

STIPULATIONS FOR AUCTION OF
“Transaction of the issued Certified Emission Reductions (CERs) from
the CDM Project 0152 (Rang Dong Project)”

(Enclosed with “Invitation for Expression of Interest to Bid”)

CHAPTER I
GENERAL STIPULATIONS

Article 1: Object

This Stipulations for Auction is applied to the auction “Transaction of the issued Certified Emission Reductions (CERs) from the CDM Project 0152 (Rang Dong Project) which were issued to Vietnam National Oil and Gas Group” (hereinafter referred to as “CERs Rang Dong”).

The auction is held by PetroVietnam Finance Joint Stock Corporation pursuant to the Power of Attorney delegated by Vietnam National Oil and Gas Group.

Article 2: Legal Framework

- The United Nations Framework Convention on Climate Change, June 1992;
- The Kyoto Protocol, December 1997;
- The Instruction of the Prime Minister of Vietnam, No. 35/2005/CT-TTg, dated 17th October 2005 on Implementation of the Kyoto Protocol under the UNFCCC;
- The Circular No. 10/2006/TT-BTNMT dated 12th December 2006 of the Ministry of Natural Resources and Environment of Vietnam on Guidelines of Establishment of CDM Project within the framework of the Kyoto Protocol;
- The Decision No. 47/2007/QĐ-TTg dated 06th April 2007 of the Prime Minister of Vietnam on Approval of Implementation Plan of the Kyoto Protocol under the UNFCCC 2007 – 2010
- The Decision No.130/2007/QĐ-TTg Dated 02nd August 2007 of the Prima Minister on the financial policy for CDM project;
- The Joint Circular No.58/2008/TTLT-BTC-BTN&MT Dated 04th July 2008 of the Ministries of Finance and Ministry of Natural Resources and Environment on the Guideline of financial policy for CDM Project;

Article 3: Definitions

As used in this Stipulations of Auction, the terms in bold have the meaning set forth as follows:

- 3.1. **Seller** is Vietnam Oil and Gas Group (PVN) – the Owner of CERs Rang Dong;
- 3.2. **Seller’s Agent** is PetroVietnam Finance Joint Stock Corporation (PVFC) pursuant to the Power of Attorney delegated by Seller;
- 3.3. **Bidder** is governmental organizations or enterprises who are in need of purchasing CERs for their own purposes;

- 3.4. **Preferred Bidder** (in the other word referred to as “**Buyer**”) is the Bidder selected by Seller, which accepts to become the Buyer of CERs Rang Dong as the result of the auction;
- 3.5. **Bid** is the proposal from the Bidders, including price and quantity of CERs, submit to the Seller in order to participate the auction;
- 3.6. **Project** is the CDM Project 0152 “Rang Dong Oil Field Associated Gas Recovery and Utilization Project”;
- 3.7. **Purchasing affirmation** is the affirmation between the Buyer and Seller to transact, and may be signed prior to the ERPA or waived to proceed directly to ERPA signing;
- 3.8. **Reserve Price** is the lowest price of 1 CER as determined by the Seller as defined in the Terms of Reference.
- 3.9. **Business Day** is any day except the Saturday, Sunday and other Public Holidays of Vietnam.

CHAPTER II

RIGHTS AND OBLIGATIONS OF PARTIES

Article 4: Rights and Obligations of Seller

- 4.1. Supervise and inspect the progress of auction in compliance with Stipulation for Auction, approve the result of auction, and delegate Power of Attorney to Seller’s Agent to enter into certified emission reduction purchase agreement (hereinafter referred to as “ERPA”) with Buyer;
- 4.2. Execute the purchasing affirmation and ERPA signing with Preferred Bidder;
- 4.3. Execute the necessary procedures for CER transaction from Seller’s CER account to Buyer’s CER account;
- 4.4. Honor obligations in accordance with terms and conditions of ERPA;

Article 5: Rights and Obligations of Seller’s Agent

- 5.1. Responsible for the provision of accurate and sufficient information in relation to CERs Rang Dong to Bidders;
- 5.2. Conduct the auction of CER Rang Dong transparently to Bidders including but limited to the progress of clarification on Stipulations for Auction, the Terms of Reference, as well as negotiation on ERPA and draft of other necessary procedures in connection with CERs transaction (hereinafter referred to as “Documents”) in compliance with Seller’s Power of Attorney;
- 5.3. Appraise the capabilities of Bidders in order to propose a short-list of Bidders for Seller’s approval and subsequently to extend Invitation to Bid to short-listed Bidders;
- 5.4. Inform the date and time of auction to the selected Bidders;
- 5.5. Receive, verify and subsequently return Bid Guarantee and Payment Guarantee submitted by the selected Bidders and Buyer in accordance with the Stipulation for Auction;
- 5.6. Receive and acknowledge the receipt of Bids submitted by Bidders;

- 5.7. Evaluate Bids for Seller's approval;
- 5.8. Notify the result of auction to Preferred Bidder(s) and assist the progress of purchase affirmation and ERPA signing;
- 5.9. Secure the confidentiality of information on Bidders and their respective Bids during the auction;

Article 6: Right and Obligation of Bidders and Buyer

- 6.1. Access the link as instructed by Seller's Agent to obtain information in relation to the auction of CERs Rang Dong
- 6.2. Request clarification as well as propose revision to Documents, if any, to Seller's Agent through the contact point as instructed by Seller's Agent;
- 6.3. Express Interest to Bid, together with introduction profile to Seller's Agent as per Seller's Agent request;
- 6.4. Submit valid Bid Guarantee and Payment Guarantee, if applicable, as per Seller's Agent request;
- 6.5. Submit Bid, if applicable, as per Seller's Agent request and instruction, and in accordance with agreed terms and conditions;
- 6.6. Execute the purchase affirmation and enter into the ERPA with Seller, if applicable;
- 6.7. Open or nominate account with National Registry for CERs transaction, if applicable;
- 6.8. Honor obligations in accordance with terms and conditions of ERPA, if applicable;
- 6.9. Bear all costs rising in relation to the Bidder, in connection to the auction

CHAPTER III

STIPULATION FOR BIDDER SELECTION TO BID

Article 7: Content of Invitation for Expression of Interest to Bid

- 7.1. Information pertaining to the auction will be uploaded to Seller's Agent website, as instructed in the Invitation to Bid, including the following Documents:
 - i. Invitation for Expression of Interest to Bid;
 - ii. Stipulation for auction of CERs Rang Dong;
 - iii. Terms of Reference;
 - iv. Scanned copy of the Power of Attorney delegated by PVN to PVFC;

Article 8: Content of Expression of Interest to Bid

Bidders shall address to the Seller's Agent the following documents:

- 8.1. Expression of Interest to Bid in [the Form 1](#) attached with this Stipulation;
- 8.2. Copy of business registration and introduction profile of legal status of Bidder who could bind into auction and subsequently enter into ERPA with Seller;
- 8.3. Latest annual report and supporting documents proving the financial capabilities for the payment of CERs transaction;

- 8.4. Reference list in the field of Carbon Credit Trading and Compliance if any;
- 8.5. Contact detail of Bidder in correspondence with Seller's Agent;
- 8.6. Proposal if any for revision of Documents

Article 9: Submission of Expression of Interest to Bid

- 9.1. Address of submission:

PetroVietnam Finance Corporation (PVFC)
Finance Service Div – CDM Project Development Dept.
5th Floor, PVFC Building, No.22 Ngo Quyen street, Hanoi, Vietnam
Tel: +84 4 3942 6800 / Ext 518
Fax: +84 4 3942 6797
Email: cdm@pvfc.com.vn
And cc to: nhungtp@pvfc.com.vn
cuongch@pvfc.com.vn

- 9.2. Time of submission:

The Expression of Interest to Bid shall reach Seller's Agent no later than **17:00h (Hanoi time), 19 November, 2009;**

- 9.3. Manner of submission:

Expression of Interest to Bid can be addressed to Seller's Agent through fax transmittal or email or postal to the fax number, email account or address as instructed in Article 9.1

Article 10: Acknowledgement of Receipt

- 10.1. Seller's Agent shall send acknowledgment the receipt of the Expression of Interest to Bid to individually Bidders by fax or email;
- 10.2. Expressions of Interest to Bid reaching the Seller's Agent after the deadline of submission stipulated in Article 9.2 will not be considered, and such Bidders shall receive a notice of rejection from the Seller's Agent;

Article 11: Clarification and discussion of Documents

- 11.1. Bidders may send requests for clarification and/or proposals for revising the Documents to the Seller's Agent, through the fax number or email account until the deadline of submission. Seller's Agent shall respond, within a reasonable time period, to Bidders through fax or email;
- 11.2. The discussion and the revision if any of Documents may continue and be issued until the date of issuance of the Result of Short-listed Bidder, for Bidders which have submitted their Expression of Interest to Bid;
- 11.3. The discussion and the revisions, if any, of Documents may continue with short-listed Bidders., until the date of issuance of the Invitation to Bid.

Article 12: Appraisal criterion for Bidders to be invited to bid

- 12.1. Submission of the Letter of Expression of Interest to Bid, in compliance with the form

- provided in this Stipulation;
- 12.2. Lawful business registration in accordance with the law of the country which the Bidder bears nationality of;
 - 12.3. Latest annual report, corporate information submitted, and supporting documents demonstrating a strong financial position and the ability to fulfill the payment obligations of the CER transaction;

Article 13: Results of Short-listed Bidders, Invitation to Bid and draft of ERPA

- 13.1. Seller's Agent shall notify Bidders, through fax or email, whether they have been "selected" or "not selected" to receive the Invitation to Bid;
- 13.2. The result will be notified to Bidders within five (5) working days after the deadline of for Expressions of Interest to Bid;
- 13.3. The selected Bidder shall receive a draft of ERPA for study and proposal for adjustment;
- 13.4. The discussion and the revision if any of ERPA shall be mutually agreed and acknowledged by Seller's Agent and each Bidder before the deadline of Bid Guarantee submission as specified in the Invitation to Bid;
- 13.5. Invitation to Bid will be sent to the short-listed Bidders at a date to be specified by the Seller;

CHAPTER IV

STIPULATION FOR WINNING BIDDER SELECTION

Article 14: Bid Guarantee and Payment Guarantee

- 14.1. This section applies only to short-listed Bidders;
- 14.2. Bidders shall submit to Seller's Agent their Bid Guarantee within five (5) working days since the issuance of the Invitation to Bid;
- 14.3. The Bid Guarantee shall have a value of 100,000.00 EUR (in word: One hundred thousand Euro only);
- 14.4. The Bid Guarantee shall be valid for 21 calendar days after the deadline of the Bid Guarantee submission;
- 14.5. The Bid Guarantee shall be in the form of a bank guarantee according to [Form 2](#) as provided in this Stipulation; this shall be issued by a commercial bank licensed to operate in Vietnam;
- 14.6. Seller's Agent shall send acknowledgment of receipt of Bid Guarantee through fax or email to respective Bidder upon receipt of Bid Guarantee;
- 14.7. Bid Guarantee shall be returned to Not-Preferred Bidder in the day after the auction. Bid Guarantee shall be returned to Preferred Bidder after Seller receiving Payment Guarantee from Preferred Bidder;
- 14.8. Preferred Bidders shall submit to Seller's Agent their Payment Guarantee within five (5) Business Days after purchasing affirmation with amount equivalent to the sales value stipulated in ERPA and with validity is five (5) days longer than payment due as

stipulated in ERPA;

- 14.9. Payment Guarantee shall be returned to Preferred Bidder after completion of CERs transaction and payment.

Article 15: Deadline of Bid submission and Validity of Bid

- 15.1. The deadline of Bid submission, which is a moment in a day within the validity period of Bid Guarantee decided by Seller, will be stipulated in the Notice of Auction Time sent by Seller's Agent to Bidders after the deadline of Bid Guarantee submission but not less than two (2) days prior to the date of Bid submission through fax or email to Bidders who submitted valid Bid Guarantee;
- 15.2. Validity of Bid shall be not less than the period as stipulated in the Terms of Reference;

Article 16: Notify the Authorised Representative of Bidder

At least one (1) day prior to the deadline of Bid submission Bidders shall inform Seller's Agent a list of their Authorised Signatories which are authorized to execute the submission of the Bid, the purchasing affirmation and/or the ERPA.

Article 17: Condition precedent to conduct the auction

The auction of CERs Rang Dong will be conducted if there are at least five (5) Bidders submitting a valid Bid Guarantee. If this condition is not fulfilled, then Seller reserves the right to, at its discretion, (i) continue the auction; or (ii) extend the submission period of Bid Guarantee; or (iii) annul the auction and re-conduct the auction at a more appropriate time

Article 18: Bid submission and reception

- 18.1. Bidders shall submit Bids no later than the deadline of Bid submission as mentioned in article 15.1. Submitted Bids should be duly signed by the Bidder's Authorised Signatorie(s) as stated in article 16;
- 18.2. Bidders may, if they prefer, send a representative to witness the results of the auction, after the deadline of bid submission, at the auction venue;
- 18.3. Within two (2) hours prior to the deadline of bid submission, the Seller's Agent will confirm the synchronization of time and the reserve price with all Bidders through telephone, email and/or fax in order to assure a common understanding of the different time zones between Seller and Bidders and the reserve price reference;
- 18.4. Bid submission shall be executed through fax transmission or direct mail in a sealed envelope delivered by the representative of the Bidder at the venue of auction;
- 18.5. Seller's Agent shall send acknowledgment of receipt to individual Bidders through fax, email, telephone and/or direct contact with the Bidder' representative at the auction venue.

Article 19: Criteria for evaluation, ranking and selection of the Winning Bidder

Bids will be evaluated and ranked by the Seller based on the following criteria:

- 19.1. Bids shall be valid for a period as stipulated in the Terms of Reference;

- 19.2. Bids shall have no additional terms and conditions other than those mutually discussed, agreed with and acknowledged by the Seller's Agent prior to the Bid submission;
- 19.3. Bidding price shall be not less than the reserve price as stipulated in the Terms of Reference;
- 19.4. Bids shall be for the total volume of 350,000 CERs in auction;
- 19.5. Bids shall be sequentially ranked on price basis from high to low;
- 19.6. In the event of more than one Bid at the same price which is selected as winning price, then the Seller reserves the right to, at its discretion, allocate for sale the CERs on an equal basis between the Bidders at the winning price. Bidders are kindly requested to take this circumstance into account in their proposal, where the Bidding Price may be applied for a volume less than 350,000 CERs; or to clearly state in their proposal how this may be addressed;
- 19.7. Bidder selected as the Preferred Bidder shall affirm the purchase in writing to Seller's Agent within a reasonable response time after receipt of Auction Award Notice as stipulated in the Terms of Reference. No response to Seller's Agent within the stipulated response time shall be attributed that Preferred Bidder declines to purchase;
- 19.8. If Preferred Bidder declines to purchase or does not affirm to purchase due to any reason, then the CERs allocated to that Bidder may be allocated for sale to the next ranked Bidder at their respective bidding price, or to remaining Preferred Bidders in the event that there is a group of Bidders selected as Preferred Bidders;
- 19.9. In the event that none of the Bids fulfill the conditions stipulated in the Articles 19.1 to 19.4, the Seller reserves the right to annul the auction and re-conduct at a more appropriate time;
- 19.10. In the event that there are less than five (5) submitted Bids, the Seller reserves the right, at their discretion, to either (i) continue the auction; or (ii) annul the auction and re-conduct the auction at a more appropriate time.

Article 20: Announcement of auction result

- 20.1. Seller reserves the right to evaluate, rank Bids and subsequently select the Preferred Bidder within a reasonable period of time, which shall be within the validity period of the Bids as stipulated in the Terms of Reference;
- 20.2. Seller's Agent shall first send the Auction Award Notice through fax, and then through telephone, to the Bidder which is selected to be Preferred Bidder, in order to request for the purchasing affirmation and/or ERPA signature;
- 20.3. After securing the purchasing affirmation and/or ERPA signature from the Preferred Bidder for all offered CERs in the auction, the Seller's Agent shall inform Bidders which are not selected as the Preferred Bidder, at the latest within ten (10) minutes after the expiry of the validity period of the Bids;
- 20.4. Seller's Agent shall also inform all Bidders in the event that the auction is annulled according to Article 19.9 or 19.10,

Article 21: ERPA entering and CERs transaction procedures

- 21.1. If the ERPA is not yet signed, then within five (5) working days of the purchasing affirmation from the Buyer then the Buyer (Preferred Bidder) and Seller shall enter into the ERPA;

- 21.2. The Delivery Date is the date when Seller executes the CER transaction from Seller CER account to Buyer CER account. The Delivery Date shall be within five (5) Business Days after ERPA signature and receipt of the Payment Guarantee from Buyer to the Seller;
- 21.3. Seller shall invoice Buyer no later than five (5) Business Days after the Delivery Date;
- 21.4. Payment shall be made within five (5) Business Days after receipt by email, fax or mail of the invoice, or five (5) Business Days after the Delivery Date, whichever is later.

Article 22: Treatment for Breach of Stipulations of Auction

The Bid Guarantee of Bidder shall be forfeit under the following conditions:

- a) Bidder withdraws its Bid during the validity period of submitted Bid;
- b) Bidder declines to affirm the purchase upon the Auction Award Notice from Seller's Agent, where such purchasing affirmation is in accordance with the submitted Bid from the Bidder;
- c) Bidder declines to submit the Payment Guarantee upon affirming the purchase with Seller's Agent, where Bidder has previously agreed to submit such Payment Guarantee in accordance with their submitted Bid.

Article 23: Other stipulations

- 23.1 Bidders should address queries or complaints, if any, to the Seller's Agent at the contact details provided in Article 9.1, for clarification prior to the end of the auction. Queries or complaints submitted after the end of the auction shall not affect the results of the auction;
- 23.2 This Stipulation shall come into effect together with Invitation for Expression of Interest to Bid.

FORM 1

Application for Expression of Interest to Bid

To: Vietnam Oil and Gas Group (PVN)

Having considered the Invitation for Expression of Interest to Bid in relation to the Auction issued by Vietnam Oil and Gas Group (PVN), we, [name of bidder, address, tel, fax] – the undersigned, hereby express our interest in the participation of the auction “Transaction of the issued Certified Emission Reductions (CERs) from the CDM Project 0152 (Rang Dong project)” in accordance with the Stipulations and Terms of Reference as outlined by PVN.

We understand that PVN has the right to verify or request clarification of any information regarding our documentation of Expression of Interest to Bid.

We acknowledge that PVN has the right to accept or reject any Expression of Interest to Bid or to annul the auction without bearing responsibility for clarification of its reason to all Bidders.

We are under pledge of the accuracy and transparency of all information submitted in and enclosed with our Expression of Interest to Bid.

Signed on behalf of the [name of bidder]:

Name: (Authorised Signatory)

Position:

Date:

FORM 2

BID GUARANTEE

To: Vietnam Oil and Gas Group (PVN)

(Hereinafter referred to as “Bid Inviting Party”)

Whereas, [Name of Bidder] (hereinafter called “Bidder”) has submitted their bid to participate in the auction of “Transaction of the issued Certified Emission Reductions (CERs) from the CDM Project 0152 (Rang Dong project)”.

We [Name of Bank] having our registered office at [Address of the Bank] (hereinafter called “Bank”) is bound unto Bid Inviting Party for the sum of 100.000 EUR (in words: One hundred thousand Euro only) guaranteed on behalf of the Bidder to support their participation in the afore-mentioned auction.

We commit to pay to Bid Inviting Party the aforesaid guarantee amount without clarification upon receipt of a written request of Bid Inviting Party which informs that Bidder has been in breach of stipulations of the aforesaid auction as the case may be as follows:

- a) Bidder withdraws its Bid during the validity period of submitted Bid;
- b) Bidder declines to affirm the purchase upon the Auction Award Notice from Seller’s Agent, where such purchasing affirmation is in accordance with the submitted Bid from the Bidder;
- c) Bidder declines to submit the Payment Guarantee upon affirming the purchase with Seller’s Agent, where Bidder has previously agreed to submit such Payment Guarantee in accordance with their submitted Bid.

This guarantee will remain in force within 21 days from [the date - will be informed later in the Invitation to Bid]. Any request of Bid Inviting Party in respect of this bid guarantee thereof should reach Bank not later than the aforesaid validity period.

Signed on behalf of the [name of Bank]:

Name: (Authorised Signatory)

Position:

Date:

FORM 3

BID APPLICATION

Bidder: [name of Bidder]

Date, 2009

To: Vietnam Oil and Gas Group (PetroVietnam)

Having duly studied the Invitation to Bid and reference documents for the auction “The Transaction of the issued Certified Emission Reductions (CERs) from the CDM Project 0152 (Rang Dong project”, we, [name of Bidder], with registered offices at [address/tel/fax] with registration number [.....] hereby submits a Bid to purchase the aforesaid CERs, in compliance with the terms and conditions of the agreed ERPA and proposal with the Seller’s Agent, at a unit price of EUR (in word:EUR).

Our Bid Application takes effect from the auction closing time [Time T, Date D, Hanoi time] and shall be valid until [....., Hanoi time].

We agree to honor obligations during the validity of our Bid Application, supported by a Bid Guarantee submitted to the Seller’s Agent by our issuing bank.

Yours faithfully,

Signed on behalf of the [name of bidder]:

Name: (Authorised Signatory)

Position:

Date:

[Please use Corporate Stamp if available]