

Provisions for the Sealed-Bid Auction of Greenhouse Gas (GHG) Emission Allowances

Auction ID No. SaSil 2017/1-i

1. These provisions (hereinafter referred to as the "Provisions") lay down the procedure for organizing and implementing the CO₂ emission allowances through a sealed-bid auction.
2. Auction organized by: Limited liability company Salaspils Siltums, unified Reg. No. LV40003310183, legal address: 31A Miera Street, Salaspils, LV-2169, (hereinafter referred to as "Salaspils Siltums") tel./fax: +(371) 67944930, email: izsoles@salaspilssiltums.lv.
3. Type of auction: ascending sealed-bid auction.
4. Object of auction: 50 000 (fifty thousand) CO₂ emission allowances as one object.
5. One may acquaint themselves with the Sealed-Bid Auction Provisions and the purchase agreement, which is Annex 2 to the Provisions, on SIA Salaspils Siltums' website: www.salaspilssiltums.lv, Section 'Procurements', Sub-Section 'Auction', or at the administration of SIA Salaspils Siltums, located in Room 303 at 31a Miera Street, Salaspils, on business days from 9:00 until 16:00, except for lunch break from 12:00 to 12:45.
6. An advertisement on the Sealed-Bid Auction is published on the SIA Salaspils Siltums' website www.salaspilssiltums.lv.
7. The procedure for submitting bids, and the place and time of auction:
 - 7.1. Bidders may take part in the auction after they deposit the necessary security sum in accordance with Clause 8 of the Provisions;
 - 7.2. Bidders shall submit their bids observing the format provided in Annex 1 of the Provisions supplemented with the documents specified in Clause 12 (hereinafter referred to as the "Bid");
 - 7.3. Bids must be submitted by November 9, 2017, 11:00 am;
 - 7.4. Bids may be submitted before the deadline specified in Sub-Clause 6.3 by delivering them in person, or sending them by post mail or email (izsoles@salaspilssiltums.lv), observing the business hours specified in Clause 4. Addresses for submitting Bids are specified in Clause 2 of these Provisions;
 - 7.5. The Sealed-Bid Auction shall take place on November 9, 2017 at 11:00 am.
8. The conditional price of the auctioned object shall be EUR 372'500,00 for the entire Object of the Auction, and the determined auctioning step shall be EUR 3'725,00. The price and the step are indicated without VAT.
9. The security sum and procedure for depositing it:
 - 9.1. Bidders shall deposit a security sum of EUR 37'250,00, which is 10 % of the conditional price of the Auctioned Object (excluding VAT);
 - 9.2. The security sum shall be deposited before the auction by wire transfer to SIA Salaspils Siltums' bank account at AS SEB Banka, SWIFT code: UNLALV2X008, account number: LV73UNLA0033300609808; the following reference to the auction must be provided: *Sealed-Bid Auction of Emission Allowances*.
 - 9.3. The security sum shall be deemed submitted when the corresponding sum of money arrives in the bank account specified in Sub-Clause 9.2;
 - 9.4. SIA Salaspils Siltums will pay back the security sum to the bidders who do not win the Auction by wire transfer within 5 (five) business days after the Auction, based on the respective bidders' applications;
 - 9.5. The successful bidder's security sum shall be deemed as part of the purchase sum.

10. Payment procedure:

- 10.1. The successful bidder shall pay the highest offered bid sum (and 21 % (twenty-one percent) value added tax) in EUR (euros) by wire transfer within 2 (two) business days after the Auction day in accordance with the invoice issued by SIA Salaspils Siltums. The deposited security sum (Clause 9 of the Provisions) shall be deemed as part of the purchase sum. The Auctioneer shall issue or send the invoice and purchase agreement to the successful bidder on the final Auction day;
- 10.2. After paying the highest offered bid observing the procedure established in Sub-Clause 10.1 of the Provisions (wire transfer of the corresponding sum to SIA Salaspils Siltums' bank account), SIA Salaspils Siltums shall transfer the Object of the Auction to the successful bidder's account within 10 business days;
- 10.3. If the highest offered bid sum is not paid observing the procedure established in Sub-Clause 10.1, then the bidder will lose his/her deposited security sum. In such a case, the Ascending Auction shall be deemed as a failed auction, and the Object of the Auction may be auctioned at the next auction.

11. The successful bidder shall obtain purchase rights to the Object of Auction after signing the purchase agreement.

12. Conditions for bidders, and documents to be submitted:

- 12.1. Application observing the form provided in Annex 1 to the Provisions. In order to obtain purchase rights to the Object of Auction, the conditional price must be overbid at least by one step;
- 12.2. A copy of a document confirming the payment of security sum;
- 12.3. For legal entities: an authorization letter if the legal entity is represented by a person who is not duly authorized to represent it.

13. The procedure of the Auction:

- 13.1. The Auctioneer (hereinafter referred to as the "Committee") shall register the bids received within the deadline stated in Sub-Clause 7.3 in the order they are received in by specifying the submitter, and date and time of receipt;
- 13.2. The opening of Auction bids shall take place in a closed meeting;
- 13.3. At the Sealed-Bid Auction hour specified herein, the Committee shall check the corresponding day's mail and establish whether the registered bidders have submitted their bids. If bids are not received within 15 minutes, it will be announced to the present participants that the acceptance of bids has been completed and that the Auction has begun. After this announcement, no bids will be accepted either in person or by post mail;
- 13.4. The process of the Auction will be recorded in the Minutes;
- 13.5. The Committee shall open the submitted bids in the presence of the bidders, and all members of the Committee shall sign the bids. Verbally expressed bids shall not be accepted in the Sealed-Bid Auction;
- 13.6. After opening the bids, the Committee shall:
 - 13.6.1. Verify that bidders have submitted all the required documents along with their bids, and that they comply with the established requirements. Non-compliant bids will be rejected as void, and this will be recorded in the Minutes;
 - 13.6.2. Execute a list of the submitted bids specifying the bidders and their offered prices;
 - 13.6.3. Announce the highest offered price and the person who offered it, and obtained purchase rights accordingly.
- 13.7. If the Committee has no doubts regarding the progress of the Auction, the Auction shall be announced completed.
- 13.8. If, after opening all bids, it is established that:

13.8.1. None of the bidders have outbid the Auction's starting price, then the Ascending Auction shall be recognized as failed;

13.8.2. Two or more bidders have offered an identical highest price, then the Auctioneer shall continue the Auction by means of accepting written offers from the bidders who submitted the same highest price.

14. The Auction Committee shall:

14.1. Take Minutes of the Auction progress, and the Minutes shall be approved by the Board of SIA Salaspils Siltums;

14.2. In case of necessity, the Chairperson of the Auction Committee shall be entitled to announce a break;

14.3. Shall discontinue the Auction at any moment if it establishes any deficiencies in Auction documents, or the Auction process.

15. The results of the Auction shall be approved by the Board of SIA Salaspils Siltums.

SIA Salaspils Siltums
 31A Miera Street, Salaspils, LV-2169
 info@salaspilssiltums.lv

**Proposal
 For the Silent Auction
 On CO₂ Emission Allowances**

Auction ID No. SalSil 2017/1-i

Bidder's name	
Registration No.	
Legal address	
Bank account	
ETS account	
Representative's name, last name	
Position	
Representing on the grounds of	
Telephones	
Fax	
Email	

1. I offer to purchase the object of auction in a silent auction:

<i>Object of the Auction:</i>	<i>Offered price euro (VAT not included)</i>
50 000 (fifty thousand) CO ₂ emission allowances.	

2. I hereby guarantee payment in accordance with the Provisions of the Sealed-Bid Auction.
3. I have acquainted myself with the Sealed-Bid Auction Provisions, payment conditions, purchase agreement terms and conditions, and the object of the auction *ad materiam*, i.e., it's actual and legal condition/status.

Place, date

Name, last name, signature, print name, position

Purchase Agreement No. _

In Salaspils, on __ _____ 2017

Limited liability company Salaspils Siltums, unified Reg. No. LV40003310183, legal address: 31A Miera Street, Salaspils, LV-2169, (hereinafter referred to as the "Seller") represented by Ina Bērziņa-Veita, it's Member of the Board who is acting in accordance with Articles of Association, on the one part, and _____, unified reg. No. _____, legal address: _____, (hereinafter referred to as the "Buyer") represented by _____, who is acting in accordance with _____, on the other part, jointly referred to as the "Parties", have entered into the following Purchase Agreement (hereinafter referred to as the "Agreement"):

1. Subject-Matter of the Agreement

1.1. The Buyer has taken part in the Sealed-Bid Auction organized by the Seller, Auction ID No. SalSil 2017/1-i, and has obtained ownership rights to the Object of the Auction, i.e., 50 000 (fifty thousand) CO₂ emission allowances (hereinafter referred to as the "Purchase Object").

1.2. The Seller hereby confirms that, until the conclusion of the Agreement, the Purchase Object has not been alienated, pledged, or disputed, no prohibitions have been imposed on it, and no other obstacles exist to sell it and for the Buyer to buy it.

1.3. The Buyer is informed about the Purchase Object, and its actual and legal condition/status.

2. Purchase Price, Payment Procedure, and Contractual Penalties

2.1. The Buyer shall pay the purchase price, i.e., the price bid at the Auction, to the Seller, observing the procedure and amount specified in the Agreement, based on an invoice issued by the Seller, by making a wire transfer to the Seller's bank account before the conclusion date of the Agreement.

2.2. The Purchase Object shall be sold for the purchase sum of EUR ____ (and VAT 21% (twenty-one percent), if applicable), consisting of:

2.2.1. The security sum of EUR ____ (excluding VAT) deposited to the Seller by the Buyer before the Auction;

2.2.2. The remainder of the purchase sum, i.e., EUR ____ (and VAT 21% (twenty-one percent), if applicable) paid to the Seller by the Buyer before the conclusion date of the Agreement.

2.3. By signing this Agreement, the Seller confirms that the Buyer has paid the full purchase price to the Seller before the signing of the Agreement.

3. Parties' Liabilities

3.1. The Buyer's Liabilities:

3.1.1. On the day of concluding the Agreement, the Buyer shall obtain ownership rights to the Object of Purchase;

3.1.2. The Buyer shall be entitled to make use of the Purchase Object after fully paying the sum specified in Sub-Clause 2.2.2 of the Agreement, and mutually signing the Agreement;

3.1.3. The Buyer shall have no right to sell and/or hand over his/her contractual liabilities to third parties.

3.2. The Seller's Liabilities:

3.3. The Parties shall be mutually liable in front of each other, as well as third parties, for the losses caused, if such losses have occurred due to act or omission, including gross inattention, malicious acts or negligence on the part of one Party or its employees, or the third parties engaged by the Party for performing this Agreement.

4. Validity Period of the Agreement and Termination Conditions

4.1. The Agreement shall become effective on the day it is signed, and it shall remain valid until both Parties fully perform their liabilities.

4.2. The Seller shall be entitled to terminate the Agreement unilaterally if the Buyer, with his/her acts or omissions, substantially violates this Agreement or laws and regulations, or if he/she fails to compensate damages to the Seller or third parties.

5. Other Provisions

5.1. All amendments, supplements and appendices to the Agreement shall become effective only if they are executed in writing and signed by both Parties, or their duly authorized representatives.

5.2. The Parties shall be released from their liabilities for full or partial non-performance of the Agreement if such non-performance occurs due to force majeure and/or emergency conditions that Parties could not have anticipated and prevented. The Party who has encountered force majeure conditions shall immediately inform the other Party of the occurrence of such force majeure. In such a case, the Parties shall agree on amending the provisions established in the Agreement, or on termination of the Agreement. The affected Party shall have the duty to prove the occurrence of force majeure conditions.

5.3. The Agreement shall be binding to both Parties, and the successors of their rights and liabilities.

5.4. All disputes, disagreements or claims arising in relation to the Agreement shall be settled by the Parties by means of mutual negotiations and agreement. If the Parties fail to reach an agreement, the disputed matter shall be handed over for review at the courts of the Republic of Latvia, observing the procedure established in laws and regulations. Riga District Court shall be the first instance court.

5.5. In all matters not covered in the Agreement the Parties shall be guided by the laws and regulations of the Republic of Latvia.

5.6. The Agreement has been executed in two identical copies in Latvian; each Party shall have one copy.

6. Parties' Details and Signatures