



# **Terms and conditions for the invitation to tender for the sale and supply of natural gas quantities for initial filling of the European Gas Pipeline Link (EUGAL)**

(hereinafter referred to as "INVITATION TO TENDER CONDITIONS")

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## **Preamble**

GASCADE Gastransport GmbH, Kassel (hereinafter referred to as "GASCADE"), is conducting an invitation to tender in order to procure natural gas quantities for initial filling of the European Gas Pipeline Link (EUGAL). These INVITATION TO TENDER CONDITIONS form the legal basis for the participation of natural gas traders (hereinafter referred to as the "NATURAL GAS SELLER(S)" in GASCADE's invitation to tender procedure.

## **Section 1: Subject matter of the INVITATION TO TENDER CONDITIONS**

- (1) These INVITATION TO TENDER CONDITIONS define in particular the procedure for, and the requirements for NATURAL GAS SELLERS to take part in, the invitation to tender relating to the sale and supply of natural gas quantities.
- (2) The offer shall be based on the Master Agreement relating to the sale and of natural gas quantities and an individual agreement (hereinafter referred to as "individual agreement") as an annex to the Master Agreement, which GASCADE will conclude with the NATURAL GAS SELLER awarded a contract. The individual agreement to the Master Agreement will govern in particular the pricing, actual natural gas quantities and the place at which they are delivered.
- (3) The invitation to tender procedure is divided into the pre-qualification phase, tender and bidding phase, and contract award phase.

## **Section 2: Pre-qualification phase**

- (1) The pre-qualification phase shall commence after publication of these INVITATION TO TENDER CONDITIONS on **01/09/2020**. It shall end with GASCADE's admission of a NATURAL GAS SELLER as a bidder in accordance with (9) sentence 1 of this Section 2 or rejection of a NATURAL GAS SELLER in accordance with (9) sentence 2 of this Section 2. The admission or rejection of a NATURAL GAS SELLER as a bidder relates to the submission of offers by the NATURAL GAS SELLER and inclusion of them by GASCADE in the invitation to tender within the tender and bidding phase.
- (2) The NATURAL GAS SELLERS are obliged to submit all the documents required for pre-qualification in accordance with (5) of this Section 2 by no later than **12 noon on 14 September 2020**. The pre-qualified NATURAL GAS SELLERS shall be given authorisation to submit offers within the tender and bidding phase.
- (3) Admission as a bidder in accordance with (1) sentence 3 of this Section 2 shall apply for the calendar year 2020 to all tender and bidding phases staged by GASCADE in that period of time, if the NATURAL GAS SELLER consents to further invitations to tender by giving a written declaration in accordance with (5) a) of this Section 2 and GASCADE does not revoke its admission as a bidder in the meantime. Admission as a bidder can be revoked at any time if there is good cause or if there is a change to the requirements demanded of NATURAL GAS SELLERS for being admitted to a new invitation to tender procedure. Good cause shall exist in particular if the NATURAL GAS SELLER has knowingly made false statements or has submitted incorrect documents and if the NATURAL GAS SELLER no longer meets the requirements for pre-qualification.
- (4) If a NATURAL GAS SELLER is rejected as a participant in the invitation to tender procedure, it can gain admission as a bidder at any time up to the end of the bidding phase by taking part in a pre-qualification phase again and successfully completing it.

In order to be able to take part in a pre-qualification phase, there must be a demonstrable change in the circumstances on the part of the NATURAL GAS SELLER compared to those examined in the previous pre-qualification phase.

- (5) The NATURAL GAS SELLER shall submit the following documents to GASCADE in order to be admitted as a bidder:
- a) A written or electronic declaration on the request to take part in a pre-qualification phase, including the declaration of consent to the fact that these INVITATION TO TENDER CONDITIONS apply in full and without reservation.
  - b) A fully completed compliance questionnaire with information about the company and the management (see attachment).
  - c) An up-to-date excerpt from the commercial register or, in the case of non-German NATURAL GAS SELLERS, appropriate documents in German or English (a corresponding certified translation must be attached if the original version is not in German or English), which is or are not older than three months, a list of shareholders if the NATURAL GAS SELLER or a shareholder of the NATURAL GAS SELLER has the legal form of a limited liability company (GmbH), and audited annual financial statement documents (balance sheet, income statement, statement of cash flows, and management report) for the last completed fiscal year.
  - d) A list of contact data to enable initiation of the the data communication required for operational handling and other additional company information (bank details, tax number, etc.).
- (6) The NATURAL GAS SELLER shall immediately report any changes to the documents specified in (5) of this Section 2 during the entire invitation to tender procedure.
- (7) GASCADE shall conduct a credit check on the basis of the documents submitted by the NATURAL GAS SELLER pursuant to (5) of this Section 2 and shall inform the NATURAL GAS SELLER about the results of the credit check.

In principle, the NATURAL GAS SELLER shall be classified in a risk category on the basis of the published credit rating of the agencies Creditreform and Dun & Bradstreet or a similar agency, as follows.

<b>Risk category</b>	<b>D&amp;B risk indicator</b>	<b>Creditreform risk class</b>	<b>Pre-qualification</b>
A: low risk	1 to 3	I-II	Passed
B: higher risk	> 3	> II	Failed

If there are multiple credit ratings/classifications, the credit rating or classification reflecting the greatest risk shall be authoritative in determining the risk category.

GASCADE reserves the right to reclassify the NATURAL GAS SELLER into another risk category if the annual financial statement documents submitted by the NATURAL GAS SELLER reveal a different assessment to that communicated by D&B and/or Creditreform. The creditworthiness check may also be negative, if based on actual indications GASCADE has reasonable doubts that the FUEL GAS SELLER has an appropriate credit rating and/or will fulfil its contractual obligations. Moreover, GASCADE shall be authorised to reclassify the NATURAL GAS SELLER into another risk category throughout the invitation to tender procedure if necessary due to changes reported in accordance with (6) of this Section 2. GASCADE shall always give the NATURAL GAS SELLER opportunity to state its view in brief in the event of reclassification.

- (8) The minimum communication requirements needed for operational handling shall be deemed to have been fulfilled
- (a) if the NATURAL GAS SELLER can be reached every business day at a central point of contact with staff that can speak German or English (contact persons). The point of contact must be able to be reached by phone under just one telephone number and at least one further communication channel (e-mail or fax) and
  - (b) if the NATURAL GAS SELLER is able to send nominations and receive confirmation of nominations in accordance with DVGW worksheet G 2000 and
  - (c) if the NATURAL GAS SELLER has a balancing group that is valid for the term of the agreement in the GASPOOL market area.

“Business days” are all days that are not Saturdays, Sundays or public holidays. If a day is a public holiday in one German federal state, it shall be regarded as a public holiday nationwide. 24 December and 31 December shall be regarded as public holidays every year.

- (9) If a NATURAL GAS SELLER has submitted the documents specified in (5) of this Section 2 in full and on time and fulfils the requirements defined in (8) of this Section 2, and the result of the credit check is positive, GASCADE shall admit the NATURAL GAS SELLER as a bidder and send it the Master Agreement in accordance with Section 1 (2) so that the NATURAL GAS SELLER can sign it.

If the NATURAL GAS SELLER has not fulfilled the requirements under the above sentence, GASCADE shall notify the NATURAL GAS SELLER applying to participate that it has been rejected and shall return the submitted documents. GASCADE shall endeavour to notify the NATURAL GAS SELLER of the result of the pre-qualification review within ten (10) business days.

- (10) If the NATURAL GAS SELLER does not have sufficient creditworthiness, the latter can be guaranteed by adequate security being furnished. Adequate security shall be guarantees or irrevocable and unconditional surety, waiving the benefit of discussion and the right to contestability and eligibility for offset (if the claims are not disputed or an enforceable judgement has been rendered in respect of them) and on acceptance of the obligation to make payment on first demand. A credit institution issuing this security has to be authorised to do business in the Federal Republic of Germany. Damage of

€100,000 up to the end of the agreement shall be assumed in determining whether the security is adequate.

If a NATURAL GAS SELLER has to furnish security, it shall do so by the end of the tender and bidding phase in accordance with Section 3 (1). Offers by NATURAL GAS SELLERS who do not furnish security despite being classified in risk category B (higher risk) shall not be considered in the contract award phase.

If the rating of a credit institution that issues security is lowered by one of the agencies with the result that the requirements demanded of the credit institution in accordance with the above sentence are no longer fulfilled, GASCADE shall have the right to demand that the NATURAL GAS SELLER replace the security.

GASCADE reserves the right to demand other or additional security to cover the credit risk at any time if the NATURAL GAS SELLER is subsequently reclassified into another risk category in accordance with (7) of this Section 2 during the invitation to tender procedure.

Existing security shall be released, replaced or reduced at the request of the NATURAL GAS SELLER if it is no longer required to cover the credit risk after entire contract quantities have been settled.

### **Section 3: Tender and bidding phase**

(1) The pre-qualification phase is followed by the tender and bidding phase for lots of natural gas quantities. A "lot" is 1/6 (one sixth) of the entire tendered natural gas quantities (approx. 700.000 MWh) and the maximum hourly quantities required (4,500 MWh). In this invitation to tender, a lot is defined as the maximum natural gas quantity of approx. 117,000 MWh and maximum hourly quantity of 750 MWh. The tender and bidding phase shall last until **12 noon on 21 September 2020**.

(2) This invitation to tender represents a request from GASCADE for the NATURAL GAS SELLERS who have been admitted as bidders in accordance with Section 2 (9) sentence 2 at the time of contract award as specified in Section 4 (2) and whose admission as a bidder has not been subsequently revoked in accordance with Section 2 (3) to submit one or more offers for the lots (a total of 6 lots and 6 offers) for concluding individual agreements to the Master Agreement on the respective lot in accordance with Section 1 (3).

(3) In the tender and bidding phase in accordance with (1) of this Section 3, the NATURAL GAS SELLERS defined in accordance with (2) of this Section 3 can issue a binding offer for the sale and supply of natural gas quantities. NATURAL GAS TRADERS have the right to bid separately for one or more lots. An offer shall be submitted by sending a signed Master Agreement and a completed and signed individual agreement as a PDF file by e-mail or in duplicate originals by post (to be also sent per e-mail as a PDF-file) to the contact person specified in the publication of an individual agreement on the GASCADE website. Offers that are not submitted in the tender and bidding phase or that are incomplete shall be deemed not to have been submitted and shall not be considered. The relevant point of time for the purpose of a timely submission is the receipt of the e-mail by **12 noon on 21 September 2020**.

(4) An offer can be modified in writing (or in text form) or withdrawn up to the end of the tender and bidding phase. Offers which are subject to conditions and/or reservations shall not be considered in the contract award phase.

#### **Section 4: Contract award phase**

- (1) The contract award phase shall commence when the tender and bidding phase ends. During the contract award phase, GASCADE shall have the option of bindingly accepting the offers which NATURAL GAS SELLERS who have been admitted as bidders have submitted in the tender and bidding phase. The contract award phase shall end at **6 p.m. on 28 September 2020**.
- (2) The NATURAL GAS SELLER quoting the lowest handling fee in its offer shall win the contract for the lot in question. "Handling fee" is the fee in accordance with Article 7 (4) of the Master Agreement charged in addition to the spot price for balancing the gas quantities. If the submitted offers quote the same prices, the time at which the offers are received shall determine which has precedence. In such a case, the offer received earliest shall be accepted. GASCADE shall notify the NATURAL GAS SELLER who wins the bid that it has bindingly accepted the offer in accordance with Section 5 (2). As soon as the NATURAL GAS SELLER that wins the bid receives the notification in accordance with Section 5 (2), it shall send GASCADE the signed Master Agreement referred to in Section 3 (3) and the signed individual agreement referred to in Section 3 (3) in duplicate by post, unless it has already done so in the tender and bidding phase. GASCADE shall return one signed version of the Master Agreement and one signed version of the individual agreement.
- (3) An invitation to tender procedure shall end when an offer is accepted by GASCADE. Irrespective of whether an agreement is concluded, the NATURAL GAS SELLERS shall be bound to their offer, in accordance with Sections 145 and 148 of the German Civil Code (BGB), for the period of time of the contract award phase to which their offer relates.

#### **Section 5: Duties to provide information**

- (1) The NATURAL GAS SELLERS shall be obliged to notify GASCADE about all changes to circumstances of relevance to their admission as bidders in accordance with Section 2 immediately and without being requested to do so.
- (2) GASCADE shall notify the NATURAL GAS SELLERS who have issued binding offers during the tender and bidding phase and have not modified or withdrawn them in accordance with Section 3 (4) about the outcome of the invitation to tender procedure in suitable form.
- (3) In cases defined in Section 2 (3) and Section 8 (1) and (3), GASCADE shall notify the NATURAL GAS SELLER immediately.

#### **Section 6: Confidentiality**

- (1) GASCADE undertakes to treat all relevant information it receives during this invitation to tender procedure with confidentiality. Relevant information shall be in particular the contents of the offers from the bidding NATURAL GAS SELLERS and company-related information in connection with completion of the pre-qualification phase. Article 6 of the Energy Industry Act (EnWG) shall not be affected. Relevant information may be disclosed to an affiliated company as defined in Article 15 of the Stock Corporation Act (AktG).

- (2) GASCADE shall be authorised to collect, store and use information it has obtained from the NATURAL GAS SELLERS as part of an invitation to tender procedure in compliance with data protection legislation, and to disclose such data to third parties, where this is required to ensure proper handling of the procedure in question.
- (3) Rights and obligations under this provision shall also apply to third parties engaged by GASCADE.
- (4) The obligation to maintain confidentiality shall remain in force for a period of 12 (twelve) months after the respective invitation to tender procedure ends.

### **Section 7: Liability**

Legal liability shall apply.

### **Section 8: Validity, termination, amendments**

- (1) These INVITATION TO TENDER CONDITIONS can be amended by GASCADE at any time with future effect without the need for GASCADE to give reasons for doing so.
- (2) If invitation to tender procedures overlap in time, the INVITATION TO TENDER CONDITIONS that applied at the start of the procedure's respective phase shall apply.
- (3) GASCADE shall be authorised to amend these INVITATION TO TENDER CONDITIONS with immediate effect if they need to be amended to comply with relevant laws or regulations or legally binding stipulations by national or international courts and authorities and the generally accepted rules of technology. If the amendment results in material economic disadvantages for the NATURAL GAS SELLER with regard to an ongoing invitation to tender procedure, the NATURAL GAS SELLER shall be entitled to terminate its participation in that invitation to tender procedure.

### **Section 9: Miscellaneous**

- (1) These INVITATION TO TENDER CONDITIONS shall be governed solely by German law, to the exclusion of international private law and the UN Convention on Contracts for the International Sale of Goods. The place of jurisdiction shall be Kassel, Germany.
- (2) GASCADE shall not charge a NATURAL GAS SELLER any fee for participating in an invitation to tender procedure. Each participant in an invitation to tender procedure shall itself bear the costs it incurs in the procedure.
- (3) If any of the provisions of these INVITATION TO TENDER CONDITIONS are or become invalid or unenforceable, the other provisions of the INVITATION TO TENDER CONDITIONS shall remain in full force and effect.
- (4) These INVITATION TO TENDER CONDITIONS shall be published in German and English language. The German language version shall always prevail in case of inconsistencies between the two versions or different interpretations.