

**OPEN NEGOTIATED PROCEDURE**

**“Provision of the Common Balancing Area  
transmission system balancing service”**

**REGULATIONS**

ID No. PRO-2024/203

**ATKLĀTAS SARUNU PROCEDŪRAS**

**“Vienotās balansēšanas zonas  
Balansēšanas pakalpojumu nodrošināšana”**

**NOLIKUMS**

Iepirkuma identifikācijas numurs PRO-2024/203

Rīga, 2024

## 1. GENERAL TERMS

- 1.1. The purpose of this open negotiated procedure (hereinafter – the Negotiated Procedure) is to select suppliers (hereinafter – the Candidate/-s) which will, in accordance with the Technical Specification (Annex No. 1), the offer (hereinafter – the Offer) submitted by the Candidate, terms of the framework agreement (hereinafter – the Agreement) and the laws and regulations of the Republic of Latvia, provide the balancing service within the meaning of Article 3(7) of Commission Regulation (EU) No 312/2014 of 26 March 2014 establishing a Network Code on Gas Balancing of Transmission Networks to the Transmission System Operators (hereinafter jointly referred to as TSOs and each separately - TSO) within the combined area of Estonian and Latvian balancing zones, where the Common Regulations for the Natural Gas Balancing of Transmission System apply (hereinafter referred to as “Common balancing zone”) (hereinafter – the Contracting Authority) by ensuring the injection and off-take of necessary natural gas amounts at specific entry and/or exit points as requested by the Contracting Authority (hereinafter – Services), at the same time safeguarding free competition, transparency and effective use of the Contracting Authority’s resources.
- 1.2. The Negotiated Procedure is intended to conclude the Agreement with each Candidate that fulfils all the criteria laid down in the Negotiated Procedure documents (hereinafter – Negotiated Procedure Regulations) and is qualified for the Agreement.
- 1.3. Organizers of the Negotiated Procedure
  - 1.3.1. The Contracting Authority: Joint Stock Company “Conexus Baltic Grid”, Unified Registration No. 40203041605, Address: Stigu street 14, Riga, LV-1021, Latvia;
  - 1.3.2. The Contracting Authority: “Elering” AS, Unified Registration code 11022625, Address: Kadaka tee 42, 12915 Tallinn, Estonia;
  - 1.3.3. The authorized representative of the Contracting Authority who will provide information:
    - 1.3.3.1. regarding the procedure of the Negotiated Procedure and the Negotiated Procedure Regulations – Leading specialist of Procurement Division of the Legal Department Juris Briedis, e-mail: [juris.briedis@conexus.lv](mailto:juris.briedis@conexus.lv);
    - 1.3.3.2. regarding the technical requirements of the Negotiated Procedure (Technical specification): Head of Common System Control Centre – Mārcis Vārpa, e-mail: [marcis.varpa@conexus.lv](mailto:marcis.varpa@conexus.lv).
- 1.4. Type of the Negotiated Procedure:
  - 1.4.1. The Negotiated Procedure is organized as an open negotiated procedure in accordance with the internal regulatory enactments of the Contracting Authority.
  - 1.4.2. Any person who meets the necessary qualification and other criteria may participate in the Negotiation Procedure.
- 1.5. Instructions for Candidates
  - 1.5.1. Only a legal person established in NATO, NATO cooperation countries (Australia, Japan, New Zealand, the Republic of Korea), the European Union or the European Economic Area (hereinafter referred to as the EEA), and its true beneficiary is established in NATO, NATO cooperation countries (Australia, Japan, New Zealand, Republic of Korea), European Union or national of an EEA State or a natural person who is a national of

NATO, NATO cooperation (Australia, Japan, New Zealand, Republic of Korea), European Union or EEA State can take part in this procurement procedure.

- 1.5.2. The Candidate may submit Offer in compliance with requirements specified in the Negotiated Procedure Regulations and Technical Specification (Annex No.1).
- 1.5.3. The Candidate shall carefully examine the Negotiated Procedure Regulations, comply with all requirements referred to in the Negotiated Procedure Regulations and annexes thereto and shall assume full responsibility for the Offer's compliance with the requirements of the Negotiated Procedure Regulations and its annexes.
- 1.5.4. Submission of the Offer implies clear and outright intention to participate in the Negotiated Procedure and acceptance of terms and conditions of the Negotiated Procedure Regulations, certifying understanding about the requirements included in the Negotiated Procedure Regulations. The Offer is legally binding to the Candidate who submitted it.
- 1.5.5. Faults in Offer or misstatements in the Regulations that are discovered later shall not be cause for the Candidate to increase the price or extend the service provision period. Any condition in the Negotiated Procedure contrary to the terms set by Negotiated Procedure Regulations may result in the rejection of the Offer.
- 1.5.6. Submission of the Offer is a manifestation of the Candidate's free will, therefore, regardless of the outcome of the Negotiated Procedure, the Contracting Authority shall not be held liable for the costs incurred by the Candidate in the course of preparation and submission of its Offer.
- 1.5.7. The Contracting Authority shall exclude the Candidate from further participation in the Negotiated Procedure or reject the Candidate / Offer if at least one of the following circumstances exists:
  - 1.5.7.1. The Candidate does not comply with any of the selection requirements referred to in Clause 3.1. of the Negotiated Procedure Regulations or the Candidate has not submitted all the documents referred to in Clause 3.2. of the Negotiated Procedure Regulations;
  - 1.5.7.2. The Procurement Committee has established the conditions laid down in Clause 6.2. and 6.3.;
  - 1.5.7.3. The Candidate has not provided explanations in accordance with Clause 10.2. of the Negotiated Procedure Regulations or has not provided other information requested by the Contracting Authority.

## **2. INFORMATION ON THE SUBJECT OF THE NEGOTIATED PROCEDURE**

### **2.1. Subject of the Negotiated Procedure**

- 2.1.1. The Subject of the Negotiated Procedure and the subsequent Agreement is in accordance with the Technical Specification (Annex No. 1), the Offer submitted by the Candidate, terms of the Agreement and the laws and regulations of the Republic of Latvia and the Republic of Estonia, provision of the balancing service for the Contracting Authority to meet short term fluctuations in gas demand or supply by ensuring the supply of necessary

natural gas amounts to the virtual trading point and off-take of the necessary natural gas amounts from the virtual trading point as requested by the Contracting Authority.

2.1.2. Procurement nomenclature CPV code: 76000000-3 (Services related to the oil and gas industry).

2.1.3. All communication shall be in English language. All documentation must be prepared in English.

2.2. Agreement Place and Time of Completion

2.2.1. The place of the Agreement performance: Estonian-Latvian Common balancing zone.

2.2.2. The estimated Agreement duration: 12 (twelve) months from the date of entry into force of the Agreement.

### 3. CANDIDATE SELECTION REQUIREMENTS

3.1. Requirements for the Candidate:

3.1.1. Qualification requirements

QUALIFICATION REQUIREMENTS			
		Documents to be submitted by a person registered or permanently residing in the Republic of Latvia	Documents to be submitted by a person registered or permanently residing in a foreign country
3.1.1.1.	The Candidate has concluded a natural gas transmission service contract and balancing contract with either Elering AS or JSC Conexus Baltic Grid; the Candidate has received energy identification code (EIC code); the Candidate can ensure the balancing services for a period not shorter than 12 (twelve) months from the date of entry into force of the Agreement.	Documents do not need to be submitted.	The Contracting Authority will check this condition in System Operator databases.

3.1.2. Statements and other documents for the verification of the exclusion conditions, which in the cases provided for in the Negotiated Procedure Regulations are issued by the competent institutions of the Republic of Latvia, will be accepted and recognized by the Contracting Authority on the condition that they are issued not earlier than one month before the date of submission; statements and other documents issued by foreign competent authorities will be accepted and recognized by the Contracting Authority on the condition that they are issued not earlier than six months before the date of submission, where the authority issuing the statement or document has not specified a shorter period of its validity.

3.2. Documents to be submitted:

When submitting the Offer, the Candidate must attach the following documents confirming its right to participate in the Negotiated Procedure, as well as provide general information about the Candidate:

- 3.2.1. Letter of application for participation in the Negotiated Procedure, completed and executed in accordance with the model attached in Annex 2 to the Regulations;
- 3.2.2. Technical Offer - shall be prepared in accordance with the provisions of the Technical Specification (Annex 1 to the Negotiated Procedure Regulations). The Candidate must prepare and submit the Offer in such a way that it contains all the information necessary for the evaluation process in accordance with the provisions of the Negotiated Procedure Regulations. The Candidate can indicate / submit any other information that the Candidate deems necessary to indicate.

#### **4. PREPARATION AND EXECUTION OF THE OFFER, PRICE OF THE OFFER**

##### 4.1. Preparation and execution of the Offer

- 4.1.1. The Offer shall be submitted in English. Documents submitted in other languages shall be supplied with their English translation, certified in accordance with Regulation No. 291 of 22 August 2000 “Procedures for the Certification of Document Translations in the Official Language” of the Cabinet of Ministers.
- 4.1.2. When preparing the Offer, the Candidate shall observe the following:
  - 4.1.2.1. The letter of application, form and the Technical Offer shall be completed electronically, in a separate electronic document that is readable with Microsoft Office 2010 (or a later version).
  - 4.1.2.2. Upon submission of the Offer, the Candidate, with a secure electronic signature and time stamp, shall sign the Candidate's letter of application. The letter of application shall be signed by the representative of the Candidate with representation rights or its authorized person. If the application is signed by an authorized person, it shall be accompanied by a power of attorney with the right of representation, clearly indicating in the mandate the scope of rights and obligations assigned to the authorized person (scanned original document in PDF format).
  - 4.1.2.3. Other documents may be submitted by the Candidate (at its own discretion) in electronic form, either by signing them with a secure electronic signature.
  - 4.1.2.4. If the application is not signed by a person with representation rights, then the Offer may be rejected.
- 4.1.3. The Offer shall be drawn up in such a way that the Offer shall not contain any computer viruses or other malicious software or its generators; or if the Offer is encrypted, the Candidate shall submit a valid electronic key and password for opening the encrypted document within the set time limit (not later than within 15 minutes after starting the opening of the tenders).
- 4.1.4. For avoidance of any doubt or misunderstanding, all words and figures in the Offer must be clearly legible, without any insertions or erasures. In case of mismatches between words and numbers, the words shall prevail.

- 4.1.5. If, in the opinion of the Candidate, any information included or any of the components of the Offer is considered to be a commercial secret, the Candidate shall indicate it in the Offer. Information which is generally available in accordance with regulatory enactments, including information included in the Negotiated Procedure Regulations, may not be recognized as a commercial secret.
- 4.2. Tender offer must be valid for a period of 45 days after the date for the submission of Offers.

## **5. SUBMISSION AND OPENING OF OFFERS**

- 5.1. The Tenders shall be submitted electronically to e-mail [juris.briedis@conexus.lv](mailto:juris.briedis@conexus.lv) .
- 5.2. Tenders shall be submitted by the deadline for submission of tenders (Latvian time).
- 5.3. The Candidate may modify or withdraw his Tender prior to the deadline for the 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.
- 5.4. The Tender's modification or withdrawal notice shall be prepared and submitted in the same way as the Tender marked respectively as "Tender Amendment" or "Tender Withdrawal".
- 5.5. To give Candidates reasonable time in which to take an amendment of the Regulations into account in preparing their tenders, the Customer may, at its discretion, extend the deadline for the submission of tenders.

## **6. OFFER SELECTION CRITERIA AND PROCEDURE**

- 6.1. Procedure for the Selection of Offers
  - 6.1.1. The content of Offers is a commercial secret and Offers' evaluation process respects the principle of confidentiality. Only members of the Procurement Committee, as well as experts invited, are permitted to take part in the Offers' evaluation.
  - 6.1.2. The Procurement Committee shall carry out the evaluation of the Offers in the following procedure:
    - a) examination of conformity of the Offer and the Candidates' selection requirements in accordance with Clause 6.2;
    - b) evaluation of the Technical Offers in accordance with Clause 6.3;
    - c) final evaluation of the Offers in accordance with Clause 7.
- 6.2. Examination of conformity of the Offer and the Candidates' selection requirements
  - 6.2.1. The Procurement Committee shall assess Candidates' qualification and Candidates' compliance. The Procurement Committee shall reject any Candidate without further evaluation of its Offer if the Candidate is acknowledged noncompliant or not sufficiently qualified for the performance of the Agreement.
  - 6.2.2. In the event of drawbacks found in the Offer, the Procurement Committee will assess their materiality and decide on further consideration of the Offer. The Procurement Committee is entitled not to consider the Offer, if it finds that:
    - 6.2.2.1. The Offer is not signed;

- 6.2.2.2. The Offer has such arrangement non-compliances that have a significant effect on the assessment of the Offer;
- 6.2.2.3. The validity term of the Offer does not correspond to the one specified in Clause 4.2. herein;

### 6.3. Evaluation of the Technical Offers

- 6.3.1. The Procurement Committee will assess the compliance of the Offer with the requirements set out in Clause 3.2.3. of the Negotiated Procedure Regulations and the Technical Specification.
- 6.3.2. The Offer will be rejected if the Procurement Committee finds that the documents of the Technical Offer have not been submitted or such documents or their content do not comply with the requirements of the Negotiated Procedure Regulations and/or the Technical Specification.

## **7. EVALUATION OF OFFERS AND DETERMINATION OF THE WINNER**

- 7.1. The Contracting Authority shall enter into the Agreement (a framework agreement) with all Candidates who meet all the criteria specified in the Negotiated Procedure Regulations and are qualified to perform the Agreement.
- 7.2. The Contracting Authority reserves the right to cancel the contesting process at any time prior to the deadline for submission of Offers or terminate the Negotiated Procedure without awarding the Agreement prior to the signing of the foreseen Agreement with the successful Candidates, without thereby incurring any liability to the Candidates, if it has objective grounds.
- 7.3. The Procurement Committee will pass the decision to suspend the Negotiated Procedure, if only one Candidate has submitted an Offer and the Procurement Committee finds that the qualification requirements are not objective and proportionate; or there is other objective justification.
- 7.4. If none of the Candidates / Offers submitted complies with the requirements of the Negotiated Procedure Regulations, the Contracting Authority will take a decision to terminate the Negotiated Procedure.

## **8. SELECTION OF A CANDIDATES AND SIGNING OF THE AGREEMENT**

- 8.1. The Offer submitted by the Candidate is the ground for conclusion of the Agreement.
- 8.2. The Contracting Authority will invite the successful Candidates to sign the Agreement. The Agreement will be concluded in accordance with the draft Agreement (Annex No. 3), and the Offer submitted by the Candidate.
- 8.3. The Procurement Committee will inform the Candidates of the results of the Negotiated Procedure within 5 (five) working days following the date when the Contracting Authority has endorsed the Negotiated Procedure results. The decision may also be sent by the Contracting Authority to the Candidate electronically to its e-mail address (attaching a scanned document to the e-mail message) or by postal service.
- 8.4. The Candidate who has been awarded the Agreement shall sign the Agreement within 10 (ten) working days counting from the date of dispatch of the invitation (electronically to the e-mail of the Candidate's contact person specified in the application or to the

Candidate's legal or declared place of residence by postal service). If the successful Candidate does not sign the Agreement within the specified term, it shall be considered as a refusal to conclude the Agreement.

- 8.5. If all the successful Candidates refuses to conclude the Agreement with the Contracting Authority, the Contracting Authority will pass a decision to terminate the Procedure without selecting any Offer.
- 8.6. If the Offer is submitted by only one Candidate, who has also been recognized as the winner of the Negotiated Procedure and is a recognized low-tax or tax-free countries or territories registered merchant or foreign operators, which is a related company with the Contracting Authority according of the "Corporate Income Tax" Law, before the Agreement is concluded successful Candidate shall be obliged to submit information on the transfer price basis and a justification of the transaction (price) correlation to the market price (value).
- 8.7. If a Candidate (a merchant or foreign operator) has been recognized as the winner of the Negotiated Procedure, developing a permanent representation office for the purpose of Tax Convention or the Law "On taxes and duties", the successful Candidate shall be obliged to submit all the necessary supporting acknowledgements requested by the Contracting Authority associated with the permanent representation.

## **9. RIGHTS AND OBLIGATIONS OF THE PROCUREMENT COMMITTEE**

### **9.1. Rights of the Procurement Committee:**

- 9.1.1. To make a written request to the Candidate to provide a written clarification of its Offer, specify the submitted information and to provide detailed explanations;
- 9.1.2. To verify the truthfulness of all the data submitted by the Candidate;
- 9.1.3. To invite experts to work in the Procurement Committee in advisory capacity;
- 9.1.4. To carry out qualification requirement verification only for the Candidate, who should be awarded the Agreement;
- 9.1.5. To accept or decline any Offer, to discontinue the Negotiated Procedure and to decline all the Offers at any time prior to awarding of the Agreement if it has a valid reason for that and it does not contradict laws and regulations of the Republic of Latvia and the Republic of Estonia, without reimbursing any costs related to the preparation of the Offer and participation in the Negotiated Procedure incurred by the Candidates;
- 9.1.6. To carry out other activities in accordance with the laws and regulations and the Negotiated Procedure Regulations.

### **9.2. Obligations of the Procurement Committee:**

- 9.2.1. To consider Offers submitted by the deadline for the submission of Offers provided for herein;
- 9.2.2. To pass a decision on the Negotiated Procedure or results.

## **10. RIGHTS AND OBLIGATIONS OF CANDIDATES**

### **10.1. Rights of Candidates:**

- 10.1.1. To make a timely written request to the Procurement Committee for additional information regarding the Negotiated Procedure Regulations.



10.2. Obligations of the Candidate:

- 10.2.1. By the deadline as specified by the Procurement Committee to provide in writing answers and explanations regarding the Offer to the questions asked by the Procurement Committee;
- 10.2.2. To observe all the provisions of the Negotiated Procedure Regulations as the basis for fulfilment of the procurement.

**11. CONFIDENTIALITY**

- 11.1. No communication between the Candidates on the one hand and the Contracting Authority or the Procurement Committee on the other hand shall take place during the Offers assessment period, except in cases provided for in the Negotiated Procedure Regulations.
- 11.2. During the time period from submission of the Offers until the moment of opening thereof the Contracting Authority will not provide information on the existence of other Offers. During the period of assessment of the Offers until the announcement of the results, the Contracting Authority will not provide information on the assessment procedure.
- 11.3. The Contracting Authority shall not be responsible if the person submitting the Offer has not informed the data subjects of the processing of their data, has not received their consent or has not met any other data protection requirements concerning the data of the data subjects included in the Offer.

**12. ANNEXES**

There are 3 (three) Annexes attached to the Negotiated Procedure Regulations:

- Annex 1 – Technical specification / Technical Offer (Form) on 3 pages;
- Annex 2 – Letter of Application (Form) on 3 pages;
- Annex 3 – Draft Framework Agreement on 7 pages.

Chairman of the Procurement Committee

J. Briedis

November 26, 2024.

**“Provision of the transmission system balancing service”  
ID No. PRO-2024/203**

**TECHNICAL SPECIFICATION / TECHNICAL OFFER (FORM)**

<b>ESSENTIAL REQUIREMENTS</b>	<b>CANDIDATE’S PROPOSAL</b>
<p>1. The Balancing Service Provider must have access to delivery slots at the Klaipėda or Inkoo liquified natural gas terminals or sufficient gas resources at the Inčukalns underground gas storage to ensure the provision of transmission system balancing services upon the TSO's request.</p>	
<p>2. The Balancing Service Provider must ensure the purchase and sale of natural gas at the Virtual Trading Point while simultaneously facilitating the injection or off-take of an equivalent volume of natural gas at the transmission system entry or exit points within the Common Balancing Zone, as required by the System Operator. The Balancing Service Provider shall guarantee a minimum daily volume of 2 GWh separately for both the entry and exit directions at each entry or exit point within the Common Balancing Zone where the Balancing service provider has committed to providing the balancing services. The transfer of natural gas to or from the System Operator shall be conducted via the Virtual Trading Point.</p>	
<p>3. The Balancing Service Provider shall be required to submit a balancing price offer (bid) via IT Platform (platform.conexus.lv) in</p>	

<p>response to the TSO's request within the following timeframes:</p> <ul style="list-style-type: none"> <li>• within 30 (thirty) minutes on business days if the request is received between 8:00 and 18:00 EET (EEST);</li> <li>• within 1 (one) hour on business days if the request is received between 18:00 and 24:00 EET (EEST).</li> </ul> <p>Following the submission of the balancing price offer (bid), the activation of the balancing service by nominating the required quantity must be completed within 15 (fifteen) minutes after receiving the TSO's transaction confirmation or activation email.</p>	
<p>4. The validity period of the balancing price offer (bid) submitted via IT Platform (platform.conexus.lv) in response to the TSO's request shall be no less than 2 (two) hours.</p>	
<p>5. The Balancing Service Provider may submit balancing price offers (bids) up to one quarter (three months) in advance,, with the option to revise and submit updated version before 15:00 EET (EEST) of the current gas day (D).</p>	
<p>6. The Balancing Service Provider must be reachable by phone and email on business days from 08:00 to 24:00 EET (EEST)..</p>	
<p>7. Upon the request of the TSO, the injection or off-take of natural gas must be ensured at any point within the Common Balancing Zone where the Candidate has committed to providing the service. The Candidate may commit to providing the service at the following points::</p> <ul style="list-style-type: none"> <li>• Virtual trading point (entry / exit);</li> <li>• Balticconnector (entry / exit);</li> </ul>	<p><b><i>The Candidate shall indicate the specific entry/exit points where the service will be offered and commit to providing the service at these points throughout the validity period of the balancing service agreement.!</i></b></p> <p>Natural gas entry points through which natural gas will be injected into the natural gas transmission system of the Common Balancing Zone::</p>

- Kiemenai (entry / exit);
- Inčukalns UGS (entry / exit).

<b>No.</b>	<b>Entry point</b>	<b>The service is offered (YES / NO)</b>
<b>1.</b>	Virtual trading point	
<b>2.</b>	Balticconnector	
<b>3.</b>	Kiemenai	
<b>4.</b>	Inčukalns UGS	

Natural gas exit points through which natural gas will be off-taken from the natural gas transmission system of the Common Balancing Zone:

<b>No.</b>	<b>Exit point</b>	<b>The service is offered (YES / NO)</b>
<b>1.</b>	Virtual trading point	
<b>2.</b>	Balticconnector	
<b>3.</b>	Kiemenai	
<b>4.</b>	Inčukalns UGS	

**LETTER OF APPLICATION FORM**  
**for the participation in the Negotiated Procedure**  
**“Provision of the transmission system balancing service”**  
**ID No. PRO-2024/203**

\_\_\_\_\_, 2024

To: Joint Stock Company “Conexus Baltic Grid”  
14 Stigu Street, Riga, LV-1021, Latvia

Or

To: “Elering” AS  
Kadaka tee 42, 12915 Tallinn, Estonia

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In accordance with the Negotiated Procedure Regulations, we, the undersigned, hereby confirm our agreement to the provisions of the Negotiated Procedure Regulations and we undertake to participate in the provision of the technical balancing service for natural gas transmission system pipelines in accordance with Commission Regulation (EU) No 312/2014 of 26 March 2014 establishing a Network Code on Gas Balancing of Transmission Networks. We offer to provide provision of the transmission system balancing service in accordance with the requirements of the Technical Specification and the Negotiated Procedure Regulations.

1. Information on the Candidate:
  - 1.1. Candidate’s name: \_\_\_\_\_
  - 1.2. Registered with EIC No. \_\_\_\_\_
  - 1.3. Tax payer’s registration No.: \_\_\_\_\_
  - 1.4. Legal address: \_\_\_\_\_
  - 1.5. Office address: \_\_\_\_\_
  - 1.6. Contact person: \_\_\_\_\_  
(given name, surname, position)
  - 1.7. Telephone No.: \_\_\_\_\_
  - 1.8. E-mail address: \_\_\_\_\_
2. We hereby certify that the documents attached hereto represent this Offer.
3. Information and documents included in our Offer are complete and true.

4. We have examined all documents of the Negotiated Procedure Regulations, their clarifications, amendments and modifications and we fully understand the requirements and conditions of the Negotiated Procedure and agree to them.
5. We hereby confirm that our Offer is valid for a period of 45 days after the date for the submission of Offers and can be accepted at any time prior to the expiry of its validity.
6. We hereby certify that we are not interested in any other proposal submitted under this Negotiated Procedure.
7. We confirm that this Offer was drawn up and submitted independently of competitors\* and without any consultations, contracts or agreements or any other communication with competitors\*.
8. We confirm that <Candidate's name> had no communication with competitors\* as to the prices, price calculation methods, factors (circumstances) or formulas, as well as competitors'\* intention or decision to participate or not to participate in the Negotiated Procedure or submission of Offer, which do not meet the requirements of the Negotiated Procedure or as to the quality, volume, specification, performance, delivery or other terms to be handled independently of competitors\*, the products or services relating to this Negotiated Procedure.
9. We confirm that <Candidate's name> has not disclosed and will not disclose intentionally, directly or indirectly conditions of the Offer to any competitor\* before the official Offer opening date and time, or before awarding the right to enter into the contract.
10. We shall not perform any fraudulent and corrupt activities in the procurement process, we shall observe the requirements of the laws and regulations governing competition, we shall not participate in transactions restricting competition, nor allow the situations of conflict of interest in mutual cooperation.
11. We certify that the data of the data subjects included in our Offer comply with the requirements of the laws and regulations regulating personal data protection.
12. We certify that we have informed the data subjects included in our Offer about the data processing in accordance with Article 13 of the General Data Protection Regulation.
13. We certify that we have received the consent to data processing of the data subjects included in our Offer / we have processed the data on another legally valid basis.
14. We certify that, at the request of the Contracting Authority, we can demonstrate compliance with the data protection requirements concerning the processing of data of the data subjects included in our Offer.
15. We point out that page \_\_\_\_\_ of the Offer contains information that is to be considered as confidential/commercial secret in accordance with Section 19 of the Commercial Law.
16. We confirm that no international or national sanctions or major sanctions (including sanctions for proliferation financing) by a member state of the European Union or NATO affecting the interests of the financial and capital market that have an impact on the performance of the Agreement under this Negotiated Procedure have been imposed against us as the Candidate, or member of our board or council, beneficial owner, a person having the right of representation or proctor, or a person who is authorised to represent the Candidate in activities related to a branch, or member of a partnership, or member of the

board or council, its beneficial owner, a person having the right of representation or proctor, if the Candidate is a partnership.

17. The Candidate meets the following entrepreneur status (**mark as appropriate**):
  - Small enterprise (an enterprise which employs fewer than 50 persons and which have an annual turnover and/or annual balance in total not exceeding EUR 10 million);
  - Medium enterprise (an enterprise which is not a small business, and which employs fewer than 250 persons and which have an annual turnover not exceeding EUR 50 million, and/or annual balance in total not exceeding EUR 43 million);
  - Large enterprise.
18. We certify that we are familiar with 29.11.2021. procurement policy no. INA-POL-024 of joint stock company "Conexus Baltic Grid" and the ethical principles of suppliers contained therein (<https://www.conexus.lv/piegadataju-etikas-pamatprincipi>).
19. We certify that we have / do not have (the applicant underlines the relevant) a valid certificate issued in accordance with the standard ISO 45001: 2018 "Occupational health and safety management systems. Requirements with guidance for use. instructions for use" or equivalent.
20. We certify that we have / do not have (the applicant underlines the relevant) a valid certificate of compliance with environmental management standards or environmental management systems that comply with European or international environmental management system standards and have been approved by bodies accredited in accordance with regulatory enactments.

I hereby assume full liability for the content of the documentation submitted for the Negotiated Procedure, information contained herein, arrangement of documents and compliance with the Negotiated Procedure Regulations and Technical Specification of the Negotiated Procedure. The data and information submitted are true and fair.

The proposal document package consists of \_\_\_\_\_ (\_\_\_\_\_) pages.

Signature: \_\_\_\_\_

Given name, surname: \_\_\_\_\_

Position: \_\_\_\_\_

The Offer has been drawn up and signed on \_\_\_\_ \_\_\_\_\_ 202\_.

*\* Competitor - any natural or legal person who is not the Candidate, and who submits a Offer for this procurement or who, taking into account his or her qualifications, abilities or experience, as well as goods or services offered, may submit a Offer.*

“Provision of the transmission system balancing service”, ID No. PRO-2024/203

**“Provision of the transmission system balancing service”  
ID No. PRO-2024/203**

**FRAMEWORK AGREEMENT NO. \_\_\_\_\_ ON THE PROVISION OF THE  
BALANCING SERVICE OF THE NATURAL GAS TRANSMISSION SYSTEM**

Date contained in digital signature timestamp.

**Joint Stock Company “Conexus Baltic Grid”** (unified registration No. 40203041605) (hereinafter referred to as “System Operator” and where appropriate as “TSO”), represented in accordance with the Company's Articles of Association by the Chairman of the Management Board \_\_\_\_\_ and Member of the Management Board \_\_\_\_\_,

**Elering AS**, a public liability company, duly organized and validly and existing under laws of the Republic of Estonia, company code 11022625, , having its registered office at Kadaka tee 42, 12915 Tallinn, Estonia (hereinafter referred to as “System Operator” and where appropriate as “TSO”), duly represented by Mr. \_\_\_\_\_, CEO,

(hereinafter each separately – the System Operator and jointly – TSOs), on the one hand,

and

\_\_\_\_\_ (Unified Registration No. \_\_\_\_\_), represented by \_\_\_\_\_ (hereinafter - the Balancing Service Provider) in accordance with \_\_\_\_\_, on the other hand,

hereafter jointly referred to as the "Parties", and individually as "the Party",

on the basis of the Procurement procedure "Provision of transmission system balancing service" organized by the System Operator (ID No.2024/203) (hereinafter – Procurement Procedure) and the balancing service provision Offer submitted by the Balancing Service Provider, enter into the following framework agreement (hereafter - the Agreement):

**1. TERMS USED IN THE AGREEMENT**

In this Agreement and the accompanying documentation, the Law on the Procurement Procedure of Public Service Providers, the Energy Law, Regulation (EC) No 715/2009 of the European Parliament and of the Council of 13 July 2009 on conditions for access to the natural gas transmission networks Repealing Regulation (EU) No 1775/2005, Regulation (EU) No 312/2014 of the European Parliament and of the Council of 26 March 2014 establishing a Network Code on Gas Balancing of Transmission Networks and Common Regulations for the Natural Gas Balancing of Transmission System are used.

**2. SUBJECT MATTER OF THE AGREEMENT**



2.1. The Agreement stipulates the procedure by which the System Operator orders and the Balancing Service Provider in accordance with the Agreement, the Procurement Procedure Technical Specification (Annex 1), the Service Provider's binding Balancing price Offer and the System Operator's request for partial or complete execution of the Balancing price Offer (hereinafter - the Notification) provides natural gas transmission system balancing services ensuring the delivery of the required amount of natural gas to the System Operator during the entire validity period of the Agreement (hereinafter - the Service).

2.2. The Balancing Service Provider undertakes to transfer and receive natural gas in the amount and by the deadline specified in the Notification at the virtual trading point of the common Estonian-Latvian balancing zone (hereinafter – the Common balancing zone) and ensure the injection or off-take of natural gas from the transmission system at the transmission system entry / exit point specified in the Notification.

2.3. The System Operator undertakes to pay the Balancing Service Provider in accordance with the Notification for the natural gas injected into the transmission system of the Common balancing zone. The Balancing Service Provider undertakes to pay the System Operator in accordance with the Notification for the natural gas off-taken from the transmission system of the Common balancing zone.

2.4. The technical specification of the Procurement Procedure, each Offer and each Notification constitute an integral part of the Agreement.

### **3. CONDITIONS FOR PERFORMANCE OF OBLIGATIONS**

3.1. Upon conclusion of the Agreement, the Balancing Service Provider is responsible for booking of the capacity product required for the performance of the Agreement at the relevant transmission system entry and exit points and the purchase of natural gas.

3.2. The Balancing Service Provider shall book capacity at the relevant transmission system entry and exit points in accordance with the procedures and within the time limits specified in the common regulations for the use of natural gas transmission system.

3.3. The Offer shall be deemed fulfilled if the Balancing Service Provider ensures the transfer or receipt of the quantity of natural gas in accordance with the Notification.

3.4. The Balancing Service Provider shall submit the Balancing price Offer as a response to the request of TSO by sending it electronically in System Operator's pre-defined format via Common balancing zone IT Platform <https://platform.conexus.lv> (hereinafter - the IT Platform) no later than:

- within 30 (thirty) minutes on business days if the request is received between 8:00 and 18:00 EET (EEST);
- within 1 (one) hour on business days if the request is received between 18:00 and 24:00 EET (EEST).

3.4.1. The validity period of the Balancing price Offer submitted via the IT Platform in response to the TSO's request shall be no less than 2 (two) hours.

3.4.2. The Balancing Service Provider is allowed to submit initial Balancing price Offers up to one quarter of a year (three months) in advance. The Balancing Service Provider retains the right to update initial Balancing price Offers with a newer version up to 15.00 EET (EEST) of the gas day (D). For bids covering an extended time frame, offers must be itemized separately for each gas day within the relevant period. The most recent bid submitted will be considered valid.

3.4.3. If no update is provided for the Balancing price Offer, the initially submitted bid shall remain valid and will be taken into account for balancing activation.

3.4.4. The Balancing Service Provider has the discretion to abstain from submitting up to three Balancing price Offers upon the request of the TSO. However, if the Balancing Service Provider declines to submit four or more Balancing price Offers, the System Operator reserves the right to impose a contractual penalty of 4,000 euros for each instance of non-compliance.

3.4.5. The Balancing price Offer must include, at a minimum, the following details:

3.4.5.1. EIC-code of the Balancing Service Provider.

- 3.4.5.2. Period of validity for the standardized product.
  - 3.4.5.3. Delivery point EIC-code.
  - 3.4.5.4. Purchase and/or sale quantity in kWh, separately specified for each gas day included in the Balancing price Offer.
  - 3.4.5.5. Sale and/or purchase price in EUR /kWh (up to maximum of five decimal places), separately specified for each gas day included in the Balancing price Offer.
- 3.4.6. The Balancing Offer must be activatable in partial amounts.
  - 3.4.7. The price of the Balancing price Offer must encompass all costs related to the supply of natural gas, including import/export, taxes, and charges, including excise duties.
  - 3.4.8. The System Operator reserves the right to request an additional Balancing price Offer for the current gas day (D) from the Balancing Service Provider.
- 3.5. Activation of the Balancing price Offers
- 3.5.1. Following the submission of the offer (bid), the activation of the balancing service by nominating the required quantity must be completed within 15 (fifteen) minutes after receiving the TSO's transaction confirmation or activation email sent to the e-mail address [redacted]@[redacted] of the Balancing Service Provider.
- Alternatively, in cases of temporary unavailability of the IT Platform, email communication may be used for submitting the Balancing Price Offer. The System Operator's email address for such communication is: platform@conexus.lv..
- 3.5.2. Activation decisions can be made by any of the Transmission System Operators (TSOs) within the Common balancing zone to maintain system balance for system operation or balancing purposes.
  - 3.5.3. The TSO can activate the Balancing price Offer provided by the Balancing Service Provider by notifying the Balancing Service Provider before the defined lead time, using an activation Notification.
  - 3.5.4. The activation of the Balancing price Offer shall preferably occur on the IT Platform, or alternatively through an email notice containing at least the following information:
    - 3.5.4.1. EIC-code of the Balancing Service Provider;
    - 3.5.4.2. Activation period;
    - 3.5.4.3. Activation time of the provided Balancing price Offer;
    - 3.5.4.4. Quantity of the activated bid;
    - 3.5.4.5. Direction of the activated bid;
    - 3.5.4.6. Price of the activated bid;
    - 3.5.4.7. Entry/Exit point code.
  - 3.5.5. Upon receiving the activation Notification, the Balancing Service Provider is responsible for confirming the quantity and activation. Once the trade notification / nominations are confirmed, the balancing gas purchase/sale is finalized.
  - 3.5.6. For title product activation, the Balancing Service Provider is required to submit the Virtual trading point (VTP) trade notification as outlined in the standard terms and conditions of the balancing rules.
  - 3.5.7. For locational product activation, the Balancing Service Provider must, in addition to the VTP trade notification, nominate the entry or exit quantity based on the location of the activated Balancing price Offer.
  - 3.5.8. All products are transferred to the TSO at the Virtual trading point of the applicable balancing zone.
- 3.6. Activated gas quantities are considered VTP trades for settlement. In the case of locational products, the activated quantity is allocated as nominated by the Balancing Service Provider at the relevant entry/exit point.
  - 3.7. The imbalance settlement is carried out in accordance with the standard terms and conditions of the balancing rules.
  - 3.8. The System Operator is entitled to refuse the Service if the transmission system service is suspended or restricted in cases foreseen in Common Regulations for the Use of Natural Gas Transmission System.
  - 3.9. Elering AS hereby grants authorization to Conexus Baltic Grid for the activation of the Notification on behalf of Elering AS. This authorization allows Conexus Baltic Grid to submit nominations at the Virtual Trading Point of the Common balancing zone on behalf of Elering AS.

#### **4. SERVICE FEE AND PAYMENT PROCEDURE**

4.1. The fee for the Service is determined in accordance with the Notification by multiplying the unit price EUR / kWh (excluding VAT) indicated in the Balancing price Offer by the amount of natural gas indicated in the Notification. The price of one unit of the Service (kilowatt hours (kWh)) (separately for natural gas injection and natural gas off-take) shall be indicated in the Balancing price Offer.

4.2. Taxes for the Service fee are applied in accordance with the laws and regulations in force in the Republic of Latvia if the Notification is provided by JSC "Conexus Baltic Grid". Taxes for the Service fee are applied in accordance with the laws and regulations in force in the Republic of Estonia if the Notification is provided by Elering AS.

4.3. If the Balancing Service Provider has transferred natural gas to the System Operator within the Service, the Balancing Service Provider shall send an invoice to the System Operator once a month for the Service provided in the previous month within 5 (five) business days from the beginning of the month. If the System Operator has transferred natural gas to the Balancing Service Provider within the Service, the System Operator shall send an invoice to the Balancing Service Provider once a month for the Service provided in the previous month within 5 (five) business days from the beginning of the month.

4.4. The Party that has received the invoice in accordance with Article 4.3 of the Agreement shall pay it within 30 (thirty) days from the date of receipt of the invoice.

4.5. Upon receipt of the invoice for the Service fee, the System Operator verifies the fulfillment of obligations with the technical means available to the System Operator.

4.6. The Service fee shall cover all costs related to its provision. The prices indicated in the Offer are fixed and cannot be increased.

4.7. If the Balancing Service Provider does not ensure the amount of the Service obligations confirmed by the Notification, the System Operator is not obliged to pay the invoice for the Service.

4.8. If the last day of the invoice payment term is a holiday or a public holiday in the Republic of Latvia or Republic of Estonia, as applicable, then the next working day is accepted as the last day of the invoice payment term.

4.9. The Party shall send the invoice to the e-mail address of the other Party specified in the Agreement. The invoice is prepared electronically and is valid without a signature. The day of receipt of the invoice is considered to be the day of its sending.

#### **5. LIABILITY OF THE PARTIES**

5.1. The Parties shall compensate the direct losses incurred by the other Party if the guilty Party does not comply or improperly complies with the provisions of the Agreement.

5.2. If the Balancing Service Provider does not ensure the fulfillment of obligations in accordance with the Notification, the Balancing Service Provider shall pay to the System Operator a contractual penalty for each unfulfilled Notification which shall be equal to the full payment that the Party would receive if the Notification were duly fulfilled.

5.3. If the Balancing Service Provider does not ensure the fulfillment of obligations under Article 5.2 of the Agreement, the System Operator shall send an invoice for the contractual penalty calculated to the Balancing Service Provider within 15 (fifteen) days after the end of the month for which the respective Offer has been submitted and approved by the Notification. The Balancing Service Provider is obliged to pay the contractual penalty invoice within 10 (ten) working days from the receipt of the contractual penalty invoice.

5.4. If the Balancing Service Provider or the System Operator fails to pay the invoice in accordance with the invoice payment term specified in the Agreement, the Balancing Service Provider or the System Operator shall pay default interest in the amount of 0.05% (zero point zero five percent) of the overdue invoice amount for each day of delay, but not more than 10% (ten percent) of the total amount of the unpaid invoice, to the other

Party. Default interest shall not be applicable to the System Operator in the case referred to in Clause 4.7 of the Agreement.

5.5. Payment of default interest specified in Clause 5.4 of the Agreement does not release from the obligation to fully perform the Service and the Agreement.

5.6. The System Operator has the right to deduct the contractual penalty calculated for the Balancing Service Provider from the payments for the performance of the Service.

5.7. A Party which has duly fulfilled its obligations under this Agreement shall have the right to require the other Party to fulfill its obligations in full.

5.8. The Parties shall be released from liability for non-performance or improper performance of the Agreement if it has arisen as a result of force majeure circumstances specified in the Agreement.

## **6. TERM OF THE AGREEMENT AND AMENDMENT**

6.1. The Agreement shall enter into force on the date of its mutual signature by all Parties and shall remain valid for a period of 12 (twelve) months.

6.2. If, at least one (1) month prior to the expiry of the Agreement as specified in Clause 6.1, neither Party notifies the other in writing of its intention to terminate the Agreement, it shall automatically be extended for an additional period of 12 (twelve) months under the same terms and conditions.

## **7. FORCE MAJEURE**

7.1. The Parties shall not be liable for full or partial non-performance of the obligations of the Agreement, if such non-performance is due to force majeure. Force majeure within the meaning of this Clause is any extraordinary circumstance or event, such as war, unrest or rioting, labour market conflict, fire, natural disaster, sabotage, accident, or disturbance in a Party's own or connecting connection, which the Party could not have reasonably foreseen when this Agreement was being drawn up and the consequences of which the Party could not have reasonably avoided or overcome.

7.2. Force majeure shall not be deemed to be an individual obstacle to the fulfillment of the obligations under the Agreement, if it arose at the time when the defaulting Party delayed the fulfilment of its obligations under the Agreement.

7.3. If the circumstances of force majeure continue for more than 30 (thirty) calendar days, the Parties shall enter into negotiations on an acceptable solution for the fulfillment of the obligations of the Agreement. In such a case, termination of the Agreement is possible only by mutual written agreement of the Parties.

7.4. The Parties shall immediately (without undue delay) notify each other of the circumstances of force majeure as soon as the Party has become aware of the circumstances of force majeure. If the Parties do not notify of the circumstances of force majeure, the Parties may not use them to excuse non-performance of this Agreement.

7.5. Upon termination of force majeure conditions, the Parties shall immediately continue to perform the obligations of the Agreement, unless the Parties have agreed otherwise.

## **8. APPLICABLE LAW AND SETTLEMENT OF DISPUTES**

8.1. The Agreement has been prepared, as well as the legal relations arising from the Agreement are regulated, executed and interpreted in accordance with the laws and regulations in force in the Republic of Latvia.

8.2. All disputes and disagreements (hereinafter referred to as the Dispute) between the Parties shall be settled through negotiations. In the event of a Dispute, the Party alleging the existence of the Dispute shall provide the other Party with a written statement setting out the description of the Dispute, the proposed settlement of the Dispute, and the persons authorized to negotiate the Dispute on behalf of the Party.

8.3. If the Dispute cannot be resolved through negotiations within 30 (thirty) days (unless the authorized representatives of the Parties have agreed on another term for resolving the Dispute) from the day of its occurrence, it shall be resolved in accordance with the laws and regulations in force in the Republic of Latvia.

## **9. FINAL PROVISIONS**

9.1. The Parties shall not be entitled to transfer or delegate any of their obligations under this Agreement to a third party without the prior written consent of the other Party.

9.2. If certain clauses of the Agreement become invalid, this shall not be a reason for cancellation of other clauses of the Agreement.

9.3. The Parties shall, within three working days from the conclusion of the Agreement, notify each other of the authorized persons for the performance of the obligations specified in this Agreement and their contact information, as well as immediately inform about any changes in this information during the validity period of the Agreement.

9.4. The Agreement with the Annex is prepared on 7 (seven) pages and it is signed with secure digital signatures with timestamps.

9.5. Upon the conclusion of the Agreement the following annexes are attached to the Agreement:

Annex 1. - Negotiated Procedure technical specification.

## 10. DETAILS AND SIGNATURES OF THE PARTIES

### System operator:

Joint Stock Company "Conexus Baltic Grid"  
Single registration number: 40203041605  
VAT payer No: LV 40203041605  
Legal address: Stigu iela 14, Riga,  
LV-1021, Latvia  
Phone number: +371 67087900  
E-mail: info@conexus.lv  
"Swedbank" AS  
SWIFT: HABALV22  
Account No.: LV08HABA0551042978827

Uldis Bariss  
Chairman of the Board  
(signature \*)

Rinalds Dimiņš  
Member of the Board  
(signature \*)

### System operator:

Public limited Company "Elering AS"  
Registry code: 11022625  
VAT number: EE100889639  
Legal address: Kadaka tee 42, Tallinn  
12915, Estonia

Phone number: +372 7151222  
E-mail: [info@elering.ee](mailto:info@elering.ee)  
Swedbank AS  
SWIFT: HABAE2X  
Account No.: EE282200221024551314

Kalle Kilk  
Chairman of the Board  
(signature \*)

Erkki Sapp  
Member of the Board  
(signature \*)

### Balancing Service Provider:

Joint Stock Company "\_\_\_\_\_"  
Single reg. No.: 000000000000  
VAT number: 000000000000  
Legal address: \_\_\_\_\_ Street, Riga,  
LV-0000, Latvia  
Phone number: +371 00000000  
E-mail: \_\_\_\_\_@\_\_\_\_\_.\_\_\_\_.  
JSC "BANK"  
SWIFT: 0000000000  
Account No.: 000000000000000000000000

\_\_\_\_\_  
Chairman of the Board  
(signature \*)

\_\_\_\_\_  
Member of the Board  
(signature \*)

\* This Agreement has been signed with secure digital signatures with timestamps