

Terms of Reference
Auction of the issued Certified Emission Reductions from the
Rang Dong Oil Field Associated Gas Recovery and Utilization Project
(CDM Project 0152)

Item	Terms	Content
1	Purpose	This Terms of Reference (TOR) outlines the parameters for all bidders to participate in the afore-mentioned auction.
2	Project Description	<p>CDM Project 0152: “Rang Dong Oil Field Associated Gas Recovery and Utilization Project”</p> <p>Recovery and Utilization of gases produced as a by-product of oil production activities at the Rang Dong field, located about 140 kilometers off the south-eastern coast of Vietnam. Prior to 2002 waste gas was burned, or flared, on site to produce a waste stream of CO₂. The Project activity includes the construction of a gas pipeline and compressor facilities to recover and transport the by-product gas. The gas recovered is processed into dry gas (mostly CH₄) as well as LPG (butane and propane) and condensate. The gas is supplied to nearby power plants (Phu My and Ba Ria) and will be sent to a nearby fertilizer plant. The LPG is used domestically as a home cooking fuel and the condensate in gasoline blending.</p> <p>Web-link: http://cdm.unfccc.int/Projects/DB/DNV-CUK1133472308.56/view</p>
3	Commodity	Certified Emission Reductions (CERs) under the Clean Development Mechanism (CDM) being units issued by the CDM Executive Board pursuant to Article 12 of the Kyoto Protocol and the decisions adopted pursuant to the UNFCCC or the Kyoto Protocol.
4	Seller of CERs	Vietnam Oil and Gas Group (“PetroVietnam”) established under the laws of Vietnam with the principal office at 18 Lang Ha Street, Hanoi, Vietnam.
5	Seller’s Agent	<p>PetroVietnam Finance Joint Stock Corporation (“PVFC”) established under the laws of Vietnam with the principal office at 72 Tran Hung Dao Street, Hanoi, Vietnam.</p> <p>PVFC is the duly authorized agent of PetroVietnam in accordance with Power of Attorney delegated by PetroVietnam No.5514/PVN-LQHQT dated 24 July, 2009</p>
6	Total quantity of CERs offered	<p>350,000 issued CERs currently in Seller’s Swiss Registry Account</p> <p>The 350,000 issued CERs are from the 1 Dec. 2001 to 31 Dec. 2005 vintages, which have already been issued to the Project.</p>

7	Price structure	Seller invites Fixed Price bids, in EUR (€) at the time of Bid submission. Seller invites bids for the full volume of CERs only.
8	Reserve price	The bidding price shall be: (i) not less than 95% of the quoted price on BlueNext for Spot CERs of the day before the day of auction; and (ii) not less than 11.50 EUR Seller reserves the right to refuse all bidding prices if the bidding prices do not satisfy the conditions above.
9	Bid submission deadline	Bids are to be received in the following manner and time: a) by fax or in a sealed envelope addressed to: To: CDM Development Dept., Corporate Finance Div., PetroVietnam Finance Joint Stock Corp., (PVFC) No. 22, Ngo Quyen street, Hoan Kiem district, Hanoi Tel: +84 4 3942 6800/518 Fax: +84 4 3942 6797 Email: cdm@pvfc.com.vn Confirmation of receipt shall be made by PVFC as soon as is reasonably practicable. b) not later than 17:00pm (Hanoi local time) on [date-month-2009] (<i>Short-listed Bidders shall be informed of the exact date by PVFC with at least 2 days' notice prior to the Bid submission deadline</i>)
10	Validity of Bid	Bids shall be valid for 60 minutes from the bid submission deadline
11	Bid Guarantee	Interested Buyers will required to submit a Bid Guarantee with a value of EUR100,000, valid for 21 days, issued from a bank licensed to operate in Vietnam.
12	Auction Award Notice and Purchasing Affirmation	Within 30 minutes after the bid submission deadline but no later than 20 minutes before the expiry of Validity of Bid, Seller shall issue the Auction Award Notice to the Preferred Bidder. The Preferred Bidder is requested to affirm the purchase no later than 5 minutes in order to proceed to ERPA signature. Notification of auction result will be sent to all other Bidders within 10 minutes after the expiry of Validity of Bid;
13	ERPA Signing Procedure	The ERPA shall be signed with full and immediate effect directly or via fax, upon selection and affirmation of the Preferred Buyer, within the Validity of Bid. If the ERPA is signed and comes into effect in the format of a fax transmission, then the original copies of the ERPA must be signed and couriered to the Seller's Agent.

14	Delivery	CERs will be delivered in a single transfer into the Buyer's account in their nominated registry account, delivered from the Seller's Swiss Registry Account.
15	Delivery Date	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; A notification from the relevant authority from the Swiss Registry, in relation to the delivery instruction by the Seller, may be provided, if preferred, to the Buyer. Delivery of CERs is then expected within 5 Business Days of the signing of ERPA.
16	Payment Guarantee	Buyer shall submit a Payment Guarantee for the full amount of CERs transaction according to ERPA, within five (5) Business Days from the purchasing affirmation or ERPA signature.
17	Payment	Payment will be made directly into the account nominated by Seller as stated in ERPA.
18	Payment Date	Seller shall invoice Buyer no later than five (5) Business Days after the Delivery Date; 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.
19	Taxes	All amounts payable in relation to the sale and purchase of the CERs will be exclusive of any present and future taxes, withholdings, duties or other deductions whatsoever within the host country.
20	Buyer's CER Account	Buyer will nominate a registry account for delivery of CERs in the ERPA. The account shall be in the national registry of any country listed in Annex 1 to the Kyoto Protocol and notified to the Seller in writing not later than five (5) Business Days prior to the agreed Delivery Date.
21	Governing Law	The agreement between the parties will be governed by English law.
22	Arbitration venue	Singapore
23	Assignment	Either party may only assign its rights and obligations with the prior written consent of the other party.
24	Confidentiality	The terms of this term sheet and proposed ERPA for the sale and purchase of CERs will be held strictly confidential by both parties unless otherwise mutually agreed