

**ENERGY CHARTER
SECRETARIAT**

CCDEC 2021

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Brussels, 14 December 2021

Related documents: CC 728

DECISION OF THE ENERGY CHARTER CONFERENCE

Subject: Report by the Chair of the Implementation Group

The Energy Charter Conference at its 32nd Statutory Meeting held on 14 December 2021 **took note** of the attached Report by the Chair of the Implementation Group.

REPORT BY THE CHAIR OF THE IMPLEMENTATION GROUP

The Group convened four times in 2021, on 12 February, 28 April, 17 September and 17 November. Considering travel restrictions to Belgium and suspension of Belgian visa activity, all meetings were held by videoconference via the ZOOM platform. In general, the discussions at the Implementation Group in 2021 were devoted to the implementation of the Conclusions of the 2019 Review under Article 34(7) of the Energy Charter Treaty as well as to other areas carried over from 2020 and relating to investments in the energy sector, transit of energy resources and energy efficiency.

Implementation Group meetings were chaired by Ms Klara Rakhmentova (Kazakhstan). In 2021 the Implementation Group had two Vice-Chairs: Mr Johan Vetlesen (Norway) and Mr Aziz Khamidov (Uzbekistan)

I. Implementation of the Conclusions of the 2019 Review under Article 34(7) of the Energy Charter Treaty (Activity 1 of the Programme of Work for 2021 (CCDEC 2020 15))

1. Following the mandate of the conclusions of the 2019 review, the Implementation Group worked on the following areas: a) review of Energy Investment Risk Assessment (EIRA); b) evaluation and update of the terms of reference of the Implementation Group;

a) Review of Energy Investment Risk Assessment (EIRA)

2. On 12 February, the Implementation Group took note of the EIRA updated Methodology and draft questionnaire (IMPL 88 Rev), discussed the options for improvement of the EIRA methodology, indicated its preferences for the options to be implemented by the Secretariat and requested the Secretariat to prepare the pilot country profile.
3. At the second meeting of the Implementation Group on 28 April 2021, the Secretariat presented the revised scope and methodology of EIRA, including the updated questionnaire and test country profile (IMPL 97). The Implementation Group discussed IMPL 97 and invited delegates to provide further comments to indicate their preferences to utilise the revised scope and EIRA methodology, including the updated version of the EIRA questionnaire. At the same meeting, the Implementation Group requested the Secretariat to revise the questionnaire based on delegates' comments and further comments to be submitted by 31 May and upload it for approval by correspondence by the Implementation Group.
4. Based on (1) the comments and suggestions received from the delegations during the Implementation Group meeting of 28 April 2021 and (2) all the written comments submitted by the Delegations by 30 June 2021, Secretariat prepared the document IMPL 100 with a revised scope and methodology of EIRA, including the updated version of the EIRA questionnaire. The Secretariat invited the delegates to approve and confirm the final option of the revised EIRA scope and methodology, including the updated version of the questionnaire (IMPL 100) by correspondence by 31 July 2021.

On 1 September 2021, the Energy Charter Conference (CCDEC 2021 13):

(1) **Approved** the revised EIRA scope and methodology, including the updated EIRA questionnaire for future editions.

(2) **Requested** the Secretariat to develop and publish the annual EIRA Reports in 2022-2024 using the revised EIRA scope and methodology, taking into account the conclusions of the 2019 Review under Article 34 (7) ECT. The Secretariat is expected to regularly

brief the Implementation Group on the progress of this work. Participation in the EIRA Reports is on a voluntary basis, bearing in mind the Secretariat's available resources.

b) Evaluation and update of the terms of reference (ToR) of the Implementation Group

The Group evaluated its current ToR (IMPL 78 Rev 2) and discussed proposals and potential changes to the updated document. On 12 February, the Implementation Group took note of, discussed and internally finalised the Terms of Reference revised in accordance with comments of delegations and agreed to put them forward to the Energy Charter Conference for approval. On 4 March 2021, the Conference approved, with immediate effect, the updated Terms of Reference of the Implementation Group (CCDEC 2021 03).

II. Implementation of the Programme of Work (PoW) (CCDEC 2020 15)

5. In 2021, the discussion of the Implementation Group was also devoted to other areas carried over from 2020 and related to the implementation of tasks according to the Programme of Work for 2021 (CCDEC 2020 15).

EIRA (Activity 5 of the PoW)

6. In 2021, in line with previous Conference decisions, the Implementation Group continued its work on EIRA. In this respect, the Group's work focused on planning and developing #EIRA2021, monitoring expenses, and reviewing the EIRA process and methodology.
7. Participation in EIRA increased from 30 countries in 2020 to 34 in 2021. The geographical reach of EIRA spans countries in Africa, Asia, the Americas, and Europe. Twenty-seven countries participating this year were also assessed in EIRA 2020, while two countries returned to the assessment from 2019. Apart from these, five countries are taking part in EIRA for the first time.
8. Compared to EIRA 2020, there is more information available on investment trends in the participating countries. Apart from providing data on the number of energy projects and deals completed between 2015-2021, the country profiles also give information on the energy sub-sectors that received the investment, its value, and the source country of the investment. The information has been derived and compiled from the Orbis Crossborder Investment database.
9. The fourth edition of the EIRA report was published and launched on 7 October 2021. It contains the profiles of 34 member and observer countries. More than 215 contributors have been involved in the development of the publication, all on a *pro bono* basis.
10. The presentation of Nigeria's 2019 EIRA extended profile took place during the National Energy Summit in Abuja on 13 April 2021. The Secretariat is currently developing the 2020 EIRA Extended profile of Nigeria, as well as Nigeria-ECOWAS and The Gambia-ECOWAS Extended profiles for 2021.

Investment Facilitation Toolbox (IFT) (Activity 6 of the PoW)

11. In 2021 Armenia and the Secretariat prepared the report on Stage I of the implementation of the IFT in Armenia - Identification of existing non-discriminatory and *de facto* barriers to entry of energy investment (IMPL 99). At the third meeting of the Implementation Group

on 17 September 2021, the Secretariat presented the report to the delegates. At the meeting, Armenia and the Secretariat updated the delegates on the progress with implementing Stage I of the Investment Facilitation Toolbox in Armenia and informed that implementation of Stage II is subject to a request by the Government of Armenia.

Managing Investor Grievances in the Renewable Energy Sector (Activity 8 and 10 of the PoW)

12. As part of activities 8 (dispute prevention) and 10 (cooperation with other international organisations) of the PoW, the Secretariat has prepared jointly with the World Bank a draft paper regarding the management of investor grievances in the renewable energy sector: it examines the contours of political risks in renewable energy, explores perspectives on investment risks, elaborates the profile of different types of disputes and conflicts in renewable energy projects, and finally discusses existing tools for managing conflicts between investors and the host country.
13. At the last meeting of the Implementation Group on 17 November 2021, the Secretariat presented the revised document IMPL 103 Rev, which includes comments from the World Bank and from the delegates received by 29 October 2021. The Implementation Group invited delegations to provide further comments by COB 29 November and instructed the Secretariat to upload the revised document to be taken note and to agree on its publication by correspondence of the Implementation Group by December 3. After that, the Secretariat will proceed with the joint publication with the World Bank.

Transit of Energy Resources (Activity 3 of the PoW)

14. The Implementation Group continued discussions of transit-related topics in 2021. At the request of the Group, the Secretariat prepared, and the Group addressed and reviewed the Report on the Implementation of Transit Provisions and a paper on treatment of transit swaps operations and virtual flows. Transit-related activities will continue in 2022 in accordance with the underlying Programme of Work.
15. On the regional cooperation front, despite the restrictions caused by the pandemic, the Transit Unit has managed to continue its work on promoting regional energy cooperation in Central and South Asia focusing on sustainable energy development, regional markets and interconnection. Work on the policy dialogue was presented at the 17th Meeting of the Taskforce on Regional Energy Cooperation which took place in a hybrid format in Nur-Sultan, Kazakhstan.

Energy Efficiency (Activity 7 of the PoW)

16. In 2021, the Group continued discussing energy efficiency-related topics in accordance with Activity 7 of the PoW. On 12 February, the Group discussed the revised proposals for the public event on the role of the International Energy Charter in achieving clean energy transition (IMPL 90 Rev 2) and agreed not to proceed with the event. On 28 April, the Implementation Group took note of Contracting Parties' comments and views in this regard.
17. On 17 September, the Implementation Group took note of the report "Role of the Energy Charter Treaty in Achieving Clean Energy Transition While Ensuring Energy Security (IMPL 102)" and agreed to continue discussing this topic if there are further comments from delegations.

18. On 17 November, the Implementation Group took note of the draft report on "The In-Depth Review of the Energy Efficiency Policy of the Republic Of Uzbekistan" (IMPL 105) and on 23 November, approved by correspondence the Recommendations of the In-depth Review (IMPL 105 Rev 2) and agreed to put them forward for approval by the Energy Charter Conference (CC 736).
19. The Secretariat continued raising awareness to promote energy efficiency, climate neutrality and sustainable development in line with the Paris Agreement objectives during its internal events and other events organised by international and donor organisations. The Energy Charter Secretariat and the Ministry of Energy of Uzbekistan also started the preparation of the joint Tashkent Regional Energy Dialog Forum 'The Role of International Cooperation to Facilitate Clean Energy Transition while Ensuring Energy Security' to be implemented in early 2022 following the publication of the In-Depth Energy Efficiency report.