

**TERMS AND CONDITIONS FOR CONDUCTING AN AUCTION FOR THE PURCHASE AND SALE OF
NATURAL GAS BY SUSTAINABLE ENERGY SUPPLY OOD**

GENERAL

1. The terms and conditions of the auction for the purchase and sale of natural gas are set by Sustainable Energy Supply OOD and are agreed by the operator of the organized exchange market for natural gas BALKAN GAS HUB EAD in order to confirm technical feasibility.
2. The terms and conditions contain the procedure under which Sustainable Energy Supply OOD will purchase natural gas quantities on the organized exchange market operated by BALKAN GAS HUB EAD.
3. These terms and conditions also specify the procedure of carrying out the auction for purchase, price mechanisms, setting the initial price of the auction, the type of product offered and the period of its offer.

**QUANTITIES INTENDED FOR PURCHASE BY SUSTAINABLE ENERGY SUPPLY OOD ON THE ORGANISED
NATURAL GAS EXCHANGE MARKET**

4. Sustainable Energy Supply OOD announces the following natural gas quantities for purchase on the organized exchange market:

JUNE 2023 - 2 500 MWh/day or total for the period 75 000 MWh.

5. Sustainable Energy Supply OOD will purchase the specified quantities through auction. The product offered within the auction is not a short-term standardised product within the meaning of Regulation 312/2014 establishing a network code on gas balancing of transmission networks. The auction, will take place in the following sequence:

- 5.1. Delivery period: June 2023.
- 5.2. Delivery dates: from 07.00 a.m. on 01 June 2023 to 07.00 a.m. on 01 July 2023.
- 5.3. Delivery profile: even distribution - physical delivery of natural gas, amounting to 100% of the contracted quantities, evenly distributed by days;
- 5.4. Delivery Point: UGS Chiren;
- 5.5. Delivery Price: set at auction and subsequent update, according to these Terms and conditions.

PRODUCTS AUCTIONING

6. The natural gas shall be purchased in compliance with to the following terms and conditions:
 - 6.1. The initial auction price includes all costs for access, transport, injection and storage of the natural gas in the UGS "Chiren".
 - 6.2. The required quantities may be offered by natural gas traders registered on the organised exchange market holding a valid licence for the activity "trading in natural gas", issued by the Energy

and Water Regulatory Commission, owning quantities of natural gas in the UGS "Chiren" for the relevant period.

7. The product shall be offered on the Balkan Gas Hub EAD platform through an auction procedure.

7.1. An electronic environment, part of Balkan Gas Hub EAD trading platform shall be used to conduct the auction. The platform is in English and provides all the necessary information for conduct of the auction and updates of its information and also informs via e-mail the participants ranked about the auction results.

7.2. The costs for development and technical support of the product formed for this purpose on the trading platform shall be borne by Balkan Gas Hub EAD.

7.3. No products such as financial instruments and derivatives shall be offered in the auction within the meaning of Directive 2014/65/EU of 15 May 2014 on markets in financial instruments and amending Directive 2002/92/EC and Directive 2011/61/EU.

8. The auction will take place on 30 May 2023.

8.1. Each participant has right to submit only one offer for the product, subject to update during the auction.

8.2. Each updated offer by a participant/trader shall entirely replace the previous offer.

9. The minimum quantity that can be offered for sale by one participant is 1 000 MWh/d.

10. The maximum quantity is up to 2 500 MWh/d.

The bidding window for the auction is from 10:00 a.m. to 12:00 p.m. on 30 May 2023 (Sofia).

STARTING PRICE

12. The starting price of the auctions is **25** EUR/MWh.

TENDER MECHANISM FOR THE ALLOCATION OF THE OFFERED NATURAL GAS QUANTITIES

13. Within the auction, a minimum price step of BGN 0.01/MWh shall be applied, which the initial price is reduced, and the participant offers a price per MWh.

14. Balkan Gas Hub EAD platform performs automatic ranking of the offers according to the lowest price offered, and the ranking and allocation shall be carried out according to the following algorithm.

14.1. Offers with the lowest prices offered shall be ranked first until reaching the maximum quantity.

14.2. If two or more offers have equal prices, the earlier submitted offer shall be ranked first.

14.3. The quantities from the ranked offers shall be supplemented up to the total quantity, announced for purchase by Sustainable Energy Supply OOD, with the possibility of partial purchase of quantities from the last ranked offer.

RIGHT TO PARTICIPATE

15. All natural gas traders who meet the conditions of item 6.2 may participate in the auction for natural gas purchase and sale. By submitting an offer, the participant declares that it meets the conditions under item 6.2.

THE RIGHT TO CANCEL AN AUCTION

16. Balkan Gas Hub EAD may cancel the auction conducted in case of technical and/or human error and schedule a new date within 24 hours after the auction.

16.1. If the errors under item 16 do not negatively affect the price offered and/or the quantity sold by the participants, Balkan Gas Hub EAD shall not cancel the auction, however, if necessary, update the ranking of the offers within 24 hours after the auction and/or declare the participant who made the error.

16.2. Sustainable Energy Supply OOD has the right to cancel the auction until 16:00 on 05.29.2023.

TERMS OF INVOICING AND PAYMENT

17. The natural gas price subject to invoicing and payment is 25 EUR/MWh minus the achieved discount in the relevant participant's offer in BGN/MWh (VAT excluded)

18. Participants whose offers were ranked shall issue invoices as follows:

- for 50% of the value of the natural gas quantities, determined in accordance with the offered quantities and the price specified in item 17, after the end of the first day of the delivery period.

- for 50% of the value of the natural gas quantities, determined in accordance with the offered quantities and the price specified in item 17, after the end of the last day of the delivery period.

19. Payment of the invoices issued under item 18 shall be carried out as follows:

19.1. payment of the invoices issued shall be made within 10 (ten) business days as of the date of invoice receipt;

19.2. payment shall be made by bank transfer to the Participant's bank account specified in the invoice.

PARTICIPATION FEES

20. Participants with whom Sustainable Energy Supply OOD concludes a supply transaction, in accordance with the automatic ranking performed by the platform, shall pay to Balkan Gas Hub EAD a transaction fee in the amount of 0.04 BGN/MWh by the 10th of the month following the month of the auction to the bank account indicated by Balkan Gas Hub EAD.

The fees are payable by the 10th of the month following the auction, to the bank account specified by Balkan Gas Hub EAD, according to the auction results presented by the platform.

REPORTING UNDER REGULATION 1227/2011 OF THE EUROPEAN PARLIAMENT AND THE COUNCIL OF 25 OCTOBER 2011 ON WHOLESALE ENERGY MARKET INTEGRITY AND TRANSPARENCY

(REGULATION NO 1227/2011)

21. Balkan Gas Hub EAD may carry out transaction reporting obligations under Regulation 1227/2011 upon request of the participant.

22. By offer submission, the relevant participant agrees and commits to these Sustainable Energy Supply OOD term and conditions for conduct of an auction for purchase and sale of natural gas.