

APPROVED
at the Meeting of 12 May 2022
of the Procurement Commission
of Ventspils State city Council
Minutes No. VS2022/10.1

COMPETITIVE DIALOGUE

**„BROKERAGE SERVICES FOR GREENHOUSE GAS EMISSIONS
ALLOWANCES TRADING”**

REGULATIONS

(Procurement ID VS 2022/10)

1. General Provisions

- 1.1. For purposes of these Regulations, the following terms shall be used in the meanings set forth herein:
- 1.1.1. **EEX Price** means the European Energy Exchange (EEX) price for Emission Allowances on the respective day that is determined on the basis of the information published on the Internet webpage: <http://www.eex.com/en/> under the Section: Environmental Markets Spot Market.
- 1.1.2. **Emission Allowance** means the greenhouse gas emission allowance (EUA - European Emission Allowance).
- 1.1.3. **Traded Emission Allowances** means the traded from 55 000 (fifty-five thousand) to 64 000 (sixty-four thousand) greenhouse gas emission allowances (EUA) in the period from 2022 till 2025 (including 15 000 EUA at 2022).
- 1.1.4. **Tenderer** means a legal entity which satisfies the requirements set out in these competitive dialogue regulations, consents to the requirements of these regulations and has submitted a tender for participation in the competitive dialogue in accordance with the procedure set forth therein.
- 1.1.5. **Agency Charge** means the agency charge payable for the Traded Emission Allowances.
- 1.1.6. **Trader** – the municipal company SIA „Ventspils siltums”, registration number 40003007655, registered office: Talsu iela 84, Ventspils, LV-3602, Latvia, banking details: AS „Swedbank”, account No.LV45HABA0001402060112, SWIFT: HABALV22, contact person: Financial Director Egils Vītols, e-mail address: egils.vitols@ventspils.lv, ph. +3713602200, business address: Talsu iela 84/3 Ventspils, LV – 3602, Latvia.
- 1.1.7. The competitive dialogue procedure is organised by the Ventspils State city Council Procurement Commission (hereinafter – the Commission).
- 1.2. The notice on the competitive dialogue and the regulations of the competitive dialogue are published on the Trader’s webpage: www.ventspilssiltums.lv.
- 1.3. The competitive dialogue regulations can be accessed and obtained in electronic form free of charge at the office of the municipal company SIA „Ventspils siltums”, address: Talsu iela 84, Ventspils, LV – 3602, on business days during the working hours: 9.00 – 16.00, room 3, contact person: Egils Vītols (ph. +3713602200, egils.vitols@ventspils.lv). Upon request the competitive dialogue regulations are e-mailed to the Tenderer against electronic delivery confirmation.
- 1.4. Any inquiries and additional information requests regarding the competitive dialogue regulations must be submitted not later than 7 (seven) business days before the deadline for submitting the tenders. The Trader shall review such inquiries/information requests and send the answer to the Tenderers who have received the competitive dialogue regulations.
- 1.5. Any information exchange between the Trader and the Tenderer shall be carried out in electronic form.
- 1.6. The Trader shall process and keep confidential all information and documents that are received from the Tenderers in connection with their Tenders and shall use such information only for the needs of the competitive dialogue consistently with its regulations.

2. Information on the Subject of the Competitive Dialogue

- 2.1. **Subject Matter** means the brokerage (agency) services for emission allowances trading.
- 2.2. The object of the competitive dialogue is the sale of the Traded Emission Allowances which constitute from 55 000 (fifty-five thousand) to 64 000 (sixty-four thousand) greenhouse gas emission allowances (EUA) **by 30 September 2025.**

- 2.3. The emission allowances have been allocated to the Trader as an operator within the meaning of the law of the Republic of Latvia “On Pollution” under the National Emissions Allowance Allocation Plan 2013 – 2020 and under the National Emissions Allowance Allocation Plan 2021 – 2025.
- 2.4. The emission allowances are registered with the Union Registry in accordance with the Directive 2003/87/EC of the European Parliament and of the Council (hereinafter – the Union Registry).

3. Terms of Participation and Documents to be Submitted

REQUIREMENTS	DOCUMENTS
3.1. The Trader shall exclude a Tenderer to whom the contract under the competitive dialogue should be awarded, from further participation in the competitive dialogue in any of the following cases:	
3.1.1. The Tenderer is subject to insolvency proceedings (except for cases, when the insolvency proceedings contain measures targeted at restoring the debtor’s solvency), the Tenderer’s operations are terminated, or the Tenderer is wound up;	<ul style="list-style-type: none"> - For Tenderers registered and permanently residing in the Republic of Latvia, the Trader shall consider the records of the information system of the Cabinet of Ministers. It is recommended to present a statement issued by the Register of Enterprises. - The Tenderers registered and permanently residing abroad must present statements issued by the competent authorities confirming that the provisions of Paragraph 3.1.1. are not applicable to the Tenderer.
<p>3.2. The Tenderer cannot be a legal entity, or a group of persons registered offshore¹.</p> <p>The Tenderer, its members of the Board of Directors or the Supervisory Board, the authorized representative or proxy or a person that is authorized to represent the Tenderer in the operations of its branch office, or a member of a general partnership, in case the Tenderer is a general partnership, cannot be subject to any international or national sanctions or any sanctions affecting substantial financial and capital market interests imposed by the European Union or the North Atlantic Treaty Organization which affect performance of the contract.</p>	<ul style="list-style-type: none"> - The Trader shall exclude the Tenderer from participation in the competitive dialogue in case the Tenderer is a legal entity, or a group of persons registered offshore. - The Trader shall accept and recognize statements and other documents issued by foreign competent authorities, in case the statement has been issued not earlier than six months before the date of presenting the same. <ul style="list-style-type: none"> - The Trader undertakes to verify that the exclusion requirements set out in the Law on International Sanctions and National Sanctions of the Republic of Latvia Article 11.1 are not applicable to the Tenderer, by consulting the following webpages: https://sankcijas.fid.gov.lv/; https://www.sanctionsmap.eu/#/main un https://sanctionssearch.ofac.treas.gov/

¹ Offshore means low tax or tax-free area or country within the meaning of the Corporate Income Tax Law, except for the member states and territories of the European Economic Area, member states and territories of the WTO agreement on trade agreements and such countries and territories with whom the EU or Latvia has entered into international agreements on public procurement market opening. Cabinet of Ministers Regulations of 17.12.2020 No.819 “Regulations on Low Tax or Tax-Free Countries and Territories”

4. Selection Requirements and Required Documents

TERMS AND REQUIREMENTS	DOCUMENTS
4.1. The Tenderer can be any legal entity:	- a certified copy of the registration certificate or a statement issued by the respective national register on the registration of the legal entity;
4.1.1. that is accordingly registered, licenced (MiFID) and certified, if required by the laws of the respective country for the purchase/sale or agency in trading with Emission Allowances;	- a certified copy of the licence (MiFID) or certificate, if the national laws foresee such a requirement for the purchase, trade or agency in trading with Emission Allowances.
4.1.2. which has an Emission Allowances account and a respective Legal Entity Identifier (LEI);	- the information must be provided in the Tenderer's application form.
4.2. The amount of Emission Allowances purchased or traded by the Tenderer in the capacity of an agent per year during any of the last three years (2019, 2020, 2021 and 2022 by the date of submitting the tender) must be at least 65 000 Emission Allowances.	- The Tenderer must provide information on the amounts purchased or traded in the capacity of an agent (purchaser, amount, year, contact person).

Financial Tender and Documentation Requirements

TERMS AND REQUIREMENTS	DOCUMENTS
4.3. Application Form:	- filled out application form for the participation in the competitive dialogue that is attached thereto as Annex No.1. The application form must be signed by the Tenderer's authorized signatory that is registered with the Register of Enterprises of the Republic of Latvia or a respective foreign registry or by a person duly authorized thereto by the first, by enclosing a respectively drafted power of attorney and a document which confirms the signatory (representation) rights of the person issuing the power of attorney. The power of attorney should precisely state the scope of rights and obligations of the authorized person. The Tenderer must sign the application with safe electronic signature;
4.4. Contract:	- Draft contract. In case the draft contract that is submitted by the Tenderer does not satisfy the minimum requirements (Paragraphs 4.4.1. and 4.4.2), the Tenderer is excluded from participation in the competitive dialogue.
4.4.1. Dispute Resolution:	- Any disputes and misunderstandings in connection with the contract which the Parties fail to solve through amicable negotiations, shall be resolved by the courts of the Republic of Latvia based on the territorial jurisdiction of the Trader in Latvian according to the applicable Latvian laws.
4.4.2. Terms of Payment:	- The transfer of the Emission Allowances to the Buyer shall be effectuated after full amount of

	the purchase price shall be credited to the Trader's current account.
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5. Arrangement of Tender Documents

- 5.1. The submitted tender documents must be clearly readable. If the Commission wants to verify the legal effect of the original or a derivative (copy) of any document, the Commission may request the Tenderer to present the original for comparison and in case of any discrepancies the latter shall prevail. In case of any differences in the numeric values given in words and in figures, the amounts given in words will take priority.
- 5.2. The tender documents must be submitted in Latvian or in English. In case any document is drawn up in another language, a translation in Latvian or English that has been certified according to the procedure set in the applicable laws must be appended thereto. The translations are prepared in accordance with the Cabinet of Ministers Regulations of 22 August 2000, No.291 "Procedures for the Certification of Document Translations in Official Language".
- 5.3. The copies and extracts of the submitted documents must be prepared and certified in accordance with the procedure provided for in the applicable laws and regulations. Public documents issued abroad must be accordingly legalized, unless the international treaties provide otherwise. Any documents issued in a foreign country must be drafted and prepared in accordance with the Document Legalisation Law and the Hague Convention of 5 October 1961 Abolishing the Requirement for Legalisation of Foreign Documents.
- 5.4. The submitted documents must be signed with safe electronic signature. The tender submitted in electronic form can be signed by the Tenderer's one safe electronic signature, in case the tender is prepared as a single set of documents (file). The documents are signed with safe electronic signature by the Tenderer's authorized signatory. In case the tender is signed by the Tenderer's authorized representative, a power of attorney, duly signed by safe electronic signature of the Tenderer's signatory must be enclosed thereto.

6. Submission of Tenders

- 6.1. The tenders for participation in the competitive dialogue procedure must be submitted electronically to e-mail tender_eua@ventspils.lv **by 2 June 2022, 15.20.**
- 6.2. Any tenders that will be received after the date set in Paragraph 6.1. above will not be accepted and will be returned to the tenderer.
- 6.3. **The tenders will be opened** during the public tender opening meeting that will be held **on 2 June 2022, 15.20** at the premises of Ventspils State city Council, meeting room on floor 2, address: Jūras iela 36, Ventspils.
- 6.4. At the tender opening meeting, the tenders will be registered in the sequence in which they were submitted, by indicating the registration number, date and time of receipt.
- 6.5. Information on the registered tenderers and their number will not be disclosed until the competitive dialogue procedure.

7. Competitive Dialogue Procedure

- 7.1. No competitive dialogue procedure will be held in case no tenders will be submitted.
- 7.2. In case no tenders are submitted by the deadline set in these regulations, the Commission may extend the term for submitting the tenders; in such a case the remaining provisions of the competitive dialogue procedure remain unchanged.

- 7.3. The tenders will be opened in the sequence they were submitted. After opening a tender, the Chairperson of the Commission calls out the name of the Tenderer, the date and time of submitting the tender and the amount of the Agency Charge offered by the Tenderer.
- 7.4. The Commission selects the eligible Tenderers on the basis of the requirements of Paragraph 3 and verifies compliance of the tender with the requirements laid down in the competitive dialogue documents.
- 7.5. For selecting the eligible Tenderers and for the assessment of the submitted tenders the Commission may invite an expert.
- 7.6. **The tender selection criterion shall be the tender with the lowest Agency Charge (%) for the sale of 55 000 (fifty-five thousand) to 64 000 (sixty-four thousand) EUA.**
- 7.7. The Tenderer who has submitted all required documents, satisfies the requirements of the competitive dialogue procedure, has documentarily proven eligibility for the competitive dialogue procedure and his competence and ability to ensure full performance of the contract by the agreed deadlines, in proper quality and has submitted a tender with the lowest Agency Charge will be declared the winning tenderer.
- 7.8. In case 2 (two) or more Tenderers are offering equal - the lowest Agency Charge (%), the winner will be decided by drawing of lots. The time and venue of the draw will be notified to all Tenderers at least 3 (three) business days in advance.
- 7.9. The compliance assessment of the tenders with these regulations shall be carried out by the Commission at a closed meeting. In the event the Commission establishes that the information contained in the submitted tenders is unclear or incomplete, it will request the Tenderer or the competent authority to explain or supplement the presented information. The Commission shall set a term for submitting the missing information consistently with the term that is required for preparing and submitting such information.
- 7.10. The Commission retains the right not to consider a tender or to exclude the Tenderer from further participation in the competitive dialogue procedure in case the Tenderer fails to provide the requested information by the set deadline.
- 7.11. After taking the decision to award the contract the Trader shall notify all tenderers on the award decision. The decision regarding the result of the competitive dialogue procedure is published on the Trader's webpage under: <https://www.ventspilssiltums.lv> .
- 7.12. If the winning tenderer to whom the contract should be awarded withdraws its tender during its validity after the contract award decision or fails to enter into the contract with the Trader within the set term, the Tenderer is excluded from participation in the competitive dialogue procedure and the Commission will decide on the rights to enter into the contract with the Tenderer offering the next lowest Agency Charge.
- 7.13. The Commission retains the right to terminate the competitive dialogue, in case it comes to the Commission's knowledge that there is some agreement to withhold someone from participation in the competitive dialogue or there is an agreement between the tenderers that could affect the outcome or the procedure of the competitive dialogue.
- 7.14. The Trader retains the right to terminate the competitive dialogue procedure prior to awarding the contract in case the Trader has impartial reasons for doing so.

8. Procedure for Entering into Contract

- 8.1. After notification of the Commission's contract awarding decision, the Trader shall enter into the contract with the selected Tenderer on the basis of the submitted tender and the provisions of the competitive dialogue documentation.
- 8.2. The Tenderer's contract used for such trading procedures shall be used as basis for drafting and entering into the contract. The contract will be signed in Latvian and/or English.

9. Other Provisions

9.1. The competitive dialogue procedure has the following annexes which shall constitute an integral part thereof and shall be binding on the Tenderers:

9.1.1. Tender Application Form (Annex No.1);

9.1.2. Sale Order (Annex No.2);

Municipal Company SIA „Ventspils siltums”

Financial Director

E.Vītols

Approved:

SIA „Ventspils siltums”

Chairperson of the Board

A.Uzaris

(on the applicant's form)

APPLICATION FORM
Greenhouse Gas Emission Allowances Trading

Name of the Tenderer: _____**Registration number and date:** _____**Registered address:** _____**Postal address:** _____**Fax:** _____**E-mail:** _____**Authority signatory of the legal entity:** _____

(name, surname, position)

Person authorized to submit the tender, represent the entity in the competitive dialogue and to enter into the contract:

(name, surname, position)

Banking details: _____**Legal Entity Identifier (LEI):**

Emission Allowance Account No.

Offered Agency Fee for the Traded Emission Allowances:

No.	Item	Interest (%) of the transaction amount (5 (five) decimal places)
1	Offered Agency Fee for the sale of 55 000 to 64 000 greenhouse gas emission allowances (EUA)	

Terms of Payment: _____

With this we confirm that our tender will remain in effect for the term set forth in the competitive dialogue regulations (Paragraphs 2.2. and 2.3).

_____(date), _____ (venue)

(signature, name, surname) stamp

SALE ORDER

The Seller – municipal company SIA „Ventspils siltums” hereby commissions the cooperation partner _____

to sell _____ greenhouse gas emission allowances (EUA)

by _____
(term)

for the price per Allowance not below _____
(Price in figures and in words)

The price cannot be lower than the European Energy Exchange (EEX) previous day’s trading average EEX price for Emission Allowances that is determined on the basis of the information published on the Internet website: <http://www.eex.com/en/> under: Spot Market 2021 – 2030. In the afore-mentioned trading period the Traded Emission Allowances can be sold in parts, provided any such transaction covers at least 3000 Allowances

Trader
SIA „Ventspils siltums”
Chairperson of the Board

Cooperation Partner

_____ (date), Ventspils

_____ (date), _____