Secretary General’s Foreword

The 25th Meeting of the Energy Charter Conference concluded in Astana, Kazakhstan, on 27 November 2014. I am pleased therefore to present the final edition of the 2014 Annual Report with a list of the decisions taken in Astana.

For the first time in the history of the Energy Charter, in 2014, the Chairmanship was held in by a Contracting Party rather than just by a particular individual from a member state. Kazakhstan was the first member country to hold the Chairmanship under this new practice. First Deputy Minister of Energy Mr. Uzakbay Karabalin was the individual who personified the Chairmanship by Kazakhstan of the Energy Charter Conference. As the holder of the Chair of the Conference, Kazakhstan brought forward a number of political initiatives to improve the Energy Charter Process. Perhaps the most important outcome of the Meeting of the Conference was the Astana Declaration of the Energy Charter Process for Global Energy Architecture. The Astana Declaration is a political document which will guide the Conference over the coming years. Under the Kazakh chairmanship there was also a proposal to develop a mechanism for amicable dispute resolution in an effort to avoid disputes going to actual arbitration, or other formal legal recourse. Kazakhstan also recommended the establishment of an Ombudsman for Investment Protection under the Secretary General. The intention is to assist in the more effective resolution of disputes and even to avoid the development of disputes.


In preparation for the Five-Yearly review, and to facilitate it, the Secretariat, in consultation with the Coordinators, prepared a comprehensive report based on the work carried out in the last five years (2009-2014). The report was based on the opinion of the signatories of the ECT (compiled through a questionnaire) and took into account the joint reply of the Industry Advisory Panel. The draft report was thoroughly discussed and finalised by the Strategy Group. The recommendations contained in the report were used by the Strategy Group in the preparation of the Conclusions of the Review. These were approved by the Conference some days before the Meeting in Astana. The implementation of the Conclusions will require further decisions by the Conference, through the Secretariat’s Programme of Work of each year, on the basis of available resources, both human and financial.

The second major exercise was the negotiations on updating the 1991 Energy Charter. There is now a clear conviction from the Contracting Parties that the Energy Charter Treaty is set to become an important instrument for global energy governance, providing the common rules required for developing energy cooperation in a more interlinked world. That is a conviction which I share and which I am pleased to promote. The text of the 2015 International Energy Charter, like the Energy Charter of 1991, sets out agreed principles on international energy cooperation. By engaging non-members in negotiations on a basic document on energy cooperation, the members of the Energy Charter Conference demonstrated their openness to reach out to new partners on all continents, and to promote the existing principles of the Charter. This is an opportunity for all countries willing to share those important principles with the current
constituency. I am now very encouraged that the Warsaw Process of updating the basic political platform of our cooperation is about to be successfully completed at the Ministerial Conference on the International Energy Charter in The Hague in May 2015. This will be known as The Hague II.

The announcement of the final arbitration awards in the three cases of former Yukos shareholders against the Russian Federation, which commenced in 2005 under the ECT, has been another major event of 2014. In July, three arbitrators unanimously decided that the Russian Federation should compensate the claimants in the total aggregated amount of USD 50 bln for certain measures deemed to have had the effect equivalent to an expropriation of the claimant’s investments in Yukos and thereby breaching Article 13(1) of the Treaty. These three final awards, against which no appeal is possible, can be considered as landmark decisions in the legal understanding of the interaction between taxation and investment protection under the ECT.

The decisions of the tribunals once again proved that the Energy Charter Treaty is a very powerful instrument in the protection of foreign energy investments. At the same time, more work should be done to ensure transparency of the implementation of the Treaty, and to further define the sensitive boundaries between legitimate energy policy making by governments, and the protection of the rights of foreign energy investors.

2014 was also the year when the constituency of the Energy Charter faced major challenges on a scale unseen since the inception of the Energy Charter Process in 1991. The conflicts in the Crimea and in the Southeast of Ukraine had grave political consequences and brought about a series of economic sanctions between several key members of the Energy Charter constituency. These events also had a negative impact on energy cooperation. The midterm consequences may well impact and reshape the longstanding mutually beneficial energy cooperation between the European Union and the Russian Federation. This conflict and the resulting sanctions once again highlight the wisdom of the founders of the Energy Charter Process twenty-five years ago. Let us remember that even extremely long and often unsuccessful negotiations around the table are a far better option for countries than the use of force, coercion and damaging sanctions. That is why a Model Energy Charter Early Warning Mechanism was welcomed by delegates. This Model EWM allows parties to voluntarily refer to it in order to prevent and overcome emergency situations in the energy sector related to the transit and supply of electricity, natural gas, oil and oil products through cross-border grids and pipelines.

Undoubtedly, 2015 will bring new opportunities and challenges. However I am confident that the Conference at its Meeting in Astana provided the necessary guidelines for the organisation’s further development in the form of the Astana Road Map. The initial implementation of the Astana Roadmap will be taken up by the Chairmanship of Georgia and I look forward to the work and close cooperation with Georgia on that.

Urban Rusnák
Secretary General
February 2015
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# Energy Charter Constituency


<table>
<thead>
<tr>
<th>Afghanistan</th>
<th>Estonia</th>
<th>Kyrgyzstan</th>
<th>Slovakia</th>
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<tbody>
<tr>
<td>Albania</td>
<td>European Union and Euratom</td>
<td>Latvia</td>
<td>Slovenia</td>
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<td>Finland</td>
<td>Liechtenstein</td>
<td>Spain</td>
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<tr>
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<td>France</td>
<td>Lithuania</td>
<td>Sweden</td>
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<td>Austria</td>
<td>Georgia</td>
<td>Luxembourg</td>
<td>Switzerland</td>
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<tr>
<td>Azerbaijan</td>
<td>Germany</td>
<td>Malta</td>
<td>Tajikistan</td>
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<tr>
<td>Belarus*</td>
<td>Greece</td>
<td>Mongolia</td>
<td>The former Yugoslav Republic of Macedonia</td>
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<td>Hungary</td>
<td>the Netherlands</td>
<td>Turkey</td>
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<td>Bosnia and Herzegovina</td>
<td>Iceland*</td>
<td>Norway*</td>
<td>Turkmenistan</td>
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<td>Bulgaria</td>
<td>Ireland</td>
<td>Poland</td>
<td>Ukraine</td>
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<td>Croatia</td>
<td>Italy</td>
<td>Portugal</td>
<td>United Kingdom</td>
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<td>Cyprus</td>
<td>Japan</td>
<td>Romania</td>
<td>Uzbekistan</td>
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<tr>
<td>Czech Republic</td>
<td>Kazakhstan</td>
<td>Russian Federation*</td>
<td></td>
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</tbody>
</table>

* – denotes state in which ratification of the Energy Charter Treaty is still pending.

^ – the Russian Federation signed the Energy Charter Treaty and was applying it provisionally until 18 October 2009 inclusive.

**Observers to the Energy Charter Conference** – signed the 1991 Energy Charter

<table>
<thead>
<tr>
<th>Canada</th>
<th>Mauritania</th>
<th>Pakistan</th>
<th>Syria</th>
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<tbody>
<tr>
<td>Indonesia</td>
<td>Montenegro</td>
<td>Palestine</td>
<td>United States of America</td>
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<tr>
<td>Jordan</td>
<td>Morocco</td>
<td>Serbia</td>
<td>Yemen</td>
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</table>

**Observers to the Energy Charter Conference** – by invitation of the Conference

<table>
<thead>
<tr>
<th>Algeria</th>
<th>Iran</th>
<th>Oman</th>
<th>United Arab Emirates</th>
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<tbody>
<tr>
<td>Bahrain</td>
<td>Korea</td>
<td>Qatar</td>
<td>Venezuela</td>
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<tr>
<td>China</td>
<td>Kuwait</td>
<td>Saudi Arabia</td>
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<tr>
<td>Egypt</td>
<td>Nigeria</td>
<td>Tunisia</td>
<td></td>
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</tbody>
</table>

*International Organisations with Observer Status:* 
ASEAN, BASREC, BSEC, CIS Electric Power Council, EBRD, IEA, IRENA, OECD, UN-ECE, World Bank, WTO
Structure of the Organisation

Energy Charter Conference
The Energy Charter Conference is the governing and decision-making body for the Energy Charter Process. All states who have signed or acceded to the Energy Charter Treaty are members of the Conference, which meets on a regular basis to discuss issues affecting energy cooperation among the Treaty’s signatories, to review the implementation of the provisions of the Energy Charter Treaty and the Protocol on Energy Efficiency and Related Environmental Aspects, and to consider possible new instruments and joint activities within the Energy Charter Framework.

Chairing State in 2014: Kazakhstan
Chairman: Mr. Uzakbay Karabalin, First Deputy Minister of Energy of Kazakhstan
Conference Vice-Chairmen:
Since January 2014, the Vice-Chairmen of the Energy Charter Conference are Mr. Odd Sverre Haraldsen, Director General at the Ministry of Petroleum and Energy of Norway; Mr. Jambulat Sarsenov, Deputy Chairman of the KAZENERGY Association, Kazakhstan; Ms. Mariam Valishvili, Deputy Minister of Energy of Georgia; and Mr. Anatoly Yanovsky, Deputy Minister of Energy of the Russian Federation.

Strategy Group
The Strategy Group serves as a forum for discussion on such issues as fostering the acceptance and implementation of the Energy Charter Treaty and the development of the entire Energy Charter Process, identifying ways to improve their effectiveness and examining possible options as to how the Energy Charter Process could be modernised.
Chairman: Mr. Odd Sverre Haraldsen (Norway)

Trade and Transit Group
The Trade and Transit Group is responsible for discussion of all issues related to cross-border energy flows that are covered by the Treaty. Its main tasks are:
- Monitoring and assistance in the implementation of the ECT and related instruments on trade and transit;
- Promoting and securing cross-border energy flows based on the Energy Charter Treaty;
- Facilitating the development of open, competitive and sustainable energy markets, and energy flows across the Charter constituency.
Chairman: Ms. Leila Stieger (Switzerland)

Working Group on Energy Efficiency and Related Environmental Aspects
The Working Group on Energy Efficiency and Related Environmental Aspects is the institutional body in the Energy Charter Process for the discussion of all matters related to energy efficiency. The Working Group has developed into a valuable forum for policy debate and exchange of experience, and many of the transition economies have used this cooperative process to develop policies, legislation and other measures supporting improvements in energy efficiency.
Chairman: Mr. Sergey Katsysh (Kazakhstan)

Investment Group
The Investment Group is the institutional body for the discussion of all investment-related issues covered by the Treaty. Its main tasks are:
- Providing a policy forum for all investment-related matters under the Treaty;
- Preparing reports concerning the investment climate and the issue of market restructuring/privatisation;
- Exercising peer pressure with regard to the reduction of remaining energy investment restrictions;
- Giving recommendations to specific member states concerning their investment-related energy policies;
- Informing of recent developments in the investment-related energy policies of member countries.
Chairman: Mr. Ramiz Rzaev (Azerbaijan)

Budget Committee
Chairman: Amb. Erik Ulfstedt (Finland)

Legal Advisory Committee
Chairman: Mr. Colin Brown (European Commission)

Industry Advisory Panel
The Industry Advisory Panel was set up by the Energy Charter Conference in 2004 as a means to build on existing contacts with industry and to strengthen the dialogue with the private sector on the main directions of the Charter Process, with a particular focus on risk mitigation and improvement of the business climate. The Panel is intended as a consultative board to the Energy Charter Conference and to its various Groups, to provide advice on relevant issues related to energy investments, cross-border flows and energy efficiency.
Chairman: Mr. Howard Chase (Dow Europe GmbH)
The Energy Charter Conference held its 25th Meeting on 26-27 November 2014 in Astana, Kazakhstan. This was the first Meeting of the Conference to be held under the new practice of a political chairmanship. The 25th Meeting provided a global forum for discussion of the issues related to the development of transit corridors and the improvement of global energy security. The Republic of Kazakhstan was host of the meeting which was attended by more than two hundred delegates from thirty five countries and many international organisations.

The Statutory Session of the 25th Meeting took place on the afternoon of November 26th and was chaired by Mr. Jambulat Sarsenov, Vice-Chairman of the Conference. There the work and management of the Energy Charter as an organisation were discussed by the delegations to the Conference. Apart from conducting the functions of the Meeting of the Conference as set out in the Treaty such as approving the Programme of Work and Budget for 2015, the Conference approved the establishment of a Working Group on Procedural issues.

The Conference also welcomed the Model Energy Charter Early Warning Mechanism. This is a mechanism that parties can voluntarily refer to on a case by case basis, to prevent and overcome emergency situations in the energy sector related to transit and supply of electricity, natural gas, oil and oil products though cross-border grids and pipelines.

Prior to the Meeting the conclusions of the Energy Charter Review under Article 34(7), were adopted. The Review affirmed the ECT as the only multilateral legally binding instrument in the energy sector dealing with the issues of investment protection, transit and trade. This makes the Treaty a highly valuable instrument for the evolution of ‘global energy architecture’. The Treaty’s unique internationally enforceable legal framework, including its strong mechanism for the settlement of disputes, was perceived more than ever as a useful mechanism for reducing the specific risks associated with the operation of the energy sector.

The core areas of the ECT continue to be: investment promotion and protection, dispute settlement, transit, trade and energy efficiency. Prioritising and focusing implementation efforts on the core areas of the ECT is key to fully apply its unique legal framework. This will contribute to promoting cooperation in the energy field and to energy security.
The Conference also agreed on the Astana Declaration of the Energy Charter Process. The Astana Declaration is a strategic orientation of the work of the Secretariat and the subsidiary bodies of the Conference for the five years ending in 2019. The intention is to ensure the relevance of the Energy Charter Treaty as an important legal instrument within global energy governance architecture. To fulfil such role, the Astana Declaration focuses on two strategic objectives: (i) Full implementation of the Treaty (deepening). This should allow for full advantage to be derived from the Treaty and ensuring that its provisions are applied in the optimal way. (ii) Global expansion of the Energy Charter Process (widening). This will involve encouraging interest in the Energy Charter Process in different regions in the world, and renewing the interest of those signatories of the 1991 Energy Charter who have not yet ratified or acceded to the Treaty.

The Ministerial Session of the 25th Meeting took place on the following day, 27 November, and focused on the theme “Development of transit corridors – a key to global energy security”. Mr Uzakbay Karabalin, the First Vice-Minister of Energy, Republic of Kazakhstan, and Chairman of the Energy Charter Conference opened the Session. Mr Maroš Šefčovič, Vice-President of the European Commission and for the Energy Union delivered a key note speech. Vice-President Šefčovič commented on the achievements of the Energy Charter Process in 2014, particularly the conduct of the Five-Yearly Review of the organisation, the adoption of the Astana Declaration and the agreement on the new International Energy Charter.

During the morning session Ministers and Heads of Delegations debated the role of the Energy Charter in securing energy transit and in promoting energy security. The discussions were continued in the afternoon by the heads of international organisations, international financial institutions and a panel of top-level CEOs and executives of national and multinational energy companies. The speakers outlined their views on the challenges and solutions for developing transit energy corridors and improve global energy security.

The high-level debate demonstrated that the increasing trend towards globalisation is ongoing in energy markets. Energy is transported not only between countries, but increasingly between continents. The increase in production and supply to the international markets requires timely development of large scale pipeline networks based on mutually beneficial international cooperation. At the same time, particularly for liquid and solid fuels, there is increasing transportation of energy resources by maritime means. The development of a network of interconnected infrastructure is important to ensure transit of energy resources among the countries and continents of the globe. Transport over land is preferably done by grid bound infrastructure. For landlocked countries such infrastructure is essential as it remains the only access for production and to consumer markets.

The message from the CEOs and other executives was that the private sector has an extremely important role to play in ensuring that future energy demand will be met with the necessary supplies. However, the development of energy infrastructure has never been left to the market alone. Governments play an important role in defining the policies that often predetermine the need for infrastructure. Governments play an equally important role inrealising and authorising the particular projects. International organisations and institutions might assist in this respect. Cooperation between these different actors – the private sector, governments and international organisations – with regard to the development of energy transit corridors is of high importance.

In the concluding session the participants of the Ministerial session arrived at a common agreement that the Energy Charter should play a more robust role and facilitate the development of transit corridors. This would improve global energy security. International organisations including the Energy Charter should also assist governments in addressing political, regulatory and operational aspects related to the development of transit corridors.
Strategy

Emergency Response

Energy security and emergency response became a particularly prominent issue against the background of the crisis in Ukraine, which from the beginning has had serious repercussions for energy issues. Based on the experience of the 2009 gas crisis, when a dispute over gas pricing for a transit country developed into a major supply crisis for downstream countries, the Secretary General, at an early stage, offered the Energy Charter as a neutral platform for the Russian federation, Ukraine and the European Union to improve confidence and transparency on energy relations. The Contact Group established by the Secretary General at the level of official representatives of the missions of Russia and Ukraine to the EU, the European Commission as well as the European External Action Service met four times. This platform may, it is envisaged, be also used for the exchange of data on actual flows of electricity, natural gas and oil, and as a preventive measure against disruptions.

The Work of the Energy Security Contact Group and the ongoing crisis provided an impetus to the Trade and Transit Group in the preparation of a Model Agreement for Early Warning Mechanism that could be used by parties involved in, or affected by, an energy dispute, or facing a threat to their energy security.

Updating the Energy Charter

The negotiations on the updated Energy Charter attracted much attention from delegations throughout 2014. These negotiations are aimed at the development of an “International” or “World” Energy Charter, expected to be signed at a High-Level Conference hosted by The Netherlands in 2015. The Strategy Group convened for four special sessions, with more than 100 countries invited. There was a lively debate on how the founding political declaration of the Energy Charter Process might better reflect global challenges. Important new inputs were received from China, Egypt, Indonesia and Iran, with a particular focus on the needs of developing and energy exporting countries. At the same time, the signatories of the original Charter were able to gain the support of outreach countries for the core principles of the Charter, believed to remain highly relevant. In addition to the actual results on the text, the negotiations showed the value of the Energy Charter as a policy forum, based on common principles and rules. The negotiations were also a demonstration of the openness of the Energy Charter to new developments and to countries with a different socio-economic environment.

The mission of the Energy Charter is to create common rules for global energy security. The ground is now being prepared for the Charter to become a potentially global framework. The updated Energy Charter will be in the form of a political declaration to be formally adopted and signed at a High-Level Conference in The Hague in 2015. It is hoped that the signing of this new document will pave the way for closer cooperation between the existing Charter members and partners around the globe willing to share the same core values. That will be the Energy Charter’s latest contribution to energy security at a global level.
In 2014, the Energy Charter Secretariat hosted negotiations on the **International Energy Charter**. The purpose of this political declaration has been to reaffirm the valuable principles of the Charter of 1991 and to motivate countries around the globe to subscribe to them. The Energy Charter Conference, when launching this process at its meeting in Warsaw in November 2012, was conscious that in order to be successful, it had to promote geographic expansion simultaneously with modernisation. The process attracted much attention from delegations throughout 2014.

In early 2014, the Strategy Group first served as a venue to reconvene the signatories of the European Energy Charter of 1991 as envisaged in the “Warsaw mandate”. Their task was to work out a basic text of the “updated” Energy Charter, reflecting modern terminology and expressing a firm recommitment to the Charter’s principles, including political and economic cooperation, sovereignty over energy resources, the development of efficient energy markets, non-discrimination, the promotion of favourable investment climate and environmental issues.

The next step was to invite non-signatories of the European Energy Charter to join the negotiations on the new declaration. It was decided to invite not only observers to the Energy Charter Conference, but also states targeted by the Charter’s policy on Consolidation, Expansion and Outreach and any other state interested in joining the negotiations. In total, more than 100 states were invited to participate, and more than 80 subsequently became involved. Four rounds of negotiations were held over the year in a Conference hotel in Brussels.

The involvement of non-members, representing energy producing, consuming and transit countries and developed, developing as well as emerging economies, allowed the parties to duly reflect the realities on global energy markets and common policy objectives to improve energy security, sustainability and economic growth. Important new inputs were received from China, Egypt, Indonesia, Iran and Morocco, including an adequate reflection of the growing weight of developing countries for global energy security, the role of enhanced energy trade for sustainable development, the need to promote access to modern energy services, energy poverty reduction, clean technology and capacity building, the need for diversification of energy sources and routes and the role of regional integration.

By including all these relevant issues, the International Energy Charter promotes mutually beneficial energy cooperation among nations for the sake of energy security and sustainability. The International Energy Charter thus fits well into the global policy agenda reflected, for instance, in the G20 Leaders’ Communiqué of the Brisbane Summit in November 2014 and the UN Document “The Future We Want” endorsed by the UN Conference on Sustainable Development in June 2012.

The readiness of the ECT members to discuss these issues with non-members on equal terms and to reflect them in a joint cooperation framework was very much appreciated. The negotiations were a clear demonstration of the openness of the Energy Charter to new developments and to countries with a different socio-economic environment. This has been an important contribution to prepare the ground for the a strong role of the Energy Charter as part of the evolving global energy governance architecture.

Following agreement on the text of the **International Energy Charter** during the fourth round of negotiations in October, the negotiating parties were asked to prepare for its adoption and signing at a Ministerial Conference hosted by the government of The Netherlands in The Hague on 20-21 May 2015. This Conference is expected to mark the peak of the ongoing modernisation of the Energy Charter Process. While for some states signing the International Energy Charter will be their first exposure to the Charter Process, there is an expectation that a number of the future signatories will take immediate steps towards accession to the Energy Charter Treaty.
Consolidation, Expansion and Outreach

Consolidation

The Secretary General continued to take the lead on the consolidation efforts with the five non-ratifying countries (Australia, Belarus, Iceland, Norway, and the Russian Federation) in their capitals and via diplomatic missions in Brussels. These consultations were aimed at identifying ways to facilitate the ratification of the ECT built on the progress achieved so far. The most significant progress was made with Iceland with indications from Reykjavik that the Treaty might be ratified in early 2015.

Expansion and Outreach

There were significant developments on the expansion and outreach front. The internal ratification of the Energy Charter Treaty by Montenegro is in progress and is expected to be finalised in 2015.

Pakistan confirmed that the internal process of ratification of the Treaty is in progress and due to be finalised early in 2015.

Close contact was maintained with the Jordanian authorities. Ratification of the Treaty by Jordan remains an objective of the Secretariat for 2015.

Indonesia is expected to become a Contracting Party by mid-2015. An Indonesian secondee worked at the Secretariat for some months in 2014.

Morocco also sent a Secondee to the Secretariat in September 2014 to produce the second part of their accession reports on energy efficiency.

Mauritania signed the 1991 Energy Charter in April. Mauritania expressed its wish to accede to the Energy Charter Treaty in 2015. An expert from Mauritania was seconded to the Secretariat to work on the accession reports.


Observer and Outreach Countries Meeting on Updating the Energy Charter

In April a total of 28 countries were represented at the meeting for observer and outreach countries in Brussels. Some joined the first Updated Energy Charter Negotiation Session as observers (United States, Saudi Arabia, Kuwait, Bahrain, Vietnam, Sri Lanka, India, Malaysia). Other countries decided to take a more active role with a view to sign the updated Energy Charter in 2015 (China, Colombia, Egypt, Indonesia, Iran, Morocco and Pakistan). There was also active participation in the negotiations by several MENA countries: Lebanon, Oman, Tunisia and Yemen.

China


Iran

The Secretary General visited Tehran in August for high-level meetings. The Iranian government confirmed its interest to develop cooperation with the Energy Charter. Meanwhile Iran has been an active participant to the updated Energy Charter negotiations.

Saudi Arabia

A delegation of legal experts from the government of Saudi Arabia visited the Secretariat in May to familiarise themselves with the Energy Charter Process. Experts from the Secretariat made presentations on various areas of activities within the Charter.
Process for energy producing countries. A separate presentation was made in Arabic on the relations of the Energy Charter with OPEC, IEF and IRENA, where Saudi Arabia plays a prominent role.

**Cooperation with International Organisations**

**IRENA**

The Secretary General participated in the 4th Session of IRENA’s General Assembly Meeting in January in Abu Dhabi, United Arab Emirates. Subsequently, the two organisations agreed to develop cooperation. Some proposals were discussed with regard to energy governance, energy efficiency, and cooperation on clean energy corridors in Africa and the Middle East and on increasing investment flows and protection in the region. The two organisations also entered into a mutual agreement for observer status.

**OPEC**

The Secretary General visited OPEC headquarters in Vienna to meet with OPEC Secretary General Dr. Abdallah El-Badri. The two Secretary Generals agreed on the practical steps for strengthening cooperation.

**EU Africa Project**

The Director for Energy and Infrastructure of the African Union Commission, Mr. Aboubakari Baba Moussa, visited the Energy Charter Secretariat in Brussels in April. In 2014, the Secretariat worked closely with the EU Commission on a joint project in African countries to promote the Energy Charter Treaty in that region.

**List of Energy Charter Liaison Embassies**

The concept of the Energy Charter Liaison Embassies was further developed and new countries expressed their readiness to participate in these diplomatic activities. Seven Embassies have been established and three more are currently under consideration.

(as of end 2014)

<table>
<thead>
<tr>
<th>Host Country</th>
<th>Liaison Embassy</th>
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<tr>
<td><strong>Existing</strong></td>
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<tr>
<td>Morocco</td>
<td>The Netherlands (2012)</td>
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<td>Montenegro</td>
<td>Slovakia (2012)</td>
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<td>Tunisia</td>
<td>Germany (2013)</td>
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<td>Pakistan</td>
<td>Turkey (2013)</td>
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<tr>
<td>United Arab Emirates</td>
<td>Kazakhstan (2014)</td>
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<td>Serbia</td>
<td>Slovakia (2014)</td>
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<tr>
<td>Vietnam</td>
<td>Hungary (2014)</td>
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<tr>
<td><strong>Under consideration</strong></td>
<td></td>
</tr>
<tr>
<td>Korea</td>
<td>France</td>
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<tr>
<td>Egypt</td>
<td>EU Delegation in Cairo</td>
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<tr>
<td>Lebanon</td>
<td>EU Delegation in Beirut</td>
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</tbody>
</table>

*The Embassy in Tripoli, Libya, was closed in March 2014 due to political and social unrest*
Trade and Transit

Resolution of Transit Disputes

As provided by the Road Map for the Modernisation of the Energy Charter Process of 2010, the enhancement of the conciliation mechanism for transit disputes existing in ECT Article 7 is an important activity in the area of emergency response. The Trade and Transit Group continued to discuss amendments to the Rules on Conciliation in order to make this mechanism immediately available in case of need. The Group consulted the Legal Advisory Committee on a number of issues. Taking into account the legal advice and the positions of the delegations, the Trade and Transit Group will consider further improvement of the Rules on Conciliation.

Energy Transit

Following the decision of the Energy Charter Conference of 2011 to suspend negotiations on the draft Transit Protocol and to reconsider a reset at a later stage, the Energy Charter Secretariat has been active in promoting the implementation of the existing transit provisions of the Energy Charter Treaty and in mainstreaming some of the core principles of the draft Transit Protocol such as non-discriminatory access to pipelines and grids, transparent and cost-based tariffs and authorisation procedures for the creation of new transit capacity.

Electricity Transit Workshop

In the Secretariat’s efforts to support regional cooperation in Central and South Asia, where electricity transit is one of the main concerns, there was continuing support to CDC “Energiya”, a regional dispatch centre in Central Asia, on the pricing of electricity transit. This was as a follow-up on the Electricity Transit Pricing study undertaken in 2013. Central Asian states were aiming to adapt the ENTSO-E’s Inter TSO Compensation (ITC) mechanism to the operational needs of integrated power systems of Central Asia.

With regard to the implementation of ECT transit provisions, the Secretariat organised a technical workshop to assist power system operators of Central Asia to remove technical obstacles in order to fine-tune and clarify the proposed mechanism. The workshop brought together the representatives of Ministries of Energy and TSOs of Central Asia and Afghanistan along with the representatives of ENTSO-E and European TSOs.
Trade Issues

Encouragement of ratification and implementation of the Trade Amendment provisions remained one of the priorities for the Energy Charter in the course of 2014. The Secretariat has prepared and circulated an explanatory note on the Amendment to the trade provisions of the ECT. The purpose of this note was to provide decision-makers of the ECT Contracting Parties with key information on the changes brought about by the Trade Amendment. The paper summarised the main elements of the Trade Amendment and explained the advantages of its ratification in order to encourage the remaining ECT members to ratify.

Binding Tariff Standstill Regime and Cooperation with International Forums

The Trade Amendment empowered the Conference to discuss and introduce binding tariff standstill. Developments which have been taking place within the WTO allowed discussing the introduction of binding tariff standstill in ECT in a situation of greater international attention. During the World Economic Forum held in Davos in January 2014, a group of 14 WTO members decided to support earlier efforts made by APEC countries to favour trade in environmental goods. The APEC list of 56 goods was taken as a starting point of these negotiations.

The Energy Charter Secretariat was in contact with the World Energy Council (WEC) to cooperate in the area of international trade in energy-related goods. The Secretariat drafted a consolidated synoptic table of goods comprising the APEC List of Environmental Goods, the ECT energy material and products (Annex EM I) and energy-related equipment (Annex EQ I) and the WEC Proposed List of Goods for Inclusion under an Environmental Goods Agreement. It is intended, that in the future the Secretariat will propose the introduction of a binding tariff standstill regime for the environmental goods subject of the Davos initiative.

At the meeting which took place in September, the Secretariat discussed with the Trade and Transit Group ways of cooperation with the WTO Permanent Missions with regard to promotion of the Environmental Goods Agreement, which concerns two dimensions: awareness raising and technical advice.

Activities of promotion of trade in environmental goods go in line with the decision to conduct further analysis and consultations on benefits of adding new low-carbon energy materials and products to the Annexes of the ECT, taken by the Energy Charter Conference at its 23rd Meeting in November 2012 in Warsaw, Poland, in the context of promoting low-carbon investment.

WTO Public Forum 2014

In October 2014 the Energy Charter organised a Working Session in the framework of the WTO Public Forum 2014 on the topic of “Trade in Environmental Goods as Catalyst for Implementing Sustainable Energy for
All Initiatives in Africa”. During the Forum, representatives from UNIDO, ICTSD, WTO, WEC and African NGOs underlined that trade in environmental goods was an important step to promote energy security and reduce energy poverty.

Improvement of Transparency of the ECT Annex W

The Trade and Transit Group furthermore discussed a possibility of modification of Annex W(A) which provides with “Exceptions to the Application of the Provisions of the WTO Agreement”, to a positive list of spelled out texts of the WTO provisions applicable to the ECT under Article 29(2)(A). For pure transparency purposes, the positive list of the WTO provisions which apply to the ECT can be found on the website of the Energy Charter.

Transparency Initiative

The transparency initiative on new cross-border infrastructure projects and strategies allows delegations to exchange information on practical issues related to the development of energy infrastructure.

A representative of the Analytical Centre Nomos, Ukraine, presented a proposal on the Transparency Regime for Cross-border Gas Flows. There was a discussion on various possibilities of monitoring flows of natural gas within the Russian-Ukrainian gas transportation system, including lessons learnt from the Ukraine-Russia crises of 2006 and 2009 involving the supplier, transit country and the consumer.

Delegations from Kyrgyzstan and Tajikistan updated the Trade and Transit Group on the proposed fourth line of the Central Asia-China gas pipelines project. The capacity of the proposed pipeline would be 30 bcm a year anticipating USD 1.2-1.4 bln of investments; it is scheduled to be completed by the end of 2016.

A representative of the IFC Russia Renewable Energy Programme made a presentation on cooperation and trade in renewable energy products between Russia and the EU, with a focus on the implementation of pilot projects in the field of small hydropower, biogas and wind energy in the Northwest of Russia.

CDC Energia, the regional electricity dispatch centre of Central Asia, briefed the Group on the ongoing work on the adaptation of ENTSO-E’s Inter-Transmission Compensation (ITC) mechanism to the needs of three Central Asian countries, namely Kazakhstan, Kyrgyzstan and Uzbekistan. CDC Energia aims to develop a software to adapt the ITC to unified power systems for this purpose.

A delegate from Kyrgyzstan made a presentation on the recent developments related to the CASA-1000 project. The project aims to interconnect the power systems of Central and South Asia in order to supply hydropower surpluses from Kyrgyzstan and Tajikistan to Afghanistan and Pakistan. The presentation highlighted the current institutional arrangements, funding gaps and infrastructure developments.

The delegation from Afghanistan presented an overview of the proposed TAPI project. This natural gas pipeline would transport 33 bcm/y of gas from Turkmenistan to Pakistan and India through Afghanistan. This project is believed to be economically beneficial for all countries involved; however, security concerns remain the main obstacle for its realisation.

A representative of the Georgian Ministry of Energy presented their flagship initiative related to regional electricity cooperation in the South Caucasus. The proposal is to establish two ministerial-level task forces on energy cooperation and integration. One task force will focus on the East-West corridor, including Turkmenistan, Azerbaijan, Georgia and Turkey, and another one on the North-South corridor, including Georgia, Armenia, Iran and Russia. It is anticipated that this
initiative will promote political dialogue for the development of transport corridors and cross-border trade, and help to develop a legal, regulatory and technical framework for facilitating investments based on the ECT.

**Protection of Critical Energy Infrastructure**

The Secretariat initiated cooperation with the Organisation for Security and Cooperation in Europe (OSCE) on the protection of critical energy infrastructure. The intention is to develop a handbook on good practices on the protection of electricity networks from natural disasters and man-made errors. The Secretariat participated and contributed to the expert-level workshop on this topic organised by the OSCE in July.

**Middle East and North Africa**

This year, following the Euro-Mediterranean Ministerial Energy Conference of December 2013, the Secretariat of the Union for the Mediterranean (UfM) launched the establishment of working groups in four areas: energy policy and regulation, infrastructure and interconnection, energy efficiency and job creation. Working groups are open for all forty-three countries of the UfM and relevant stakeholders (e.g., Medreg, Med-Tso, Medener, RCREEE, Medgrid, Dii, Res4Med, EIB, EBRD). The Energy Charter Treaty needs to be seen as a suitable instrument to fill the legal gap between both sides of the Mediterranean by spreading the principles of transparency and non-discrimination in the areas of investments, trade and transit.

To promote the principles and rules of the ECT on investment, trade and transit, the Energy Charter Secretariat organised in June a joint workshop on long-term transmission rights in the electricity sector in the context of the EU internal market and the Mediterranean region. The workshop was co-organised with the industrial initiative Dii GmbH (Desertec), GO15 (which represents the world’s largest power grid operators), and was hosted by the Spanish company ACS in Ciudad Real, Spain.
Energy Efficiency

The Protocol on Energy Efficiency and Related Environmental Aspects (PEEREA) has a proven record as a successful international instrument for the promotion of energy efficiency by providing a well developed framework for peer reviews, exchange of information and dissemination of good practices.

PEEREA Review Process

The review process remains the core activity of the group as the main tool to monitor and facilitate the implementation of the Protocol. Following the recommendations of the Energy Charter Conference in 2009, the focus continues to be on countries with the highest potential for improvements in their energy efficiency policy framework, namely Eastern European, Caucasus and Central Asian countries. Recommendations made by the review teams and discussed in the group are continuously seen as an important instrument to set the framework for energy efficiency policies and to formulate concrete objectives and strategies for improvements in national energy efficiency policies, legislative and institutional frameworks.

Four energy efficiency reviews were launched in 2014:

The In-depth Review of Turkey commenced in October 2013 with the support of experts from Norway, Albania, The Netherlands and the EC Delegation in Ankara, Turkey. The review mission to Ankara took place on 19-22 November 2013. The final report with the recommendations to the Turkish government was published in 2014.

Within the Memorandum of Understanding between the Secretariat and the Kazenergy Association a study of the energy efficiency policies of Kazakhstan was developed. The main objectives of the study were to provide comprehensive review of the current status of the energy saving and

energy efficiency policy of the Republic of Kazakhstan; analyse key challenges and barriers by sectors of economy which hinder the successful implementation of this policy, and provide best practice examples from developed countries in implementing energy efficiency that are best suitable for replication in Kazakhstan.

In-Depth Reviews of the Moldova and of Morocco were launched in September. These missions are planned for early 2015.

Follow-up on Member Country Reviews and International Cooperation

In 2013 the Energy Charter Secretariat started a follow up process on the recent in-depth energy efficiency reviews. The aim is to assess their effectiveness in practice and to identify support activities for the implementation of recommended measures. Such activities might be in the form of provision of further policy advice, capacity building and support for development of future energy efficiency projects or information provision. After the first evaluation phase developed in 2013 through a questionnaire, the Secretariat undertook missions in 2014 to Albania and to Bosnia and Herzegovina to define with the national energy officials the activities to be developed together towards the better deployment of the energy efficiency policies and strategies. Base on the identified policy
support needs, concrete activities are under discussion with donors and IFIs.

The Energy Charter Secretariat took the opportunity of the spring PEEREA Working Group meeting to invite ENERDATA/World Energy Council and the IEA. These organisations presented the highlights of their energy efficiency activities, their work in developing energy efficiency indicators and explained their methodologies and results. Following this initiative, the Secretariat will continue its cooperation with the World Energy Council in the framework of the project “Energy Efficiency Policies and Indicators” as Knowledge Network Members.

The PEEREA Working Group also organised a high-level roundtable discussion on the means of incorporating energy efficiency into energy security planning. Although the potential of energy efficiency in achieving energy security is well acknowledged, energy policy makers often do not take into account the impact of reduced energy demand on the energy security balance equation. By addressing the main drivers and benefits of energy efficiency deployment in the context of energy policy and energy security, the roundtable initiated a debate among the members and observers on how to pursue an integrated and sustainable energy security policy. The main conclusions from the roundtable and the proposals for the way forward are incorporated in the programme of work of the Energy Efficiency Working Group for 2015 and beyond.

During the members' roundtables organised within the PEEREA Working Group meetings there was an active exchange of information on the most recent developments in the policies on energy efficiency and renewables of each member country. This activity is aimed at promoting partnerships between developed and transition countries in different sectors: industry, buildings, renewables, etc.

Implementing PEEREA at Local Level

The DACO project started in 2012 to support the local authorities in the Central Asian region and ENP-East area in acquiring a common methodology to correctly monitor, evaluate and reduce their energy consumption and CO₂ emissions. This general objective is reached by joining the Covenant of Mayors' principles, rules and goals. This project benefits from a grant from the European Commission.

Four cities are partners in the DACO project: Sumgayit (Azerbaijan), Novogrudok (Belarus), Taraz (Kazakhstan) and Somonyon (Tajikistan). In 2013 Sustainable Energy Action Plans were developed in these cities in accordance with the established format of the Covenant of Mayors. A set of donor roundtables was also organised in the participating countries by the Secretariat, aiming to attract international financing for the actions inscribed in each city’s Plan. Moreover, as part of the DACO work plan, concrete demonstration pilot projects were inaugurated in 2014, namely the weathering of a kindergarten (Somonyon), installation of a solar collector system in a municipal swimming pool (Novogrudok) and reducing emissions in the city by installing software for heat supply at the Social Adaptation Centre for 120 people (Taraz).

The Secretariat also developed a paper on the barriers to the Covenant of Mayors in the Eastern countries after the extensive work carried out on the implementation of the Covenant of Mayors in ENP and Central Asian countries. Four cities were partners of this project, local experts were trained and methodologies for SEAP development were adapted to the local reality.

More information on the DACO project and related activities could be found on the project website: http://daco.encharter.org.
# Investment

The Investment Group convened twice in 2014 under the chairmanship of Mr. Ramiz Rzaev from the Ministry of Energy of Azerbaijan and vice-chairmanship of Dr. Klara Rakhmetova from the Kazenergy Association of Kazakhstan.

## Reviews of Countries’ Investment Climate and Market Structure

In 2014, Armenia presented its In-Depth Review on the Investment Climate and Market Structure in the energy sector. The Review was prepared by the Ministry of Energy and Natural Resources of Armenia in close cooperation with the Energy Charter Secretariat. Albania and Lithuania acted as peer review countries for this Review.

The Investment Group discussed the review and concluded that the government of Armenia had been successfully progressing with institutional and structural reforms aimed at liberalising the energy sector, which have led to a better investment climate for investors. Armenia has partly liberalised its electricity sector through unbundling of the production, transportation and distribution segments in the power sector. Foreign investors are present in generation and distribution sectors. Among key recommendations, the government is advised to further improve competition to allow more secure national supply and adequately promote exports by taking advantage of unused cross-border transmission capacity and spare generation capacity.

The potential of Armenia in the electricity sector could be further increased through improving interconnections with other countries in the region. Armenia could consider participation in a regional task force on a technical level to address issues...
of electricity interconnections between countries in the Caucasus region with a view to create a regional electricity market in the long-term future.

**Promoting Low-Carbon Investment**

Significant changes are required at national and international levels in order to achieve the lengthy low-carbon transformation of the global energy sector. Foreign investment plays a key role in building low-carbon economies by bringing in capital and green technologies as well as management, organisational and marketing skills. To reach this goal, governments design policies that accommodate such investments and create relevant business opportunities. The Investment Group continued consultations on the benefits of a non-binding declaration and/or interpretative note on promoting low-carbon investment. A non-binding statement adopted by the Energy Charter Conference would be instrumental to provide much needed confidence and stability in the energy markets to promote low-carbon investment.

**Improving Entry Conditions for Foreign Investors**

In order to improve entry conditions for foreign investors, a comprehensive review of the Energy Charter’s ‘Blue Book’, a list of registered exceptions to the ECT’s investor treatment standards, was launched in 2014. The purpose of the review is to identify the existing instances of non-compliance with the National and MFN Treatment principle; limit them to the minimum; and progressively remove the existing restrictions affecting foreign investors. The review is designed to raise awareness of the existing restrictive measures on investment and reaffirm the importance of tackling such barriers in a focused and concerted way.

Various hidden investment barriers emerge regularly, and the Investment Group will continue to monitor international energy markets very closely with a view to reduce such barriers and improve entry conditions for investors.

**Gobitec and the Asian Supergrid for Renewable Energy Sources in Northeast Asia**

The Gobitec concept represents the idea of producing clean energy from renewable sources in the Gobi Desert and delivering the produced energy to high-demand regions. It is planned to transmit this energy via the planned Asian Supergrid, which would connect Russia, Mongolia, China, South Korea and Japan.

The overall potential of solar and wind energy in the Gobi Desert is about 2,600 TWh. It is proposed to implement a group of projects with planned installed capacity of roughly 100 GW. The overall cost for this, including generation plants and transmission lines, is estimated to be around USD 293 bln, with yearly maintenance and system costs of USD 7.3 bln.

Five partner organisations jointly prepared this study: the Energy Charter, the Energy Economics Institute of the Republic of Korea, Ministry of Energy of Mongolia, the Japan Renewable Energy Foundation, and the Energy Systems Institute of the Russian Federation. The preparation of the study was assisted by Fraunhofer-Institute for Systems and Innovation Research ISI of Germany.
Industry Advisory Panel

In 2014 the IAP celebrated its 10th anniversary of establishment by the Energy Charter Conference. The main purpose of the IAP is to strengthen the interaction between the Energy Charter constituency and the energy industry. In 2014, the IAP accepted new members from G015, Moldovagaz JSC, Abengoa SA and the China National Petroleum Corporation. The expanded membership of the IAP represents an important source of knowledge and expertise on energy matters, which continue to serve the Energy Charter constituency.

In 2014, the IAP has partnered with Dii, G015 and the US Chamber of Commerce to jointly conduct three meetings in Belgium, Spain and the United States. The IAP and its partners addressed major challenges of the energy sector and participated in the Five-Yearly Energy Charter Review.

Changing Landscape of Global Energy Markets

The IAP brought to the attention of policymakers the conclusions of the BP Energy Outlook 2035. It is estimated that the global energy consumption will rise by 41% between 2012 and 2035, and 95% of that growth will come from emerging economies. Sources of energy such as shale gas, tight oil, and renewables will account for a significant share of the growth in global supply. It is expected that energy efficiency will be significantly improved in many countries, driven by globalisation and competition.

Strengthening International Cooperation on the Safety of Offshore Oil and Gas Activities

The Industry Advisory Panel underlined increasing calls for safety in offshore oil and gas activities. The energy industry aims to develop and produce oil and gas resources in harsh environments such as the Far North and the Arctic, with minimal negative impact on the natural surroundings. Oil spill response challenges in the Far North are related to the extreme cold, ice-covered waters, the darkness of winter, and limited access to clean-up resources. The ecological balance and prevention of accidents is in the main focus of the energy industry. The Arctic will become an important source of energy to meet future demand. The IAP noted that a stepwise approach is the key to developing
resources in a sustainable manner and international collaboration is essential.

Long-Term Transmission Rights: the EU Policy and Investors Perspectives

In many countries, the goals of meeting their local demand, diversifying their supply and building a local industry which generates revenues and employment are equally or more important than the profits which could be obtained from electricity exports or transit. The IAP addressed the key question on how to integrate electricity from renewable energy sources into large grid systems and allow cross-border power trade. The central issue is long-term transmission rights, which guarantee access to cross-border transmission capacity and thus, are a necessary prerequisite to enable supply contracts across borders.

If transmission lines are regulated in a way that allows for a more efficient sharing of balancing energy and reserves across countries, this could reduce the required total generation capacity and thus increase the attractiveness of further interconnections for local governments by increasing the supply security and reducing the cost for their consumers. The constituency of the Energy Charter should intensify cooperation with the observers in the MENA region to enhance the political commitment to renewable energy targets, which is an important building block that can help to solve a variety of different issues by sending a credible signal of future demand.

Energy Transition and Adaptation of Power Systems

The IAP noted that power systems need more flexibility to absorb electricity from wind and solar. In some countries there is an increasing need for a well-designed capacity market to ensure medium and long-term reliability.

The IAP recommended to focus on five priority areas:

1) timely reinforcement of transmission and distribution grids to accommodate new distributed generation and changing flow patterns in a financially sustainable way

2) support of competent authorities to reduce the gap in construction for plants (2 to 3 years) and transmission lines (7 to 12 years)

3) deployment of new cyber secure information and automation technology systems to manage smart grids

4) smart regulation and market designs that promote and incentivise the deployment of low-carbon generation, energy storage, and load response to the grid reliability needs

5) acceleration of the development of worldwide guidelines that promote interoperability between many smart grid technologies and solutions.
Dispute Settlement

The Energy Charter Treaty contains a comprehensive and effective system for settling disputes on matters covered by the Treaty; this system is considered as one of the ECT’s core strengths. The last-resort mechanism for settling most disputes is binding and final arbitration, either between Contracting Parties (on the interpretation or application of almost all aspects of the Treaty) or between investors and Contracting Parties (for investment disputes).

Nevertheless, the main aim of the Treaty is to foster amicable solutions to energy disputes. The ECT provides for negotiation, mediation or conciliation before entering into arbitration. In fact, parties to investor-state disputes known to the Secretariat reached an amicable agreement on seven occasions: 60 known investment arbitration cases have resulted in 24 awards and 7 settlement agreements; 29 cases are pending. Furthermore, there is an increased tendency for investors to seek the Secretariat’s facilitating role with host governments (at least on four occasions during 2014).

Yukos Cases Arbitration Awards

On 18 July 2014, three arbitral tribunals constituted under the Energy Charter Treaty pursuant to the UNCITRAL Arbitration Rules delivered the most awaited investment arbitral decisions of recent times, ruling that the Russian Federation breached its obligations under the Energy Charter Treaty. In particular, the arbitral tribunals unanimously held that the Russian Federation had taken measures with the effect equivalent to an expropriation of the Claimants’ investments in Yukos and thereby breached Article 13(1) of the Energy Charter Treaty. At the same time, the tribunals found some contributory fault on behalf of the Claimants. As a result, the Russian Federation was ordered to pay damages in the order of USD 50 bln.

In 2014, following the proposal by the Secretary General, the Conference and its Investment Group have started discussions on the improvement of the implementation of the Treaty’s investment dispute resolution mechanism and the role of the Secretariat. Some proposals (e.g., investment mediation/conciliation and the position of an investment ombudsman) were further promoted by Kazakhstan in its interim Chairmanship report. Moreover, the Five-Yearly Energy Charter Review under ECT Art. 34(7) concluded that more emphasis should be put on amicable investment dispute settlement, including the assistance of the Secretariat with good offices, mediation and conciliation. Another conclusion was that the Secretariat should provide neutral, independent legal advice and assistance in dispute resolution (both between Contracting Parties and between Contracting Parties and investors).

As part of its efforts to raise awareness of the Energy Charter Process, the Secretariat organised several events on investment dispute resolution under the ECT:

(i) a joint conference in Paris together with ICSID and SCC

(ii) a Forum in Tokyo with the Japanese government, with the support of the PCA and SCC, with lawyers of both parties in the Yukos cases

(iii) a legal training session on investment mediation-conciliation and state-state disputes, including a simulation exercise, with the support of the PCA, UNCITRAL, SCC and members of the IBA mediation group.

In addition, the Secretariat has produced summaries of the known arbitral awards under the ECT, which are under peer review before publication.
Outcome of 60 Publicly Known Investor-State Arbitration Cases under the ECT, as of end 2014

Known Investor-State Arbitration Cases under the ECT: Number of Cases Registered per Year, as of end 2014

Known Investor-State Arbitration Cases under the ECT: Breakdown by Investment Origin and Destination, as of end 2014

NB: There is no requirement that investor-state disputes be notified to the Secretariat, nor is the Secretariat involved in the administration of the investor-state dispute settlement procedure. This information was compiled by the Secretariat from various public sources.
During the year 2014 the Energy Charter Secretariat Knowledge Centre took substantial steps to develop further its activities from the previous year. The most evident deliverables provided by the Centre were three executive training programmes for young energy professionals. The programmes now represent a substantial value-added service provided by the Energy Charter Secretariat. The 2014 programmes focused on the topics ‘using good governance practices to address global energy challenges’ (Brussels, Belgium, 14-16 May); ‘investment protection strategies for enhanced energy security’ (Astana, Kazakhstan, 10-13 June); and ‘amicable settlement of investment disputes via mediation and conciliation’ (Brussels, Belgium, 5-7 November).

All three training programmes were oversubscribed by participants as demand for this new brand of service from the Secretariat continued to grow from across the Energy Charter constituency and beyond. The programmes are also becoming an increasingly relevant tool for the advancement of some of the Energy Charter’s policy objectives, particularly in relation to expansion and outreach. Participants came from as far away as China and Indonesia, while the Astana programme was held as part of a capacity building effort with Kazakhstan. The total number of young professionals, who have graduated from the Knowledge Centre’s training programmes has come close to reaching 150 in less than two years of the Centre’s existence.

The number of Research Fellows hosted by the Knowledge Centre during 2014 also grew substantially, following a call for research proposals put out early in the year. The presence of the Fellows bolstered the work of the Secretariat by providing additional research capacity at the academic level, supporting the Secretariat’s policy work in several areas. Key areas of work developed by Research Fellows and other short-term staff included energy security, regional electricity cooperation, as well as an examination of the advantages and risks for various expansion and outreach countries coming into a closer relationship with the Energy Charter.
Knowledge Centre Review

The Knowledge Centre Review was launched in March 2014. Its goal is to inform Charter members, observers, partners, and colleagues about Charter activities and at the same time provide them with fresh research on topics of particular importance in today’s energy world.

In the Ministers’ Agora, ministers from Charter members and observers are invited to share their opinions and perspectives on relevant energy issues connected to the Energy Charter. In the Secretary General’s Corner, Dr. Rusnák shares his interviews, articles and publications, focused on topics of particular importance for the Energy Charter and the energy community in general. In the Spotlight is a section that features commentaries on events shaping today’s energy markets. The Knowledge Centre, presents fresh research on particular topics with the aim of raising awareness on issues of interest for energy professionals and analysts. In Secondment Programme Insights, the secondees to the Secretariat share some findings of their research in the context of the Energy Charter Secretariat’s secondment programme, open to young officials from member countries whose economies are in transition, as well as from observer countries with a view to their accession. In Energy Charter News, the Energy Charter Secretariat reports on its recent and planned activities. Throughout 2014, the Knowledge Centre published four issues. All issues are available online, on the Knowledge Centre Review page.

ECS Knowledge Centre
Occasional Papers published in 2014

By Ms. Irina Pominova - 7 August 2014
ISSN: 2295-9440

By Mr. Ben McPherson - 24 September 2014
ISSN: 0771-3509

By Ms. Claudia Nocente - 6 October 2014
ISSN: 0772-7976

By Mr. Anatole Boute - 17 October 2014
ISSN: 0774-1227

By Mr. Martin Mindrik - 23 October 2014
ISSN: 0772-7968

By Mr. Zhuwei Wang - 18 November 2014
ISSN: 0770-0083
Energy Charter Forums

Moscow Energy Charter Forum

On 3 April 2014 the Energy Charter conducted the highly successful first Moscow Energy Charter Forum on the topic of “Cross-Border Trade and Investment Flows as the Backbone of International Energy Security”. The forum was jointly organised by the Energy Charter Secretariat, the Energy Research Institute of the Russian Academy of Sciences (RAS), and the Institute of World Economy and International Relations of the RAS, under the patronage of the Minister of Energy of the Russian Federation Mr. Alexander Novak.

Over 150 participants from Russia and abroad gathered for the occasion. Representatives of governments, the energy sector, financial sector, regulatory authorities, law firms, international organisations, academia and the media focused on the challenges in achieving long-term energy security, effectiveness of asset swaps and other ways of bringing closer international energy markets, as well as the stronger and weaker points of various measures aimed at the promotion of investment flows.

Ulaanbaatar Energy Charter Forum

The Ministry of Energy of Mongolia and the Energy Charter Secretariat held an Ulaanbaatar Energy Charter Forum on 26 June 2014. The Forum focused on “Developing Renewable Energy through Gobitec and the Asian Supergrid in Northeast Asia”. Policy makers, international organisations, business sector representatives and other stakeholders were given the opportunity to discuss the investment potential of renewables in the Gobi Desert and learn about the proposal to connect national energy grids of Russia, Mongolia, China, the Democratic People’s Republic of Korea, the Republic of Korea and Japan.

The Ulaanbaatar Energy Charter Forum gathered 150 participants from Mongolia and countries in the region and was conducted at a high political level. The President of Mongolia, H.E. Tsakhiagiin Elbegdorj, delivered the opening speech, in which he gave a very clear political message: Mongolia will continue initiatives like this forum and will invite all interested countries to actively participate. Among other important issues, Secretary General Rusnák spoke about key challenges for the region to the creation of political support for the Asian Supergrid and to improve regional cooperation.
Bratislava Energy Charter Forum

On 10 October 2014, the Energy Charter, in cooperation with the Ministry of Foreign and European Affairs of the Slovak Republic and with the support of the Organisation for Security and Cooperation in Europe organised a highly successful Bratislava Energy Charter Forum on the topic of “Securing Energy Supply – How to Better Protect Energy Networks from Disruptions” as a follow-up to the expert-level OSCE workshop held in July in Vienna.

This event provided a platform to promote security and safety of non-nuclear critical energy infrastructure against natural disasters and man-made disruptions. This Forum confirmed the interest of the parties to develop a handbook, which will serve as a reference for government policy makers, state authorities, regulators, owners and operators of energy networks as well as other stakeholders and actors of the energy sector to ensure the consistency of information. The work on the handbook will continue in 2015.

Tokyo Energy Charter Forum

The Ministry of Foreign Affairs of Japan and the Energy Charter Secretariat organised the Tokyo Energy Charter Forum on 21 November 2014. The Forum focused on the settlement of energy investment disputes under the ECT. There were nearly one hundred participants from the Japanese government, energy-related firms, legal circles, academia, embassies and press.

The Forum included presentations by several institutions involved in investment arbitration, an open discussion with renowned international investment lawyers (including the counsels of both parties in the cases of the former Yukos shareholders), a panel on such issues as indirect investors, damages, evidence and provisional measures, and a final discussion on investment mediation / conciliation under the Energy Charter Treaty.

Ashgabat Energy Charter Forum

The Ashgabat Energy Charter Forum was co-organised by the government of Turkmenistan and the Energy Charter Secretariat on 8-9 December 2014 to address the important topic of “Reliable and Stable Transit of Energy”. The Forum was followed by an International Meeting of Experts convened by Turkmenistan in accordance with the mandate under the UN General Assembly Resolution 67/263 on “Reliable and stable transit of energy and its role in ensuring sustainable development and international cooperation”.

The Forum brought together over one hundred high-level participants from governments, international organisations, business and academia. Specific attention was given to the role of cross-border and transit infrastructure for energy security and economic development, as well as to the specific needs of energy producing, transit and consuming countries.
### Timeline of Activities

#### JANUARY
- **22** Goblet and the Asian Supergird study released
- **23-24** Strategy Group

#### FEBRUARY
- **14** IAP Insights 2013 released
- **19** Energy Asset Swaps study released

#### MARCH
- **07** ECS-ICSID-SCC Joint Conference "20 years of the ECT", Paris, France
- **10** Annual Report 2013 released
- **21** Knowledge Centre Review: 1st issue released
- **25** Energy Efficiency Group
- **26** Strategy Group
- **27** Trade and Transit Group

#### JULY
- **02** ECS and OSCE Workshop on Best Practices to Protect Electricity Networks
- **25** Legal Advisory Committee
- **25** Knowledge Centre Review: 3rd issue released
- **31** Turkey In-Depth Energy Efficiency Review released

#### AUGUST

#### SEPTEMBER
- **15-16** Strategy Group Special Session on the Updated Energy Charter
- **17** Ad Hoc Group on the Five-Yearly Review under ECT Article 34(7)
- **18** Trade and Transit Group
- **19** Ad Hoc Group on the Programme of Work
- **19** Budget Committee
- **19** Ulaanbaatar Energy Charter Forum report released
- **23** Knowledge Centre Review: 4th Issue released
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<td>Industry Advisory Panel, Madrid, Spain</td>
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<tr>
<td>23-24</td>
<td>Strategy Group Special Session on the Updated Energy Charter</td>
</tr>
<tr>
<td>26</td>
<td>Ulaanbaatar Energy Charter Forum</td>
</tr>
</tbody>
</table>

### October

<table>
<thead>
<tr>
<th>Date</th>
<th>Event</th>
</tr>
</thead>
<tbody>
<tr>
<td>02</td>
<td>Energy Charter Working Session at the 2014 WTO Public Forum</td>
</tr>
<tr>
<td>10</td>
<td>Bratislava Energy Charter Forum</td>
</tr>
<tr>
<td>14</td>
<td>Investment Group</td>
</tr>
<tr>
<td>15</td>
<td>Technical Workshop on Electricity Transit Pricing</td>
</tr>
<tr>
<td>16</td>
<td>Price of Electricity Transit in Transition Countries study released</td>
</tr>
<tr>
<td>21</td>
<td>Industry Advisory Panel, Washington, D.C., United States</td>
</tr>
<tr>
<td>28</td>
<td>Strategy Group</td>
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<tr>
<td>28</td>
<td>Budget Committee</td>
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<td>28</td>
<td>Ad Hoc Group on the Programme of Work</td>
</tr>
<tr>
<td>29-30</td>
<td>Strategy Group Special Session on the Updated Energy Charter</td>
</tr>
<tr>
<td>30</td>
<td>Energy Efficiency Group Special Session</td>
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<tr>
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<td>Energy Efficiency Group</td>
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### November

<table>
<thead>
<tr>
<th>Date</th>
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<tbody>
<tr>
<td>04</td>
<td>Executive Seminar on State-to-State Arbitration for Government Officials</td>
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<tr>
<td>05-07</td>
<td>Knowledge Centre Training Programme</td>
</tr>
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<td>10</td>
<td>Legal Advisory Task Force</td>
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<tr>
<td>20</td>
<td>ECS, IEEJ and JREF Workshop “Increasing Role of Renewables in Japan and Future Scenarios for Electricity Interconnections in Northeast Asia”</td>
</tr>
<tr>
<td>21</td>
<td>Tokyo Energy Charter Forum</td>
</tr>
<tr>
<td>26-27</td>
<td>25th Meeting of the Energy Charter Conference, Astana, Kazakhstan</td>
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</tbody>
</table>

### December

<table>
<thead>
<tr>
<th>Date</th>
<th>Event</th>
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<tbody>
<tr>
<td>08-09</td>
<td>Ashgabat Energy Charter Forum</td>
</tr>
<tr>
<td>10-11</td>
<td>International Meeting of Experts: Reliable and Stable Transit of Energy, Ashgabat, Turkmenistan</td>
</tr>
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<td>17</td>
<td>Legal Advisory Task Force</td>
</tr>
</tbody>
</table>
## Energy Charter Website Statistics

### Most visited pages
1. Home
2. Investor-State Disputes
3. About the Charter
4. Members and Observers
5. Publications
6. News
7. Staff
8. Delegates’ Page
9. Dispute Settlement
11. Meetings
12. Vacancies
13. Short-Term Programmes
14. Transit Protocol
15. Investment
16. Trade and Transit
17. Oil and Gas Pricing Mechanisms
18. Strategy
19. Frequently Asked Questions
20. 1991 Energy Charter
21. Derestricted Documents
22. Energy Efficiency
23. Knowledge Centre
24. Secretary General
25. Training Programme Visegrad

### Most visits from
1. Belgium and EU institutions
2. United Kingdom
3. Russia
4. France
5. United States
6. Germany
7. Spain
8. Turkey
9. The Netherlands
10. Ukraine
11. Switzerland
12. India
13. Italy
14. Japan
15. Kazakhstan
16. China
17. Poland
18. Iran
19. The FYROM
20. Czech Republic
21. Austria
22. Canada
23. Indonesia
24. Sweden
25. Australia
In chronological order

**Gobitec and the Asian Supergrid for Renewable Energy Sources in Northeast Asia**

Five partner organisations jointly prepared this study: the Energy Charter Secretariat, the Energy Economics Institute of the Republic of Korea, the Ministry of Energy of Mongolia, the Japan Renewable Energy Foundation, and the Energy Systems Institute of the Russian Federation. The preparation of the study was assisted by Fraunhofer-Institute for Systems and Innovation Research ISI of Germany.

**Gobitec and the Asian Supergrid for Renewable Energy Sources in Northeast Asia: Executive Summary in Chinese**

**IAP Insights 2013**

IAP Insights is an annual publication, which summarises the Industry Advisory Panel’s activities throughout the course of the year.

**Business Asset Exchanges within Energy Investment Activities**

This report investigates how asset exchanges relate to various measures in the field of energy security enhancement and contribute to the development of open and competitive markets. It analyses national antitrust and approval processes in a number of jurisdictions, as well as the practice of asset swaps in the light of the current economic environment. Last but not least, the study looks at how the investment provisions of the Energy Charter Treaty relate to asset swaps and improve conditions for mutual investments along the energy value chain.

**Annual Report 2013**

The Annual Report for 2013 provides a comprehensive overview of all activities of the Secretariat and the organisation in general for the year.
Report: Moscow Energy Charter Forum
The Forum focused on the topic “Cross-Border Trade and Investment Flows as the Backbone of International Energy Security”. Participants discussed the ways of overcoming challenges in achieving long-term energy security, effectiveness of asset swaps and other ways of bringing closer international energy markets, as well as the stronger and weaker points of various measures aimed at the promotion of investment flows.

Turkey: In-depth Energy Efficiency Review
The main objective of the government of Turkey in the field of energy has been to become less dependent on imports for meeting domestic energy demand. To achieve this, a strategy document was published in 2009 which set targets for 2023: to achieve 30% of power generation from renewable energy sources and to bring the share of natural gas in power generation below 30%.

Report: Ulaanbaatar Energy Charter Forum
The Ulaanbaatar Energy Charter Forum focused on the topic of developing renewable energy through the projects of Gobitec and the Asian Supergrid in Northeast Asia. Participants discussed the investment potential of renewables in the Gobi desert and the proposal to connect national energy grids of Russia, Mongolia, China, the Democratic People’s Republic of Korea, the Republic of Korea and Japan.

Price of Electricity Transit in Transition Countries
This report analyses various issues related to electricity transit in selected countries of Central and South Asia, compares existing transit tariff methodologies and gives recommendations to the respective decision-making bodies of the region. As an outcome of the report, ENTSO-E’s Inter-Transmission Compensation mechanism was chosen for further adaptation to the needs of the unified power system of Central Asia.

Report: Bratislava Energy Charter Forum
The Bratislava Energy Charter Forum addressed the important topic of protecting critical energy infrastructure. In particular, the Forum focused on the security and safety of critical non-nuclear energy networks against natural disasters and man-made disruptions. Participants discussed the protection of energy infrastructure from natural disasters, the role of the human factor and the importance of international cooperation in achieving security and safety goals.

Kazakhstan Review: Energy Saving and Improving Energy Efficiency
The Strategy “Kazakhstan 2050” and the Concept of Transition to a Green Economy aim at reducing the impact of Kazakhstan’s economic activity on the environment, improving the efficiency of resource use and raising further the quality of living for the country’s population. Experts from the Energy Charter and the KAZENERGY Association prepared recommendations for improving energy efficiency in the main energy consuming sectors of Kazakhstan’s economy.

These publications as well as various other Energy Charter Secretariat materials are freely accessible on the Energy Charter website www.encharter.org.
The work of the Energy Charter Conference and its subsidiary groups is supported by a small multinational Secretariat, based in Brussels. The staff of the Secretariat is drawn from across the Energy Charter constituency, and it is led by a Secretary General appointed by the Conference. The Secretariat’s activities are included in an annual Work Programme, which is subject to approval by the Energy Charter Conference.
Worked at the Secretariat in 2014

Secretary General: Urban Rusnák

Deputy Secretary General: Selim Kuneralp

Director for Implementation: Steivan Defila

Head of Administration and Finance: Denis Westerhof

By work field:

Administration and Finance
- Vlatka Anić
- Margaret Bolan
- Lesley Johnstone
- Yves Rayeur
- Luis Segura Hechavarria

Energy Efficiency
- Bilyana Chobanova
- Gabriela Prata Dias
- Kana Murai*
- Krishnan Shakkottai*
- Caitlín Tiomap van Dalen*
- Darya Varasteh*
- Ramazan Zhampissov (Secondee, Kazakhstan)

Expansion and Outreach
- Patrice Dreiski
- Kingsley Leung
- Can Öğütçü
- Nidal Tayeh
- Mahdi Yuda Anindita (Secondee, Indonesia)
- Anucêncio Bouene (Secondee, Mozambique)
- Moud Bouseif (Secondee, Mauritania)
- Karim Choukri (Secondee, Morocco)
- John Francis Kitonja (Secondee, Tanzania)
- Gökçe Mete*
- Juan Neira Castro*
- Abdol Oureshi^*
- Cesar Fabian Romero Roa*
- Apolonio Senobua*
- Crystal Svanikier*
- Aurore Vanhay^*
- Darya Varasteh*
- Zhuwei Wang (Secondee, China)

Investment
- Matteo Barra
- Zafar Samadov
- Anna Aslanidze*
- Alessandra Covi*
- Anna De Luca^*
- Lorenzo Maguolo*

Kana Murai*
- Enman Özgür^*
- Laurène Provost*
- Krishnan Shakkottai*
- Günes Ünüvar^*
- Aurore Vanhay^*

Knowledge Centre
- Martin Minárik
- Claudia Nocente
- Marat Teterov
- Irina Pominova (Secondee, Russia)
- Ulrik Lorck*
- Ben McPherson*

Legal Affairs
- Alejandro Carballo Leyda
- Anna De Luca^*
- Mariya Dimitrova*
- Barbara Gayling-Westphal*
- Veronica Jimenez Vallejo*
- Laurène Provost*

Linguistic Support
- Galina Romanova

Secretarial Support
- Julia Boegaeva
- Antigoni Dafiotis
- Anna Nosichenko
- Mara Novello

Strategy
- Florian Encke
- Tetsuo Morikawa^*

Support to the Chairmanship of Kazakhstan
- Ramazan Zhampissov (Secondee, Kazakhstan)

Support to the Secretary General
- Patrick Larkin
- Olga Sorokina

Trade
- Ernesto Bonafé
- Iryna De Meyer

Transit
- Kanat Botbaev
- Anatole Boute^*
- Rafael Leal-Arcas^*
- Lorenzo Maguolo*
- Eleni Papanikolaou*
Further Information


The Secretariat also publishes an electronic newsletter with details of Energy Charter meetings, activities and developments. If you are interested in receiving this newsletter, please subscribe by visiting the Charter’s website.


For any other queries, please contact the Secretariat at the address below, or send an email to info@encharter.org.

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