



NET4GAS, s.r.o.

Purchase of Emission Allowances 2020-21

REQUEST FOR BIDS SUBMISSION AND TENDER DOCUMENTATION

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Pursuant to the announcement of the negotiated procedure with publication in the Public Procurement Journal (Věstník veřejných zakázek), published on xx. xx. of November, 2019 (public tender number Zxxxx-xxxxxx) and in line with the tender conditions for the public tender and relevant provisions of the Act, the Contracting Entity hereby requests the qualified candidates to submit their bids under the terms and conditions specified in this Tender Documentation (hereinafter referred to also as the "TD").

1 SUBJECT OF PUBLIC CONTRACT PERFORMANCE

1.1 Public Contract Title and Contracting Entity

Public Contract for "Purchase of Emission Allowances 2020-21" services is awarded by NET4GAS, s.r.o. company pursuant to the provisions of Section 3 (d) of Act No. 134/2016 Coll., on public procurement, as amended and supplemented (hereinafter referred to only as the "Act"), in the negotiated procedure with publication.

NET4GAS, s.r.o. operates the gas transmission system and holds the exclusive gas transmission license (TSO) in the Czech Republic. It operates more than 3,800 km of pipelines.

Identification details of the Contracting Entity (hereinafter referred to only as the "**Contracting Entity**"):

NET4GAS, s.r.o.

Registered office: Na Hřebenech II 1718/8, Postal Code: 140 21, Prague 4

ID No.: 27260364

Registered in the Commercial Register administered by: Municipal Court in Prague, Section C, File No. 108316

Contracting Entity Profile Link: <https://www.tenderarena.cz/profily/NET4GAS>

The procedure to be followed within the negotiated procedure with publication is defined in Section 61 of the Act.

1.2 Basic Information and Subject of Performance

Subject of performance of these public contracts consists in the purchase of EUA greenhouse gas emission allowances. In accordance with Annex 1 to this Tender Documentation - Contract for the purchase and sale of greenhouse gas emission allowances, the Contracting Entity reserves the right to request for this purpose every month M the requirement to purchase the quantity of allowances needed to cover EUA greenhouse gas emissions on Contracting entity's facilities, especially the compression stations Kouřim, Kralice, Veselí and Břeclav, in the immediately preceding month M-1. The expected annual quantity of allowances purchased by the Contracting Entity is 400,000 units. A detailed specification of the subject of performance is given in the above-mentioned annex to the tender documentation.

Classification of Subject Matter of Public Contract Pursuant to the Legal Regulation

CPV 90731210-5 Purchase of CO2 emission credits

2 BASIC PARAMETERS OF THE PUBLIC CONTRACT

- a) The tender procedure will take place in accordance with the Act. The bidder shall become acquainted with the current wording of the Act and, when preparing and submitting their bid, shall proceed in accordance with the Act
- b) Information and data referred to in this Tender Documentation and Annexes hereto define the mandatory requirements of the Contracting Entity in respect of contractual performance. The bidder shall respect those requirements fully and without exception when preparing its bid.
- c) In case of any discrepancies between the wording of the Tender Documentation and Annex No. 1 to TD – Contract for the purchase and sale of greenhouse gas emission allowances, the wording of Annex No. 1 to TD – Contract for the purchase and sale of greenhouse gas emission allowances. In case of discrepancies between the text of the tender documentation in the Czech language and the text of the tender documentation in the English language, the content of the Czech version shall prevail.
- d) The Contracting Entity will not accept any alternative solutions.
- e) If the TD uses the term “bid”, such rule will similarly apply also to the “preliminary bid” unless expressly stipulated otherwise.

3 TIME AND PLACE OF PERFORMANCE

- a) Date of performance of the public contract: from the signature of the contract by both parties to 30 April 2021.
- b) The place of performance of the order is a virtual trading point.

4 DEADLINE FOR BIDS SUBMISSION

- a) The term for bids submission will be specified by the Contracting Entity on the groundwork of Section 62 (2) of the Act and will be specified in the request for bids submission which will be distributed to all bidders meeting the qualification prerequisites stipulated in the Qualification Documentation.

The Contracting Entity reserves the right to extend the deadline for the submission of the bids, as appropriate, where justified. In doing so, the Contracting Entity shall comply with the Act and shall notify bidders of the deadline extension via its website (see the Contracting Entity's Profile address <https://www.tenderarena.cz/profil/NET4GAS>)
- b) The term for preliminary bids submission can be also extended with regard to the assessment of qualification of individual candidates so that it always is at least 10 days from the day following after the day of sending the request for preliminary bid submission.
- c) The term for bids submission can be adjusted by the Contracting Entity to satisfy the conditions pursuant to the provisions of Section 62 (4) of the Act.

5 BID SUBMISSION

- a) Draw-up the bid and submit it in writing in electronic form through the TENDERARENA electronic tool available at www.tenderarena.cz
- b) The electronic bid must not exceed the size of 200 MB. The bid must be prepared in any of the acceptable file formats, i.e., Microsoft Office (Word, Excel), Open Office, PDF, JPEG, GIF, or PNG.

The bidder shall submit the bid in Czech language, or English language.
- c) The bid must be duly signed by the person authorized to act on behalf of the bidder using the advanced (guaranteed) electronic signature on the cover sheet of the bid, in binding draft agreements, as well as on other documents where signature is required by this Tender Documentation. Alternatively, the manually signed documents will be scanned into the bid.
- d) The Contracting Entity requires the following structure of the bid:
 - (i) cover letter stating the identification and contact details of the bidder (company name/personal name, registered office, complete correspondence address, name of the officer appointed to handle the matters relating to this public contract, ID No., VAT ID No., telephone number, e-mail address);
 - (ii) table of contents of the bid;
 - (iii) document confirming the authority of the person(s) signing the agreement to act in the name or on behalf of the bidder (e.g. extract from the Commercial Register, power of attorney, an internal appointment);
 - (iv) the bidder shall complete yellow fields in Annex No. 1 to TD – CaMS Information System Implementation Agreement and in Annex No. 2 to TD – Information System Service Agreement, shall sign the agreements, and attach them using the procedure specified in paragraph c) above;
 - (v) draft contract signed by the person (s) authorized to act on behalf of or for the tenderer;
 - (vi) bank guarantee or document about warranty insurance or a copy of bank order (does not apply to preliminary bid) if the contractor decides to utilize this form of security;
 - (vii) data about subcontractors or agreement entered into with subcontractor or subcontractors pursuant to the provisions of Section 14 of TD;
 - (viii) completed list - areas of the draft contract that the bidder would like to discuss in the negotiation rounds.
- e) Bids shall be delivered by the deadline for submission of the bids as stated in paragraph 4a) above. Otherwise, the Contracting Entity shall proceed pursuant to the provisions of Section 28 (2) of the Act.

Any bids not containing the above-mentioned documents will be deemed incomplete and the relevant bidder shall be disqualified from the tendering procedure. This does not affect the right of the Contracting Entity to request any additional documents or information pursuant to the provisions of Section 46 (2) of the Act.

The Contracting Entity will request the selected bidder to submit the documents and information pursuant to the provisions of Section 122 (5) of the Act (provided that the procedure pursuant to the provisions of Section 122 (4) cannot be applied) before the agreements can be executed.

6 OPENING OF THE BIDS

Opening of the bids submitted in electronic format will take place in line with the provisions of Section 109 of the Act after expiration of the deadline for bids submission.

7 BASIC PRINCIPLES ABOUT PRELIMINARY BIDS NEGOTIATION

Upon receiving of the preliminary bids, the Contracting Entity shall invite the bidder to participate in the negotiations. The first five bidders will be invited to negotiate on the basis of the evaluation of the preliminary bids in accordance with Article 12 of this tender documentation. Those bidders who are not invited to negotiate will be informed of this step by the Contracting Entity and their participation in the tender procedure ends. The date, place and time of the meeting shall be determined by the Contracting Entity. Negotiations with bidders will be conducted in Czech, or English. The Contracting Entity also assumes that negotiations will take place in several stages, the exact number of which will be specified by the Contracting Entity. Contracting Entity shall draw up the minutes of the meeting describing possible changes to the preliminary bids or draft contract. The participating members of the evaluation committee and the bidder's representatives shall sign the minutes of the meeting. Negotiations will take place with each candidate separately. The Contracting Entity may discuss all conditions of performance contained in the contract and in the preliminary bid. The Contracting Entity may amend all the conditions specified in the tender documentation, except for the minimum technical conditions. The Contracting Entity sets the minimum technical conditions as: The pricing method is based on the following definition: C [€/ tCO₂] is determined as the Settlement Price of the Settlement of Allowance Trading for the required Monthly Futures Product and determined on the given day of purchase of allowances according to the ICE Exchange Rules, published on the ICE Exchange website under the Product C [€/ tCO₂] is determined as the Settlement Price of allowance trading for the required Monthly Futures Product and determined on that ICE purchase day on the ICE website published under the product "ECP" -ICE EUA Phase 3 Daily Futures'. The Contracting Entity shall notify bidders of the end of the negotiating rounds and invite them to submit their bids within a reasonable time. The Contracting Entity reserves the right to award the contract on the basis of a preliminary bid submitted by the bidder and not to proceed to negotiation phase.

8 SECURITY

- a) The bidder shall provide the Contracting Entity with a security amounting to CZK 1,000,000 in order to secure its obligations resulting from its participation in the tender procedure.

The bidder may provide the security in any of the ways indicated in Section 41(3) of the Act.

- b) If money is to be deposited to bank account, the security shall be credited to the Contracting Entity's bank account no later than on the day preceding the last day of the term for bids submission (not the term for preliminary bids submission) using the following bank details of the Contracting Entity:

Bank : Československá obchodní banka, a.s.
Account Number: 17470543/0300

IBAN: CZ82 0300 0000 0000 1747 0543

SWIFT: CEKOCZPP

Account owner: NET4GAS, s.r.o.

Variable symbol: registration number of the contract in the Public Procurement Journal (Věstník veřejných zakázek).

Copy of the document proving that the amount has been deposited or transferred to the bank account will form part of the bid.

- c) The bidder may provide the security also in form of bank guarantee or in form of guarantee insurance. The bidder shall ensure that both of the above tools remain valid for the entire term of the tender period. Should the bidder decide to provide the security using one of the methods envisaged in this paragraph, the original bank guarantee or insurance policy shall be included in the bid. The eligible bank or insurance company means any banks or insurance companies having a long-term rating from Standard & Poor's, Moody's or Fitch at least BBB- / Baa3.
- d) The bank guarantee or insurance policy shall be issued for the benefit of the Contracting Entity in accordance with Section 2029 et seq. of Act No 89/2012 Coll., the Civil Code, as amended (hereinafter referred to only as the "Civil Code") in the case of bank guarantee, and Section 2758 et seq. (in particular Section 2868) of the Civil Code, in the case of insurance policy.
- e) The security provided in form of money deposit to the bank account will be returned to the bidder by bank transfer in terms stipulated by law including the interest credited by the bank. In the event of security provision in form of bank guarantee or guarantee insurance, the customer will release the security by returning the original guarantee certificate or insurance policy to the bidder.

The Bidder shall specify the bank account number for the purpose of returning the collateral.

Security in form of bank guarantee must be submitted with the bid as an original, i.e., as a bank guarantee electronically signed by the person authorized to act on behalf or in the name of the particular bank or in form of electronic conversion of the original bank guarantee document.

9 TENDER TERM

The term, during which the bidder shall be bound by its bid, shall be 45 days commencing on the day following after the last day of the term for bids submission.

10 RESERVED RIGHTS OF THE CONTRACTING ENTITY

- a) The Contracting Entity reserves the possibility to cancel the tender procedure at any time.
- b) The Contracting Entity further reserves the right to verify the truthfulness of the information submitted by bidders in their bids at third parties. By submitting its bid, the bidder grants its consent to the Contracting Entity with such verification of facts.
- c) In accordance with Section 100 (2) of the Act, the Contracting Entity reserves the right to change its supplier. In the event of termination of the contractual relationship with the winning bidder, the Contracting Entity reserves the right to address the

bidder, who finished on a second place after evaluation and to sign the contract attached to this Tender documentation on the basis of this bidder's original bid. If the second bidder refuses, the Contracting Entity has the possibility to address the third bidder under the same conditions.

11 CONTACT ADDRESS AND ADDITIONAL INFORMATION

A request for tender documentation clarification pursuant to the Section 98(3) of the Act must be in writing, in Czech, or English language and must be delivered to the Contracting Entity via the electronic tool TENDERARENA no later than 8 working days before the deadline for submission of Application / tender bids. Any explanation of TD will, as well as TD, be published on the profile of the Contracting Entity.

12 ASSESSMENT CRITERIA, BID PRICE, AND METHOD OF BID ASSESSMENT

Tender bids will be evaluated, in accordance with Section 114 (2) of the Act, according to the criterion of economic advantageousness of the tender bids. The evaluation shall be carried out in accordance with the sub-evaluation criteria and their weights below. For the evaluation of tender bids, the evaluation committee shall use a scaling scale ranging from 1 to 100. Each individual tender bid shall be awarded a point value according to the sub-criterion, which reflects the success of the tender bid under the sub-criterion, according to the following formula:

$$\frac{\text{The most advantageous tender bid (ie the lowest binding tender fee F for EC1 or X for EC2 as defined in point 13 of the tender documentation)}}{\text{Evaluated tender bid}} \times \text{weight} = \frac{\text{the number of points of}}{\text{the sub-criterion}} [\%]$$

Evaluated tender bid

The evaluation shall be carried out by the commission by multiplying the individual scores of tender bids according to the evaluation sub-criterion by the weight of the given sub-criterion. The sum of the points of each tender bid from all the sub-criterion results will create its final score. The tender bid with the highest score is the best tender bid.

Partial evaluation criteria:

EC	Weight	Description	Unit fee
1.	98%	F (unit fee in €/ tCO ₂)	€ 0.00
2.	2%	X (unit fee in CZK in respect to EUR/CZK conversion)	CZK 0.00

13 THE METHOD OF DETERMINING THE BID PRICE

The Bidder shall indicate in the bid under the draft contract a binding unit fee for the purchase of EUA greenhouse gas emission allowances. The tendering fee must be declared as the maximum admissible. This fee must include all costs necessary for the performance of the contract and must be final, ie without inflationary and any other clauses. The price is determined as follows:

$$P [\text{€/tCO}_2] = C [\text{€/tCO}_2] + F [\text{€/tCO}_2]$$

where

F is the unit tender bid fee [EUR/CO₂];

C [€/CO₂] shall be determined as the Settlement Price of the Settlement of Allowance Trading for the required Monthly Futures Product and determined on the given day of purchase of allowances according to the ICE Exchange Rules, published on the ICE Exchange website under the Product C [€ / tCO₂] is determined as the Settlement Price of allowance trading for the required Monthly Futures Product and determined on that ICE purchase day on the ICE website published under the product "ECP" -ICE EUA Phase 3 Daily Futures';

The value of F will be evaluated for tender bid evaluation purposes.

In its tender bid within the draft contract, the bidder shall also state the binding unit fee in respect to EUR/CZK conversion. The tender bid fee shall be stated as the maximum permissible fee. This fee shall contain all costs necessary to complete the public contract and shall be established as a final amount, i.e. with no inflation or any other clauses. The total price shall be established as follows:

$$P [\text{CZK/tCO}_2] = P [\text{€/tCO}_2] * (FX_{\text{EURCZK}} + X)$$

where

FX_{EURCZK} ... is a daily spot rate EUR/CZK as published by Czech National Bank on a day of emission allowance purchase

X ... is a unit fee in CZK bided by the trader in respect to EUR/CZK conversion

The value of X will be evaluated for tender bid evaluation purposes.

14 COMMERCIAL AND PAYMENT TERMS AND CONDITIONS

The commercial terms and conditions are governed by the laws of the Czech Republic and are further specified in Annex No. 1 to TD – Draft contract on the purchase and sale of greenhouse gas emission allowances.

15 SUBCONTRACTORS

The bidder shall indicate in his Tender offer which parts of the contract together with their intended financial volume he intends to subcontract and shall indicate the identification details of such subcontractor (s), name, surname and professional qualifications of the personnel responsible for the performance of the contract (or its relevant section). The bidder shall specify in its bid what specific parts of the public contract together with their envisaged financial volume it intends to assign to its subcontractors and shall specify the identification details of such subcontractor.

16 JOINT VENTURE

Where the subject of the tender is to be performed collectively by several suppliers who submit or intend to submit a joint bid for this purpose, each of the bidders shall demonstrate the fulfilment of the qualification to the full extent; this shall not apply to the economic, financial or technical qualification or business license, membership in professional autonomous chamber or other professional organization, or professional capacity, in respect of which it will suffice, if all the bidders demonstrate the fulfilment of this qualification together. Where the subject of the tender is to be performed by several suppliers, together with the documents demonstrating the fulfilment of the qualification criteria, the suppliers shall submit an agreement setting out an obligation that vis-à-vis the Contracting Entity and any third parties from any legal relationships arising in connection with the contract, all these suppliers are bound jointly and severally for the entire duration of the contract and for the duration of any other obligations arising from the contract.

17 COSTS AND FEES

The bidder shall bear all costs associated with its participation in the tendering procedure, including the costs of drawing-up and submitting its tender offer, and the Contracting Entity will not be liable in any way for such costs, regardless of the course or outcome of the tendering procedure.

18 PROTECTION OF CONFIDENTIAL INFORMATION AND PERSONAL DATA

The Contracting Entity shall keep confidential any and all information or documents submitted by the bidder. The Contracting Entity may use any information or documents submitted by the bidder to the extent necessary for procedure in accordance with the Act.

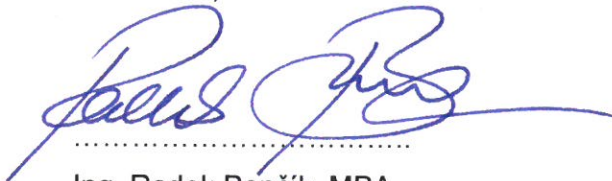
The Contracting Entity processes the personal data of the contractor in order to assess its offer in the procurement procedure in accordance with binding legal regulations. Processing for this purpose is necessary for the purposes of the procurement procedure and is carried out at the request of the supplier as the data subject.

The Contracting Entity acting as the Controller processes the personal data of the data subject in a correct, legal and transparent manner only for the specified purpose, to the necessary extent, and for a period not longer than is strictly necessary to achieve the purpose of the processing in a manner that ensures that it is adequately safeguarded in accordance with the internal rules of the Contracting Entity.

Without providing the supplier's personal data, it is not possible to evaluate their offer for the purposes of the procurement procedure. Failure to provide the data to the extent required may result in the disqualification of the contractor from the procurement procedure.

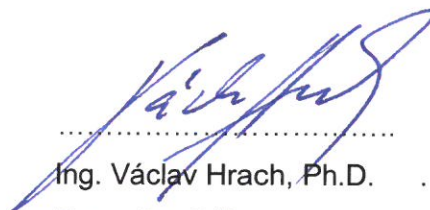
Contractor's personal data may be processed by the Contracting Entity's consultants in the capacity of processors, only in connection with the procurement procedure and in accordance with binding legal regulations.

NET4GAS, s.r.o.



Ing. Radek Benčík, MBA
Executive Officer

In Prague on 7.10. 2019



Ing. Václav Hrach, Ph.D.
Executive Officer

Annex no. 1 – Contract for the purchase and sale of greenhouse gas emission allowances