available at website <https://ec.europa.eu/tools/espd/filter?lang=lv>).
- 7.11. An association of Suppliers submits a separate ESPD for each of its members.
- 7.12. A Candidate can submit ESPD that was submitted in another procurement procedure.

8. TENDER PRICE

- 8.1. Tender price for MWh must be indicated in *euro* (EUR) excluding the value added tax (hereinafter – VAT).
- 8.2. Tender price shall comprise all taxes and duties, except the VAT stated in the normative acts of the Republic of Latvia that is stated separately in the Tender.
- 8.3. Tender price shall be stated anticipating all costs according to the Regulations.
- 8.4. The Procurement commission shall assess the Tender price, VAT excluded.

9. PLACE AND TERM FOR SUBMITTING THE TENDERS

- 9.1. A Candidate shall submit the Tender and the attached documents to the joint-stock company “Conexus Baltic Grid”, in Riga, Stigu Street 14, (phone +371 67087900) by 1 April 2020 16.30 (according to Latvian time).

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9.2. Tender can be submitted delivering it with a courier or personally or send it by mail upon the condition that the Tender is received at place and within the deadline for submission of Tender stated in article 9.1 in Regulations.

9.3. The Candidate assumes the risk for the delivery of Tender.

9.4. Tenders received after the deadline referred to in article 9.1 in Regulations shall be returned unopened irrespective of the reason for delay.

10. OPENING OF TENDERS

10.1. Tender documents, including the amendments and cancellations of Tender shall be opened by the procurement Commission on **1 April 2020 at 16.30 (after Latvian time) in the joint-stock company “Conexus Baltic Grid”, in Riga, at Stigu Street 14.**

10.2. Procurement commission shall open only those Tenders that are received by the Contracting Authority within the deadline set in the Regulations. Tenders received with delay and Tenders that are cancelled shall be returned to the address stated on the envelope not being reviewed.

10.3. Envelopes with the writing “Tender cancellation” shall be opened first, but envelopes with Tenders to that these cancellations refer shall not be opened.

10.4. Envelopes with the writing “Tender amendments” shall be opened consecutively with opening of envelope with Tender document of the relevant Candidate.

10.5. Name of Candidate, Tender cancellation, Tender amendments, Tender price and other information at discretion of Procurement Commission shall be stated in the protocol of Procurement commission during the Tender opening procedure.

10.6. Only the Procurement commission and representative of Public Utilities Commission invited by the Contracting Authority can participate in opening of Tenders. To ensure the protection of information containing commercial secrets, participation of other persons, including the representatives of Candidates is not allowed in opening of Tenders.

10.7. When opening the Tenders, the chairman of the Procurement Commission or other member of the Procurement Commission reads the data of each Tenders (Tender price, VAT excl., amount of natural gas to be stored) that are entered in the protocol of the meeting of Procurement Commission.

10.8. Representatives of Candidates don't participate in Tender assessment process.

10.9. Each person participating in the Tenders opening meeting, signs a certification before opening of Tenders that there is not conflict of interests as to this person.

11. PROTECTION OF TENDER CONTENT AND REQUEST OF EXPLANATIONS

11.1. Content of tenders and information about the process of assessment is limited access information and the principle of confidentiality is observed during the process of assessment.

11.2. Procurement Commission is entitled to request written explanation from a Candidate about its Tender. answers to questions shall be sent by a Candidate to the Contracting Authority by e-mail within the period stated in the request.

11.3. Procurement Commission shall reject such Tender that fails to comply with the requirements of Regulation.

12. ASSESSMENT OF TENDERS AND DETERMINATION OF WINNER

12.1. Procurement Commission examines the conformity of Candidates to the requirements of selection, conformity of Tender to the requirements of Regulations and assess the Tenders.

12.2. The Contracting Authority shall assess and select the submitted Tenders according to their economic advantage. Prior to approval of the results of the Auction, the Contracting Authority shall

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inform the Public Utilities Commission of the submitted Tenders within one working day after the opening of the Tenders and request to provide a co-ordination regarding the conformity of the submitted Tenders with the principle of economic advantage.

12.3. The Contracting Authority may terminate the procurement procedure without results, if the Public Utilities Commission does not provide or provides an incomplete co-ordination regarding the submitted Tenders within a period of five working days following the request specified in article 12.2 of these Regulations.

12.4. Tenders are assessed by arranging the price tenders of liabilities Provision starting with the lowest tendered price till reaching the total volume stated within the framework of the Auction - 2 845 000 MWh.

12.5. If the tenders of Provision liabilities submitted in the Auction exceed the total amount of 2 845 000 MWh set by the Auction, the Tenders submitted by the Candidates, the quantities of which, following the adjustment in order of advantage, represent this total amount, shall be rejected. If the total amount of natural gas determined by the Auction exceeds 2 845 000 MWh of the tender submitted by the Candidate, only the part exceeding that total amount shall be rejected.

12.6. If, in the case referred to in article 12.5 of these Regulations, more than one offer of Provision liabilities is submitted, which is the closing point for the total amount of natural gas specified in the Auction for 2 845 000 MWh, and these tenders shall be equal to the price offered, up to the total amount of natural gas determined under the Auction, 2 845 000 MWh shall include these offers proportionally at that price of tenders for the quantity submitted by the Candidate.

12.7. Decision about the result of Auction is made by the Contracting Authority at latest within seven workdays after the end of Tender submission term.

12.8. Information about the results of Auction are sent by the Contracting Authority to the Ministry of Economics and Public Utilities Commission at latest within two workdays after the decision is made. Information about the results of Auction contains the offered volumes of natural gas and their prices not providing information identifying a Candidate.

12.9. The Contracting Authority may discontinue the procurement procedure at any time until conclusion of a contract with the winner of the Auction, if it has objective grounds. The Contracting Authority may terminate the procurement procedure in cases specified in the regulatory enactment regarding procedures for the procurement of public service providers.

12.10. Concurrently with information referred to in article 13.3 of Regulations, the Contracting Authority prepares information about the total volume of Provision liabilities tendered in the Auction and the highest price for Provision liabilities. The mentioned information is published by the Contracting Authority on its website.

12.11. If a smaller volume of natural gas is approved within the framework of Auction that is less than the total volume of Provision liabilities – 2 845 000 MWh, the Contracting Authority is entitled to arrange a repeated or additional auction.

13. ANNOUNCEMENT OF A DECISION ABOUT THE WINNER AND CONCLUSION OF CONTRACT

13.1. The Tender submitted by the winner of Auction is the grounds for conclusion of a service contract.

13.2. Remuneration to the winner of auction is determined by multiplying the price offered in the Tender with the approved volume.

13.3. The Contracting Authority shall send the information regarding the decision to the relevant Candidate only in the part attributable to the Tender submitted by the relevant Candidate to the e-

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mail address indicated in the Tender no later than within one workday from decision made by the Contracting Authority.

13.4. After the decision about the results of Auction is approved, the Contracting Authority prepares and within three workdays sends electronically a contract on Provision liabilities (hereinafter – the contract) (project in the Annex 2 of these Regulations) to the winners of Auction.

14. FULFILMENT OF CONTRACT

14.1. Booking of the volume product required for fulfilment of the contract, also, if required, booking of transmission system capacity for placement of natural gas in the storage, purchase of natural gas and the related costs, and storage of the required volume of natural gas in the storage at the beginning of Provision liabilities period and during the whole Provision liabilities period is the liability of the winner of Auction.

14.2. The winner of Auction assumes responsibility if the implementation of Provision liabilities is not possible due to the action of winner of Auction in the field of operation of another transmission system operator.

14.3. The Provision liabilities shall be regarded as fulfilled, if the winner of Auction, according to the Tender, stores the volume of natural gas stated in the contract and ensures the availability of natural gas according to article 14.4 of Regulations.

14.4. During the contract period and the energy crisis announced by the Cabinet of Ministers, after taking of the decision by the Cabinet of Ministers regarding the utilisation of the natural gas security reserve in accordance with Section 34.⁴ of the Cabinet of Ministers Regulations, the Contracting Authority has the right to use the amount of natural gas specified by the Contracting Authority in accordance with the decision of the Cabinet of Ministers. The Contracting Authority shall use the amount of natural gas required during the declared energy crisis in proportion to the amount of natural gas approved for each Auction winner's Provision liabilities in relation to the maximum amount of natural gas specified under the Auction at 2 845 000 MWh.

14.5. Remuneration for the amount of natural gas used in the case specified in article 14.4 of the Regulations shall be determined on the relevant day after the next month's (M+1) closing of the arithmetic mean day of the Gaspool *Futures* financial instrument settlement price in the previous calendar month preceding the energy crisis statement (EUR/MWh) plus ten per cent. The source of information is based on futures prices of natural gas published for the market area of Powernext Gaspool.

14.6. Regardless of the conditions specified in article 14.4 of these Regulations, the Contracting Authority shall settle the remuneration specified in article 13.2 of the Regulations regarding the Provision liabilities of the amount of natural gas.

14.7. In the case specified in article 14.4 of these Regulations, the Contracting Authority shall electronically inform the winner of the Auction no later than one hour before the commencement of the use of the amount of natural gas. The Contracting Authority has a duty to inform the winner of the Auction regarding the amount of natural gas used within one day from the time of commencement of its use.

14.8. In the case referred to in article 14.4 of Regulations, the Provision liabilities of the winner of Auction in the remaining period are reduced for the volume of natural gas that the Contracting Authority has used.

14.9. The circumstances that the winner of Auction continues storing the natural gas of relevant amount in storage after the expiration of contract period is not the ground to include the winner of Auction in the list of participants in the next Auction.

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15. PAYMENTS

15.1. The winner of the Auction shall send an invoice to the Contracting Authority within five workdays after 1 March 2021. The invoice shall be sent to the Contracting Authority's e-mail address specified in the contract. The invoice is valid without a signature and is replaced by authorization or signed with a secure electronic signature. The date of receipt of the invoice is considered to be the date of its dispatch. The Contracting Authority shall, no later than within two workdays after receipt of the invoice, verify the conformity of the volume of natural gas in the storage with the volume specified in the contract and shall, within 30 (thirty) days after receipt of the invoice, make payment of the invoice.

15.2. Invoice regarding the natural gas sold from the storage in case of circumstances referred to in article 14.4 of Regulations shall be sent by the winner of Auction to the Contracting Authority within five workdays after the end of month when the energy crisis is cancelled. The invoice is sent to the e-mail address of the Contracting Authority stated in the invoice. The invoice is valid without a signature, and it is replaced with an authorization or signed with safe electronic signature. The day when the invoice is sent shall be regarded as the day when it is sent. The Contracting Authority shall pay the invoice within 30 (thirty) days of receipt of the invoice.

15.3. If the last day for paying an invoice is at weekend or on a public holiday of the Republic of Latvia, the next workday is the last day of payment the invoice.

15.4. Taxes are applied in accordance with the normative acts of the Republic of Latvia.

16. CONTRACTUAL PENALTY AND REIMBURSEMENT OF LOSSES

16.1. The winner of the Auction shall bear the direct losses caused to the Contracting Authority in the event of inadequate compliance with the contract or failure to comply with it.

16.2. If the winner of the Auction fails to fulfil the obligations for the provision of the volume of natural gas specified in the contract, the winner of the Auction shall pay a contractual penalty for the amount of outstanding Provision liabilities in full from the payment that the winner of the Auction would have received if it had fulfilled the Provision liabilities.

16.3. If the winner of the Auction does not provide the full volume of natural gas specified in the contract to the beginning of the withdrawal season, the Contracting Authority shall send an invoice regarding the contractual penalty calculated in accordance with article 16.2 of these Regulations to the winner of the Auction within 15 (fifteen) days after the beginning of the withdrawal season. The winner of the Auction shall be obliged to pay the contractual penalty invoice within five workdays of receipt of the contractual penalty invoice.

16.4. In case the Contracting Authority fails to pay the invoice within the deadline referred to in article 15.2 or 15.2 of Regulations, the Contracting Authority shall pay a contractual penalty to the winner of Auction in amount of 0.15% for each late day, but maximum 10% of the invoice sum that is delayed.

16.5. Payment of contractual penalty stated in article 16.4 of Regulations fails to release the winner of Auction from the obligation to fulfil the Provision liabilities and contract in full.

17. CONFIDENTIALITY

The number and names of Candidates is confidential information till the moment the Tenders are opened unless the normative acts prescribe otherwise. The content of Tenders and materials of meetings of Procurement Commission is a commercial secret and protected information and they shall not be disclosed to other Candidates or third parties.

Annexes:

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1. Template of Tender letter on 2 pages
2. Draft contract for natural gas storage and provision liabilities of availability of natural gas on 4 pages.

Chairman of the Procurement Commission

_____ K. Poriņš

Tender letter
**in the negotiations procedure “Auction regarding the storage of active natural gas volume and
provision of availability in the storage in 2020-2021”**
Id.No. Conexus Baltic Grid –

_____ 2020

/place of preparation/

No. _____

Addressee: joint-stock company “Conexus Baltic Grid”
Stigu Street 14, Riga, LV-1021

Participant
in Auction: _____

EIK code:

Registered office:

Phone number:

E-mail address:

Fax number:

Bank details:

VAT payer’s registration number:

Hereby for the fulfilment of Provision liabilities we present our tender in negotiations procedure “Auction regarding the storage of active natural gas volume and provision of availability in the storage in 2019-2020” Id. No. Conexus Baltic Grid – 2019/2 (hereinafter – the Auction) upon the following conditions:

Period	from the beginning of storage cycle removal season of 2020/2021 until the start of gas day on 1 March 2021
Capacity of natural gas (MWh)	
Price of provision liabilities, EUR/MWh (VAT excl.)	

Note:

If the Candidate has chosen to submit several different volumes of natural gas at different Provision liabilities prices, the Candidate shall have the right to fill in several tender tables.

Upon signing the present tender, we certify that we have prepared the tender independently.

Upon signing the present tender, we certify that we comply with the Candidate’s selection requirements referred to in the Auction regulations.

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Annexed:

1. If the Candidate is registered or has its habitual residence outside Latvia, a statement must be submitted that the Candidate does not have tax debts in the relevant foreign state, including the mandatory state social security contribution debt, which exceeds EUR 150 in total.
2. A statement issued by a competent foreign institution to a Candidate established in a foreign state, certifying that the Candidate or person holding the right of representation of the Candidate or the right to make or supervise a decision in respect of that Candidate, with a judgment of the court or a public prosecutor's declaration of the sentence which entered into force, and undisputed within three years until the date of filing of applications), has not been found guilty of corrupt criminal offences, fraudulent financial activities, money laundering or participation in a criminal organisation.
3. A statement issued by a competent foreign institution to a Candidate established in a foreign state, certifying that the Candidate has not been notified of insolvency proceedings and is not at the stage of liquidation.
4. A statement issued by a competent foreign authority certifying that the Candidate with a decision of a competent authority or a judgment of a court which entered into force and became undisputed (within 12 (twelve) months to the date of filing of applications) has not been found guilty of a violation of competition law in the form of a vertical agreement aimed at limiting the possibility for the buyer to fix the resale price, or a horizontal cartel agreement, except in the case where the institution concerned has established a breach of competition law has waived the Candidate of the penalty.
5. A statement issued by a competent foreign institution to the Candidate registered in a foreign state where its habitual residence is in the foreign state shall not be punished for employing one or more persons within the last three years prior to the date of filing of the application in Latvia and abroad if they do not have the necessary work permit or are not entitled to reside in a European Union Member State in the last 12 (twelve) months until the day of the submission of the application in Latvia and foreign states, a Candidate has not been fined for employing a person without a written contract of employment, without submitting an informative declaration regarding employees to be submitted for such persons within the time period specified in regulatory enactments regarding the persons commencing work.

Information about the person who signs the tender and contact information

Contact information:

Contact person: _____, phone _____, e-mail _____
(name, surname)

Grounds of representation of a person who signs the tender: _____

(signature)

(signatory's position)

(name, surname)

Contract for natural gas storage and provision liabilities of availability of natural gas

Riga _____ 2020

Joint-stock company “Conexus Baltic Grid” (unified registration No. 40203041605), hereinafter – Unified system operator who, in accordance with the Statutes is represented by _____, as the one party, and

_____ *name of merchant* _____ (unified registration No. _____), hereinafter – User of Storage which according to _____ *grounds of representation* _____ represented by _____, as the other party, hereinafter jointly referred to as the Parties, separately – as the Party, on the grounds of the results of the “Auction regarding the storage of active natural gas volume and provision of availability in the storage in 2019-2020” for the negotiations procedure (Conexus Baltic Grid) arranged by the Unified system operator, conclude the following contract, hereinafter – the Contract:

1. Definitions used in the Contract

Definitions in this Contract are used in the terms of Energy law, Natural Gas transmission system usage provisions and Inčukalns underground gas storage usage provisions.

2. Subject of the Contract

2.1. During the Contract period the storage user undertakes to guarantee the storage of natural gas capacity and provision of availability in the Inčukalns underground gas storage (hereinafter – the storage) that is implemented by the Storage user ensuring that natural gas is stored in the storage for the following period and in the following capacity (hereinafter – Provision liabilities):

Period:	from the beginning of storage cycle removal season of 2020/2021 until start of gas day of 1 March 2021
The confirmed capacity of natural gas (MWh):	

2.2. The system operator undertakes to make payment for the Provision liabilities implemented by the Storage user, and for the natural gas purchased in the case referred to in article 3.5 herein.

3. Conditions of liabilities implementation

3.1. Upon concluding the Contract, the Storage user is liable for the booking of the capacity product required for implementation of the Contract, for booking of capacity in the relevant entry and exit points, for the purchase of natural gas and storage at the beginning of the Provision liabilities period and during the whole Provision liabilities period.

3.2. The Storage user books the capacity in the relevant entry/exit points within the procedure and deadlines prescribed in the transmission system usage provisions and Inčukalns underground gas storage usage provisions.

3.3. The Storage user is responsible for implementation of Provision liabilities irrespective whether the implementation of liabilities is not possible due to the action of winner of Auction in the operation zone of another transmission system operator.

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3.4. The Provision liabilities shall be regarded as implemented if the Storage user within the existing storage cycle stores the volume of natural gas referred to in article 2.1 herein, including ensures the availability of natural gas according to article 3.5 herein.

3.5. During the energy crisis announced by the Cabinet of Ministers following the making of a decision of the Cabinet of Ministers regarding the use of the natural gas security reserve, the System operator has the right to use the volume of natural gas specified in the scope of the Provision liabilities specified by the System operator, in accordance with the volume specified in the Cabinet of Ministers' decision.

3.6. In the case referred to in article 3.5 herein, the Provision liabilities of the Storage user in the remaining period are reduced for the volume of natural gas which has been used by the System operator.

3.7. After the expiration of deadline stated in article 2.1 of the Contract, the Storage user has complete freedom of action with the natural gas in the capacity referred to in article 2.1 herein.

3.8. Within the framework of Contract period, the System operator is entitled to refuse the Storage user to perform activities with the capacity of Provision liabilities.

4. Payment for implementation of liabilities

4.1. Payment for the Provision liabilities is determined by multiplying the price of Provision liabilities EUR/MWh (VAT excl.) with the natural gas capacity confirmed in the result of auction (article 2.1 herein) in the following order:

Price (EUR/MWh)	Volume (MWh)	Price (EUR)

4.2. In the case referred to in article 3.5 herein, remuneration for the used volume of natural gas on the relevant day is determined according to next month (M+1) Gaspool *Futures* average settlement price (EUR/MWh) in the month preceding the month during which the energy crisis is announced plus ten percent. As the source of information the *futures* price information published by Powernext for Gaspool market area will be used.

4.3. Notwithstanding the conditions specified in article 3.5 of the Contract, the charge provided for in article 4.1 of the Contract shall apply to the obligation to secure the volume of natural gas.

4.4. Taxes are applied in accordance with the normative acts of the Republic of Latvia.

4.5. The Storage user sends the invoice to the System operator within five workdays after the end of the implementation of Provision liabilities referred to in article 2.1 for the period referred to in article 2.1 herein.

4.6. The Storage user shall, within five workdays following the month in which the energy crisis has been cancelled, send an invoice for the natural gas of the Storage User used in the case referred to in point 3.5 of the Contract by the System operator. The invoice shall be sent to the System operator's e-mail address specified in the Contract. The invoice is valid without a signature and is replaced by authorization or signed with a secure electronic signature. The date of receipt of the invoice is considered to be the date of its dispatch.

4.7. At latest within two workdays after an invoice stated in article 4.5 of the Contract is received, the System operator verifies about the conformity of the natural gas capacity in the storage to the one stated in the Contract and makes a payment within 30 (thirty) days after the invoice is received to the current account of Storage user.

4.8. If the natural gas capacity in the storage fails to correspond to the capacity of Provision liabilities stated in the Contract, the System operator fails to make a payment of the invoice till the Provision liabilities are completely fulfilled.

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4.9. In the case referred to in article 3.5 herein, the System operator pays the invoice within 30 (thirty) workdays after the invoice is received.

4.10. If the last day for paying an invoice is at weekend or on a public holiday of the Republic of Latvia, the next workday is the last day of payment the invoice.

5. Responsibility of Parties

5.1. Parties are responsible for the implementation of contractual provisions. The parties shall reimburse the losses the other Party has incurred if the guilty Party fails to fulfil or improperly fulfils the contractual provisions.

5.2. If the Storage user does not ensure compliance with the obligations set out in article 2.1 of the Contract, the Storage user shall pay the System operator a contractual penalty for the amount of the outstanding commitments in full of the fees that the Storage User would have received if it had fulfilled the Provision liabilities.

5.3. If the Storage user does not provide the volume of natural gas specified in article 2.1 of the Contract to the beginning of the withdrawal season, the System operator shall send an invoice for the contractual penalty calculated in accordance with article 5.2 of this Contract to the Storage user within 15 (fifteen) days of the beginning of the withdrawal season. The Storage user has a duty to perform the payment of a contractual penalty invoice within 10 (ten) workdays from receipt of a contractual penalty invoice.

5.4. If the System operator does not pay an invoice within the time limit laid down in article 4.7 or article 4.9 of the Contract or the Storage user does not pay the invoice within the time limit set in article 5.3 of the Contract, the System operator or, as the case may be, the Storage user shall pay a contractual penalty of 0.15% (zero point fifteen percent) for each day of delay, but no more than 10 percent (ten percent) of outstanding invoice amounts. The contractual penalty for the System operator shall not apply in the case referred to in article 4.8 of the Contract.

5.5. Payment of the contractual penalty provided for in article 5.4 of the Contract shall not be exempted from the obligation to fulfil Provision liabilities and the Contract in full.

5.6. The Party which has properly fulfilled its contractual liabilities is entitled to request that the other Party fulfils its liabilities in full.

5.7. The Parties are exempt from the liability for non-fulfilment or improper fulfilment of the Contract if this has occurred in the result of force majeure circumstances referred to herein.

6. The applicable normative acts and settlement of disputes

6.1. The Contract is prepared and the legal relations resulting from the Contract are regulated, implemented and interpreted in accordance with the normative acts valid in the Republic of Latvia.

6.2. All disputes and disagreements (hereinafter – the Dispute) between the Parties shall be settled by means of negotiations. In case of a dispute the Party who refers to a dispute shall present a written statement to the other Party where the description of the Dispute, the offered solution and person who is authorized to solve the negotiation related with the Disputed on behalf of the Party are stated.

6.3. If the Dispute cannot be solved within 30 (thirty) days (unless the authorized persons of the Parties have agreed on another period for settling the Dispute) from the day it has occurred, it shall be solved as prescribed in normative acts of the Republic of Latvia.

7. Force majeure

7.1. Parties are not responsible for complete or partial non-fulfilment of contractual liabilities if such non-fulfilment has occurred in the result of force majeure circumstances. Force majeure circumstance in terms of this article means an obstacle that has occurred beyond the control of the affected Party and prevents it from implementing the contractual liabilities and that cannot be

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eliminated by the Party. Such circumstances shall be primarily: catastrophes, fire, earthquakes and other natural phenomena, hostile activities and economic sanctions, embargo, instructions and orders of court, administrative, governmental authorities, or other circumstances which the Parties couldn't anticipate at the moment of concluding the Contract.

7.2. Force majeure circumstances shall not be individual obstacles for implementation of contractual liabilities that have occurred when the Party who has not implemented the contractual liabilities has delayed the performance of its contractual liabilities.

7.3. If the force majeure circumstances last for more than 30 (thirty) calendar days, the Parties shall start negotiations on an acceptable solution for implementation of the Contract. In this case the termination of the Contract is possible only by mutual agreement between the Parties.

7.4. Parties shall inform promptly each other about the force majeure circumstances. If a Party fails to notify about the force majeure circumstances, the Parties cannot use it as a ground for non-fulfilment of this Contract.

7.5. Upon expiration of the force majeure circumstances, the Parties shall implement promptly the liabilities that were implemented till the moment the force majeure circumstances occurred unless the Parties have agreed otherwise.

8. Contract period and amendments of the Contract

8.1. The Contract shall enter into force when it has been signed by both Parties and shall be in force until the obligations are fully fulfilled.

8.2. If agreed between the Parties, amendments and supplements can be made in the Contract. All amendments and supplements to the Contract shall be made in writing and they become effective when both Parties have signed it.

9. Exchange of information

9.1. Information is exchanged between the System operator and Storage user electronically by sending the information to the electronic mail addresses of the Parties stated in the Contract.

9.2. All information that the Parties have got to know due to the conclusion of the Contract and implementation of the contractual liabilities, is a commercial secret and shall not be disclosed to third parties without previous written consent of authorised representatives of the Parties, except information the disclosure whereof is anticipated by the Transmission system usage provisions or other normative acts.

9.3. Termination of the Contract fails to terminate the obligation of the Parties regarding the non-disclosure of commercial secret.

10. Miscellaneous

10.1. The Parties are not entitled to assign or delegate any of the contractual liabilities to a third party without previous written consent of the other Party.

10.2. In case individual articles of the contract become invalid, it shall not be a cause to cancel other articles of the Contract.

10.3. The Parties, within three workdays after the conclusion of the Contract, inform each other about the authorized persons for implementation of the contractual obligations and their contact information, and inform promptly about the changes in this information during the contract period.

10.4. The Contract is effective in its current wording insofar it does not contradict the applicable normative acts in force.

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10.5. The contract is prepared in _____ language on ____ (_____) pages and it is signed in two copies one of which remains with the Storage user, the other – at the System operator. Both copies of the Contract have equal legal power.

10.6. Translation of the text of the Contract in English is attached to the Contract. If there are any contradictions or discrepancies between the text of the Contract in Latvian and the translation of the text of the Contract in English, the text of the Contract in Latvian shall prevail.

11. Details of the Parties

System operator:	Storage user:
Joint-stock company „Conexus Baltic Grid”	
Unified reg.No.: 40203041605	Unified reg.No.:
VAT payer’s No.: LV40203041605	VAT payer’s No.:
Registered office: Stigu Street 14, Riga, LV-1021, Latvia	Registered office:
Phone number: +371 67087900	Phone number:
E-mail: info@conexus.lv	E-mail:
„Swedbank” AS, HABALV22	
Account No.: LV08HABA0551042978827	Account No.:
_____ / _____ /	_____ / _____ /
_____ / _____ /	